ANNUAL REPORT 2022

WE MAKE MOBILITY SAFER AND MORE SUSTAINABLE

BENTELER makes it happen


BENTELER
BENTELER
makes it happen
Erweiterung Werk Schwandorf

CONTENT

KEY FIGURES 2022

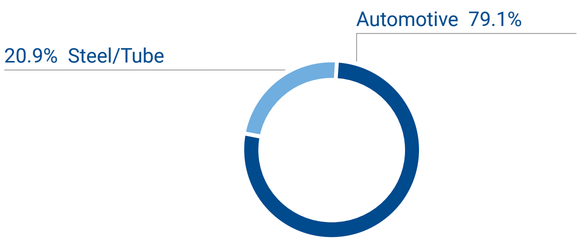
FINANCIAL YEAR 1. JANUARY TO 31ST DECEMBER

1.1

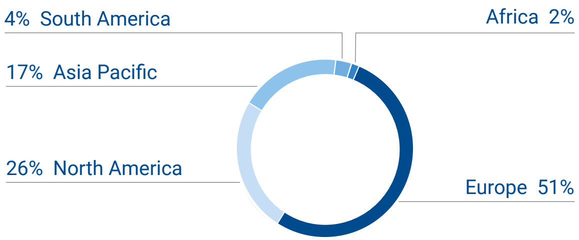
		2022	2021
External revenue	Million EUR	**8,954**	7,285
EBIT	Million EUR	**726**	43
Cash flow from earnings	Million EUR	**499**	107
Investments	Million EUR	**210**	157
Cash and cash equivalents	Million EUR	**697**	429
Working capital	Million EUR	**360**	256
Equity	Million EUR	**544**	-93
Equity ratio	%	**10.8**	-2.2
Total assets	Million EUR	**5,050**	4,238
Employees incl. trainees[1]	FTE	**21,349**	23,319
Trainees[1]	FTE	**495**	636
R&D budget	Million EUR	**67**	75

1) Annual average, measured as full-time equivalents, excluding temporary workers.

REVENUE BY SEGMENT



REVENUE BY REGION



"WE'RE SHAPING OUR FUTURE WITH PIONEERING SPIRIT"

In an interview, CEO Ralf Göttel explains the key figures for 2022, the progress of our transformation – and the competencies with which we will continue to be successful in a volatile world.

Mr. Göttel – how would you describe the year 2022 for BENTELER in three words?
Challenging. Eventful. Successful.

Let's take a look at the past fiscal year. What's your summary?
Generally speaking, 2022 certainly hasn't left anyone with a heart and mind untouched. The terrible war in Ukraine; supply chain issues; rising energy and material prices and general inflation; the coronavirus lockdowns in China. The ongoing semiconductor shortage isn't even mentioned any more. In short, it was another year that kept us on our toes on many levels, a testing year. And BENTELER passed with flying colors. That which we could influence, we had under control!

What do you base the success on?
On the one hand, our annual financial statements: Both BENTELER divisions achieved remarkable results. This resulted in record EBITDA and liquidity well above the previous year. We have therefore improved in the key performance indicators and thus reduced leverage to close to two. This demonstrates the future viability of our company – and is only possible thanks to the commitment of our 23,000 employees around the world. I would like to take this opportunity to thank them all – once again!

Let's take a brief look at the two divisions. First the automotive sector – how did it perform in 2022?
For our Automotive Division, the conditions I have just outlined were particularly challenging. However, we have proven that we know how to deal with head-winds. At the end of 2022, EBITDA for the Automotive Division had increased by 25% from €287 million in 2021 to €357 million. Particularly noteworthy here is that global automotive production is still a long way from returning to pre-crisis levels. If volumes continue to rise, and it is to be expected, we will benefit even

"Both BENTELER divisions achieved remarkable results. This demonstrates the future viability of our company – and is only possible thanks to the commitment of our 23,000 employees around the world."

“For me, the biggest accolade was that our customers – established corporations as well as new players – trust us!"

more than before from the transformation we initiated at an early stage as we are now operating from a significantly lower cost base.

The Steel/Tube Division experienced tailwinds rather than headwinds in the past fiscal year, right?
The bottom line is that 2022 was an all-time high for BENTELER Steel/Tube. We are very pleased about this – and it’s the result of hard work over the past few years. We’ve launched and continued to implement many initiatives, increased efficiency in our plants, and consistently opened up new customer segments through a modern sales approach. And we’re also ready to terminate unprofitable business. This is an ideal basis for further profitable growth. Personally, I’m particularly proud of our Green Tubes strategy, which makes us the industry benchmark in terms of sustainability.

You mentioned the word transformation. How has the BENTELER Group progressed here in 2022?
We started our transformation early in 2018. The results of 2022 have once again proven that it’s working. We are very well on the way! To be clear, we’ve not yet reached our goal. We’re focusing on our core and growth businesses, optimizing our product portfolio and processes, and investing in digitalization and innovation. In this way, we are actively exploiting growth opportunities. At the same time, we are also prepared to make difficult but entrepreneurially sensible decisions, for example when it comes to optimizing our global site distribution. This can be seen in the restructuring costs that are currently affecting our earnings.

What pleased you most in the past fiscal year?
For me, the biggest accolade was that our customers – established concerns as well as new players – trust us! This was confirmed again in 2022. In the automotive sector, we are present on all the global vehicle platforms of our top customers, and for the most part with products that are open to all technologies independent of the method of propulsion. This allows

us to expand our product range in e-mobility in parallel. We are already established with battery trays, for example, and we see great potential for new products such as battery cooling plates. The same applies to our autonomous HOLON mover, certainly one of the most ambitious BENTELER initiatives of all.

It's equally important to me that we continue to develop consistently as an organization. And we succeeded in doing that last year as well. We have once again improved our flexibility, resilience and know-how in dealing with permanent change. If you want to illustrate it with a marathon comparison: We have caught up with the top group in recent years through very hard training. Now the focus is on improving continuously to gain further speed.

Is this the direction for the current year?

We are on the right course, so we are maintaining it. In 2023 – and beyond. The important thing here is that we remain flexible, not dogmatic. That means we set ourselves a strategic framework with concrete goals – but we adapt to the circumstances along the way, so we react quickly to market changes. Last year, I said five-year planning has had its day. Volatility is so great that past experience is hardly a blueprint. Instead, something else is helping us solidify our position as an industry performer: Pioneering spirit.

What characterizes the pioneering spirit at BENTELER?

Breaking new ground with curiosity and joy. Meeting market challenges with confidence. We are internationally positioned; we have a wide range of

A strong team: The Executive Board consisting of Ralf Göttel, CEO (center), Michael Baur, CRO (left), and Dr. Tobias Braun, CFO (right), is responsible for the consistent implementation of the transformation of the BENTELER Group.

competencies – and that's a good thing. Because this diversity helps us, especially in volatile times, when a clear solution isn't immediately obvious.

In general, the global economy should give us a tailwind in the current year. Now, we at BENTELER must primarily do what has distinguished us for almost 150 years – find solutions! Getting projects, products

"We are on the right course, so we are maintaining it. In 2023 – and beyond."

IN BRIEF:

1. BENTELER successfully held its ground in a volatile market environment in 2022. Key performance indicators demonstrate the future viability of our company: EBITDA is at a record level, liquidity is significantly above the previous year and leverage is close to two.

2. Our transformation, initiated at an early stage, is having an impact: Today, BENTELER is operating from a lower cost base than in previous years. If the global markets pick up again, we will benefit even more than before.

3. We will continue this transformation course in 2023: We are further strengthening our core business by investing in a competitive, customer-focused portfolio of sites and products. At the same time, we are investing in growth markets, digitalization, innovation and the sustainability of our products and processes.

4. We continue to strengthen our culture with the aim of offering our employees the best possible performance and development opportunities. We promote training and further education in order to actively develop new areas of expertise and counteract the shortage of skilled workers. We are convinced that diverse teams with different competences are the success factor, especially in a volatile market environment.

5. We are continuing on our way to becoming the industry leader and making the mobility of the future safer and more sustainable.

BENTELER makes it happen

and processes on the road. We make it happen. The important thing here is to maintain the optimum balance. We will continue to improve continuously in our core activities – our bread-and-butter business, if you will – and, at the same time, develop mobility concepts for the future.

In addition, it's important to me that we continue to work on strengthening our corporate culture. Motivating and supporting our employees, educating them for the requirements of the future. This is the only way we as a company, and as a society, can counteract the shortage of skilled workers.

A look at the current year – what are your expectations?
I can already sum up 2023 for you in three words: Challenging. Eventful. And – I am absolutely convinced of this – successful! We will continue our transformation. Continue to work on sustainable margin improvement in both divisions. And further, carry on making mobility safer and more sustainable

Thank you very much, Mr. Göttel!

WE’RE SHAPING THE FUTURE OF MOBILITY

WE MAKE MOBILITY SAFER AND MORE SUSTAINABLE – FOR OUR CUSTOMERS AND SOCIETY

BENTELER is a global company that develops, produces and sells products, systems and services for the automotive, industrial and energy sectors. We move things – with courage, ambition and respect.

Our approximately 23,000 employees stand for first-class engineering, outstanding materials expertise and total vehicle competence along the entire value chain. Our production processes range from in-house steel production at our electric steel mill in Lingen, through forming and joining processes, to final finishing and assembly. We build on our strengths of process efficiency, innovative strength and customer focus across divisions.

We offer our customers a wide range of innovative material and process technologies as well as comprehensive know-how in metal forming and processing. In this way, we jointly develop forward-looking mobility solutions – of the highest quality, delivered on time and at fair prices.

With 87 locations worldwide, we have the international scale to agilely shape the market together with our business partners. Thanks to BENTELER's expertise,

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THE STRUCTURE OF THE BENTELER GROUP

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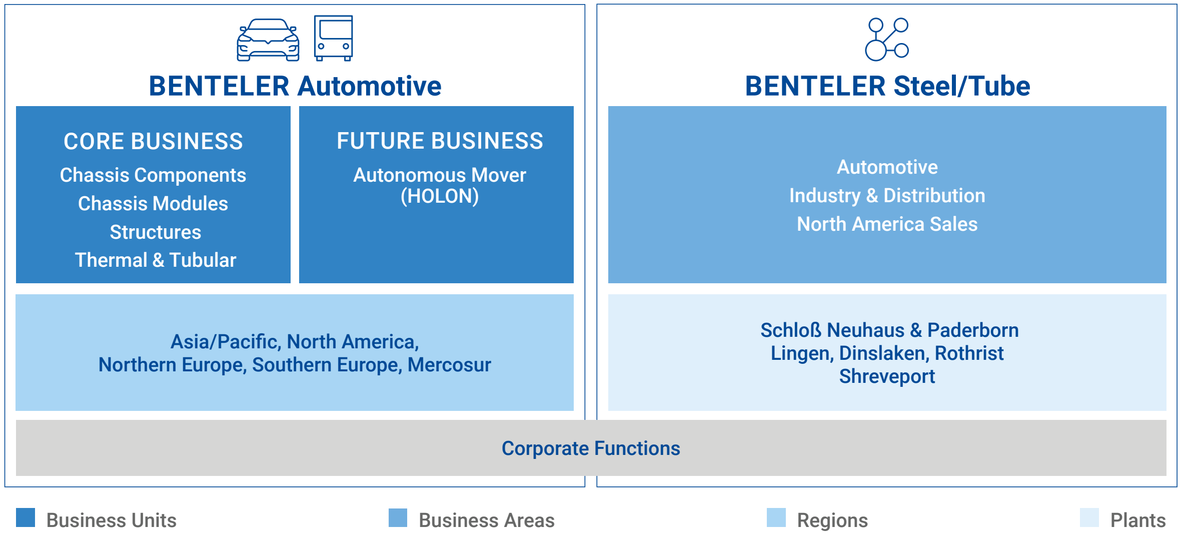

Organizational structure

Under the leadership of the strategic management holding BENTELER International AG, headquartered in Salzburg, Austria, are the divisions: BENTELER Automotive and BENTELER Steel/Tube. HOLON is a legally independent subsidiary of the BENTELER Automotive division that develops autonomous movers for the vehicle market of the future.

In addition to BENTELER International AG, BENTELER Business Services GmbH based in Paderborn, Germany also performs holding functions.

our customers can respond faster to market requirements and drive new developments quickly and efficiently.

Reliable global partner to the automotive industry

Our Automotive Division is the preferred development partner for the world's leading automotive manufacturers – BENTELER products can be found in almost every car worldwide. Our portfolio includes, for example, components and modules for chassis, body, engine and exhaust applications, future-oriented technologies such as system solutions for electromobility, and tubes for airbags and axles. We generate more than 90% of our Automotive sales with products that are drive technology independent. We addressed the issue of e-mobility at an early stage. We see this as a significant opportunity to make the best possible use of our products and competencies. Through permanent innovations, we strive to consistently increase the proportion of our products in a vehicle.

Solutions along the entire value chain

In our BENTELER Steel/Tube Division we produce seamless and welded steel tubes to the highest quality. As one of the world's leading manufacturers, we offer our customers global solutions that cover the entire value chain – from material development and in-house steel production at our environmentally friendly electric steel mill in Lingen to tube solutions. In this way, we develop customized tube products for the automotive, energy and industrial sectors.

Guided by clear values

What distinguishes us in our daily work and unites us internationally is a corporate culture with a clear set of values: The courage to dare to do something new; the ambition to be the best; and the respect to work with each other on an equal footing.

PREFERRED PARTNER TO OUR CUSTOMERS

Unsurpassed materials expertise, comprehensive vehicle know-how and first-class engineering competence: Each of our automotive and steel tube products incorporates the knowledge gained from almost 150 years of experience in metal processing. Our goal is to be the benchmark for process efficiency, innovative strength and customer orientation with our products. We accompany our customers throughout the entire duration of their project. This saves them development time and thus accelerates their growth.

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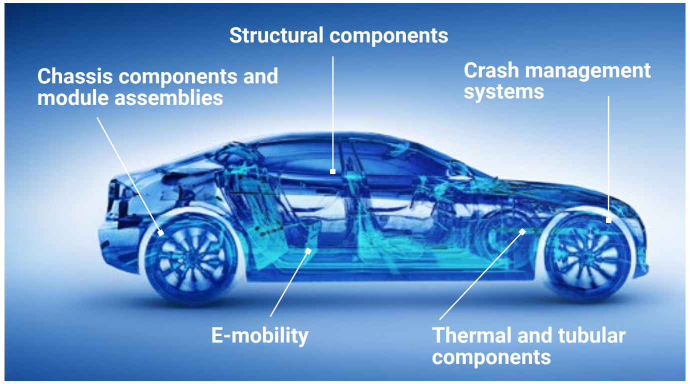
AUTOMOTIVE



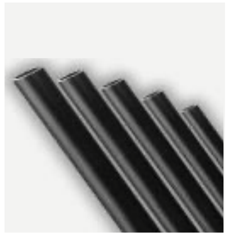
OUR CUSTOMERS

VW, BMW, Ford, Mercedes-Benz, GEELY, gm, NISSAN, STELLANTIS, HONDA, TOYOTA, RIVIAN, beep, SONY, mi, TESLA

STEEL/TUBE

Tubes for automotive applications

Tubes for industrial applications



Tubes for energy applications

OUR CUSTOMERS

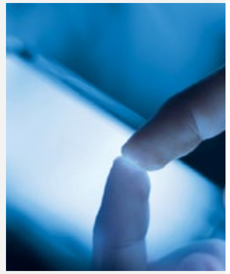
VAN LEEUWEN, thyssenkrupp, S, HOBERG & DRIESCH, B&L PIPECO SERVICES, TRW, STEEL SERVICE OILFIELD TUBULAR, INC., HOESCH SCHWERTER PROFILE, BUHLMANN TUBE SOLUTIONS, FL alta spa

OTHER ACTIVITIES

AUTONOMOUS MOVER

GLASS PROCESSING EQUIPMENT

- Architectural glass
- Automobile glass
- Technical glass
- Service



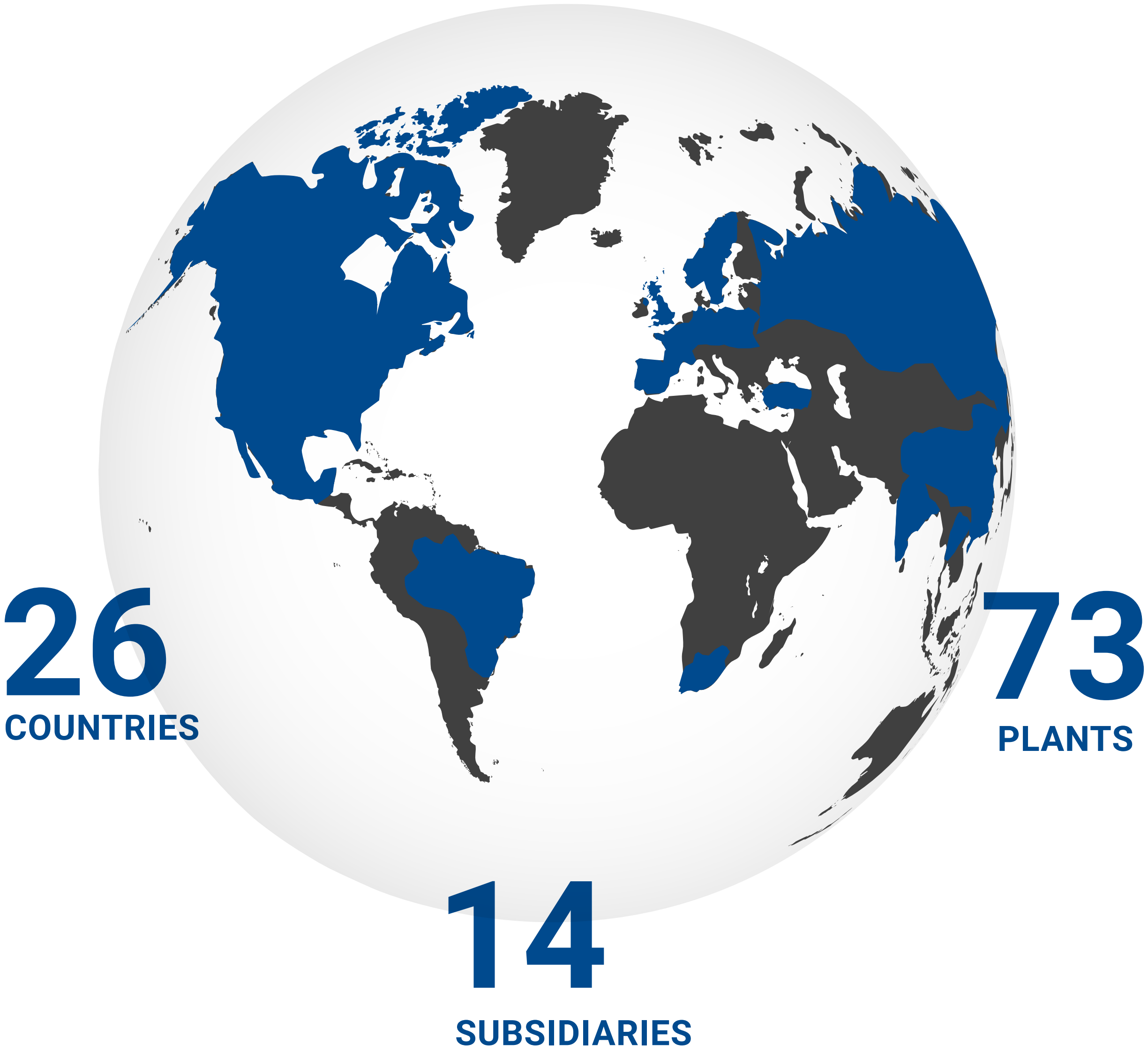
MECHANICAL ENGINEERING

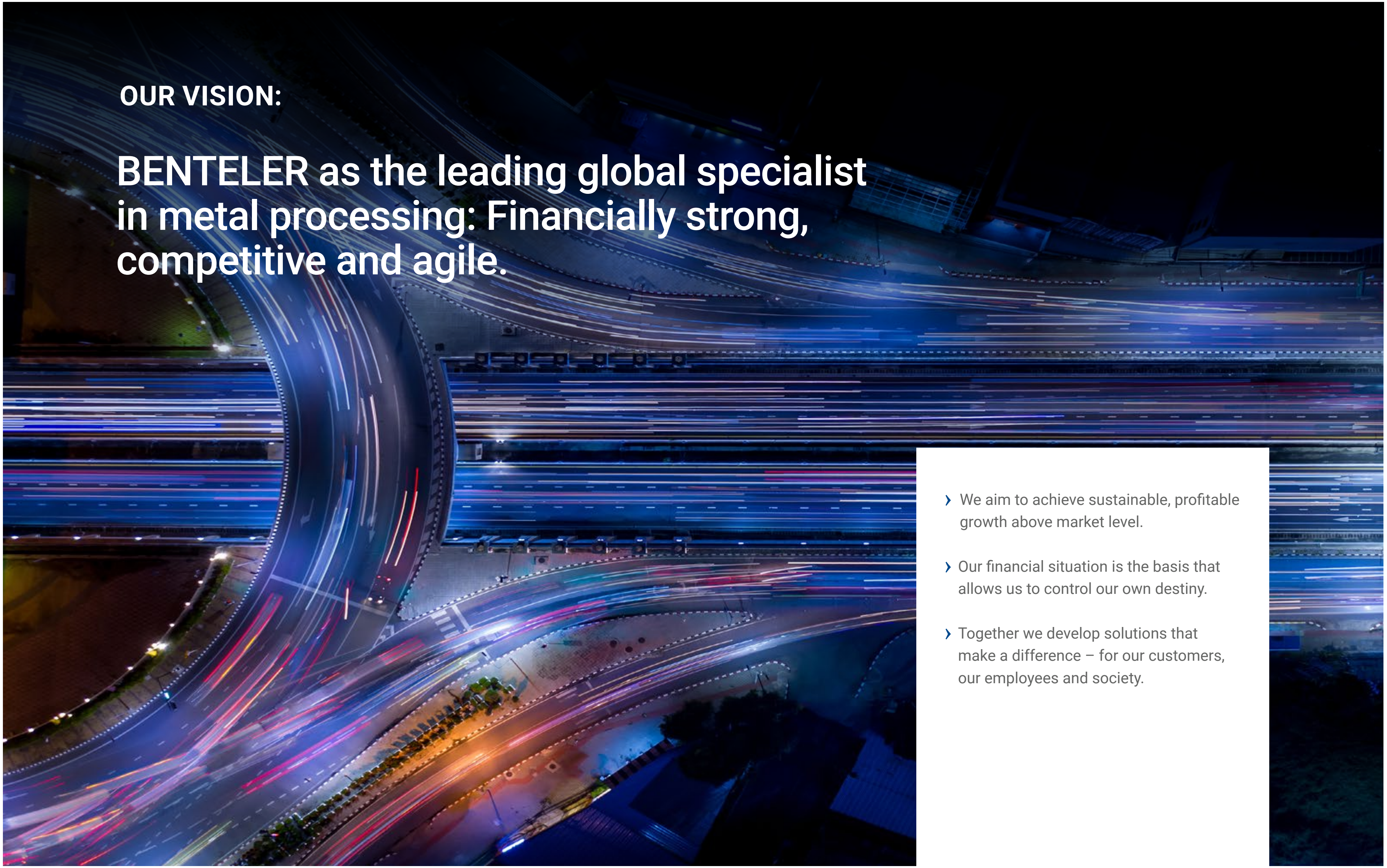
- Plant engineering
- Tool shop

WE ARE THERE WHERE OUR CUSTOMERS NEED US

BENTELER is a reliable partner – close at hand around the world
We take customer proximity literally. That's why we are close to our customers – around the world, with 87 locations in 26 countries. This enables us to accompany them at every stage of their development processes – from product idea to series production – and support them in achieving their goals.

Our philosophy: Local-for-local
We source most of our raw materials, goods and services from the region in which we produce. In this way, we help to strengthen the local economy. Within a continent, the share of localization – that is, the share of spending on local suppliers – is around 80%, while localization within a country is more than 50%. Short transport routes mean less burden on the environment. Our short response times also increase our customers' flexibility. With many years of expertise, cross-divisional know-how and the ambition to develop the ideal solution for every requirement, BENTELER is a reliable partner worldwide.





OUR VISION:

BENTELER as the leading global specialist in metal processing: Financially strong, competitive and agile.

- We aim to achieve sustainable, profitable growth above market level.
- Our financial situation is the basis that allows us to control our own destiny.
- Together we develop solutions that make a difference – for our customers, our employees and society.

SUSTAINABLE TRANSFORMATION

The will to change and the power of transformation are part of BENTELER's DNA. Accordingly, we continuously develop our future-oriented and agile business model. We are continuing on our way to becoming the industry leader and making mobility safer and more sustainable.

