

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 CO₂ 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 CO₂ that are outlined in the Non-Financial Report have led to a project-based reduction of over 100,000 t of CO₂ (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 CO₂ 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 (CO₂) 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 CO₂ 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 CO₂ certificates were approved in the amount applied for starting in 2021. The level will remain constant until 2025. However, taking into account the political CO₂ reduction goals of the Paris Agreement, we expect a decline in the free allocation of CO₂ certificates starting in 2026. For the entire Group, however, we don’t expect any additional burden due to necessary purchases of CO₂ certificates. The CO₂ price increased once again in the past year; the supply of CO₂ allowances is supposed to be significantly reduced overall in the coming trading period, which will raise prices for CO₂ allowances further, according to all forecasts. The political decision-making process regarding the implementation of electricity cost compensation for indirect CO₂ 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 CO₂-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 CO₂-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 CO₂ (Scope 1 + 2: 1.6 million t of CO₂; Scope 3: 2.5 million t of CO₂). 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 CO₂ 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 CO₂ 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 CO₂ 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' CO₂ 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 CO₂ price increases.

On the customer side, furthermore, there are increasing demands for transparent goals and strategies related to effective production processes, energy, and CO₂ 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

RIISING 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.