



Quarterly Report

## **FIRST 3 MONTHS 2022/23**

October 1, 2022 to December 31, 2022

 **Aurubis**  
Metals for Progress

# Aurubis Group at a Glance

Key Aurubis Group figures Operating		Q1		
		2022/23	2021/22 <sup>3</sup>	Change
Revenues	€m	4,096	4,406	-7 %
Gross margin <sup>1</sup>	€m	540	545	-1 %
Gross profit	€m	393	419	-6 %
EBITDA	€m	172	210	-18 %
EBIT	€m	124	163	-24 %
<b>EBT<sup>2</sup></b>	€m	<b>125</b>	<b>164</b>	<b>-24 %</b>
Consolidated net income	€m	99	127	-22 %
Earnings per share	€	2.26	2.91	-22 %
Net cash flow	€m	-64	-85	25 %
Capital expenditure	€m	72	59	22 %
Net financial position (reporting date)	€m	238	379	-37 %
<b>ROCE<sup>2</sup></b>	%	<b>16.3</b>	<b>17.9</b>	<b>-</b>
<b>Multimetal Recycling segment</b>				
Revenues	€m	1,316	1,451	-9 %
Gross margin <sup>1</sup>	€m	158	187	-16 %
EBIT	€m	34	83	-59 %
EBT	€m	35	83	-58 %
ROCE	%	18.7	37.3	-
Capital employed	€m	843	786	7 %
<b>Custom Smelting &amp; Products segment</b>				
Revenues	€m	4,123	4,517	-9 %
Gross margin <sup>1</sup>	€m	381	358	6 %
EBIT	€m	108	93	16 %
EBT	€m	108	94	15 %
ROCE	%	18.9	12.6	-
Capital employed	€m	2,187	1,921	14 %

<sup>1</sup> Gross margin = Total of the earnings components metal result, treatment and refining charges, and premiums and products.

<sup>2</sup> Group performance indicators.

<sup>3</sup> Prior-year figures have been adjusted. [Selected Financial Information, page 17](#)

Key Aurubis Group figures IFRS		Q1		
		2022/23	2021/22	Change
Revenues	€m	4,096	4,406	-7 %
Gross profit	€m	340	656	-48 %
EBITDA	€m	120	447	-73 %
EBIT	€m	70	399	-82 %
EBT	€m	71	405	-82 %
Consolidated net income	€m	57	301	-81 %
Earnings per share	€	1.31	6.89	-81 %
Number of employees (average)		6,963	7,148	-3 %

**i** This report may include slight deviations in disclosed totals due to rounding.

Aurubis Group production figures		Q1		
		2022/23	2021/22 <sup>1</sup>	Change
<b>Multimetal Recycling segment</b>				
Copper scrap/blister copper input	1,000 t	84	71	18 %
Other recycling materials	1,000 t	119	125	-5 %
Cathode output	1,000 t	131	130	1 %
Beerse	1,000 t	6	6	0 %
Lünen	1,000 t	42	37	14 %
Olen	1,000 t	83	87	-5 %
<b>Custom Smelting &amp; Products segment</b>				
Concentrate throughput	1,000 t	635	679	-6 %
Hamburg	1,000 t	266	308	-14 %
Pirdop	1,000 t	369	371	-1 %
Copper scrap/blister copper input	1,000 t	46	50	-9 %
Other recycling materials	1,000 t	10	10	0 %
Sulfuric acid output	1,000 t	586	639	-8 %
Hamburg	1,000 t	219	267	-18 %
Pirdop	1,000 t	367	372	-1 %
Cathode output	1,000 t	150	149	0 %
Hamburg	1,000 t	92	95	-3 %
Pirdop	1,000 t	58	54	7 %
Wire rod output	1,000 t	195	200	-3 %
Shapes output	1,000 t	49	53	-8 %
Flat rolled products and specialty wire output	1,000 t	32	39	-18 %

<sup>1</sup> Prior-year figures have been adjusted.

Aurubis Group sales volumes		Q1		
		2022/23	2021/22	Change
Gold	t	12	12	0 %
Silver	t	234	218	7 %
Lead	t	9,370	9,884	-5 %
Nickel	t	830	1,012	-18 %
Tin	t	2,128	2,507	-15 %
Zinc	t	2,077	4,257	-51 %
Minor metals	t	190	251	-24 %
Platinum group metals (PGMs)	kg	1,819	2,828	-36 %



*„We started the new fiscal year with very respectable results – especially when you consider the high inflation and increased energy costs. The ongoing high demand for our products is clearly shows: the world needs Aurubis metals. They are essential to transforming our industry and society and steering in a more sustainable direction. For the 2022/23 fiscal year as a whole, we expect earnings to be at the upper end of the forecast range.“*

ROLAND HARINGS, Chief Executive Officer

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# Economic Development

## First 3 Months 2022/23

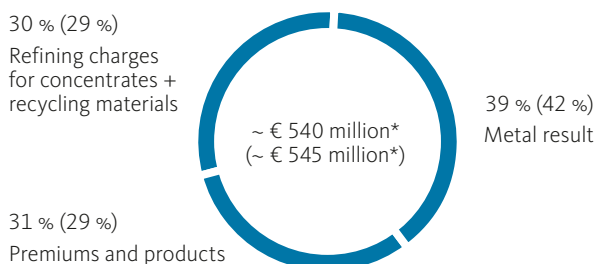
The Aurubis Group generated good **operating earnings before taxes (EBT)** of € 125 million in the first three months of 2022/23. Nonetheless, the result remained lower than the exceptionally high prior-year figure (164 million). With demand for copper products remaining high, in particular significantly higher energy costs along with lower metal result due to input materials had a negative impact on earnings compared to the same quarter of the previous year. **Operating return on capital employed (ROCE)** was 16.3 % (previous year: 17.9 %). IFRS earnings before taxes (EBT) amounted to € 71 million (previous year: € 415 million).

