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 213, 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, slitting centers, 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.

In the previous year, Aurubis AG acquired the recycling company Metallo effective May 29, 2020, with production sites in Beerse, Belgium, and Berango, Spain. The Metallo Group companies were included in the prior-year consolidated financial statements starting June 1, 2020, so for four months.

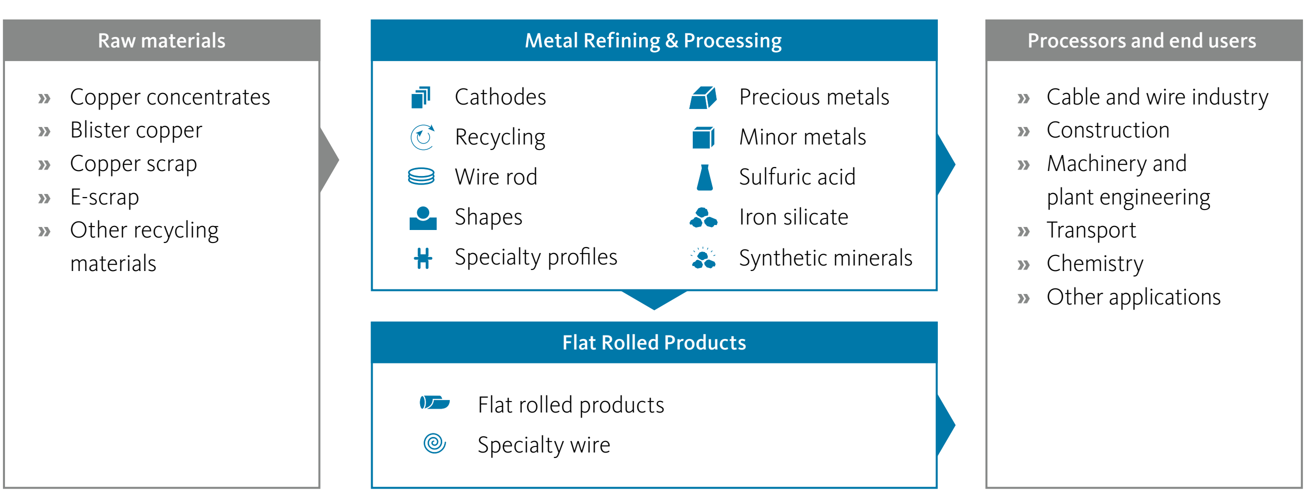
BUSINESS MODEL

Metals play a pivotal role in a number of forward-looking applications. Following industrialization, automation, and digitalization, the transformation to a 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. Different market cycles influence each of the three fundamental pillars as well.

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

Business model in fiscal year 2020/21



Sites and employees

Consolidated sites

Europe				
DE	Hamburg	Aurubis AG headquarters	2,526	
		Aurubis Product Sales GmbH	11	
		E. R. N. Elektro-Recycling NORD GmbH	15	
		Peute Baustoff GmbH	12	
	Lünen	Aurubis AG	665	
	Stolberg	Aurubis Stolberg GmbH & Co. KG	396	
	Emmerich	Deutsche Giessdraht GmbH	115	
	Röthenbach	RETORTE GmbH Selenium Chemicals & Metals	41	
	Berlin	Aurubis AG	3	Group representative office
BG	Pirdop	Aurubis Bulgaria AD	896	
BE	Olen	Aurubis Belgium NV/SA	621	
	Beerse	Metallo Belgium NV	444	
		Metallo Group Holding NV	3	
NL	Zutphen	Aurubis Netherlands BV	288	
FI	Pori	Aurubis Finland Oy	271	
IT	Avellino	Aurubis Italia Srl	91	
	Mortara	Aurubis Mortara S. p. A.	27	
ES	Berango	Metallo Spain S. L. U.	97	
	Barcelona	Aurubis Product Sales GmbH	1	
UK	Smethwick/ Birmingham	Aurubis UK Ltd.	23	
SK	Dolný Kubín	Aurubis Slovakia s. r. o.	12	
FR	Lyon/ Septème	Aurubis Product Sales GmbH	1	
Employees in Europe			**6,559**	

US				
US	Buffalo	Aurubis Buffalo Inc.	576	
Employees in the US			**576**	
Total employees			**7,135**	

The KPIs relate to permanent and temporary employment arrangements as at the reporting date of September 30, 2021. Excluding Schwermetall Halbzeugwerk GmbH & Co. KG, Stolberg (DE), in which Aurubis holds a 50 % stake. Sites without employees are not listed.

Non-consolidated sites and independent sales employees

Europe				
DE	Berlin	azeti GmbH	29	
SE	Finspång	Aurubis Sweden AB	3	
RU	St. Petersburg	Aurubis Rus LLC	2	
TR	Istanbul	Aurubis Turkey Kimya Anonim Sirketi	1	
Employees in Europe			**35**	

Asia				
CN	Shanghai	Aurubis Metal Products (Shanghai) Co., Ltd.	4	
	Beijing[1]		1	
UAE	Dubai	Aurubis Middle East FZE	2	
SG	Singapore[1]		2	
TH	Bangkok[1]		1	
JP	Tokyo[1]		1	
KR	Seoul[1]		1	
Employees in Asia			**12**	
Total employees			**47**	

[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
- Wire rod
- Shapes
- Specialty profiles
- Precious metals
- Minor metals
- Sulfuric acid
- Iron silicate
- Strip/foil
- Specialty wire
- Synthetic minerals

Slitting centers
Service centers located near our customers slit strip to the desired dimensions.

Status: 9/30/2021

transshipped via the port terminal in Brunsbüttel. There, the different copper concentrates are also premixed 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 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 materials also reach us directly from industry through our “closing the loop” approach.

On the demand side, our main competitors 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. When it comes to processing, we have manufacturing capabilities 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, elements that are in some cases purchased on purpose as part of our multimetal approach. In particular, these include different metals such as gold, silver, lead, nickel, tin, 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 and 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.

We regularly hedge fluctuations in metal and energy prices and the US dollar exchange rate in accordance with our hedging strategy for the most part.

GROUP STRUCTURE

In fiscal year 2020/21, the Aurubis Group's organizational framework was based on the underlying business model. The Group's structure was made up of two operating segments, which were the basis of segment reporting pursuant to IFRS 8 for fiscal year 2020/21: Segment Metal Refining & Processing and Segment Flat Rolled Products.

- **Segment Metal Refining & Processing (MRP)** processes complex metal concentrates, copper scrap, organic and inorganic metal-bearing recycling raw materials, and industrial residues into metals of the highest quality. Segment MRP includes the Commercial, Supply Chain Management (SCM), and Operations divisions.
  The Commercial division is commissioned by the plants to purchase feed materials and sell products. The SCM division's responsibility to the plants is to carry out production planning, logistics management, and sampling, and to improve the Group-wide metal flows and inventories.
  The Operations division is responsible for the ongoing optimization of the integrated smelter network and the production of all basic products and metals, as well as for their further processing into other products, such as continuous cast wire rod and shapes. Among other items, copper cathodes are manufactured at the sites in Hamburg, Lünen (both in Germany), Pirdop (Bulgaria), and Olen and Beerse (both in Belgium).
  The cathodes produced at the smelters are processed further into wire rod and shapes at the Hamburg (Germany), Olen (Belgium), Emmerich (Germany), and Avellino (Italy) sites. The Metallo Group, the company acquired in 2020 with production sites in Beerse (Belgium) and Berango (Spain), belongs to Segment MRP as well.
- **Segment Flat Rolled Products (FRP)** processes copper and copper alloys – primarily brass, bronze, and high-performance alloys – into flat rolled products and specialty wire, which it then markets. The main production sites are Stolberg (Germany), Pori (Finland), Zutphen (Netherlands), and Buffalo (US). Furthermore, the segment also includes slitting and service centers in Birmingham (UK), Dolný Kubín (Slovakia), and Mortara (Italy), as well as sales offices worldwide.
  On August 9, 2021, Aurubis AG signed a term sheet with Intek Group S.p.A., Italy, to sell the plant in Zutphen (Netherlands) and the slitting centers in the United Kingdom, Slovakia, and Italy. The sale is subject to approval by the responsible antitrust authorities. The plants in Stolberg (Germany), Pori (Finland), and Buffalo (US) will remain in the Aurubis Group.

In the course of developing the Aurubis Group's strategy, the segmentation was adjusted effective October 1, 2021. Starting 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.

The Multimetal Recycling 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 Lünen (Germany), Olen, Beerse (both in Belgium), and Berango (Spain) sites.

The Custom Smelting & Products segment joins the production facilities for processing concentrates and 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.

A list of shareholdings pursuant to Section 313 (2) of the German Commercial Code (HGB) as at September 30, 2021 is provided in the notes to the financial statements.

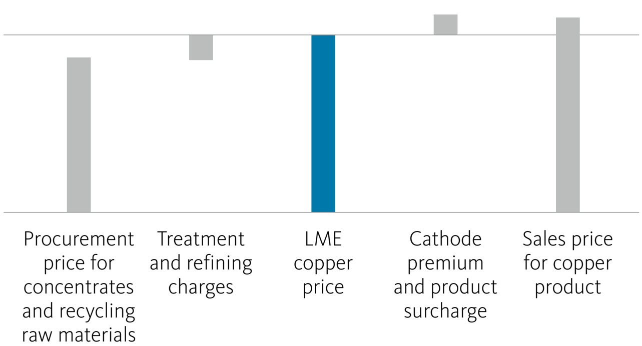
SIGNIFICANT INFLUENCING FACTORS RELEVANT TO THE BUSINESS

The main drivers of earnings are the treatment and refining charges Glossary, page 214 for copper concentrates, the refining charges for recycling materials, the metal prices, the Aurubis copper premium Glossary, page 214, and product surcharges Glossary, page 214 for copper products, as well as sales revenues for sulfuric acid. Furthermore, efficient metal gains in our plants lead to effects on earnings.

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 213, 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.

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

Strategic orientation

In fiscal year 2020/21, Aurubis developed the strategy further in a multistage process and established a detailed plan outlining how Aurubis will 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 will be guided by three key areas in the future: securing and strengthening the core business, pursuing growth options, and expanding its industrial leadership in sustainability.

The updated Aurubis strategy is a precisely defined roadmap for continued sustainable, profitable growth. 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.

Currently, total investments of about € 350 million are approved for strategic projects in the three key areas, which will lead to an EBITDA contribution of about € 100 million starting in 2025/26 according to current plans. Moreover, additional investments of about € 250 million are included in the mid-term planning until 2025/26, for which we expect additional operating EBITDA of about € 70 million starting in 2029/30. Additional strategic projects, such as the modular recycling system (investments of about € 250 million each) and battery recycling (investments of about € 200 million) are not included but are being actively pursued. The projects in the mid-term planning are in the conception phase and will be pushed forward until they are approved. In the long term, our projects are focused on growth. 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.

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 optimizing material flows. An initial example is the ASPA project (Advanced Sludge Processing by Aurubis). On July 28, 2021, Aurubis announced the planned construction of a state-of-the-art hydrometallurgical recycling facility at the Beerse site in Belgium. A total of € 27 million of the approved investments for strategic projects are planned for this facility, in which anode sludge, a valuable intermediate product of the copper tankhouse from the recycling sites in Beerse (Belgium) and Lünen (Germany), will be processed. The construction of the facility is scheduled to start in the second quarter of 2022, with commissioning in early 2024. After commissioning, we expect a contribution of about € 7 million to operating EBITDA.

The modernization of the tankhouse at the Lünen site will likewise strengthen the core business. A total of € 60 million is being invested in the renovation of the facility. At the end of the modernization in about two years, the capacity of the tankhouse, where the most energy-intensive part of the copper production process takes place, will be expanded by 10 % thanks to an increase in efficiency.

The additional investments of about € 250 million included in the mid-term planning until 2025/26 focus on this key area.

PURSUING GROWTH OPTIONS

Proceeding from our core business, Aurubis is pursuing new growth options. The recycling business is a central driver of growth for us. 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. There are significant growth opportunities in North America and Europe in particular. The Aurubis Modular Recycling System is a scalable system 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.

The first plant that Aurubis will build using the modular system will be located in Augusta (Richmond County) in the US state of Georgia. The entire North American market for multimetal recycling comprises about 6 million t of recycling material, but local processing capacities have been limited up to now. On November 10, 2021, Aurubis announced that it would build the first secondary smelter specializing in multimetal recycling in the US for about € 300 million. With the technology planned for Aurubis Richmond, USA, Aurubis will become a forerunner in multimetal recycling in the US – a position that Aurubis already holds in Europe. Aurubis Richmond will process about 90,000 t of complex recycling material into 35,000 t of blister copper each year. The start of construction is planned for summer 2022. The plant should be commissioned in the first half of 2024. The expected operating EBITDA of the plant will be about € 80 million per year starting in fiscal year 2025/26.

With the expansion of electric vehicles, the demand for lithium-ion batteries is growing sharply – as is the demand for raw materials to produce them. In the longer term, we see considerable growth options in battery materials and battery recycling. Battery recycling is a high-priority growth segment for Aurubis, and we will invest in recycling facilities in this area, too, after successful pilot trials.

EXPANDING INDUSTRY LEADERSHIP IN SUSTAINABILITY

Sustainable conduct and business activity are integral components of Aurubis' strategy. Based on binding targets and appropriate measures related to the environment, social issues, and corporate governance, we are enshrining sustainability even more strongly in the entire company in all of our workflows, processes, and new projects. We have established targeted measures and KPIs to reduce emissions in order to make our production carbon-neutral well before 2050. Our production techniques already make a pivotal contribution to responsibly handling resources and thus play a role in the energy transition, in addition to our products. 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 Agreement. We will continue implementing our detailed roadmap to achieve our climate goals. Regarding Scope 1 and Scope 2 emissions, we 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. Approaches for reducing Scope 3 emissions include cooperation in the supply chain and increased recycling activities, for example.

In 2022, we will start expanding our Industrial Heat project in Hamburg and anticipate investments of approximately € 100 million. Cost efficiency is achieved through expected funding provided by the German Federal Ministry for Economic Affairs and the city utility company Wärme Hamburg GmbH. After completion, up to 100,000 t of CO_2 emissions will be prevented 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 return on capital employed for the Group Glossary, page 215 = operating ROCE

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 based on the operating result in order to demonstrate the Aurubis Group's success for internal management purposes, independent of certain measurement influences that are necessary to report in accordance with IFRS (as described below).