Since its foundation, BENTELER has always adapted to the challenges of the market and the customers. We are driven professionals. Since 1876.This attitude is currently more important than ever: Geopolitical influences, volatile markets, new technologies, vulnerable supply chains and much more mean that the world is changing faster than ever. In order to operate successfully under these conditions, we launched a comprehensive transformation and restructuring program at an early stage, which we are systematically implementing and further intensified in 2022.

Capital market-oriented structures

Over the past decades, our company has evolved from a traditional family business into a modern global player. Today more than ever, BENTELER stands for capital market-oriented management with a focus on core markets and competencies, earning power, innovative strength and sustainability.

Outstanding transformational power

We are building on the transformation expertise we have acquired in recent years. BENTELER has learned to react agilely and effectively in a rapidly changing market environment – for example, we have mastered a wide variety of instruments to make our costs more flexible. This makes us more resilient in a dynamic market.

Innovative over generations

As a solution provider for mobility concepts, BENTELER invests extensively in research and development to deliver solutions for products and systems, materials, and processes. International cooperation between internal development departments and with customers and partners worldwide ensures that global and regional customer requirements and market conditions are taken into account. Our customers benefit from exactly the know-how they need to make their products in a timely way – in outstanding quality and at the best possible cost. Specifically, BENTELER registered a total of 30 patents in 2022.

Diversity as a major strength in a volatile environment: At BENTELER, we bring people with a wide range of skills together globally.

WE'RE INVESTING IN THE FUTURE

MILESTONES IN 2022

In 2022, we once again demonstrated our strength in transformation and showed ourselves to be a relevant, reliable partner for our customers.

1.6

Q1

Ukraine war

Successful crisis management and numerous aid initiatives

More space for e-mobility

Further plant expansion in Schwandorf, Germany

Q2

Digitalization

Smart Factory Mos, Spain, fully net-worked

New drawing line

Multi-million invest-ment in steel tube plant in Paderborn, Germany

Q3

Sustainability award

BENTELER Steel/Tube award-ed silver in EcoVadis rating

Shreveport ramp-up

US plant gets up to full capacity

Ambitious goals

BENTELER intensifies its commitment to sustainability

Stronger together

Joint venture with Xiangxin in China for the production of structural components

Q4

Autonomous mobility

New brand HOLON founded for the sector of the future in autono-mous movers

New products

Thermal & Tu-bular business unit expands portfolio with offerings for e-mobility

Stronger pres-ence in India

Expanded location in Pune is in-augurated

Milestone in China

Expanded plant in Shen-yang focuses on automa-tion and digitalization

ON COURSE FOR THE FUTURE

In 2022, we strengthened our positioning once again. We invested in our plants worldwide and optimized our production footprint.

Expansion in growth market China
To increase production capacity for our local customer, we expanded our plant in Shenyang, China. Despite challenges such as the coronavirus pandemic and chip shortages, production started after only nine months. Top standards in automation, visualization and digitization characterize the on-site management of the new plant. Automated equipment replaces manual handling, while at the same time digitalization will significantly increase efficiency.

Joint venture between BENTELER and Xiangxin accelerates
Our partner Lucky specializes in the development, production and sale of precision stamping tools and metal components and is listed on the Shenzhen Stock Exchange. Within just six months, a new joint plant with a hot stamping facility has been built in Dongguan, China. The collaboration will enable lighter, safer and more sustainable solutions to be offered for vehicles. The aim is to develop further business areas in the future, including in the field of e-mobility.

Proud to have expanded the plant in a very short time: Colleagues from BENTELER in Shenyang, China.

BENTELER strengthens presence in India
With a capacity of around 900,000 products per year, BENTELER is one of the most important suppliers of rear axles in India. In 2022, we moved our plant to a new location in Pune in less than 90 days. The new state-of-the-art facility offers many advantages that support efficient production, reduce costs, and help us achieve our sustainability goals.

Growth in e-mobility, the sector of the future
BENTELER supports its customers in taking advantage of the growing opportunities offered by electromobility with customized, modular solutions. BENTELER is investing in the production of battery trays with the further expansion of the plant in Schwandorf, Germany. This is the third expansion of our plant.

Three new presses on three continents
We are continuously investing in our plant facilities. In 2022, for example, we commissioned a new 3,200-ton cold forming transfer press in Burgos, Spain. The press (investment volume around 12 million euros) will be monitored using Big Data technologies: moving from corrective to predictive maintenance using advanced data analysis techniques will optimize the process, costs and maintenance strategy.

3,200 tons is also the capacity of a new press at our plant in Campinas, Brazil. The die has been in operation since December 2022. And in Port Elizabeth, South Africa, the production of cold-pressed chassis and frame parts for our local customer is now carried out with a 770-ton press.

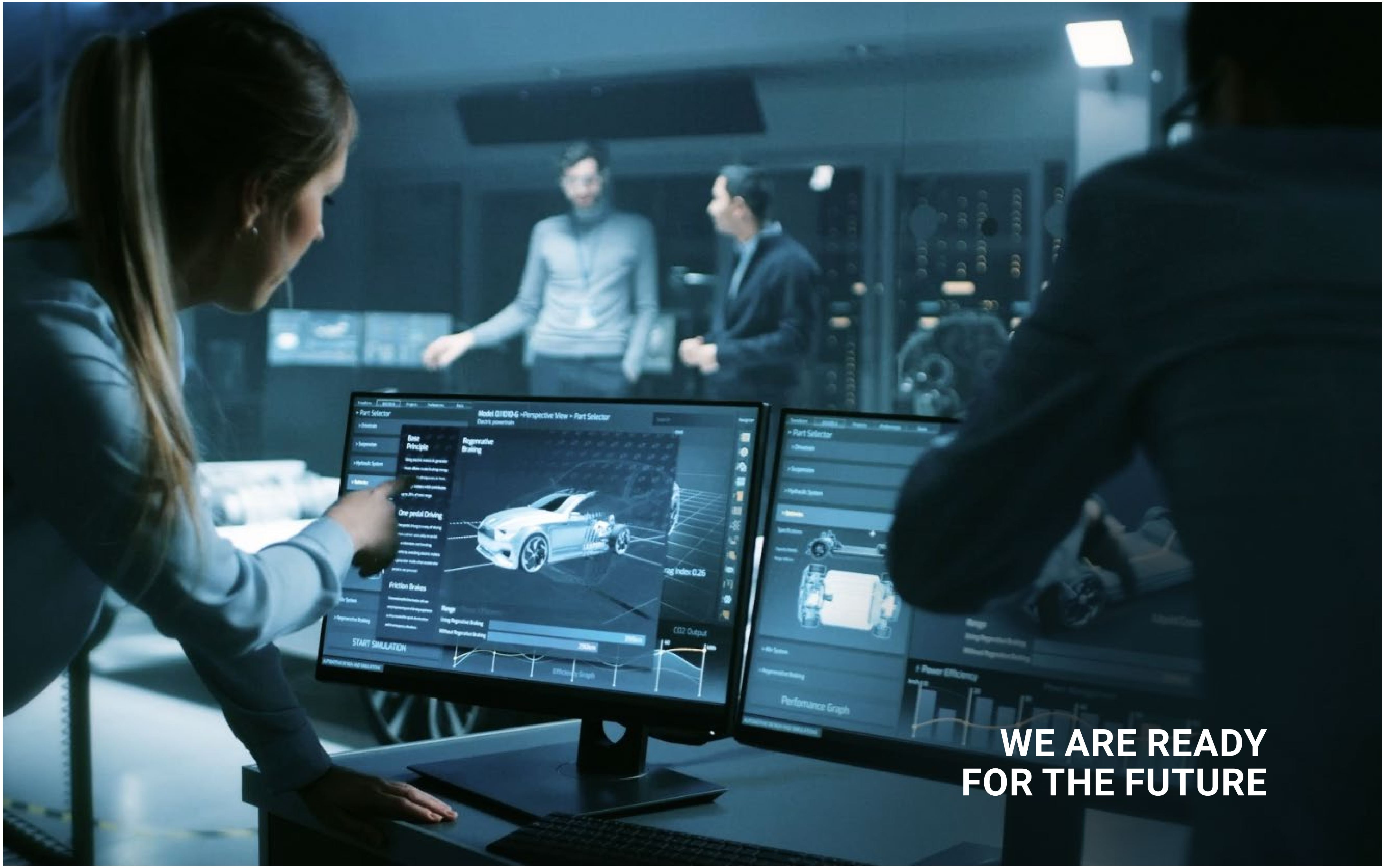
Market with great potential: Together with customers and partners, BENTELER CEO Ralf Göttel (right) and BENTELER Automotive COO Emerson Galina (2nd from left) inaugurated the new site in Pune, India.

Shreveport, USA, running at full speed
Successful ramp-up: The Shreveport mill in the USA is now operating at full capacity and is one of the most modern and efficient steel tube mills in North America. This was made possible by intensive cooperation on an equal basis between colleagues from the USA and Germany.

Strengthening the Paderborn, Germany site
With extensive investments at its Paderborn site, BENTELER Steel/Tube is further expanding its market position in the field of individual tube solutions for highly specialized applications in the automotive industry. For example, by investing a double-digit million euro amount in a new drawing line at the

Strengthening our heritage: By investing millions in our Schloss Neuhaus site in Germany in 2022, we have further expanded our market leadership in galvanized hydraulic lines. Pictured: Ulrich Mueller, Head of Surface Technology at the Schloss Neuhaus plant, Thomas Michels, Chief Operating Officer (COO), Christian Wiethüchter, Chief Executive Officer (CEO), and Ralph Mathis, Vice President Business Area Industry and Trade, all BENTELER Steel/Tube.

Paderborn steel tube plant. The new production line for welded tube applications, has an annual capacity of 12,000 tons. In addition, environmentally friendly surface coatings from BENTELER are in demand worldwide. We have therefore invested around 1.7 million euros in a new galvanizing plant for small pipe diameters at the Schloss Neuhaus site in 2022. The new plant will create the largest center for tube surfacing in Europe. BENTELER is thus creating additional capacities and further expanding its market leadership in the field of galvanized hydraulic lines.



WE ARE READY FOR THE FUTURE

BETTER, FASTER, MORE DIGITAL

At BENTELER we continuously optimize our processes – among other things by increasing the digitalization of our processes and plants. We've developed our plant in Mos, Spain into a global prototype for the smart factory. This smart factory model will now be a blueprint for implementation at other BENTELER sites around the world.

The plant model in Mos consists of a comprehensive network that digitally controls all production processes. All operations in the plant are digitally networked and optimally coordinated – from receipt of materials to delivery of the end product to the customer. The networking of all production processes was successfully completed in 2022.

The intelligent plant model will now be implemented in other plants in Spain and gradually globally. A network in which all technological developments are integrated is the basis for operational excellence and will mean a major competitive improvement for all plants. This will enable BENTELER to exploit the full potential of its Smart Factory worldwide in the future.

Perfectly coordinated network – maximum productivity

An optimally networked production site is only possible in a homogeneous IT environment with standardized processes. All developments are

Digital benchmark: Our smart factory in Mos, Spain, is 100% networked. That's how we increase our efficiency – and set new standards.

harmonized in order to exchange and correlate data. Technologies used include digitalized and automated quality
controls. Cameras are integrated into the production line to check the quality of welds, transmit the information and send warnings in the event of a deviation. As a result, our customers always receive products of the highest quality – reliably and efficiently.

Maintenance is also integrated into the system: Using Big Data analysis technologies and storing the information in the Smart Production Data Platform (SPDP) developed by BENTELER, the machines monitor their own status. They report when there is an anomaly or when they need maintenance. This type of predictive maintenance avoids production stops and minimizes service costs.

Industry 4.0 not only increases our productivity, it also protects the environment. The now comprehensive network not only improves production and quality, but also ensures greater sustainability: For example, energy loss in hot forming ovens is analyzed using big data and the consumption and quality of hydraulic oils is controlled and energy consumption monitored.

Detecting errors before they occur: Our systems monitor themselves and send a message to the maintenance staff's tablets in the event of the slightest deviation. Now that's smart!


WE DEVELOP
THE FUTURE
BENTELER

RETHINK. THINK AHEAD. PROMOTE INNOVATION.

Innovations in the areas of digitalization, e-mobility, autonomous driving and sharing economy are having a profound impact on the industry. At BENTELER, we continually question conventional ways of thinking, anticipating trends, doing pioneering work. That's how we help our customers stay ahead of others and shape the mobility of tomorrow.

BENTELER develops solutions for emission reduction

The European Union has stipulated that from 2035 all new vehicles sold must be emission-free. Similar laws are being introduced by governments around the world.

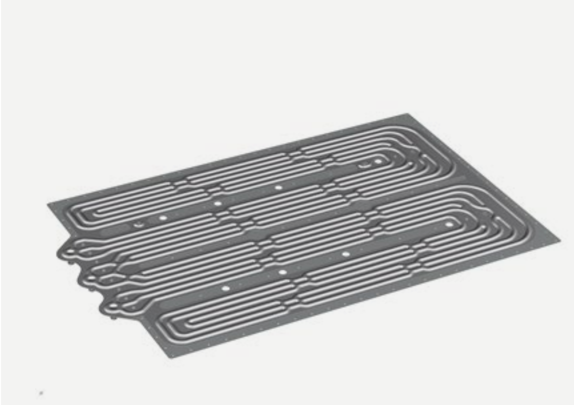
The development and production know-how as well as the focus on technologies for CO_2 and pollutant reduction make BENTELER a competent development partner for modern mobility worldwide – especially also for the future field of e-mobility. We create new solutions for our customers' requirements. For example, tubular components for battery electric vehicles, battery cooling plates and rotor shafts for electric motors.

Our battery cooling plate – sustainably produced for sustainable mobility

Using our innovative, patented press-brazing process, BENTELER manufactures battery cooling plates that combine reduced wall thickness with improved strength. Another advantage besides the weight reduction – the press brazing process uses 100% green electricity.

Rotor shaft with the best CO_2 balance on the market

Welding, brazing, tube forming, machining. Thanks to the combination of process know-how and BENTELER's own environmentally friendly steel tube production, we offer rotor shaft solutions with low material requirements and the best CO_2 balance on the market.



Product portfolio rethought: Our newly named Thermal & Tubular business unit is now focusing more strongly on components for electric vehicles. This shows once again, we don't cling to the past – but shape the future. Pictured: Battery cooling plate (top), rotor shaft (bottom).

Perfect door rings for more safety in vehicles

Less weight, lower costs, more safety. In 2022, BENTELER Automotive produced a door ring for the first time that sets new standards. Thanks to extensive expertise in forming simulation of complex components and metal forming, the door frame features greater strength and rigidity – essential for the safety of vehicle occupants. Despite this, it weighs 15% less than conventional models, and the cost is also 20% lower than the usual method of production.

BENTELER Steel/Tube develops tubes made of free-cutting steel for the first time

For the first time, we have succeeded in producing seamless tubes from free-cutting steel: BENTELER SMARTCUT®.

Free-cutting steel has long been used as a solid material, mostly in the form of steel bar, in the machining industry. BENTELER SMARTCUT® combines the advantages of highly machinable free-cutting steels with the geometric advantages of a tube and thus optimizes machining.

The product line of seamless steel tubes in both hot-rolled and cold-drawn versions offers optimized solutions for various applications. In this way, economical machining can be realized both for smaller quantities and for large-scale series production.

We offer what the machining industry needs: BENTELER SMARTCUT®. Our product innovation combines the material advantages of free-cutting steel with the geometric properties of a tube.

WE MOVE PEOPLE: THE AUTONOMOUS HOLON MOVER

In 2022, BENTELER underlined its global business ambitions with autonomous mobility by founding HOLON. The legally independent subsidiary is focused on the fully electric, autonomous and inclusive mover business.

An answer to the traffic situation in cities

Mobility around the world is undergoing rapid change. BENTELER is optimally prepared for it: We already generate more than 90% of our automotive revenues with drive and technology-neutral products – and the trend is increasing. In parallel to the traditional automotive business, innovative, digitally connected and autonomous mobility services promise high growth in the coming years.

The HOLON mover is a response to social megatrends such as urbanization, climate change and demographics – because mobility must change. With our mover, we are proving that emission-free, safe, comfortable and inclusive passenger transportation is possible – and thus providing the answer to traffic problems that are particularly evident in cities.

The autonomous, all-electric mover first wowed the global public in early 2023 at the Consumer Electronics Show (CES) in Las Vegas, USA. The vehicle is the

Catches the eye – with its optimal functionality: The HOLON mover not only impresses with its asymmetrical design. It offers automotive standards – the safety and resilience we know from passenger cars.

world's first autonomous mover built to automotive standards – in other words, a leader in safety, ride comfort and production quality. The HOLON mover operates autonomously at a maximum speed of 60 km/h and has a range of approximately 290 kilometers.

Areas of application for the mover are on-demand services as well as normal scheduled services. The first pilot project has already been announced with Hamburg's Hochbahn, the second-largest regional transport company in Germany. Other areas of application and thus customers include private institutions such as campuses, airports and national parks.

In the development and deployment of the autonomous mover, HOLON has worked closely with partners, including the renowned Italian design company Pininfarina, the mobility provider Beep and the specialist in self-driving systems, Mobileye. Thanks to its first-class engineering and global manufacturing expertise, HOLON is responsible for the development and production of the mover within the cooperation. The shuttles are scheduled to go into production in the United States starting in 2025. In order to further increase the growth potential, BENTELER and HOLON are also examining the possibility of working with other strategic partners and investors for the new company.

At CES in Las Vegas, BENTELER CEO Ralf Göttel (left) and Marco Kollmeier, Managing Director HOLON (right), presented the HOLON mover to the German Minister of Transport Volker Wissing (center).

WE PUT THE EMPHASIS ON A SUSTAINABLE FUTURE

SUSTAINABILITY IS PART OF BENTELER'S DNA

We link economic success with responsibility, toward society, our employees and the environment. We therefore once again significantly intensified our commitment to sustainability in 2022.

The central project is the decarbonization of our company: Halving production-related CO_2 emissions (Scope 1 and 2) by 2030. Scope 3 emissions for purchased goods and services and fuel and energy-related emissions are to be reduced by 30% in the first step (base year 2019). By 2050, our aim as the BENTELER Group is to achieve net zero emissions for Scope 1, 2 and 3 (upstream). Our BENTELER Steel/Tube division is aiming for CO_2 neutrality as early as 2045. The focus is on increased energy efficiency, green electricity, and climate-neutral raw materials.

In general, we base our commitment to sustainability on the United Nations' Sustainable Development Goals. Specifically, we aim to make a concrete contribution to five of these goals (see right-hand column). Further measures therefore relate, among other things, to clean energy, the circular economy and water. For example, the BENTELER Automotive division will gradually convert its plants to green power and reduce its global energy consumption by two percent annually.

The conservation of resources is becoming even more important in manufacturing: Amongst other things, in 2022, we succeeded in significantly reducing waste volumes in our two divisions. We have also made similar progress on the issue of water. All 17 sites located in areas of high or very-high water stress have significantly reduced their specific water withdrawals.

OUR FOCUS FOR SUSTAINABLE DEVELOPMENT — 1.7

Increase efficiency of water use, especially in regions with water scarcity

Secure energy and increase the use of green electricity

Enable dignified work in BENTELER plants and in the supply chain

Reduce waste and increase the amount of recycling

Reduce CO_2 emissions to achieve net zero emissions for scopes 1, 2, and 3 (upstream) in 2050

Clean Energy
Our Spanish automotive plants already obtain almost all of their electricity from green sources. We are installing photovoltaic systems at more and more factory locations. Step by step, we are also moving to modern LED lighting, some of which is controlled by light sensors. This is how we save energy.

Excellent commitment
The Steel/Tube Division was awarded a silver medal by EcoVadis, one of the world's largest providers of sustainability ratings, placing it among the top 25% of companies in the "Production of pig iron and steel" industry category. In 2022, our Automotive Division achieved its best ever result in the Carbon Disclosure Project (CDP) with a rating of "B".

Green tubes
One of the most ambitious sustainability initiatives at BENTELER in the area of production is the Green Tubes strategy. The Steel/Tube Division aims to become CO_2 neutral by 2045. The Green Tubes program is designed to reduce the CO_2 footprint of production and products. To achieve CO_2 neutrality, the focus is on increased energy efficiency, green electricity, and climate-neutral raw materials. A major plus point on the way to becoming a pioneer in sustainability is the BENTELER electric steel plant in Lingen. As demonstrated by the 2022 certification, steel production in the electric arc furnace emits around 75% less CO_2 than with the traditional blast furnace method.






Our responsible attitude doesn't just apply at work. For the second time, BENTELER employees met for the litter collection campaign on the occasion of World Cleanup Day. It's also scheduled to take place again in 2023.

Health in focus
We sensitize our employees to think more about self-care. This is done in workshops with our managers and, among other things, in the form of a subsidized sports program in Germany and Austria.

Further activities in planning
In the coming months and years, we will further strengthen our activities. We conclude power purchase agreements to secure our electricity requirements from renewable sources. We will continuously replace fossil fuels in our production. To drive decarbonization in our supply chains, we are working intensively with our suppliers to purchase green aluminum as well as green steel. Every fourth management position is to be filled by a woman by 2030. We expect this to further strengthen our corporate culture.

Further information on our sustainability commitment can be found in the management report section of this report, in our annual sustainability report and on our website.

WE WORK TOGETHER ON THE FUTURE

23,000 DRIVEN PROFESSIONALS WITH UNIQUE COMPETENCIES

The courage to dare to do new things again and again, the ambition to be among the best and the respect in dealing with each other characterize the corporate culture of BENTELER.

Strengthening cohesion: After about two years of pandemic, face-to-face meetings were possible again in 2022. Our top management around CEO Ralf Göttel used this opportunity to say thank you at many locations worldwide.

Our employees are the driving force behind BENTELER's success story. Their commitment to developing engineering excellence, their diverse skill sets, and their passion for finding solutions to ever-changing challenges are unparalleled. This is our basis for success in a disruptive market environment. Our culture is characterized by respect for people and a sense of responsibility for society. Our diversity is our strength – especially in a rapidly changing market.

Education and training: Always up to date

In addition to cooperating with research institutes, universities and start-ups, we conduct extensive development programs worldwide. Our own training and development centers and a network of internal trainers form the basis for this. In this way, we ensure that know-how is networked and flows into technical innovations. As a result, our customers benefit from our development expertise and new approaches to solutions, and our employees from expertise that is always at the cutting edge.

We nurture employees and train the next generation

We want to grow sustainably and are proud of career development from within our own ranks. Developing young talent at an early stage and supporting them with our capabilities as a major global player is a matter of course for us. In 2022, BENTELER enabled 495 young people worldwide to train in various apprenticeships.

For more than 15 years, we have enabled students in Paderborn, Germany, to combine work and study with a combined degree program. We have transferred this concept to other markets, e.g. Spain, USA, Mexico and Brazil. The retention rate in the company is 90%.

Wherever possible, we fill management positions from within our own ranks. That's why we invest in programs to develop our managers, for example through global talent management.

Engagement through dialogue

In times of structural change, it's especially important to explain the why and how, to highlight the contribution of each individual, and to show appreciation. As part of roadshows around the globe, the Executive Board of the BENTELER Group again intensified personal dialog with managers and employees – following the pandemic-related focus on digital channels. A particular focus was on various initiatives to thank employees for their outstanding commitment over the past years.

Training has high priority: BENTELER trains apprentices at its Paderborn, Germany, site in the company's own training and development center. This is equipped with an Industry 4.0 learning factory as well as several production robots.

This was flanked by other formats such as regular video messages more often, support for executives in communicating with their teams, intensification of the dialog via the LinkedIn profile of the CEO and the business leaders. In addition, the global intranet as well as BENTELER TV and bulletin boards for the plants provide comprehensive information on all relevant topics.

The BENTELER Group also relies on dialog in the recruiting area: Through open days, internships, school and career fairs, and initiatives such as 'Girls' Day', we get young people in particular excited about a career at BENTELER.

Our responsibility as an employer
We support our employees in their various phases of life and offer modern working time models. In the 'HR 4.0' initiative, we are working with the Fraunhofer Institute to research future employee needs and plan accordingly.

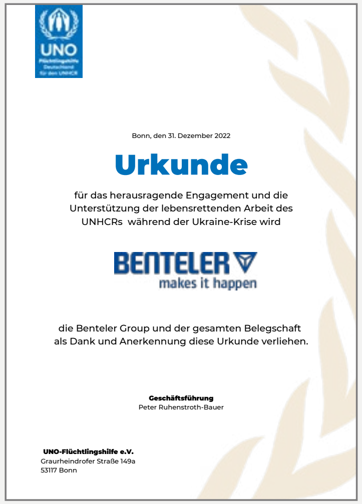
Safety in the workplace is a top priority at BENTELER. A separate body for occupational health and safety quarterly meetings and annual internal audits worldwide to ensure compliance with occupational health and safety measures at all sites worldwide.

