Combined Management Report

Foundations of the Group

Business model of the Group

BUSINESS ACTIVITIES

Aurubis AG is a company in the basic materials industry that operates worldwide. As an integrated Group, we process complex metal concentrates, scrap metals, organic and inorganic metal-bearing recycling raw materials, and industrial residues into metals of the highest purity.

In addition to our main metal, copper, our metal portfolio also includes gold, silver, lead, nickel, tin, zinc, minor metals such as tellurium and selenium, and platinum group metals. Sulfuric acid, iron silicate Glossary, page 233, and synthetic minerals round off the product portfolio.

The company's headquarters, which is also home to one of our two primary smelters, is located in Hamburg, Germany. Most of our sites are located in Europe, with larger production centers in Germany, Belgium, Bulgaria, and Spain as well as cold-rolling mills for flat rolled products, and rod plants in Germany and elsewhere in Europe. Outside Europe, Aurubis also has a production site in the US, and a global sales and service network. Aurubis started construction on the first secondary smelter for multimetal recycling in the USA in Augusta, Richmond County in Georgia, in June 2022. The state-of-the-art plant is expected to be commissioned in 2024.

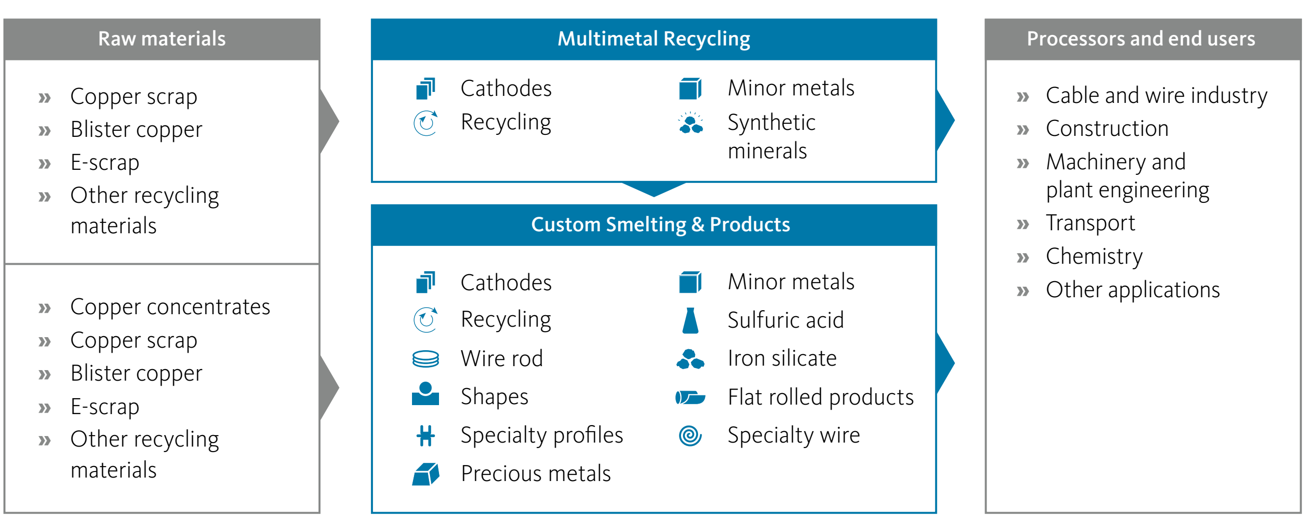
Aurubis AG sold four sites of the former Aurubis flat rolled products segment to KME SE, Osnabrück, with effect from July 29, 2022. The site at Zutphen (Netherlands) and the slitting centers in Birmingham (UK), Dolný Kubín (Slovakia), and Mortara (Italy) were correspondingly included through July 29, 2022, i.e., for ten months, in Aurubis AG's consolidated financial statements for 2021/22.

BUSINESS MODEL

Metals play a pivotal role in a number of forward-looking applications. Following industrialization, automation, and digitalization, the transformation to a more sustainable, carbon-neutral economy and society is currently posing significant challenges. Many of the solutions in this area – such as electric vehicles and wind turbines – are based on the use of metals.

The Aurubis Group's business model rests on three fundamental pillars: the processing of raw materials from the mining industry, the processing of recycling materials, and product business. This provides Aurubis with a great deal of efficiency and flexibility in managing raw material procurement, production, and sales. Various market cycles also influence each of the three supporting pillars, which were presented at the end of the past fiscal year.

Business model in fiscal year 2021/22



Sites and employees

Consolidated sites

Europe				
DE	Hamburg	Aurubis AG headquarters	2,588	
		Aurubis Product Sales GmbH	9	
		E. R. N. Elektro-Recycling NORD GmbH	16	
		Peute Baustoff GmbH	12	
	Lünen	Aurubis AG	680	
	Stolberg	Aurubis Stolberg GmbH & Co. KG	413	
	Emmerich	Deutsche Giessdraht GmbH	113	
	Röthenbach	RETORTE GmbH Selenium Chemicals & Metals	42	
	Berlin	Aurubis AG	3	Group Representative Office
BG	Pirdop	Aurubis Bulgaria AD	926	
BE	Olen	Aurubis Olen NV/SA	650	
	Beerse	Aurubis Beerse NV	455	
FI	Pori	Aurubis Finland Oy	281	
IT	Avellino	Aurubis Italia Srl	89	
ES	Berango	Aurubis Berango S. L. U.	101	
	Barcelona	Aurubis Product Sales GmbH	1	
UK	Edinburgh	Aurubis Beerse NV	1	
FR	Lyon/ Septème	Aurubis Product Sales GmbH	1	
	Metz	Aurubis Beerse NV	1	
Employees in Europe			**6,382**	
US				
US	Buffalo	Aurubis Buffalo Inc.	529	
	Augusta	Aurubis Richmond LLP	2	
Employees in the US			**531**	
Total employees			**6,913**	

The KPIs relate to permanent and temporary employment arrangements as at the reporting date of September 30, 2022. Excluding at-equity consolidated companies. Sites with no employees are not listed.

Non-consolidated sites and independent sales employees

Europe			
DE	Berlin	azeti GmbH	31
RU	St. Petersburg	Aurubis Rus LLC	2
SE	Malmö	Aurubis Product Sales GmbH	1
	Västerås	Aurubis Product Sales GmbH	1
TR	Istanbul	Aurubis Turkey Kimya Anonim Sirketi	1
Employees in Europe			**36**
Asia			
CN	Shanghai	Aurubis Metal Products (Shanghai) Co., Ltd.	4
	Beijing[1]		1
SG	Singapore[1]		2
TH	Bangkok[1]		1
JP	Tokyo[1]		1
KR	Seoul[1]		1
Employees in Asia			**10**
Total employees			**46**

[1] Agency/independent sales employees.

Raw materials
Concentrates and recycling materials are the raw materials from which copper is produced.

- Concentrates
- Recycling materials

Sales and distribution network
An international sales and distribution network markets our products.

Products
The copper is processed into products. Some products are already the result of copper production.

- Cathodes
- Rod
- Shapes
- Specialty profiles
- Precious metals
- Base metals
- Sulfuric acid
- Iron silicate
- Strip/foil
- Specialty wire
- Synthetic minerals

As at 9/30/2022

We process copper concentrates that are obtained from ores and are offered by mining and trading companies on the global market. The necessary feed materials for our two primary smelters in Hamburg and Pirdop are purchased worldwide. Aurubis doesn't hold any stakes in mines and has a globally diversified supplier portfolio. We source a significant portion of our copper concentrates from South American countries such as Peru, Chile, and Brazil. We also purchase raw materials from other countries like Bulgaria, Georgia, and Canada. As a buyer, Aurubis competes with other international primary smelters, particularly in China and Japan. Copper concentrates for the Hamburg site reach us primarily by waterway and are transshipped via the port terminal in Brunsbüttel. There, the different copper concentrates are pre-mixed in accordance with the requirements of our production process. At the site in Pirdop, Bulgaria, concentrates reach us by land and sea via the port of Burgas.

In addition to copper concentrates, we use copper scrap and various types of organic and inorganic metal-bearing recycling raw materials, industrial residues, and bought-in metallurgical intermediates as feed material. Most of the copper scrap and metal-bearing recycling raw materials for our four secondary smelters in Lünen (Germany), Olen and Beerse (both in Belgium), and Berango (Spain) are sourced in the European and North American market. Furthermore, we use copper scrap with high copper contents for process management purposes in both of our primary smelters in Hamburg (Germany) and Pirdop (Bulgaria). Metal trading companies are the main actors on the supply side for recycling materials, though some recycling raw materials also reach us directly from industry through our "closing-the-loop" approach.

On the demand side, our main competitors for feed materials are other copper and metal smelters, as well as metal processors that also utilize recycling materials. Most of the copper scrap reaches us by land.

In the course of our production processes, we convert copper concentrates and recycling materials into copper cathodes. This is the standardized product format that is traded on the international metal exchanges. Copper cathodes are the starting product for fabricating additional copper products, but they can also be sold directly.

Our product portfolio mainly comprises standard and specialty products made of copper and copper alloys. In terms of processing capabilities, we have manufacturing capacities for continuous cast copper wire rod, continuous cast shapes, rolled products, strip, specialty wire, and profiles.

Additional products result from processing the elements that accompany copper in the feed materials. The multimetal approach makes targeted purchases of these products in some cases.
In particular, these include in particular different metals such as gold, silver,
lead, nickel, tin, and zinc, minor metals like tellurium and selenium, and platinum group metals.

We also produce iron silicate and synthetic minerals.

Sulfuric acid forms as a by-product of copper concentrate processing. Sulfuric acid customers are very diverse: customers include international companies from the chemical, fertilizer, and metal processing industries.

The sales markets for our products are varied and international. Aurubis' direct customers include companies from the copper semis industry, the cable and wire industry, the electrical and electronics sector, and the chemical industry, as well as suppliers from the renewable energies, construction, and automotive sectors.

To close the value chain for copper and other metals, we place a high priority on the "closing-the-loop" approach. The focus of this approach is on materials such as production waste and residues that accumulate along the copper value chain in production – for example, with our customers. The materials range from copper scrap with very high copper content, which we can directly feed into the copper fabrication process, to stamping waste containing precious metals and high levels of copper, alloyed scrap, slags from foundries, and other industrial residues.

For the most part, with our hedging strategy we hedge fluctuations in metal and energy prices and the US dollar exchange rate.

GROUP STRUCTURE

In fiscal year 2021/22, the Aurubis Group's organization structure was based on the underlying business model. In the course of developing the Aurubis Group's strategy, the segmentation was adjusted effective October 1, 2021. Since October 1, 2021, the two segments Multimetal Recycling and Custom Smelting & Products will form the organizational structure and the foundation for segment reporting in accordance with IFRS 8 for fiscal year 2021/22.

- The **Multimetal Recycling (MMR)** segment comprises the recycling activities in the Group and thus the processing of copper scrap, organic and inorganic recycling raw materials containing metal, and industrial residues. The segment mainly includes the sites in Lünen (Germany), Olen and Beerse (both in Belgium), and Berango (Spain). The secondary smelter currently under construction at Aurubis Richmond, Georgia, in the US is also included in this segment.
- The **Custom Smelting & Products (CSP) segment** the production facilities for processing concentrates and for manufacturing and marketing standard and specialty products such as cathodes, wire rod, shapes, strip products, sulfuric acid, and iron silicate. The Custom Smelting & Products segment is also responsible for precious metal production. The sites in Hamburg (Germany) and Pirdop (Bulgaria) manufacture copper cathodes, which are processed further into wire rod and shapes at the Hamburg (Germany), Olen (Belgium), Emmerich (Germany), and Avellino (Italy) sites. The Buffalo (US), Stolberg (Germany), and Pori (Finland) plants produce flat rolled products and specialty wire products. Aurubis AG sold four sites of the former Aurubis flat rolled products segment to KME SE, Osnabrück, with effect from July 29, 2022. The site at Zutphen (Netherlands) and the slitting centers in Birmingham (UK), Dolný Kubín (Slovakia), and Mortara (Italy) correspondingly contributed to the earnings of the CSP segment through July 29, 2022, i.e., for ten months.

A list of shareholdings pursuant to Section 313 (2) of the German Commercial Code (HGB) as at September 30, 2022, is provided in the notes to the financial statements.

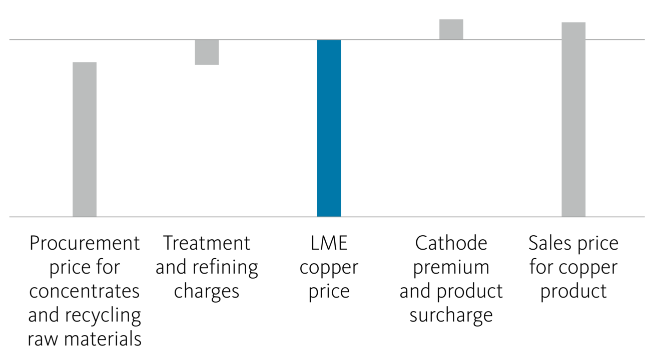
SIGNIFICANT INFLUENCING FACTORS RELEVANT TO THE BUSINESS

The main drivers of earnings are the treatment and refining charges Glossary, page 234 for copper concentrates, refining charges for recycling materials, the metal prices, the Aurubis copper premium Glossary, page 232, and product surcharges Glossary, page 234 for copper products, as well as sales revenues for sulfuric acid. Furthermore, efficient metal gains in our plants lead to effects on earnings. We hedge parts of our metal gain against metal price fluctuations.

Copper, silver, gold, and other key precious and industrial metals are priced on the metal exchanges, first and foremost on the London Metal Exchange (LME www.lme.com) Glossary, page 233, which facilitate physical transactions, hedging, and investment business. The prices are not just benchmarks for exchange trading but serve as the basis for pricing in the raw material and product business.

Pricing along the value chain

Schematic illustration



Treatment and refining charges are negotiated with suppliers when purchasing copper-bearing raw materials. The TC/RC trend depends on the current supply and demand structure on the global markets. Essentially, these charges are discounts on the purchase price for turning raw materials into copper cathodes (the commodity exchange product) and other metals and metal compounds.

The metal exchange and market quotation for copper serves as the price basis for our copper product sales. The premium and product surcharges, which are charged for converting cathodes into copper products, are also part of the sales price.

As an energy-intensive company, the Aurubis Group experiences impacts on its energy costs from price fluctuations for electricity, natural gas, and CO_2 certificates. We use early purchases to partially hedge against short-term fluctuations in the market price of electricity and natural gas. We have only been partly compensated for the energy suppliers' CO_2 costs that are included in the electricity price (i.e., indirect emissions).

Our business development is also influenced by external factors. These include the economic performance in key countries and activities on the international financial markets; political, legal, and social conditions; changes in the exchange rate and interest rate level; and the situation on our relevant markets.

Strategic direction

In fiscal year 2020/21, we developed the strategy further and established a detailed plan outlining how Aurubis can continue solidifying and expanding its position as one of the most efficient and sustainable multimetal producers in the world.

From a strategic standpoint, the Group is guided by three pillars: securing and strengthening the core business, pursuing growth options, and expanding its industrial leadership in sustainability. The necessary success factors for implementing the strategy were established: digitalization and automation in production, strategic resource planning, and strategic personnel management, which includes the recruitment and development of employees.

The updated Aurubis strategy includes a precisely defined roadmap for continued sustainable, profitable growth. Over the past fiscal year, we have made significant further progress in implementing the strategy in line with this roadmap. Implementation continues to be driven forward steadily and cautiously, and it goes without saying that we always take into account the geopolitical and global economic environment.

All new investment projects will be subjected to a thorough sustainability review as a matter of course. Every new investment supports our sustainability targets. The projects will primarily be financed from the current cash flow and available funds. There is no need for a capital increase in the foreseeable future.

SECURING AND STRENGTHENING THE CORE BUSINESS

The Aurubis Group's core business is processing raw materials containing metals, both concentrates and recycling materials. Aurubis will invest in recycling projects at different sites to expand processing capacities and continue boosting multimetal recovery within the group-wide smelter network. Synergies can be used more strongly by connecting sites in a targeted way and by optimizing material flows between the plants. After our ASPA (Advanced Sludge Processing by Aurubis) project, which includes the construction of a state-of-the-art hydrometallurgical recycling facility at the Beerse site in Belgium, the Bleed Treatment Olen Beerse (BOB) project, approved in February 2022, represents the next concrete step towards expanding our capabilities for optimizing our internal value chain. Aurubis is investing € 70 million in the construction of a state-of-the-art energy-efficient facility for processing electrolytes (bleed) at the Olen site. A hydrometallurgical process recovers valuable metals such as nickel and copper from tankhouse streams produced during metal production in the tankhouse at the Aurubis sites in Beerse and Olen. The facility comprises a full tankhouse cleaning system, referred to as bleed treatment. Aurubis expects to see an annual EBITDA contribution of around € 15 million when the new system becomes fully operational in fiscal year 2025/26.

PURSUING GROWTH OPTIONS

We defined the recycling business as a central growth driver for us during our strategy process. The rising importance of sustainability in Europe and the US will lead to higher recycling rates and thus a growing supply of complex recycling materials. The Aurubis Modular Recycling System is a scalable system we developed for new recycling plants that enables us to build new capacities in a modular – and therefore flexible and needs-based – approach and to integrate them into the expanded Aurubis smelter network. We are currently constructing the first plant that Aurubis has designed using the modular system in Augusta (Richmond County) in the US state of Georgia. Aurubis

Richmond will process about 90,000 t of complex recycling material into 35,000 t of blister copper each year. The plant is scheduled to be commissioned in 2024. Georgia Governor Brian Kemp and other top business representatives attended the groundbreaking ceremony on June 17, 2022. This event once again demonstrated how important this investment is for sustainable and progressive economic development in the US. The technology and processing capabilities of our recycling system position us as a forerunner in sustainable multimetal recycling in the US. The plant also opens up the prospect of additional growth in the US. This growth market, currently producing around 6 million t of useful recycled material each year, offers attractive opportunities, particularly for the diversification of our business and project portfolio beyond Europe.

The expansion of electric vehicles once again gathered considerable momentum last year, which is boosting demand for lithium-ion batteries – as well as the demand for raw materials to produce them. In the longer term, we see considerable growth options in the areas of battery materials and battery recycling. Battery recycling is a defined growth area in our strategy. During fiscal year 2021/22, we carried out trials at our pilot plant designed to scale up the process to technical scale. This has laid the foundation for the next steps to be taken in our project management process.

EXPANDING INDUSTRY LEADERSHIP IN SUSTAINABILITY

Our revised strategy defines sustainable action and management as a central element across all areas of the company. Based on binding targets and appropriate measures related to the environment, social issues, and corporate governance, we are further enshrining sustainability throughout the entire company and all of our workflows, processes, and particularly in our new strategic projects. We have also adjusted our organization accordingly: The sustainability function has been located at the highest level directly in the business division of the Chairman of the Board since the beginning of 2022. We have set binding sustainability targets, which we now regularly monitor and back up with concrete measures. For example, to reduce emissions, we have defined targeted measures to cut Scope 1 and 2 CO_2 emissions by 50 % by 2030.

Our production techniques make a pivotal contribution to responsibly handling resources and, together with our products, play a role in the energy transition. An important milestone on the path to decarbonization is the reduction of our CO_2 emissions (Scope 1 and 2) by 50 % until 2030. We want to reduce Scope 3 emissions, which arise in the upstream and downstream stages of the value chain, by 24 % per ton of copper cathodes during the same period as well. The targets were validated by the Science Based Targets initiative (SBTi) in June 2021. This means that our targets contribute to limiting global warming to 1.5°C pursuant to the Paris climate agreement. We will continue implementing and developing our detailed roadmap to achieve our climate goals.

Regarding Scope 1 and Scope 2 emissions, in the future we will rely on technical measures such as decarbonizing plant facilities by using green hydrogen instead of fossil fuels, electrifying our production, utilizing waste heat, and expanding the purchase of green electricity and the internal generation of power. Approaches for reducing Scope 3 emissions include cooperation in the supply chain and increased recycling activities. In 2022, we launched the expansion of our industrial heat project in Hamburg, which, once completed in 2024, will prevent up to 100,000 t of CO_2 emissions in Hamburg each year.

Corporate management

MANAGEMENT SYSTEM

The corporate management system's main objective is to increase the Aurubis Group's corporate value. In order to achieve this, the aim of the Group is to generate a positive overall value contribution that exceeds the costs of capital. Sustainability is an important element of the Group strategy. Sustainability criteria fundamentally guide our investment projects.

GROUP CONTROL PARAMETERS

In order to measure financial success for the medium and long term within the scope of value-oriented corporate management processes, Aurubis uses the following central control parameters:

- Operating consolidated earnings before taxes = operating EBT
- Operating ROCE (return on capital employed) Glossary, page 235 of the Group

These parameters are regularly reported to the Executive Board and are utilized for internal management control purposes. The variable compensation of the Executive Board and the management is also based on these parameters.

The internal reporting and management of the Group are carried out on the basis of the operating result in order to present the Aurubis Group's success independently of the measurement effects, listed below, for internal management purposes.