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 haven't been realized, which concern the main metal inventories at our smelter sites
- 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 did not adopt the amendment to IAS 2 made in the past, which requires the exclusive application of the LIFO 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 at our smelter sites, which derive from the measurement at market of metal derivatives and haven't 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.

Operating ROCE defines the operating earnings before interest and taxes (EBIT Glossary, page 215) together with the operating result from investments measured using the equity method and the operating capital employed as at the reporting date and depicts the return on 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	9/30/2021	9/30/2020
Fixed assets, excluding financial fixed assets	1,878	1,836
Inventories	1,770	1,855
Trade accounts receivable	550	490
Other receivables and assets	265	200
– Trade accounts payable	-1,406	-1,149
– Provisions and other liabilities	-642	-500
Capital employed as at the reporting date	**2,415**	**2,731**
Earnings before taxes (EBT)	353	221
Financial result	13	2
Earnings before interest and taxes (EBIT)	**366**	**223**
Pro forma EBIT of the Metallo Group[1]	-	18
Investments accounted for using the equity method	10	13
Earnings before interest and taxes (EBIT) – adjusted	**376**	**253**
Return on capital employed (operating ROCE)	**15.6 %**	**9.3 %**

[1] Result for four months already included in EBIT in the previous year; pro forma additional result for eight months.

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 and development

Research and development (R&D) at Aurubis is clearly aligned with the multimetal strategy and includes both the optimization of existing production processes and the development of new processes and products. The key focus is on further developing metallurgical expertise to efficiently, sustainably process complex raw materials and recycling materials. A diverse 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. The demands of production and the strategy drive R&D projects. Currently, work is focusing on developing resource-efficient processing methods for complex feed materials and on devising new processes or developing existing processes to treat future material flows.

The metallurgical R&D projects of the past fiscal year were mainly geared to the Group's capabilities in multimetal processing. For example, we enhanced the efficiency of the copper-lead-sulfur converter at our Hamburg site, which is evident in a higher production capacity and lower specific oxygen consumption. The goal of yet another optimization project was to make the recycling facility in Olen more flexible. With the process improvements in the smelting furnace and the tankhouse, Aurubis can already process a higher volume of complex recycling materials. We plan to continue the project in the coming year. For the ASPA project (Advanced Sludge Processing by Aurubis), an R&D team in Beerse developed a special hydrometallurgical process for anode slime processing over several years. During the past fiscal year, this process was successfully demonstrated in pilot trials, creating the foundation for the construction of an industrial-scale facility in Beerse. The goal is to recover precious metals and tin more quickly and efficiently in the future.

Yet another R&D focus during the past fiscal year was battery recycling. With the mobility shift in Europe, the number of hybrid and electric vehicles will continue to surge. The necessary lithium-ion batteries will create a stark increase in demand for metals such as nickel, cobalt, manganese, copper, and lithium over the next several years. In addition to the importance of battery recycling in and of itself, demand for these important raw materials will be partially covered by recycling. The battery of an electric car consists of different components, such as the case, busbars, control electronics, cooling, and the actual electrochemical cells. Aurubis can already process materials from these types of batteries. In the lab, the Hamburg R&D team developed a hydrometallurgical process to recycle black mass, the core of the battery cell, and applied for a patent. Black mass contains metals such as nickel, cobalt, manganese, and lithium. Our development enables very high recycling rates for these metals. We want to use it to expand our metal portfolio to include cobalt and lithium and to fulfill the high future requirements for metal recovery in the EU battery directive. The starting point for our development was our expertise in nickel recovery, which we have supplemented in a modular fashion with new, innovative procedures. During the past fiscal year, we carried out laboratory development with black mass of different compositions and acquired special know-how in this area. To further validate the process, we're setting up a pilot plant at our Hamburg site and planning trials on a technical scale in fiscal year 2021/22.

Used in place of natural gas or other fossil reducing agents, hydrogen can reduce CO_2 emissions in copper production in the future. R&D is investigating the metallurgical use of hydrogen in Aurubis' processes. A flagship project is the large-scale trial on the use of hydrogen in the anode furnace of the Hamburg primary smelter (see the VCI Nord Responsible Care competition). We have kicked off additional projects together with universities in order to investigate key metallurgical fundamentals regarding the behavior of hydrogen in complex metallurgy.

As a sub-area of sustainability, environmental protection is a top priority for Aurubis. As a result, we are continuously developing our processes and methods to reduce emissions of all kinds. For instance, during the past fiscal year, an R&D team at the Pirdop site developed a wastewater treatment process, among other things. This will lead to reduced waste volumes and lower chemical consumption at the site in the future.

Electric vehicles are also impacting many applications and developments in our copper product portfolio. For example, when it came to connectors for automotive applications, R&D

activities zeroed in on innovative coating technologies and the understanding of their behavior in use, as well as process developments to boost throughput. We sampled highly conductive, precipitate-forming copper materials for connectors with customers.

The R&D department continued a wire rod project with the target of achieving complex cross-sections and expanding the alloy portfolio on the basis of pure copper. In this case, too, development work led to initial applications in electric vehicles.

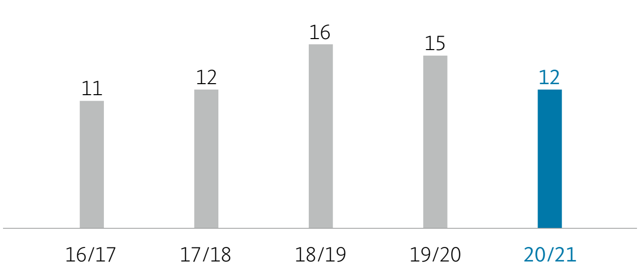
We continued our research activities in the area of power electronics for electric vehicles with university and industry partners.

As in the previous year, Aurubis developed a number of lead-free machinable materials (BlueBrass family) during the reporting period as well.

The entire Aurubis Group's R&D expenditures in fiscal year 2020/21 amounted to € 12 million, compared to € 15 million in reporting year 2019/20. We have a total of 77 employees in this area (previous year: 88 employees), who are located at our sites in Beerse, Buffalo, Hamburg, Lünen, Olen, Pirdop, Pori, Stolberg, and Zutphen.

R&D expenditure

in € million

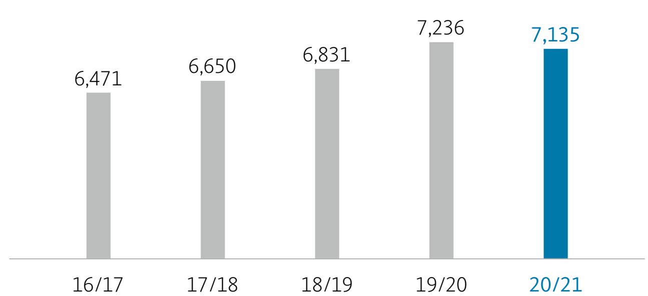


Human resources

A total of 7,135 people were employed by the Aurubis Group as at September 30, 2021 (previous year: 7,236). Of this number, 47.0 % worked outside of Germany and 53.0 % worked at German sites. The decline in the number of employees is primarily connected with cost reduction measures within the context of the Performance Improvement Program (PIP), as well as the transfer of employees to a joint venture (Cablo GmbH). Most of our employees are geographically dispersed as follows: Germany (3,784), Belgium (1,068), Bulgaria (896), the US (576), the Netherlands (288), Finland (271), Italy (118), and Spain (98).
Sites and employees, page 81

Aurubis Group employees

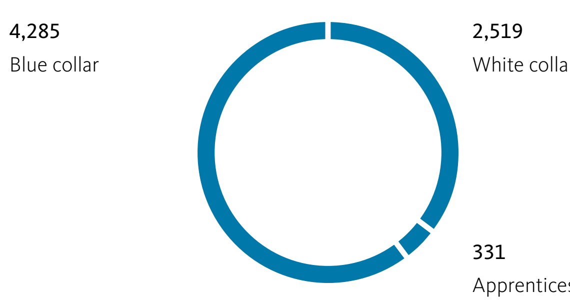
Number as at 9/30/2021



Excluding Schwermetall Halbzeugwerk GmbH & Co. KG.

Aurubis Group personnel structure

Number as at 9/30/2021



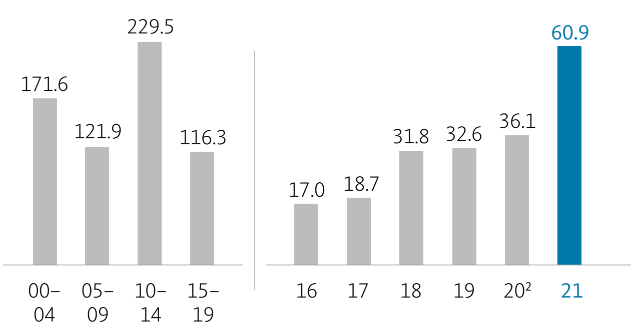
Environmental protection and occupational health

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] Including Metallo.

The data relates to environmental investments per fiscal year.
Single years are provided for readability, for example 2020 for fiscal year 2019/20.

The continuous improvement of water pollution control, soil conservation, climate protection, and emission prevention is key to achieving sustainable environmental protection and is only possible through ongoing investments. Aurubis has invested more than € 730 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 increasing in fiscal years 2017/18 and 2018/19, LTIFR decreased again in the past two years, amounting to 5.0 in fiscal year 2020/21 (previous year: 5.4). In absolute terms, the number of accidents (LTI) rose slightly to 54 (previous year: 51).

Occupational health and safety

	2020/21	2019/20	2018/19	2017/18	2016/17
Absolute number of accidents (LTI)[1]	54	51	61	60	47
LTIFR[2]	5.0	5.4	6.0	5.9	4.8

[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; Aurubis holds a 40 % stake in Cablo GmbH) and excluding Schwermetall Halbzeugwerk GmbH & Co. KG.
[2] Beerse (Belgium) and Berango (Spain) sites included for the entire fiscal year starting 2019/20 so that KPIs can be compared.

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 that our goal is to have zero work-related injuries and illnesses. Precautions to prevent accidents are in place to contribute to making the vision a reality. One of these measures to promote changes in behavior is the Group-wide communication campaign 10forZero. This concept combines new communication tools together with training units to implement the 10 Golden Rules of occupational health and safety.

Additional measures contribute to achieving the vision as well: detailed risk assessments that are used to derive appropriate precautions and instructions, audits, cross-site checks, and training measures. Furthermore, we stringently monitor our occupational safety performance and translate the results into appropriate measures.

Most of the 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 assignment 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 online with the entire Executive Board weekly 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 in-house vaccination centers or at external organizations in cooperation with other companies.

Separate Non-Financial Report

The section Sustainability, pages 44–73 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 available in the Sustainability section of this report and on the website.

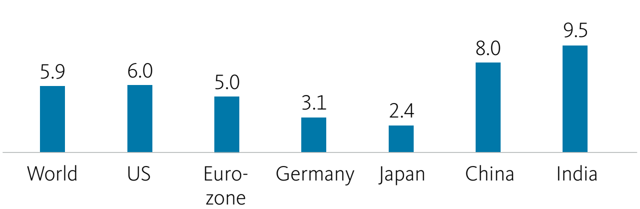
Economic Report

General economic conditions

In fiscal year 2020/21, the global economy recovered from the previous year's economic slump brought on by the COVID-19 pandemic. Due to the increase in vaccination rates worldwide, especially in industrialized nations, the economy swiftly recovered in a number of countries in the past fiscal year following the lockdowns that had been in place. In its October forecast, the International Monetary Fund (IMF, www.imf.org) expects an increase of 5.9 % in global economic growth for 2021 – following a 3.1 % decline the year before. The pandemic situation is still strained in some national economies and is leading to new lockdowns in certain regions, while the vaccination rates worldwide are rising.

Expected GDP growth in 2021

in %



Source: International Monetary Fund, October 2021

For the eurozone, the IMF forecasts 5.0 % growth for 2021 (previous year: -6.3 %). For Germany, whose slump of -4.6 % in calendar year 2020 was less pronounced than in France, Spain, or Italy, GDP growth of 3.1 % is anticipated for 2021. Economic recovery in the eurozone was particularly driven by a bounce-back of industry to the pre-pandemic level. In contrast, the service sector remains below the pre-COVID-19 level due in part to new regional lockdowns and travel restrictions until March of this calendar year. Political assistance in the form of economic programs and state support was expanded again in 2021 to soften the impacts of the COVID-19 pandemic.

For the US, the IMF predicts GDP growth of 6.0 % for 2021 (previous year: -3.4 %). The main drivers of this stable growth have been fiscal policy measures and new infrastructure investments. According to the IMF, risks for the economic growth forecast include the outbreak of additional variants of the virus and the possibility that infrastructure support and family assistance might not reach the levels indicated.

The economic recovery that took hold in China in Q2 2020 is supposed to continue its momentum during the calendar year. At 8.0 %, the IMF forecasts significantly stronger economic growth than the previous year (2.3 %) despite new mobility restrictions in individual regions due to the outbreak of COVID-19 infections and a reduction in public investments.

In 2021, the global financial markets were once again shaped by fiscal policy measures to stem the effects of COVID-19. Central banks around the world lowered interest rates and expanded their balance sheets, facilitating loose monetary policy. The European Central Bank (ECB) extended its purchases of securities under the Pandemic Emergency Purchase Programme (PEPP) again and provided favorable financing options. The US Federal Reserve has kept the federal funds rate within a corridor of 0.00 % to 0.25 % in the current calendar year and has continued its pandemic purchase programs.

Conditions specific to the industry

Aurubis is mainly active on the international copper market and its submarkets, which underwent the following developments in fiscal year 2020/21:

In 2021, the international copper concentrate market was characterized by improved mining output compared to the previous year, and thus a higher concentrate supply, particularly in the second half of the year. The rate of worldwide mine production outages due to severe weather, strikes, or COVID-19 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 2021 to exceed the previous year by 2.5 %.

The global smelter industry, especially in Asia, experienced a number of planned and unplanned downtimes during the fiscal year, due in part to regional restrictions on energy consumption in China at the end of the fiscal year. Furthermore, Chinese smelters agreed to limit their purchases on the international concentrate markets in order to shore up TC/RCs. These effects dampened global concentrate demand. Nevertheless, new smelter projects in Asia started up production during the calendar year. For 2021, Wood Mackenzie expects 0.8 % capacity expansion on the smelter side, with China continuing to account for the greatest proportion of global growth. In total, the global concentrate market should have a slight deficit of around 200,000 t in 2021.