The Aurubis Group generated revenues of € 4,096 million during the first three months of fiscal year 2022/23 (previous year: € 4,406 million). This slight decline was mainly due to lower copper prices compared to the same period of the previous year, with demand for our copper products remaining high.

The gross margin includes the main components of the Aurubis Group's earnings, i.e., metal result [Q Glossary, page 23](#), treatment and refining charges [Q Glossary, page 23](#), and premiums and products. [Q Graphic](#)

### Proportion of main earnings components in the Aurubis Group

as at December 31 YTD 2022/23 (YTD prior-year figures)



\* Gross margin = Total of the earnings components metal result, treatment and refining charges, and premiums and products.

Operating earnings before taxes (EBT) – one of our Group performance indicators – were € 125 million (previous year: € 164 million) and, compared to the very good previous year, positively influenced by:

- » Very good operating performance at our Pirdop site with concentrate throughputs on par with the high prior-year levels,
- » High demand for copper products,
- » Continuing high refining charges for other recycling materials [Q Glossary, page 23](#).

An opposite effect was caused by:

- » Lower metal result due to input materials,
- » Slightly lower sulfuric acid revenues resulting from reduced sales prices,
- » Significantly lower refining charges for copper scrap,
- » Significantly increased costs, especially for energy (electricity and gas).

Please refer to [Q page 17](#) for explanations regarding the derivation of the operating result based on the IFRS result.

Our second Group performance indicator, **operating ROCE** (taking the operating EBIT of the last four quarters into consideration) dropped to 16.3 % (previous year: 17.9 %), despite very good earnings performance. Temporarily high inventories led to higher employed capital compared to the previous year's reporting date.

The derivation of the ROCE is shown on [Q page 11](#).

At € -64 million, the net cash flow was only slightly above the prior-year level (€ -84 million) due primarily to the higher inventories in Q1 of fiscal year 2022/23. Net cash flow is subject to fluctuations over the course of the fiscal year, which balance out again as the year goes on.

Additional explanations regarding cash flow are provided in [Q Assets, liabilities, and financial position, page 10](#).





## Segments & markets

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

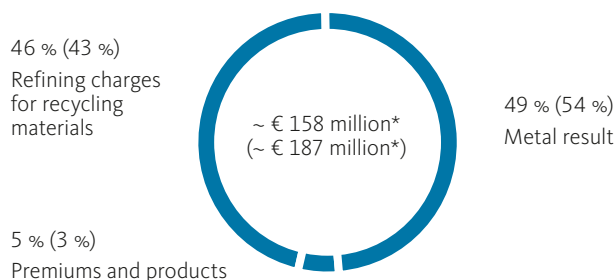
In the reporting period, the MMR segment generated an operating EBT of € 35 million (previous year: € 83 million). The result was positively influenced by a higher input of blister copper and electronic scrap coupled with slightly reduced refining charges for these input materials compared to the prior year. An input-related, considerably lower metal result compared to the previous year, lower refining charges for scrap copper, and higher costs, especially for energy, had the opposite effect. At 18.7 %, the segment's operating ROCE was above the Group target of 15 %, yet still considerably below the very good previous year (37.3 %).

In the reporting period, our recycling sites reported throughput on par with the previous year, with a satisfactory supply of copper scrap, blister copper, [Glossary, page 23](#) and other recycling materials.

The input of other recycling materials such as industrial residues, slimes, shredder materials, and electrical and electronic scrap was 119,000 t during the reporting period below the prior-year level (125,000 t). At 84,000 t (previous year: 71,000 t), the input of copper scrap and blister copper showed an increase during the reporting period compared to

### Proportion of main earnings components in the Multimetal Recycling segment

as at December 31 YTD 2022/23 (YTD prior-year figures)



\* Gross margin = Total of the earnings components metal result, treatment and refining charges, and premiums and products.

the previous year.

The European market for recycling materials showed a stable supply with satisfactory refining charges in Q1 2022/23. Exports from Europe remained at a low level in the reporting period due to COVID-19 restrictions and the resulting limited demand in Asia. Furthermore, the European Union introduced new regulations for the export of recycling materials from the EU to non-OECD countries. These include the option of reducing exports to specific countries.

Compared to the very high level from the previous year, Aurubis refining charges for copper scrap dropped significantly. In the previous year, Aurubis still benefited from copper scrap inventories with very high refining charges. Refining charges for complex recycling materials dropped slightly, but remained at a high level.



In the reporting period, cathode output in the MMR segment was 131,000 t, on par with the prior-year level. Our production site in Lünen continues to work on modernizing and expanding the capacity of the tankhouse (complete in 2024).

Due to input materials, metal gain in the MMR segment was below the high prior-year level, though again represented a significant share of earnings in the reporting period.

Capital expenditure in the MMR segment amounted to € 46 million (previous year: € 31 million). The increase mainly resulted from investments in the new recycling plant Aurubis Richmond, USA, investments in the new bleed treatment facility (BOB) [Q Glossary, page 23](#) in Olen, Belgium, and investments for the refurbishment of the tankhouse in Lünen.