The operating result is derived from the IFRS-based financial performance by:

- Adjusting for measurement results deriving from the application of IAS 2 (Inventories). In this context, the metal price fluctuations resulting from the application of the average cost method are eliminated. Likewise, non-permanent write-downs or write-ups of metal inventory values as at the reporting date are eliminated
- Adjusting for reporting date-related effects deriving from market valuations of metal derivatives that have not been realized, which concern the main metal inventories
- Adjusting for unrealized reporting date-related effects of market valuations of energy derivative transactions
- Eliminating any non-cash effects deriving from purchase price allocations
- Adjusting for effects deriving from the application of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations)

The Aurubis Group reports in accordance with International Financial Reporting Standards (IFRS). For internal management purposes, the Aurubis Group will not adopt the amendment to IAS 2, which requires the application of the FIFO or average cost method. This decision was taken to avoid earnings volatility due to metal price fluctuations resulting from measurement according to the average cost method. Such related measurement effects, in our opinion, are not necessary to gain an understanding of the Aurubis Group's business activities or its results from an operational perspective and need to be eliminated. In addition, reporting date-related effects concerning the main metal inventories, which derive from the measurement at market of metal derivatives and have not been realized, are also not taken into account. In contrast, measurement effects that have already been realized from an operational perspective are taken into account. Furthermore, one-time effects deriving from purchase price allocations are eliminated, as these would otherwise lead to a distortion in the Aurubis Group's presentation of its assets, liabilities, financial position, and financial performance. The accounting impacts of IFRS 5 are also reversed.

Compared with the previous year, the calculation has been changed in that, in line with the metal derivative transactions, unrealized reporting date-related effects of market valuations of energy derivative transactions are now also excluded from the calculation. The adjustment effects in the metal derivatives businesses now include all Group companies and no longer just the smelter sites.

These adjustments to the derivation process led to a total of € -145 million adjustment to operating EBT as at the reporting date, from € 677 million to € 532 million, of which € -142 million is the result of the exclusion of energy derivative transactions.

An equivalent adjustment in the previous year would have improved operating EBT by € 28 million, from € 353 million to € 381 million, of which € 28 million is the result of the exclusion of energy derivative transactions.

Operating ROCE defines the operating earnings before interest and taxes together with the operating result from investments measured using the equity method in relation to the operating capital employed as at the reporting date and represents the yield on the capital employed.

In a manner corresponding to the calculation of the operating result, operating capital employed is derived by adjusting the IFRS-based items in the statement of financial position for the effects as previously mentioned.

Operating return on capital employed (ROCE)

in € million	9/30/2022	9/30/2021
Fixed assets, excluding financial fixed assets	2,019	1,877
Inventories	2,202	1,770
Trade accounts receivable	623	550
Other receivables and assets	361	242
– Trade accounts payable	-1,583	-1,406
– Provisions and other liabilities	-755	-593
Capital employed as at the reporting date	**2,866**	**2,441**
Earnings before taxes (EBT)	532	381
Financial result	1	13
Earnings before interest and taxes (EBIT)	**533**	**394**
Investments accounted for using the equity method	10	10
Earnings before interest and taxes (EBIT) – adjusted	**543**	**401**
Return on capital employed (operating ROCE)	**19.0 %**	**16.6 %**

Prior-year figures have been adjusted.

A reconciliation of the IFRS-based statement of financial position and income statement to the respective “operating” figures is provided in the Economic Report section of the Combined Management Report.

Research & Development

Research and Development (R&D) is part of the successful Aurubis growth strategy. The optimization of existing production processes will strengthen the core business of Aurubis. The development of new metallurgical processes and products underpins continued growth at Aurubis. At the core of R&D is the continued development of our metallurgical expertise, with the aim of extracting a large number of metals from increasingly complex raw materials and recycled materials in an efficient and sustainable process. An R&D team works on this in its own labs and pilot plants – in collaboration with other Aurubis divisions and with the support of universities and research institutes. These projects are either included in the strategic roadmap or are based on the goals of the production areas.

R&D maintains a network with universities and international research institutes, which provides scientific support for R&D work, for the exploration of new technologies, and for the promotion of the next generation of employees. Within Aurubis, R&D also contributes significantly to employee development in the metallurgical and technical areas.

The most extensive R&D project this fiscal year was the commissioning of the black mass recycling pilot plant at the R&D technical center. Black mass forms when lithium-ion batteries, such as those found in electric cars, are mechanically dismantled. Black mass contains the valuable metals nickel, cobalt, manganese, and lithium. Aurubis has developed a hydrometallurgical process that is designed to maximize lithium recycling rates. This will support and expand existing recycling options for material from lithium-ion batteries in the Aurubis production network. Pilot testing started in the spring of 2022. A series of tests was carried out with black mass, in which very good metallurgical results were achieved. The process was successfully scaled up from the laboratory to pilot scale. Additional series of tests are planned with the aim of developing an even better data basis for planning a production facility.

Nickel is a metal that is playing an increasingly important role in electric vehicles. Aurubis produces nickel from primary and secondary raw materials, which is enriched during copper production and extracted from the electrolyte in the copper tankhouses. R&D has made further developments in copper production to increase nickel processing capacity. After an extensive development phase, large-scale tests were carried out at the Hamburg production facilities to evaluate the proposed process changes. The test results fully confirmed that the process is metallurgically feasible.

The R&D team in Olen has also been working in parallel to expand the nickel processing capacity of the copper tankhouse at that site.

A key task of the R&D teams at all sites is the optimization of metallurgical production processes. For example, one area of focus at the Hamburg site was the optimization of the copper converter, where the wear on the furnace refractory lining was studied to gain a better understanding of how the material wears. This knowledge helped Aurubis researchers identify an alternative refractory material that can extend the service life of the furnace lining. The next step is to test this material in operation. Process management was another element in the optimization of the converter. Sensors are used to monitor and accurately measure the reaction time.

The R&D focus at the Lünen site was on the tankhouse. For example, the copper anode casting and cooling process was studied, and special molds were developed and patented. Other approaches to improvement in the copper tankhouse were pursued together with the Continuous Improvement department. This primarily involved using artificial intelligence methods for digitalization and data evaluation.

The production of precious metals is another area where production has been improved. This is where silver is refined into pure silver in a tankhouse. R&D undertook pilot tests which demonstrated that the productivity of the silver tankhouse can be significantly increased. This holds true even when processing silver anodes with significant impurities, which is common in production today and can be expected in the future. Technical adjustments that the silver tankhouse requires to increase capacity are already in the planning stage.

Aurubis R&D has been working on key projects to improve the sustainability of multimetal production. These efforts include, for example, the continued development of the application of iron silicate. The focus here lies on the application of Aurubis iron silicate as a sustainable construction material with a low CO_2 footprint. R&D is working together with the building materials industry as well as research institutes and universities on various projects aimed at achieving this goal.

Hydrogen is an important source of future energy. Aurubis has carried out successful large-scale tests on the use of hydrogen in copper production in Hamburg, where it was used as a highly efficient reducing agent in the so-called anode furnace. Based on these tests, future requirements for the conversion of the anode furnace were determined and a technical planning process was initiated. Intensive research is being carried out into other possible uses of hydrogen. Because green hydrogen in particular is not yet available in sufficient quantities, R&D has been focusing intensively on potential uses of ammonia as an alternative to hydrogen in copper production. The question of ammonia splitting versus direct utilization was specifically analyzed and a test installation was developed. The first step will involve a large-scale test with ammonia at the Hamburg wire plant.

Global decarbonization efforts (such as through the use of renewable energy and electric cars), process automation, and digitalization are generating significant momentum for further developments in the field of copper products.

In the area of electric cars, we are developing new copper strip products for connectors and power electronics. In this regard, solutions for the requirements of electric vehicles have been developed to enhance the efficiency and lifespan of the components. In addition, Aurubis is working on projects with leading industrial partners to develop new manufacturing processes for high-performance printed circuit boards. Research activities were continued in the area of power electronics for electric vehicles with university and industry partners.

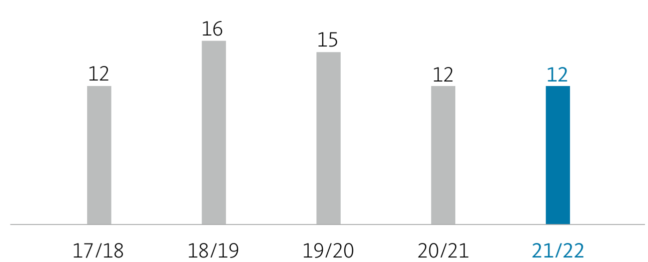
When it comes to wire, R&D activities for applications in electric vehicles continued and further work continued on the target of achieving complex cross-sections and expanding the alloy portfolio. With the BlueBrass brand, we developed a lead-free alloy family for our preliminary products such as wire and strip over the past few years, which are used in the electrical, automotive, and renewable energies sectors. We are continuously working in this area to expand our product portfolio and optimize our alloy family.

For more information on our R&D activities, please refer to the explanations in our 2021/22 magazine.

The entire Aurubis Group's R&D expenditures in fiscal year 2021/22 amounted to € 12 million (previous year: € 12 million). We have a total of 75 employees in this area (previous year: 77 employees), who are located at our sites in Beerse, Buffalo, Hamburg, Lünen, Olen, Pirdop, Pori, and Stolberg.

R&D expenditure

in € million

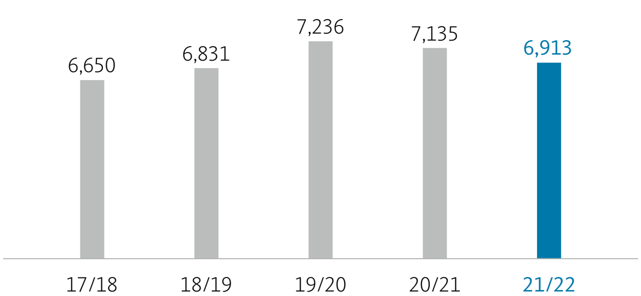


Human resources

A total of 6,913 people were employed by the Aurubis Group as at September 30, 2022 (previous year: 7,135). Of this number, 44.0 % worked outside of Germany and 56.0 % worked at German sites. The decrease in headcount is due to the sale of the flat rolled products sites in the Netherlands, Italy, the UK, and Slovakia. The majority of our employees work in the following countries: Germany (3,876), Belgium (1,105), Bulgaria (926), US (531), Finland (281), Spain (102), and Italy (89). Sites and employees, page 97

Aurubis Group employees

Number on 9/30/2022



Without at-equity consolidated companies.

Aurubis Group personnel structure

Number on 9/30/2022

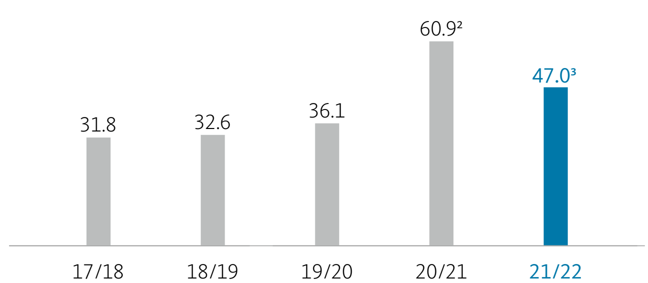
Environmental protection and occupational health

ENVIRONMENTAL PROTECTION IN THE GROUP

We take responsibility for protecting our environment and our climate. Our production facilities therefore use modern and energy-efficient plant technology that complies with very high environmental standards. In this way, we conserve natural resources and aim to maintain a clean environment for future generations. We have set targets for environmental protection, defined corresponding KPIs, and established measures to achieve the targets across the Group. The effectiveness of these targets and measures is reviewed continuously.

Capital expenditure for environmental protection in the Aurubis Group[1]

in € million



[1] Environmental investments of all production sites that are majority-owned by Aurubis (>50 %); data collected from some of the smaller sites starting in 2013.
[2] As of FY 2019/20 including former Metallo sites in Beerse and Berango.
[3] As of FY 2021/22 excluding former Aurubis sites in Zutphen and Cablo; provisional data.

The continuous improvement of water pollution control, soil conservation, climate protection, and emission prevention is key to achieving sustainable environmental protection. This was only possible with continuous investments: Aurubis has invested more than € 780 million in environmental protection measures in the Group since 2000, including the project to use process heat to heat part of the HafenCity district in Hamburg and a project to reduce diffuse emissions (RDE).

OCCUPATIONAL HEALTH AND SAFETY IN THE GROUP

Group Health and Safety is responsible for creating the technical, organizational, and personal conditions in the company to prevent work-related accidents, injuries, and illnesses.

The acronym LTIFR (lost time injury frequency rate) indicates the accident rate in the company. This KPI describes the number of work-related accidents with at least one lost shift per one million hours worked (related to Aurubis employees).

We continuously reduced accident frequency for several years. After this figure increased in fiscal years 2017/18 and 2018/19, LTIFR decreased continuously in the past three years. LTIFR amounted to 3.2 in fiscal year 2021/22 (previous year: 5.1). In absolute terms, the number of accidents (LTI) fell significantly to 34 (previous year: 55).

Occupational health and safety

	2021/22	2020/21	2019/20	2018/19	2017/18
Absolute number of accidents (LTI)[1]	34	55[3]	51	61	60
LTIFR[2]	3.2	5.1[3]	5.4	6.0	5.9

[1] Including the Beerse (Belgium) and Berango (Spain) sites starting June 1, 2020. Excluding Cablo Metall-Recycling und Handel GmbH, Ferbellin, starting June 1, 2021 (which, since June 1, 2021, has belonged to the joint venture Cablo GmbH with the recycling company TSR Recycling GmbH & Co. KG, in which Aurubis holds a 40 % stake) and excluding Schwermetall Halzeugwerk GmbH & Co. KG. Starting August 1, 2022, excluding the sold sites Zutphen (Netherlands), Birmingham (United Kingdom), Dolný Kubín (Slovakia), and Mortara (Italy).
[2] Beerse (Belgium) and Berango (Spain) sites included for the entire fiscal year starting 2020/21 so that KPIs can be compared.
[3] Data from previous years adjusted to reflect subsequent reporting.

Occupational health and safety are high-priority topics. Accordingly, responsibility for these issues rests with the management and the supervisors, but also every individual in the company.

In the long term, we want to achieve our Vision Zero, meaning zero work-related accidents, injuries, and illnesses. Precautions to prevent accidents are in place to contribute to making the vision a reality. The 10 Golden Rules of occupational health and safety are in effect. Detailed risk assessments are also carried out to derive appropriate precautions and instructions, training measures, and regular audits. Furthermore, we stringently monitor our occupational safety performance and translate the results into appropriate measures.

All sites are certified in accordance with ISO 45001. We continuously develop occupational safety management at the sites to conform to the requirements of the standard.

A software that is steadily being rolled out in the Group supports occupational safety processes such as risk assessments, the allocation of legal obligations, accident and near-miss disclosure and review, and site-specific and Group-wide reporting.

Since the start of the COVID-19 pandemic, we have had a Group crisis team including the largest sites that meets regularly with the entire Executive Board depending on the current situation. In this way, we have quickly established specific plans and measures to prioritize protecting employees' health while keeping operations up and running. The measures have been steadily adjusted to the ongoing circumstances of the pandemic and include testing and vaccination offers in-house vaccination centers or at external organizations in cooperation with other companies.

Separate Non-Financial Report

The section Sustainability, pages 53–93 in the Annual Report provides additional information on the topics of sustainability, environmental protection, energy, the climate, and occupational health, as does our website www.aurubis.com in accordance with the statutory deadlines. Aurubis AG reports on both the Aurubis Group and Aurubis AG in the form of a consolidated, separate Non-Financial Report, whose content is also available in the Sustainability section of this report and on the website.

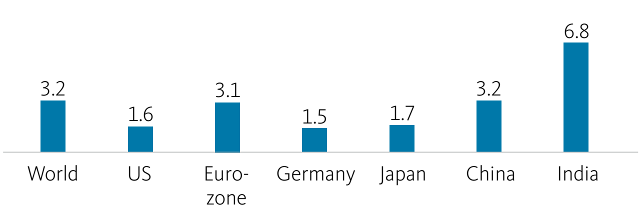
Economic Report

General economic conditions

The global economy, which was already weakened by the COVID-19 pandemic, recovered significantly more slowly in fiscal year 2021/22 compared to the previous year. There were a number of reasons for this. On top of unexpectedly high inflation worldwide (particularly in the United States and the major European economies), which led to a tightening of financing conditions through interest rate increases, China also experienced a sharper-than-expected slowdown in economic growth. The war in Ukraine since February 2022 and in particular the resulting energy price increases are having a dampening effect on the global economy. In its October forecast, the International Monetary Fund (IMF, www.imf.org) predicts that global growth is likely to slow significantly from 6.0 % in 2021 to 3.2 % in 2022. An increasing number of economies are in a growth slowdown. The pandemic situation is still strained in some national economies and is leading to new lockdowns in certain regions, despite rising vaccination rates worldwide.

Expected GDP Growth 2022

in %



Source: International Monetary Fund, October 2022

The IMF forecasts growth of 3.1 % (previous year: 5.2 %) for the Eurozone as a whole for 2022. In calendar year 2021, as in 2020, Germany posted slower growth, at 2.6 %, than France, Spain or Italy. German gross domestic product (GDP) growth is expected to be 1.5 % in 2022, weaker than in the previous year. Europe's slowing economic growth is a reflection of tighter monetary policy measures and the effects of the war in Ukraine. The resulting higher energy prices will have a particularly negative impact on production in Europe from the second half of 2022 onward.

GDP growth in the US will also slow significantly in 2022. The IMF forecasts GDP growth of 1.6 % for 2022 (previous year 5.7 %). The weaker growth is due, among other factors, to slower growth at the beginning of this year, diminished household purchasing power and tighter monetary policy.

While China's economic recovery continued at a dynamic pace in calendar year 2021, it slowed down markedly in 2022. With its forecast of 3.2 %, the IMF expects economic growth to be significantly lower than in the previous year (8.1 %). Ongoing COVID-19 outbreaks and the resulting restrictions on travel in certain regions, as well as the deterioration of the real estate crisis, are the reasons behind this.

The global financial markets were marked in 2022 by a combination of fiscal policy measures to curb inflation and weakened growth prospects in the context of the war in Ukraine. Central banks around the globe raised key interest rates, with the European Central Bank (ECB) raising its key rate to 2.00 % and curtailing its bond purchases. The Pandemic Emergency Purchase Programme (PEPP) expired in March 2022. The US central bank (Fed) has made several sharp hikes in the key interest rate in the current calendar year. The most recent increase in the key interest rate was in September 2022, when it was raised by 0.75 percentage points to a corridor of between 3.75 and 4.00 %. The reason for this was historically high inflation in the US.

Conditions specific to the industry

Aurubis is mainly active on the international copper market and its submarkets, where the trend was mixed in fiscal year 2021/22. In the following, we will address in detail the developments of the key copper-related sub-markets.

The international copper concentrate market benefited from improved mine output compared to the previous year, especially in the second half of 2022, which resulted in a higher copper concentrate supply. The rate of worldwide mine production outages due to severe weather, COVID-19, strikes, or other reasons remained below prior-year level. The supply was supported by the restart of production and expansions in existing mines, as well as the kick-off of new mine projects, for example in Peru and Chile. Overall, the research company Wood Mackenzie expects global copper concentrate output for 2022 to exceed the previous year by 3.7 %.

The global smelter industry, especially in Asia, was challenged by numerous instances of planned and unplanned maintenance work and shutdowns during the fiscal year, due in part to regional restrictions on energy consumption in China at the beginning of August 2022. Furthermore, Chinese smelters stood by their decision to limit their purchases on the international concentrate markets in order to shore up TC/RCs. These effects dampened global concentrate demand. At the same time, new smelters in Asia started production, which had a positive impact on growth. Given these circumstances, Wood Mackenzie forecasts smelter capacity to increase by around 2.1 % in 2022. China continues to account for the largest share of global growth in the smelter industry. Overall, the global concentrate market is expected to grow by about 300,000 t of concentrate in 2022.

With regard to recycling raw materials, the European market, which is the most relevant market for Aurubis, was stable in fiscal year 2021/22. The supply of copper scrap in Europe remained stable throughout the fiscal year due to generally high metal prices. The import quota system in China, which placed stricter import restrictions on copper scrap and other recycling material groups, led to a healthy supply in Europe. Rising energy prices, among other developments, dampened the supply of scrap in Europe in the middle of 2022. Refining charges for copper scrap remained at a satisfactory level in fiscal year 2021/22, but were lower than in the previous year. Complex recycling materials such as electronic scrap and industrial residues experienced stable supply during the reporting period. Similarly, refining charges for complex recycling materials remained at a high level in the 2021/22 fiscal year.

Global production of refined copper was mainly shaped by a number of factors in fiscal year 2021/22, including the ramifications of the pandemic, which led to logistical problems such as a shortage of containers; the planned and unplanned shutdowns on the smelter side, particularly in China; and the capacity increase on the mine side due to the expansion of existing projects and the start of new mining projects in Chile and Peru. According to the International Copper Study Group (ICSG), capacity utilization in the smelting industry was 82.7 % in the first half of 2022, above the prior-year level of 82.2 %. Overall, Wood Mackenzie forecasts that global output of refined copper for 2022 will reach a level around 24.8 million t, 0.2 % above that of the previous year.

Demand for refined copper registered a slight increase in calendar year 2022 in spite of the gloomier macroeconomic environment, and was stable in the US and Europe at the high level of the previous year. The Purchasing Managers' Index (PMI) has indicated a slowdown in manufacturing activity since the beginning of the second half of 2022, particularly in Europe. A number of factors have contributed to this contractionary trend, including shortages of semifinished products due to supply chain disruptions and high energy prices. Wood Mackenzie anticipates total global demand for refined copper at 25.0 million t in calendar year 2022 (previous year: 24.8 million t).

Global exchange inventories of copper cathodes remained at historically low levels in 2022 again. At the beginning of the calendar year, the LME and COMEX held historically low inventories of 86,500 t and 81,066 t, respectively. As the fiscal year went on, total inventories at the metal exchanges LME, COMEX, and SHFE recovered slightly, but remained at a low level. About 217,000 t in total were stored at the end of the fiscal year, compared to 317,000 t at the start of the fiscal year.

Wood Mackenzie expects a production surplus of about 80,000 t on the global refined copper market in 2022.