The European market for recycling raw materials, which is most relevant for Aurubis, demonstrated a very volatile, high-level trend in fiscal year 2020/21 again. The supply of copper scrap in Europe rose at the start of the fiscal year, supported by high metal prices overall. The high metal prices created incentives for collection and processing activities among metal traders and led to a very high supply. The import quota system in China, which placed stricter import restrictions on copper scrap and other recycling material groups, also led to additional supply in Europe. Subsequently, refining charges for copper scrap steadily increased to a very high level until summer 2021. The oversupply normalized at the end of the fiscal year, which led to a reduction in refining charges for copper scrap, though they remained at a continued high level. Complex recycling materials such as electronic scrap and industrial residues experienced high supply during the reporting period. In line with supply, refining charges for complex recycling materials increased in fiscal year 2020/21 as well.

Global production of refined copper was mainly shaped by the following factors in fiscal year 2020/21: the ramifications of the pandemic, which led to logistical problems such as a shortage of containers; the planned and unplanned downtimes 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 81.9 % in the first half of 2021, exceeding the prior-year level of 80.8 %. Overall, Wood Mackenzie forecasts that global output of refined copper for 2021 will reach a level around 24.1 million t, 0.5 % above that of the previous year.

The strong recovery of the global economy boosted demand for refined copper considerably in fiscal year 2020/21. Supported by fiscal policy measures, worldwide demand for refined copper in the first half of 2021 rose by about 3.8 % compared to the previous year, according to the ICSG. The Purchasing Managers Index (PMI) indicates very high production activity for 2021, especially in Europe and the US, supported by favorable financing costs. Additionally, demand was very high in the end customer segment throughout the fiscal year. Wood Mackenzie anticipates total global demand for refined copper at 24.4 million t in calendar year 2021 (previous year: 23.5 million t).

Global exchange inventories of copper cathodes remained at historically low levels in 2021 again. At the beginning of the calendar year, the LME and COMEX held 74,200 t and 69,556 t, respectively, the lowest inventories since 2005. As the fiscal year went on, total inventories at the metal exchanges LME, COMEX, and SHFE recovered at a low level. About 317,000 t in total were stored at the end of the fiscal year, compared to 398,000 t at the start of the fiscal year.

Wood Mackenzie expects a deficit of about 240,000 t on the global refined copper market in calendar year 2021.

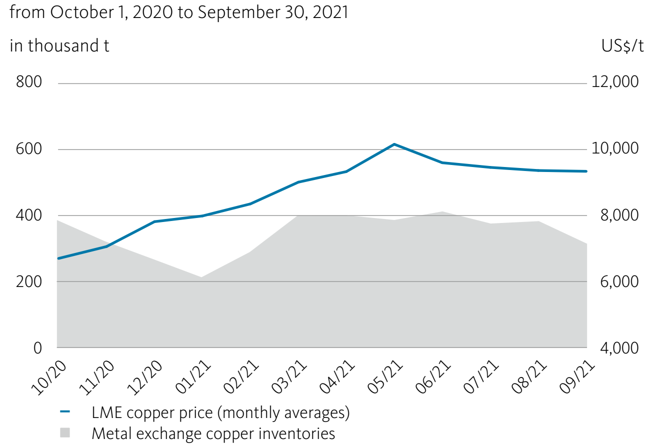
The international wire rod market is still the predominant outlet for refined copper. Wood Mackenzie estimates that approximately 74 % of global cathode output goes to this market worldwide. This is expected to grow by around 5 % in calendar year 2021, compared to a roughly 3 % decrease in demand in 2020. Aurubis primarily supplies the European market. After very stable demand in Q1, a continued positive trend was apparent in the first half of 2021. Demand was confirmed across all customer segments, the construction and energy sectors as well as the automotive industry, as the fiscal year progressed.

Throughout the entirety of fiscal year 2020/21, the global sulfuric acid market experienced very stable demand with a tightening supply. With the significant decline in flights and road traffic due to COVID-19, the use of fuels and kerosene dropped sharply. Oil delivery rates decreased accordingly. Moreover, the obstruction of the Suez Canal affected the availability of crude oil in Europe. Because of the reduced output in oil refineries, the global supply of sulfur declined, which caused sulfur burners to produce less sulfuric acid or be shut down completely – with strong global demand due to the dynamic economic trend at the same time. As a result, spot market prices increased constantly over the entire fiscal year, both in Asia and North and South America. In Europe and Turkey, too, a tight supply with stable demand led to stark increases in spot market prices. Because of its customer and contract structure, Aurubis isn't completely exposed to developments on the spot market, and any impacts occur with a time lag.

The LME copper price increased notably in the course of fiscal year 2020/21. From US$ 6,610/t (settlement Glossary, page 214) at the start of the fiscal year, it rose until mid-May and reached a ten-year high of US$ 10,724/t on May 10, 2021. As the fiscal year went on, the copper price was volatile and ranged from US$ 9,000/t to US$ 10,000/t. Influences such as geopolitical risks, isolated outbreaks of COVID-19 infections, and strong demand for refined copper balanced each other out. The fiscal year closed with an LME copper price of US$ 9,041/t (settlement). The average price for the fiscal year was US$ 8,677/t (previous year: US$ 5,857/t).

Copper price and metal exchange copper inventories

from October 1, 2020 to September 30, 2021



Economic development within the Aurubis Group

NOTABLE EVENTS DURING THE FISCAL YEAR

FINANCIAL PERFORMANCE, ASSETS, LIABILITIES, 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 for internal management purposes in a manner that is independent of the measurement influences that are listed below. In consequence, its financial performance, assets, liabilities, and financial position are presented on the basis of operating figures.

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

- Adjusting for measurement effects 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 in the value of metal inventories as at the reporting date are eliminated
- Adjusting for reporting date-related effects deriving from market valuations of metal derivatives that haven't been realized, which concern the main metal inventories at our smelter sites
- Eliminating any non-cash effects deriving from purchase price allocations
- Adjusting for effects deriving from the application of IFRS 5

With effect from June 1, 2020, the Beerse and Berango sites of the former Metallo Group have been included in the financial performance, assets, liabilities, and financial position of the Aurubis Group. The financial performance for the previous fiscal year therefore includes these new Group companies for just four months.

With the signing of a term sheet in August 2021, assets and liabilities of four Group companies of Segment FRP are classified as held for sale in accordance with IFRS 5. The presentation and measurement rules specified in IFRS 5 must be applied for these assets and liabilities. These include, among other things, an aggregated disclosure of assets and liabilities held for sale in the consolidated statement of financial position.

The accounting impacts deriving from IFRS 5 in the financial statements are reversed in the reconciliation between the IFRS reporting and operating reporting, meaning that the assets and liabilities held for sale are effectively only disclosed in the IFRS consolidated statement of financial position.

FINANCIAL PERFORMANCE

In the past fiscal year, the Aurubis Group generated significantly higher operating earnings before taxes (EBT) of € 353 million in comparison to the previous year (€ 221 million). The operating return on capital employed (ROCE) was 15.6 % (previous year: 9.3 %). We therefore significantly exceeded our forecast, which we had increased in January 2021, which had predicted an operating EBT of between € 270 million and € 330 million and an operating ROCE of between 9 % and 12 %. IFRS earnings before taxes (EBT) amounted to € 825 million (previous year: € 367 million).

The following table shows how the respective operating results for the 2020/21 fiscal year and for the comparative prior-year period have been determined.

Reconciliation of the consolidated income statement

iin € million	12 months 2020/21 IFRS	12 months 2020/21 Adjustment effects: Inventories/ fixed assets	12 months 2020/21 Operating	12 months 2019/20 IFRS	12 months 2019/20 Adjustment effects: Inventories/ fixed assets	12 months 2019/20 Operating
Revenues	**16,300**	**0**	**16,300**	**12,429**	**0**	**12,429**
Changes in inventories of finished goods and work in process	146	-222	-76	118	-108	10
Own work capitalized	32	0	32	23	0	23
Other operating income	73	0	73	33	0	33
Cost of materials	-14,637	-262	-14,899	-11,199	-63	-11,262
Gross profit	**1,914**	**-484**	**1,430**	**1,404**	**-171**	**1,233**
Personnel expenses	-554	0	-554	-553	0	-553
Depreciation of property, plant, and equipment and amortization of intangible assets	-219	20	-199	-210	18	-192
Other operating expenses	-311	0	-311	-265	0	-265
Operational result (EBIT)	**830**	**-464**	**366**	**376**	**-153**	**223**
Result from investments measured using the equity method	18	-8	10	6	7	13
Interest income	4	0	4	7	0	7
Interest expense	-18	0	-18	-19	0	-19
Other financial expenses	-9	0	-9	-3	0	-3
Earnings before taxes (EBT)	**825**	**-472**	**353**	**367**	**-146**	**221**
Income taxes	-212	125	-87	-102	49	-54
Consolidated net income	**613**	**-347**	**266**	**265**	**-97**	**167**

Explanations concerning the presentation and the adjustment effects can be found in Financial performance, assets, liabilities, and financial position of the Aurubis Group, pages 95–103.

Operating EBT in fiscal year 2020/21 was € 353 million (previous year: € 221 million) and was influenced by the following factors compared to the previous year:

- Significantly higher refining charges for copper scrap and other recycling materials compared to the previous year
- A considerably higher throughput of other recycling materials, due in part to the inclusion of the input materials for the Beerse and Berango sites
- Slightly lower concentrate throughputs, coupled with lower treatment and refining charges for copper concentrates due to market factors; planned shutdowns in the Group influenced the result in both the reporting period (by some € -36 million in operating EBT) and the previous year (by some € -50 million in operating EBT). The reporting year's result was also negatively influenced by delays in the restarting of production processes following the planned shutdown in Q4 2020/21 at our site in Pirdop.

- A considerably higher metal result with a strong increase in metal prices
- Significantly higher sulfuric acid revenues due to a strong increase in sales prices
- Substantially higher demand for copper products,
- Positive contributions to earnings deriving from our Performance Improvement Program (PIP)
- Significantly higher energy costs, particularly for electricity and gas

The Group's revenues increased by € 3,871 million to € 16,300 million during the reporting period (previous year: € 12,429 million). This development was primarily due to higher copper prices in comparison to the previous year. Higher sales volumes for copper products coupled with a high price level also had a positive effect. In the breakdown by region, there was a partial shift in revenues deriving from sales of precious metals from Germany to other EU countries. In addition, the withdrawal of the United Kingdom from the from the European Union is also reflected.

Breakdown of revenues

in %	2020/21	2019/20
Germany	35	44
European Union	34	27
Rest of Europe	8	4
Other	23	25
Total	**100**	**100**

The € -76 million change in inventories of finished goods and work in process (previous year: € 10 million) was due to the reduction in intermediate products in connection with the maintenance shutdown at our site in Pirdop.

The cost of materials ratio rose increased from 90.5 % in the previous year to 91.8 %. 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. Among other factors, significantly higher energy costs, due especially to higher electricity prices, were noticeable. Energy costs amounted to € 232 million in the reporting period (previous year: € 185 million).

The increase in own work capitalized to a level of € 32 million in the fiscal year (previous year: € 23 million) was mainly the result of activities connected to the maintenance shutdown at the Pirdop site, as well as investments to reduce diffuse emissions at the Hamburg site.

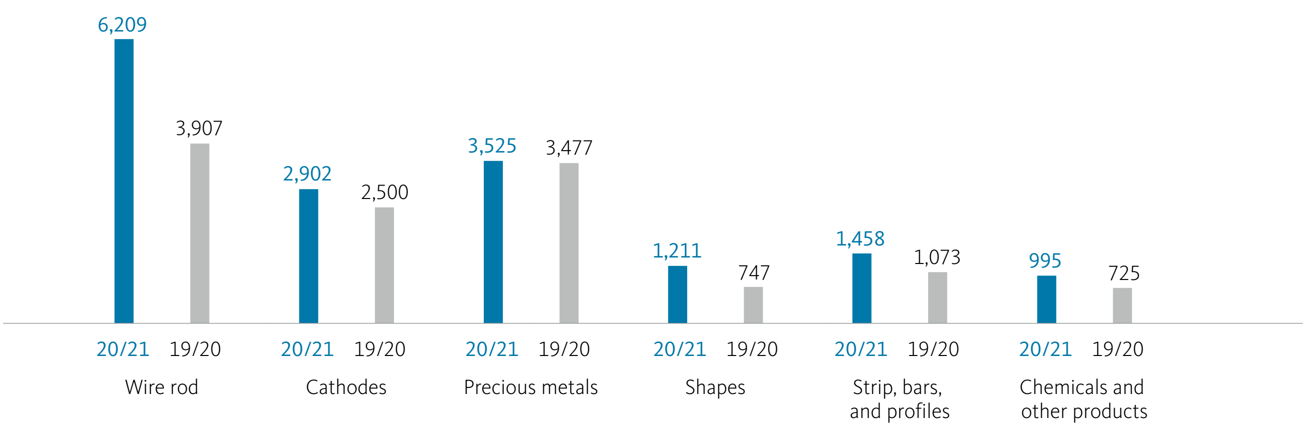
Other operating income increased significantly by € 40 million, to € 73 million, and included, among other items, income of € 27 million from cost reimbursements (previous year: € 20 million). Furthermore, € 15 million in income from insurance reimbursements connected to the severe weather impacts at the Stolberg site is also included. During the financial year reported, income from the sale of property, plant, and equipment to a joint venture (€ 6 million) and income deriving from reversals of impairment losses previously recognized against fixed assets (€ 6 million) were also recognized.

Overall, the operating gross profit generated was higher than the level achieved in the previous year and amounted to € 1,430 million (previous year: € 1,233 million).

Personnel expenses increased slightly – from € 553 million in the previous year to € 554 million. This was due in particular to the first-time inclusion of the Beerse and Berango sites for an entire year. Furthermore, the fiscal year included higher costs incurred for a “coronavirus bonus” of € 6 million, as well as performance-based bonuses and wage tariff increases. A counteracting effect within the personnel expenses for the fiscal year, amounting to € 14 million, resulted from the reversal of provisions previously set up for personnel-related restructuring expenses in connection with our Performance Improvement Program (PIP).

Development of revenues by products

in € million



At a level of € 199 million, depreciation and amortization of fixed assets was higher than in the previous year (€ 192 million). The figure includes impairment losses of € 8 million recognized against Segment MRP's fixed assets. In addition, scheduled depreciation charges for the Beerse and Berango sites , which were fully included for the first time, accounted for an increase of about € 19 million. In contrast, the previous year included an impairment loss recognized against the goodwill attributable to the cash-generating unit Aurubis Hamburg Copper Products (€ 17 million), as well as recognition of additional impairment losses for Segment FRP.