The health of our employees is close to our hearts. We have therefore launched an awareness program for our managers to identify and avoid stress in their teams at an early stage. In addition, we offer numerous sports activities for employees.

We continuously promote equality and have appointed equality officers worldwide for this purpose. In the guidelines of our Code of Conduct, we have also established principles to prevent discriminatory practices.

SOLIDARITY WITH WAR VICTIMS

Great willingness to help was shown at BENTELER in the course of the Ukraine war. Within a few days, for example, the company set up a group-wide donation initiative in cooperation with UN refugee aid. In addition, many colleagues got involved privately: through collection campaigns, the reception of refugees and private donations. We are very proud of this – and say a big thank you.



UNO

Bonn, den 31. Dezember 2022

Urkunde

für das herausragende Engagement und die Unterstützung der lebensrettenden Arbeit des UNHCRs während der Ukraine-Krise wird

BENTELER makes it happen

die Benteler Group und der gesamten Belegschaft als Dank und Anerkennung diese Urkunde verliehen.

Geschäftsführung
Peter Ruhenstroth-Bauer

UNO-Flüchtlingshilfe e.V.
Graurheindrofer Straße 149a
53117 Bonn

MANAGEMENT REPORT

CONTENT

BUSINESS AND GENERAL CONDITIONS

Normalized growth of the global economy in 2022

After the strong recovery in 2021 (+ 6.1%), the global economy normalized to a growth rate of 3.2% in the course of 2022, according to the Kiel Institute for the World Economy[1]. Various factors continued to cause increased volatility and uncertainty.

The main trigger for the slowdown in growth was the war in Ukraine and the subsequent increase in inflation, particularly for raw materials, energy and freight costs. To limit the macroeconomic impact, central banks around the world pushed through interest rate hikes, but in doing so fueled additional fears of recession among the population and the economy. The effects of the coronavirus pandemic also continued to be felt. In particular, China's zero-COVID policy repeatedly put a strain on international supply chains. Nevertheless, overall growth in the global economy was achieved due to easing and the general normalization of activities in the areas affected by the coronavirus pandemic.

In the euro zone, the increase in production in 2022 was 3.4%, down from 5.3% in the previous year. Low intra-European consumption was a particular reason for the lower growth rate. In addition, the euro area was hit hardest by the war in Ukraine and the associated energy crisis.

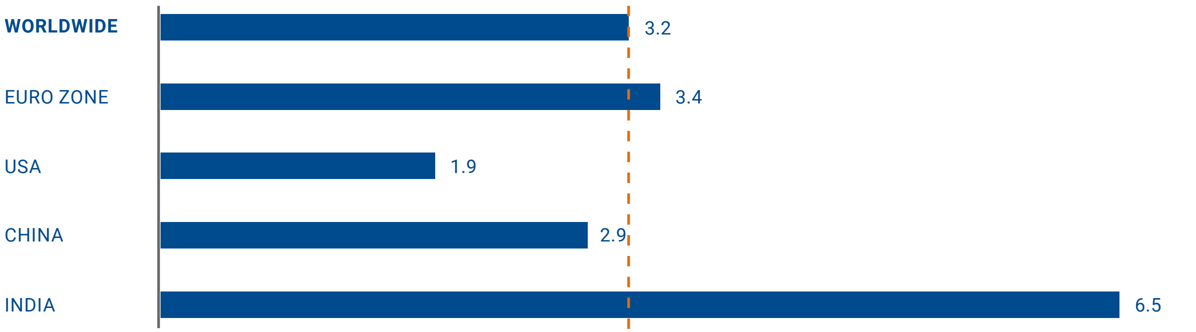
Following strong growth in the previous year, the US economy's ability to continue its recovery was limited, with overall output rising by 1.9%. Both the declining investment in construction and the reduced domestic consumption are reasons for the slowdown in growth.

Total economic output in the 19 most relevant emerging markets increased by 3.6% in 2022. The main drivers of this development were China and India, with growth rates of 2.9% and 6.5% respectively. In China, growth was dampened by uncertainties in the real estate sector and, above all, by the coronavirus lockdowns in spring. However, the situation eased over the course of the year. Constraints in global logistics also eased over the year, which had a positive impact on the economy in China as well as India.

Overall, 2022 was characterized by many different challenges that resulted in a volatile and uncertain market environment. The war in Ukraine was the trigger and accelerator of many developments. An easing of the war in Ukraine and a reduction in inflation are therefore particularly crucial for the continued stabilization of the global economy.

GDP GROWTH 2022 — 2.1

in %



Source: Kieler Konjunkturbericht Nr. 97 (2022/Q4)

1) Source: Kieler Konjunkturbericht Nr. 97 (2022/Q4), Institut für Weltwirtschaft, Kiel, Germany.

Automotive division market: Global automotive production below pre-crisis level despite recovery

Despite the ongoing market disruptions, the global automotive industry has continued to recover from the coronavirus-related slump in production. Overall, according to S&P[2], the number of vehicles produced in 2022 was up 6.0% year-on-year to a level of 81.8 million units. In comparison, production in the previous year had increased by only 3.5% compared with 2020. However, the pre-crisis level of 89.0 million vehicles in 2019 has not yet been reached again. The main reasons for this were high inflation, China's zero-COVID policy and continuing supply bottlenecks, exacerbated by the war in Ukraine.

There was a change in the ranking of the three highest-volume automobile manufacturers: Hyundai-Kia displaced Renault-Nissan-Mitsubishi as the world's third-largest vehicle manufacturer in 2022, growing 4.6% to produce 6.9 million vehicles. Toyota and Volkswagen took first and second place in 2022 with 10.5 million (+4.1% compared to the previous year) and 8.3 million (+2.4% compared to the previous year) vehicles respectively. Thus, the world's three largest producers accounted for nearly one-third (31.4% in 2022; 32.0% in 2021) of global vehicle production.

DEVELOPMENT OF VEHICLE PRODUCTION PER REGION 2022 — 2.2

in % vs. 2021

Source: S&P Global Mobility Light Vehicle Production Forecast (12/2022)

Driven by a significant slump in volume in Russia, Europe recorded a 1.8% drop in production in 2022 compared to the previous year to a total of 15.6 million vehicles manufactured. Within Europe, however, the picture was divided. Western Europe increased its automobile production by 3.6% in 2022. This was particularly so in Germany (+11.2%). In contrast, France (+1.7%) and Spain (+3.4%) increased their production only slightly. In the United Kingdom, on the other hand, the number of vehicles produced in 2022 has again decreased significantly (-7.3%). In Eastern Europe, production decreased by 9.6%. Although there were positive developments in some countries such as the Czech Republic (+8.7%) or Poland (+8.1%), these in combination with growth from Western Europe were not sufficient to compensate for the production slump in Russia. Due to the production stop of many manufacturers, volumes there slumped by 64.9% compared to the previous year.

2) S&P Global Mobility LV Production Forecast (12/2022) and S&P Global Mobility LV Powertrain Forecast (12/2022).

North America saw significant growth in 2022, with an increase of 9.8% year-on-year to 14.3 million vehicles. The main driver for the increase in production was the low vehicle inventories at dealers. Furthermore, the United States represents the largest single market in North America, with a share of over two-thirds and a total of 9.8 million vehicles produced. With growth of 9.8% compared to 2021, there was a significant increase in production volumes in the USA. Mexico and Canada saw similarly strong growth in automotive production in 2022, with year-on-year increases of 8.9% and 11.6% respectively.

The automotive industry in South America also continued to recover in 2022, recording an increase of 8.0% to 2.8 million vehicles. This growth was driven by Brazil, which is responsible for 77% of the vehicles produced. With 2.2 million vehicles produced, Brazil increased its production volume by 4.7%.

With 46.8 million vehicles manufactured in 2022, the world's largest automotive market, Asia-Pacific, again significantly increased production by 7.3%, surpassing the pre-crisis level of 2019 (46.2 million vehicles) for the first time. This makes the region responsible for over 57% of global vehicle production. With 26.1 million passenger cars produced in 2022, China remains the world's largest single market. However, growth was slowed by production freezes as a result of China's zero COVID policy, and at 6.1% was below the average for the rest of the region. In Japan, on the other hand, there was a slight decline in production of 0.6%. In contrast, high growth rates were seen in South Korea (+7.6%) and Thailand (+9.0%). In percentage terms, the strongest growth driver in Asia was India, with an increase in production of 22.2%.

BENTELER Steel/Tube market: high demand in the steel tube market, especially in North America

In the global tube market relevant to us, the market situation in 2022 was largely determined by oil and gas production, particularly in the USA. Both raw materials were subject to enormous fluctuations in the past fiscal year, in particular due to the war in Ukraine.

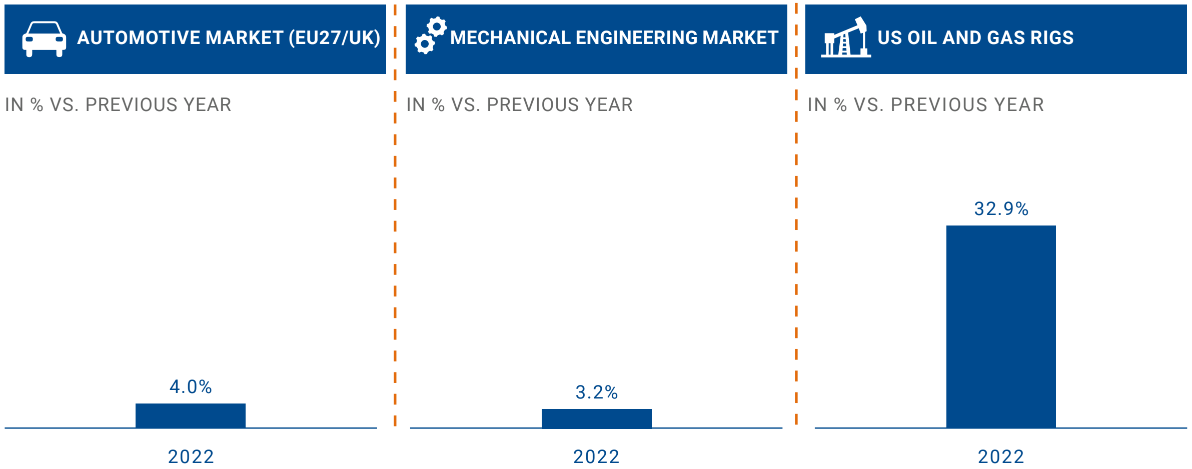
Having already risen significantly at the end of 2021 due to the global energy crisis, the WTI oil price reached an annual high of over $120 per barrel in March with the outbreak of the Ukraine conflict and the OPEC+ decision not to increase production quotas further. However, at the end of the year, the zero-COVID strategy in China, interest rate hikes by central banks, and global and especially European recession fears had a dampening effect on global oil demand. After peaking in March through June, the price of oil fell to $79.3 per barrel at the end of the year. Oil producers in the USA responded to the continuing high demand for North American oil despite falling prices by increasing production. Daily production in November was 12.4 million barrels, up more than 1 million barrels from February.

In addition, demand for North American natural gas also grew due to the desire for independence from Russian natural gas in a large number of European countries and the resulting diversification of energy supplies worldwide. As a result, the "rig count" relevant to steel pipe demand, which measures the number of active wells for crude oil and natural gas in the United States, increased significantly to 779 rigs by the end of 2022, up 33% year-on-year. Due to the significant increase in drilling activity, demand for tubes also developed positively. The US market for Oil Country Tubular Goods (OCTG) recorded significant growth in 2022 due to the increasing global demand for oil and natural gas.

The European steel tube industry also recorded a positive development in 2022. Thanks to this, a growth rate of over 3% compared with the previous year was achieved in the mechanical engineering sector. Above all, the industrial segments relevant to the Steel/Tube division for agricultural and construction machinery showed a positive development. High demand and the resulting long lead times for construction equipment in the previous two years meant that the high level of order backlogs extended from 2021 into 2022. Plus, demand for agricultural machinery remained at a very high level due to the high prices for agricultural products and the resulting high agricultural yields.

In addition, the automotive industry in Europe (EU27 and UK) grew by 4.0% for the first time in two years. The effects of ongoing supply chain problems and the outbreak of the Ukraine conflict were more than offset by a significant increase in production in the second half of the year. With an increase of around 20% compared to the previous year, the second half of 2022 developed disproportionately well compared to the rest of the year. Along with the increasing easing of supply bottlenecks, manufacturers were able to increase their production levels in the year-end spurt (for details see the Automotive division section).

BENTELER STEEL/TUBE: MARKET GROWTH 2022 — 2.3



Source: S&P LV Production FC (12/2022)

Source: FERI (Q4/2022)

Source: Baker Hughes

STRATEGIC FOCUS OF THE BENTELER GROUP

The BENTELER Group's business model: We make mobility safer and more sustainable

With its global and diversified business model, the BENTELER Group is optimally positioned to act with agility and flexibility in volatile markets. The group is divided into the two divisions Automotive and Steel/Tube.

Our BENTELER Automotive division is a preferred development partner for the world's leading automotive manufacturers. With around 20,000 employees[3] in our 67 plants in 22 countries, we develop tailor-made solutions for our customers. The core business of the Automotive division can be divided into the two business units Components and Modules, which are responsible for business development, products, processes and strategic projects. Our regional organizational units ensure maximum proximity to customers and take local market requirements into account. With our new HOLON unit as part of the Automotive division, we aim to shape the mobility of the future. As a legally distinct subsidiary, HOLON focuses on the development of autonomous movers.

In our BENTELER Steel/Tube division, around 3,300 employees[4] produce seamless and welded steel tubes of the highest quality in six plants and three countries. As one of the world's leading manufacturers, we offer our customers solutions that cover the entire value chain – from material development to tailored tube solutions.

In a volatile market environment, we are constantly working to adapt our organizational structure to changing market conditions in order to make the best possible use of them. This includes the fact that in 2022 we spun off our e-mobility business unit into HOLON GmbH, under which our newly established autonomous mover brand of the same name will operate. This makes it easier for us to establish new business models via partnerships and joint ventures. In the course of this, the existing products and businesses from the e-mobility segment were integrated into the two business units Components and Modules. In this way, we are systematically driving forward electromobility in all areas of the Automotive division.

The BENTELER Group offers a broad product portfolio. In our Automotive division, we develop solutions that make mobility safer and more sustainable. In doing so, we offer our customers in the Components business unit high-quality solutions for chassis, body in white, engine and exhaust applications as well as for e-mobility. In the Modules business unit, we integrate chassis components into a single unit as a full-service supplier. In our Steel/Tube division we develop tailored tube products for the automotive, energy and industrial sectors.

Our innovative and efficient solutions are only possible because BENTELER, as a process specialist in the field of metal processing, works continuously on the development of new processes as well as the optimization of existing technologies. In this way we have developed from a company originally specializing in the manufacture of tubes into a multi-technology group. As a result, we can now offer our customers a wide range of metal processing technologies.
Our production processes cover the entire value chain, from in-house steel production at our electric steel mill in Lingen to final finishing using a range of forming and assembly processes. BENTELER is also a leader in hot forming with its 44 hot forming lines worldwide. With the help of this technology, we can offer our customers metal components with the highest safety standards and make an active contribution to CO^2 reduction by minimizing weight at the same time.

3) Headcount, 4) Headcount

Strategic focus of the BENTELER Group: We are building on our BENTELER Strategy 2025+

As part of our BENTELER Strategy 2025+, we are continuously developing our future-oriented and agile business model. In doing so, we consistently follow our vision as a leading process specialist in the field of metal processing. We have derived our three strategic core elements from this – process efficiency, innovative strength and customer focus. These are being systematically driven forward by both divisions with the aid of various measures. They form the basis of our strengths and can be described at group level as follows:

As a leading process specialist, our focus is on continuously optimizing our process efficiency. In the course of our transformation, we are concentrating on both operational and administrative processes. In the operational area, we put particular emphasis on the implementation of productivity-related measures to increase process efficiency. In addition, we are driving forward the digitalization and harmonization of our functional processes, plants and systems in the factories. We are also standardizing and digitalizing more and more processes in the administrative area using our proven shared service center approach. In this way, we not only increase our process efficiency, but also optimize our cost base at the same time.

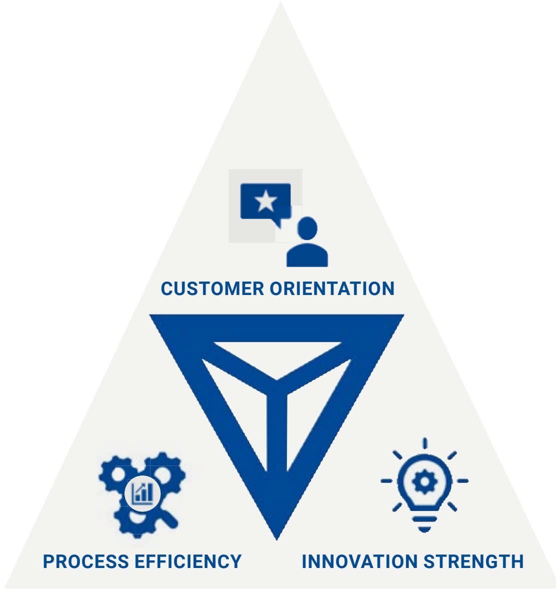
We want to use our innovative strength to make the mobility of the future safer and more sustainable. To this end, we are expanding our product portfolio with innovative solutions designed to sustainably increase our share of sales per vehicle. To ensure that this succeeds, we employ around 700 people worldwide in research and development as of Dec. 31, 2022. Our research focuses on all relevant market trends including the megatrends of electrification, weight reduction and sustainability. In this context, our research and development expenditure in 2022 amounted to €67 million, resulting in 30 patent applications as well as numerous innovations such as the battery cooling plate, the rotor shaft and new tube solutions with corrosion-resistant ZISTAPLEX® coating.

The two core elements previously mentioned address our consistent focus on customer orientation. In doing so, we pursue the cross-divisional goal of offering our customers innovative and customized products while maintaining the highest process efficiency and quality standards. With our global footprint, consisting of 73 plants and 14 subsidiaries in 26 countries, we ensure maximum customer proximity and form the basis for being our customers' preferred partner worldwide.

BENTELER has group-wide strengths that make a positive contribution to the efficiency, stability and flexibility of the group and can be summarized as follows:

Diversification – Based on our business model, we are optimally positioned both at the product level and from a regional perspective. On the one hand, our diversified product portfolio offers increased stability due to the largely anti-cyclical markets in the automotive and steel/tube sectors, especially in times of external market disruptions. On the other hand, the fact that we are not dependent on individual countries or markets due to our global presence contributes to additional risk diversification for the BENTELER Group. In this way, we are close to our customers – and at the same time can react flexibly and quickly to new market requirements.

BENTELER STRATEGY 2025+ WITH THREE CORE ELEMENTS — 2.4



Resilience – As a result, BENTELER has proven and further strengthened its ability to successfully manage external disruptions in recent years. Numerous measures have therefore been implemented to increase resilience to future crises. In particular, these include the areas of working capital management, active supply chain monitoring, customer compensation in the event of cost increases and making personnel costs more flexible. When necessary, situational task forces are used to develop and implement these measures; for example, they were used to minimize risks from the Ukraine war and price inflation. Overall, this contributed to the fact that our successful liquidity management enabled us to increase our cash and cash equivalents in 2022, despite the external market disruptions. In addition, consistent implementation of our transformation and the more than 23,000 individual cost efficiency measures that have now been implemented as a result since 2019 are contributing to the group's increased resilience.

Employees – Ultimately, it is our employees who transform our strengths into solutions and thus make the difference. In doing so, we ensure that we have the best employees in the right place at the right time. We focus on leadership, diversity and team culture. We ensure this through flat hierarchies, open communication and ongoing optimization of our HR processes.

Core competencies of the Automotive Division: We make mobility safer and more sustainable

BENTELER Automotive is one of the leading global automotive suppliers and continuously ranks among the top 3 in the respective markets with its core products. The following strengths, which relate to both the component and module areas, make a significant contribution to this.

Integrated business model – In the Components business area we differentiate ourselves as a vertically integrated supplier and cover the entire value chain for metal components – for example, for aluminum we offer our customers all production steps from our own casthouse through extrusion, forming, heat treatment and welding, to the finished component. Thanks to our multi-material expertise, we offer these processes for both steel and aluminum. This enables us to react flexibly to the most diverse requirements of our customers and in this way strengthen customer loyalty in the long term. Plus, we undertake the complete development of individual components for our customers, for example crash management systems and axle subframes – from prototype construction to series production. In the Modules business unit, we set ourselves apart from competitors with our comprehensive know-how, particularly in the areas of assembly and variant management. BENTELER makes its mark as a global partner for localization with proven just-in-sequence

AUTOMOTIVE DIVISION: DEVELOPMENT OF KEY PRODUCTION FIGURES 2019 - 2022 — 2.5

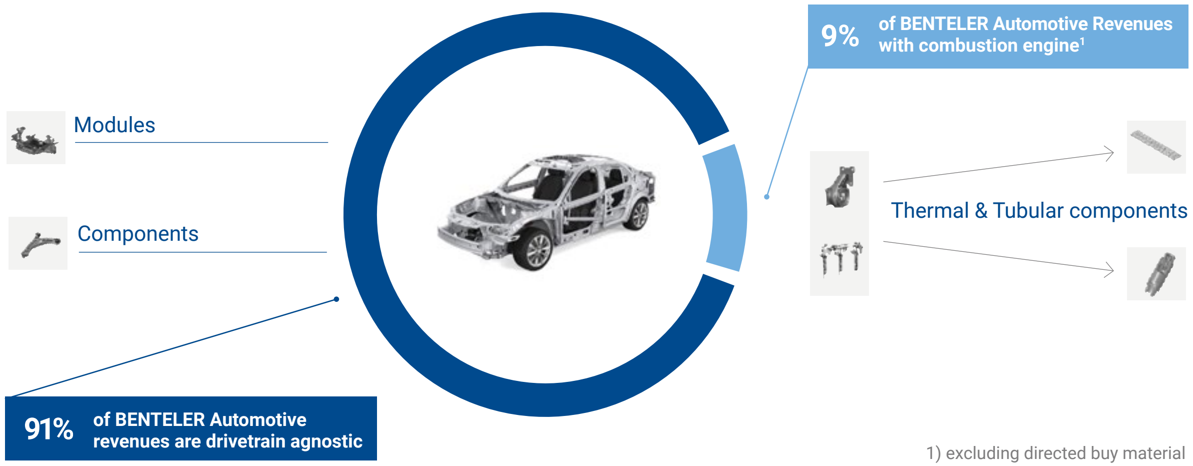
and just-in-time assembly expertise. In this context, our expertise from the Components business not only contributes to the quality of our modules, but also serves as a door opener for additional module business.

Process efficiency – We continuously optimize our processes. In addition to measures to increase efficiency as part of our restructuring programs, the focus in 2022 was primarily on the increasing digitalization of our production processes. For example, as part of the MProcS (Manufacturing Process and System Landscape) project, all functional processes and systems such as supply chain management, production, quality assurance and maintenance are harmonized and integrated using uniform IT solutions. The project has already been successfully implemented at several plants and is being rolled out step by step at other sites. The success of our measures to increase process efficiency is reflected in the significant improvement in all key production indicators.

Powertrain-agnostic product portfolio – BENTELER offers a largely technology-open product portfolio independent of the method of propulsion. For example, the share of products for internal combustion engines in the Automotive division as a whole is 9%. This share is being continuously reduced as BENTELER increasingly uses its engineering and process expertise from the production of engine and exhaust systems to develop new thermal and tube products in the field of electromobility. This resulted in innovations this year, for example the highly efficient battery cooling plate, which uses our specially developed press brazing process.