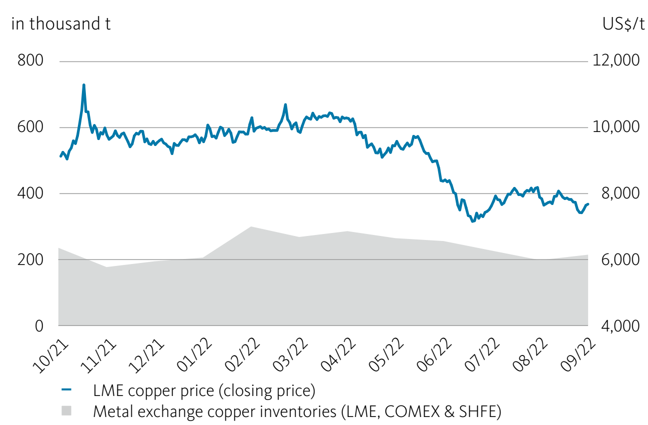
The international wire rod market is still the predominant outlet for refined copper. The research provider CRU estimates that approximately 73 % of global cathode output goes to this market worldwide. This is expected to grow by around 2 % in calendar year 2022, following growth of around 6 % in 2021. Aurubis primarily supplies wire rod to the European market. Strong demand across all customer segments, the construction and energy sectors, and the automotive industry persisted during the fiscal year.

Demand on the global market for sulfuric acid was high in fiscal year 2021/22. Temporarily lower production capacities at European zinc smelters, logistics bottlenecks, temporary lockdowns in China, high freight costs, and higher input costs for sulfur burners during the fiscal year all led to reduced volume coupled with high demand for long periods of fiscal 2021/22. Sulfuric acid prices remained very high into the third quarter of 2021/22 as a result of the shortage of sulfuric acid supplies. Continued increases in energy costs, particularly for natural gas, triggered sharp rises in production costs in the chemical and fertilizer industries, which in turn translated into sharply reduced demand and lower sulfuric acid prices at the end of fiscal year 2021/22. Because of its customer and contract structure, Aurubis is not completely exposed to developments on the spot market, and any impacts occur with a time lag.

The LME copper price was at a high level in the first half of fiscal year 2021/22 in particular, decreasing in the second half of the fiscal year as a reaction to macroeconomic events. From US$ 9,135/t (closing price) at the beginning of the fiscal year, it was at a very high level between the US$ 9,000/t and US$ 10,000/t marks through April 2022 and reached its annual high of US$ 11,299/t at the start of the fiscal year on October 18, 2021 Glossary, page 233. It remained stable until June before reaching a low of US$ 7,160/t in mid-July, driven by macroeconomic factors. The price of copper has recently remained volatile in a band between the US$ 7,000/t and US$ 8,200/t mark due to influences such as geopolitical risks, isolated outbreaks of COVID-19 infections, and the slowdown in demand caused, among other factors, by the state of the Chinese real estate market. The fiscal year closed with an LME copper price of US$ 7,683/t (closing price). The average price for the fiscal year was US$ 9,229/t (previous year: US$ 8,681/t).

Copper price and metal exchange copper inventories

from 10/01/2021 to 9/30/2022



Economic development within the Aurubis Group

RESULTS OF OPERATIONS, NET ASSETS, AND FINANCIAL POSITION OF THE AURUBIS GROUP

The internal reporting and management of the Group are carried out on the basis of the operating result in order to present the Aurubis Group's success independently of the measurement effects, listed below, for internal management purposes. Accordingly, the presentation of the financial performance, assets, liabilities, and financial position is explained on the basis of operating values.

The operating result is derived from the IFRS-based financial performance by:

- » Adjusting for measurement results deriving from the application of IAS 2. In this context, the metal price fluctuations resulting from the application of the average cost method are eliminated. Likewise, non-permanent write-downs or write-ups of metal inventory values as at the reporting date are eliminated
- » Adjusting for reporting date-related effects deriving from market valuations of metal derivatives that have not been realized, which concern the main metal inventories
- » Adjusting for unrealized reporting date-related effects of market valuations of energy derivative transactions
- » Eliminating any non-cash effects deriving from purchase price allocations.
- » Adjusting by effects deriving from the application of IFRS 5.

Compared with the previous year, the calculation has been changed in that, in line with the metal derivative transactions, unrealized reporting date-related effects of market valuations of energy derivative transactions are now also excluded from the calculation.

The adjustment effects in the metal derivatives businesses now include all Group companies and no longer just the smelter sites.

These adjustments to the derivation process led to a total of € -145 million adjustment to operating EBT as at the reporting date, from € 677 million to € 532 million, of which € -142 million is the result of the exclusion of energy derivative transactions.

An equivalent adjustment in the previous year would have improved operating EBT by € 28 million, from € 353 million to € 381 million. of which € 28 million is the result of the exclusion of energy derivative transactions.

FINANCIAL PERFORMANCE

The Aurubis Group achieved significantly higher operating earnings before taxes (EBT) of € 532 million in the past fiscal year compared to the previous year (previous year: € 381 million). Operating return on capital employed (ROCE) was 19.0 % (previous year: 16.6 %). Consequently, we have met our forecast, which was raised in April 2022, of achieving an operating EBT of between € 500 million and € 600 million and an operating ROCE of between 17 % and 21 %. IFRS earnings before taxes (EBT) amounted to € 935 million (previous year: € 825 million).

The following table shows how the respective operating results for the 2021/22 fiscal year and for the comparative prior-year period have been determined:

Reconciliation of the Consolidated Income Statement

	12 Months 2021/22			12 Months 2020/21		
in € million	IFRS	Adjustment effects	operating	IFRS	Adjustment effects	operating
Revenues	**18,521**	**0**	**18,521**	**16,300**	**0**	**16,300**
Changes in inventories of finished goods and work in process	321	-91	230	146	-222	-76
Own work capitalized	27	0	27	32	0	32
Other operating income	235	11	246	73	0	73
Cost of materials	-17,063	-314	-17,377	-14,637	-234	-14,871
Gross profit	**2,041**	**-394**	**1,647**	**1,914**	**-456**	**1,458**
Personnel expenses	-571	0	-571	-554	0	-554
Depreciation of property, plant, and equipment and amortization of intangible assets	-220	0	-220	-219	20	-199
Other operating expenses	-323	0	-323	-311	0	-311
Operational result (EBIT)	**927**	**-394**	**533**	**830**	**-436**	**394**
Result from investments measured using the equity method	19	-9	10	18	-8	10
Interest income	7	0	7	4	0	4
Interest expense	-17	0	-17	-18	0	-18
Other financial expenses	-1	0	-1	-9	0	-9
Earnings before taxes (EBT)	**935**	**-403**	**532**	**825**	**-444**	**381**
Income taxes	-220	121	-99	-212	115	-97
Consolidated net income	**715**	**-282**	**433**	**613**	**-329**	**284**

Prior-year figures have been adjusted.
Explanations concerning the presentation and adjustment effects can be found in the section Financial performance, assets, liabilities, and financial position of the Aurubis Group, pages 111–119.

Operating EBT in fiscal year 2021/22 was € 532 million (previous year: € 381 million) and was positively influenced by the following factors compared to the previous year:

- A substantially higher metal result with increased metal prices, especially for industrial metals (copper, tin, nickel),
- significantly higher sulfuric acid revenues due to a significant increase in sales prices,
- significantly higher demand for copper products in particular, with higher product surcharges,
- very good operating performance at our Pirdop site, with increased concentrate throughputs, and
- higher refining charges for other recycling materials.

An opposite effect was caused by:

- The extension of the planned maintenance shutdown at our site in Hamburg,
- Significantly lower refining charges for copper scrap,
- Significantly higher energy costs, particularly for electricity and natural gas.

The Group's revenues increased by € 2,221 million to € 18,521 million during the reporting period (previous year: € 16,300 million). This positive development was primarily due to substantially increased copper prices compared to the same period of the previous year. Stronger demand for copper products, among other factors, had an impact as well.

Breakdown of revenues

in %	2021/22	2020/21
Germany	35	35
European Union	36	34
Rest of Europe	8	8
Other	21	23
Group total	**100**	**100**

The € 230 million change in inventories of finished goods and work in process (previous year: € -76 million) mainly relates to our two smelting sites in the Custom Smelting & Products segment, Hamburg and Pirdop, and results from the build-up of intermediate and finished goods. In contrast, the previous year saw reduced intermediate product inventories in connection with the maintenance shutdown at our site in Pirdop.

The cost of materials ratio rose increased slightly from 91.8 % in the previous year to 92.7 %. The cost of materials deriving from metal purchases increased owing to higher metal prices, in a manner corresponding to the development of revenues and due to changes in inventories. There were also significant increases in energy costs, due especially to higher electricity prices. Energy costs, excluding cost reimbursements and compensation, amounted to € 499 million in the reporting period (previous year: € 232 million).

Own work capitalized recognized in the fiscal year amounted to € 27 million (previous year: € 32 million) and resulted from activities in connection with the planned maintenance shutdown at the Hamburg site and the expansion of Stage 2 of the Industrial Heat project.

Other operating income increased significantly by € 173 million to € 246 million and includes, among other items, income from cost reimbursements in the amount of € 68 million (previous year: € 27 million), an increase mainly attributable to higher prices for energy sources that were passed on. Government grants totaling € 41 million were also recognized at our site in Bulgaria in the fiscal year in conjunction with increased energy costs. Other operating income in the fiscal year also includes € 61 million in income from insurance compensation connected to the flooding at the Stolberg site in July 2021 (previous year: € 15 million). These compensation payments were offset by expenses for maintenance, replacement investments, and lost gross margins. Income from the sale of emission rights (€ 26 million) and the gain on deconsolidation from the disposal of the four subsidiaries of the former flat rolled products segment (FRP) in the amount of € 18 million also contributed to the increase.

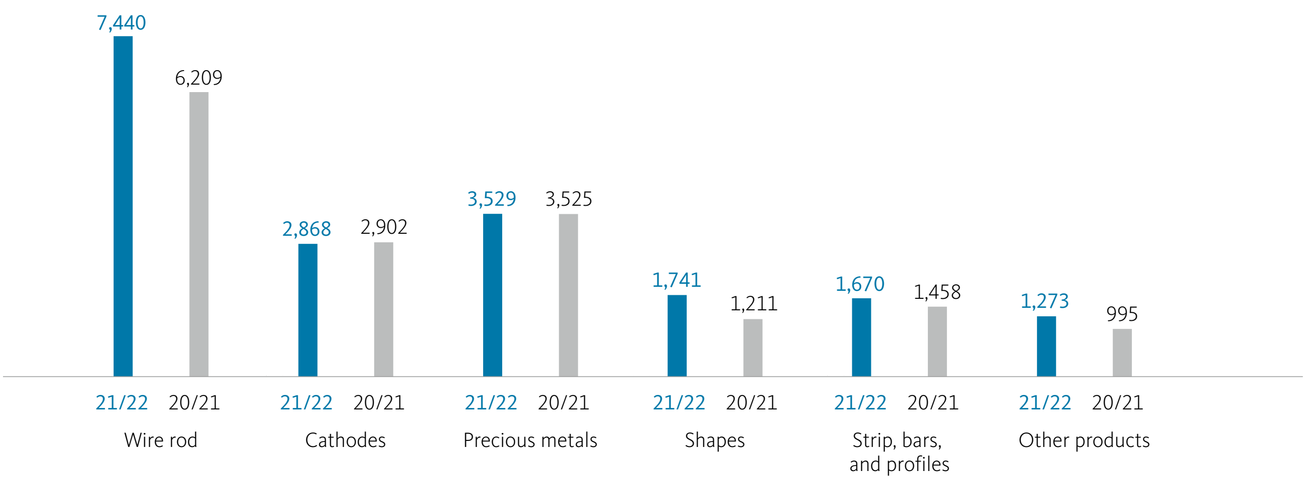
Overall, the operating gross profit generated was significantly higher than the prior-year level and amounted to € 1,647 million (previous year: € 1,458 million).

Personnel expenses increased from € 554 million in the previous year to € 571 million. The reversal in the previous year of a provision for personnel-related restructuring expenses in the amount of € 14 million reduced this figure. The € 10 million reduction in non-current personnel-related provisions due to adjusted actuarial interest rates had a counteracting effect in the fiscal year.

In addition, higher expenses for performance bonuses, wage tariff increases, and one-time payments to employees were recognized in the fiscal year.

Development of revenues by products

in € million



At a level of € 220 million, depreciation and amortization of fixed assets was significantly above that of the previous year (€ 199 million). This figure includes impairment losses on intangible assets (€ 14 million) and on property, plant and equipment (€ 15 million). The impairment losses relate mainly to non-current assets of the Beerse/Berango cash-generating unit in the MMR segment in the amount of € 27 million. In contrast, the previous year included impairment losses on fixed assets in the amount of € 8 million.

The increase in other operating expenses to a total of € 323 million (previous year: € 311 million) is the result of higher selling expenses, mainly freight costs, of about € 20 million as well as higher administrative costs.

Earnings before interest and taxes (EBIT) therefore amounted to € 533 million (previous year: € 394 million).

At a level of € -1 million, the financial result was significantly above that of the previous year (€ -13 million). In addition to lower interest income compared to the current fiscal year, there were losses totaling € 8 million from the fair value measurement of two non-consolidated subsidiaries of Aurubis AG in the previous year.

Operating earnings before taxes (EBT) improved significantly to € 532 million compared with the previous year (€ 381 million).

Operating consolidated net income of € 433 million remained after tax (previous year: € 284 million). Operating earnings per share amounted to € 9.91 (previous year: € 6.51).

The IFRS EBT of € 935 million (previous year: € 825 million) significantly exceeded the previous year. In addition to the effects on earnings already described in the explanation of the operating financial performance, the change in IFRS gross profit was also due to metal price developments. Use of the average cost method leads to metal price valuations that are close to market prices. Metal price volatility therefore has direct effects on changes in inventories/the cost of materials and hence on the IFRS gross profit. The IFRS gross profit in fiscal year 2021/22 includes inventory measurement effects of € 249 million (previous year: € 505 million). The substantial increase in the copper price year-on-year was a decisive factor. There were also reporting-date-related effect of market valuations of metal and energy derivative transactions under IFRS amounting to € 156 million (previous year: € -49 million).

The depiction of this volatility is not relevant to the cash flow and does not reflect Aurubis' operating performance.

The IFRS consolidated net income amounted to € 715 million (previous year: € 613 million). This translates to IFRS earnings per share of € 16.37 (previous year: € 14.03).

ASSETS AND LIABILITIES

The table entitled Reconciliation of the consolidated statement of financial position, page 117 shows the derivation of the operating statement of financial position as at September 30, 2022, and as at September 30, 2021.

Total **assets (operating)** increased from € 5,470 million as at September 30, 2021, to € 5,926 million as at September 30, 2022. This was due in particular to the € 432 million increase in inventories, from € 2,202 million as at September 30, 2021, to € 1,770 million as at September 30, 2022. The extended maintenance shutdown of the primary smelter in Hamburg meant that the increase related in particular to input materials. Intermediate products (anodes) and finished products (cathodes, shapes, wire rod) were also built up in the CSP segment at the Hamburg and Pirdop plants.

With high copper product sales, trade accounts receivable built up substantially as well. Furthermore, a lower volume of receivables was sold to factoring companies compared with the previous year. As a result, the overall balance at the end of the financial year was € 623 million, an increase on the previous year's figure of € 550 million.

Current liabilities from trade accounts payable increased by € 177 million, from € 1,406 million to € 1,583 million, in line with the higher inventories of current assets.

The Group's equity rose by € 528 million, from € 2,674 million as at the end of the last fiscal year to € 3,202 million as at September 30, 2022. The increase resulted from operating consolidated total comprehensive income of € 598 million. The dividend payment of € -70 million had an opposite effect.

At € 327 million as at September 30, 2022, borrowings were below the level of the previous fiscal year-end (€ 582 million). In December 2021, all variable interest rate tranches of the Schuldschein loan, totaling € 152.5 million, were redeemed ahead of schedule using free liquidity. These bonded loans were disclosed as non-current liabilities in the statement of financial position as at September 30, 2021, due to their legal contract term. In addition, current bank borrowings were down due to the redemption of a bonded loan in the nominal amount of € 103 million as scheduled that was due in February 2022.

The following table shows the development of borrowings:

Development of borrowings

in € million	9/30/2022	9/30/2021
Non-current bank borrowings	167	400
Non-current liabilities under finance leases	42	45
Non-current borrowings	**209**	**445**
Current bank borrowings	106	127
Current liabilities under finance leases	12	11
Current borrowings	**118**	**138**
Total borrowings	**327**	**582**

Overall, the operating equity ratio (the ratio of equity to total assets) was therefore 54.0 %, compared to 48.9 % as at the end of the previous fiscal year.

Total **assets (IFRS)** increased from € 6,613 million as at September 30, 2022, to € 7,447 million as at September 30, 2022. The very substantial increase was due to the € 749 million increase in inventories, from € 2,804 million as at September 30, 2021, to € 3,553 million as at September 30, 2022, which was higher compared to the operating statement of financial position. A key factor for the IFRS valuation was the high copper and precious metal prices that prevailed throughout the entire fiscal year.

Additionally, market valuations of energy derivative transactions in particular had a positive effect on the IFRS balance sheet. The Group's equity rose by € 815 million, from € 3,443 million as at the end of the last fiscal year to € 4,258 million as at September 30, 2022. The increase resulted from the consolidated total comprehensive income of € 886 million in particular, which was higher compared to the operating financial performance. Overall, the IFRS equity ratio was 57.2 % as at September 30, 2022, compared to 52.1 % as at the end of the previous fiscal year.

IFRS balance sheet structure of the Group

in %	9/30/2022	9/30/2021
Fixed assets	28	30
Inventories	48	42
Receivables, etc.	15	14
Cash and cash equivalents	9	14
	100	**100**
Equity	57	52
Provisions and accrued liabilities	11	12
Liabilities	32	36
	100	**100**

Reconciliation of the consolidated statement of financial position

in € million	9/30/2022 IFRS	9/30/2022 Adjustment effects	9/30/2022 operating	9/30/2021 IFRS	9/30/2021 IFRS 5	9/30/2021 Adjustment effects	9/30/2021 operating
ASSETS							
Fixed assets	2,069	-34	2,035	1,958	9	-24	1,943
Deferred taxes	18	1	19	18	0	1	19
Non-current receivables and other assets	172	-114	58	37	0	-13	24
Inventories	3,553	-1,351	2,202	2,804	62	-1,096	1,770
Current receivables and other assets	929	-23	906	716	44	-11	749
Cash and cash equivalents	706	0	706	942	23	0	965
Assets held for sale	0	0	0	138	-138	0	0
Total assets	**7,447**	**-1,521**	**5,926**	**6,613**	**0**	**-1,143**	**5,470**
EQUITY AND LIABILITIES							
Equity	4,258	-1,056	3,202	3,443	0	-769	2,674
Deferred taxes	638	-431	207	443	0	-310	133
Non-current provisions	121	0	121	291	2	0	293
Non-current liabilities	225	-5	220	503	1	-57	447
Current provisions	68	0	68	67	2	0	69
Current liabilities	2,137	-29	2,108	1,828	33	-7	1,854
Liabilities deriving from assets held for sale	0	0	0	38	-38	0	0
Total equity and liabilities	**7,447**	**-1,521**	**5,926**	**6,613**	**0**	**-1,143**	**5,470**

Prior-year figures have been adjusted.
Explanations concerning the presentation and adjustment effects can be found in the section Financial performance assets, liabilities, and financial position of the Aurubis Group, pages 111–119.

RETURN ON CAPITAL (OPERATING)

The **return on capital employed (ROCE)** shows the return on the capital employed in the operating business or for an investment. It was determined taking the operating EBIT of the last four quarters into consideration.

At the end of the reporting year, operating ROCE reached 19.0 % (previous year: 16.6 %) and was thus above our target of 15 % and within the forecast interval of 17 % to 21 %.

Operating return on capital employed (ROCE)

in € million	9/30/2022	9/30/2021
Fixed assets, excluding financial fixed assets	2,019	1,877
Inventories	2,202	1,770
Trade accounts receivable	623	550
Other receivables and assets	361	242
– Trade accounts payable	-1,583	-1,406
– Provisions and other liabilities	-755	-593
Capital employed as at the reporting date	**2,866**	**2,441**
Earnings before taxes (EBT)	532	381
Financial result	1	13
Earnings before interest and taxes (EBIT)	**533**	**394**
Investments accounted for using the equity method	10	10
Earnings before interest and taxes (EBIT) – adjusted	**543**	**405**
Return on capital employed (operating ROCE)	**19.0 %**	**16.6 %**

Prior-year figures have been adjusted.

FINANCIAL POSITION OF THE AURUBIS GROUP

The Group's liquidity sourcing is secured through a combination of the Group's cash flow, short-term and long-term borrowings, and lines of credit available from our banks. Existing credit facilities and lines of credit can compensate for fluctuations in the cash flow development at any time. These fluctuations result from operating business activities in particular and primarily serve to finance net working capital.

We regularly monitor the development of the Aurubis Group's liquidity position on a timely basis. Control and monitoring are carried out on the basis of defined key ratios.

The main key financial ratio for controlling debt is debt coverage, which calculates the net financial position (cash and cash equivalents less financial liabilities) to earnings before interest, taxes, depreciation, and amortization (EBITDA page 235) and shows the number of periods required to redeem the existing borrowings from the Group's income – assuming an unchanged earnings situation.

The interest coverage ratio expresses how the net interest expense is covered by EBITDA. Our long-term objective is to achieve a well-balanced debt structure. In this context, we consider debt coverage < 3 and interest coverage > 5 to be well balanced.