The significant increase in other operating expenses to a new total level of € 311 million as at the reporting date (previous year: € 265 million) includes allocations to provisions to cover environmental risks (€ 10 million) and expenses in connection with severe weather impacts at the Stolberg site (€ 11 million). Furthermore, the inclusion of the Beerse and Berango sites (of some € 10 million) and higher selling expenses (of around € 10 million) contributed to this development.

Earnings before interest and taxes (EBIT) therefore amounted to € 366 million (previous year: € 223 million).

At a level of € -13 million, the financial result was well below that of the previous year (€ -2 million) and was particularly influenced by impairment losses totaling € 8 million recognized against the carrying amounts of two non-consolidated companies.

Operating earnings before taxes (EBT) amounted to € 353 million (previous year: € 221 million), representing a considerable improvement on the figure for the previous year.

After taking income taxes into account, the operating consolidated net income after tax amounted to € 266 million (previous year: € 167 million). Operating earnings per share amounted to € 6.10 (previous year: € 3.73).

The IFRS EBT of € 825 million (previous year: € 367 million) significantly exceeded that of 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 2020/21 includes inventory measurement effects of € 484 million (previous year: € 171 million). The substantial increase in the copper price throughout the fiscal year was a decisive factor. This volatility is not relevant for cash flow purposes and is not reflected in Aurubis' operating performance.

The reconciliation of depreciation and amortization includes an impairment loss of € 20 million recognized against assets held for sale, which are not included in the operating result. The recognition of this impairment loss did not impact the operating result as, from the date of their initial recognition, the assets involved have had a lower carrying amount than for IFRS purposes.

The IFRS consolidated net income amounted to € 613 million (previous year: € 265 million). This translates to IFRS earnings per share of € 14.03 (previous year: € 5.95).

ASSETS AND LIABILITIES

The table Reconciliation of the consolidated statement of financial position, page 101 shows the derivation of the operating statement of financial position as at September 30, 2021 and as at September 30, 2020.

Total assets (operating) increased from € 4,897 million as at September 30, 2020 to € 5,493 million as at September 30, 2021. This was due in particular to the considerable increase in cash and cash equivalents, as a result of the very good free cash flow of € 488 million for the fiscal year. In addition, current receivables increased from € 634 million to € 760 million. These included higher trade accounts receivable, which built up due to the sharp increase in copper prices and a high volume of copper product sales.

In contrast, inventories decreased by € 85 million, from € 1,855 million as at September 30, 2020 to € 1,770 million as at September 30, 2021. The reduction was especially marked in the input materials area, as a result of the reduced availability of recycling materials and intermediate products. In contrast, the previous year had been influenced by high inventories of input materials to secure the smelter network's supply during the pandemic.

The Group's equity increased by € 245 million, from € 2,403 million as at the end of the previous fiscal year to € 2,648 million as at September 30, 2021. The increase was due to the operating consolidated total comprehensive income of € 321 million. The dividend distribution of € 57 million and the purchase of treasury shares, amounting to € 19 million, had a counteracting effect.

Current liabilities increased by € 469 million, from € 1,392 million to € 1,861 million. They particularly include trade accounts payable of € 1,406 million (previous year: € 1,149 million), which built up considerably due to the sharp increase in copper prices.

At a level of € 582 million as at September 30, 2021, borrowings were similar to the previous fiscal year (€ 583 million). A Schuldschein loan of € 103 million is scheduled to fall due in February 2022, and was therefore disclosed under current financial liabilities as at the reporting date.

The following table shows the development of borrowings.

Development of borrowings

in € million	9/30/2021	9/30/2020
Non-current bank borrowings	400	503
Non-current lease liabilities	45	53
Non-current borrowings	**445**	**556**
Current bank borrowings	127	15
Current lease liabilities	11	12
Current borrowings	**138**	**27**
Total borrowings	**582**	**583**

Overall, the operating equity ratio (the ratio of equity to total assets) was therefore 48.2 %, compared to 49.1 % as at the end of the previous fiscal year.

Total assets (IFRS) increased from € 5,534 million as at September 30, 2020 to € 6,613 million as at September 30, 2021. The very substantial increase was due to the € 340 million increase in inventories, from € 2,464 million as at September 30, 2020 to € 2,804 million as at September 30, 2021; a considerable increase in contrast to the operating statement of financial position. A key factor for the IFRS figure was the high copper prices that prevailed throughout the entire fiscal year.

The Group's equity increased by € 592 million, from € 2,851 million as at the end of the previous fiscal year to € 3,443 million as at September 30, 2021. The increase resulted in particular from the consolidated total comprehensive income of € 667 million, which was higher than in the operating statement of financial position. Overall, the IFRS equity ratio was 52.1 % as at September 30, 2021, compared to 51.5 % as at the end of the previous fiscal year.

Structure of the IFRS statement of financial position for the Group

in %	9/30/2021	9/30/2020
Fixed assets	30	34
Inventories	42	44
Receivables, etc.	14	13
Cash and cash equivalents	14	9
	100	**100**
Equity	52	52
Provisions	12	13
Liabilities	36	35
	100	**100**

Reconciliation of the consolidated statement of financial position

	9/30/2021					9/30/2020				
		Adjustment effects					Adjustment effects			
in € million	IFRS	IFRS 5	Inventories	Fixed assets	Operating	IFRS	IFRS 5	Inventories	Fixed assets	Operating
ASSETS										
Fixed assets	1,958	9	-20	-4	1,943	1,904	3	-11	-25	1,871
Deferred tax assets	18	0	0	0	18	9	0	11	0	20
Non-current receivables and other assets	37	0	0	0	37	36	0	0	0	36
Inventories	2,804	62	-1,096	0	1,770	2,464	3	-612	0	1,855
Current receivables and other assets	716	44	0	0	760	629	5	0	0	634
Cash and cash equivalents	942	23	0	0	965	481	0	0	0	481
Assets held for sale	138	-138	0	0	0	11	-11	0	0	0
Total assets	**6,613**	**0**	**-1,116**	**-4**	**5,493**	**5,534**	**0**	**-612**	**-25**	**4,897**
EQUITY AND LIABILITIES										
Equity	3,443	0	-793	-2	2,648	2,851	0	-426	-22	2,403
Deferred tax liabilities	443	0	-323	-2	118	302	1	-186	-3	114
Non-current provisions	291	2	0	0	293	332	0	0	0	332
Non-current liabilities	503	1	0	0	504	578	0	0	0	578
Current provisions	67	2	0	0	69	78	0	0	0	78
Current liabilities	1,828	33	0	0	1,861	1,386	6	0	0	1,392
Liabilities deriving from assets held for sale	38	-38	0	0	0	7	-7	0	0	0
Total equity and liabilities	**6,613**	**0**	**-1,116**	**-4**	**5,493**	**5,534**	**0**	**-612**	**-25**	**4,897**

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 95-103.

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.

Operating ROCE improved to 15.6 %, compared to 9.3 % in the previous year, especially as a result of the very good earnings performance.

Return on capital employed (ROCE) (operating)

in € million	9/30/2021	9/30/2020
Fixed assets, excluding financial fixed assets	1,877	1,836
Inventories	1,770	1,855
Trade accounts receivable	550	490
Other receivables and assets	265	200
– Trade accounts payable	-1,406	-1,149
– Provisions and other liabilities	-642	-500
Capital employed as at the reporting date	**2,415**	**2,731**
Earnings before taxes (EBT)	353	221
Financial result	13	2
Earnings before interest and taxes (EBIT)	**366**	**223**
Pro forma EBIT of Metallo[1]	-	18
Investments accounted for using the equity method	10	13
Earnings before interest and taxes (EBIT) – adjusted	**376**	**253**
Return on capital employed (operating ROCE)	**15.6 %**	**9.3 %**

[1] Result for four months already included in EBIT in the previous year; pro forma result for eight months.

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, as well as 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 ratio of the net cash position (cash and cash equivalents less borrowings) to earnings before interest, taxes, depreciation, and amortization (EBITDA, page 215) 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)

	9/30/2021	9/30/2020
Debt coverage = net cash position[1] / EBITDA	-0.7	0.2
Interest coverage = EBITDA/net interest	38.0	31.4

[1] (-) Net cash surplus / (+) net borrowings

Additional control measures related to liquidity risks are outlined in the Risk and Opportunity Report in the Combined Management Report pages 116-126.

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 in the fiscal year and relatively low net working capital resulted in a significantly higher **net cash flow** of € 812 million compared to the prior-year level (€ 459 million).

The cash outflow from investing activities totaled € 232 million (previous year: € 556 million) and, in contrast to the previous year, didn't include any payments for the acquisition of shares in affiliated companies (previous year: € 332 million for the acquisition of the Metallo Group). Payments during the fiscal year included investments in environmental protection measures to continue reducing diffuse emissions in Hamburg (€ 45 million) and in connection with the planned maintenance shutdown in Pirdop in August/September 2021 (€ 36 million).

After taking into account payments of € 19 million for the purchase of treasury shares, interest payments totaling € 16 million, and the dividend distribution of € 57 million, the free cash flow of € 488 million was very good (previous year: € -208 million).

in € million	**12 months 2020/21**	12 months 2019/20
Cash inflow from operating activities (net cash flow)	812	459
Cash outflow from investing activities	-232	-556
Acquisition of treasury shares	-19	-39
Interest paid	-16	-16
Dividend payment	-57	-56
Free cash flow	**488**	**-208**
Proceeds and payments deriving from financial liabilities	-3	248
Net change in cash and cash equivalents	**485**	**40**
Cash and cash equivalents as at the reporting date	**965**	**481**

Cash and cash equivalents of € 965 million were available to the Group as at September 30, 2021 (September 30, 2020: € 481 million). The net cash position as at September 30, 2021 was € 383 million (previous year: € -102 million).

Net cash position of the Group

in € million	**9/30/2021**	9/30/2020
Cash and cash equivalents	965	481
Borrowings	582	583
Net cash position	**383**	**-102**

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

SEGMENT METAL REFINING & PROCESSING

Key figures

in € million	2020/21 operating	2019/20 operating[1]
Revenues	15,079	11,488
Operating EBITDA	588	461
Depreciation and amortization	-180	-170
Operating EBIT	409	291
Operating EBT	399	285
Capital expenditure	227	202
Operating ROCE	18.9 %	12.6 %
Capital employed	2,151	2,438
Number of employees (average)	5,237	4,935

[1] Metallo included for four months.
Certain prior-year figures have been adjusted.

BUSINESS PERFORMANCE AND EARNINGS TREND

The main factors driving earnings in Segment Metal Refining & Processing (MRP) are treatment and refining charges (TC/RCs) that are negotiated as deductions from the purchase price of the metals for converting raw materials and recycling materials into the exchange product – copper cathodes – and other metals. Additional earnings components include revenues from precious metal and sulfuric acid sales, as well as the metal gain. Furthermore, the Aurubis copper premium and the so-called product surcharge charged for processing copper cathodes into copper products are also significant earnings components.

The Beerse and Berango sites of the former Metallo Group have been included in the Aurubis Group since June 1, 2020. The prior-year figures thus only partially include the new Group companies.

Business activities connected with our long-term electricity supply contract for our German sites were bundled within Segment MRP for the first time in the reporting period. Prior-year figures have been adjusted accordingly.

Segment MRP generated total revenues of € 15,079 million during the reporting period (previous year: € 11,488 million). This development was primarily due to higher copper prices in comparison to the previous year. Significantly higher sales of copper products, with a high price level at the same time, had a positive impact as well.

Operating EBT for Segment MRP amounted to € 399 million during the reporting period, up significantly year-over-year (previous year: € 285 million). Substantially higher refining charges for copper scrap and other recycling materials with a higher throughput of other recycling materials, due in part to the inclusion of the Beerse and Berango sites, as well as a significantly higher metal result with a strong increase in metal prices, positively influenced the result.

Considerably higher sulfuric acid revenues thanks to a strong increase in sales prices, significantly higher demand for copper products, and contributions from the Performance Improvement Program (PIP) increased earnings as well.

A slightly lower concentrate throughput with lower treatment and refining charges for copper concentrates compared to the previous year, driven by market factors, negatively affected operating EBT. Planned shutdowns in the Group influenced the result in both the reporting period (about € -36 million operating EBT) and the previous year (about € -50 million operating EBT). Delays in the ramp-up after the planned shutdown at our site in Pirdop (Bulgaria) in Q4 2020/21 also weighed on the result.

High energy costs, especially for electricity and gas, likewise negatively affected the result.

Overall, at € 399 million, Segment MRP's operating result was 40 % above the prior-year level (€ 285 million). At 18.9 % (previous year: 12.6 %), the segment's operating ROCE also developed positively, considerably exceeding the 15.0 % target.

RAW MATERIAL MARKETS

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

The global copper concentrate market indicated higher mine output in 2021 year-over-year. Compared to the previous year, there were fewer production losses, particularly because of reduced losses related to COVID-19. Expansions of existing mines and new mine projects in Chile and Peru positively influenced the concentrate supply as well. On the global smelter industry side, planned downtimes dampened demand for copper concentrates, particularly in China starting in Q3 of fiscal year 2020/21. In alignment with this trend, the development of TC/RCs for standard copper concentrates on the spot market was consistently positive starting in May 2021. Previously, they had fallen at the start of the fiscal year until March 2021, to US$ 30/t and 3.0 cents/lb, because of strong demand from the Asian smelter industry. As a result of the numerous downtimes and more restrained demand from Chinese smelters, the TC/RCs at the end of the fiscal year were US$ 62/t and 6.2 cents/lb.

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 2021 annual contracts, the benchmark TC/RC for processing standard copper concentrates was US$ 59.5/t and 5.95 cents/lb (2020: US$ 62/t and 6.2 cents/lb). The spot market was under the benchmark at the beginning of the fiscal year. Because of the positive trend in the concentrate supply and Chinese smelters' buying restraint on the market, the spot prices at fiscal year-end indicated substantial recovery tendencies above the benchmark.