PREDOMINANTLY DRIVETRAIN-AGNOSTIC PRODUCT PORTFOLIO — 2.6

as % of BENTELER Automotive revenue 2022

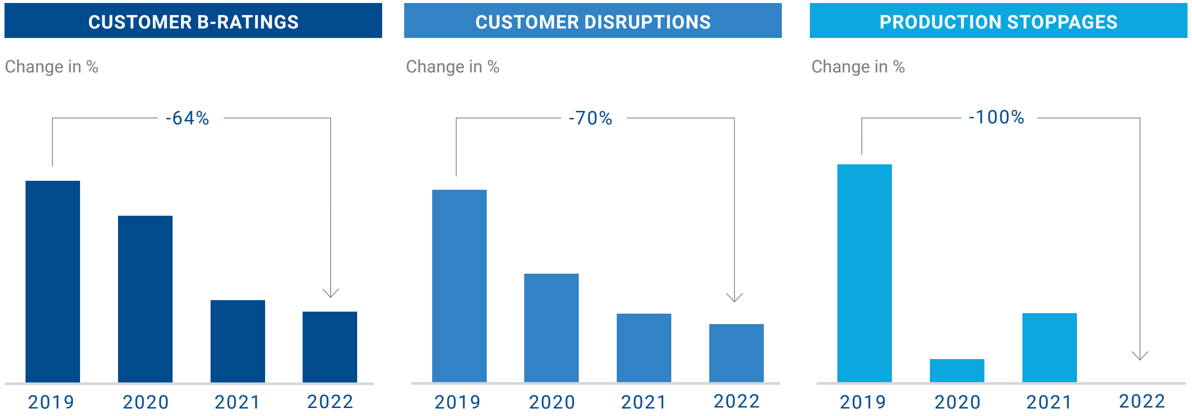


1) excluding directed buy material

Customer proximity – We grow together with our customers. Our global footprint with 67 plants in 22 countries not only enables us to be close to our customers, but also to take advantage of synergy effects. This enables us to supply our customers worldwide and with the greatest possible efficiency. Our local-for-local strategy offers additional advantages through shorter supply chains and higher cost efficiency.

Balanced customer portfolio – We work closely with our balanced and strategic customer base. Our ten largest customers – comprising almost all major OEMs – account for over 60% of global vehicle production. We serve not only all vehicle segments, with a focus on the premium segment, but also numerous global platforms. For example, our products are included in nine out of ten of our customers' largest global platforms. In addition to our long-standing business relationships with traditional OEMs, numerous new OEMs from the field of electromobility are also opting for our products. In 2022, these included Tesla, Rivian and Xiaomi, for example.

AUTOMOTIVE DIVISION: DEVELOPMENT OF KEY CUSTOMER FIGURES 2019 - 2022 2.7



Long-term customer relationships – Our group-wide focus on customer orientation is also reflected in the fact that some of our customers have now been relying on our products for over 80 years and value us as a co-development partner. At BENTELER, customer satisfaction goes beyond the usual performance indicators of quality and delivery reliability. At the same time, we not only support our customers in the development of future technologies, but also ensure cost efficiency throughout the entire product life cycle.

Engineering competencies – Our engineering competencies are not only valued by our traditional customers, but also play a key role in acquiring business with new OEMs. Among other things, the new customers appreciate the depth of our technical analysis capabilities, our Industry 4.0 competencies, and our flexible and modular production concepts. For example, these points were a major factor in booking our first project with Tesla.

Core competencies of the Steel/Tube division: We are the technology leader in steel tube solutions

Our Steel/Tube division is the technology leader in steel tube solutions. Our customers can always rely on us. We are at their side worldwide as a dependable supplier and solution-oriented partner for innovative tube solutions with optimum cost efficiency. The following strengths are particularly valued by our customers.

Diversified business model – With our diversified product portfolio, we serve our customers worldwide in a wide range of industries. We benefit from our balanced customer base in the three sectors automotive, energy and industry. At the same time, we operate in anti-cyclical markets that are largely independent of one another, such as oil, gas and renewable energies as well as mechanical engineering and the automotive industry

Integrated value chain – As one of the leading manufacturers, we develop and produce steel as well as seamless and welded carbon steel tubes and thus offer our customers solutions along the entire value chain. From material development to tube application, from steel production to processed tube – our deep value chain differentiates us.

Customized and innovative tube solutions – With our extensive know-how and over 100 years of experience in tube production, we support our customers with the optimal product for their applications. They benefit from our high level of materials and technical consulting expertise, enabling us, as a solution-oriented partner, to offer our customers more than just high-quality standard products. We develop individual solutions for their technologically demanding requirements for tolerances and material properties. As a result, the Steel/Tube division now offers over 85% customer-specific and customized products.

Market leader for precision tubes – We have been producing precision steel tubes since 1923. Our drawing shop in Schloß Neuhaus is today one of the largest and most modern for seamless precision steel tubes in Europe. Our tubes from the Schloß Neuhaus plant are used for a wide variety of applications in the automotive, energy and industrial sectors. This strength makes us the market leader in Europe for seamless drawn airbag tubes and hydraulic line tubes.

Process efficiency – We offer our customers products of the highest quality with an optimal price-performance ratio. We ensure this combination through our focus on process efficiency, which we continuously improve by networking plants and systems and intelligent data analytics, among other things. In the course of the end-to-end digitalization of entire processes, we have been able to significantly increase the operational performance of our organization over the past few years.

Addressing trends: We are ready for the future

With our future-oriented business model and the strengths it brings, we are optimally positioned to benefit from all current market trends in our field. The trends largely affect both divisions and, within the Automotive division, both the Components and Modules business units.

Rising demand for vehicles – Global vehicle production is expected to recover further by 4% in both 2023 and 2024 (see Forecast Report). BENTELER will benefit directly from this market growth through increased plant capacity utilization. Increased flexibility thanks to the introduction of modular production concepts plays a decisive role here. In this way, investments needed in the acquisition of new orders can be significantly reduced.

Electrification of the powertrain – A growing number of countries are announcing future bans on vehicle registrations with internal combustion engines. Therefore, in addition to our product portfolio being almost independent of the propulsion method – combustion engines account for only 9% of sales in the Automotive division – we have also offered a wide range of products especially for electric vehicles since 2014. These range from battery trays and rotor shafts in the Components business to e-axles in the Modules business and autonomous movers (HOLON) as a combination of the expertise of both business areas of the Automotive division. At the same time, our sales of products for electric vehicles have grown strongly in recent years. For example, battery tray sales nearly tripled from 2020 to 2022. In this way, we can also significantly increase our value contribution per vehicle.
In the Steel/Tube division we are also successfully meeting the growing demand for electric vehicles, among other things with rotor shafts. Significant material and weight savings can be achieved by manufacturing with tubes. Thus, rotor shafts based on our precision steel tubes contribute not only to greater range, but also to the safety and stability of electric vehicles.

Increasing sustainability requirements – Increased regulatory requirements in the area of sustainability mean that OEMs are also putting increased focus on their supply chains. As a result of this, the BENTELER Group defined a holistic sustainability strategy at an early stage. The core element is the decarbonization of all production processes and the entire supply chain. In doing so, we consistently pursue two goals: First, we aim to reduce our Scope 1 and 2 emissions by 50% and our upstream Scope 3 emissions by 30% by 2030. Second, we have a goal of achieving net zero emissions in Scope 1, 2 and 3 (upstream) by 2050. On our way to becoming a sustainable company, we can already point to a number of successes. In the Automotive division, for example, we have reduced our energy consumption as a percentage of revenue by more than 5% each year from 2019 to 2022. In 2022, a significant contribution to this came from the implementation of around 150 individual measures as well as purchasing electricity from renewable energies. This also enabled the acquisition of new projects.

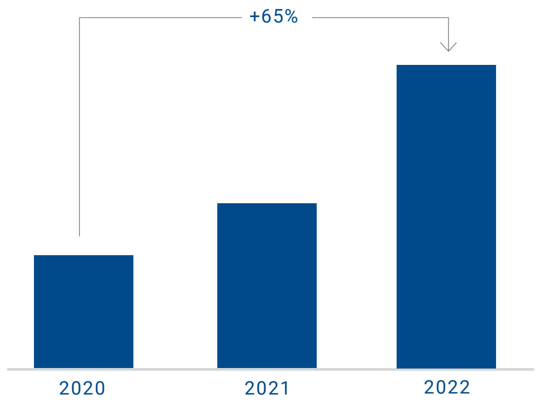
BENTELER E-MOBILITY HISTORY AND BATTERY TRAY GROWTH 2.8

BENTELER E-MOBILITY HISTORY

2014	First battery tray produced
2015	Battery tray produced for French customer
2017	First BENTELER Electric Drive System (BEDS) introduced
2018	First BEDS prototype produced
2019	BEDS 2.0 unveiled First battery tray produced in Germany
2020	BEDS rolling chassis unveiled
2021	Battery tray production for an additional OEM New integrated e-chassis module with Bosch
2022	Participation in the promising autonomous mover growth market with HOLON
2024	Volume increase for battery tray series production
2026	Battery tray for new customer in the USA

BENTELER BATTERY TRAY GROWTH

Annual growth rate of sales in %.



In our Steel/Tube division, too, over 30 measures are being implemented in all areas – from procurement and energy supply to production – as part of our Green Tubes strategy. In the context of decarbonization, our Steel/Tube division in Europe is in an ideal starting position. With our electric steel mill in Lingen, which supplies over 75% of the raw material for our products in the European tube mills, we already have a technology which saves around 75% of CO_2 compared with the blast furnace steel production process which dominates today.

Weight reduction – Against the background of sustainability, the reduction of vehicle weight is also playing an increasingly important role at all OEMs. The Automotive division addresses this trend, among other things, through its core competence in the area of hot forming. For example, we have 44 hot forming lines worldwide, whose technology ensures high stiffness and thus high safety with minimal weight. In addition, our longstanding multi-material expertise enables us to offer our customers solutions made of hybrid materials that can reduce weight by more than 30%. In the Steel/Tube division this trend is reflected in high-strength steel, which permits thinner-walled tube designs. The substitution of solid material solutions by tube solutions and the sizing of tube wall thickness according to load also contribute to the significant weight reduction.

Increased safety requirements – The trends toward ever larger vehicles and autonomous driving are leading to further increases in safety requirements. The Automotive division addresses this development both

BENTELER AUTOMOTIVE ACTIVELY ADDRESSES WEIGHT REDUCTION AND SAFETY TREND — 2.9

indirectly through its hot stamping or multi-material expertise and directly, for example through the production of crash management systems made of steel and aluminum, which ensure compliance with the highest safety standards. Increased safety requirements are also covered in the Steel/Tube division. Our airbag generator sleeves are extremely resilient and can withstand pressures of several thousand bar. A final part inspection directly integrated into the process sequence also ensures that the generator sleeves reliably meet the high safety requirements.

Global vehicle platforms – The ten largest global platforms accounted for 22% of total vehicle production in 2022 – our Automotive division is successfully represented on nine of the ten largest platforms. Not only do we participate in this trend thanks to our global presence, but we also benefit from it because of the following advantages – economies of scale, longer product life cycles, and increased production flexibility.

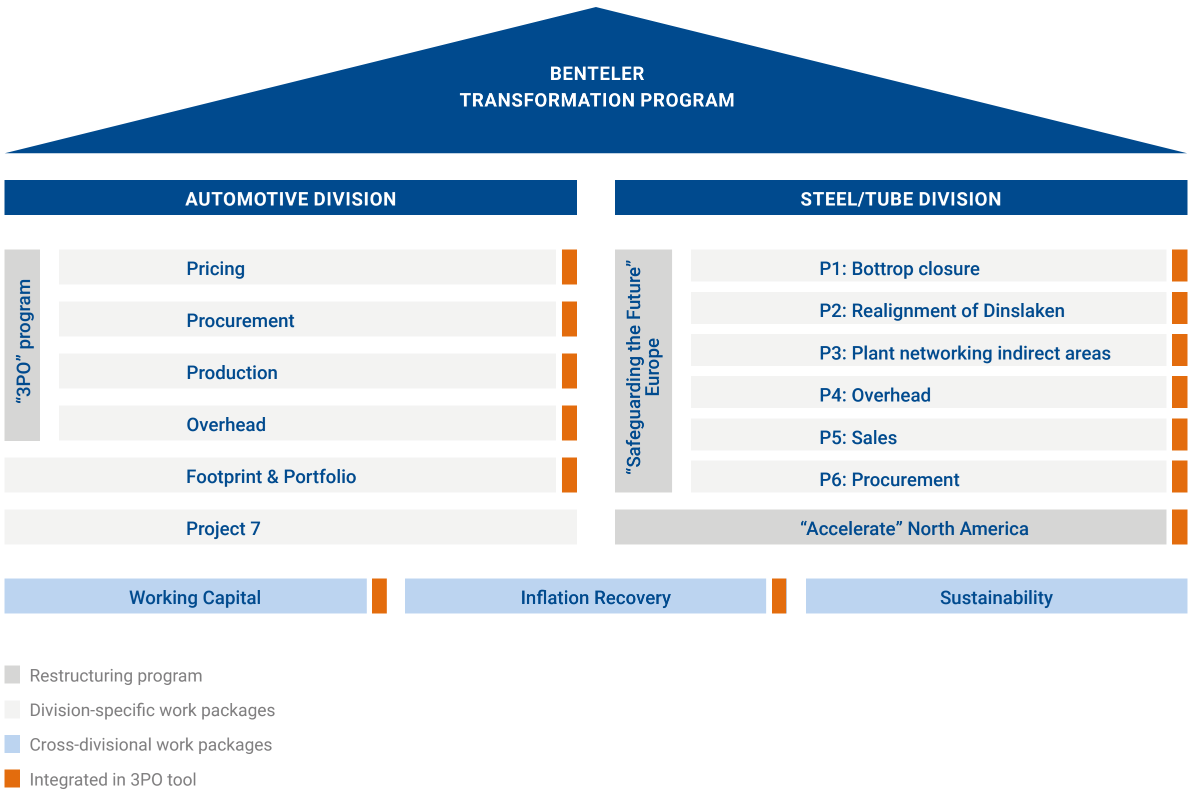
Diversification of energy supply – The desired independence from Russian natural gas and oil in a large part of Europe and the resulting diversification of energy supply will significantly change the energy mix. For this reason, higher demand for renewable and alternative energy sources is expected. This has a positive impact on sales of tubes for the energy sector, which we serve, for example, via our HYRESIST® tubes for hydrogen applications. We have also supplied the significant increase in fracking activities in the USA since 2022 and the higher requirements for horizontal drilling operations with our extensive portfolio of seamless tubes and our complex tube solutions (such as perforating guns). Added to this are the increased debates towards the end of 2022 about starting fracking activities in Europe as well. We serve these trends, for example, with products from our plant in Dinslaken, Germany, which specializes in the energy sector.

BENTELER AUTOMOTIVE INVOLVED IN 9 OF THE 10 LARGEST GLOBAL PLATFORMS — 2.10

CUSTOMERS	PLATFORM	BAT INVOLVEMENT
VW	MQB A/B	✔
TOYOTA	GA-K	✔
TOYOTA	GA-C	✔
RENAULT/NISSAN	CMF-C/D	✔
TESLA	GEN III	
GM	T1XX	✔
HONDA	CCA	✔
BMW	LK	✔
SUZUKI	B	✔
RENAULT/NISSAN	CMF-B	✔

Transformation: We are constantly evolving

OVERVIEW OF BENTELER TRANSFORMATION PROGRAM — 2.11



In 2018, as part of our BENTELER Strategy 2025+, we initiated, at an early stage, the transformation of the BENTELER Group into a profitably growing company to ensure our ability to actively shape our future. As a result, we initiated one of the biggest change processes in the company's history, aimed at continuously expanding our core strategic elements of process efficiency, innovative strength and customer focus. Successfully driving our transformation serves as the foundation for continuously improving our competitiveness. Over the years, we have constantly evolved our original transformation program to adapt it to changing market realities and numerous disruptions. Among other things, we expanded the program to include the Inflation Recovery and Footprint & Portfolio work packages, thereby sustainably increasing both our resilience and our profitability.

Our three restructuring programs form the basis for our transformation: 3PO for the Automotive division together with Safeguarding the Future and Accelerate for the Steel/Tube division. In all cases, measures to increase cost and process efficiency are generated and implemented in a structured manner using a uniform approach. To ensure the implementation of measures, specific savings targets were defined in advance in the course of our restructuring and are continuously measured and tracked. We have more than fulfilled these since the start of the programs: In the Automotive division, the average 3PO target achievement is 147%, while the Safeguarding the Future and Accelerate programs in the Steel/Tube division achieved an average of 137% and 167% respectively.

Continuous increase in cost and process efficiency in the Automotive division

The 3PO program, which was introduced in the Automotive division in 2018 and remains current, comprises the work packages Pricing, Procurement, Production and Overhead – 3PO for short. In the Pricing work package, the additional costs caused by the customer are systematically recorded and compensated for in negotiations, mainly through price increases. On the supplier side, we are working in the Procurement work package to steadily reduce our purchase prices, which is achieved through negotiations with our suppliers and by pooling purchasing volumes and best-country sourcing. Against the background of operational excellence, the Production work package aims to leverage savings potential in our plants. In the Overhead work package, measures are implemented to sustainably reduce personnel costs in administrative and indirect areas.

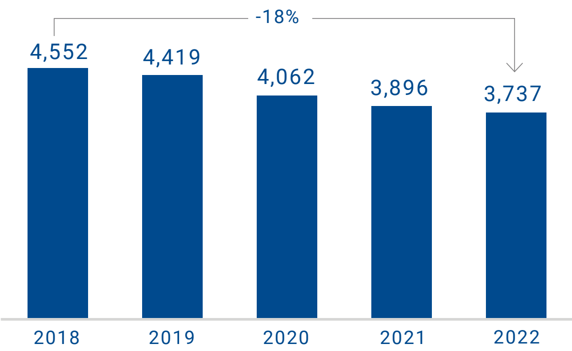
In addition to the continuous optimization of our organizational structure, we also constantly compare the global footprint of the Automotive division with the various geographical market developments and adjust where necessary. To this end, the Automotive division established the Footprint & Portfolio work package in 2020. This is aimed at continuously evaluating our plants on the basis of their strategic relevance, profitability and capacity utilization and initiating appropriate countermeasures in the event of deviations. These include disposal, efficiency enhancement and consolidation. Thus, in the course of the work package since 2020, four plants have been successfully sold in line with the forecast market development, six plants have been optimized in terms of their revenue and cost structure, and five plants, particularly in Western Europe, have been closed. The costs incurred and provisions already recognized for future expenses, including closure costs and severance payments, have had a significant impact on our results, particularly in the past three years. For us, these costs represent an anticipated investment in the future from which we will benefit in the long term. As a result, in 2022, we have already achieved a positive and sustainable EBITDA contribution of over €19 million from Footprint & Portfolio measures.

AUTOMOTIVE DIVISION “FOOTPRINT & PORTFOLIO” MEASURES — 2.13

LEVER	DISPOSAL	EFFICIENCY IMPROVEMENT	CONSOLIDATION
Description	Plant disposal process Transfer of projects to other plants	Turn around program Price renegotiation Plant reallocation	Plant closure Transfer of projects to other plants
Examples of BAT “Footprint & Portfolio” measures to the end of 2022	TØNDER & LOUVIERS IN 2021 GOSHEN & KALAMAZOO IN 2021	CORBY IN 2021 CAMPINAS IN 2021 WUHAN IN 2021 PALENCIA IN 2021 SHENZHEN IN 2021 PUNE IN 2022	HARBIN IN 2020 CAMAÇARI IN 2021 CHANGSHU IN 2022 ALBERTON IN 2022 WEIDENAU IN 2022 DOUAI IN 2022 MIGENNES IN 2022

BENTELER OVERHEAD: FTE REDUCTION DUE TO EFFICIENCY IMPROVEMENTS — 2.12

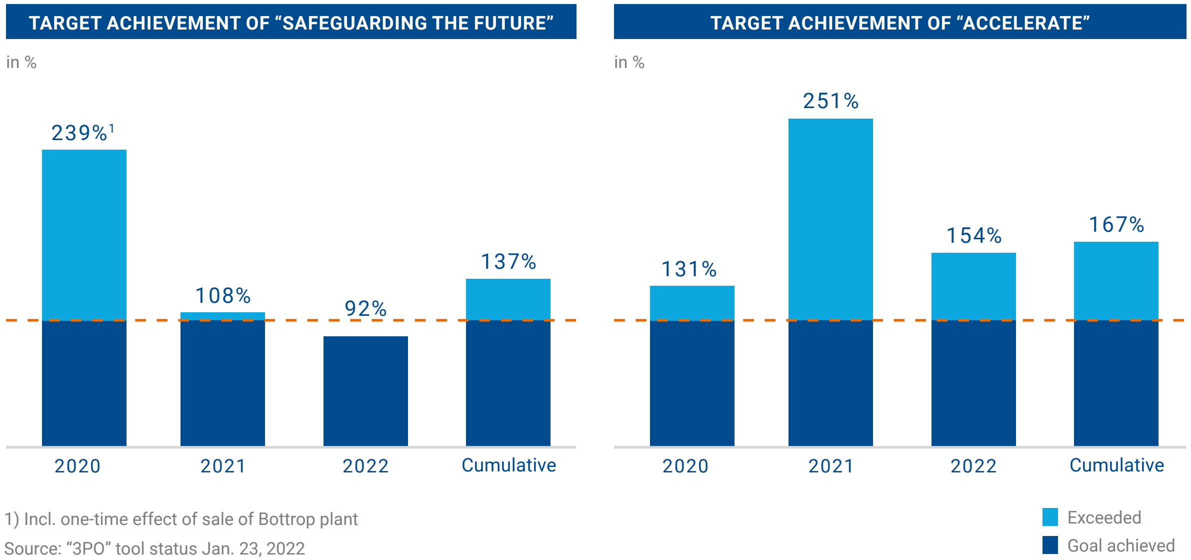
in Ø Overhead FTE



Significant increase in competitiveness and profitability in the Steel/Tube division

In the Steel/Tube division we launched the two restructuring programs Safeguarding the Future and Accelerate in 2019. These are aimed at increasing our competitiveness and profitability in the long term so that we can actively shape the future of steel tube production. Specifically, the aim is to achieve a significant increase in efficiency with the help of several work packages based on the 3PO approach. The Safeguarding the Future program focuses on the European plants and comprises the following six work packages: Consolidation of welding tube capacities through the closure of the Bottrop plant, Germany; realignment of the Dinslaken plant; implementation of plant networks in the indirect area; savings in the administrative area; and efficiency improvements in purchasing and sales.

ACHIEVEMENT OF TARGETS OF THE "SAFEGUARDING THE FUTURE" AND "ACCELERATE" RESTRUCTURING PROGRAMS — 2.14



1) Incl. one-time effect of sale of Bottrop plant
Source: "3PO" tool status Jan. 23, 2022

The Accelerate program focuses on our Shreveport plant in the USA and consists of the following five work packages: Improved purchase price for steel billets; reduction of external costs for heat treatment; increase of operational plant performance; optimization of the sales and product mix; and process improvements within the organizational structure. Overall, since the start of the program, we have been able to exceed the goals in both programs and even complete some measures earlier than planned.

As part of the systematic implementation of our Accelerate restructuring program, we completed the ramp-up of our plant in Shreveport, USA, as a major milestone and successfully mastered the turnaround, as evidenced by our earnings performance in Shreveport. In addition, we completed the closure of the Bottrop plant on schedule as part of the Safeguarding the Future program. In the process, existing capacities were relocated to the plants in Paderborn and Rothrist, Switzerland, to significantly increase capacity utilization at these sites. As a result of the closure, a positive and sustainable EBITDA effect of around €5 million was achieved.

Intensification of the transformation through additional work packages

To minimize the risks arising from the changed market conditions and the numerous disruptions, we have set up new cross-divisional work packages in addition to the existing transformation programs. These include the Inflation Recovery work package initiated in 2022. BENTELER has thus responded to the significant price increases for materials, energy, and freight – with the aim of full compensation by our customers. For example, a task force was set up for each division to bundle activities across functions and conduct negotiations with our customers in a structured manner. As a result, we successfully minimized inflation risks.

In addition to these work packages, at BENTELER we are continuously working on improving our internal processes in both the administrative and operational areas. In this way, we have been able to make a number of optimizations in the Automotive division in 2022 to follow our vision as a leading process specialist in the field of metal processing. In the operational area, for example, process efficiency in the plants was significantly increased with the help of our BENTELER Operating System Compass approach. As part of this, we measured and optimized the lean-maturity level in 50 plants in 2022. We are also continuing to drive forward the digitalization of our project management and our development landscape through the implementation of the Spine project, resulting in time savings within project work of up to 30%. In the administrative area, we have supplemented our global Shared Service Center concept with an additional hub in Třebíč, Czech Republic, and expanded our locations in India and Mexico to relocate further processes from high-wage countries to countries with lower personnel costs. In the Steel/Tube division we also significantly increased process efficiency through numerous measures, including digitalization of production and logistics processes at the Paderborn plant, introduction of modern MES (Manufacturing Execution System) software, and implementation of new inventory management software to improve inventory transparency.