Group financial ratios (operating)

	9/30/2022	9/30/2021
Debt coverage = net financial position[1]/EBITDA	-0.5	-0.6
Interest coverage = EBITDA/net interest	75.7	39.9

[1] (-) Assets/ (+) Liabilities
Prior-year figures have been adjusted.

Additional control measures related to liquidity risks are outlined in the Risk and Opportunity Report in the Combined Management Report pages 133–144.

ANALYSIS OF LIQUIDITY AND FUNDING

The **cash flow statement** shows the cash flows within the Group. It highlights how funds are generated and used.

The very good financial performance during the fiscal year resulted in a good **net cash flow** of € 288 million, although this was significantly lower than in the previous year. (previous year: € 812 million). In particular, the build-up of inventories of input materials as a result of the extended maintenance shutdown at the Hamburg site had a negative impact on net cash flow in the fiscal year.

The cash outflow from investing activities totaled € -201 million (previous year: € -232 million) and primarily includes payments for investments in property, plant, and equipment totaling € 334 million (previous year: € 232 million). Payments during the fiscal year included payments made in connection with the maintenance shutdown at the Hamburg site (€ 59 million) and payments made for the construction of the Aurubis Richmond recycling plant, Georgia, USA (€ 26 million).

Cash inflows of € 66 million from the sale of securities classified as financial fixed assets and € 66 million from the sale of subsidiaries had a positive effect.

After taking interest payments totaling € 15 million and the dividend payment of € 70 million into account, the slightly positive free cash flow amounts to € 3 million (previous year: € 488 million).

in € million	12 Months 2021/22	12 Months 2020/21
Cash inflow from operating activities (net cash flow)	288	812
Cash outflow from investing activities	-201	-232
Acquisition of treasury shares	0	-19
Interest paid	-15	-16
Dividends paid	-70	-57
Free cash flow	**3**	**488**
Proceeds and payments from financial liabilities	-262	-3
Net change in cash and cash equivalents	**-260**	**485**
Cash and cash equivalents as at the reporting date	**706**	**965**

Cash and cash equivalents of € 706 million were available to the Group as at September 30, 2022 (September 30, 2021: € 965 million). The net financial position as at September 30, 2022, was € 379 million (previous year: € 383 million).

Net financial position of the Group

in € million	9/30/2022	9/30/2021
Cash and cash equivalents	706	965
Total borrowings	327	582
Net financial position	**379**	**383**

In addition to cash and cash equivalents, the Aurubis Group has unutilized credit line facilities and thus has adequate liquidity reserves. Parallel to this, within the context of factoring agreements, the Group makes use of the sale of receivables without recourse as an off-balance-sheet financial instrument.

Business performance in the segments

In the course of developing the Aurubis Group's strategy, the segmentation was adjusted effective October 1, 2021. Since October 1, 2021, the two segments Multimetal Recycling and Custom Smelting & Products will form the organizational structure and the foundation for segment reporting in accordance with IFRS 8 for fiscal year 2021/22. Foundations of the Group, page 96

MULTIMETAL RECYCLING SEGMENT

Key figures

in € million	2021/22 operating	2020/21 operating
Total revenues	5,960	5,128
Operating EBITDA	287	323
Depreciation and amortization	-81	-63
Operating EBIT	206	260
Operating EBT	205	256
Capital expenditure	153	60
Operating ROCE	25.7 %	35.4 %
Capital employed	796	728
Number of employees (average)	1,660	1,686

Prior-year figures have been adjusted.

The **Multimetal Recycling (MMR) segment** comprises the recycling activities in the Group and thus the processing of copper scrap, organic and inorganic recycling raw materials containing metal, and industrial residues. The segment includes the sites in Lünen (Germany), Olen and Beerse (both in Belgium), and Berango (Spain).

BUSINESS PERFORMANCE AND EARNINGS TREND

The main factors driving earnings in the Multimetal Recycling segment are refining charges (RCs) that are negotiated as deductions from the purchase price of the metals for converting the various recycling materials into the exchange product – copper cathodes – and other metals. Other earnings components in the segment are the metal gain and the Aurubis cathode premium.

The MMR segment generated total revenues of € 5,960 million during the reporting period (previous year: € 5,128 million). This development was primarily due to higher copper prices and high prices for precious and industrial metals in comparison to the previous year.

The operating result was positively influenced by higher refining charges for other recycling materials, as well as a significantly higher metal gain with high metal prices.

Operating EBT was negatively affected by lower copper scrap throughput and lower refining charges compared with the high level of the previous year, driven by market factors. Higher overall costs, especially for electricity and natural gas, likewise negatively affected the result in the reporting period.

Compared with the previous year, the calculation of the operating result has been changed in that, in line with the metal derivative transactions, unrealized reporting date-related effects of market valuations of energy derivative transactions are now also excluded from the calculation. Prior-year figures have been adjusted accordingly. Please refer to Foundations of the Group, page 96 for additional explanations regarding the derivation of the operating result.

Overall, at € 205 million, Segment EBT's operating result during the reporting year was significantly below the prior-year level (€ 256 million). At 25.7 % (previous year: 35.4 %), the segment's operating ROCE significantly exceeded the Group's target of 15.0 %.

RAW MATERIAL MARKETS

Refining charges for copper scrap significantly below prior-year level

The European market for recycling raw materials, which is the most relevant for Aurubis, had a stable supply in fiscal year 2021/22. The dynamic economic circumstances and high metal prices at the beginning of the fiscal year provided positive incentives for the collection of recycled materials. Supply volumes in Europe were also positively impacted by exports from the US and reduced demand from Asia due to import restrictions and temporary production shutdowns due to Covid. Rising energy prices dampened the supply of scrap in Europe in the middle of the year. All in all, refining charges for copper scrap were stable over the course of fiscal year 2021/22 but were significantly lower than the high prior-year level.

Complex recycling raw materials were available on the market with very good refining charges during the entire fiscal year. Individual product groups, such as shredder materials, were negatively impacted by logistics challenges. On the whole, however, high metal prices resulted in a stable supply with refining charges above the prior-year level.

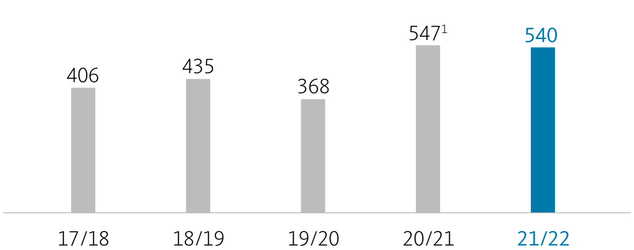
PRODUCTION

Copper scrap/blister copper input in the Group at prior-year level

During the reporting year, our production sites benefited from a good supply of copper scrap and blister copper Glossary, page 232 as well as a very good supply of other recycling materials. Overall, the Group-wide input of copper scrap and blister copper in fiscal year 2021/22 was slightly below the prior-year level at 540,000 t (previous year: 547,000 t). The MMR segment accounted for 325,000 t (previous year: 332,000 t) and the CSP segment for 215,000 t (previous year: 215,000 t).

Copper scrap and blister copper input in the Group

in thousand t

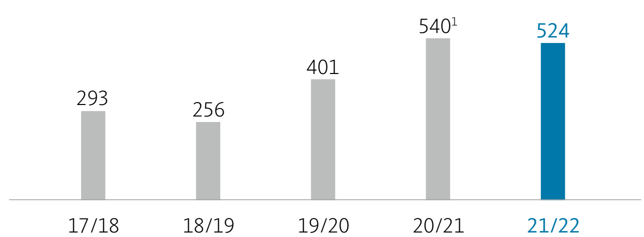


[1] Prio-year figure adjusted.
Aurubis Beerse and Berango included for four months in 2019/20.

The input of other recycling materials such as industrial residues, slimes, shredder materials, and electrical and electronic scrap in the Group was 524,000 t during the reporting period, slightly below prior-year level (540,000 t).

Input of other recycled materials in the Group

in thousand t



[1] Prio-year figure adjusted.
Aurubis Beerse and Berango included for four months in 2019/20.

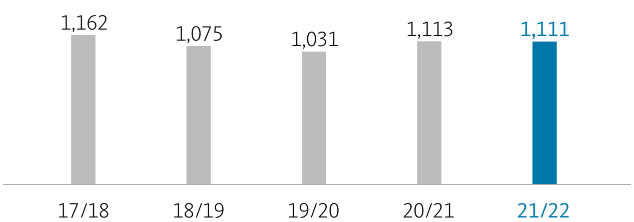
Cathode output at a high level

At 513,000 t in 2021/22, copper cathode output in Segment MMR slightly exceeded the prior-year level (507,000 t) due to good production and stable capacity utilization in the tankhouses. Cathode output at our site in Lünen will continue to be at a reduced level until the planned commissioning in the first half of 2024 as a result of the ongoing renovation and capacity expansion measures in the tankhouse.

The international cathode markets recorded stable demand overall in fiscal year 2021/22. Towards the middle of the fiscal year, premiums in Europe and the US moved upwards due to the tighter supply situation. In contrast, cathode premiums in Shanghai were volatile. While premiums in Asia remained at a very high level at the beginning of the year, they decreased significantly towards the middle of the fiscal year on the back of the reduction in demand attributable to Covid. As the year unfolded, premiums recovered again as a result of tighter supply, and by the end of the fiscal year they had once again returned to the high level of the previous year. At US$ 123/t, the Aurubis Copper Premium for calendar year 2022 was higher than in the previous year (US$ 96/t).

Cathode output in the Group

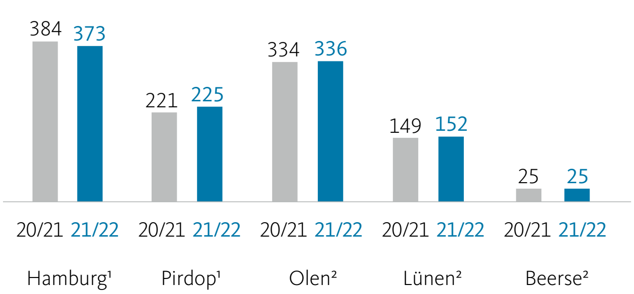
in thousand t



Aurubis Beerse and Berango included for four months in 2019/20.

Cathode output in the Group by sites

in thousand t



[1] Segment Custom Smelting & Products.
[2] Segment Multimetal Recycling.

CAPITAL EXPENDITURE

Capital expenditure in the MMR segment amounted to € 153 million (previous year: € 60 million). The increase mainly resulted from investments for the new recycling plant in Richmond, Georgia, investments in the tankhouse renovation at the Lünen site, and investments in the new bleed treatment facility (BOB) in Olen.

CUSTOM SMELTING & PRODUCTS SEGMENT

Key figures

in € million	2021/22 operating	2020/21 operating[1]
Total revenues	18,570	16,273
Operating EBITDA	524	316
Depreciation and amortization	-136	-132
Operating EBIT	388	184
Operating EBT	390	185
Capital expenditure	208	182
Operating ROCE	18.7 %	11.2 %
Capital Employed	2,128	1,759
Number of employees (average)	5,080	5,166

[1] Prior-year figures have been adjusted.

The **Custom Smelting & Products (CSP)** segment comprises the production facilities for processing concentrates and for manufacturing and marketing standard and specialty products such as cathodes, wire rod, shapes, strip products, sulfuric acid, and iron silicate. The Custom Smelting & Products segment is also responsible for precious metal production. The sites in Hamburg (Germany) and Pirdop (Bulgaria) manufacture copper cathodes, which are processed further into wire rod and shapes at the Hamburg (Germany), Olen (Belgium), Emmerich (Germany), and Avellino (Italy) sites. The Buffalo (US), Stolberg (Germany), and Pori (Finland) sites produce flat rolled products and specialty wire products. Aurubis AG sold four sites of the former Aurubis flat rolled products segment to KME SE, Osnabrück, with effect from July 29, 2022. The site at Zutphen (Netherlands) and the slitting centers in Birmingham (UK), Dolný Kubín (Slovakia) and Mortara (Italy) correspondingly contributed to the earnings of the CSP segment through July 29, 2021, for ten months.

BUSINESS PERFORMANCE AND EARNINGS TREND

The main drivers of earnings in the Custom Smelting & Products segment are treatment and refining charges for copper concentrates (TC/RCs), refining charges for recycling materials (RCs), metal prices, the Aurubis copper premium, product surcharges for copper products, and sales revenues for sulfuric acid. Another key earnings driver is metal gain.

Segment CSP generated total revenues of € 18,570 million during the reporting period (previous year: € 16,273 million). After high sales volumes in the previous year, demand for wire rod and strip products returned to a high level in the course of fiscal year 2021/22. Sales of shapes were significantly higher than a year earlier on the back of stronger demand. Sales in the segment increased on the back of higher metal prices and high volumes.

Segment CSP generated operating earnings before taxes (EBT) of € 390 million (previous year: € 185 million). This significantly improved result compared with the previous year is based on significantly higher concentrate throughput, significantly higher sulfuric acid revenues due to higher sales prices, a significantly higher metal gain with increased metal prices, and significantly higher demand for copper products with higher product surcharges.

Significantly lower refining charges for copper scrap and lower concentrate throughput due to the planned maintenance shutdown at our Hamburg site combined with lower treatment and refining charges driven by market factors negatively affected operating EBT compared with the prior year. Significant increases in electricity and natural gas costs along with other cost increases also negatively affected the result in the reporting period.

Compared with the previous year, the calculation has been changed in that, in line with the metal derivative transactions, unrealized reporting date-related effects of market valuations of energy derivative transactions are now also excluded from the calculation. Prior-year figures have been adjusted accordingly. Please refer to Foundations of the Group, page 96 for additional explanations regarding the derivation of the operating result.

At 18.7 %, operating ROCE (taking the operating EBIT of the last four quarters into consideration) improved considerably compared to the previous year (11.2 %).

RAW MATERIAL MARKETS

Higher treatment and refining charges for copper concentrates due to market factors

The global copper concentrate market indicated higher mine output in the reporting period year-over-year. The rate of worldwide mine production outagesdue to severe weather, strikes, or COVID-19 remained below the prior-year level. Expansions of existing mines and new mine projects, particularly in South America, also positively influenced the concentrate supply.

On the global smelter industry side, planned and unplanned downtimes dampened demand for copper concentrates. Regional restrictions on energy consumption in China at the beginning of August 2022 also affected concentrate demand. In alignment with this trend, the development of TC/RCs for standard copper concentrates on the spot market was consistently positive over the reporting period. As a result of the improved supply situation and more restrained demand from Chinese smelters, the TC/RCs on the spot market were US$ 82/t or 8.2 cents/lb at the end of the fiscal year.

For 2022 annual contracts, the benchmark TC/RC for processing standard copper concentrates was US$ 65.0/t and 6.5 cents/lb (previous year 2021: US$ 59.5/t and 5.95 cents/lb). The spot market was slightly under the benchmark at the beginning of the fiscal year. Because of the improved concentrate supply and Chinese smelters' buying restraint on the market, spot prices were consistently above the benchmark level from the middle of the fiscal year.

Aurubis has a diversified supplier portfolio and long-term delivery contracts. Through active raw material management, we were thus able to secure a continuous supply for our production facilities during the entire fiscal year and were only active on the spot market to a limited extent.

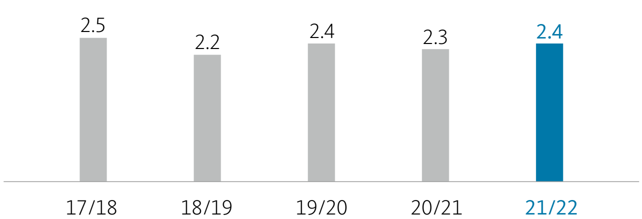
For information on developments in refining charges for recycling materials, we refer to our comments on the MMR segment.

PRODUCTION

Concentrate throughput at good level
Production at our smelter sites was constant and at a good level in the fiscal year. The Pirdop site in particular performed very well. At 2,429,000 t, concentrate throughput for fiscal year 2021/22 increased by 8 % to 2,429,000 t (previous year: 2,250,000 t), despite the maintenance shutdown in Hamburg. Inclement weather and necessary additional work that could only be identified after operations were shut down led to an increase of the shutdown by eleven days. Shutdowns impacted throughput in the previous year as well.

Concentrate throughput

in million t



Copper scrap/blister copper input at prior-year level
At 215,000 t, copper scrap/blister copper input in the CSP segment in the reporting period was at the prior-year level (215,000 t). For information on developments in refining charges for recycling materials, we refer to our comments on the MMR segment.

Cathode output at a good level
At 598,000 t in 2021/22, copper cathode output in the CSP segment was slightly below the prior-year level (606,000 t) due to stable capacity utilization in the tankhouses and stable production. For information on developmentson the international cathode markets, we refer to our comments on the MMR segment.

Metal sales volumes
The sales volumes of the metals Aurubis produces were as follows in fiscal year 2021/22:

Sales volumes of other metals

		2021/22	2020/21
Gold	t	47	51
Silver	t	911	949
Lead	t	44,016	40,717
Nickel	t	3,863	3,900
Tin	t	9,340	10,043
Zinc	t	13,917	18,243
Base metals	t	867	977
Platinum group metals (PGMs)	kg	9,514	8,722

Prior-year figures have been adjusted.

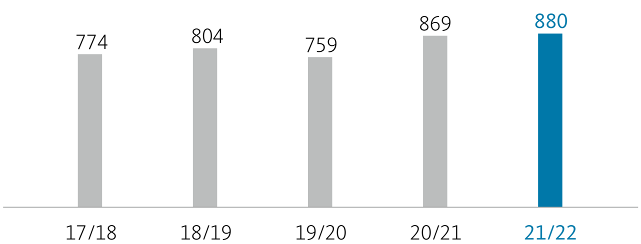
The recovery of our metals depends on the metal contents in the processed copper concentrates and various recycling materials. Lower concentrate and recycling throughputs therefore impact the volumes of the different metals that are recovered. A portion of the metals is sold as intermediate products.

Wire rod output at a very high level due to demand
Continuous cast wire rod is used as a preliminary product for processing, especially in the cable and wire industry, as well as for special semifinished products. Demand for rod was at a very high level in fiscal year 2021/22. The very high levels of demand seen in the previous year continued in the first three quarters of fiscal 2021/22. Demand fell slightly in Q4 2021/22. The energy and infrastructure sectors generated good demand throughout the fiscal year.

Shapes output increased notably compared to previous year
Demand for high-purity shapes increased considerably year-over-year. The order situation was at a stable, high level throughout the fiscal year.

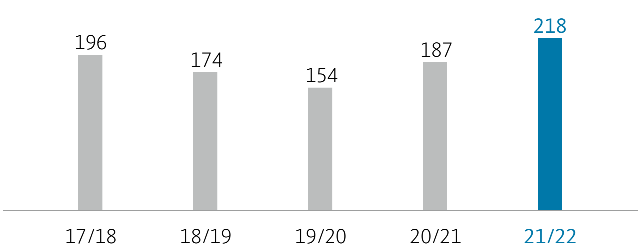
Wire rod output

in thousand t



Shape production

in thousand t



Sulfuric acid output above prior-year level due to increased concentrate throughput

Corresponding to the concentrate throughput, the sulfuric acid output was 2,296,000 million t, significantly above the previous year level (2,107,000 t). Demand on the global market for sulfuric acid was high in fiscal year 2021/22. Temporarily lower production capacities at European zinc smelters, logistics bottlenecks, and higher input costs for sulfur burners during the fiscal year all led to reduced volume coupled with high demand for long periods of fiscal 2021/22. Consequently, prices remained very high into the third quarter of 2021/22. Continued increases in energy costs, particularly for natural gas, triggered sharp rises in production costs in the chemical and fertilizer industries, which in turn translated into sharply reduced demand and lower market sulfuric acid prices at the end of fiscal year 2021/22. Because of its customer and contract structure, Aurubis is not completely exposed to developments on the spot market, and any impacts occur with a time lag.

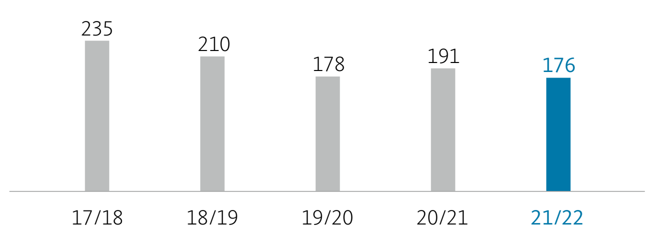
Flat rolled products output declines year-on-year

As in the previous year, there was strong market demand for flat rolled products. Demand for submarine cables, material for power electronics, connectors, and cooling systems remained at a high level. The automotive sector delivered a stable performance.

Output of flat rolled products and specialty wire decreased to 176,000 t (previous year: 191,000 t). With the partial sale of the former flat rolled products segment, production volumes at the Zutphen site have been discontinued since the closing of the sale with effect from July 29, 2022. In addition, Aurubis Stolberg resumed production at the beginning of November 2021 after the severe weather impacts. Production was gradually ramped up again during the reporting period.

Flat rolled products and specialty wire output

in thousand t



Zutphen included for ten months.

CAPITAL EXPENDITURE

Capital expenditure in the CSP segment amounted to € 208 million (previous year: € 182 million), mainly for the maintenance shutdown in Hamburg, the start of construction work on phase 2 of the industrial heat project, and preparatory measures for the maintenance shutdown in Pirdop in 2023.

Executive Board assessment of the Aurubis Group during fiscal year 2021/22

Despite the continued difficult business environment, the Aurubis Group generated the best annual result in the company's history in the past fiscal year. Supply chains that were already strained by the ongoing Covid-19 pandemic were further stressed by the impact of the war in Ukraine. Aurubis, as an energy-intensive company, is particularly affected by the energy crisis and impending natural gas shortage in Germany resulting from this war of aggression. In order to reduce dependence on natural gas as an energy source at all Group sites in Europe and to make a contribution to saving energy as a company, we set in motion a number of measures in the spring, particularly in Germany, to reduce purchases of natural gas and increase the flexibility of the energy sources we need. When these measures come into full effect at the beginning of 2023, we will be able to reduce up to 40 % of the installed procurement capacity for natural gas at German group companies and meet our supply needs with alternative energy sources.