The **Custom Smelting & Products (CSP) segment** comprises the production facilities for processing copper concentrates [Q Glossary, page 23](#) and for manufacturing and marketing standard and specialty products such as cathodes [Q Glossary, page 23](#), wire rod [Q Glossary, page 23](#), continuous cast shapes [Q Glossary, page 23](#), strip products, sulfuric acid, and iron silicate. The CSP segment is also responsible for precious metal production. The sites in Hamburg (Germany) and Pirdop (Bulgaria) manufacture copper cathodes. Together with the copper cathodes produced in MMR, they are processed further into wire rod and continuous cast 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.

The CSP segment generated operating EBT of € 108 million in

the reporting period (previous year: € 94 million). The positive development in the segment primarily resulted from a higher metal gain, increased treatment and refining charges for concentrates, and increased revenues through the sale of copper products at higher prices compared to the previous year. An opposite effect was caused by considerably increased costs, especially for energy, lower sulfuric acid revenues and reduced refining charges for copper scrap compared to the previous year. Operating ROCE improved significantly to 18.9% compared to the previous year (12.6%).

At 635,000 t, concentrate throughput at our primary smelters [Q Glossary, page 23](#) was below the very high prior-year level (679,000 t). As in the previous year, the Pirdop site in particular performed very well. The Hamburg site has not yet been able to match the stable output from the previous year.

The treatment and refining charges for copper concentrates on the spot market remained consistently high during the reporting period. Improved supply from new mining projects and the expansion of existing mines created positive conditions for the supply of concentrates in calendar year 2023. As such, the benchmark for 2023 also showed positive development. The agreed treatment and refining charge (TC/RC) in the benchmark for the processing of standard copper concentrates amounted to 88 US\$/t/8.8 cts/lb and as such was roughly 35 % higher than the previous year (2022: 65 US\$/t/ 6.5 cts/lb).

At 46,000 t, the throughput of copper scrap, blister copper and other recycling materials in the reporting period was below the prior-year level (50,000 t). The lower concentrate throughput in the segment meant less copper scrap and





### Proportion of main earnings components in the Custom Smelting & Products segment

as at 12/31 YTD 2022/23 (YTD prior-year figures)



blister copper was needed as cooling material. For information on developments in refining charges for recycling materials, please refer to our explanations in the MMR segment.

In the reporting period, continuing high metal prices and good metal gain at the CSP segment sites continued to have a positive effect on the metal result.

In Q1 2022/23, we again recorded high demand for copper products in all customer segments. Only the construction sector showed a drop in demand.

At 150,000 t in the reporting period, copper cathode output in the CSP segment was on par with the high level from the previous year (149,000 t).

The global cathode market showed very volatile development in Q1 2022/23. After a considerable premium increase in

Europe and Asia in October, cathode premiums on the spot markets decreased over the course of the reporting period. The Aurubis copper premium [Glossary, page 23](#) is 228 US\$/t in calendar year 2023 (previous year: 123 US\$/t).

Output of wire rod showed a slight decrease to 195,000 t (previous year: 200,000 t), yet still remains at the high prior-year level. At 49,000 t, shapes output was below the high prior-year level (53,000 t). At 32,000 t, the production of flat rolled products dropped significantly compared to the previous year (39,000 t). With the partial sale of the former flat rolled products segment, production volumes at the Zutphen site are no longer included, effective July 29, 2022.

Corresponding to decreased concentrate throughput, sulfuric acid output was 586,000 t, considerably lower than the prior-year output (639,000 t). In Q1 2022/23, demand for sulfuric acid in Europe continued to lag considerably behind the high demand in the previous year. Sulfuric acid prices on the short-term markets stabilized at a lower level during the reporting period. Because of its customer and contract structure, Aurubis is not completely exposed to developments on the spot market, which take effect with a time lag, and as such continued to profit from relatively high sulfuric acid revenues in the reporting period.

Capital expenditure in the CSP segment amounted to € 27 million (previous year: € 28 million), mainly for preparations for the maintenance shutdown in Pirdop in Q3 and for the start of construction on phase 2 of the industrial heat project in Hamburg.

## Assets, liabilities, and financial position

**Total assets (operating)** increased from € 5,926 million as at September 30, 2022 to € 6,073 million as at December 31, 2022. This was due in particular to the € 330 million increase in inventories, from € 2,202 million as at September 30, 2022 to € 2,532 million as at December 31, 2022. In both segments, build-up primarily impacted feed materials and intermediate products (copper concentrates/ blister copper/ anodes) as well as finished products (cathodes).

Current liabilities from trade accounts payable increased by € 213 million, from € 1,583 million to € 1,796 million, in line with the higher inventories in current assets.

In line with operating consolidated total comprehensive income, the Group's equity rose by € 108 million, from € 3,202 million as at the end of the last fiscal year to € 3,310 million as at December 31, 2022.

Overall, the operating equity ratio (the ratio of equity to total assets) was therefore 54.5 %, compared to 54.0 % as at the end of the previous fiscal year.

The following table shows the development of borrowings:

in € million	12/31/2022	9/30/2022
Non-current bank borrowings	167	167
Non-current liabilities under finance leases	41	42
<b>Non-current borrowings</b>	<b>208</b>	<b>209</b>
Current bank borrowings	82	106
Current liabilities under finance leases	12	12
<b>Current borrowings</b>	<b>94</b>	<b>118</b>
<b>Total borrowings</b>	<b>302</b>	<b>327</b>

Cash and cash equivalents of € 540 million were available to the Group as at December 31, 2022 (September 30, 2022: € 706 million). The decline corresponded to the increase in net working capital.