In addition to optimizing our internal structures and processes, we are focusing on profitable growth through selective order intake. In this way, we were able to achieve major successes in the Automotive division in 2022 with our P7 project launched in 2021, despite the difficult market environment. With the help of our strengthened focus on acquisition and costing excellence, and in line with our regional strategy, we successfully booked projects with project lifetime sales of €7.1 billion. In addition, we significantly increased the average EBIT margin of the projects booked compared to the previous year. On the one hand, more selective choice of profitable projects in order intake contributes to this. On the other, the process improvements and the consistent implementation of our transformation measures are making a significant contribution to increasing cost efficiency and thus also to enhancing our competitiveness. The latter applies equally to the Steel/Tube division. This has grown extremely profitably due to the strong demand situation, process optimizations in sales, and a sustained increase in prices, and recorded an order intake of 813,000 tons in 2022.

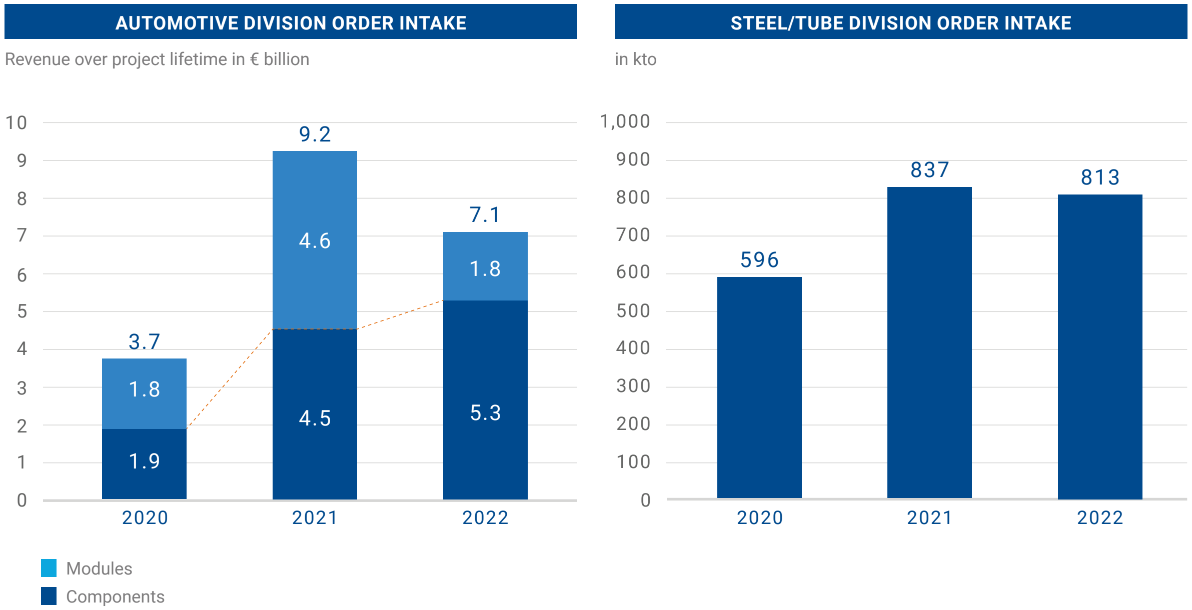
Our order intake is significantly influenced by our regional strategy in the Automotive division. In line with this, we are opening up new plants to grow together with our customers. In doing so, we are focusing both on locations with high technological relevance – especially in the area of e-mobility – and on locations with high regional relevance due to expected market growth. In 2022, for example, ground was broken for the third plant expansion in Schwandorf to further advance the transformation of the components plant into a competence center for battery trays. In addition, in August 2022 we started component production on the first of two hot forming lines at our new joint venture plant with Xiangxin in Dongguan, China. Furthermore, the relocation of our components plant in Pune, India, was successfully completed. We are also focusing on customer proximity in the module business, specifically with the completion of our new just-in-time plant in Bratislava, Slovakia, and the completed expansion of our module plant in Shenyang, China.

To ensure high liquidity at all times in the course of the transformation, BENTELER introduced cross-divisional liquidity management in 2020 in addition to existing measures. The core element is the Liquidity Office, which is responsible for planning as well as for controlling and implementing all liquidity-related measures. One of the key measures is the Spend Control Tower. With the help of this mechanism, all investment requests as well as expenditures for indirect material are reviewed at several levels with regard to their strategic and financial effects and approved by management. In addition, we have optimized the cross-site use of unused equipment, thereby significantly reducing our capital expenditure.

Another measure with a significant impact on liquidity is the "working capital" package. In the course of this, for example, we have successfully implemented agile order and inventory management as well as active management of overdue customer receivables and payment targets. In this way, have been able to reduce the commitment of the BENTELER Group's cash and cash equivalents to a "top-in-class" level, as illustrated by a cash conversion cycle of only 29 days in 2022. Overall, we were able to increase our liquidity in 2022 despite the external market disruptions.

Another element of paramount importance to our transformation is our newly formed Sustainability Office, which reports progress in the area of sustainability to the Executive Board of the BENTELER Group. This is instrumental in achieving our ambitious sustainability targets through the implementation of measures such as securing required purchasing volumes of green aluminum and new partnerships for the procurement of green steel. We also implemented over 180 additional measures in the area of energy, including the installation of photovoltaic systems on our plant premises. Progress in the area of sustainability is also evident from external ratings: In the CDP climate rating, our Automotive division achieved a B rating for the first time. At the same time, the Steel/Tube division received a silver medal in the EcoVadis rating for being among the top 25 percent of companies in its industry sector. Further information on this can be found in the sustainability section of the management report.

ORDER INTAKE FOR BENTELER AUTOMOTIVE AND BENTELER STEEL/TUBE — 2.15

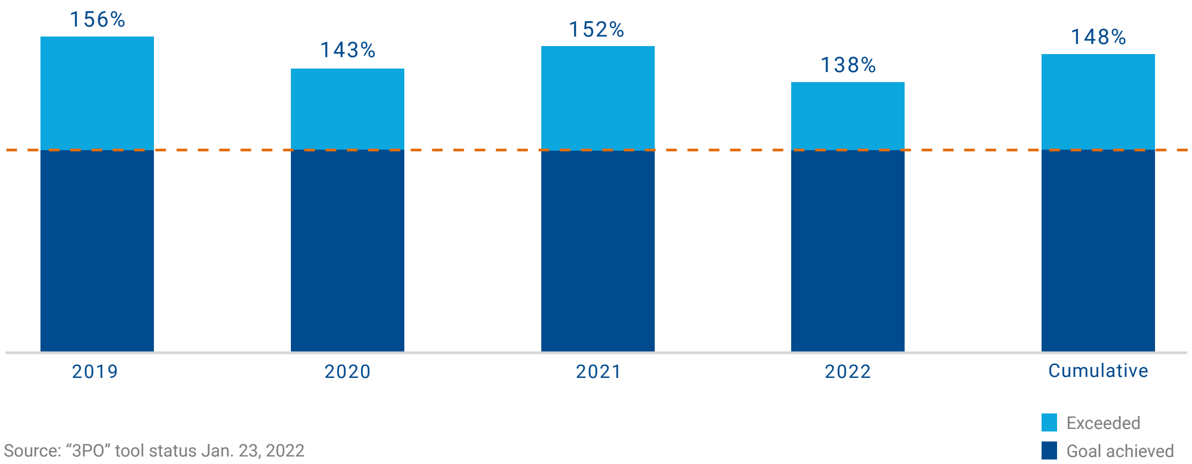


Consistent control and tracking of the transformation

We coordinate and manage the majority of the aforementioned transformation measures centrally via our BENTELER Transformation Office. In this way, we ensure both the uniform pursuit of the transformation approach and the regular monitoring of target achievement for the individual work packages. Thus, with the help of the 3PO tool, on the one hand, the already defined transformation and strategy measures are controlled and tracked. On the other hand, it serves as a basis for being able to react promptly to new market conditions. In 2022, for example, we integrated the Inflation Recovery work package into the 3PO tool at short notice, thus ensuring systematic target achievement and the continuous ability to provide information to various stakeholders. In addition, we use the 3PO approach to back up our planning with specific measures. Almost 1,000 employees now work directly with the tool and generate around 6,000-7,000 measures every year. As a result, the 3PO approach is now lived throughout the BENTELER Group.

TARGET ACHIEVEMENT HISTORY OF THE BENTELER RESTRUCTURING PROGRAMS — 2.16

in %



Source: “3PO” tool status Jan. 23, 2022

Due to the early initiation of our transformation in 2018, we are now in the best possible position, both operationally and financially, despite the numerous market disruptions. Since the programs were introduced, we have been able to (over)achieve our ambitious goals in each work package by an average of 147% per year and thus sustainably optimize our cost structure. As a result, BENTELER has significantly increased its resilience in recent years and was thus prepared for the numerous crises in 2022. To ensure that we continue this success story in the future, we are systematically driving forward the transformation on the basis of our established concept and continuously expanding the existing measures.

RESULT OF OPERATIONS

Increase in revenues in the BENTELER Group

In 2022 the BENTELER Group generated revenues of €8,954 million, which corresponds to an increase in sales of €1,669 million compared to the previous year. At €7,138 million, sales in the Automotive division were €910 million higher than in the previous year and accounted for 79.7% of group sales. The Steel/Tube division recorded an increase of 68.7% and thus €766 million to €1,882 million with an increased share of group revenues of 21.0%. The increase in sales was mainly due to price increases passed on to customers, exchange rate effects and higher volumes, particularly in the OCTG market in North America.

Revenue development in the Automotive division

At €7,138 million in 2022, the Automotive division recorded sales that were €910 million or 14.6% higher than in 2021. The year-on-year increase in sales resulted primarily from passing on increased raw material, energy and freight costs to customers. Increases in the price of raw materials were recorded in particular for steel, aluminum, and precious metals, which are mainly contained in purchased catalytic converters. The higher sales were also driven by positive foreign currency effects, particularly from the US dollar, renminbi and Brazilian real. Non-series production revenues were €58 million higher than a year earlier. Adjusted for these effects, sales in 2022 were slightly below the previous year's level, mainly caused by the war in Ukraine, the renewed coronavirus outbreak in China, the ongoing semiconductor shortage, and disruptions in global supply chains.

The Module business generated total sales of €2,793 million in 2022, an increase of €287 million or 11.4% year-on-year, with 80% of the increase generated from "directed-buy materials", i.e. margin-neutral. The temporary closure of the Kaluga, Russia plant and the countervailing increase in sales at the Spartanburg, USA plant led to a geographical shift in business. The components business with the Chassis, Structures, Thermal & Tubular business units and the smaller Mechanical Engineering and E-mobility business units generated total sales of €4,345 million in 2022, €623 million or 16.7% higher than a year earlier. Adjusted for material price and exchange rate effects, the Components business was below the prior-year level. The lower revenues in the Components business resulted from weaker call offs, particularly in the fourth quarter of 2022, and the closure or disposal of plants as part of the restructuring program. These include, for example, the sale of the Tønder, Denmark and Louviers, France plants to Alunited, the sale of the Goshen and Kalamazoo plants, both in the USA, to Shiloh, and the closure of the Alberton plant in South Africa. By contrast, the Mechanical Engineering business unit recorded higher sales of glass machinery and hot-forming furnaces.

SALES BY DIVISIONS — 2.17

IN EUR MILLION	2022	2021	Change	
Automotive	7,138	6,228	+910	+14.6%
Steel/Tube	1,882	1,116	+766	+68.7%
Division revenues	**9,020**	**7,344**	**+1,676**	**+22.8%**
Internal revenues, other	-66	-59		
External revenue	**8,954**	**7,285**	**+1,669**	+22.9%

Revenue development in the Steel/Tube division

The Steel/Tube division generated sales of €1,882 million in the 2022 financial year, up €766 million or 68.7% on the previous year's figure of €1,116 million. At 835,000 tons, tonnage was up 45,000 tons on the previous year. Accordingly, the increase in revenue is attributable to higher volumes, but also to price and FX effects.

In Europe, sales increased by 22.9% year-on-year to €1,035 million. The market recovery after the coronavirus pandemic continued in 2022. The first half of the year saw significant growth in the industrial sector, while a stabilization of the automotive sector was observed in the second half. Nevertheless, the market environment remained tense in 2022. The war in Ukraine led to massive uncertainties and extreme increases in energy and raw material prices. However, BENTELER Steel/Tube was able to pass on the price increases in Europe to customers, which was reflected in revenues. At 547,000 tons, tonnage in Europe was 73,000 tons below the previous year's level of 620,000 tons.

Sales in North America amounted to €847 million, an increase of over 200% compared to the previous year. The war in Europe and the sanctions against Russia led to a massive increase in demand for American oil and gas, including from Europe. From this good market position, the Steel/Tube division achieved significant price increases in North America. Sales in North America are not only price and exchange rate driven but also volume driven. At 288,000 tons, tonnage was significantly up 118,000 tons on the previous year.

Positive earnings development of the group despite challenging market conditions again and mainly driven by BENTELER Steel/Tube

In 2022, the BENTELER Group's consolidated earnings before interest and taxes (EBIT) amounted to €726 million. It was therefore well above the 2021 figure of €43 million by €683 million and thus represents a record result in the company's history.

Operating profit was impacted by positive restructuring effects amounting to €223 million. Adjusted for this, the BENTELER Group achieved an EBIT of €502 million which was €358 million above the comparable result of the previous year.

After 2021, 2022 was still strongly characterized by negative influences. The continuing semiconductor shortage at the beginning of the year, renewed coronavirus lockdowns in China, the Russia-Ukraine war and the associated price increases for raw materials and in the areas of steel, energy, transport and personnel weighed on earnings. At BENTELER Automotive, earnings were additionally impacted by one-time effects related to refinancing and restructuring. Despite the challenging market conditions and negative one-time effects, both divisions were able to significantly improve earnings compared to the previous year. The systematic implementation of the transformation programs and improved cost management as well as significantly higher sales volumes in the Steel/Tube division more than compensated for the negative effects of the semiconductor crisis, price increases and restructuring-related non-recurring effects.

In 2022 the BENTELER Group generated revenues of €8,954 million, which corresponds to an increase in sales of €1,669 million or 22.9% compared to the previous year.

The increase in cost of sales from €964 million to €7,744 million was due to inflation-related price increases, exchange rate effects and higher sales volumes in the Steel/Tube division, in line with the increase in revenue. As a percentage of sales, the cost of sales decreased by 6.6 percentage points. This was partly due to the reversal of impairment losses at the Shreveport, USA, plant amounting to €351 million and the associated reduction in depreciation.

The €13 million increase in sales expenses, mainly due to significantly higher shipment volumes to the USA in the Steel/Tube division, was offset by lower administrative, research and development costs. The adjustment of the overhead to the current production volumes is reflected in the reduced administrative costs compared to the previous year. In total, selling, administrative, research and development expenses were at the level of the previous year.

PROFIT AND LOSS STATEMENT — 2.18

IN EUR MILLION	2022	2021	Change	
Revenues	**8,954**	**7,285**	+1,669	+22.9%
Cost of sales	-7,744	-6,779	+964	+14.2%
Gross profit	**1,211**	**506**	+704	n.a.
Selling expenses	-177	-165	-13	-7.7%
Administration costs	-296	-299	+4	+1.2%
Research and development costs	-67	-75	+8	+10.8%
Other operating income	93	97	-4	-4.0%
Other operating expenses	-38	-22	-17	-76.5%
Consolidated earnings before interest and taxes (EBIT)	**726**	**43**	+683	n.a.
Financial result	-152	-126	-26	-20.6%
Earnings before taxes	**574**	**-83**	+657	n.a.
Tax expense	**-35**	**1**	**-36**	n.a.
Consolidated net income/loss	**539**	**-82**	+621	n.a.

In addition, administrative expenses included restructuring and refinancing costs of €44 million.

Other operating income was slightly below the level of the previous year. Other operating expenses were €17 million higher than in the previous year, due in particular to foreign exchange losses.

The BENTELER Group reported consolidated net in-come of €539 million in fiscal year 2022, up €621 million on the previous year.

Correspondingly, the targets of the restructuring report commissioned in 2020 were clearly exceeded. EBITDA of €703 million in 2022 was significantly higher than the expectations formulated in the restructuring report. The group had cash and cash equivalents of €697 million at year end. The successful reorganization and the financing were continuously positively confirmed by an external reorganization expert. At the time the financial statements were prepared, a draft of the restructuring expert's report for the group for the period up to and including 2024 was available.

Restructuring costs included in EBIT amounted to a positive effect of €223 million in the 2022 financial year. This was due in particular to the full write-up of the Shreveport, USA, plant to the value of €351 million. This is offset by negative effects of €128 million.

These included restructuring expenses and provisions for restructuring and refinancing-related consulting costs of €31 million and allocations for employee severance payments of €13 million, which have been incurred or are expected to be incurred as part of the transformation programs in the Automotive division. Impairment losses on property, plant and equipment and inventories resulted in negative effects of €32 million in the Automotive division and €21 million in the Steel/Tube division. In the Steel/Tube division, write-ups of €351 million and impairments of €22 million were recorded.

The transformation programs in question had already been initiated in 2018 as a result of worsening economic conditions and the resulting decline in demand, and further intensified in the following years. The restructuring report was part of the financing discussions with the banks that started at the beginning of 2020. Further information on the transformation programs – 3PO in the Automotive division and Safeguarding the Future and Accelerate in the Steel/Tube division – can be found in the Transformation section.

RESTRUCTURING EFFECTS BY DIVISION 2.19

IN EUR MILLION	Consulting	Impairment / reversal	Restr. provisions	Other	**Total**
Holding	-7			-4	**-10**
BAT	-7	-32	-13	-14	**-67**
BST	-17	330		-12	**301**
Total	**-31**	**298**	**-13**	**-30**	**223**

BENTELER Automotive shows positive earnings development despite challenging market conditions

At €100 million in 2022, the Automotive division recorded EBIT that were €51 million higher than in 2021.

The global shortage of semiconductors for chip production for the automotive industry repeatedly caused short-term call-off cancellations by OEMs in 2022. This resulted in slightly lower volumes for BENTELER compared to the previous year. The negative effect on earnings from this was more than offset by the flexibilization of personnel costs and successful measures in the area of pricing.

Significant increases in the price of raw materials were fully offset by the early initiation of negotiations with customers. In addition, the war in Ukraine and the disruptions in global supply chains triggered by the coronavirus pandemic led in particular to increases in energy prices in Europe and freight costs in North America, with historically above-average inflation also causing cost increases for personnel, maintenance and others. Negotiations on the reimbursement of these additional costs by customers were also initiated at the beginning of the year, but they proved more complex than the negotiations on raw material price increases due to contractual circumstances.

The business unit benefited in particular from numerous measures to increase efficiency in the operating and overhead areas, which were driven by the restructuring measures initiated in 2018.

The Module business recorded EBIT of €61 million in 2022, around €22 million lower than in the prior-year period. At the beginning of the year, the outbreak of war in Ukraine led to the discontinuation of business with VW in Russia and thus also to the temporary closure of the profitable Module plant in Kaluga. By contrast, stronger sales volumes with a weaker return on sales were recorded in particular at the Module plants in Spartanburg, USA, and Shenyang, China. Although this mix effect resulted in an overall increase in revenue, it also led to a decline in earnings.

The Components business recorded EBIT of €39 million in 2022, around €73 million higher than in the prior-year period. Earnings gains were recorded primarily in North and South America and Asia, whereas OEM-side short-term call-off cancellations, the outbreak of war in Ukraine and historically above-average inflation – particularly in energy costs – impacted the European market. Overall, it was precisely the improved cost structures combined with successful negotiations on compensation for steel price increases which led to an improvement in earnings.

Restructuring costs were higher than in the previous year. This was mainly due to the impairment of assets at the Russian plant in Kaluga and further impairment for underutilized European plants. The value adjustment of the Kaluga plant was necessary because the customer stopped production at the site until further notice as a result of the war.

BENTELER Steel/Tube shows positive earnings development despite challenging market conditions

Compared to the previous year, the BENTELER Steel/Tube EBIT improved by €638 million to €636 million. The plant in Shreveport, USA, became a key earnings driver in 2022 by optimally adapting to the market situation. €351 million of the impairment losses recognized in 2019 and 2020 were reversed in full thanks to the plant's performance in 2022. As a result, the amortized cost of acquisition and production has been reached again. In Europe, too, earnings were significantly higher than in the previous year, despite the difficult market environment. Thanks to the earnings contributions from North America and Europe, BENTELER Steel/Tube generated the best result in its history in 2022.

The restructuring program initiated in 2019 was further expanded and advanced. The restructuring report was part of the financing discussions with the banks that started at the beginning of 2020. Alongside necessary structural capacity adjustments, the package of measures also includes strategic initiatives such as the optimization of the product portfolio and the sales structure with the aim of securing the future of the Steel/Tube division in a challenging market environment. The implementation of the programs is running according to plan and made a significant contribution to record earnings at the BENTELER Steel/Tube division in 2022. In the future, it will further reduce fixed costs in particular and thus help us react very flexibly to volume fluctuations.

ASSETS AND FINANCIAL POSITION

Selective investments

In the 2022 financial year, the BENTELER Group invested €244 million, €67 million more than the previous year's figure of €177 million. As in the previous year, due to strict investment management, the focus of investment activities was on selected customer projects as well as operationally necessary replacement investments, investments for occupational safety and the safeguarding of legal requirements.

Total investments in the Automotive division in 2022 amounted to €203 million, in the Steel/Tube division they totaled €38 million.

INVESTMENTS — 2.20

IN EUR MILLION	2022	2021	Change	
Automotive	203	146	+57	+39.0%
Steel/Tube	38	25	+13	+52.0%
Other companies	4	7	-3	-42.9%
Investments[1]	**244**	**177**	**67**	**+37.9%**

1) Additions to intangible assets and property, plant and equipment including leases and subsidies received for fixed assets amounted to €0.8 million in 2022 (previous year €0.2 million).

Cash and cash equivalents increase as a result of the earnings situation

In the 2022 financial year, the BENTELER Group generated cash flow from earnings of €499 million. This was thus significantly higher than a year earlier, mainly due to the significantly improved earnings situation in the Steel/Tube division.

The cash outflow from working capital as of 31 December 2022 was €122 million. In contrast, the cash inflow in the previous year amounted to €80 million. The change resulted primarily from higher trade receivables and higher inventories, which were mainly driven by exogenous factors such as price increases but also strategic working capital measures, such as additional volumes shipped to the USA.

The cash conversion cycle (average working capital before factoring / total sales x 365) was 29 days in the 2022 financial year. This was slightly above the level of the previous year, but still clearly at a "top-in-class" level.

This results in a cash flow from operations of €296 million. Cash flow showed a clear increase of €222 million above the figure for the previous year.

The cash outflow from investing activities increased by €54 million year-on-year to €210 million. To preserve liquidity in the face of inflation-related price increases and the challenging market environment, the focus of investment activities in 2022, in addition to the optimization measures launched in the previous year, was on selected customer projects and profitable growth projects, as well as replacement investments necessary for operations, investments for occupational safety, and ensuring compliance with statutory requirements.

This results in a free cash flow of €86 million. Cash flow showed a clear increase of €169 million above the figure for the previous year. Free cash flow included restructuring payments of €130 million and was €216 million after adjustment.

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRSS) 2.21

IN EUR MILLION	2022	2021
Cash flow from operating activities	**296**	**74**
(of which, cash flow from profit)	499	107
(of which, change in working capital)	-122	-80
Cash flow from investment activities	-210	-157
Free cash flow	**86**	**-83**
Cash flow from restructuring	-130	-91
Free cash flow before restructuring	**216**	**8**
Cash flow from financing activities	180	-78
Change in cash and cash equivalents	**266**	**-161**
Effect of exchange rate changes on cash and cash equivalents	2	5
Cash and cash equivalents at the beginning of the period	**429**	**585**
Cash and cash equivalents at the end of the period	**697**	**429**

In the 2022 financial year, there was a cash outflow from financing activities of €180 million. The net inflow of funds from taking out loans and other financing activities of €175 million was significantly higher than the previous year's total of €68 million. This is due to the drawing of the fresh money line of €225 million as stipulated in the financing agreement. In accordance with the restructuring financing signed in 2021, no repayments were made in the 2022 financial year. Dividend payments to shareholders of non-controlling interests resulted in cash outflows of €6 million. Other cash inflows from non-controlling interests and from financing activities amounted to €11 million.

At €697 million, the cash and cash equivalents recorded in cash and cash equivalents for the reporting year were €268 million higher than in the previous year. Compared with the restructuring report, cash and cash equivalents at the end of the year were well above the target of €425 million. As a result of central cash pool liquidity management, these are largely held by BENTELER International Aktiengesellschaft and are available on a daily basis.

Total assets increase

As of December 31, 2022, total assets amounted to €5,050 million, 19.1% higher than the previous year's figure. Non-current assets increased by €247 million to €2,252 million. The main reason for the increase compared to 2021 was the €262 million increase in property, plant and equipment as a result of the full write-up of the plant in Shreveport, USA, amounting to €351 million.