Thanks to the commitment, flexibility, and discipline of our employees, together with structured crisis management, we were able to continue production at our sites unaffected over the entire fiscal year. At the same time, we were in a position to profitably take advantage of good market conditions, though profound increases in energy costs strained the result.

With an operating EBT of € 532 million (previous year: € 381 million), the Aurubis Group fully met its forecast for fiscal year 2021/22, which originally called for an operating EBT of between € 320 million and € 380 million; the Group raised this forecast for the second time on April 21, 2022, to an operating EBT of between € 500 million and € 600 million. At the end of the reporting year, operating ROCE reached 19.0 % (previous year: 16.6 %) and was thus above our target of 15 % and within the forecast interval of 17 % to 21 %.

The very good financial performance during the fiscal year, coupled with higher net working capital up to the end of the year as a result of the extended shutdown in Hamburg, resulted in a good net cash flow of € 288 million, although this was significantly lower than in the previous year. (previous year: € 812 million).

The equity ratio (operating) was 54.0 % as at September 30, 2022 (previous year: 48.9 %). The net financial position as at September 30, 2022, was € 379 million (previous year: € 383 million). The Aurubis Group's balance sheet structure thus continues to be very robust.

In the course of the fiscal year, the operating performance and the concentrate throughput in our smelter sites were satisfactory and made a substantial contribution to the very good fiscal year result.

Planned shutdowns in the Group impacted results in the reporting period. Delays in the ramp-up after the planned shutdown at our site in Hamburg had a negative impact in Q3 2021/22.

Treatment and refining charges on the spot markets for copper concentrate showed a consistently positive trend in fiscal year 2021/22. While the mining side succeeded in increasing supply compared with the previous year, planned and unplanned shutdowns in the global smelter industry dampened demand for standard copper concentrates. Regional restrictions on energy consumption in China at the beginning of August 2022 also reduced concentrate demand. Because of the improved concentrate supply and Chinese smelters' buying restraint on the market, spot prices were consistently above the benchmark level from the middle of the fiscal year. Through our diversified supplier portfolio, long-term supply contracts, and active raw material management, we were able to secure the supply for our production facilities during the entire fiscal year and were only active on the spot market to a limited extent.

In fiscal year 2021/22, the market for copper scrap was influenced by the dynamic economic circumstances, high metal prices, and reduced exports of copper scrap to Asia. Higher energy costs dampened the supply of copper scrap in the further course of the fiscal year. The supply of other recycled materials was at a good level, with the exception of individual product groups, due to logistics challenges. Refining charges for copper scrap were stable in the past fiscal year but lower than the prior-year level. Refining charges for other recycling materials developed very positively in the reporting period and surpassed the prior-year level. Aurubis processed more than 1 million t of recycling materials in fiscal year 2021/22, making a significant contribution to the circular economy of metals.

For large stretches of fiscal 2021/22, demand on the global market for sulfuric acid was high, while supply was reduced. Sales prices on the spot market for sulfuric acid rose significantly into Q3 2021/22. Production cuts in the chemical and fertilizer industries due to higher energy costs triggered sharply reduced demand and lower sulfuric acid prices on the spot markets at the end of fiscal 2021/22.

The operating result in fiscal year 2021/22 was positively influenced by a very good metal gain with increases in metal prices, especially for industrial metals (copper, tin and nickel).

On the product side, demand for wire rod developed very positively in light of the sustained economic development at the beginning of the fiscal year and continued at a high level during the course of the fiscal year. Demand for high-purity shapes increased considerably year-on-year, driven by strong demand from the energy sector and the processing industry.

At € 205 million, the operating EBT for the Multimetal Recycling (MMR) segment in the reporting period was significantly lower than in the previous year (€ 256 million). The operating result was positively influenced by higher refining charges for other recycling materials, as well as a significantly higher metal gain with high metal prices. Lower copper scrap throughput and lower refining charges driven by market factors compared with the high prior-year level as well as higher costs overall, in particular for electricity and natural gas, had a counteracting effect.

Operating EBT of the Custom Smelting & Products (CSP) segment in the reporting period was € 390 million, up significantly on the previous year (€ 185 million). This significantly improved result is based in particular on considerably higher throughputs of concentrates, strong demand for sulfuric acid with significantly higher sales prices, higher metal gain, and higher demand for copper products with higher product surcharges.

Aurubis Stolberg GmbH & Co. KG resumed production at the beginning of November 2021 after flood damage and gradually ramped up production during the fiscal year.

In February 2022, Aurubis signed a purchase agreement with KME SE for the partial sale of the former flat rolled products segment. The sale was approved by the relevant supervisory authorities and closed with effect from July 29, 2022. According to the agreement, the Zutphen (Netherlands) site as well as the slitting centers in Birmingham (United Kingdom), Dolný Kubín (Slovakia), and Mortara (Italy) have been transferred to KME SE.

On September 14, 2022, the Supervisory Board appointed Inge Hofkens, the current Managing Director of the Belgian site in Olen, as the fourth Executive Board member with effect from January 1, 2023. Inge Hofkens will assume a new Executive Board position and, as Chief Operating Officer (COO) for Multimetal Recycling, will be responsible for the segment's production sites. Dr. Heiko Arnold will be responsible for the primary and product business as COO Custom Smelting & Products.

During the past fiscal year, we advanced important projects in the three pillars of the Group strategy and made a number of additional investment decisions.

Aurubis has decided to construct a state-of-the-art energy-efficient facility for processing electrolytes (bleed) at the Olen site. A hydrometallurgical process extracts valuable metals such as nickel and copper produced during metal production in the tankhouse at the Aurubis sites in Beerse and Olen. Aurubis plans capital expenditure of € 70 million and an annual EBITDA contribution of around € 15 million when the new system becomes fully operational in fiscal year 2025/26.

A groundbreaking ceremony was held on June 17, 2022, for a state-of-the-art multimetal recycling facility in Augusta (Richmond County) in the US state of Georgia. Aurubis Richmond will process about 90,000 t of complex recycling material into 35,000 t of blister copper each year. The plant should be commissioned in 2024. The technology and processing capabilities of our recycling system position us as a forerunner in sustainable multimetal recycling in the US. The plant also opens up the prospect of additional growth in the US.

We have also adopted important measures and projects in the area of sustainability, a pillar of our Group strategy, which will contribute to the achievement of our sustainability KPIs.

To be able to integrate the complex and dynamic sustainability developments into business activities even better in the future, the Aurubis sustainability organization was strengthened during the reporting period, effective January 1, 2022. Accordingly, the central issue of sustainability in our corporate strategy “Driving Sustainable Growth” is now reflected in the organization in order to continue expanding the industrial leadership of Aurubis in this area.

The Sustainability division was separated from the Communications, Investor Relations, and Event Management & Social Engagement division and reports directly to the CEO as an independent organizational unit with a new division head. Among other things, the division is responsible for coordinating the implementation of our ambitious 2030 sustainability targets across the Group and for further developing the Sustainability Strategy. This also includes the European climate protection targets, which are reflected in the Sustainable Finance Action Plan, for example, as well as active participation in initiatives like The Copper Mark.

As part of the expansion of our industrial heat project in Hamburg, which once completed will prevent up to 100,000 t of CO_2 emissions every year, construction work on a new district heating pipeline was launched in April 2022, which will supply 20,000 households with CO_2-free industrial waste heat from Aurubis starting from the end of 2024.

In July 2022, the Aurubis Olen site concluded a long-term electricity supply contract with Eneco to obtain renewable energy from the Belgian offshore wind farm SeaMade. This contract provides for the delivery of 12 megawatts of electricity starting in January 2023. This means that in the future, more than 90 % of the external electricity for the site will come from renewable energy sources.

After Aurubis Bulgaria, the German Aurubis sites in Hamburg and Lünen also successfully completed the Copper Mark certification process in July 2022 and now bear the quality seal for sustainability in the copper industry. The Belgian site in Olen also plans to complete the certification process in 2023.

In early February 2022, we took out a € 350 milion syndicated credit line over a period of five years which is linked to ESG criteria. ESG stands for environmental and social governance. The loan conditions are tied to the company's EcoVadis rating: Our commitment to sustainability is thus having a direct impact on the costs for our Group financing. In June 2020, Aurubis already very successfully placed an ESG-linked Schuldschein loan with a volume of € 400 million. Our latest financing package once again underlines that our commitment to sustainability extends even into our company's financing structures.

Our progress in all areas of sustainability is confirmed by rating agencies. We published our results in ESG rankings on our website, including for example the updated and improved ESG rating from Sustainalytics www.aurubis.com/en/responsibility/reporting-kpis-and-esg-ratings.

We have already substantially reduced the CO_2 footprint of our copper cathodes with the measures implemented in the past several years: the life cycle assessment for the Aurubis copper cathode has now been updated, and the latest calculations show that only 1,460 kg of CO_2 per ton of copper are emitted. This is a reduction of approximately 35 % compared to the figures from 2013.

The numerous challenges of the past fiscal year showed once again that Aurubis has a robust business model and is in a very good position – from both a financial and an operational perspective. Moreover, the implementation of our revised strategy has set the course for the coming years. By strengthening our core business and pursuing growth options in recycling, we highlight key aspects of the Group's future success. Aurubis stands for both successful growth and sustainability.

Financial performance, assets, liabilities, and financial position of Aurubis AG

GENERAL INFORMATION

In order to supplement our Aurubis Group reporting, we explain Aurubis AG's development in the following section. Aurubis AG is the parent company of the Aurubis Group and is based in Hamburg, with production sites in Hamburg and Lünen. Apart from managing the Aurubis Group, the business activities of Aurubis AG also particularly include primary copper production and recycling, as well as copper product and precious metal production. The separate financial statements of Aurubis AG have been prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch, HGB) and the German Stock Corporation Act (Aktiengesetz, AktG). The significant differences from the Group financial statements prepared in accordance with IFRS principles are in the accounting treatment of fixed assets, the measurement of inventories, and the measurement of financial instruments, as well as in the accounting treatment of pension provisions.

The Aurubis Group is managed across all companies at Group level through segments, using operating EBT and operating ROCE as the financial performance indicators. These indicators are also used for Aurubis AG's operating activities, which are a significant component of the Group. To this extent, the development and forecast of the financial performance indicators at the Segment and Group levels at the same time represent the development and forecast for Aurubis AG as an individual company.

The analysis of the development for the financial performance indicators outlined above during the fiscal year and the related forecasts for the following year are provided in the Economic Report and the Forecast Report for the entire Group. Statements regarding the risk situation and opportunities can be found in the Group's Risk and Opportunity Report, pages 133–144.

FINANCIAL PERFORMANCE

Income Statement

in € million	2021/22	2020/21
Revenues	**13,164**	**11,612**
Changes in inventories/ own work capitalized	71	40
Other operating income	93	124
Cost of materials	-12,748	-11,129
Gross profit	**580**	**647**
Personnel expenses	-347	-297
Depreciation of property, plant, and equipment and amortization of intangible assets	-68	-66
Other operating expenses	-210	-155
Operational result (EBIT)	**-45**	**129**
Financial result	174	135
Result of normal business activities (EBT)	**129**	**264**
Taxes	-3	-33
Net income for the year	**126**	**231**

The business performance of Aurubis AG in fiscal year 2021/22 was mainly influenced by the improved metal gain and higher metal prices, especially for industrial metals (copper, tin, nickel). Aurubis also benefited from significantly higher sulfuric acid revenues due to significantly increased sales prices and from a significant increase in demand for copper products. Significantly lower refining charges for copper scrap, charges for the maintenance shutdown at the Hamburg site and significantly higher energy costs – particularly for electricity and natural gas – had a negative impact on results.

Revenues increased by € 1,552 million to € 13,164 million in the year reported (previous year: € 11,612 million). This development is primarily attributable to increased sales volumes as well as higher metal prices for copper products and sulfuric acid.

The cost of materials ratio (cost of materials / (revenues + changes in inventories)) rose by 0.8 %, from 95.6 % in the previous year to 96.4 %, mainly due to a significant increase in energy costs.

Other operating income in the fiscal year includes foreign exchange gains of € 74 million (previous year: € 37 million). The increased positive exchange rate differences deriving from the measurement and realization of foreign currency receivables and payables (in US$ especially) contrasts with negative exchange rate differences with regard to the other operating expenses. In addition, other operating income includes € 13 million (previous year: € 83 million) of income relating to prior periods. Of this amount, € 8 million relates to electricity price compensation payments, € 2 million to income from the reversal of provisions set up in connection with the Performance Improvement Program that were not needed, and income from damage compensation claims in the amount of € 3 million. Reversals of write-downs of receivables amounting to € 63 million were reported here in the previous year. After taking own work capitalized into account, the gross profit decreased by a total of € 67 million to € 580 million (previous year: € 647 million).

Personnel expenses increased in the past fiscal year by € 50 million to € 347 million, particularly due to increased pension expenses of € 40 million and higher provisions for bonus payments. The increased pension expenses are related to the necessary adjustments to the actuarial parameters for future pension trends (2.4 % p. a.) (previous year: 1.6 % p. a.) and the salary trend (3.0 % p. a.) (previous year: 2.75 % p. a.).

Depreciation and amortization of fixed assets increased by € 2 million to € 68 million (previous year: € 66 million). This increase particularly concerned technical equipment and machinery, as well as buildings.

The increase in other operating expenses is primarily due to higher foreign exchange losses in the amount of € 86 million (previous year: € 38 million). The negative exchange rate differences deriving from the measurement and realization of foreign currency receivables and payables contrast with positive exchange rate differences with regard to the other operating income.

Taking personnel expenses, depreciation and amortization, and other operating expenses into account, the operational result (EBIT) amounted to € -45 million (previous year: € 129 million).

The financial result for the year reported was € 174 million (previous year: € 135 million). In addition to dividends of € 155 million (previous year: € 137 million) from subsidiaries, this item includes write-downs on the carrying amounts of the investments in Aurubis Italia Srl amounting to € 2 million and in azeti GmbH amounting to € 1 million. In the past fiscal year, securities classified as fixed assets were also sold. This gave rise to proceeds of € 66 million and related income of € 32 million.

After taking a tax expense of € 3 million (previous year: € 33 million) into account, the net income for the year amounted to € 126 million (previous year: € 231 million). The relative reduction in the tax expense is mainly due to the difference between the profit disclosed in the financial statements prepared for commercial law purposes and the profit for tax-based purposes, due mainly to differences in the amounts recognized for provisions and results from investments.

ASSETS AND LIABILITIES

Fixed assets increased in the fiscal year by € 34 million to a level of € 2,523 million (previous year: € 2,489 million).

Additions to intangible assets and property, plant, and equipment amounted to € 148 million in the year reported. They primarily included investments in connection with the shutdown of primary copper production at the site in Hamburg, in the renovation of the Lünen tankhouse and the ridge turret suctioning in the primary smelter in Hamburg (Rohhütte Werk Ost), and investments in the industrial heat supply project in Hamburg.

In the past fiscal year, E.R.N. Elektro-Recycling Nord GmbH, Hamburg, transferred all of its assets to CABLO Metall-Recycling & Handel GmbH, Fehrbellin, by way of a merger through absorption pursuant to Sections 2 No. 1, 46ff. of the German Business Reorganization Act (UmwG). In this context, Aurubis AG completed a capital increase at E.R.N. Elektro-Recycling Nord GmbH, Hamburg, in the amount of € 0.9 million.

The impairment test of the financial assets also resulted in the recognition of write-downs on the investment carrying amounts of Aurubis Italia Srl (€ 2 million), and azeti GmbH (€ 1 million).

Inventories increased by € 235 million in the past fiscal year, to a level of € 1,185 million (previous year: € 950 million). The increase results primarily from a € 172 million build-up in raw materials. In particular, this is due to the build-up of stocks of purchased anodes for the tankhouse supply in Hamburg as well as the increased inventory of purchased cathodes to supply the continuous casting plant in Hamburg, in connection with the activities performed during the maintenance shutdown at the Hamburg site. Moreover, work in process inventories also increased, by € 44 million. The increase is mainly attributable to the anode and anode slime stocks featuring a higher volume of precious metals.

Trade accounts receivable increased by € 77 million compared to the previous year. Thereby, receivables relating to copper products increased. This is partly volume-driven and partly attributable to metal prices. In addition, there was a reduction in receivables sold under factoring agreements.

For receivables from affiliated companies and companies in which investments are held, receivables from financial transactions in particular decreased by € 182 million, while trade accounts receivable increased by € 17 million.

Other assets increased mainly due to higher receivables from margin calls in the amount of € 21 million.

Overall, total assets decreased slightly by € 11 million, as compared to the previous year, to a level of € 5,105 million. The comparative share of total assets that is attributable to fixed assets was unchanged at 49 % (previous year: 49 %), while the share of inventories increased from 19 % in the previous year to 23 % in the past fiscal year, the share of receivables and other assets decreased to 14 % (previous year: 15 %) and the share accounted for by cash and cash equivalents decreased to 14 % (previous year: 17 %).

Equity amounted to € 1,856 million as at September 30, 2022 (previous year: € 1,800 million). The change in equity is due on the one hand to the net income of € 126 million for the past fiscal year. A dividend of € 70 million was also paid. The equity ratio is 36 % (previous year: 35 %).

Provisions and accrued liabilities increased by a total of € 79 million, to € 489 million. This can be attributed to higher pension provisions, which increased by € 57 million to € 225 million. Additionally, accruals for outstanding invoices increased by € 15 million, in particular due to outstanding final invoices from the maintenance shutdown at the Hamburg site, and personnel-related provisions increased by € 5 million, mainly due to higher accruals for performance-related compensation.

Bank borrowings decreased by € 253 million in comparison to the previous year. Of this decrease, € 104 million is attributable to the redemption of a Schuldscheindarlehen loan as well as further planned redemptions in respect of other loan agreements.

Trade accounts payable of € 892 million (previous year: € 888 million) are at the same level as in the previous year.

In addition to trade accounts payable of € 1,543 million (previous year: € 1,469 million), payables to affiliated companies and participations totaling € 278 million (previous year: € 141 million) include payables of € 1,265 million deriving from financial transactions with subsidiaries (previous year: € 1,328 million).

Balance sheet structure of Aurubis AG

in %	**9/30/2022**	9/30/2021
Fixed assets	49	49
Inventories	23	19
Receivables, etc.	14	15
Cash and cash equivalents	14	17
	100	**100**
Equity	36	35
Provisions and accrued liabilities	10	8
Liabilities	54	57
	100	**100**

Aurubis uses assets under the terms of leasing agreements that are not recognized as assets in the balance sheet. Future financial commitments deriving from leases amount to € 8 million.

FINANCIAL POSITION

Net borrowings amounted to € 654 million as at September 30, 2022 (previous year: € 547 million). They resulted from bank borrowings of € 275 million (previous year: € 527 million) as well as the net amount of receivables due from and payables due to subsidiaries, amounting to € 1,060 million (previous year: € 941 million), deriving from refinancing arrangements – while deducting cash and cash equivalents of € 681 million (previous year: € 921 million).

Cash pooling arrangements exist between Aurubis AG and its subsidiaries. For a further analysis of Aurubis AG’s liquidity situation, refer to the explanations concerning the Aurubis Group’s financial position. Aurubis AG's financing was secured at all times.

In addition to cash and cash equivalents, Aurubis AG had access to unutilized credit line facilities and thus has adequate liquidity reserves. Furthermore, within the context of factoring agreements, Aurubis AG sold receivables without recourse as a financing instrument.

Capital expenditure

In the past fiscal year, capital expenditure investment of € 148 million was made in intangible assets and property, plant, and equipment at the Hamburg and Lünen sites (previous year: € 113 million). The investments primarily included investments in connection with the shutdown of primary copper production in Hamburg, in the renovation of the Lünen tankhouse, the ridge turret suctioning in the primary smelter in Hamburg (Rohhütte Werk Ost), and investments in the industrial heat supply project in Hamburg. Furthermore, investments were made in various infrastructure and improvement measures at the Hamburg and Lünen plants.

Risk and Opportunity Report

Integrated risk and opportunity management

Risks and opportunities are elements of our business activities and are essential to the company's success. As part of our operating business and our strategic management, we weigh opportunities and risks and ensure that they remain balanced. We aim to identify and evaluate risks and opportunities as early as possible and take appropriate action to mitigate risk.

Aurubis AG's risk and opportunity situation is strongly influenced by the Aurubis Group's risk and opportunity situation. In this respect, the statements of the company's management on the overall assessment of risks and opportunities also serve as a summary of Aurubis AG's risks and opportunities.

Risk management system

Our objective in risk management is to manage and monitor the risks associated with our business with the help of a risk management system (RMS) tailored to our activities. Identifying and observing risk development early on is of major importance. Furthermore, we strive to limit negative effects on earnings caused by risks by implementing appropriate and economically sound measures.

Risk management is an integral component of the centralized and decentralized planning, management, and monitoring processes and covers all of the Aurubis Group's main sites, business sectors, and central functions. The planning and management system, risk reporting, open communication culture, and risk reviews at the sites create risk awareness and transparency with regard to our risk situation and promote our risk culture.

Risk management officers have been appointed for all sites, business sectors, and central functions, and they form a network within the Group. The Group headquarters manages the network. A Group risk management function is established at the Aurubis Group in addition to the risk management officers. The RMS is documented in a corporate policy.