The net financial position as at December 31, 2022 was therefore as follows:

in € million	12/31/2022	9/30/2022
Cash and cash equivalents	540	706
– Borrowings	302	327
<b>Net financial position</b>	<b>238</b>	<b>379</b>

At € -64 million, net cash flow was only slightly above the prior-year level (€ -85 million) due primarily to the high inventories in Q1 of fiscal year 2022/23.

The cash outflow from investment activities totaled € -70 million (previous year: € -51 million) and, as in the previous year, primarily includes payments for investments in property, plant, and equipment amounting to € -60 million. Interest received amounting to € 2 million were one factor that had the opposite effect.

After taking interest payments on par with prior-year figures totaling € -3 million into account, the free cash flow for Q1 2022/23 amounts to € -137 million (previous year: € -140 million).

in € million	3M 2022/23	3M 2021/22
Cash outflow from operating activities (net cash flow)	-64	-85
Cash outflow from investment activities	-70	-51
Interest paid	-3	-4
<b>Free cash flow</b>	<b>-137</b>	<b>-140</b>
Payments/proceeds deriving from financial liabilities (net)	-28	-162
<b>Net change in cash and cash equivalents</b>	<b>-166</b>	<b>-302</b>
<b>Cash and cash equivalents as at the reporting date</b>	<b>540</b>	<b>663</b>

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

Operating ROCE decreased from 17.9% in the prior-year period to 16.3% as at December 31, 2022, primarily due to high inventories in capital employed.

in € million	12/31/2022	12/31/2021
Fixed assets, excluding financial fixed assets	2,028	1,892
Inventories	2,532	2,079
Trade accounts receivable	628	750
Other receivables and assets	318	220
- Trade accounts payable	-1,796	-1,665
- Provisions and other liabilities	-611	-568
<b>Capital employed as at the reporting date</b>	<b>3,099</b>	<b>2,708</b>
Earnings before taxes (EBT)	494	462
Financial result	1	9
<b>Earnings before interest and taxes (EBIT)</b>	<b>495</b>	<b>472</b>
Investments accounted for using the equity method	10	12
<b>Earnings before interest and taxes (EBIT) – adjusted</b>	<b>505</b>	<b>484</b>
<b>Return on capital employed (operating ROCE)</b>	<b>16.3 %</b>	<b>17.9 %</b>

## Corporate Governance

We informed the capital markets about special developments in the form of ad hoc releases:

On October 28, 2022, we disclosed that there had been a cyberattack on our IT systems in the early hours of October 28, 2022. We were forced to preventively shut down almost all of our IT systems and disconnect them from the internet. Production was largely maintained. In the meantime, all important IT systems are back in use with no restrictions. The negative impact recognized in profit and loss in the Group on (operating) EBT is in the low, single-digit millions of euros.

On December 20, 2022, we informed the capital market in an ad hoc release of the Supervisory Board's approval of a comprehensive growth package and the adjustment of the dividend policy of Aurubis AG. The investment package includes the accelerated doubling of capacity at our Aurubis Richmond plant in Georgia, USA, currently under construction, and a capital expenditure adjustment for infrastructure requirements and inflation. For both modules, Aurubis anticipates a total investment of around € 640 million and an annual earnings contribution of around € 170 million EBITDA starting in fiscal year 2026/27.

The Complex Recycling Hamburg project was approved as an additional part of the investment package. This project involves the processing of internal and external complex smelter intermediate products with an investment volume of around € 190 million and a projected annual earnings contribution of around € 40 million EBITDA starting in fiscal year 2025/2026.

Due to this accelerated growth course, the decision was made to suspend the current dividend policy of a payout of at least 25 % of operating consolidated net income. In the future, a new payout ratio will be set every year and take into account the financing needs of Aurubis AG and the legitimate interest of shareholders in participating in the Group's success.

The invitation to the Annual General Meeting, which will be held on February 16, 2023, was published in the German Federal Gazette (Bundesanzeiger) on January 5 and 9, 2023.

According to a voting rights notification dated January 16, 2023, Dimensional Holdings Inc. located in Austin, Texas, USA, held a 2.99 % stake in Aurubis AG (previously: 3.15 %).

Please refer to the Annual Report 2021/22 for additional information.

## Risk and opportunity management

The risks and opportunities outlined in the Annual Report 2021/22 did not fundamentally change in Q1 2022/23. Please refer to the Annual Report 2021/22 for additional information.



## Corporate development

### **Test series for the use of blue ammonia in copper production started**

Aurubis is taking the next step toward climate neutrality by testing the industrial use of blue ammonia as a fuel. In October 2022, Aurubis received the first shipment of 13 t of blue (low carbon) ammonia from the United Arab Emirates (UAE) for use in copper wire rod production in Hamburg. Over the long-term, we plan to completely replace the blue ammonia available today with green ammonia, which is produced using renewable energy. As such, we are further diversifying our energy supply and lowering our carbon footprint. We are aiming for climate-neutral production well before 2050. At the same time, we are making an important contribution to establishing a hydrogen supply chain between the UAE and Germany. The shipment was part of the hydrogen collaboration between the UAE and Germany, which was intensified at the start of 2022.

### **Groundbreaking for the construction of a new recycling plant (ASPA) in Beerse**

On December 15, 2022, Aurubis officially started construction on its state-of-the-art hydrometallurgical recycling plant ASPA (Advanced Sludge Processing by Aurubis). Commissioning of the € 33 million investment is scheduled for fiscal year 2024/25. In the future, the ASPA facility will process anode sludge, a valuable intermediate product from electrolytic copper refining produced at the recycling sites in Beerse and Lünen (Germany). The new process will enable even faster extraction of more precious metals, such as gold and silver, but also tin, from the anode sludge. The new ASPA plant strengthens Aurubis' position as the most efficient and sustainable integrated smelter network in the world.