Current assets (excluding cash and cash equivalents) increased by €296 million to €2,100 million in the 2022 financial year. The changes compared to the previous year resulted from the €173 million increase in trade accounts receivable, the €73 million increase in other current receivables and assets and the €58 million increase in inventories. The higher trade accounts receivable and inventories are due in particular to the significant increase in sales and exogenous factors such as short-term OEM call-off cancellations, price increases and higher volumes.

The Group's cash and cash equivalents as of December 31, 2022, were €697 million, €268 million higher than in the previous year. The share of cash and cash equivalents in total assets thus increased to 13.8%, compared with 10.1% in the previous year.

FINANCIAL METRICS — 2.22

		2022	2021
Equity ratio (%)	1)	10.8	-2.2
Net financial debt	2)	1,494	1,544
Financial debt ratio (gearing rate)	2), 3)	2.7	-16.7
Net financial debt to EBITDA	2), 4)	2.1	4.5
Net financial debt to EBITDA bef. restructuring	2), 4)	1.9	3.6
Working capital (€ million)	5)	360	256
Working capital in % of sales	6)	4.0	3.5

1) Equity capital: total assets
2) Net financial debt = non-current and current financial debt less current financial assets (excluding derivatives) and less cash and cash equivalents.
3) Net financial debt[2)]: Equity capital
4) Net financial debt[2)]: EBITDA
5) Working capital = (inventories + trade receivables from third parties, affiliated and associated companies) ./. (Trade payables to third parties, affiliated and associated companies from deliveries and services + advance payments received)
6) Working capital[5)]: External revenue

Financing structure

As of December 31, 2022, equity was positive at €544 million, up €637 million on the previous year. This was mainly due to the consolidated net income for the year and actuarial gains, which were reflected in the statement of comprehensive income mainly as a result of the interest rate increase in connection with personnel provisions. The distribution of dividends to the shareholders of the parent company was suspended in the financial year, while the distribution to non-controlling interests amounted to €6 million.

At 10.8%, the equity ratio was significantly above the previous year's level of -2.2%.

Non-current liabilities amounted to €2,370 million at the end of 2022 and decreased by €28 million compared to the previous year. Non-current assets increased by €115 million to €2,017 million. Other non-current provisions decreased by €7 million and provisions for pensions by €134 million. The reduction in pension provisions is mainly due to the increase in interest rates in the market. The remaining non-current liabilities decreased by €5 million.

Current liabilities decreased by €203 million to €2,136 million. Current financial liabilities increased by €122 million to €224 million due to a reclassification of financial liabilities from non-current to current. At €1,337 million, trade payables were €181 million higher than in the previous year, mainly due to higher sales. Other current liabilities and provisions fell by €116 million.

Working capital increased by €104 million to €360 million at the end of the year. The main reasons for the increase compared with 2022 are the €58 million rise in inventories as a result of price increases and strategic working capital measures and the €173 million increase in trade receivables. This effect is offset by a €181 million increase in trade payables.

Net financial debt amounted to €1,494 million and fell by €50 million compared to the previous year's figure of €1,544 million. The change resulted primarily from the increase in cash and cash equivalents by €268 million and the increase in financial receivables by €19 million. This contrasts with a net increase in current and non-current financial liabilities of €237 million. The financial leverage ratio (net financial debt to equity or gearing ratio) improved from -16.7 in the previous year to 2.7 as a result of the positive equity development. The dynamic debt-equity ratio (net financial debt in relation to EBITDA) decreased in 2022 compared with the previous year from 4.5 to 2.1, in particular due to the increase in EBITDA. The dynamic gearing ratio before restructuring effects (net financial debt in relation to EBITDA before restructuring) also improved from 3.6 to 1.9.

Central cash management

The BENTELER Group manages its financing centrally. However, as part of the restructuring financing, a significant portion was placed directly in the group companies. Liquidity surpluses or shortages are pooled by BENTELER International Aktiengesellschaft by way of internal capital expenditure and borrowing capabilities. This allows surpluses from individual Group companies to be used by other Group companies as required.

As a rule, capital expenditure is financed out of cashflow for the long term, and working capital is financed mainly by short-term funding. Non-current assets are continuously financed out of cash flow and by taking out appropriate long-term loans with matching maturities.

A cash balance of €697 million was available as a funding reserve as of December 31, 2022.

A large proportion of the Group's internal goods and services are cleared through BENTELER International Aktiengesellschaft so that payment transactions can be regulated cost-effectively (clearing).

Branches

There are no branches.

RISK REPORT

Comprehensive risk management

As a global company BENTELER is exposed to numerous risks. These are inevitable consequences of entrepreneurial activity, because the Group can only take advantage of opportunities if it is also willing to take risks within an appropriate and manageable framework. Successful management of existing and emerging risks is crucial for the sustainable economic success of the company and the achievement of its strategic goals. Risk management is therefore an essential component of responsible and good corporate governance. Risk management in the BENTELER Group is a responsibility of the Executive Board, which reports regularly on the group's overall risk position to the Audit Committee and the Supervisory Board.

The business model reflects the procedures of the company, the way in which it administers the financial assets in order to generate cash flow, i.e. by holding, selling, or both holding and selling financial assets. Shares in non-consolidated companies and other equity instruments (securities) must be measured at fair value. The BENTELER Group has elected to measure these at fair value through OCI. Divisional reporting shows opportunities and risks with regard to the planned sales and results.

An aggregate risk status report is also submitted to the management bodies every six months, on the basis of an analysis of possible risks that could pose a threat to the company as a going concern. For this purpose, the status of risks is described and measured in a cascaded reporting system based on defined indicators for probability and financial damage potential. Officers are also appointed to take specific responsibility for each risk and the associated measures. This systematic risk management process helps management detect existential risks in a timely manner and initiate suitable measures to prevent, avoid, or reduce the risks. To the extent necessary and proportionate having regard to current events, risks can also be reported outside this process to the Executive Board at any time.

Liabilities to banks, other loan liabilities, trade payables, liabilities for puttable equity instruments, and other liabilities are carried at amortized cost, using the effective interest method where applicable. Liabilities for puttable equity instruments include non-controlling interests in the equity of partnerships (limited partners' shares).

Some particularly significant risks are transferred to insurance companies by an internal service provider. In particular, claims resulting from any recalls or liability issues are covered, as are property damage and losses caused by disruption to operations. In turn, risks that are only covered to a limited extent are reinsured for third-party insurance companies by BENTELER Reinsurance.

Risks arising from the influence of economic demand

Economic conditions have a material effect on the commercial success of the BENTELER Group. The company's business planning identifies opportunities in terms of new products, customers, and markets. However, these opportunities also entail risks to sales volumes, revenue, profits, liquidity and capital expenditures resulting from unplanned overruns – or even more importantly, underruns – of production volumes for vehicle models for which BENTELER supplies products. Economic fluctuations also significantly influence trading in steel tubes.

In recent years, BENTELER has initiated numerous optimization projects and turned them into standard procedures, to adapt cost structures to demand in the various divisions and to manage those structures within narrow bounds. In particular, the transformation programs initiated in both divisions in previous years have led to a significant improvement in the cost base. The initiatives derived from the programs were further intensified in the current financial year due to the short-term decline in sales caused by the supply chain bottlenecks. The results of the initiatives additionally serve as a basis for ensuring a flexible and swift response to weak and cyclical markets in the future.

In addition, the country-specific conditions are continuously monitored so that countermeasures can be taken at an early stage when necessary.

Material prices and inflation

As a manufacturing industrial company in the metal processing sector, the BENTELER Group is exposed to price risks, particularly with regard to the resources required for production. This relates not only to price risks for input materials, but also for energy, transport and personnel. Persistent material shortages due to reduced production capacities as well as inflation-related price increases may lead to additional price increases for necessary resources. For BENTELER Automotive, there is a risk that price increases due to materials and inflation cannot be fully passed on to customers. In the Steel/Tube division the material price and inflation risk are lower, as passing on is largely contractually agreed with customers via price escalator clauses.

Pandemic risk

Based on the experience gained during the coronavirus pandemic, a catalog of measures was derived with regard to the possible temporary shutdown of plants and the safety of our employees. Concrete measures include firmly defined procedures and guidelines for shutting down and starting up plants as well as close monitoring of sales volumes in order to be able to react quickly to changes, for example with short-term management of staffing requirements. In addition, enabling remote working in terms of technology and content also reduces the risk for our employees as far as possible. Our goal is to reduce not only the financial risks for the group, but also the health risks for our employees to an absolute minimum.

Specific customer and supplier risks

Adverse economic performance among individual contracting partners, on both the sales and purchasing sides, can have consequences for the BENTELER Group's revenue and earnings. These risks have increased significantly in the current fiscal year, in particular due to supply chain bottlenecks. The increasing volatility of sales volumes is leading to a higher risk of insolvency both on the customer and supplier sides. BENTELER limits this risk by diversifying its customer and supplier base as much as possible, and by constantly monitoring key market metrics and other early warning indicators. Due to the increased volatility of sales, the exchange with customers regarding planned call-offs was also significantly intensified in order to be able to respond flexibly and promptly to volume changes in ongoing projects at the plants.

The BENTELER Group could suffer financial disadvantages if the creditworthiness of individual customers were to deteriorate and give rise to payment delays or defaults, or a failure to generate planned sales volumes. The company operates intensive debtor management to counteract this risk. The divisional sales and financing officers regularly track customers' economic situations, their payment performance, and the possibility of protecting against risks, for example by insuring a portion of receivables.

The risk of production stoppages on the customer side due to supply chain bottlenecks has increased. The increasing volatility of customer call-offs up to and including production stops leads to further risks for BENTELER. The reduced cost base as a result of the transformation programs and the experience gained from the coronavirus pandemic increase resilience to these risks.

On the supply side, BENTELER can also be impacted by delivery problems due to financial difficulties among existing suppliers and suitable new partners might need to be found at short notice. This especially affects the Automotive division which has a particularly large number of specialized suppliers.

To counter this risk, the BENTELER Group purchasing department assesses suppliers and their financial positions before orders are placed with them. Our suppliers' financial positions are also monitored continuously and globally, to avoid supply bottlenecks and take targeted measures at an early stage.

Changes in supply markets

Fluctuations in the purchase prices of steel, aluminum, scrap and energy can have both positive and negative effects on profit. To minimize adverse effects, particularly in the case of steel, of which the BENTELER Group purchases substantial volumes, changes are passed on to customers as far as possible using industry-standard contractual clauses. Fixed-price adjustment clauses are agreed with customers and suppliers for aluminum purchasing. Any temporary differences that may arise in the price adjustment are also minimized through external hedging transactions with banks.

Project risks

The BENTELER Group is involved in extensive development and manufacturing projects, in particular via the Automotive division. Technical difficulties in the division or among project partners may sometimes lead to higher series launch costs and/or higher capital expenditures than were originally planned. To avoid or reduce these risks, the division uses comprehensive standards for project control. Regular project reviews also take place to permit early countermeasures when needed. Suppliers are normally involved in this process.

Major investments by the Steel/Tube division

The ramp-up of the Shreveport plant in the US state of Louisiana is playing a crucial part in the success of the Steel/Tube division. Key factors include the utilization of future capacities and the smooth, fault-free operation of the plant. To this end, experienced employees are sent regularly from Germany to Shreveport to ensure a successful ramp-up and promote the transfer of knowledge at the plant. The focus on the OCTG segment means there is a correlation for the business model between the oil and gas price and, consequently, the number of active drilling rigs and the pipe run meters used per well. This results in potential fluctuations in demand.

Special steering committees have been implemented to mitigate these risks and safeguard the plant's performance. These were supplemented in the 2020 financial year by the comprehensive Accelerate restructuring program at the plant in order to react to the weak market situation caused by the coronavirus. The program focuses on five work packages that are designed to optimize cost structures, operating performance and the product portfolio and thus successfully secure the ramp-up of the plant.

Production and product risks

The dependable availability of the products produced by BENTELER is a key success factor. Shortcomings in development, production, or logistics at BENTELER plants or suppliers can cause parts to be delivered to customers late or in faulty condition. This may give rise to financial effects due to claims for damages. The BENTELER Group has therefore introduced extensive operating procedures governing process reliability, quality management, and process audits at its own plants and for its suppliers. The BENTELER Group has taken out insurance to limit residual risks to the company as a result of any liability or claims.

Financial risks

The BENTELER Group's international business operations expose it to financial risks. These include, in particular, risks resulting from a change in foreign exchange rates and interest rates.

Foreign exchange risks result from fluctuations in exchange rates, particularly for purchases and sales. The central financing and foreign exchange management limits foreign exchange risks through the use of an information system and appropriate hedging transactions. The BENTELER Group controls risks arising from changing interest rates by using derivatives. Further information on financing instruments can be found in the notes to the consolidated financial statements.

Refinancing risks

The restructuring financing of around €2 billion will be due at the end of 2024.

The BENTELER Group is preparing to replace the restructuring financing in the near future. The restructuring initiated in 2019, which has been successful to date, allows BENTELER to prepare for the targeted refinancing with the help of available financing instruments.

Liquidity risks

After 2021, the current year 2022 was still strongly characterized by negative influences. The continuing shortage of semiconductors at the beginning of the year, renewed coronavirus lockdowns in China, the Russia-Ukraine war and the associated price increases for raw materials in the areas of steel, energy, transport and personnel are having a negative impact on the sales, earnings and financial situation.

The BENTELER Group's liquidity management is generally centralized. Liquidity surpluses or shortages are pooled by BENTELER International Aktiengesellschaft by way of internal capital expenditure and borrowing capabilities. This allows surpluses from individual Group companies to be used by other Group companies as required. As a rule, capital expenditure is financed out of cashflow for the long term, and working capital is financed mainly by short-term funding. Fixed assets are generally financed on an ongoing basis from cash flow and by taking out corresponding long-term loans.

A large proportion of the Group's internal goods and services are cleared through BENTELER International Aktiengesellschaft so that payment transactions can be regulated cost-effectively (clearing).

Various measures are implemented to prevent high liquidity risk and safeguard liquidity. Key levers for safeguarding liquidity include optimizing net working capital with the overriding aim of reducing the cash conversion cycle to a low level, optimizing investments via a centralized approval process, centralized management of key projects to offset cost increases, direct 13-week liquidity planning, and monitoring the earnings and asset situation on the basis of monthly forecasts.

As of December 31, 2022, the BENTELER Group reported liquidity of €697 million.

Compliance risks

The BENTELER Group conducts its business responsibly and in compliance with the laws of the countries in which it operates. Potential risks include violations of antitrust and competition law and export control regulations and sanctions, as well as anti-corruption laws. These risks are contained by means of appropriate guidelines, regular internal communication, specific consulting and continuous staff training.

IT risks

Group-wide IT deployment is of great importance for the BENTELER Group as a global company. The key risks primarily relate to the availability of data and systems. In addition, confidentiality and integrity also play an important role. The growing number and sophistication of cyber-attacks also increases the potential risk of outages of critical IT systems. The measures already taken, including a global, uniform, state-of-the-art IT security platform; an efficient IT Security organization; redundant design of critical systems; and outsourcing as well as targeted use of Cloud solutions have considerably reduced this risk. Outages can therefore be prevented or quickly rectified. Ensuring data security and appropriate data integrity also constitutes a risk. This is safeguarded, for example, through employee awareness training, identity management systems, and the introduction of an information security management system based on ISO 27001. ISO 27001 certification will be replaced in 2023 by certification in accordance with the de facto information security industry standard VDA-ISA/TISAX, which is based on ISO 27001.

Due to the further increase in the general cyber risk situation, various measures were driven forward in the current fiscal year to further increase the level of security and reduce risks. These include, for example, the further development of the Security Incident Event Management (SIEM) technology in conjunction with a Security Operation Center (SOC). Other key measures include mandatory vulnerability scans of networks at all plants and the further development of the employee awareness campaign, which includes mandatory e-learning sessions and phishing simulations. At the same time, a method was developed for implementing our customers' security requirements for data security worldwide. As part of this, all sites will be certified to the de facto VDA-ISA/TISAX information security industry standard over the next few years.

To coordinate all these technical and organizational measures and to ensure the upcoming TISAX certifications, the Executive Board launched the BeSecure4all information security program and equipped it with the necessary resources and competencies.

The overriding goal is to continuously increase the maturity of the cyber security management system at BENTELER.

Our Corporate IT (CIT) thus ensures not only a defect-free and fail-safe operation, but also the continuous development of measures to increase the level of information security. A supplementary cyber security insurance policy is in place to reduce the monetary impact of remaining residual risks.

REPORT ON RESEARCH AND DEVELOPMENT ACTIVITIES

Progress through solution-focused developments is firmly anchored in the almost 150-year tradition of the BENTELER Group. That creates sustainable value for our customers. Thus, BENTELER invests extensively in research and development in order to deliver solutions for products and systems, materials and processes. In 2022, 30 patents were filed, and research and development expenses amounted to €67 million (previous year: €85 million).

International cooperation with internal development departments and suppliers and customers is a basic precondition for the solution of global issues. Only in this way is it possible to guarantee that existing resources and know-how will lead to the development of optimum solutions. The Research and Development area guarantees this through intensive cooperation with all BENTELER development sites worldwide. As a result, all research and development activities also consider regional customer requirements and market conditions. This enables us to deliver competitive innovations both nationally and internationally.

Report on research and development activities in the Automotive division: 2022 – a year of challenging conditions.

Many of the framework conditions for our automotive business have changed in recent years. By 2020, the focus was on reducing NO_x, particulate emissions and CO_2. The importance of the CO_2 reduction and the intensity of the change towards alternative drives such as electric or hybrid drives increased more and more. The result is that we no longer discuss new internal combustion engines – they are expected to be banned in new cars in the EU from 2035. BENTELER is only partially affected by this change. Today, 91% of our sales are already independent of the propulsion method and technology.

In addition, there is an ever-increasing focus on sustainability throughout the supply chain, including the use phase of products. The current focus is on reducing and ultimately eliminating CO_2 emissions over the entire product life cycle. This was accompanied in 2022 by challenging political and economic conditions, which influenced and will continue to influence the necessary massive restructuring in the industry.

The effects of this can also be found in the strategic alignment of new products and processes. Due to the increasing number of registrations of electric vehicles, research activities are increasingly shifting to applications within this vehicle category. But changes can also be seen in the activities with regard to the materials used. A few years ago, the guiding principle was “the right material in the right place”, which led to many innovations in the direction of hybrid joining technologies, for example for joining steel and aluminum components. Now, the use of materials with a higher recycled content to reduce the CO_2 footprint is coming to the fore – right up to the first approaches of “Design for Recycling”. This influenced the research topics in 2022 and is also an integral part of the research roadmap for the coming years.

In a first step, autonomous driving at the higher levels 4 and 5 will focus on people mover concepts. BENTELER is also active in this area – in our business unit with the new brand name HOLON – on the development of a fully electric autonomous mover. In the long term, the mobility business model could change as a result of the increased use of people-mover concepts in individual transportation. Research is underway to determine how the trend toward private ownership will develop.

Innovative products and processes

In 2022, numerous innovation projects on new products and processes were carried out in the area of research and development. In the field of battery storage systems, we completed a study on folded battery trays made of steel and aluminum sheets. In these projects, the company worked closely with TRUMPF to successfully join and seal these materials using laser welding. In a publicly funded research project together with Ford and other partners, the first essential steps for the design of a modular and scalable battery tray in the field of electrically powered vans were implemented. Research activities relating to aluminum battery cooling plates were also driven forward in the area of electromobility. For the innovative press brazing process developed in this context, it was demonstrated that cost, process performance and quality advantages exist compared to other existing standards. Furthermore, this process offers significant CO_2 savings potential compared with established processes. The project is already in the industrialization and bidding phase for various vehicle manufacturers, including the production of prototypes. A comprehensive comparison of the various process routes, costs and technical limits is available. This will round off the know-how achieved in order to be able to individually implement the best possible solution for various customer requirements.

To reduce hotspots in hot forming processes, tool inserts produced with additive manufacturing methods were used to improve the cooling effect. Furthermore, elastic and movable tool parts were developed to ensure optimum cooling even for critical component geometries. Appropriately pre-developed solutions were and are subsequently verified in series production. We also worked very intensively on Advanced High Strength Steel, the latest generation of materials in cold forming. New materials from our material suppliers were analyzed and tested. A special challenge here is achieving very accurate predictability in the virtual component development, especially in the area of forming including springback.

Another trend, also driven by e-mobility and the still important factor of lightweight construction, is high-strength aluminum. Material behavior including virtual component development was researched in an innovation project and, for example, the forming behavior was optimized by thermally supported processes, or the process limits were expanded. The characterization of material properties is very important to obtain a perfect basis for CAE calculations. These high-strength aluminum grades are predestined for crash-relevant applications and would thus be part of the vehicle safety concept.

In the joining technology competence area, we completed work on integrating punching of joining elements into the hot forming process. This was followed by an analysis of the process's potential for use in series inquiries to achieve series implementation as quickly as possible and thus save a separate process step. Significant progress has also been made in the manufacture of aluminum crash management systems with the substitution of the welding process when inserting towing nuts. Following successful simplified joining tests on component sections, including the necessary load tests, it was possible to introduce all eight mechanical joining operations simultaneously into the complete crash management system in a near-series tool design and thus prepare them for intensive near-series tests. Here, too, the aim is to substitute the separate joining step so that the joining operation required for the towing nuts can also be integrated at the same time as the press forming process.

In addition to various material qualifications, innovative corrosion protection systems were also intensively investigated. Both opportunities and limitations were evaluated and balanced against economic aspects.

Collaborations and outlook

The virtual cooperation established in recent years was supplemented in 2022 by personal exchanges with customers and suppliers at trade fairs and conferences. This also included our intensive collaboration with various universities and chairs in bilateral and publicly funded research projects.

The selection of innovation topics is strongly aligned with the strategic orientation and roadmaps of the business units and BENTELER Automotive as a whole. Customer and market trends as well as the activities of our competitors are analyzed and evaluated in detail. An important aspect, especially in the Automotive division's product portfolio, will always be to cut costs, make the best possible use of investments, and at the same time continuously maintain product quality at the highest possible level. Particularly in view of the increasing proportion of costs of electronic components in future vehicles, but also due to the still high costs of batteries in battery-electric vehicles. This will be a decisive factor in the coming years, especially for volume models. We are also working on processes that will enable us to expand the product portfolio without turning our back on our core processes. Functional integration in the product, but also in the process, is one of the keys to further efficiency gains.

In 2023, the BENTELER Group will continue to focus on process optimization and innovations in the field of forming and joining technologies. For example, further potential for substituting welding processes is being analyzed. The increased use of adhesive bonding will also play a role. The topic of sustainability will increasingly influence at least partial aspects of future innovation projects – from the use of materials with higher recycling rates to approaches of "Design for Recycling". This is also supported by the system introduced years ago of considering sustainability at different levels in the various project phases of our innovation management.

Report on research and development activities in the Steel/Tube division: Tube products for transformation toward a greenhouse gas-neutral economy.

One of the core competencies of BENTELER Steel/Tube is the development of customized and innovative tube solutions. Our 100 years of experience in handling tubes and special materials and technical consulting expertise make BENTELER Steel/Tube the leading supplier of steel tube solutions.

Hydrogen is considered as playing a central role as an energy source in the further development and completion of the energy transition. In the short to medium term, the focus will be on different types of hydrogen production. Fossil produced gray hydrogen as well as blue hydrogen – fossil fuel produced with CO_2 capture and storage – are seen as part of the solution. In the long term, however, the focus of most hydrogen plans, especially in the EU, is on the use of green hydrogen based on green electricity.

As part of our HYRESIST® initiative, very intensive discussions have been held with potential customers in the areas of manufacturing, transportation, and industrial and automotive use of hydrogen. The portfolio of our initiative ranges from hot-rolled (HYRESIST HFS) to cold-drawn (HYRESIST CDS) and welded tubes (HYRESIST WLD) to tube products for vehicles (HYRESIST MOBILITY). In the area of hot-rolled hydrogen-carrying tubes, we have taken another order which will be delivered next year. We have started prototype production and initial hydrogen compatibility tests for HYRESIST CDS and HYRESIST MOBILITY. The aim here is to validate the effectiveness of our material and production engineering measures. Together with the project partners, we received approval at the end of the year for a publicly funded H_2 lightweight project focusing on welded tubes.

Carbon capture and utilization (CCU) refers to the capture, transport, and subsequent use of carbon. Pipeline and pipeline systems for the industrial use of carbon dioxide already exist today. Scientific studies also forecast strong global growth in this segment. An initial technology and market analysis has been conducted for this area. Transformation technologies and their relevance for BENTELER Steel/Tube will continue to be the focus of the division's work.