Standard risk reporting takes place bottom-up each quarter using a uniform, Group-wide reporting format. Within this format, the identified risks and risks beyond a defined threshold are explained and evaluated on the basis of their probability of occurrence and their damage impact. Measures to manage them are then outlined. The risks registered with Group headquarters are evaluated, qualitatively aggregated into significant risk clusters by Corporate Risk Management, and reported to the entire Executive Board. The report also establishes the basis for the report to the Audit Committee as well as external risk reporting.

Potential effect on earnings

in € million	**>1**	**>5**	**>20**	**>50**
Likelihood				
high	medium	medium	high	high
medium	low	medium	medium	high
low	low	low	medium	medium
unlikely	low	low	low	medium

In the report to the Executive Board and the Audit Committee, the qualitatively aggregated risk clusters are assessed with due regard to risk management measures (net perspective) based on their probability of occurrence and the potential effect on earnings pursuant to the spreads included in the table, and are classified as low, medium, or high.

Independent monitoring

The RMS is subject to routine monitoring and review. Internal Audit monitors risk management and compliance with the internal control system using systematic audits. As a process-independent authority, it contributes to the correctness and improvement of the business processes, and to the effectiveness of the installed systems and controls.

In addition, the auditors review our early risk detection system to ensure that it adheres to legal requirements. They report the audit results to the Executive Board and the Supervisory Board (Audit Committee).

Furthermore, the Audit Committee deals intensively with risk management issues. The Group risk management function regularly informs the committee and the Executive Board about current developments.

Explanation of relevant risks

In the following sections, the risks associated with our business are explained according to our risk clusters. The main measures and instruments we use to counter these risks are also described here. We have separately indicated risks and risk-relevant issues that we currently classify as potentially medium to high.

SUPPLY AND PRODUCTION

The ability to keep the production facilities supplied with raw materials and the availability of the facilities are of central importance for the Aurubis Group. We limit the associated risks by implementing a range of specific measures:

To ensure the supply of copper concentrates for our facilities, we have entered into long-term agreements with a number of concentrate suppliers from various countries. In this way, we are able to reduce the risk of production interruptions caused by possible delivery failures. Despite the strain on many mines' production processes and logistics caused by the pandemic and exacerbated by the Ukraine war, we were able to fully supply our primary smelters with concentrates during the past fiscal year. The long-term orientation of our supply agreements also limits the risk of volatile treatment and refining charges on the spot market.

We believe there is an elevated supply risk regarding the availability of raw materials for our recycling plant in fiscal year 2022/23 despite our extensive international supplier network. If the energy crisis continues to result in high prices and possible shutdowns for aluminum and steel, the scaled-down scrap collecting activities in these areas could have a negative impact on the copper sector as well. It should be noted that the predictability of recycling material availability remains limited due to the short-term nature of agreements in these markets. There are still possible volatilities in refining charges for copper scrap due to the metal price trend, the collecting behavior and inventory management of the metal trade, the international economic situation, and the way the competition behaves, especially Asian competitors.

The material for the facilities producing copper products mainly comes in the form of copper cathodes manufactured within the Group. This allows us to simultaneously generate higher added value and control the quality of copper products during the entire process.

We address production risks with asset life cycle management and forward-looking maintenance work, which reduces unplanned production shutdowns. We also addressed the risk of malfunctions by carrying out regular maintenance work and by keeping critical replacement parts on hand. In fiscal year 2021/22, we fully mitigated the impact of the COVID-19 pandemic on our business, mainly through vaccination drives at individual sites and established occupational hygiene. In the new fiscal year 2022/23, we still cannot completely rule out risks for production due to COVID-19 infections. However, all the measures tried and tested in recent pandemic years help to counter these risks.

We also took organizational measures to handle potential incidents that could result from events such as flooding or fire. We regularly inspect all sites with respect to possible risks related to strong rain and flooding. For instance, our parent plant in Hamburg is located near the Hamburg harbor and is protected by extensive flood control measures (referred to as polders) to prevent high water levels. Moreover, emergency plans are in place, and we train our employees by carrying out drills regularly.

We are working hard to replace natural gas with heating oil or liquefied petroleum gas (LPG) at some of our German sites in response to the risk of production losses due to a possible natural gas shortage triggered by reduced supplies from Russia. We believe these conversion measures are necessary in order to keep our production operations running. At the same time, we are helping to reduce industrial gas consumption in Germany, thus increasing the likelihood of being able to secure supplies of natural gas in the coming winter as well. For details, see our remarks in "Energy and climate." The risk of potential power outages due to grid instability has increased significantly as a result of the current energy market situation. The current situation caused by the Ukraine war may lead to power grid outages. We are working on measures to minimize the impact of this kind of blackout on our production facilities and to position ourselves to quickly restart our plants as soon as the power grid is stable again.

We also monitor the supply situation very carefully outside of Germany, though we see no need to act in terms of switching production to alternative energy sources as there is greater diversity of supply sources for natural gas in our other production countries such as Belgium, Spain, Bulgaria, and the USA.

Taking into account the measures described above, we regard the risk of insufficient raw material supply as "medium." We also continue to classify the risk of strongly limited availability of our production facilities as "medium."

We deal with logistics risks by implementing a thorough, multi-step selection and evaluation process for service providers, by avoiding single sourcing as far as possible, and by preventively developing backup solutions. We have developed alternative supply solutions for our site in Pirdop in particular in order to switch to other transport routes if the war of invasion on Ukraine makes it temporarily impossible for ships to pass through the Bosporus into the Black Sea. The impacts of worldwide delivery bottlenecks are still palpable; however, we are working tirelessly on this issue by processing information more quickly in the supply chain to have alternative scenarios available that would enable an optimized supply in different cases. We continuously monitor the movements of bulk carriers and container ships to be aware of delayed arrivals early on and minimize their effects. We also have an international network of qualified service providers at our disposal. This helps us to prevent weather-related or capacity-related risks in the transport chain, for example by contractually arranging a selection of appropriate transport alternatives. We are also constantly monitoring water levels of the Rhine, some of which are quite low due to the dry summer. We prevent the risk of our cooling water supplies failing by maintaining suitable pumping systems. The supply of raw materials to our facilities in Emmerich is secured in that alternative transport routes can be used when water levels become low.

SALES

In addition to supply and production risks, the Aurubis Group also faces sales risks, which we classify as "medium."

Generally speaking, risks can arise from negative deviations from our predictions of the markets' economic development, which we have outlined in the Forecast Report. Orders for wire rod, continuous cast shapes and flat rolled products remain high. However, the expected recessionary environment poses a risk of declining demand, particularly among energy-intensive consumer industries. In addition, logistics and supply chain disruptions continue to present risks. High energy costs have already led to a reduction in production and temporary production shutdowns in the European chemical industry, a major consumer of sulfuric acid. This presents an increased sales risk for Aurubis AG, which has led us to start early in the past fiscal year 2021/22 to diversify our customer portfolio in sulfuric acid beyond the European market and so will probably be able to compensate for the risk of further declining demand. However, our ability to offset the risk of significantly falling sulfuric acid prices due to declining demand through existing longer-term contracts with fixed prices is limited.

Thanks to economic analyses and estimates regarding economic trends, we are in a position to adjust our individual sales strategies to changing conditions as needed, thus countering any risks that arise.

We sell cathodes that are not further processed internally by Aurubis on international cathode markets.

SUSTAINABILITY

Supply chain risks (e.g., environmental pollution or human rights violations among suppliers) can mean damage to Aurubis' image and reputation, as well as possible negative impacts on our share price and product sales. We address this risk in particular through business partner screening, which was revised and relaunched in the reporting period. With this instrument, we regularly analyze existing and potential business partners to assess their integrity regarding social and ecological criteria. The focus of our interest is on topics such as compliance, corruption, human rights aspects, and environmental issues. We also assess business partners on the sales side using Business Partner Screening. Due to the high ongoing significance of responsibility in the supply chain as part of our sustainability approach, we classify the risk related to sustainability aspects in the supply chain as "medium."

Sustainability is an established part of our company strategy. We work continuously on further enhancing our performance – in accordance with our Sustainability Strategy. To achieve this, we adopted ambitious 2030 sustainability targets in the reporting year as part of the revision of the Group strategy and have developed initial strategic projects aimed at increasing our recycling rate and reducing our carbon footprint, among other things. We offset the risk of missing these targets by taking concrete action and instituting key performance indicators for managing these sustainability targets across the Group. In addition, we are involved in initiatives related to sustainability issues such as climate and environmental protection and responsible supply chains. This includes Aurubis' commitment to The Copper Mark. The Copper Mark is an initiative started in 2020 that entails a review of the sustainability standards of copper production sites including mines, smelters, and refineries. With this standard, we want to foster responsibility throughout the value chain, boosting and verifying our own sustainability performance with an external certification from an independent body. The 32 sustainability criteria of the Risk Readiness Assessment of the Responsible Minerals Initiative (RMI) apply, which cover topics such as compliance, human rights and labor, environmental protection, and occupational safety. Responsible copper, lead, nickel, and zinc sourcing is another criterion that is verified during the certification process. To advance this goal, the Copper Mark has developed a due diligence standard that took effect in 2021 and also serves to fulfill the responsible metal sourcing standards of the London Metal Exchange (LME), one of the world's most important metal exchanges.

The Copper Mark is oriented to the United Nations Sustainable Development Goals (SDGs). The Copper Mark seal was awarded to Aurubis Bulgaria in April 2021 and to the Aurubis sites in Hamburg and Lünen in July 2022. Other Aurubis sites will gradually follow; the next site is Olen, Belgium, which has also started the process.

Furthermore, Aurubis introduced the label "Tomorrow Metals by Aurubis" in October 2021. With this label, we combine the Group's measures to continue improving sustainability performance, particularly the environmental footprint, for our metal customers.

ENERGY AND CLIMATE

Aurubis takes the protection of the climate very seriously. The company highlights the significance of this issue by publishing Scope 1, Scope 2, and Scope 3 CO_2 emissions as part of the separate Non-Financial Report. Aurubis counters the risks of climate change with an energy management system at all of the main sites, among other measures.

Sustainability targets have been defined up to 2030 as part of the refined corporate strategy. They include our CO_2 reduction targets, which the Science Based Targets initiative (SBTi) has validated and which contribute to limiting global warming to 1.5°C pursuant to the Paris climate agreement. Accordingly, we want to reduce our absolute Scope 1 and Scope 2 emissions by 50 % and our Scope 3 emissions (CO_2) by 24 % per ton of copper cathode by 2030 compared to 2018. We also aim to be climate-neutral well before 2050.

In alignment with the definition given by the TCFD (Task Force on Climate-Related Financial Disclosures), we categorize climate risks into physical and transitory risks and will issue a separate TCFD report that includes climate risks in the upcoming Sustainability Report. The physical risks include the risks due to extreme weather events, both in our plants and in the transport chain, that are described in the “Supply and production” section. We counter the risks in the transport chain through geographic diversification in the supply chain, the storage of emergency reserves to maintain production, and the availability of alternative logistics service providers, among other things. Furthermore, we observe water levels (flooding/low water) in the key waterways to be able to promptly initiate countermeasures to maintain our transport routes and cooling processes. As demonstrated by the July 2021 flood disaster at our Stolberg site, flooding or inundation poses significant physical climate risks. We have started to investigate the long-term impact of physical climate risks using global warming scenarios (+1.5 and +4°C global warming) at our main production sites with the aim of incorporating the resulting information into our (investment) planning.

Transitory risks include technological and political risks first and foremost. We welcome the accelerated expansion of renewable energies, but supply security has to be ensured in the process (technological risks). For this purpose, we address the fundamental supply security of the individual sites to be able to initiate countermeasures early on if needed. This currently includes, but is not limited to, measures to establish an alternative energy supply so that our German sites in Hamburg, Lünen, Emmerich and Stolberg suffer few or no impacts from a shutdown of the gas supply in the event of a gas shortage. To accomplish this, we are working hard to replace natural gas with heating oil or LPG in processes wherever technically feasible. We believe these conversion measures are necessary in order to keep our production operations running in the event of a crisis. Natural gas is not used for production at our European sites in Pirdop and Pori. Our Belgian sites in Beerse and Olen as well as the site in Berango benefit from a more diversified supply concept than Germany. We are preparing to switch from natural gas to hydrogen in order to advance our decarbonization targets. We have successfully carried out a series of tests on the use of hydrogen at our anode furnace in Hamburg and are participating in the “Living Lab Northern Germany” research project funded by the German Federal Ministry for Economic Affairs and Climate Action. Measures to boost flexibility include the compensated partial shutoff in the case of electricity shortages and the use of our power-to-heat facility to generate steam with electricity in the case of excess electricity. Furthermore, we have had an energy supply contract in place since 2010, which secures most of the electricity our main German sites need in the long term.

Because of the constant changes in overall political conditions, political risks have a significant influence on our business:

» Mounting burdens resulting from changes in potential cost drivers such as the German and European emissions trade, grid charges, and the eco-tax are generally difficult to quantify reliably. The German government decided to reduce the EEG surcharge to 0 in July 2022. The risk of an increased financial burden from a rising EEG surcharge thus no longer exists. At the same time, however, the KWKG and offshore grid surcharges were not reduced to 0 and thus still represent a risk, albeit a significantly lower one. As an energy-intensive company, we will continue to receive a partial exemption from these surcharges in the future on the basis of the Climate, Environment and Energy Aid Guidelines (CEEAG) adopted last year. Unfortunately, the trajectory of these surcharges will only become apparent within the new fiscal year, necessitating the use of estimates in this report.
» The copper production and processing industry will continue receiving free allocations of emission trading allowances for direct CO_2 emissions and electricity price compensation between 2021 and 2030 due to its carbon leakage status. For all sites taking part in emissions trading, free allocations of CO_2 certificates were approved in the amount applied for starting in 2021. The level will remain constant until 2025. However, taking into account the political CO_2 reduction goals of the Paris Agreement, we expect a decline in the free allocation of CO_2 certificates starting in 2026. For the entire Group, however, we do not expect any additional burden due to potentially necessary purchases of CO_2 certificates. The CO_2 price rose sharply again last year, and we expect prices to rise further as a result of falling allocations. The political decision-making process regarding the implementation of electricity cost compensation for indirect CO_2 costs starting in 2021 is finished in some EU Member States; for example, it has already been approved by the EU for Germany. The level of electricity price compensation still amounts to at least 50 % of the cost burden. If a cap of 1.5 % of gross value added were implemented for the contribution, as the EU regulation

- The decarbonization targets described above include different projects at the individual production sites. This includes the series of tests described above for the direct use of hydrogen in the copper production process. At our site in Pirdop, a 10 MW solar plant went into operation in fiscal year 2021/22. At our site in Hamburg, we have been providing carbon-free industrial heat to the enercity district heating system to heat HafenCity East for several years now. We have started building the extensive expansion of this industrial heat supply solution. We are continuing to shift our electricity supply contracts to the sourcing of carbon-free electricity as well. For example, 12 MW of electricity from the SeaMade offshore wind farm will be supplied to our Olen site in Belgium under a ten-year green power purchase agreement (PPA) starting in January 2023. This contract will reduce the site's annual CO_2 Scope 2 emissions by 42,000 t. There are also initial studies on further substituting natural gas with electricity in our production facilities for wire rod and shapes.
- Total emissions for all production sites in calendar year 2021 amounted to 7.8 million t of CO_2 (Scope 1 + 2: 1.6 million t of CO_2; Scope 3: 6.2 million t of CO_2). In copper production, however, gold, silver, platinum, palladium, additional precious metals, and building materials such as iron silicate stone are also recovered in addition to copper. These additional metals would be produced at other companies in alternative production processes that would emit significantly higher CO_2 emissions. Based on an external study referencing published emission factors, the metals mentioned above and the co-products that are recovered at Aurubis would lead to an additional 3.5 million t of CO_2 emissions each year in conventional production. Yet these additional emissions do not arise at Aurubis due to our energy-efficient processes, due in part to the advantages of the smelter network, which means that the metals we produce, including copper, have a very small carbon footprint.

We are exposed to market risks in further increasing prices for electricity, natural gas, and CO_2 first and foremost. Although we generally hedge against short-term market price fluctuations to a certain extent through early purchasing, electricity and natural gas prices have risen so far that it no longer makes financial sense to set up hedges at this price level. For the energy companies' CO_2 costs that are included in the electricity price (so-called indirect emissions), we have only been compensated half within the scope of the state aid guidelines, and none in Bulgaria, so the remaining part is subject to the risks of CO_2 price increases.

On the customer side, furthermore, there are increasing demands for transparent goals and strategies related to effective production processes, energy, and CO_2 efficiency. Customer demands could have an influence on future copper product sales, particularly when it comes to customer acquisition and retention. We are countering these risks with steps such as annual climate reporting and evaluations of such reporting conducted by the CDP (formerly the Carbon Disclosure Project) and with the aforementioned commitment to implement the science-based targets.

We continue to rate energy, climate and the associated risks as "high," primarily due to the steep rise in energy procurement costs along with the risk of further price increases (high volatility) and uncertainty surrounding gas supplies.

FINANCE AND FINANCING

Metal price and exchange rate fluctuations represent a potential risk in the buying and selling of metals. We substantially reduce this risk with foreign exchange and metal price hedging. We hedge metal backlogs daily with financial instruments such as spot and forward contracts. Similarly, spot and forward exchange contracts are used to hedge foreign currencies. We minimize foreign exchange risks from exchange rate fluctuations for metal transactions in foreign currencies this way. We only select creditworthy firms as counterparties for hedging transactions to minimize the credit risk.

We hedge expected receipts from foreign currencies, especially the US dollar, with options and forward exchange transactions in some cases. We will continue this in the future as well and expect that we can reduce the risks from metal price and exchange rate fluctuations to a reasonable level with these measures.

We largely hedge credit risks from trade accounts receivable with commercial credit insurances. We only permit internal risks to a very limited extent and after review. We closely monitor the development of the outstanding receivables. During the reporting period, there were no significant bad debts. The economic situation resulting from the coronavirus pandemic impacted our customers' creditworthiness intermittently, which in turn impacts the willingness of credit insurance providers to grant lines of credit. Our customers' creditworthiness stabilized as a result of the economic recovery following the coronavirus crisis – as did credit insurers' willingness to grant lines of credit. The Ukraine crisis and its repercussions, particularly for the energy sector, have not had any visible impact on receivables management. We therefore don't foresee any increased risks for the future, either.

The liquidity supply, which is very important for the Aurubis Group, was secured during the past fiscal year. The lines of credit provided by our banks were sufficient as well. The Aurubis Group has a stable financial situation in the new fiscal year as well and can finance possible fluctuations in liquidity from operating business through its existing cash and available credit lines.

Risks that may result from a resurgence of the eurozone government debt crisis have the potential to make the individual risks described in this section, such as bad debt or liquidity, have a cumulative impact. That is the main reason why we classify the finance and financing risks as "medium."

INFORMATION TECHNOLOGY

Aurubis is subject to IT risks regarding the confidentiality, availability, and integrity of information. These can impact areas such as supply, production, and sales, as well as communication and collaboration between departments and sites. These risks were taken into consideration in the company's risk assessment.

We handle risks related to the availability of our IT systems with continuous monitoring, redundant infrastructure, and ongoing adjustments to keep up with the latest developments in IT architectures. We counter the risks of possible incidents or disasters with the redundant design of higly critical IT infrastructure in particular, as well as data recovery and continuity plans and the associated tests and drills. We limit the risks that can result from unauthorized access to company data, as well as cybercrime, by restricting access rights, carrying out security reviews, and using modern security technologies. To counter increased security risks due to the strong use of remote work options, we optimized endpoint protection, cloud service security and our e-mail architecture as well as VPN access with the help of the latest security safeguards. In addition, we regularly have the implemented measures audited and evaluated by third parties and use the findings to make improvements to these measures. In the past fiscal year, we created a full-time position for an information security officer who is responsible for expanding our information security management system (ISMS). We are working toward ISO 27001 certification in 2023. We still assess our IT risks as "medium" as the latest cyberattack showed how effective the measures described above were in this event, in which we were able to bring key IT systems online again relatively quickly.

PERSONNEL

In a plant with complex processes, employees' specialist knowledge is an important factor for ensuring performance quality. We have established different employee recruiting and development measures that are intertwined with each other so that Aurubis can continue to count on this knowledge. Among these are the expansion of employer branding, personnel marketing, and recruiting measures on social media and online business networks (LinkedIn, XING, etc.); targeted active sourcing (specifically via LinkedIn and XING); collaboration with selected staffing consultants as well as partnerships with universities, through which we establish ties with qualified young people. Internal qualification measures, through which we foster the development of professionals and managers within the company, are also carried out. For instance, we established a project management learning path to provide training in the project management standards in place across the Group, set up a potential development program to promote the personal and professional skills of our high-potential employees. We have also developed management development programs with different focus areas, such as healthy leadership. An extensive range of learning sessions on professional and methodological topics is available to all employees through our Learning Academy. To secure Group-wide knowledge management, we successfully piloted and established knowledge transfer as a knowledge management method as part of succession planning at Aurubis AG.

In addition to the above measures, training at the Hamburg and Lünen sites is a key factor in countering the shortage of skilled labor and ensuring access to required personnel. A total of 280 apprentices are trained in 14 different professions at both sites to reflect our internal needs. State-of-the-art training workshops are set up in Hamburg and Lünen, providing a sound basis for focused, high-quality, and multi-award-winning training.

We classify the personnel risks as “medium.”

ENVIRONMENTAL PROTECTION AND OTHER ASPECTS

Our production inherently creates an environmental footprint, which we keep as small as possible by taking appropriate measures. Our goal is to continually shrink it further. There is a basic risk that environmental or regulatory requirements may continue to tighten, necessitating additional environmental action and resulting in additional expenditures. In addition, there may be restrictions on product manufacturing and marketing. The risks of marketing iron silicate in Germany remain unchanged from the previous fiscal year.