### **Aurubis adopts additional € 530 million investment package to accelerate growth and sustainability**

On December 20, 2022, the Supervisory Board of Aurubis AG approved an additional comprehensive investment package of around € 530 million. This comprises investment in expansion

to double the processing capacity of the Aurubis Richmond recycling plant in Georgia USA, amounting to € 250 million, and a capital expenditure adjustment (€ 90 million) for infrastructure requirements and inflation for the current project. In addition, Aurubis is investing € 190 million in the CRH (Complex Recycling Hamburg) project to increase recycling capabilities in Hamburg, and in the expansion of the in-house solar park at the Pirdop site in Bulgaria.

### **Aurubis doubles recycling capacity in the USA**

Aurubis plans to fast-track its growth course in the USA. A second recycling module is slated to be added to the Aurubis Richmond plant currently under construction in the US state of Georgia. Production is scheduled to begin in 2026.

With this new stage, Aurubis is doubling throughput volume from the previously planned 90,000 t of complex recycling materials to 180,000 t per year. The additional plant will also be built in accordance with the highest environmental standards and as such will allow for the environmentally friendly recycling of input materials. At the same time, Aurubis will be creating around 80 additional jobs in the region and, once both recycling modules are completed, anticipates employing around 200 people at the Richmond site.

Together with the now approved second expansion, Aurubis anticipates investments totaling € 640 million and an additional contribution to EBITDA of around € 170 million starting in fiscal year 2026/27.

### **Significant investment in expanding recycling capability and optimizing flow chart in Hamburg**

Another part of the approved investment packet involves securing core business with an investment of around € 190 million in the Complex Recycling Hamburg (CRH) project at the Hamburg site. In the future, Aurubis will have the capacity to process around 30,000 more tons of recycling material and internal, complex smelter intermediary products on a larger scale. As such, the company is closing both internal and external value chains in another important contribution to the circular economy.

The CRH process, developed in-house, considerably broadens the metallurgical capabilities in the Aurubis smelter network and optimizes utilized capacity for existing plants, both important factors in competitive differentiation. CRH will also improve the processing of precious metals in an even shorter process run time.

Once the project is ramped up in 2025, the company forecasts an annual earnings contribution of around € 40 million.

#### **Aurubis expands the largest national and in-house solar park in Bulgaria by an additional 14 MW**

The third project approved is the expansion of the existing photovoltaic plant at the Pirdop site. An initial investment volume of around € 12 million will be employed to considerably increase the existing plant's output from 14 MW to 24 MW. The plant is scheduled to be commissioned as early as 2024. Once the second expansion is complete, it will generate the electricity it would take to power 9,000 households, or a small city, every year. Compared to coal-fired power generation, this will save 34,000 t of CO<sub>2</sub> emissions per year – or over 500,000 t for the planned operating period of 15 years.

#### **Financing the growth course will still come from our own resources – dividend payout ratio adjusted**

Aurubis plans to finance the approved projects primarily out of current cash flow with no need for a capital increase. The financing of the adopted growth course will be supported by more forward-looking and more flexible dividend payments. At the same time, Aurubis will ensure that shareholders continue to participate accordingly in the company's results.

# Outlook

## Raw material markets

Well-known research institutes and Aurubis continue to anticipate growth on both the demand and the supply sides in the copper concentrate market in calendar year 2023. Due to capacity growth in various South American countries and in existing mines worldwide along with the ramping-up of new projects, growth in global mine output is anticipated to outpace growth in smelter capacities.

In November 2022, a benchmark deal for annual contracts in 2023 was concluded for 88 US\$/t / 8.8 cts/lb (previous year 65 US\$/t / 6.5 cts/lb). This represents a 35 % increase compared to 2022. Since the reference closing, the spot rates for processing pure copper concentrates have remained stable around the benchmark. Thanks to our position on the market and our long-term contract structure, Aurubis is only active on the spot market to a low extent. At our primary sites, Hamburg and Pirdop, we are already supplied with concentrates at good treatment and refining charges into Q3 of fiscal year 2022/23.

The markets for copper scrap and other recycling materials are short-term orientated and dependent on a variety of influences, such as metal prices and collection activities in the recycling industry. In general, we anticipate a stable market environment with satisfactory refining charges both for copper scrap and for other recycling materials for the rest of the fiscal year. Our smelter network is already supplied with recycling material at good refining charges beyond Q2. Our broad market position and diversified supplier network absorbs any possible supply risks.

## Product markets

### Copper products

Aurubis expects to see ongoing high demand for all copper products for the rest of fiscal year 2022/23. We anticipate demand for copper wire rod to remain high in Europe and in North America. We expect demand for shapes and flat rolled products to remain at the high prior-year level.

### Sulfuric acid

In northwestern Europe, the ICIS and CRU research portals anticipate demand from the European-based chemical and fertilizer industry will decrease due to ongoing high energy costs. Lower price levels are also expected on the US and South American export markets. Overall, we anticipate a negative trend in the earnings situation on the acid markets compared to the previous year.

### Copper production

Due to the planned maintenance shutdowns at our Pirdop und Lünen sites and concentrate throughput in Hamburg still at below the prior-year level, we expect lower throughput overall in the fiscal year 2022/23.