Lightweight construction, safety, and solutions for mobility

Steel from BENTELER Steel/Tube's own production offers the advantage of up to 70% reduced-CO_2 emission for welded tubes. Concepts and risk analyses have been developed for its future use. Implementation for automotive projects in the areas of chassis, damping and structure for battery-powered vehicles is imminent. Large OEMs are increasingly relying on very high-volume platforms for these vehicles. The disadvantage of the higher weight of battery-powered vehicles is partially compensated for by lightweight solutions. Tube-based concepts are often used for axle components with integrated electric motors in the front and/or rear axle. Projects based on steels with outstanding manufacturing properties for forming and welding operations have been implemented. Concepts for weight reduction by means of adapted wall thicknesses to realize further lightweight potential are in preparation.

Following the successful series implementation of tubes made from readily formable multiphase steels for the tilt and height adjustment of car seats, these concepts are now being rolled out to further customers and the next generation of materials with around 20% higher strength is being validated.

In passive passenger safety, from steel production to the ready-to-install airbag gas generator sleeve, extending the value chain is increasingly in focus for our customers and for BENTELER.

Following successful process development with the first integration of cold rolling, investments were made in a second forming line at the Schloß-Neuhaus site in Paderborn, Germany. Series production of a new generation of airbag sleeves for the customer will start in the first quarter of 2023. With the new product, the customer is pursuing a global growth course in which our company can participate.

A new type of manufacturing process was developed for another new generation of products from our most prominent airbag customer, with the development departments of both companies working closely together. The cold forming process, which has already proven itself in our first forming line, is now being supplemented by a specially designed hot forming process to realize complex end contours. This enables us to simplify assemblies and reduce costs on the customer side, while retaining proven assembly and joining processes. This is also a global project, which will initially start in the USA in 2024. Starts in Asia and Europe will follow. Our customer pursues a multi-supplier strategy and regional localization of component manufacturing. We are currently in the bidding process with the goal of being nominated in the first quarter of 2023.

As part of an initiative, the component test scope on formed airbag sleeves was expanded. In another initiative, a thermally assisted forming process for airbag sleeves was developed which even exceeds the particularly high low-temperature toughness requirements of standard steel grades.

From 2035, new cars must be CO_2 emission-free if they are to be registered in the EU. Electromobility is therefore becoming increasingly important. This growing market offers great opportunities for BENTELER. Thus, both welded-drawn and seamless-drawn precision steel tubes are used for assembled rotor shafts. Close cooperation between the Automotive and Steel/Tube divisions in the field of rotor shafts creates additional added value for customers. They thus benefit from the knowledge and experience of both divisions, which include all manufacturing steps from steel production to innovative mechanical machining of the rotor shaft. Prototype orders illustrate that the solutions are well received in the market. Inquiries are continuously acquired, evaluated and answered with offers in order to win additional series orders.

SUSTAINABILITY AT BENTELER

Increasing climate change and the massive consumption of resources worldwide mean that the social and economic importance of sustainable action has increased significantly in recent years. Overcoming the challenges associated with this, especially in the energy-intensive production of metal products, is also a key issue for BENTELER. Consideration of sustainability aspects is therefore firmly anchored in BENTELER's mission. The self-image of making mobility safer and more sustainable is the starting point for all sustainability activities at BENTELER. Our inner drive for sustainable action is complemented by additional customer requirements (such as renewable energy or green material) as well as new legal frameworks (such as CSRD and the Supply Chain Sourcing Act). We continuously analyze these requirements to identify business opportunities, minimize risks and thus lay the foundation for successful action by the BENTELER Group.

Due to their great importance, all sustainability topics are dealt with in detail in a separate sustainability report each year. The 2022 financial year edition will be published during 2023. The key aspects and achievements in the areas of environment (Environmental), social affairs (Social) and sustainable corporate management (Governance) are additionally explained on the following pages of this management report.

SILVER IN THE ECOVADIS 2022 RATING FOR BENTELER STEEL/TUBE: — 2.23

A clear sign that BENTELER is taking responsibility in the area of sustainability

The three areas of sustainability management are validated and evaluated by an external company – EcoVadis. The improved EcoVadis rating of the Steel/Tube division (silver) is therefore a clear sign that BENTELER is taking responsibility in the area of sustainability and driving forward extensive activities related to corporate governance, the environment and social issues.

1. Environment

Protecting the environment is one of the central pillars of the BENTELER sustainability strategy and, at the same time, part of everyday corporate life. The sustainable design of products and processes is a corporate objective on a par with profitability. By saving resources and protecting the environment, BENTELER assumes responsibility towards the environment and society.

Products – This is also reflected in BENTELER's product portfolio (for details, see Research and Development chapter). In the Automotive division, new lightweight solutions made of steel and aluminum are helping to make mobility more sustainable. We are also increasingly focusing on products for electric vehicles, such as weight-optimized battery trays. To support sustainable mobility with alternative drive systems, the former Engine & Exhaust Systems business unit had already shifted its focus significantly to products for e-mobility, such as cooling plates for battery systems or rotor shafts. This is also reflected in the renaming of the business unit to Thermal & Tubular. The trend toward e-mobility is also evident in the spin-off company HOLON. HOLON will produce autonomous movers to make tomorrow's mobility more sustainable, inclusive, comfortable and reliable.

The Steel/Tube division also promotes change to a sustainable society through innovative products. Hot-rolled HYRESIST® tubes, for example, meet all the requirements for establishing a large-scale hydrogen infrastructure. BENTELER thus significantly supports the decarbonization of the industrial sector. Various material innovations also give customers the opportunity to implement lightweight, safe and cost-effective solutions that are in particularly high demand in the mobility sector.

Another important aspect for both divisions is the use of life cycle assessments (LCA) to determine the environmental footprint of end products. Various initiatives are aimed at improving the data basis for this assessment, enabling automated calculation and, on this basis, integrating the results into the daily development process. In this way, BENTELER makes an important contribution to creating the necessary transparency regarding the ecological impact of our products and to further improving it.

Processes – To optimize the environmental impact of our products, we also focus on our production processes. A key control element for environmental and resource protection is our integrated management system, which meets the requirements of ISO 14001 and ISO 50001. All production sites of the Automotive division and all European sites of the Steel/Tube division have a certified environmental management system. In addition, the energy management system at the sites is certified by third parties based on local requirements and energy use.

I. Energy

BENTELER Automotive

ENERGY CONSUMPTION OF THE AUTOMOTIVE DIVISION — 2.24

IN MWH	2022	2021
Electricity	483,941	519,782
Natural gas and process-relevant propane	403,934	458,627
Total	**887,875**	**978,409**

Increasing energy efficiency is a focus area in terms of sustainability management at BENTELER.

The energy consumption of our Automotive division in 2022 has decreased by 9% compared to the previous year to a value of 887,875 MWh (gas: 403,934 MWh and electricity 483,941 MWh). Numerous energy efficiency projects initiated on the basis of regular best-practice sharing have contributed to this. One example of energy efficiency projects is optimized production planning to increase the utilization of various facilities and minimize standby consumption. One focus here was primarily on the hot forming and painting lines at the Burgos site in Spain.

The ‘leakage hunting’ project was also continued in 2022. This has significantly reduced compressed air consumption. This is particularly relevant since compressed air is the most expensive and inefficient form of energy used in production. Thanks to close cooperation with the maintenance departments, identified leaks could be eliminated quickly and sustainably.

The review of the lighting systems continued at other locations which were converted to modern LED lighting. In the meantime, many locations are very advanced in this respect; from 2023, the next lighting technologies to be replaced (T5 technology) will be put to the test.

BENTELER Steel/Tube

ENERGY CONSUMPTION OF THE STEEL/TUBE DIVISION —— 2.25

IN MWH	2022	2021
Natural gas	**832,938**	761,014
Electricity	**650,012**	622,592
Total	**1,482,950**	**1,383,606**

In the Steel/Tube division, energy consumption in 2022 increased by 7% year-on-year to a level of 1,482,950 MWh. The reason for this increase was the high-capacity utilization of the plants, as well as the energy-intensive increase in the depth of production for the manufacture of some products. In terms of tonnage sold, specific energy consumption remains on a par with the previous year.

In addition, many energy efficiency projects were implemented in the Steel/Tube division, for example the use of smart LED lighting in the plant halls. These lamps are controlled by a light sensor that measures the amount of sunlight and dims the lighting accordingly. In combination with motion detectors in storage areas, power consumption can thus be further reduced even compared to conventional LED lighting. Therefore, a pilot project was implemented at the Schloß Neuhaus site in Paderborn, Germany. This is now being rolled out to additional sites after a short test phase with very high savings.

Optimizing gas consumption in direct and indirect areas was also a focus in 2022. The adjustment of heating curves during system downtimes is particularly noteworthy here.

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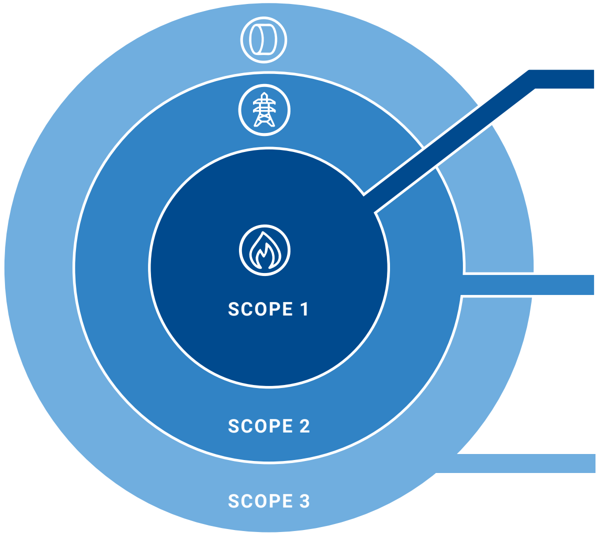
THE BENTELER DECARBONIZATION STRATEGY — 2.26



GAS SUBSTITUTION THROUGH TECHNOLOGICAL CHANGE

- Electrification of heating processes
- Hydrogen as alternative to gas

TIMETABLE FOR GREEN ELECTRICITY

- Own generation with solar or wind power
- Procurement of green electricity

COMMITMENT IN THE SUPPLY CHAIN

- Roadmap for the procurement of "green" materials (steel, aluminum and consumables).

II. Emissions

The energy efficiency measures described help to improve BENTELER's emissions at the same time. Additional initiatives also exist to achieve BENTELER's goals in this area – net zero emissions by 2050 for Scope 1, 2 and 3 (upstream).

Emissions in production – The interim target is to reduce scope 1 and 2 emissions by 50% by 2030 (compared to 2019). The use of electricity from renewable sources is critical to reducing Scope 2 emissions. A strategy exists for this, based on the three elements of Power Purchase Agreements (PPA), self-generation and the purchase of green electricity. Central to this is the conclusion of virtual PPAs, which will secure the majority of our electricity supply by 2030. Where possible, we will also connect renewable energy sources directly to our plants via physical PPAs. In addition, as a second element of our strategy, we will generate electricity ourselves on our plant sites. Through the PPAs and self-generation, we can secure our long-term power supply and, according to current expectations, achieve economic benefits. The electricity portfolio is supplemented by purchased green electricity in order to be able to cover fluctuating energy requirements flexibly.

In addition to reducing Scope 2 emissions, one focus is on the substitution of fossil fuels in internal production processes (Scope 1). Therefore, a new initiative for the long-term substitution of natural gas and other fossil fuels was launched in 2022 to drive the technological transformation to alternative energy sources in production. Based on a comprehensive collection of data, priorities are currently being set as to which systems will be completely replaced at what time or made more efficient through modernization measures. From a technical perspective, the focus is on electrification of the processes and the use of green hydrogen.

In addition, environmentally beneficial investments will be incentivized in future by an internal CO_2 price, which will be implemented in the first half of 2023. Accordingly, the various initiatives have laid the foundation for achieving our goals in the area of decarbonizing production.

BENTELER Automotive

SCOPE 1 AND 2 EMISSIONS OF THE AUTOMOTIVE DIVISION[5] — 2.27

IN TONS OF CO_2e	2022	2021	2019
Automotive Scope 1[6]	77,837	87,652	96,821
Automotive Scope 2 location-based	162,678	187,192	202,676
Automotive Scope 2 market-based	159,254	164,831	191,816
Total automotive[7]	**237,091**	**252,483**	**288,638**

5) Calculation of the key figures is based on GHG protocol.
6) Scope 1 emissions based on DEFRA emission factors.
7) Total calculated based on market-based emissions.

Many of the measures will have their effect in the medium to long term. But even in the short term, the first successes can be reported. Scope 1 and 2 emissions in the Automotive division, for example, fell to a value of 237,091 t CO_2e in 2022. This represents a 6% reduction from the prior year and an 18% reduction from 2019. We are therefore well on track with regard to our target of reducing Scope 1 and 2 emissions by 50% by 2030.

The success of our activities to optimize our emission levels is also reflected in our CDP (Carbon Disclosure Project) rating. Our Automotive division has been participating in the CDP rating since 2012 and achieved its best result to date in 2022. As a result of its sustainability activities, the Automotive division achieved a B rating for the first time in the "Climate Change" questionnaire and a rating of B minus in the "Water Security" questionnaire.

BENTELER Steel/Tube

SCOPE 1 AND 2 EMISSIONS OF THE STEEL/TUBE DIVISION [8]

2.28

IN TONS OF CO_2e	2022	2021	2019
Steel/Tube Scope 1[9]	**185,577**	182,138	165,525
Steel/Tube Scope 2 location-based	**204,011**	213,219	198,180
Steel/Tube Scope 2 market-based	**264,535**	242,685	364,619
Steel/Tube in total[10]	**450,111**	**424,823**	**533,144**

8) Calculation of the key figures is based on GHG protocol.
9) Scope 1 emissions based on DEFRA emission factors.
10) Total calculated based on market-based emissions.

In the Steel/Tube division, our Scope 1 and 2 emissions increased to 450,111 t CO_2e in 2022. This represents a 6% increase from 2021 and a 16% reduction from 2019. The increase in emissions is attributable to higher energy consumption as a result of high plant utilization and increased vertical integration. Accordingly, specific emissions in relation to tonnage sold are virtually unchanged. Furthermore, the emission factor for electricity has risen due to an increase in the amount of electricity generated from fossil fuels in the utility's portfolio in Germany.

Central to the Steel/Tube division is the Green Tubes program, in which we are working on avoiding CO_2 emissions. Where this is not possible, we try to reduce or compensate. The Green Tubes program relates to complete CO_2 emissions – both the direct emissions (Scope 1) that occur in production and the indirect emissions (Scope 2) that occur through the purchase of energy. Subject to sufficient availability of green hydrogen and an existing hydrogen infrastructure, we have therefore set ourselves the strategic goal for the Steel/Tube division of being CO_2-neutral in our own production by 2030. We are also dealing with the reduction of CO_2 emissions on the procurement side (Scope 3, excluding use phase and end of life phase). By 2045, we want to be CO_2 neutral at Steel/Tube. For the comprehensive view, the Green Tubes program includes diverse individual projects that pursue a wide variety of measures and goals. These include, for example, increasing the use of electric steel from our steel mill in Lingen for the production of welded tubes to reduce the need to purchase blast furnace steel. For emissions that cannot be avoided, the use of carbon credits is also being examined.

Emissions in the supply chain – We also continue to drive optimization of our CO_2 footprint in our supply chain and aim to reduce our upstream Scope 3 emissions by 30% by 2030 (compared to 2019). To achieve this goal, it is first necessary to increase the transparency of emissions, especially from the supply chain upstream of BENTELER. In 2021, Scope 3 emissions were determined for the first time based on a purely expenditure-based analysis. In 2022, this analysis was optimized using a hybrid approach.

Mass-based emission factors (e.g., kg CO_2 eq. per kg steel purchased) are determined for particularly relevant areas, such as steel or aluminum purchasing, on the basis of industry averages (activity-based calculation). This enables detailed identification of potential actions and decouples Scope 3 emissions from material price increases. It's planned to extend this activity-based calculation to further purchasing areas in 2023. The results of the Scope 3 calculation are shown in the table below.

SCOPE 3 EMISSIONS OF THE BENTELER GROUP BY CATEGORY[11] — 2.29

IN TONS OF CO_2e	2022	2021[12]	2019[12]
3.1 Purchased goods and services	9,224,623	9,057,621	9,714,950
3.2 Capital goods	324,193	363,045	525,270
3.3 Fuel and energy-related activities[13]	150,611	148,951	177,624
3.4 Upstream transport and distribution	367,504	318,632	280,340
3.5 Waste generated during operation	12,749	15,132	14,302
3.6 Business trips	9,285	10,629	28,594
3.7 Employee commuting	40,330	42,906	45,878
3.12 Dealing with sold products at their end of life	87,409	94,511	100,076
Total	**10,216,705**	**10,051,426**	10,887,034

11) Scope 3 emissions were calculated based on activity-related data and a recognized input-output model (Quantis). The model uses USD-based emission factors. Consequently, exchange rate fluctuations influence the CO_2 emissions shown here.
12) Recalculation Scope 3 due to structural changes and methodological changes in the calculation.
13) Not included in scope 1 and 2

In addition to the optimized calculation of Scope 3 emissions, various initiatives were also launched in 2022 to drive decarbonization in this area. On this basis, a deal has already been established in the green aluminum sector, thus securing the required volumes for the coming years. Partnerships are being prepared for the procurement of green steel in order to be able to offer our customers emission-reduced steel. To do this, we use green steel from our own steel mill in Lingen. In addition, we are intensifying the cooperation with our suppliers to ensure the supply of green steel throughout BAT with these partnerships. In addition, our sustainability goals have been communicated to all suppliers. A voluntary commitment to our sustainability goals was also requested for suppliers, who account for 80% of our direct purchasing volume.

The measures described in Scope 1, 2 and 3 clearly show that we are pursuing a clear strategy to make our value creation climate neutral. To underline this, BENTELER has prepared an external validation of the short-term emission targets by the SBTi (Science Based Targets initiative). For this purpose, the methodology and emission targets were reviewed and confirmed by external auditors.

III. Water

Water is indispensable for BENTELER's production processes. We use it, for example, to cool equipment and, in the Automotive division, to clean our products. Nevertheless, we are aware that water is the basis for all life – and an increasingly scarce resource. Accordingly, careful use of water is a high priority for the BENTELER Group.

To prioritize our measures, all production sites have been analyzed with regard to their local water stress. For the 17 sites located in areas of high or very high-water stress, there is a reduction target for specific water withdrawals of 10% by 2030 (base year 2019, based on sales). This goal has already been achieved in the respective areas.

WATER WITHDRAWAL BY THE AUTOMOTIVE DIVISION[14] — 2.30

IN M³	2022	2021[15]	2019[15]
Surface water	1,271,847	-	-
Groundwater	11,857	-	-
Seawater	0	-	-
Produced water	0	-	-
Third party water	961,116	-	-
Total	2,244,820	1,891,387	2,049,237

14) Calculation of the key figures is based on GRI 303-3
15) Water abstraction by source has only been fully available since 2022; Water withdrawals recalculated due to structural changes.

WATER WITHDRAWAL BY THE STEEL/TUBE DIVISION[16] — 2.31

IN M³	2022	2021	2019
Surface water	6,918,339	6,815,963	6,753,577
Groundwater	550,778	541,549	483,207
Seawater	0	0	0
Produced water	0	0	0
Third party water	695,428	465,066	485,149
Total	8,164,545	7,822,578	7,721,933

16) Calculation of the key figures is based on GRI 303-3

Water withdrawal in 2022 was 2,224,820 m³ in the Automotive division and 8,164,545 m³ in the Steel/Tube division. The reasons for the increased water withdrawal in the Automotive division are changing climatic conditions and adjustments in production technology. At Steel/Tube the increased consumption is due to high-capacity utilization at the plants and increased vertical integration. In relation to the tonnage sold, specific water consumption by the Steel/Tube division has therefore actually decreased compared with 2021.

IV. Waste

The volume of waste generated at BENTELER is continuously recorded and evaluated in order to identify reduction potential. BENTELER's target is a 6% reduction in waste indicators by 2025 (base year 2019). For the Automotive division, the amount of waste is related to site sales, while for Steel/Tube the waste per product unit is considered for the target definition.

BENTELER Automotive

WASTE GENERATED BY THE AUTOMOTIVE DIVISION[17] — 2.32

IN TONS	2022	2021[18]	2019[18]
Landfill	5,011	4,810	5,632
Recycling and reuse	20,551	22,094	27,376
Total	25,561	26,904	33,008

17) Calculation of the key figures is based on GRI 306-3
18) Recalculation of waste values due to structural changes

Overall, the amount of waste in the Automotive division was reduced to 25,561 t in 2022. Compared to 2021, this corresponds to a reduction of 5%. In terms of sales, it can also be stated that the declared target for reducing specific waste volumes has already been achieved for BENTELER Automotive.

To this end, measures have been continuously implemented, such as the purchase of filter presses and oil separators for the separation of emulsions and the treatment of hydraulic oil, respectively.

BENTELER Steel/Tube

WASTE GENERATED BY THE STEEL/TUBE DIVISION[19] — 2.33

IN TONS	2022	2021	2019
Hazardous waste	15,169	12,150	11,514
Non-hazardous waste	30,716	36,257	35,814
Total	**45,885**	**48,407**	**47,328**

19) Calculation of the key figures is based on GRI 306-3

The Steel/Tube division reduced its waste volume by 5% year-on-year to a value of 45,885 t in 2022. The reduction in specific waste volumes in relation to tonnage sold was even greater. One example of waste reduction in the Steel/Tube division relates to the filter cake produced at the Schloß Neuhaus site (residue of substances during filtration). This filter cake has a high moisture content. To reduce our waste volume, a filter cake drying plant (filter cake is dried by waste process heat) was independently designed and installed at the Schloß Neuhaus site in 2022. This reduces the moisture content of the waste by around 40% and thus contributes to a significant reduction in our waste volume. At the same time, disposal costs are reduced, so there are also economic advantages for BENTELER.

V. Biodiversity

The conservation and enhancement of biodiversity is an essential factor for intact ecosystems. In the reporting year, for example, trees were planted to improve biodiversity at our sites in Mór, Hungary and Rumburk, Czech Republic. A wildflower area has been established at the site in Warburg, Germany, and will be expanded in the coming year. In September, a large number of BENTELER employees worldwide participated in World Clean-Up Day to work together to rid the environment of waste.

To better understand the impact of our actions and support biodiversity in a more targeted way, we assessed our production sites and those of our largest suppliers in terms of their impact on biodiversity. Building on this, we are planning further initiatives and measures in the coming years to help preserve the ecosystem.

2. Social

As an internationally operating company, BENTELER places particular emphasis on its relationships with employees, customers, suppliers and local communities. It goes without saying that human rights as defined by the UN are the basis of our actions.

Diversity – A central pillar of our work culture is respectful interaction with one another and the day-to-day implementation of the diversity concept. For example, the requirements of the position are the sole deciding factor for any filling of a position, while the gender, origin, religious affiliation or sexual orientation of the person applying plays no role. In order to increase diversity at BENTELER, a target was defined in 2022 to fill at least 25% of management positions with women by 2030. This objective is accompanied by numerous measures at various levels. To promote the compatibility of family and career, BENTELER relies on part-time models and remote working. Selected communication and HR marketing measures are used to make career paths for women in the Group visible, with the aim of getting women interested in our industry.

Health and safety – In addition, BENTELER takes responsibility for the health of its employees. Because the well-being and health of all employees are important to us. Through targeted measures, we work continuously to maintain and – where possible – improve the health and safety of our employees. For example, a fitness and wellness offering in the form of a health pass subsidized by BENTELER has been established in Germany. The principle "Everyone must ensure that the health and safety of all employees is guaranteed" was also anchored in the Code of Conduct.

The BENTELER Group has also implemented numerous technical and organizational measures in all areas of the group to promote the health of its employees. To this end, the Automotive division uses a global health and safety management system that is regularly reviewed by internal and external audits. 43 production sites are certified to the ISO 45001 standard. A management system based on ISO 45001 was also introduced at the Steel/Tube division. It covers all employees, activities and workplaces. Both divisions have relevant management goals for accident figures, ergonomic improvements or safe machines, especially at plant level. As a matter of principle, we pursue the vision of zero accidents per year and implement measures accordingly on an ongoing basis.

Education and training – There is also a strong focus on employee training and development. BENTELER has an apprenticeship system that supports both student interns, student temps, apprentices and combined students. Furthermore, employees have the opportunity to further their education internally and externally and to participate in a wide range of training programs.

Working conditions and employee retention – Comprehensive training and development opportunities are one of the foundations for the high level of employee loyalty to the company. This is expressed by the low fluctuation rate as well as the high internal staffing rate. Details on the topics of personnel development, employee retention and HR marketing can be found in the Human Resources Report.