Very high level of refining charges for copper scrap and other recycling materials

In fiscal year 2020/21, the market for copper scrap and complex recycling materials had a very good supply due to dynamic economic circumstances and strong increases in metal prices. The recovery of the European economy and rising metal prices led to high collection rates and a good supply of copper scrap accordingly. Copper scrap exports to Asia were lower, especially at the start of the fiscal year, due to the new import restrictions. This had a positive impact on the volumes available in Europe. Starting in Q4 of the fiscal year, Asian demand for copper scrap gained momentum and caused a shift in material flows. All in all, refining charges for copper scrap developed very positively in the course of fiscal year 2020/21 due to the good supply and surpassed the prior-year level considerably.

Complex recycling raw materials were available on the market with very good refining charges during the entire fiscal year. In this context, high demand for metal products and rising industrial production, for example, positively influenced the availability of complex recycling materials. Despite the logistical challenges that COVID-19 posed, Aurubis secured the supply for its production facilities throughout the whole fiscal year.

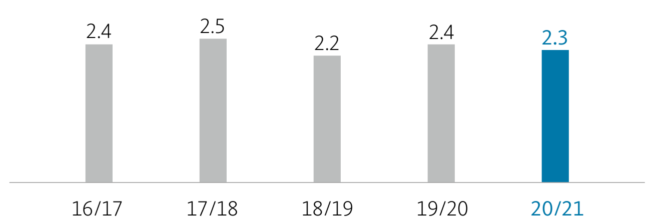
PRODUCTION

Concentrate throughput lower due to shutdown

Production at our smelter sites was at a good level overall in the fiscal year. At 2,250,000 t, concentrate throughput for fiscal year 2020/21 was slightly below the previous year (2,378,000 t) owing to delays in the ramp-up after the planned shutdown at our site in Pirdop (Bulgaria) in Q4 2020/21. Shutdowns impacted throughput in the previous year as well.

Concentrate throughput

in million t

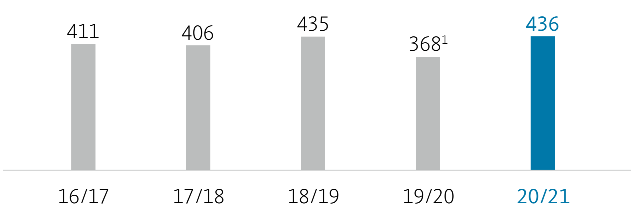


Copper scrap/blister copper input significantly exceeds previous year

During the reporting year, our production sites benefited from a very good supply of copper scrap, blister copper Glossary, page 212, and other recycling materials. Overall, the Group-wide input of copper scrap and blister copper in fiscal year 2020/21, at 436,000 t, was much higher than the prior-year level (368,000 t), due in part to the inclusion of the Beerse (Belgium) and Berango (Spain) sites.

Copper scrap and blister copper input in the Group

in thousand t

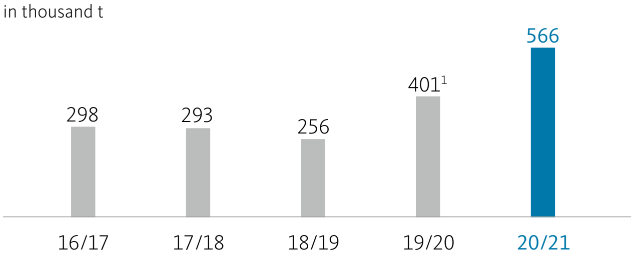


[1] Prio-year figure adjusted.
Metallo sites included for four months in 2019/20.

The input of other recycling materials such as industrial residues, slimes, shredder materials, and electrical and electronic scrap increased by 41 % during the reporting period, to 566,000 t (previous year: 401,000 t), due in part to the first-time inclusion of the input volumes of the Metallo sites Beerse and Berango for the entire fiscal year.

Input of other recycling materials

in thousand t



[1] Prio-year figure adjusted.
Metallo sites included for four months in 2019/20.

Cathode output at a very good level

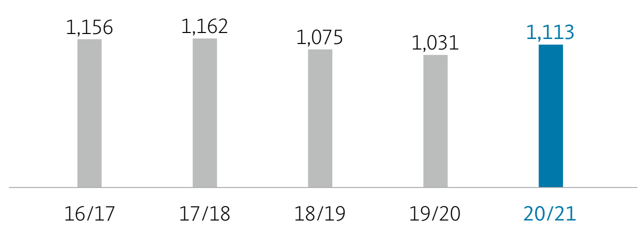
At 1,113,000 t in 2020/21, copper cathode output in Segment MRP significantly exceeded the prior-year level (1,031,000 t) due to good production and stable capacity utilization in the tankhouses. The previous year was strained by production limitations caused by crane damage in the tankhouse in Olen.

At 149,000 t, cathode output at our site in Lünen in fiscal year 2020/21 was down significantly on the prior-year level (173,000 t) as a result of the ongoing renovation measures in the tankhouse.

The international cathode markets recorded high demand overall in the first half of fiscal year 2020/21. The recovery in demand compared to the previous year was apparent in Europe and the US especially. Spot premiums in Europe proved to be stable over the entire fiscal year. Quotations in Shanghai were low during most of the fiscal year but rose significantly at the end of the fiscal year due to a tighter supply and arbitrage options. At US$ 96/t, the Aurubis copper premium for calendar year 2021 was the same as in the previous year.

Cathode output in the Group

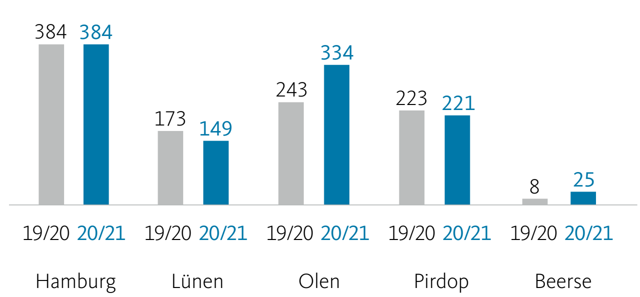
in thousand t



Metallo sites included for four months in 2019/20.

Cathode output in the Group by sites

in thousand t



Metallo sites included for four months in 2019/20.

Metal sales volumes
The sales volumes of the metals Aurubis produces were as follows in fiscal year 2020/21:

Sales volumes of other metals

		2020/21	2019/20[1]
Gold	t	51	47
Silver	t	949	972
Lead	t	40,717	28,014
Nickel	t	3,900	3,395
Tin	t	10,043	4,213
Zinc	t	8,809	3,565
Minor metals	t	977	807
Platinum group metals (PGMs)	kg	8,722	8,935

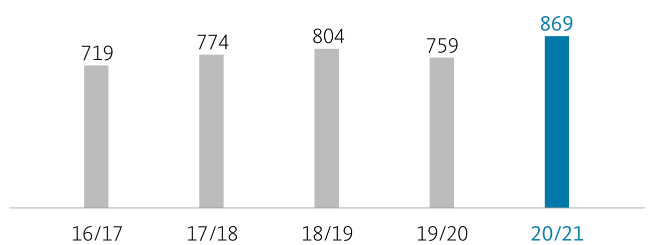
[1] Metallo sites included for four months.

The recovery of our metals depends on the metal contents in the processed copper concentrates and recycling materials. Lower concentrate throughputs therefore impact the volumes of the different metals that are recovered. A portion of the metals is sold as intermediate products. The inclusion of the Beerse and Berango sites led to higher metal sales volumes, especially for tin, zinc, nickel, and lead.

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 wire rod developed very positively in all customer segments in light of the economic rebound. The recovery in demand that took hold in Q4 2019/20 continued in the first half of 2020/21 and remained at a stable, high level in the second half-year. Demand from the energy sector and construction industry remained very high over the entire fiscal year.

Wire rod output

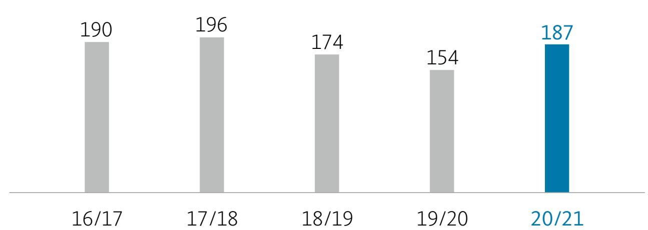
in thousand t



Notable increase in shapes output compared to previous year
Demand for high-purity shapes recovered considerably year-over-year. The order situation was at a stable, high level throughout the fiscal year, due in large part to high demand from the flat rolled products sector.

Shapes output

in thousand t



Sulfuric acid output below prior-year level due to reduced concentrate throughput

Corresponding to the concentrate throughput, the sulfuric acid output was 2,107,000 t, below the prior-year level (2,272,000 t). Throughout the entirety of fiscal year 2020/21, the global sulfuric acid market experienced very stable demand with a tightening supply. The decline in flight traffic especially, due to the shutdowns caused by COVID-19, led to reduced oil output. Moreover, logistical bottlenecks such as the obstruction of the Suez Canal reduced the availability of crude oil in Europe. The supply of sulfur, a by-product in oil refinery production, decreased accordingly with strong global demand, leading to lower sulfuric acid availability since sulfur burners produced less sulfuric acid or had to shut down completely. Spot market prices on the global markets for sulfuric acid thus increased over the entire fiscal year 2020/21. In Europe and Turkey, our main sales markets, a tight supply with stable demand led to stark increases in spot market prices as well. Because of its customer and contract structure, Aurubis isn't completely exposed to developments on the spot market, and any impacts occur with a time lag.

CAPITAL EXPENDITURE

Capital expenditure in Segment MRP amounted to € 227 million (previous year: € 202 million). Significant investments were made in connection with the maintenance shutdown in Pirdop (Bulgaria), the environmental protection measures in Hamburg to further reduce diffuse emissions, and the modernization of the tankhouse in Lünen.

SEGMENT FLAT ROLLED PRODUCTS

Key figures

in € million	**2020/21 operating**	2019/20 operating
Revenues	1,432	1,086
Operating EBITDA	23	15
Depreciation and amortization	-16	-19
Operating EBIT	7	-3
Operating EBT	13	1
Capital expenditure	15	18
Operating ROCE	6.6 %	3.0 %
Capital employed	289	316
Number of employees (average)	1,615	1,632

BUSINESS PERFORMANCE AND EARNINGS TREND

Segment Flat Rolled Products (FRP) processes copper and copper alloys – primarily brass, bronze, and high-performance alloys – into flat rolled products and specialty wire. The main production sites are Stolberg (Germany), Pori (Finland), Zutphen (Netherlands), and Buffalo (US). Furthermore, the segment also includes slitting and service centers in Birmingham (UK), Dolný Kubín (Slovakia), and Mortara (Italy), as well as sales offices worldwide.

Segment FRP generated total revenues of € 1,432 million during the reporting period (previous year: € 1,086 million). After low sales volumes in the previous year due to the COVID-19 pandemic, demand for strip products stabilized again in the course of fiscal year 2020/21. With higher metal prices, sales increased significantly despite the production stop at our plant in Stolberg caused by the flooding disaster in Q4 2020/21.

Segment FRP generated operating earnings before taxes (EBT) of € 13 million (previous year: € 1 million). This notably improved result compared to the previous year was based on the recovery of demand for strip products and the continued implementation of our strict cost management. Negative effects from rebuilding costs for our plant in Stolberg following the flooding disaster are offset by insurance payments.

At 6.6 %, operating ROCE (taking the operating EBIT of the last four quarters into consideration) improved considerably compared to the previous year (3.0 %).

On July 14, 2021, production at Aurubis Stolberg GmbH had to be stopped due to severe weather impacts. As a result, Aurubis Stolberg GmbH & Co. KG had to declare force majeure on July 16, 2021. After extensive clean-up and repair work, we restarted production at Aurubis Stolberg again in early November.

On August 9, 2021, Aurubis announced the signing of a term sheet with Intek Group S.p.A., Italy, regarding a partial sale of Segment Flat Rolled Products. Aurubis AG intends to sell the FRP plant in Zutphen (Netherlands) as well as the slitting centers in Birmingham (United Kingdom), Dolný Kubín (Slovakia), and Mortara (Italy) with a total of about 360 employees. The sale is subject to approval by the responsible antitrust authorities. The plants in Stolberg (Germany), Pori (Finland), and Buffalo (US) will remain in the Aurubis Group.

PRODUCT MARKETS

The market for flat rolled products improved compared to the previous year, which had been negatively influenced by the COVID-19 pandemic. Demand for strip products exceeded capacities and couldn't be completely fulfilled in Q4 2020/21 due to the production stop in Stolberg following the flooding disaster. All segments, particularly the automotive sector, developed positively. Submarine cable, material for power electronics, connectors, and cooling systems were in especially high demand.

RAW MATERIALS

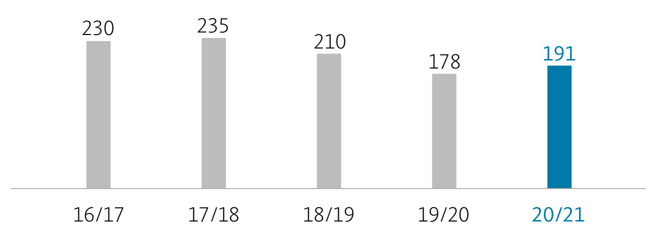
The availability of input materials and the corresponding refining charges were very high during fiscal year 2020/21. The conditions improved significantly year-over-year.

PRODUCTION

Output of flat rolled products and specialty wire increased to 191,000 t due to demand (previous year: 178,000 t). Q4 2020/21 was affected by the production stop in Stolberg following the flooding disaster. All of the sites implemented programs to increase the output quantity.

Flat rolled products and specialty wire output

in thousand t



CAPITAL EXPENDITURE

Capital expenditure in Segment FRP amounted to € 15 million (previous year: € 18 million). This was primarily used for replacement investments.

Executive Board assessment of the Aurubis Group during fiscal year 2020/21

Despite the ongoing COVID-19 pandemic, the Aurubis Group generated the best annual result in the company's history in the past fiscal year. An excellent development that was only possible thanks to the commitment, flexibility, and discipline of our employees, together with dedicated crisis management, which continued to ensure that infection numbers were kept at a very low level so that we could continue production at our sites virtually unaffected throughout the entire fiscal year. At the same time, we were in a position to profit from good market conditions, though stark increases in energy costs strained the result.

With operating earnings before taxes of € 353 million in fiscal year 2020/21, the Aurubis Group yet again exceeded the forecast for 2020/21, which we had already raised to an operating EBT between € 270 million and € 330 million in January 2021 (previously: operating EBT between € 210 million and € 270 million). Compared to the previous year, we increased operating earnings before taxes by € 132 million. At the end of the reporting year, operating ROCE reached 15.6 % (previous year: 9.3 %) and was thus above our target and the forecast interval of 9 % to 12 %.