## Earnings expectations

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

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

- » Based on industry forecasts, we expect global copper demand to continue growing.
- » Due to the increase compared to the previous year in the benchmark closing for copper concentrates at US\$ 88/t and 8.8 cents/lb, we expect correspondingly higher treatment and refining charges starting in calendar year 2023.
- » In fiscal year 2022/23, the market trend for copper scrap is difficult to forecast due to the short-term nature of the business. We generally expect a stable market environment.
- » Because of the current market situation for sulfuric acid, we expect a significantly reduced earnings contribution from sulfuric acid revenues compared to the previous year.
- » Prices for parts of the expected metal gain have already been hedged.
- » The Aurubis copper premium was set at US\$ 228/t for calendar year 2023 (previous year: US\$ 123/t).
- » Despite the current drop in energy prices, we expect energy costs to remain high in fiscal 2022/23. We can partially absorb price risks with our hedging activities. Moreover, CO<sub>2</sub> electricity price compensation takes effect with a time lag.
- » A significant portion of our revenues is based on the US dollar. We have already hedged significant portions of the US dollar results as part of our hedging strategy.

Overall, we expect an operating EBT at the upper end of the € 400–500 million forecast corridor and an operating ROCE between 11 % and 15 % for the **Aurubis Group** in fiscal year 2022/23.

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

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

**Interval forecast for 2022/23 according to Aurubis' definition**

	Operating EBT in € million	Operating ROCE in %
Group <sup>1</sup>	400 - 500	11 - 15
Multimetal Recycling segment	100 - 160	11 - 15
Custom Smelting & Products segment	350 - 410	15 - 19

<sup>1</sup> The Group forecast includes the segments as well as the category "other" and is not the sum of the two segments alone.



# Selected Financial Information

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The internal reporting and management of the Group are carried out on the basis of the operating result in order to present the Aurubis Group's success independently of measurement effects for internal management purposes. The operating result is derived from the IFRS-based financial performance by:

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

The derivation of the operating result was adjusted on September 30, 2022. The prior-year figures were adjusted for comparison purposes.

Please refer to the Annual Report 2021/22 for additional information.

The **IFRS EBT** amounting to € 71 million (previous year: € 405 million) fell considerably below the previous year. In addition to the effects on earnings already described in the explanation of the operating financial performance, the change 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 directly effects changes in inventories/the cost of materials and hence the IFRS gross profit.

In the first three months of fiscal year 2022/23, **IFRS gross profit** includes valuation effects of € -8 million in inventories (previous year: € 249 million). The depiction of this volatility is not relevant to the cash flow and does not reflect Aurubis' operating performance.

The following table shows how the operating results for the first three months of fiscal year 2022/23 and for the comparative prior-year period were derived from the IFRS income statement.

### Reconciliation of the consolidated income statement

in € million	3M 2022/23			3M 2021/22		
	IFRS	Adjustment effects	operating	IFRS	Adjustment effects	operating
<b>Revenues</b>	<b>4,096</b>	<b>0</b>	<b>4,096</b>	<b>4,406</b>	<b>0</b>	<b>4,406</b>
Changes in inventories of finished goods and work in process	192	5	197	290	-115	175
Own work capitalized	5	0	5	3	0	3
Other operating income	73	0	73	49	0	49
Cost of materials	-4,026	48	-3,978	-4,092	-122	-4,214
<b>Gross profit</b>	<b>340</b>	<b>53</b>	<b>393</b>	<b>656</b>	<b>-237</b>	<b>419</b>
Personnel expenses	-139	0	-139	-138	0	-138
Depreciation of property, plant, and equipment and amortization of intangible assets	-49	1	-48	-47	0	-47
Other operating expenses	-82	0	-82	-71	0	-71
<b>Operational result (EBIT)</b>	<b>70</b>	<b>54</b>	<b>124</b>	<b>400</b>	<b>-237</b>	<b>163</b>
Result from investments measured using the equity method	3	0	3	7	-4	3
Interest income	2	0	2	3	0	3
Interest expense	-4	0	-4	-5	0	-5
<b>Earnings before taxes (EBT)</b>	<b>71</b>	<b>54</b>	<b>125</b>	<b>405</b>	<b>-241</b>	<b>164</b>
Income taxes	-14	-12	-26	-104	67	-37
<b>Consolidated net income</b>	<b>57</b>	<b>42</b>	<b>99</b>	<b>301</b>	<b>-174</b>	<b>127</b>

**Total assets (IFRS)** increased from € 7,447 million as at September 30, 2022 to € 7,515 million as at December 31, 2022. The slight increase compared to the previous fiscal year was due to the significant € 345 million increase in inventories from € 3,553 million as at September 30, 2022 to € 3,898 million as at December 31, 2021, which was higher compared to the operating statement of financial position. An opposite

effect was caused in part by a decrease in cash and cash equivalents. The Group's equity rose by € 63 million, from € 4,258 million as at the end of the last fiscal year to € 4,321 million as at December 31, 2022. The increase resulted from the consolidated net income of € 57 million. Overall, the IFRS equity ratio was 57.5 % as at December 31, 2022, compared to 57.2 % as at the end of the previous fiscal year.

The following table shows how the operating results at December 31, 2022 and for reference date September 30, 2022 were derived from the IFRS income statement.