In addition, environmental risks resulting from the possible failure to comply with thresholds and from violations of requirements can have legal consequences. To help prevent these situations, we ensure that our production facilities are operated as environmentally responsibly as possible. One example is our investment of € 85 million in reducing fugitive emissions at our Hamburg site. We are an international leader in environmental protection. This is confirmed by annual certifications in accordance with DIN EN ISO 14001 and EMAS, as well as the Gold status in the EcoVadis rating, for example. We consider ourselves to be well positioned for the future in this regard. Nevertheless, operational incidents that could have an adverse impact on the environment cannot be completely ruled out. We are retaining our overall risk assessment for environmental protection as “medium.”

Occupational safety and health protection are high-priority areas for us. Responsibility for these issues rests with the management, the supervisors, and each individual in the company. All sites are certified in accordance with ISO 45001. Detailed risk assessments, audits, cross-site checks, training, and campaigns to strengthen employees’ health and safety awareness support our Vision Zero goal, which means zero work-related accidents, injuries, and illnesses. Stringently monitoring our occupational safety performance and deriving the corresponding measures are still additional steps to achieving our vision.

To the extent that national regulations and organizational capacities on site allow, our occupational health departments or contractors are carrying out COVID-19 vaccinations for our staff this winter as well. The experience gained from our successful COVID-19 measures generally inform our preventive hazard prevention activities.

Many different factors go into the successful execution of our strategic growth projects. They exist amid risks such as high energy prices or the availability of suitable personnel that may require regular revisions of priorities, project scopes, and schedules. We contain these risks by closely managing our projects, e.g., by monitoring critical performance indicators, actively managing personnel and talent, and operating a strategic early warning system for the early detection of strategic changes and market developments. We consider our strategic project pipeline to be very robust overall because the projects can also largely be executed individually and independently of each other. We classify this risk as “medium.”

The violation of laws can have serious consequences for both Aurubis as a group and for its employees and business partners. Compliance management or the Group function responsible for the appropriate area of the law (e.g., the Environmental Protection department) identifies, analyzes, and addresses significant compliance risks. We counter legal and tax risks with organizational procedures and clear management structures.

We largely cover selected risks with insurance as well. We rely on the expertise of an external insurance broker for this purpose.

NON-FINANCIAL RISKS WITHIN THE SCOPE OF THE SEPARATE NON-FINANCIAL REPORT

We assessed non-financial risks in accordance with Section 289c (3) of the German Commercial Code (HGB).

In the process, no non-financial risks were identified that were very likely to cause a serious negative impact on employee and environmental matters, on respect for human rights, on the prevention of corruption and bribery, or on social matters.

Nevertheless, it is important to us to handle non-financial risks even if they are classified as non-material according to the strict definition of the HGB. We have therefore developed and implemented management approaches.

Internal control system

Our internal control system (ICS) comprises all principles, policies, procedures, and measures aimed at implementing the decisions of the Group's management to ensure:

- The effectiveness and economic efficiency of our operations (this encompasses asset protection, including the prevention and detection of financial losses)
- The correctness and reliability of our accounting (internal control and risk management system relating to the consolidated accounting process)
- Compliance with the laws and regulations that apply to the Aurubis Group

The ICS is an integral part of our centralized and decentralized internal control and monitoring processes with correspondingresponsibilities and is documented in a corporate policy.

The ICS also includes a compliance management system which reflects the company's risk situation.

PROCESS-INTEGRATED AND PROCESS-INDEPENDENT MONITORING

Internal monitoring includes both process-integrated and process-independent measures. Process-integrated monitoring includes the controls and security measures integrated in the organizational and operational structure. They include authorization schemes, access restrictions, separation of functions, completeness and plausibility checks, and limit monitoring.)

Controls and measures are regularly assessed within the organization. In addition, Internal Audit monitors and reviews structures and activities (such as the internal control and risk management system) independently from processes. The Audit Committee deals with the ICS as well.

Internal control and risk management system relating to the consolidated accounting process

(Report pursuant to Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB))

The objective of the ICS for the accounting process is to ensure that:

- Financial statements are prepared in compliance with regulations
- Accounting procedures are reliable and performed correctly
- Business transactions are thoroughly recorded in a timely manner as prescribed by law and the Articles of Association
- Legal norms and internal guidelines on accounting are observed

PROCESS AND RESPONSIBILITY

As the parent company, Aurubis AG prepares the Aurubis Group's consolidated financial statements. The financial reporting of the consolidated Group companies that are included in the consolidated financial statements takes place prior to this process. These Group companies prepare their financial statements locally and transfer them to the Corporate Accounting department via a defined uniform Group-wide data model. The Group companies are responsible for compliance with the valid Group-wide guidelines and procedures, as well as for the correct and timely execution of the accounting-relevant processes and systems.

MAIN PRINCIPLES

The ICS based on the consolidated accounting process includes the following main principles:

- Ensuring standardized accounting procedures in the preparation of the separate financial statements of Aurubis AG by systematically implemented controls, which are supported by manual accounting controls and other authorization and approval procedures (separation of functions, access regulations and limitations, the use of the dual control principle, guidelines on payment transactions)
- Ensuring uniform Group accounting procedures in accordance with IFRS through the application of uniform accounting regulations and policies, central audit of reporting packages, analysis of deviations from the budget, and quarterly reporting as part of centralized discussions on earnings
- Compiling external accounting and internal reporting by all Group companies in a uniform consolidation and reporting system
- Overall consolidation of the consolidated financial statements by Corporate Accounting, which is responsible for the centralized consolidation, coordination, and monitoring of the standards related to the schedule and the process
- Giving the Group companies support in accounting procedures by having a central contact person in Corporate Accounting
- Clarifying special technical questions and complex issues related to specific cases with an external consultant.

Opportunity management system

In addition to risk management, opportunity assessment is an important element of the Aurubis Group's planning, management, and control processes. Its objective is the early identification of internal and external opportunities that could positively impact our economic success. These opportunities are assessed and weighed against the risks associated with them. We compare the results of this assessment with our corporate strategy and portfolio of strategic projects and project ideas to identify any possible gaps or further opportunities. We then define changes or new initiatives and measures to address the new opportunities. The process of identifying and assessing opportunities is thus part of our annual integrated strategy and planning process.

In order to promptly recognize opportunities that arise, we continually monitor and analyze the supply and demand aspects of our markets, the competitive landscape, and relevant regional and global trends. In addition, identifying potential opportunities is also a daily management responsibility – on the level of both the operational areas and the Group.

Explanation of relevant opportunities

RISING GLOBAL DEMAND FOR COPPER AND METALS FOR TECHNOLOGY

Copper is one of the most important industrial metals. It is crucial for infrastructure expansion and development, as well as for key industrial sectors. Demand for copper follows global economic growth, especially in the electrical, electronics, energy, construction, and automotive industries. Ongoing global trends such as urbanization, the growth of the world's middle class, digitalization, and electric vehicles will continue to increase not only copper demand in the long term, but also the demand for other metals such as nickel, platinum, palladium, selenium, and tellurium. This is particularly true as recent developments in energy policy have highlighted the importance of expanding renewable energy, on-site energy generation, and the underlying infrastructure. If the economy and the demand for our products develop more favorably than currently expected in the markets relevant to us, this could have a positive influence on the Aurubis Group's earnings.

CHANGES IN TREATMENT AND REFINING CHARGES AND MARKET PRICES FOR OUR PRODUCTS

The Aurubis Group's earnings situation is largely determined by the development of treatment and refining charges for copper concentrates, copper scrap, and other recycling materials, as well as by the market prices for our products, such as wire rod, copper cathodes, sulfuric acid, and precious and minor metals. If treatment and refining charges and market prices for our products develop more positively than currently forecast, this could positively impact the Aurubis Group's earnings.

INCREASING SIGNIFICANCE OF SUSTAINABILITY AND RESOURCE EFFICIENCY

Aurubis is one of the world's leading recyclers of copper and complex recycling raw materials. It is also a leader in its sustainability efforts under ecological, social, and ethical criteria. In light of the rising importance of resource efficiency, we expect demand for recycling solutions and low-loss metal production and recovery to continue growing. This is also supported and promoted by increasingly strict national and international legislation and initiatives such as the European Green Deal. More and more, customers and suppliers are making higher sustainability demands at the same time, which can also benefit Aurubis.

Thanks to our multimetal recycling activities and proximity to our copper product customers, we consider ourselves to be in a position to offer expanded "closing-the-loop" solutions. Following the complete, successful integration of the Metallo Group, Aurubis has been able to extend its recycling capabilities even further. We are significantly expanding our regional service range in North America after deciding to invest in a new recycling plant in the US. If national and international recycling regulations broaden and demand for recycling solutions, either in general or with increasing sustainability requirements, grows more strongly than expected in our markets, this could positively affect the Aurubis Group's procurement situation and therefore its earnings.

FURTHER DEVELOPMENT OF EXPERTISE IN COMPLEX RAW MATERIAL PROCESSING

Both primary and secondary raw materials are becoming increasingly complex as their copper content is falling and the concentrations of tramp elements and impurities in them rises. One of Aurubis' particular strengths is in processing complex primary and secondary raw materials. Aurubis plans to continue expanding its processing capabilities in this area, further enhance the efficiency of its production processes, and thus recover valuable metals even better and faster. Prime examples include the Advanced Sludge Processing Aurubis (ASPA) and Bleed Treatment Olen Beerse (BOB) projects that we decided to implement in fiscal year 2020/21. Another example is our modular recycling system, which will be used at our new plant in the US. If these additions to our expertise unleash further potential for synergies or if we build up additional capabilities, this could positively influence the Aurubis Group's purchasing and earnings situation.

DIGITALIZATION, CONTINUOUSLY IMPROVING PROCESSES AND COST POSITION, AND ACHIEVING SYNERGIES

Our markets are globally competitive. Operating excellence is therefore exceedingly important for us. We continuously work on optimizing our processes and improving our cost position. We are increasingly pursuing opportunities to digitalize production and service areas and stepped up corresponding initiatives and projects in the past fiscal year. Furthermore, we are always identifying and implementing means to increase the synergy potential within the network of Aurubis plants. If we go beyond the targets connected to initiated improvement measures, this could have a positive impact on the Aurubis Group's earnings.

CAPACITY EXPANSION LINKED WITH INTERNATIONALIZATION

In light of growing global demand for sustainable metal production and recycling, we see growth potential through the expansion of our processing capacities in regions with attractive markets and favorable overall conditions. Specifically, we are exploiting these opportunities in North America by building a new plant in the US for recycling complex secondary raw materials. We are also investing in capacity expansions at existing sites and aiming to expand our supplier network to ensure sufficient supplies for the expanded production network. If we are in a position to expand our capacities even more and possibly to even do so with lower capital expenditure than expected, this could positively affect the Aurubis Group's earnings.

DEVELOPMENT OF SOLUTIONS FOR INDUSTRIAL CUSTOMERS AND SUPPLIERS

We work closely with our suppliers and customers at all levels of our value chain. This includes developing products for individual customers, providing additional services, processing specific raw materials, and offering additional "closing-the-loop" solutions as well as particularly sustainable or certified products, including the digitalization of business relationships and processes to boost efficiency, added value, and customer loyalty. If the demand of our customers and suppliers for our solutions is stronger than forecast, this could have a positive effect on the Aurubis Group's earnings.

INNOVATIONS FROM FUTURE RESEARCH AND DEVELOPMENT ACTIVITIES

Within the scope of our research and development activities, we work on innovations to further set ourselves apart from the competition and expand our competitive advantages. For example, we are working on more resource-efficient processing of complex feed materials in our smelters and plants. We are also working concretely on developing new processes and improving on existing processes to be able to process future material streams. One example is our new process for processing black mass from batteries. If the competitive advantages arising from R&D activities turn out to be greater than expected, this could have a positive impact on the Aurubis Group's earnings.

Assessment of the Aurubis Group's risk and opportunity situation

No risks threatening the company's continued existence arose in the reporting year. There were no particular structural changes in the Group's risks. According to our current assessment, there are no risks that endanger the company's continued existence.

Both the Audit Committee (Supervisory Board) and the auditors ascertained that the Executive Board has taken the measures prescribed by Section 91 (2) of the German Stock Corporation Act (AktG) in an appropriate manner and that the legally required early risk detection system fulfills all requirements.

For a complete overview of company activities, the opportunities of the Group have to be considered in addition to the risks. We are confident that we will be able to utilize the opportunities presented by our business portfolio, our expertise, and our ability to innovate.

Part of the Management Report not subject to mandatory auditing

In accordance with the recommendations of the 2022 German Corporate Governance Code, the Executive Board assessed the appropriateness and effectiveness of the risk management system and the internal control system in detail and identified no significant objections.

Forecast Report

The statements made in the Forecast Report are based on our assessments of the overall economic conditions, of global copper market trends, and of Aurubis' raw material and product markets. These assessments are based on analyses by economic research institutes, organizations, and industry associations, as well as on internal market analyses. The forecasts for the future business performance shown here take into account the segment targets, as well as the opportunities and risks posed by the expected market conditions and competitive situations in the forecast period of October 1, 2022 to September 30, 2023. The opportunities and risks affecting the Aurubis Group are explained in detail in the Risk and Opportunity Report. Our forecasts are regularly adjusted. The following statements are based on our knowledge in December 2022.

From our current perspective, there are multiple factors with the potential to influence the Aurubis Group's markets. These factors particularly include the Russian war of aggression on Ukraine and the resulting energy crisis and costs in Europe. Fiscal measures such as the German government's energy cost containment program may have a cushioning effect here. In addition, the persistent global Covid-19 pandemic and the associated lockdowns in the Asian region may have an impact on global economic growth. The measures to strengthen infrastructure and social security in the US especially could have a strong effect on economic growth – nationally, but also worldwide. Ultimately, monetary policy responses, such as raising the policy rate, can have an inhibiting effect on the economy in response to inflation and price increases, for example in the EU or the US.

Overall economic development

The IMF estimates that the global economy will grow by 2.7 % in 2023 but also indicates a reduction in previous growth forecasts, which are lower for a number of reasons: the risks to the global economy from tighter monetary policy by central banks, a downturn in the Chinese construction sector, and the effects of the war in Ukraine, with reduced energy supplies for the European Union.

The IMF forecasts 3.7 % growth for the economies of emerging and developing countries in 2023. The IMF's growth forecast reveals significant regional differences. The Asian emerging and developing countries of China and India account for the largest share of this group of countries, with growth forecasts of 4.4 % and 6.1 %, respectively. Accordingly, the IMF's forecasts for China, a significant player on the copper market, continue to indicate an economic upswing.

The GDP of industrialized nations should grow by 1.1 % in 2023, according to the IMF. Growth of 1.0 % is expected for the US, 0.5 % for the eurozone. The forecast indicates that Germany's GDP will decrease by 0.3 % in 2023.

Individual sectors such as the electrotechnical industry, the automotive industry, and the construction sector are important consumers of copper products. The economic developments expected here are as follows:

In its forecast for the global electrical and electronic products market from July 2022, the German Electrical and Electronic Manufacturers' Association (ZVEI) predicts about 5 % growth in the market for 2023 – following double-digit growth of 11 % in the sector in 2022. This forecast includes 53 countries, which together comprise approximately 95 % of the global market. For Europe, which accounts for 16 % of the global market, the German Electrical and Electronic Manufacturers' Association (ZVEI) expects 3 % growth in 2022 following 8 % growth in 2023. The volume of the German market is expected to rise by 10 % in 2022 and then by 7 % in 2023.

According to the European Automobile Manufacturers' Association (ACEA), demand for cars in the EU is expected to level off marginally in 2022 and grow more strongly again in 2023. After about 9.7 million vehicles were registered in 2021, the association anticipates the registration of around 9.6 million cars for 2022 and around 10.7 million in 2023, with growth momentum coming from, among other developments, the transition to electric vehicles, the net-zero emissions target by 2050 set out in the European Climate Change Act, and the expansion of charging infrastructure for electric vehicles.

Construction growth is evident in the sectors that have also reflected uninterrupted demand throughout the pandemic. According to the German Institute for Economic Research (DIW), construction volume should grow nominally by more than 6 % in 2023 – after almost 13 % growth in 2022.

Based on these forecasts, Aurubis expects positive ongoing development in the three most important sectors for copper products in 2023, continuing the good trend of the previous year. Nevertheless, political and economic developments may decisively influence the respective market situations.

The effects of European and German energy and environmental policy, which are important for us, are difficult to forecast in detail.

Sector development

The copper price moved at historically high levels above the US$ 11,000/t mark at the start of fiscal year 2021/22, before easing significantly in the second half of the year and stabilizing at the level around US$ 7,800/t at the end of the year. According to forecasts by the experts at UBS Bank in June 2022, the copper price is expected to average US$ 8,818/t in calendar year 2023.

The developments at global copper smelters are still a key factor for assessing the copper market. With production capacity accounting for around 45 % of global refining capacity in 2022, China continues to represent the most significant share of metallurgical industry growth in the coming years. Wood Mackenzie expects an annual growth rate in global smelter capacity of 1.9 % for the coming decade. The research institute estimates global refined copper output in 2023 at 26.0 million t, equivalent to a 3.4 % increase compared to the previous year.

High demand for refined copper can be anticipated in the coming calendar year as well. The metal remains an essential material for economic development in key sectors such as the electrical and automotive industries and construction.

For Europe, Wood Mackenzie forecasts that demand for refined copper will remain unchanged from the previous year at around 3.7 million t in 2023. At approximately 13.7 million t, demand in China will slightly increase in 2023 compared to the previous year. This means that China continues to account for about half of global demand, which is expected to be 25.7 million t in 2023 after an approximately 2.8 % increase compared to the previous year.

On the global market for refined copper, Wood Mackenzie expects a low overall production surplus of around 279,000 t for 2023 as a result – following an equally low surplus in 2022. Research provider CRU likewise foresees a low production surplus for 2023, following a slight market deficit in 2022.

Copper remains an essential material for economic development in key sectors such as the electrical and automotive industries and construction. On top of that, the EU is tightening regulations related to climate protection, and the EU, the US, and China are promoting climate-friendly technologies with state support to a great extent. Because these technologies hold considerable potential for copper applications, demand is likely to continue increasing.

Continued strong forecast demand for refined copper and the expected price level on the metal exchanges provide good overall conditions for Aurubis for the coming fiscal year.

Raw material markets

COPPER CONCENTRATES

The global copper concentrate market is growing on both the demand side and the supply side. A recovery in output from existing mines, expansion projects, and the ramp-up of new projects are contributing significantly to production increases in different countries in South America and around the world compared to last year. Wood Mackenzie predicts that global mine output (based on copper content, before accounting for disruptions and adjustments) will rise by 5.4 % in 2022 and 9.4 % in 2023. Mine output in 2022 grew at the fastest rate since 2013.

For annual contracts, the benchmark treatment and refining charge (TC/RC) for processing standard copper concentrates was US$ 65.0/t and 6.5 cents/lb in 2022. For the first half of the fiscal year, spot prices remained near the benchmark and fluctuated around the US$60/t mark. With the expansion of the supply of copper concentrates, treatment and refining charges increased significantly during the further course of the year and were significantly above the 2022 benchmark at the end of the fiscal year. Barring any unexpected losses in the mine supply, higher or rising TC/RCs should be expected in fiscal year 2022/23. Wood Mackenzie expects the benchmark to increase significantly in 2023 based on improved supply on the concentrate market compared to the prior year.

A benchmark deal for annual contracts in 2023 was concluded in November 2022 between a major mining company and the Chinese Smelter Purchase Team at US$ 88/t and 8.8 cents/lb, 35 % higher than in 2022. This confirms our expectations of a surplus in the copper concentrate market, combined with a positive trend in treatment and refining charges.

The growing supply of copper concentrates and the forecast of rising TC/RCs as discounts on the purchase price strengthen Aurubis' potential financial position from processing concentrates. Due to our position on the market, our long-term contract structure, and our supplier diversification, we are confident that we will once again secure a good copper concentrate supply. We are already supplied with concentrates at good treatment and refining charges well into Q2 of the 2022/23 fiscal year.

RECYCLING

The market for recycling materials, which is of primary relevance for Aurubis, remained stable over the course of the year. Imports into China and Malaysia decreased in calendar year 2022 with the implementation of new import rules in Asia focusing on higher environmental standards. Wood Mackenzie forecasts limited collection activity from the recycling industry based on the outlook for the global economy and the current reduced copper price level. In the long term, Wood Mackenzie projects an increasing supply of recycled materials over the coming decade. Business in this area, particularly for copper scrap, is conducted with short timelines and is therefore dependent on a variety of influences, such as metal prices and collection activities in the recycling industry, that are difficult to forecast.

In contrast, the availability of complex recycling materials is subject to less volatility. The market environment is expected to be stable.

Overall, Aurubis expects a stable supply situation for recycling raw materials with good refining charges. We are already supplied with recycling material with good refining charges beyond Q1 of fiscal year 2022/23. Our broad market position absorbs supply risks.

Product markets

MARKETS FOR COPPER PRODUCTS

As at the reporting date, demand for copper products was stable in Q1 2022/23. In the negotiation season for 2023 annual sales contracts, which is still under way, we have already contractually fixed the sales budget to a large extent.

One factor that is already clear is the copper premium Aurubis has established for European wire rod and shapes customers for the coming 2023 calendar year. Aurubis increased this premium for its European customers compared to the previous year, to US$ 228/t (2022: US$ 123/t). The increase in the copper premium reflects the forecast stable market demand in Europe in 2023 and partially compensates for the significant increases in freight, financing, and energy costs.

Despite the slowdown in the global economy, we expect developments in the sector to remain stable overall in 2023. In light of increasing investments in infrastructure for renewable energies and grid expansion, we expect to conclude the negotiation season for copper products at a stable level. Good customer relationships and a strong position in our key markets support this.