Due to the very good financial performance and a relatively low net working capital at year-end, operating net cash flow was € 812 million as at September 30, 2021 (previous year: € 459 million), significantly above the prior-year cash flow.

The equity ratio (operating) was 48.2 % as at September 30, 2021 (previous year: 49.1 %). The net financial position as at September 30, 2021 was € 383 million (previous year: € -102 million). The Aurubis Group's balance sheet structure thus continues to be very robust. Aurubis purchased additional treasury shares within the context of the share buyback program initiated in March 2020. As at September 30, 2020, the company held 1,297,693 treasury shares and thus 2.89 % of the issued shares.

The good performance of our facilities, the first-time inclusion of the Beerse and Berango sites for the entire fiscal year, the leveraging of synergies from the acquisition of these two sites, and the consistent execution of our Performance Improvement Program (PIP) were additionally supported by very favorable market conditions on all of our markets during the reporting period.

During the course of the fiscal year, the operating performance and the concentrate throughput in our primary smelters in Hamburg and Pirdop were satisfactory and made a substantial contribution to the very good fiscal year result.

Planned shutdowns in the Group influenced the result in both the reporting period (about € -36 million operating EBT) and the previous year (about € -50 million operating EBT). Delays in the ramp-up after the planned shutdown at our site in Pirdop (Bulgaria) had a negative impact in Q4 2020/21. Investment costs for this shutdown at Aurubis Bulgaria amounted to about € 45 million.

Treatment and refining charges on the spot markets for copper concentrates were under strong pressure at times due to high demand from the Asian smelter industry in the first half of 2020/21, with a good supply from the mine side. Planned shutdowns in the global smelter industry reduced demand for standard copper concentrates as the year continued, and the spot prices indicated a notable recovery to a level above the benchmark until the end 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 2020/21, the market for copper scrap and complex recycling materials had a very good supply due to dynamic economic circumstances and strong increases in metal prices. Lower copper scrap exports to Asia – especially at the start of the fiscal year due to the new import restrictions – also had a positive impact on the supply in Europe. Refining charges for copper scrap and other recycling materials developed very positively during the past fiscal year and surpassed the prior-year level considerably. In fiscal year 2020/21, Aurubis processed more than 1 million t of recycling materials for the first time thanks to the inclusion of the Beerse and Berango sites for twelve months.

Throughout the entirety of fiscal year 2020/21, the global sulfuric acid market experienced very stable demand with a tightening supply. As a result, spot market prices increased constantly over the entire fiscal year. In Europe and Turkey, our main sales markets, a tight supply with stable demand also led to stark increases in spot market prices, which were well above prior-year level at fiscal year-end.

The operating result in fiscal year 2020/21 was positively influenced by a very good metal gain with strong increases in metal prices, especially for nickel and tin.

On the product side, demand for wire rod developed very positively in all customer segments compared to the previous year in light of the economic rebound. Demand from the energy sector and construction industry were very high in particular. Demand for high-purity shapes also recovered notably, due in part to high demand from the flat rolled products sector, which was primarily influenced by higher demand from the automotive industry.

At € 399 million, the operating EBT for Segment Metal Refining & Processing (MRP) during the reporting period was significantly above that of the previous year (€ 285 million). The description of the Group business performance also largely applies to that of Segment MRP.

Operating EBT for Segment Flat Rolled Products (FRP) amounted to € 13 million for the reporting period (previous year: € 1 million). This notable improvement in the result was based on the recovery of demand for strip products and the continued implementation of our strict cost management. In mid-July 2021, production at Aurubis Stolberg GmbH & Co. KG was so strongly impacted by the damage caused by the flooding in the German state of North Rhine-Westphalia that Aurubis Stolberg GmbH & Co. KG had to declare force majeure. This meant that delivery to customers and acceptance of incoming deliveries was impossible for a time. The plant was evacuated in time and no employees were injured. The site was able to gradually restart production in early November 2021. The damage (operational failure and property damage) is fully covered by the appropriate insurance.

On August 9, 2021, Aurubis announced the signing of a term sheet with Intek Group S.p.A., Italy, regarding a partial sale of Segment Flat Rolled Products. The sale of the FRP plant in Zutphen (Netherlands) as well as the slitting centers in Birmingham (United Kingdom), Dolný Kubín (Slovakia), and Mortara (Italy) is subject to approval by the relevant competition authorities.

The integration of the former Metallo Group has gone extremely well thus far, which means by fiscal year 2020/21, we were already able to achieve our goal (originally set for 2022/23) of generating synergies of € 15 million (EBITDA) from the integration of the acquired Beerse and Berango sites. In July 2021, we announced that we are investing € 27 million in ASPA (Advanced Sludge Processing by Aurubis) at the Beerse site, a state-of-the-art hydrometallurgical facility that will allow us to process more precious metal-rich anode sludge starting in 2024/25.

We continued implementing our Performance Improvement Program (PIP) in fiscal year 2020/21. It contributed about € 80 million to the result and is therefore well above our goal. We anticipate a permanent improvement in results amounting to at least € 100 million from cost reduction and an improvement in throughput until fiscal year 2022/23 compared to the reference year 2018/19.

During the past fiscal year, we initiated important sustainability projects, in particular to achieve our climate goals:

In June, the Science Based Targets Initiative (SBTi) validated Aurubis AG's CO_2 reduction targets. This confirms that our targets contribute to limiting global warming to 1.5°C pursuant to the Paris Agreement. We have set out to reduce our absolute Scope 1 and Scope 2 emissions, meaning CO_2 emissions generated by burning fuels in internal facilities and those related to purchased energy, by 50 % until 2030 compared to the base year 2018. We want to reduce Scope 3 emissions, which arise in the upstream and downstream stages of the value chain, by 24 % during the same period as well.

In late 2019, Aurubis joined the UN Global Compact initiative Business Ambition for 1.5°C, which requires the Group to develop science-based CO_2 reduction targets.

We have already substantially reduced the carbon footprint of our copper cathodes with the measures implemented over the past several years: the life cycle assessment for the Aurubis copper cathode has now been updated, and the latest calculations show that 1,690 kg of CO_2 per ton of copper are emitted over the entire life cycle of the cathode. This is a reduction of approximately 25 % compared to the figures from 2013.

In May, a series of tests started for hydrogen use on an industrial scale in copper anode production at the Hamburg plant. In the medium term, hydrogen could replace fossil fuels in the production process. Due to hydrogen's chemical properties, Aurubis expects enhanced efficiency as well. With this project, Aurubis won the Responsible Care competition of the German Chemical Industry Association (VCI) in 2021.

An additional milestone was achieved by Aurubis Bulgaria in June 2021 with the construction kick-off of a 10 MW solar plant near the site. This will be the country's largest solar plant for internal electricity production in a company. The Pirdop site's goal is to cover 20 % of its energy needs from its own renewable sources by 2030.

After Aurubis Bulgaria received the Copper Mark in April 2021 – the copper industry's quality seal for responsible copper production – Aurubis Hamburg and Aurubis Lünen likewise committed in late June 2021 to undergoing the evaluation process. Preparations for the audit are already underway.

Our progress in all areas of sustainability is confirmed by rating agencies. In August 2021, the independent sustainability agency EcoVadis awarded Aurubis Platinum status for the first time. Aurubis thus belongs to the best one percent of companies in the global non-ferrous metals industry. In 2020, Aurubis successfully placed a Schuldschein loan with a sustainability component – the first European company in the basic materials industry to do so – for € 400 million. The conditions of the loan are tied to the EcoVadis rating.

The past fiscal year showed that Aurubis is in a very good position – from both a financial and an operational perspective. The best conditions for implementing our updated strategy. By focusing the core business and pursuing growth options, we highlight key aspects of the Group's future success. The recycling business is going to be an even stronger emphasis of our activities than before. This direction demonstrates that profitable growth and sustainability go hand in hand at Aurubis.

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, 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 of and forecasts for 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 116–126.

FINANCIAL PERFORMANCE

Income statement

in € million	2020/21	2019/20
Revenues	**11,612**	**9,005**
Changes in inventories/ own work capitalized	40	24
Other operating income	124	50
Cost of materials	-11,129	-8,481
Gross profit	**647**	**598**
Personnel expenses	-297	-282
Depreciation of property, plant, and equipment and amortization of intangible assets	-66	-60
Other operating expenses	-155	-148
Operational result (EBIT)	**129**	**108**
Financial result	135	105
Result from normal business activities (EBT)	**264**	**213**
Taxes	-33	-36
Net income for the year	**231**	**177**

Compared to the previous year, the business performance of Aurubis AG in fiscal year 2020/21 was positively influenced by a good ongoing supply on both the primary raw material side – concentrates – and the secondary raw material side – recycling materials. Strong increases in refining charges for copper scrap and other recycling materials positively impacted the result as well. Furthermore, Aurubis benefited from a good metal result as in the previous year, accompanied by a strong increase in metal prices. High demand for products also supported the result. Sharply increased energy costs had a counteracting effect.

Revenues increased by € 2,607 million to € 11,612 million in the year reported (previous year: € 9,005 million). This development can be attributed primarily to the increased sales revenues for copper products and other metals due to higher metal prices.

The cost of materials ratio (cost of materials / (revenues + changes in inventories)) rose by 1.6 %, from 93.9 % in the previous year to 95.5 % in the past fiscal year. While both revenues and the costs of materials increased considerably compared to the previous year, due to disproportionate increases in copper prices, other revenue components in the copper sector changed only marginally. This different development negatively impacted the cost of materials ratio. Moreover, the sharp increase in energy costs also had a negative influence on the cost of materials ratio.

The increase in other operating income resulted particularly from the reversal of an impairment loss previously recognized against a loan of € 60 million to Aurubis Netherlands BV, as well as the reversal of provisions, amounting to €14 million, which had been originally recognized in the context of the Performance Improvement Program. After taking own work capitalized into account, the gross profit thus increased by a total of € 49 million to € 647 million (previous year: € 598 million).

Personnel expenses increased in the fiscal year reported, by € 15 million to € 297 million (previous year: € 282 million) – particularly due to higher provisions for bonus payments, wage tariff increases, and pension expenses.

Depreciation and amortization of fixed assets increased by € 6 million to € 66 million (previous year: € 60 million). This particularly concerned intangible assets, technical equipment and machinery, as well as buildings.

The increase in other operating expenses mainly derived from expenses for CO_2 certificates, as well as from an increase in the provision for the renaturation of a landfill site in Lünen. In contrast, expenses for consulting services declined in particular.

Taking personnel expenses, depreciation and amortization, and other operating expenses into account, the operational result (EBIT) amounted to € 129 million (previous year: € 108 million).

The financial result for the year reported was € 135 million (previous year: € 105 million). In addition to dividends of € 137 million from subsidiaries (previous year: € 130 million), this item includes write-ups of the carrying amount of the investments in Deutsche Giessdraht GmbH, amounting to € 3 million, in Aurubis Italia Sr., amounting to € 4 million, and in Peute Baustoff GmbH, amounting to € 1 million; it also includes write-downs of the carrying amount of the investments in azeti GmbH, amounting to € 6 million, and America Holding Inc., amounting to € 2 million, as well as the net interest result of € -14 million (previous year: € -10 million) and write-ups of securities classified as fixed assets at the reporting date, amounting to € 12 million (previous year: € -2 million).

After taking a tax expense of € 33 million (previous year: € 36 million) into account, the net income for the year amounted to € 231 million (previous year: € 177 million). The reduction in the tax expense despite higher earnings before taxes 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 receivables.

ASSETS AND LIABILITIES

Fixed assets increased in the fiscal year by € 54 million to a level of € 2,489 million (previous year: € 2,435 million). Additions to intangible assets and property, plant, and equipment amounted to € 113 million in the year reported. They primarily include investments in the renovation of the tankhouse in Lünen, the ridge turret suctioning equipment for the primary smelter in Hamburg, and investments made in connection with the shutdown of primary copper production in Hamburg. In fiscal year 2020/21, Aurubis AG – together with TSR Recycling GmbH & Co. KG and Cablo Metall-Recycling GmbH – founded Cablo GmbH under the terms of a joint venture agreement. The objective is to leverage synergy potential in the value chain for used cable recycling. Aurubis holds a 40 % share interest in Cablo GmbH. In this context, the assets of Cablo Metall-Recycling & Handel GmbH were transferred to Cablo GmbH as part of an asset deal during the fiscal year reported. An investment of € 3 million was made to provide capital for the company. Furthermore, increases in capital were provided for azeti GmbH (€ 9 million) and America Holding Inc. (€ 2 million), which in the case of azeti was written down by € 6 million and in the case of America Holding Inc. by € 2 million as at the fiscal year-end. The impairment test of the financial assets also resulted in the recognition of write-ups on the investment carrying amounts of Deutsche Giessdraht GmbH (€ 3 million), Aurubis Italia Srl (€ 4 million), and Peute Baustoff GmbH Inc. (approximately € 1 million).

Inventories increased by € 84 million in the fiscal year reported, to a level of € 950 million (previous year: € 866 million). The increase results primarily from a € 56 million build-up in raw materials and a € 10 million build-up in work in process. The higher value for the inventory of raw materials is due in particular to the build-up of copper-bearing and precious metal-bearing concentrates at the Hamburg site to secure the supply for production purposes.

Trade accounts receivable decreased by € 5 million compared to the previous year. Whereas receivables in precious metals decreased as at the period end date, receivables in copper products increased due to metal price developments.

Overall, total assets increased by € 690 million, as compared to the previous year, to a level of € 5,117 million (previous year: € 4,427 million). As a consequence, the comparative share of total assets that is attributable to fixed assets was 49 % (previous year: 55 %), while inventories accounted for 19 % (previous year: 20 %) and receivables and other assets accounted for 15 % of total assets (previous year: 15 %).

The share of total assets attributable to cash and cash equivalents increased from 10 % in the previous year to 17 % in the fiscal year reported.

Equity amounted to € 1,800 million as at September 30, 2021 (previous year: € 1,645 million). The change in equity is due on the one hand to the net income of € 231 million for the fiscal year reported and on the other hand to the distribution of € 57 million in dividends, as well as the purchase of treasury shares in the amount of € 19 million. The equity ratio is 35 % (previous year: 37 %).