### Reconciliation of the consolidated statement of financial position

in € million	12/31/2022			9/30/2022		
	IFRS	Adjustment effects	Operating	IFRS	Adjustment effects	Operating
<b>Assets</b>						
Fixed assets	2,088	-33	2,055	2,069	-34	2,035
Deferred taxes	12	1	13	18	1	19
Non-current receivables and other assets	75	-18	57	172	-114	58
Inventories	3,898	-1,366	2,532	3,553	-1,351	2,202
Current receivables and other assets	902	-26	876	929	-23	906
Cash and cash equivalents	540	0	540	706	0	706
<b>Total assets</b>	<b>7,515</b>	<b>-1,442</b>	<b>6,073</b>	<b>7,447</b>	<b>-1,521</b>	<b>5,926</b>
<b>Equity and liabilities</b>						
Equity	4,321	-1,011	3,310	4,258	-1,056	3,202
Deferred taxes	620	-420	200	638	-431	207
Non-current provisions	117	0	117	121	0	121
Non-current liabilities	220	-10	210	225	-5	220
Current provisions	76	0	76	68	0	68
Current liabilities	2,161	-1	2,160	2,137	-29	2,108
<b>Total equity and liabilities</b>	<b>7,515</b>	<b>-1,442</b>	<b>6,073</b>	<b>7,447</b>	<b>-1,521</b>	<b>5,926</b>

## Consolidated Cash Flow Statement

IFRS

in € million	First 3 Months 2022/23	3M 2021/22
<b>Earnings before taxes</b>	<b>71</b>	<b>405</b>
Depreciation and amortization of fixed assets (including impairment losses or their reversals)	49	47
Change in non-current provisions	-2	-1
Measurement of derivatives	38	-30
Other non-cash items	1	1
Expenses and income included in the financial result	-1	-5
Income taxes received/paid	-32	-11
<b>Gross cash flow</b>	<b>126</b>	<b>406</b>
Change in receivables and other assets	14	-195
Change in inventories (including measurement effects)	-356	-555
Change in current provisions	8	0
Change in liabilities (excluding financial liabilities)	144	258
<b>Cash outflow from operating activities (net cash flow)</b>	<b>-64</b>	<b>-85</b>
Payments for investments in fixed assets	-71	-54
Interest received	2	3
<b>Cash outflow from investment activities</b>	<b>-70</b>	<b>-51</b>
Proceeds deriving from the take-up of financial liabilities	1	13
Payments for the redemption of bonds and financial liabilities	-28	-175
Interest paid	-3	-4
<b>Cash outflow from financing activities</b>	<b>-30</b>	<b>-167</b>
Net change in cash and cash equivalents	-164	-303
Changes resulting from movements in exchange rates	-2	0
Cash and cash equivalents at beginning of period	706	965
<b>Cash and cash equivalents at end of period</b>	<b>540</b>	<b>663</b>



## Consolidated Statement of Changes in Equity

IFRS

in € million	Subscribed capital	Additional paid-in capital	Treasury shares	Generated Group equity	Accumulated other comprehensive income components				Income taxes	Equity attributable to Aurubis AG shareholders	Non-controlling interests	Total equity
					Measurement at market of cash flow hedges	Hedging costs	Measurement at market of financial investments	Currency translation differences				
<b>Balance as at 10/1/2021</b>	<b>115</b>	<b>343</b>	<b>-60</b>	<b>3,025</b>	<b>18</b>	<b>0</b>	<b>-5</b>	<b>13</b>	<b>-7</b>	<b>3,442</b>	<b>1</b>	<b>3,443</b>
Consolidated total comprehensive income/loss	0	0	0	301	-5	0	4	1	0	301	0	301
of which consolidated net income	0	0	0	301	0	0	0	0	0	301	0	301
of which other comprehensive income/loss	0	0	0	0	-5	0	4	1	0	0	0	0
<b>Balance as at 12/31/2021</b>	<b>115</b>	<b>343</b>	<b>-60</b>	<b>3,326</b>	<b>14</b>	<b>0</b>	<b>-1</b>	<b>14</b>	<b>-7</b>	<b>3,743</b>	<b>1</b>	<b>3,744</b>
<b>Balance as at 10/01/2022</b>	<b>115</b>	<b>343</b>	<b>-60</b>	<b>3,794</b>	<b>47</b>	<b>-1</b>	<b>1</b>	<b>36</b>	<b>-18</b>	<b>4,258</b>	<b>1</b>	<b>4,258</b>
Consolidated total comprehensive income/loss	0	0	0	58	24	0	2	-18	-4	62	0	63
of which consolidated net income	0	0	0	57	0	0	0	0	0	57	0	57
of which other comprehensive income/loss	0	0	0	1	24	0	2	-18	-4	5	0	5
<b>Balance as at 12/31/2022</b>	<b>115</b>	<b>343</b>	<b>-60</b>	<b>3,852</b>	<b>71</b>	<b>-1</b>	<b>3</b>	<b>18</b>	<b>-22</b>	<b>4,320</b>	<b>1</b>	<b>4,321</b>

## Consolidated segment reporting

3M 2022/23

in € million	Multimetal Recycling segment	Custom Smelting & Products segment	Other	Total	Reconciliation/consolidation	Group total
	operating	operating	operating	operating	IFRS	IFRS
Revenues						
Total revenues	1,316	4,123	0			
Intersegment revenues	1,194	150	0			
Revenues with third parties	122	3,973	0	4,096	0	4,096
EBIT	34	108	-18	124	-54	70
EBT	35	108	-18	125	-54	71
ROCE (%)	18.7	18.9				

The division of the segments complies with the definition of segments in the Group.