CATHODES

Sales of free cathode volumes on the market are based on the planned processing of our cathode output in the Group.

COPPER WIRE ROD

Demand for copper wire rod will depend on the ongoing economic trend in the key customer industries, among other factors. We anticipate strong demand from the automotive sector and for cable transmission infrastructure for the further expansion of renewable energies. We expect demand from the construction sector, as a customer industry, to fall compared with the previous year due to the tighter monetary policy.

Despite the mixed outlook in the customer industries for the forecast period, Aurubis expects copper wire rod demand and sales to remain at a high level.

COPPER SHAPES

Demand for copper shapes remained very high throughout the past fiscal year. We expect a slight reduction in demand for continuous cast shapes in the coming fiscal year.

FLAT ROLLED PRODUCTS

Developments in the US and Europe are key factors in sales of flat rolled products. For 2023, CRU anticipates continued strong demand for flat rolled products in the US, while growth of around 3 % is expected in Western European countries. Looking ahead through the medium term, in the years up to 2026, the annual growth rate in Europe is also expected to be around 4.8 % p. a..

The anticipated development of the US economy and the growth of the European economy paint a positive picture for Aurubis' sales of flat rolled products.

SULFURIC ACID

Sulfuric acid sales are dependent on short-term developments, a fact that is reflected in the duration of the contracts. In addition, sales opportunities are very different from region to region, with varying conditions accordingly. Aurubis supplies the global sulfuric acid market, with a focus on Europe, North America, and Turkey. The relationship between local sales and exports fluctuates depending on market circumstances.

According to the Independent Chemical Information Services (ICIS), very high price levels driven by strong demand that have been observed in the past fiscal year will not continue. In particular, demand from the European-based chemical and fertilizer industries is expected to be lower due to production cuts caused by very high energy costs. Lower price levels are also expected in the export markets of the US and South America due to increased export activities from Europe and China. The Chinese markets are characterized by significant regional differences.

Based on the weakening demand on the sulfuric acid market and the developments in sales prices, we anticipate a significantly negative trend in the earnings situation on these markets.

Business and earnings expectations for the Aurubis Group

BUSINESS EXPECTATIONS

We updated our strategy in fiscal year 2020/21. By the end of this decade, we want to continue solidifying and expanding our position as one of the world's most efficient and sustainable multimetal producers – as a high-performance smelter network with a strong core business and new drivers of growth in recycling.

The updated Aurubis strategy includes a precisely defined roadmap for continued sustainable, profitable growth. We continue to drive implementation forward steadily strategic direction, page 100.

The future development and forecast of Aurubis AG coincide with the general statement on the Aurubis Group.

EARNINGS EXPECTATIONS

Our earnings are subject to quarterly fluctuations because of the nature of our business model. This is due to seasonal and market factors but may also be caused by disruptions in facilities or operating processes. Risks associated with the achievement of the forecast for the year as a whole could arise from challenges in connection with the availability of energy and global economic developments.

The future development and forecast of Aurubis AG coincide with the general statement on the Aurubis Group.

On October 28, 2022, Aurubis disclosed that it had suffered a cyberattack on its IT systems. Systems were shut down and disconnected from the Internet as a preventive measure. Systems that are essential for business operations were all systematically restarted within two weeks. Production at our smelter sites was not affected. We currently expect operating EBT to be negatively affected by an amount in the low single-digit millions of euros, mainly due to consulting costs.

The outlook for fiscal year 2022/23 is based on market estimates and the following premises:

» Based on industry forecasts, we expect global copper demand to continue growing.
» Due to the increase in the benchmark closing for copper concentrates at US$ 88/t and 8.8 cents/lb compared to the previous year, we expect correspondingly higher treatment and refining charges starting in calendar year 2023
» In fiscal year 2022/23, the market trend for copper scrap is difficult to forecast due to the short-term nature of the business. We generally expect a stable market environment.
» Because of the current market situation for sulfuric acid, we expect a significantly reduced contribution to earnings from sulfuric acid revenues compared with the previous year.
» We have also hedged the prices of parts of our metal gain.
» The Aurubis copper premium was set at US$ 228/t for calendar year 2023 (previous year: US$ 123/t).
» We expect energy costs to remain high in fiscal 2022/23 based on current energy price developments. We can absorb price risks to a limited extent with our hedging activities. At the time this report was compiled, it was difficult to anticipate the effects of any compensation arrangements resulting from government intervention in the energy market. Moreover, CO_2 electricity price compensation takes effect with a time lag.
» A significant portion of our revenues is based on the US dollar. We have already hedged significant portions of the US dollar results as part of our hedging strategy.
» We expect stable plant availability at the level of the previous year overall for fiscal year 2022/23.
» The following maintenance shutdowns are planned for fiscal year 2022/23:
  › At the Pirdop site in May and June 2023, with an expected impact of about € 20 million on operating EBT
  › At the Lünen site in November and December 2022 and in May 2023, with a negative effect totaling around € 16 million on operating EBT

Overall, we expect an operating EBT between € 400 million and € 500 million and an operating ROCE between 11 % and 15 % for the Aurubis Group for fiscal year 2022/23.

In the Multimetal Recycling segment, we expect an operating EBT between € 100 million and € 160 million and an operating ROCE between 11 % and 15 % for fiscal year 2022/23. The lower ROCE compared with the previous year is partly due to the significant increase in investing activities.

In the Custom Smelting & Products segment, we expect an operating EBT between € 350 and 410 million and an operating ROCE between 15 % and 19 % for fiscal year 2022/23.

Expected financial situation

At the end of fiscal year 2021/22, Aurubis had € 706 million in available cash (September 30, 2021: € 965 million). The company has additional liquidity through lines of credit amounting to € 350 million from a syndicated loan agreement running until 2027. Aurubis therefore has a very good liquidity position.

We expect cash flow from operating activities to be positive in the coming fiscal year despite the energy price trend driven by the Ukraine crisis and resulting concerns about the economy. We intend to settle scheduled payments during fiscal year 2022/23, including a bonded loan (Schuldscheindarlehen) of about € 80 million, with the existing liquidity.

GENERAL STATEMENT ON THE FUTURE DEVELOPMENT OF THE AURUBIS GROUP

With the excellent result in fiscal year 2021/22, we have demonstrated that our active crisis management has allowed us to take advantage of the opportunities offered on both our procurement and product markets and to rise to the challenges posed by the ongoing pandemic, the war in Ukraine, and the subsequent energy crisis.

In fiscal year 2022/23, we will continue pursuing the targets outlined in our strategy "Metals for Progress – Driving Sustainable Growth" and carrying out the investments planned for the fiscal year.

In order to reduce dependence on natural gas as an energy source, we will set in motion investment measures by the beginning of 2023, particularly in Germany, to reduce purchases of natural gas and increase the flexibility of the energy sources we need.

We will continue to be flexible in managing developments on our procurement and product markets. We expect the Aurubis business model, with its diverse earnings drivers, to once again prove to be robust in fiscal year 2022/23. A number of important factors, such as the significant increase in the benchmark for standard copper concentrates and the Aurubis copper premium for calendar year 2023, suggest that key earnings drivers will develop positively in 2022/23; however, significantly lower expected contributions to earnings from sulfuric acid and continued high energy costs will impact operating results. We're starting fiscal year 2022/23 very optimistic, with an adjusted forecast range for operating EBT and ROCE.

Forward-looking statements

This document contains forward-looking statements about our current forecasts of future events. Words such as "anticipate," "assume," "believe," "predict," "expect," "intend," "can/could," "plan," "project," "should," and similar terms indicate such forward-looking statements. These statements are subject to a number of risks and uncertainties. Some examples include unfavorable developments in the global economic situation, especially impacts of the COVID-19 pandemic; political developments in the US, Europe, and China; a tightening of the raw material supply; and a decline in demand in the main copper sales markets. Further risks include a deterioration of our refinancing options on the credit and finance markets; unavoidable events beyond our control such as natural disasters, acts of terror, political unrest, and industrial accidents, and their effects on our sales, purchasing, production, and financing activities; changes in exchange rates; a drop in acceptance for our products, resulting in impacts on the establishment of prices and the utilization of processing and production capacities; price increases for energy and raw materials; production interruptions due to material bottlenecks, employee strikes, or supplier bankruptcies; the successful implementation of measures to reduce costs and enhance efficiency; the business outlook for our significant holdings; the successful implementation of strategic cooperation and joint ventures; amendments to laws, ordinances, and official regulations; and the outcomes of legal proceedings and other risks and uncertainties, some of which are described in the Risk and Opportunity Report in this Annual Report. If one of these uncertainties or difficulties occurs, or if the assumptions underlying the forward-looking statements prove to be wrong, the actual results could deviate considerably from the results mentioned or implicitly expressed in these statements. We do not intend, nor do we assume the obligation, to update forward-looking statements continuously, as these statements are based solely on the circumstances on the day of publication.

Legal Disclosures

Declaration on corporate governance pursuant to Section 289f and Section 315d of the German Commercial Code (HGB)

The declaration is printed at the beginning of this Annual Report and is available on the company's website in the "About Aurubis" section under "Corporate Governance."

www.aurubis.com/en/about-us/corporate-governance

Takeover-related disclosures and explanations

Explanatory report by the Executive Board of Aurubis AG, Hamburg, in accordance with Section 176 (1) sentence 1 of the German Stock Corporation Act (AktG) on disclosures of takeover provisions pursuant to Section 289a (1) and Section 315a (1) of the German Commercial Code (HGB) as at the balance sheet date of September 30, 2022.

The following disclosures as at September 30, 2022 are presented in accordance with Section 289a (1) and Section 315a (1) of the German Commercial Code (HGB).

COMPOSITION OF THE SUBSCRIBED CAPITAL

The subscribed capital (share capital) of Aurubis AG amounted to € 115,089,210.88 as at the balance sheet date and was divided into 44,956,723 no-par-value bearer shares, each with a notional value of € 2.56 of the subscribed capital.

Each share grants the same rights and one vote at the Annual General Meeting. There are no different classes of shares.

The profit entitlement for any new shares that are issued can deviate from Section 60 of the German Stock Corporation Act (AktG).

TREASURY SHARES

Please refer to the Aurubis AG notes to the financial statements for information pursuant to Section 160 (1) no. 2 of the German Stock Corporation Act (AktG).

LIMITATIONS RELATED TO VOTING RIGHTS OR THE TRANSFER OF SHARES

According to the Executive Board's knowledge, shareholders' voting rights are not subject to any limitations, with the exception of possible legal prohibitions on voting (particularly in an isolated case pursuant to Section 136 of the German Stock Corporate Act (AktG). Pursuant to Section 71b of the German Stock Corporation Act (AktG), the company is not entitled to voting rights from any of its own shares that it holds.

SHAREHOLDINGS EXCEEDING 10 % OF THE VOTING RIGHTS

One indirect shareholding in Aurubis AG exceeds 10 % of the voting rights as at the balance sheet date (September 30, 2022): Salzgitter AG, Salzgitter, notified the company in accordance with Section 33 (1) of the German Securities Trading Act (WpHG) on December 12, 2018 that its voting interest in Aurubis AG had exceeded the threshold of 25 % of the voting rights on December 12, 2018 and amounted to 25.0000006 % of the voting rights (representing 11,239,181 votes). Of this total, 25.0000006 % of the voting rights (representing 11,239,181 votes) are attributed to Salzgitter AG via Salzgitter Mannesmann GmbH, Salzgitter.

Accordingly, one direct shareholding in Aurubis AG exceeds 10 % of the voting rights as at the balance sheet date (September 30, 2022): According to the notification of Salzgitter AG, Salzgitter, dated December 12, 2018, Salzgitter Mannesmann GmbH, Salzgitter, held 25.0000006 % of the voting rights (representing 11,239,181 votes) on December 12, 2018. According to the company presentation of Salzgitter AG (as at November 2022), its shareholding in Aurubis AG amounted to 29.99 %.

SHAREHOLDERS WITH SPECIAL RIGHTS

There were no shareholders with special rights conferring supervisory powers as at the balance sheet date (September 30, 2022).

PARTICIPATING EMPLOYEES

There were no employees that held an interest in share capital and did not directly exercise their supervisory rights as at the balance sheet date (September 30, 2022).

APPOINTMENT AND REMOVAL OF EXECUTIVE BOARD MEMBERS AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The appointment and removal of members of the Executive Board of Aurubis AG are covered by Sections 84 and 85 of the German Stock Corporation Act (AktG) and Section 31 of the German Codetermination Act (MitbestG) in conjunction with Section 6 (1) of the Articles of Association. Amendments to the Articles of Association are subject to the approval of the shareholders at the Annual General Meeting. The resolution at the Annual General Meeting requires, in addition to a simple majority of votes, a majority that must comprise at least three-quarters of the subscribed capital represented in the vote; Section 119 (1) no. 6, Section 133 (1), and Section 179 et seq. of the German Stock Corporation Act (AktG) apply. In accordance with Section 11 (9) of the Articles of Association, the Supervisory Board is authorized to pass amendments to the Articles of Association that only relate to their wording. Furthermore, the Supervisory Board is authorized to adjust Section 4 of the Articles of Association after the complete or partial execution of a subscribed capital increase in accordance with the respective claim to the authorized capital and after the authorization expires. It is also authorized to amend the version of Section 4 (1) and (3) of the Articles of Association in accordance with the respective issuance of new no-par-value bearer shares within the context of the 2022 conditional capital and to make all other related amendments to the Articles of Association that only relate to the wording. The same applies if the authorization to issue bonds with warrants or convertible bonds is not exercised after the authorization period expires or if the conditional capital is not utilized after the deadlines for exercising option or conversion rights or for fulfilling conversion or option obligations have expired.

POWER OF THE EXECUTIVE BOARD TO ISSUES SHARES

There is currently no authorization for the Executive Board to issue shares from authorized capital pursuant to Section 202 (2) sentence 1 of the German Stock Corporation Act (AktG).

POWER OF THE EXECUTIVE BOARD TO REPURCHASE SHARES

With a resolution of the Annual General Meeting on March 1, 2018, the company was authorized until February 28, 2023 to repurchase its own shares up to a total of 10 % of the current subscribed capital. Together with other own shares held by the company or attributable to it in accordance with Section 71a et seq. of the German Stock Corporation Act (AktG), the shares acquired by the company based on this authorization shall at no time exceed 10 % of the company's current subscribed capital. The acquisition of shares for the purpose of trading with own shares is excluded. The Executive Board is empowered to use shares in the company that are purchased on account of this power for all legally permitted purposes, and in particular for the following purposes:

a) Own shares that have been acquired can also be sold in a way other than a sale via the stock exchange or by means of an offer to all of the shareholders, if the shares are sold in return for a cash payment at a price that is not materially lower than the stock market price of the company's shares with the same terms at the time of the sale. The definitive trading price for the purpose of the arrangement previously mentioned shall be the average closing price of the company's shares with the same terms in Xetra trading (or a comparable successor system) over the last five trading days of the Frankfurt Stock Exchange before the commitment to sell the shares was entered into. The shareholders' subscription right is excluded. This authorization shall, however, only apply on the condition that the shares sold excluding the subscription right may not, in accordance with Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG), exceed 10 % of the subscribed capital, either at the time this becomes effective or at the time of exercise of this authorization (the "upper limit"). Shares that are issued during the term of this authorization from authorized capital pursuant to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG), excluding subscription rights, are to be credited towards this upper limit. Furthermore, this upper limit shall take into account those shares that are issued or are to be issued in order to service convertible bonds and/or bonds with warrants (or profit participation rights, or participating bonds with a conversion right, option right, or conversion obligation, or the company's right to offer), which were issued during the term of this authorization due to an authorization to issue convertible bonds and/or bonds with warrants (or profit participation rights, or participating bonds with a conversion right, option right, or conversion obligation, or the company's right to offer) in commensurate application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG), excluding subscription rights. An inclusion that has been carried out is canceled if authorizations to issue new shares from authorized capital in accordance with Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) or to issue convertible bonds and/or bonds with warrants (or profit participation rights, or participating bonds with a conversion right, option right, or conversion obligation, or the company's right to offer) in commensurate application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) are granted again at the Annual General Meeting after exercising such authorizations that have led to inclusion.

b) Own shares that have been acquired can also be sold in a way other than a sale via the stock exchange or by means of an offer to all of the shareholders. This is provided that such sale is carried out in return for a contribution in kind by a third party, especially in conjunction with the acquisition of business entities, parts of business entities, or participating interests in business entities by the company itself or by a business entity dependent on it or majority-owned by it, and in conjunction with business combinations, or to fulfill conversion rights or obligations of holders and/or creditors relating to conversion or option rights issued by the company or Group entities of the company (or profit participation rights, or participating bonds with a conversion right, option right, or conversion obligation, or the company's right to offer), especially – but not exclusively – due to the authorization to issue convertible bonds and/or bonds with warrants, profit participation rights, and/or participating bonds (or combinations of these instruments) decided under item 6 of the agenda for the Annual General Meeting on March 2, 2017. The shareholders' subscription right is excluded in each case.

c) Own shares that have been acquired can be withdrawn entirely or in part without a further resolution at the Annual General Meeting. They can also be withdrawn in a simplified procedure without a reduction in capital by adjusting the proportionate notional share of the remaining no-par-value shares in the subscribed capital of the company. The withdrawal can be limited to a portion of the acquired shares. If the withdrawal takes place using the simplified procedure, the Executive Board is authorized to adjust the number of no-par-value shares in the Articles of Association.

The own shares collectively sold under the authorization mentioned previously, pursuant to items a) and b) and excluding the subscription right, may not exceed 20 % of the share capital, neither at the time the authorization becomes effective nor at the time it is exercised. The 20 % limit must include (i) new shares that are issued, excluding the subscription right, during the term of this authorization up to the sale of the own shares from authorized capital, without subscription rights, and (ii) those shares that are issued in order to service convertible bonds and/or bonds with warrants (or profit participation rights, or participating bonds with a conversion right, option right, or conversion obligation, or the company's right to offer), if the bonds were issued during the term of this authorization up to the sale of the own shares, excluding shareholder subscription rights. If and to the extent that the shareholders at the Annual General Meeting reissue the relevant authorization to exclude subscription rights after the authorization leading to offsetting against the 20 % limit previously mentioned has been exercised, the offsetting that has already been carried out is no longer included.

The complete text of the resolution dated March 1, 2018 has been included under agenda item 8 in the invitation to the Annual General Meeting 2018 published in the German Federal Gazette on January 22, 2018.

POWER OF THE EXECUTIVE BOARD TO ISSUE CONVERTIBLE BONDS AND SHARES FROM CONDITIONAL CAPITAL

With the resolution passed by the shareholders at the Annual General Meeting on February 17, 2022, the Executive Board was authorized, subject to the approval of the Supervisory Board, to issue bearer or registered convertible bonds and/or bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) – referred to collectively as “bonds” – until February 16, 2027, once or several times, with or without a maturity limit, in the total nominal amount of up to € 500,000,000.00, and to grant conversion or option rights to the holders or creditors of such bonds for no-par-value bearer shares in the company representing a proportionate amount of the subscribed capital totaling € 11,508,920.32 as further specified in the terms and conditions of the bonds. The text of the authorization of the Executive Board to issue bonds corresponds to the resolution proposed by the Executive Board and Supervisory Board regarding agenda item 6 of the ordinary Annual General Meeting on February 17, 2022, which was published in the German Federal Gazette on September 28, 2022.

The company’s subscribed capital shall be conditionally increased by up to € 11,508,920.32 by issuing up to 4,495,672 new bearer shares without a nominal amount (no-par-value shares), each with a notional interest in the subscribed capital of € 2.56 (Conditional Capital 2012). The conditional capital increase will only be carried out to the extent that the holders or creditors of conversion and/or option rights from convertible bonds, bonds with warrants, profit participation rights, or participating bonds (or a combination of these instruments) that are issued against cash by the company or by its affiliates until February 16, 2027 due to the authorization passed by the shareholders at the Annual General Meeting on from February 17, 2022 exercise their conversion or option rights, or to the extent that holders or creditors of the convertible bonds (or profit participation rights or participating bonds with a conversion obligation) issued by the company or by its affiliates from to February 16, 2027 due to the authorization passed by the shareholders at the Annual General Meeting on February 17, 2022 fulfill their conversion obligation or shares are offered, and to the extent that own shares or other forms of fulfillment are not utilized for this purpose. The new no-par-value bearer shares shall be entitled to participate in the profits from the beginning of the fiscal year in which they come into existence through the exercise of conversion or option rights, through the fulfillment of conversion or option obligations, or through the exercise of rights to offer. To the extent legally permitted, the Executive Board can, subject to the approval of the Supervisory Board, establish the profit participation of new shares in a way that deviates from Section 60 (2) of the German Stock Corporation Act (AktG).

The complete text of the resolution dated February 17, 2022 has been included under agenda item 6 in the invitation to the Annual General Meeting 2022 published in the German Federal Gazette on December 20, 2021.

SIGNIFICANT CONDITIONAL AGREEMENTS CONCLUDED BY THE COMPANY

In the event that a single person or a group of persons acting together should acquire more than 50 % of the shares or the voting rights in Aurubis AG, every syndicate lender from the agreement with a banking syndicate (“the Syndicated Loan”) on a credit line totaling € 350 million, which primarily serves to finance the working capital of the Group, shall be entitled to cancel their participation in the Syndicated Loan and to demand immediate repayment of the amounts owed to them. Within the scope of the Schuldschein loan totaling € 247.5 million, every lender has an extraordinary right of cancellation if control over the borrower changes.

COMPANY COMPENSATION AGREEMENTS IN THE CASE OF TAKEOVER BIDS

No company compensation agreements were made with the members of the Executive Board or with employees for the case of a takeover bid.