Provisions and accrued liabilities increased by a total of € 74 million, to € 410 million. This can be attributed to higher provisions for onerous transactions relating to an electricity supply contract, which increased by € 62 million to € 82 million, as well as to the increase in pension provisions. Moreover, higher provisions were set up for outstanding invoices and for the renaturation of a landfill site in Lünen. Personnel-related provisions had a counteracting effect; the reduction can mainly be attributed to the reversal of the € 14 million in provisions originally recognized in the context of the Performance Improvement Program (PIP).

Bank borrowings increased slightly by € 9 million in comparison to the previous year.

Trade accounts payable increased from € 597 million to € 888 million in connection with efforts to secure the raw material supply for production, as well as due to higher copper prices. Payables to affiliated companies primarily comprise financing liabilities, which increased within the context of normal financial transactions, from € 1,172 million to € 1,328 million.

Balance sheet structure of Aurubis AG

in %	9/30/2021	9/30/2020
Fixed assets	49	55
Inventories	19	20
Receivables, etc.	15	15
Cash and cash equivalents	17	10
	100	**100**
Equity	35	37
Provisions and accrued liabilities	8	8
Liabilities	57	55
	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 € 10 million.

FINANCIAL POSITION

Net financial liabilities amounted to € 547 million as at September 30, 2021 (previous year: € 909 million). They resulted from bank borrowings of € 527 million (previous year: € 518 million), the net amount of receivables due from and payables due to subsidiaries, amounting to € 941 million (previous year: € 844 million), deriving from refinancing arrangements – and after deducting cash and cash equivalents of € 921 million (previous year: € 453 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 € 113 million was made in intangible assets and property, plant, and equipment at the Hamburg and Lünen sites (previous year: € 92 million). The capital expenditure primarily included investments in the renovation of the tankhouse in Lünen, the project Reducing Diffuse Emissions (RDE) in the primary smelter in Hamburg, as well as investments made in connection with the planned shutdown of primary copper production in Hamburg in fiscal year 2021/22. Furthermore, investments were made in various infrastructure and improvement measures at the Hamburg and Lünen plants.

In fiscal year 2020/21, Aurubis AG – together with TSR Recycling GmbH & Co. KG and Cablo Metall-Recycling & Handel GmbH – founded Cablo GmbH under the terms of a joint venture agreement. The objective is to leverage synergy potential in the value chain for used cable recycling. Aurubis holds a 40 % share interest in Cablo GmbH. In this context, the assets of Cablo Metall-Recycling & Handel GmbH were transferred to Cablo GmbH as part of an asset deal. An investment of € 3 million was made to provide capital for the company.

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 against one another and ensure that they remain balanced. We aim to identify and evaluate risks and opportunities as early as possible.

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) suited 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 countermeasures.

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. 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 business significance. Measures to manage them are then outlined. The risks registered with Group headquarters are 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 officer 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 due to the coronavirus, 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.

Despite a brief decline in raw material availability due to the coronavirus, we fully supplied our recycling facilities during the past fiscal year thanks to our extensive international supplier network. Due to the integration of the former Metallo Group's procurement organization, we continued improving our market cultivation and diversification in fiscal year 2020/21. From today's standpoint, we also expect a very good supply situation and full utilization of the facilities for fiscal year 2021/22. Nevertheless, the ability to predict the availability of recycling materials remains limited due to the short-term nature of agreements on 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 also procured a sufficient volume of copper-bearing raw materials for the production plants belonging to Segment Flat Rolled Products. In this case, we also expect a similar situation for the coming fiscal year.

We address production risks with asset life cycle management and forward-looking maintenance work with the intention of reducing unplanned production shutdowns. We also address the risk of malfunctions by carrying out regular maintenance work and by keeping critical replacement parts on hand. In fiscal year 2020/21, we fully mitigated the impacts of the COVID-19 pandemic on our business. In the new fiscal year 2021/22, we still can't completely rule out risks for production due to COVID-19 infections. The main factors that help counter this risk are the vaccination campaigns at the individual sites, which are well advanced already, the sites' own capacities for carrying out COVID-19 tests, as well as the hygiene and distancing concepts that are still in place in regard to vaccination status.

We also took organizational measures to handle potential incidents that could result from events such as flooding or fire. Due to flooding caused by severe weather, we had to stop production at our site in Stolberg on July 14, 2021 and declare force majeure. The damage that arose is covered by the relevant insurance. Because of this incident, we are inspecting 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 carry out regular drills for the purpose of training our employees. We also addressed the risk of malfunctions by carrying out regular maintenance work and by keeping critical replacement parts on hand.

Taking into account the measures described above, we regard the risk of insufficient supply as "medium." We continued 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 are currently feeling the impacts of worldwide delivery bottlenecks but are working intensively 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.

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. Despite the negative impacts of the coronavirus pandemic in many sectors of the economy, we observed a very positive trend in sales volumes of our copper products wire rod, shapes products, and flat rolled products in fiscal year 2020/21. While this trend generally doesn't seem to be leveling off at the moment, a temporary decline in demand from the automotive industry has to be anticipated. When it comes to sulfuric acid, there are inherent risks due to negative price trends in the case of market fluctuations caused by economic factors. To minimize this risk, we maintain a very broad customer portfolio with long-term contracts in the European market.

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 the international cathode market.

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 counter this risk with our Business Partner Screening in particular. With this instrument, we analyze existing and potential business partners, in some cases at regular intervals, 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, and we work continuously on further enhancing our performance – in accordance with our Sustainability Strategy. 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. The Copper Mark is oriented to the United Nations Sustainable Development Goals (SDGs). Aurubis Bulgaria was awarded The Copper Mark in April 2021. The Aurubis sites in Hamburg and Lünen have started the audit process. The plan is for additional Aurubis sites to follow successively.

Furthermore, Aurubis introduced the label "Tomorrow Metals by Aurubis" in October 2021. With this label, we combine the Group's measures to continue enhancing 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. The different projects to enhance energy efficiency and reduce CO_2 that are outlined in the Non-Financial Report have led to a project-based reduction of over 100,000 t of CO_2 (Scope 1 and 2) since 2013. This was an objective of the Sustainability Strategy that was achieved early at the end of fiscal year 2020/21. Within the scope of the updated company strategy, Aurubis has defined new sustainability targets to be achieved by 2030. These include our CO_2 reduction targets, which have been validated by the Science Based Targets initiative (SBTi) and contribute to limiting global warming to 1.5°C pursuant to the Paris 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 cathodes by 2030 compared to 2018.

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. 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.

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. In addition to the energy shift related to electricity, we’re also preparing the transition from natural gas to hydrogen. In this area, we’re carrying out a series of tests on the use of hydrogen in our anode furnace and taking part in the research project of the German Federal Ministry for Economic Affairs “Living Lab Northern Germany.” We have also analyzed the potential and limitations of more flexible energy sourcing (for instance, as part of the completed northern German joint project NEW 4.0), which is becoming increasingly necessary due to the rising, volatile feed-in of renewable energies. Measures to boost flexibility include the compensated partial shutoff in the case of electricity bottlenecks 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 the 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.
- If the plans of the future German federal government to eliminate the German Renewable Energy Sources Act (EEG) are implemented in calendar year 2023 as planned, the risks related to the EEG will be removed from our Risk 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 don’t expect any additional burden due to necessary purchases of CO_2 certificates. The CO_2 price increased once again in the past year; the supply of CO_2 allowances is supposed to be significantly reduced overall in the coming trading period, which will raise prices for CO_2 allowances further, according to all forecasts. The political decision-making process regarding the implementation of electricity cost compensation for indirect CO_2 costs starting in

2021 hasn't concluded yet in the EU Member States. 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 is implemented for the contribution, as the EU regulation envisions, the relief will increase. So far, no electricity price compensation has been introduced in Bulgaria, but it's on the political agenda there.

- The consultation on the revised Climate, Energy and Environmental Aid Guidelines (CEEAG), the European foundation for the compensation scheme for additional surcharges, is currently being reviewed. Based on the consultation drafts, the copper sector will continue to be eligible for these compensation schemes.
- The decarbonization targets described above include different projects at the individual production sites, such as the test series for the direct use of hydrogen in the copper production process previously outlined. At our site in Pirdop, a solar plant with 10 MW power went into test operation in the past fiscal year. In addition, we have been providing CO_2-free industrial heat to the city of Hamburg's district heating system for several years now. At the moment, we're planning an extensive expansion of this industrial heat supply. The shift of our electricity supply contracts to the sourcing of CO_2-free electricity is currently in development as well. 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 2020 amounted to 4.1 million t of CO_2 (Scope 1 + 2: 1.6 million t of CO_2; Scope 3: 2.5 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 don't arise at Aurubis due to our energy-efficient processes, thanks 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 see market risks in further increasing prices for electricity, natural gas, and CO_2 first and foremost. We fundamentally guard ourselves against last-minute market price fluctuations with early purchases to a certain extent, so we aren't subject to the full extent of the risk from the current price increases. 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 not at all 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, which could influence 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), as well as with the commitment to implement the science-based targets described above.

We are shifting the classification of the topic of energy and climate and the associated risks from "medium" to "high" due to the surge in costs and the high energy price volatility.

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. 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 from operating business through its existing cash and available credit lines.

Risks that could result from a resurgence of the sovereign debt crisis in the eurozone have the potential to cause a cumulative impact from the individual risks described in this section, such as bad debt or liquidity. For this reason in particular, we classify the risks from finance and financing as "medium."

INFORMATION TECHNOLOGY

Aurubis is subject to IT risks that 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. We counter the risks of possible incidents or disasters with the redundant design of our IT infrastructure, as well as data recovery and continuity plans. 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 VPN access with the help of the latest security safeguards. Based on the increased security risks mentioned, and in connection with an enhanced awareness regarding the significance of cyber risks, we are shifting the IT risk classification from "low" to "medium."

ENVIRONMENTAL PROTECTION AND OTHER ASPECTS

There is always a risk that environmental or regulatory provisions could become more stringent, leading to added costs or limitations in product fabrication and marketing.

With the adoption of the Substitute Building Materials Ordinance in Germany in June 2021, a uniform national regulation was created for the use of substitute building materials in road construction. This significantly reduces the risks of marketing iron silicate in Germany, which is why we're lowering the overall risk classification for environmental protection from "high" to "medium."

In addition, environmental risks resulting from the possible failure to comply with thresholds and from violations of requirements can have legal consequences. Ensuring the environmentally sound operation of our production facilities helps prevent these situations, for example through our RDE project for reducing diffuse emissions in Hamburg. We are an international leader in environmental protection, which is confirmed by annual certifications in accordance with DIN EN ISO 14001 and EMAS, as well as the Platinum 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.

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 headhunters; partnerships with universities, through which we establish ties with qualified young people; and qualification measures, through which we foster the development of professionals and managers within the company. 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, and developed management development programs with different focus areas, such as healthy leadership and shop floor management. 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. We are currently reviewing the need for this across the Group.

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. Detailed risk assessments, audits, cross-site checks, training, and campaigns to strengthen employees' safety and health awareness support our goal: Vision Zero, meaning zero work-related accidents, injuries, and illnesses. In light of stagnating accident numbers, we will further intensify our initiatives, particularly in behavior-based occupational safety. Stringently monitoring our occupational safety performance and deriving the corresponding measures are additional steps to achieving our vision.

To the extent that national regulations and organizational capacities on site allow, our occupational health departments or contractors carry out COVID-19 vaccinations for our staff. In reference to COVID-19 tests, please refer to our remarks in the "Supply and production" section.

The violation of laws can have serious consequences for both Aurubis as a group and for its employees and business partners. Compliance management identifies, analyzes, and addresses significant compliance risks. We counter legal and tax risks with organizational procedures and clear management structures. We closely follow political discussions on tax issues, as well as their possible effects.

We largely cover selected risks with insurance as well. This includes the flooding of our Stolberg site and the resulting damage that was incurred. 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, we identified no non-financial risks 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 German Commercial Code (HGB). As a result, we have developed and implemented management approaches accordingly.

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 internal control system (ICS) for the accounting process is to ensure that financial statements are prepared in compliance with regulations. Aurubis has an internal control and risk management system in which structures and processes related to the accounting process are defined and implemented in the organization. This helps us ensure that the Group accounting procedures are reliable and performed correctly, that business transactions are thoroughly reported in a timely manner as prescribed by law and the Articles of Association, and that legal norms and internal guidelines on accounting are observed. We continuously analyze amendments to laws and accounting standards to establish their relevance for the consolidated financial statements, and incorporate resulting changes into the Group's internal processes and systems.

PRINCIPLES OF THE INTERNAL CONTROL SYSTEM AS RELATED TO ACCOUNTING POLICIES

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.

The internal control system 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

INTERNAL AUDIT AS A PROCESS-INDEPENDENT OBSERVER

Internal Audit examines the reliability of the accounting practices at local and Group level, among other things. In particular, it assesses existing internal process policies and the degree to which they are adhered to in practice. In its audits, Internal Audit provides information about risks that arise from identified deviations, as well as recommendations with regard to the adjustments to be made.

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. We evaluate these opportunities and weigh them with their associated risks. The next step is for us to define initiatives and measures to help us tap this potential. In a particularly intensive strategic analysis process during the past fiscal year, we identified key opportunities for Aurubis and defined operating measures and strategic projects to take advantage of this business potential. The process of identifying and assessing opportunities is also part of our annual integrated strategy and planning process.

In order to promptly recognize possible opportunities, we continually monitor and analyze the supply and demand aspects of our markets, the competitive landscape, and global trends. Identifying potential opportunities is 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, the expansion of renewable and decentralized energy supply systems, 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. 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. This applies to its own sustainability efforts under ecological, social, and ethical criteria as well. 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 also 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 acquisition of the Metallo Group, Aurubis has been able to extend its recycling capabilities even further. 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 since the copper content is falling and the concentrations of accompanying elements and impurities in them are rising. One of Aurubis' particular strengths is in processing complex primary and secondary raw materials. Aurubis plans to continue expanding its processing capabilities and capacities in this area, further enhancing the efficiency of its production processes in order to recover valuable metals even better and faster. One example is the project ASPA, which was approved during the past fiscal year. If we build up additional expertise, 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, supported by the opportunities of digitalization in our production and service areas. 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 metal recycling, we see growth potential through the expansion of our processing capacities in regions with attractive markets and favorable overall conditions. It is exactly this potential that we're tapping with our investment in a new recycling plant in the US. We will also continue investing in our existing sites and will furthermore strive to expand our supplier and production network even further. 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 create a competitive advantage for ourselves in the future. For example, we are working on more resource-efficient processing of complex feed materials in our smelters and plants. We are also working specifically on developing new processes and improving on existing processes to be able to process future material streams. For example, we developed a process for recycling battery materials and have already applied for a patent.