3M 2021/22

in € million	Multimetal Recycling segment	Custom Smelting & Products segment	Other	Total	Reconciliation/consolidation	Group total
	operating	operating	operating	operating	IFRS	IFRS
Revenues						
Total revenues	1,451	4,517	0			
Intersegment revenues	1,276	287	0			
Revenues with third parties	175	4,231	0	4,406	0	4,406
EBIT	83	93	-13	163	237	399
EBT	83	94	-13	164	241	405
ROCE (%)	37.3	12.6				

Certain prior-year figures have been adjusted.

A breakdown of revenues with third parties by product group is provided in the following table.

in € million	Multimetal Recycling segment		Custom Smelting & Products segment		Total	
	First 3 Months 2022/23	3M 2021/22	First 3 Months 2022/23	3M 2021/22	First 3 Months 2022/23	3M 2021/22
	Wire rod	0	0	1,550	1,638	1,550
Copper cathodes	41	37	697	806	738	843
Precious metals	0	0	878	837	878	837
Shapes	0	0	358	425	358	425
Strip, bars, and profiles	0	0	308	363	308	363
Other	81	138	182	161	264	299
<b>Total</b>	<b>122</b>	<b>175</b>	<b>3,973</b>	<b>4,231</b>	<b>4,096</b>	<b>4,406</b>

## Subsequent events

There were no significant events after the balance sheet date.

# Glossary

## Explanation of technical terms

**Blister copper:** Unrefined porous copper. During solidification, dissolved gases form small blisters in the copper. Blister copper is also purchased as a raw material.

**Complex materials:** Both primary and secondary raw materials are becoming more complex, meaning their copper content is decreasing and the levels of other elements and impurities contained in them are increasing.

**Continuous cast shapes:** Products manufactured from endless strands produced in a continuous casting process. Continuous cast shapes are processed into sheets, foils, profiles, and tubes by rolling and extrusion.

**Continuous cast wire rod:** Semifinished product produced in a continuous process and used for the fabrication of copper wire.

**Copper cathodes:** Quality product of the copper tankhouse (copper content: 99.99 %) and the first marketable product in copper production.

**Copper concentrates:** A product resulting from the processing (enriching) of copper ores, the Aurubis Group's main raw material. Since copper is found almost exclusively in ores, in compound form, and in low concentrations (usually below 1 % copper content), the ores are enriched in processing facilities into concentrates (copper content of 25 to 40 %) after production in the mine.

**Copper premium:** Surcharge for high-quality cathodes, which are used for the production of continuous cast wire rod and continuous cast shapes, among other products.

**Metal gain:** Metal yield that a smelter can extract beyond the paid metal content in the raw input materials.

**Metal result:** Metal gain valued at the corresponding metal prices.

**Primary smelter:** Plant for the production of copper from copper concentrates.

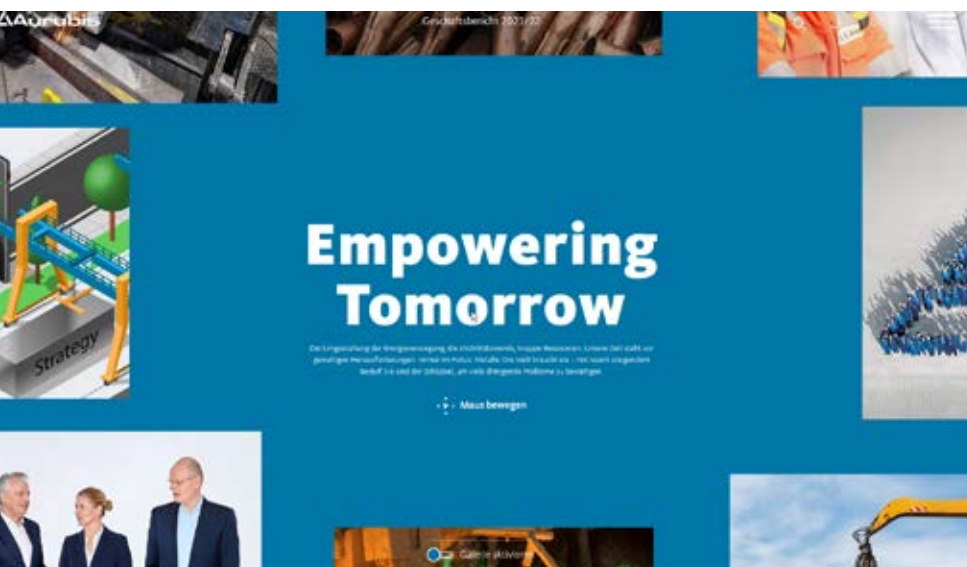
**Product surcharge:** Fee for the processing of copper cathodes into copper products.

**Recycling materials:** Materials in a circular economy. They arise as residues from production processes or during the preparation of end-of-life products and rejects.

**Treatment and refining charges (TC/RCs), refining charges (RCs):** Surcharges on the purchase price of metals, charged for turning these raw materials into the commodity exchange product – copper cathodes – and other metals.

**Secondary smelter:** Plant for the production of copper from recycling materials.

**Spot market:** Daily business, market for prompt deliveries.



The Quarterly Report on the First 3 Months 2022/23 and the live webcast on the release are available online at [www.aurubis.com/en/investor-relations/publications/quarterly-reports](https://www.aurubis.com/en/investor-relations/publications/quarterly-reports)

## Dates and Contacts

### Financial calendar

Annual General Meeting	February 16, 2023
Interim Report First 6 Months 2022/23	May 11, 2023
Capital Market Day	June 13, 2023
Quarterly Report First 9 Months 2022/23	August 7, 2023
Annual Report 2022/23	December 6, 2023

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