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 and the auditors ascertained that the Executive Board and Supervisory Board have 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. At the same time, these factors put us in a position to counter existing risks successfully. Furthermore, we are convinced that we have the appropriate processes, measures, and instruments in place to identify important opportunities and to manage relevant risks.

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, 2021 to September 30, 2022. 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 2021.

From our current perspective, there are multiple factors with the potential to influence the Aurubis Group's markets. In particular, these include the ongoing global COVID-19 pandemic and its impacts on global economic growth. The emergence of additional virus variants and the vaccination progress worldwide play a role first and foremost. Moreover, fiscal measures enacted as a reaction to the course of the pandemic can have major impacts in the EU or the US, for example. 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, the monetary policy reactions of the central banks to inflation tendencies on various markets could influence future financing conditions.

Overall economic development

The International Monetary Fund (IMF) estimates that the global economy will grow by 4.9 % in 2022 but, at the same time, indicates the uncertainties behind their forecast. These include the ongoing course of the COVID-19 pandemic and the vaccination progress, but also the financing conditions, which could tighten in the course of monetary policy measures resulting from current inflation expectations.

For the economies of emerging and developing countries, the IMF forecasts 5.2 % growth for 2022. As always, the regions vary significantly. With predicted growth of 6.4 %, emerging and developing countries in Asia in particular will once again make a significant contribution to the growth forecast of this group of countries. China, which is important for the copper market, accounts for a key share of the economic upswing. The IMF expects 5.7 % growth in China for 2022.

The GDP of industrialized nations should grow by 4.4 % in 2022, according to the IMF. Growth of 4.9 % is expected for the US, 4.3 % for the eurozone. The forecast indicates that Germany's GDP will increase by 4.1 % in 2022.

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 most recent forecast for the global electrical and electronic products market (July 2021), the German Electrical and Electronic Manufacturers' Association (ZVEI) predicts about 6 % growth in the global market for 2022 – following 9 % growth in the sector in 2021. 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 6 % growth in 2022 following 7 % growth in 2021. The volume of the German market is expected to rise by 6 % in 2021 and then by 7 % in 2022.

According to the European Automobile Manufacturers' Association (ACEA), demand for cars in the EU is supposed to grow in 2021 and 2022. After about 10 million vehicles were registered in 2020, the association anticipates the registration of around 11 million cars for 2021 and around 12 million in 2022. Growth momentum comes from the transition to electric vehicles due to tightening environmental regulations and state investment incentives.

Construction growth is evident in the sectors that have also reflected relatively stable business throughout the pandemic. According to the German Institute for Economic Research (DIW), construction volume should grow nominally by more than 5 % in 2022 – after about 3 % growth in 2021. While growth in home construction continues, commercial construction has to overcome a pandemic-related slump. However, publicly financed construction measures could stabilize building activity.

Based on these forecasts, we expect positive ongoing development in the three most important sectors for copper products in 2022, 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

Following the copper price's steady climb to a new ten-year high around the US$ 10,700/t mark, it dropped at the end of the fiscal year and stabilized around the US$ 9,000/t mark. According to the Thomson Reuters analyst survey from October 2021, the median copper price should be US$ 9,000/t in calendar year 2022.

The trend in copper smelter output is still a key factor for assessing the copper market. The focus remains on Asia, particularly China, which accounts for about 40 % of global refining capacity in 2021. The commissioning of additional smelter projects, and thus capacity increases, can be expected in China in the years to come. Between 2021 and 2026, Wood Mackenzie expects average annual growth of 2.6 % in global refining capacities. The research company estimates global refined copper output in 2022 at 25.3 million t, equivalent to a 4.7 % 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. On top of that, the EU is tightening regulations related to climate protection, and both the EU and China are promoting climate-friendly technologies with state support to a great extent. Since these technologies hold considerable potential for copper applications, demand is likely to continue increasing.

For Europe, Wood Mackenzie forecasts a roughly 1.6 % increase in demand for refined copper, to 3.9 million t, in 2022. At approximately 12.7 million t, demand in China will be flat in 2022 compared to the previous year. This accounts for nearly half of global demand, which is expected to be 25.1 million t in 2022 after a 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 222,000 t for 2022 as a result – following a slight market deficit in 2021. Research provider CRU likewise foresees a low production surplus for 2022.

Rising demand for refined copper and the high ongoing price level provide good overall conditions for Aurubis for the coming fiscal year.

Raw material markets

COPPER CONCENTRATES

The 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. Wood Mackenzie predicts that global mine output (based on copper content, before accounting for disruptions and adjustments) will rise by 8.8 % in 2022. The research firm assumes that the concentrate supply will therefore be able to keep up with the growing demand from smelters.

For annual contracts, the benchmark treatment and refining charge (TC/RC) for processing standard copper concentrates was US$ 59.5/t and 5.95 cents/lb in 2021. Spot prices moved well below this benchmark in some cases during long stretches of the first half of 2021. Due to a growing concentrate supply with simultaneous maintenance shutdowns in Chinese smelters, they later increased, even beyond the benchmark. Barring any unexpected losses in the mine supply, stable or rising TC/RCs should be expected as the year goes on. For 2022, Wood Mackenzie expects a slightly higher benchmark compared to the previous year based on an easing of the concentrate market.

At the time this report was prepared, the benchmark negotiations for 2022 annual contracts on the copper concentrate market hadn't yet been concluded.

The growing supply of copper concentrates and rising TC/RCs as discounts on the purchase price strengthen Aurubis' position when it comes to concentrate sourcing. 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 with good treatment and refining charges beyond Q1 of fiscal year 2021/22.

RECYCLING

The recycling material market was at a high level in the course of the year. The focus on sustainability and high ESG standards will enable Aurubis to access material flows that had been exported in the past. In light of this fact, as well as the recovering global economy and the current copper price level, Wood Mackenzie forecasts a positive development in the supply of recycling materials. At the same time, however, high demand is expected from Asia.

Business in this area, particularly for copper scrap, is conducted with short timelines and is therefore dependent on a variety of influences 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 at least 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 2021/22. Our broad market position absorbs supply risks.

Product markets

MARKETS FOR COPPER PRODUCTS

As at the reporting date, demand for copper products continues to be strong in Q1 2021/22. In the negotiation season for 2022 annual sales contracts, which is still underway, we have already contractually fixed the orders on hand 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 calendar year. Aurubis increased this premium for its European customers compared to the previous year to US$ 123/t (2021: US$ 96/t). The increase in the copper premium reflects the ongoing positive market expectations regarding demand in Europe in 2022 and partially compensates for the sharp increases in freight and energy costs.

In light of stable sector development in 2022 and an improvement in economic growth in Europe, we expect to conclude the negotiation season for copper products with contracts at a high level. Good customer relationships and the 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

When it comes to copper wire rod, the positive trend continues in Q1 2021/22. In Europe – as in other parts of the world – demand remains at a good level. For 2022, CRU expects demand in Europe to be at pre-pandemic level throughout 2022. Demand will depend considerably on the ongoing economic trend in the key customer industries. As outlined in the section "Overall economic development," we expect to see growth in the electrical industry, the automotive industry, and the construction and infrastructure sector in 2022.

The predicted growth in the customer industries for the forecast period leads to an expectation of a stable demand and sales trend for copper wire rod for Aurubis.

COPPER SHAPES

The recovery in demand for copper shapes that took hold at the end of the previous fiscal year continued in the past fiscal year. Demand for shapes is expected to be at a high level in the coming fiscal year as well.

FLAT ROLLED PRODUCTS

Developments in the US economy are very significant for the flat rolled products sector. As described in the section "Overall economic development," the US economy is expected to grow in 2022. According to CRU, production of flat rolled products in the US will increase in 2021, reaching pre-pandemic level again.

CRU indicates that on the European market for flat rolled products, production is evidently rising again in 2021 after two years with a declining production level. Connector production, which depends strongly on demand in the automotive sector and electric vehicles especially, is one factor that plays a key role in the demand for our products in this market. For this sector, CRU forecasts growth in the eurozone in 2021 and subsequent years following strong production downturns in 2020.

The development of the US economy and the growth of the European economy both benefit Aurubis when it comes to 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.

The price increases observed on the sulfuric acid markets during the past fiscal year, which were due to stable demand and simultaneous supply shortages, will continue or even intensify during the remainder of 2021, according to market researcher ICIS. For Northwest Europe, ICIS continues to expect a short supply at the end of the year, together with further price increases. Supply shortages are continuing in the US at the end of the year as well. The Chinese markets are characterized by significant regional differences.

Based on the stable demand on the sulfuric acid market and the developments in sales prices, we anticipate a positive trend in the earnings situation on this market.

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.

Under the tagline "Metals for Progress: Driving Sustainable Growth," we will keep investing in the three pillars of the strategy. The project ASPA (Advanced Sludge Processing by Aurubis) in Beerse (Belgium) falls under the pillar of securing and strengthening the core business. The investment in the new recycling plant Aurubis Richmond falls under the pillar of growth options. We attribute the expansion of our Industrial Heat project in Hamburg to the sustainability pillar – we'll start implementing the second stage of this project in 2022.

With the Metallo acquisition, we have already significantly strengthened our position as a multimetal provider. The integration of the two sites in Beerse (Belgium) and Berango (Spain) is running very successfully and will be completed with the rebranding in December 2021.

During the course of fiscal year 2021/22, we expect to carry out the partial sale of the FRP group (specifically, the companies Aurubis NL, Aurubis Mortara, Aurubis Slovakia, and Aurubis UK).

The following maintenance shutdowns are planned for fiscal year 2021/22:

- At the Hamburg site in May and June 2022, with an expected impact of about € 25 million on operating EBT
- At the Lünen site in November and December 2021 and in May 2022, with a negative effect totaling around € 16 million on operating EBT

EARNINGS EXPECTATIONS

Our earnings are subject to quarterly fluctuations because of the nature of our business model. This is due to seasonal factors but may also be caused by disruptions in equipment or operating processes.

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

The outlook for fiscal year 2021/22 is based on the following premises:

- Based on industry forecasts, we expect copper demand to continue growing.
- At the time this report was prepared, the benchmark negotiations for 2022 annual contracts on the copper concentrate market hadn't yet been concluded.
- In fiscal year 2021/22, the market trend for copper scrap is difficult to forecast due to the short-term nature of the business.
- Because of the current market situation for sulfuric acid, we anticipate a positive earnings trend.
- The Aurubis copper premium for 2022 has been set at US$ 123/t (previous year: US$ 96/t).
- We expect energy costs to increase based on current energy price developments. We can only absorb price risks to a limited extent with our hedging activities. 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 reduced the resulting risks with our hedging strategy to some extent.
- We continue to expect an improvement in earnings of at least € 100 million through cost reduction and an improvement in throughput from the Performance Improvement Program (PIP) starting in fiscal year 2022/23 compared to the reference year 2018/19.
- We expect stable plant availability overall for fiscal year 2021/22.

Overall, we expect an operating EBT between € 320 million and € 380 million and an operating ROCE between 12 % and 16 % for the Aurubis Group for fiscal year 2021/22.

In the Multimetal Recycling segment, we expect an operating EBT between € 140 million and € 200 million and an operating ROCE between 16 % and 20 % for fiscal year 2021/22.

In the Custom Smelting & Products segment, we expect an operating EBT between € 210 million and € 270 million and an operating ROCE between 10 % and 14 % for fiscal year 2021/22.

Expected financial situation

At the end of fiscal year 2020/21, Aurubis had € 965 million in available cash (September 30, 2020: € 481 million). The company has additional liquidity through lines of credit amounting to € 350 million from a syndicated loan agreement running until 2023. Aurubis therefore has an excellent liquidity position.

We expect the stable financial situation from the operating business to continue in the coming fiscal year. We intend to settle the payments scheduled for fiscal year 2021/22, amounting to about € 103 million, with the existing liquidity. Furthermore, we intend to make additional unscheduled repayments of Schuldschein loans, amounting to about € 153 million, in December 2021.

GENERAL STATEMENT ON THE FUTURE DEVELOPMENT OF THE AURUBIS GROUP

The COVID-19 pandemic could influence the Aurubis Group's business development in fiscal year 2021/22. We will continue to give our employees' health the highest priority. In addition to the COVID-19 pandemic, developments in the global economy and the supply and demand situation on our procurement and product markets will impact the course of Aurubis' business and require our full flexibility.

In fiscal year 2021/22, we will continue pursuing the targets outlined in our strategy "Metals for Progress: Driving Sustainable Growth" and carry out the investment measures planned for the fiscal year.

With the very good result in fiscal year 2020/21, we have demonstrated that we take advantage of the opportunities offered on our procurement and product markets and have risen to the challenges of the pandemic. We expect to be able to build on the positive trend of the past fiscal year and are starting fiscal year 2021/22 with optimism, with a significantly increased forecast range for operating EBT and, likewise, a higher ROCE forecast range.

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."

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

Compensation of the Executive Board and Supervisory Board

We explain the basic principles of the compensation system for the Executive Board and Supervisory Board in the Compensation Report of the Corporate Governance Report pages 18–43, which is part of the Combined Management Report. This information is printed in the Annual Report and is available on the company's website in the "About Aurubis" section under "The Group."

www.aurubis.com/en/about-us/management

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, 2021.

The following disclosures as at September 30, 2021 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, 2021): 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, 2021). 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. In its analysts' conference regarding the first half of 2020, which took place on August 12, 2020, Salzgitter AG published that 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, 2021).

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, 2021).

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 2017 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 March 2, 2017, 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 March 1, 2022, once or several times, with or without a maturity limit, in the total nominal amount of up to € 1,100,000,000.00, 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 € 57,544,604.16 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 March 2, 2017, which was published in the German Federal Gazette on January 17, 2017.

The company’s subscribed capital shall be conditionally increased by up to € 57,544,604.16 by issuing up to 22,478,361 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 2017). 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 March 1, 2022 due to the authorization passed by the shareholders at the Annual General Meeting on March 2, 2017 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 until March 1, 2022 due to the authorization passed by the shareholders at the Annual General Meeting on March 2, 2017 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 March 2, 2017 has been included under agenda item 6 in the invitation to the Annual General Meeting 2017 published in the German Federal Gazette on January 17, 2017.

SIGNIFICANT CONDITIONAL AGREEMENTS CONCLUDED BY THE COMPANY

Within the scope of various bonds totaling € 502.5 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.