Right of participation – Another key factor for good staff retention is the right of employees to participate in key company events. Local, group-wide and European works council committees exist for this purpose, as do trade union associations and various information media.

Human rights and supply chain due diligence act – We have developed a comprehensive risk management system to ensure compliance with our due diligence obligations in relation to internationally recognized human and children's rights and the corresponding environmental rights. The risk mitigation concept is regularly reviewed by our newly established Supply Due Diligence Committee.

We use risk analysis to analyze and prioritize human rights and decentralized environmental risks. This applies to our own business area as well as that of our direct suppliers and, in the event of an incident, our indirect suppliers. Among other things, we review the selection of suppliers and the process specifications for this.

In addition, we conduct risk-related quality audits with our suppliers, which also cover social responsibility topics. The results of our audits can lead to corrective actions.

In the BENTELER Statement of Principles on the Supply Chain Sourcing Obligations Act, which is published on our website, we explain further details of our voluntary commitment and the obligations for our supply chain. In doing so, we contribute to transparency and enable our business partners to make better and more informed decisions about our products and services. It also underscores our strong commitment to sustainability, social responsibility and compliance.

3. Sustainable corporate management (governance)

To ensure efficient sustainable action at all levels of the company, sustainability is an integral part of BENTELER's corporate strategy. The starting point for this sustainability strategy are external requirements such as the EU Taxonomy, TCFD (Task Force on Climate Related Financial Disclosures) or CSRD (Corporate Sustainability Reporting Directive) and, in particular, the Sustainable Development Goals (SDGs) of the United Nations (UN). As part of the BENTELER sustainability strategy, the focus is on SDGs 6 (clean water and sanitary facilities), 7 (affordable and clean energy), 8 (decent work and economic growth), 12 (sustainable consumption and production), 13 (climate protection measures). BENTELER has goals for these focus areas, which it is working to fulfill within the framework of five overarching work packages (see the following chapters). The sustainability strategy forms the basis of our aspiration to be a company that acts sustainably at all levels.

To ensure implementation of this ambitious strategy, a Sustainability Office has been established as part of BENTELER's corporate strategy to coordinate, monitor and control the implementation of various work packages by the specialist departments. The Sustainability Office reports directly to the Executive Board of the BENTELER Group in regular steering committee meetings to make strategic decisions and ensure efficient allocation of resources.

OUR FOCUS FOR SUSTAINABLE DEVELOPMENT

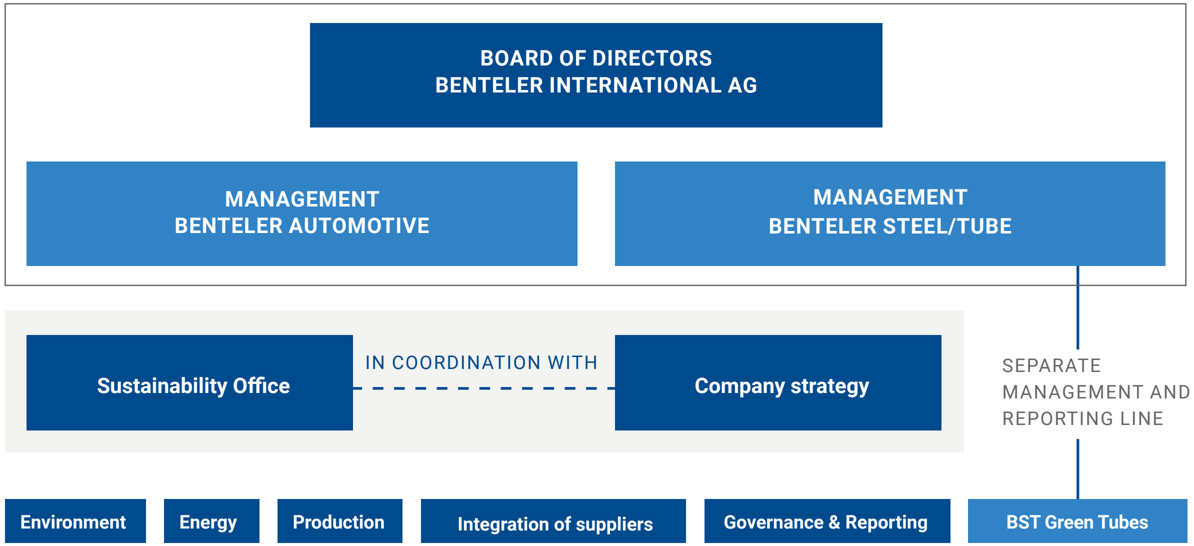
2.34

One of the Sustainability Office's central tasks is to prepare a materiality analysis, which was last carried out in 2021, and takes account of all relevant stakeholders. A detailed description can be found in the 2021 Sustainability Report. This analysis allows us to identify focus areas for sustainability management and thus represents a key contribution to our current sustainability strategy, which places a particular focus on decarbonization.

In addition, the materiality analysis allows risks and opportunities related to sustainability to be identified. To this end, a process was established in 2022 that integrates sustainability-related opportunities and risks into the company-wide risk management system. This simplifies the monitoring and management of risks and ensures that BENTELER is able to report in line with international standards such as TCFD (Task Force on Climate Related Financial Disclosures).

In addition to conformity with external standards, BENTELER attaches great importance to integrity and ethically correct conduct. To ensure this, various compliance standards are firmly anchored in the company. The Code of Conduct, which is binding for all employees, deserves special mention. This covers, for example, topics such as social responsibility, conduct toward employees and business partners, environmental protection and competition law. This is an essential basis for achieving our ambitious goals together with all employees.

SUSTAINABILITY ORGANIZATION AT BENTELER — 2.35



HR REPORT

Our market environment is characterized by great volatility. The corporate strategy is also aligned with this. We adapt the internal HR processes to the dynamic environment. A high degree of flexibility and agility is demanded of managers and employees since the requirements and framework conditions are changing faster than in the past. That's why, dealing with uncertainty and reacting quickly to change are crucial success factors. To create the basis for developing these skills and make the interrelationships and their effectiveness in achieving goals clear to all employees, managers are required more than ever to communicate within the team and to get buy-in from individual team members through regular dialog.

2022 continued to be marked by the coronavirus pandemic, which caused delays and disruptions in the logistics chain due to the lockdown in China, the Ukraine war and the related energy crisis, which exacerbated inflation in all markets. The BENTELER Group responded to this with strategies to make salary costs more flexible through short-time work and similar means, by further reducing overheads, and through the successful completion of restructuring measures. At the same time, new HR tools were developed that will be used in 2023 to meet the changed economic challenges.

Number of employees

On average over 2022, BENTELER had 21,349 FTEs (full-time equivalents, excluding contract workers) worldwide, 1,970 fewer than in the previous year. In the Automotive division, the average number of employees decreased by 2,147 FTE to 17,685 FTE. The average number of employees in the Steel/Tube division increased by 33 FTE year-on-year to 3,260 FTE. Other companies, including holding companies, employed an average of 404 FTEs in 2022, 144 FTEs more than in the previous year. The increase in FTEs in the Holding is mainly due to the systematic transfer of FTEs to the shared service centers in the Czech Republic.

To continue to fill management and key positions from its own ranks in the future, BENTELER trains teenagers and young adults in various apprenticeships. In 2022, BENTELER enabled 495 young people worldwide to receive training (previous year: 636).

In the reporting year, BENTELER employed an average of 39 FTE (Full Time Equivalents, full-time employees including temporary workers) in Austria. An average of 7,280 FTEs were employed in Germany and 16,491 in the rest of the world.

Further optimization of the HR organization

BENTELER consistently pursues the approach of transferring transactional tasks to “better-cost-countries” (BCC) in order to steadily reduce costs and strengthen competitiveness. In this context, some functions were relocated to the newly established shared service center site in Třebíč, Czech Republic, in the financial year 2022. In addition to the already established HR and IT Services functions, Accounting Services, Sales Services and the expansion of Purchasing Services have been added. The two shared service centers in the Czech Republic had grown to 160 FTE by the end of 2022. In HR, centralization is realized in a steady sequence of transfers of task packages. The aim is to concentrate all personnel administration processes in central, partly virtual service units in order to be able to react flexibly to fluctuations in orders. The planned implementation of “Service Now HR” enables the automated processing of requests by employees via an app. For example, employees can enter certificates of incapacity to work or receive information from their superiors. This enables more efficient processing of complex operations.

Merging transactional tasks from HR administration allows HR business partners to focus more on strategic and relevant operational HR issues.

In addition, the employee appraisal tool for Global Grades was revised and further developed worldwide in the area of personnel development. In 2022, the new approach was piloted in Brazil, China, Spain, the Czech Republic, and the U.S. and will be rolled out globally in 2023. In the new approach, individual annual reviews are supplemented by team focus meetings held at least twice a year. The electronic employee review documents in the existing GPS system that were previously to be used will be mapped to Excel formats for individual goals and development plans. These can then be uploaded to the existing system. Given the dynamics, revising and adapting the annual discussions and goals in shorter cycles is necessary. This need is met with a more flexible frequency.

The annual salary change process, which was based on the performance rating from the annual reviews and succession planning rounds, will also be revised in this context. The salary review process is moving away from this requirement and, from 2023, will no longer be based on individual criteria, but will be uniformly based on market-based factors for all global-level employees, such as the inflation rate, local salary developments and the economic situation of the BENTELER Group.

Healthy leadership

Both the dynamic environment and the associated burden on employees as well as the increasing aging of the workforce lead to high absenteeism rates due to illness, especially in Europe. Numerous analyses of internal statistics have revealed opportunities for physiological countermeasures. A newly designed “Healthy Leadership” workshop, which focuses on resilience and mindfulness with a view to one’s own resources as well as those of the employees, had resounding success. With internal trainers alone, BENTELER held 60 workshops with 353 participants between July and December.

Leadership Academy

Three-day on-site seminars are no longer state-of-the-art in personnel development. Shorter, customized and self-developed training sequences, offered more frequently and also virtually, were used in the BENTELER Group’s Leadership Academy, which was founded in 2021. To date, 455 managers have taken part in internal training courses on topics such as leading organizations in volatile times, change management, virtual working and leadership, and other basic training.

Lunch & Talk

The virtual Lunch & Talk is an open format dedicated to a current topic once or twice a quarter, for example, “Working and Leading in the Virtual World,” “New Work Needs Trust,” “Motivating in Challenging Times,” “Are You Tired of Coronavirus, Too?” All German managers can dial in if they are interested. To make the format attractive and liven it up, guests, amongst others from management and 1st level executives, were invited.

Compass Academy

In the Mercosur region, almost 250 employees were trained in the Compass Academy in 2022. The Compass Academy is a development program with the goal of creating a culture of continuous improvement. Employees are trained in safety, health & environment (SHE), quality, employee leadership, supply chain management (SCM), launch & maintenance and in the efficiency of operational production processes based on “Lean Principles” – the core of automotive production.

Digitalization and HR IT

As a global company, digitalization enables BENTELER to allocate services around the globe. The idea of a virtual shared service center for HR was developed in 2022 and will be implemented in 2023.
By using an order system that already exists in IT via an electronic tool, employees can be assigned tasks regardless of their location. This promotes cross-regional expert knowledge and careers, knowledge sharing, and clearly defined, standardized services. We are also working on access for all commercial employees via their own IT terminals. BENTELER expects this enhanced IT-supported service to significantly improve service quality, onboarding and team communication.

As of January 1st, 2022, the two worlds of numbers – Finance and HR – were mapped in one SAP system. The consolidation has significantly improved data reconciliation and the quality of the figures. The uniform reporting system provides a transparent basis for all evaluations required by internal and external stakeholders.

HR marketing, recruiting and employer branding on social media

BENTELER relies increasingly on targeted online campaigns to attract and recruit new employees.
The BENTELER Group is present on social media with target-group oriented campaigns for BENTELER training and development on Instagram and Google, as well as with campaigns for skilled workers on Facebook, for example, for the ramp-up of a multi-lingual shared service center in the Czech Republic or for recruiting employees for various locations in Germany, the Czech Republic, Hungary and the USA. The click rate, dwell time and number of applications increased significantly with the online marketing of job offers. BENTELER also uses its “owned social media channels” on LinkedIn, Facebook, Instagram and Xing with career-related content and provides insights into working life at BENTELER, a top employer that regularly receives awards. In addition to classroom events, BENTELER participates in digital career and training fairs and offers schools and universities virtual workshops for career orientation or career entry.

Employee retention

2022 was very challenging for employee retention, especially in the second half of the year. Following the coronavirus pandemic lockdowns, which led to a stagnant labor market, 2022 saw a significant upswing in both the domestic and international labor markets. Nevertheless, BENTELER was able to maintain the internal filling rate of vacancies. 80% of vacancies were filled with internal talent. To offer attractive benefits beyond the salary package that promote the health aspect, the Well-Pass initiative was financially supported and made available from 2023. Well-Pass offers sports training options (such as classic gym, climbing hall, yoga class or swimming) throughout Germany and Austria on a subscription basis with a short notice period. The fee is shared equally between the company and participating employees. In addition, life partners can self-pay and benefit from the favorable conditions. In addition, there are other employee benefits such as expansion of the lease car policy to include (plug-in) hybrid vehicles and plans to expand to full electric vehicles in 2023, children’s Christmas bags, company parties, family days, innovative working time models, etc.

Outlook

Maintaining competitiveness through cost leadership on the one hand and attractiveness in workplace organization on the other will remain challenging in 2023. The widely mentioned War for Talent continues and will also extend to clerical functions and commercial employees. The integration of workers from other cultural areas is necessary but cannot be achieved in passing. The advancement of women is a key issue for the coming years.

FORECAST

BUSINESS AND GENERAL CONDITIONS

Economic downturn expected for industrialized countries

According to the Institute for the World Economy[20] stable growth at a low level is expected for the next two years. For example, global economic growth of 2.2% is forecast for 2023 and 3.2% for 2024. The major economies in particular will be burdened by monetary policy measures over the forecast period. Inflation rates are not expected to fall to pre-crisis levels until the end of 2024 at the earliest.

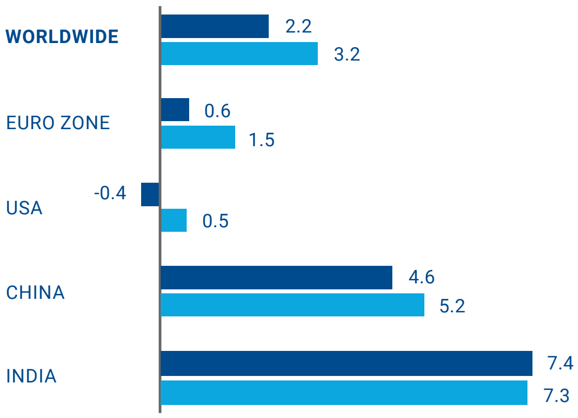
After a period of economic weakness with low growth of 0.6% in 2023, the euro zone is expected to stabilize in 2024 with a growth rate of 1.5%. High inflation, rising interest rates and a tense global economic environment are responsible for the low level. However, the forecast for the euro area depends very much on the further development of the war in Ukraine and the energy crisis. In particular, the expected stabilization in 2024 is based on a forecast decline in energy prices and the level of inflation.

In contrast, total economic output in the United States is expected to decline by 0.4% in 2023. A recovery of 0.5% is not forecast until 2024. The reason for the decline is the tightened monetary policy, which is having a heavy impact on construction investments and private consumption. Due to an almost historically low savings rate and the discontinuation of government income support, private consumption is expected to continue to decline.

In contrast to the industrialized countries, the emerging markets are expected to grow significantly in the next two years. Growth rates of 4.6% and 5.2% are forecast for China in 2023 and 2024, respectively. The main driver is the end of the zero-COVID policy there. However, high infection rates could slow down the positive development. The crisis in the real estate sector continues to have a dampening effect on Chinese growth. In contrast, India has one of the world's highest growth forecasts of 7.4% in 2023 and 7.3% in 2024.

However, the highly volatile market environment must still be considered in the developments described. A changed situation in the Ukraine war may have a significant impact on forecasts. A stable corona situation as well as an easing of supply bottlenecks and inflation expectations were also assumed for the forecast developments.

GDP GROWTH 2023 - 2024 —— 2.36
IN %



Source: Kieler Konjunkturbericht Nr. 97 (2022/Q4) ■ 2023 ■ 2024

Automotive division market: We are positive about the future

In line with the global economy as a whole, slower growth is also expected for the automotive industry, according to S&P[21]. Specifically, growth rates of 4.0% are expected for 2023 and 3.6% for 2024. The prerequisite for this development is that no further significant disruptions occur in the supply chain and that the pandemic situation doesn't deteriorate further, particularly in China. Under these

20) Kieler Konjunkturbericht Nr. 97 (2022/Q4), Institut für Weltwirtschaft, Kiel, Germany
21) S&P Global Mobility LV Production Forecast (12/2022) and S&P Global Mobility LV Powertrain Forecast (12/2022)

circumstances, production levels are expected to reach 88.1 million vehicles in 2024, still just below pre-crisis levels (2019: 89.0 million vehicles).

Above-average growth of 6.4% and 5.0% respectively is forecast for the European market. This development will be driven in particular by Western Europe, with growth of 11.3% in 2023 and 5.7% in 2024. By contrast, automotive production in Eastern Europe will continue to be impacted by supply bottlenecks and the war in Ukraine in 2023, which is why a decline of 1.7% is expected for 2023. An increase of 3.6% is expected in Eastern Europe in 2024. Overall, despite the forecast recovery of the European market, the pre-crisis level of 2019 is still not expected to be reached again in 2024.

In North America, the 2019 production level is also not anticipated to be reached before the end of 2024. Nevertheless, significant growth of 5.2% is expected in 2023, partly due to the backlog in automotive dealers' order books created in previous years. In 2024, there should be another increase of 5.4% to a total of 15.9 million vehicles produced.

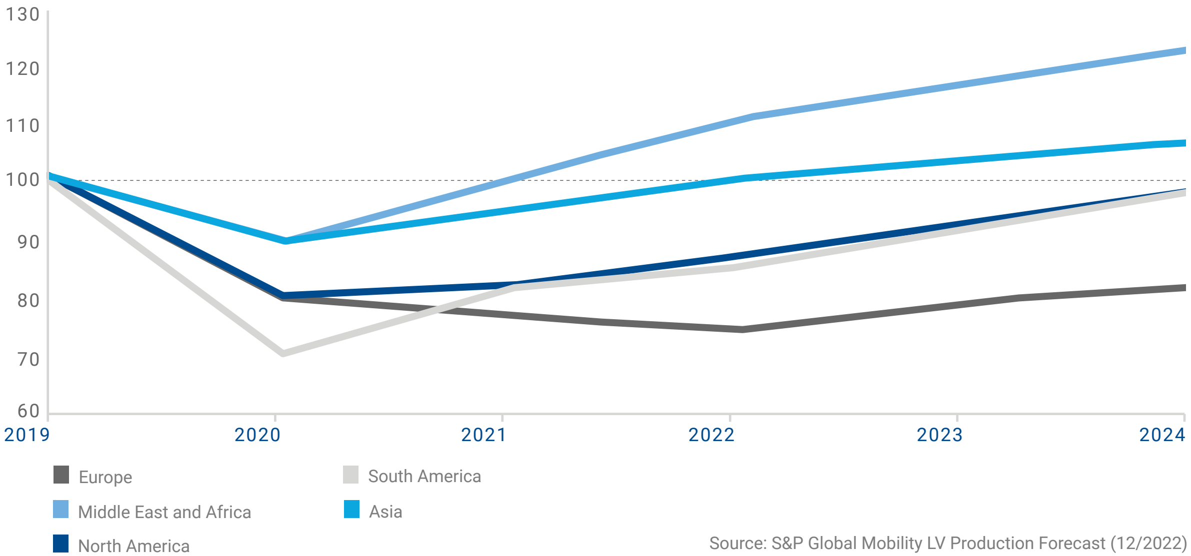
Continued recovery is also expected for South America. The pre-crisis level should be reached again for the first time in 2024. South American production volumes are forecast to increase by 6.1% and 6.4% in 2023 and 2024, respectively. Similar growth rates are also expected for Brazil, at 6.4% in 2023 and 7.6% in 2024.

In the world's largest automotive market, Asia-Pacific, growth is also expected in the following two years, albeit below the global average. This is due to the comparatively small drop in production figures during the coronavirus crisis. As a result, the pre-crisis level was reached again in 2022. Growth of only 2.6% and 2.2% is therefore expected for 2023 and 2024 respectively. The main driver of this development is China, which is expected to exceed pre-crisis volumes by 13.6% by the end of 2024. On the other hand, the markets in Japan and South Korea are not expected to reach the production figures from 2019 in the next two years.

In addition, the strongly growing market for electromobility is moving further into focus across all regions. For example, the share of electric vehicles (hybrid and pure electric) in global vehicle production is expected to increase from 26.6% in 2022 to 42.8% in 2024.

DEVELOPMENT OF VEHICLE PRODUCTION PER REGION 2019 - 2024 — 2.37

IN % IN RELATION TO 2019



Source: S&P Global Mobility LV Production Forecast (12/2022)

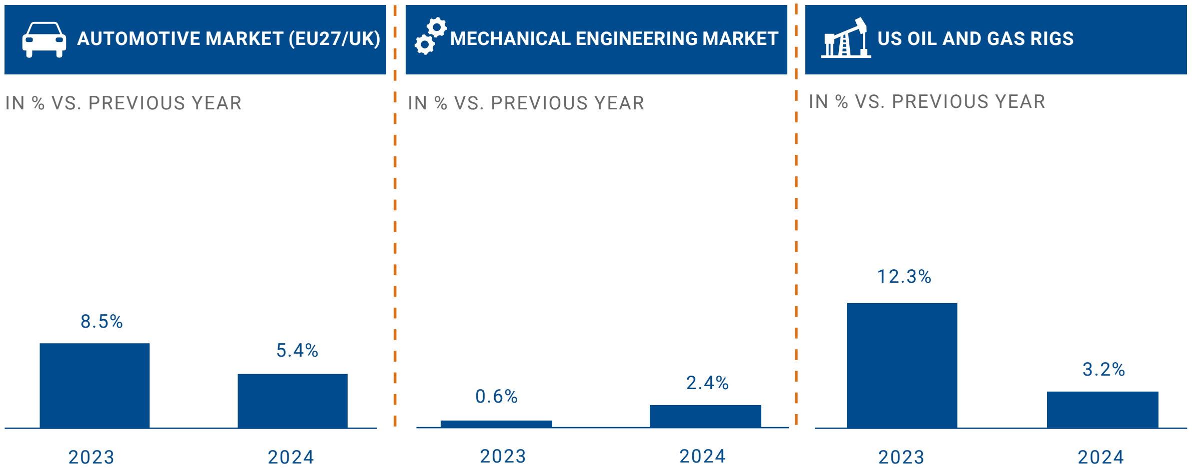
Steel/Tube division market: Positive market development expected

The market for the Steel/Tube division is also expected to develop positively overall. For example, a significant increase in production volumes is forecast for the European automotive market in 2023, mainly due to the high order backlog. This development is being driven in particular by significant growth in Western Europe, while automotive production in Eastern Europe continues to be impacted by supply bottlenecks and the war in Ukraine (for details, see Automotive Division).

In mechanical engineering, on the other hand, there are different sector-specific developments: While constant development is expected in the construction machinery sector, representatives of the European agricultural machinery industry predict stable demand overall for 2023 as a whole, despite existing uncertainties. The forecast decline in sales from Eastern Europe may be more than offset by growth in the remaining regions, particularly Oceania and South America, as well as North America, Central and Western Europe. This expectation is supported by a record order backlog of 6.8 months. However, there are uncertainties due to factors such as the ongoing supply chain problems and, above all, fears of a global recession. Overall, we nevertheless expect markets to grow in 2023 and 2024, but to remain highly dynamic.

We also expect a positive development in the oil and gas market. Drivers of growth are expected to be rising demand for U.S. natural gas and the forecasted high WTI oil price, which investment banks expect to be in a range of $90 to $100 per barrel. Among other things, the positive oil price trend is supported by OPEC's decision in October 2022 to reduce oil production from November 2022. This was the largest cut in production since the first coronavirus wave in 2020 and is thus seen as having an additional stabilizing effect on prices. Due to the diversification of energy supply in a large part of European countries, an overall positive impact on tube sales is also expected.

BENTELER STEEL/TUBE; MARKET GROWTH 2023 AND 2024 — 2.38



Source: S&P LV Production FC (12/2022) Source: FERI (02/2023) Source: Spears DPO (12/2022)

Group strategic outlook: We are consistently driving forward our BENTELER Strategy 2025+

With our BENTELER Strategy 2025+, we are preparing for the mobility of the future and are continuing to systematically pursue our transformation path to become a profitably growing company. In this way, we will further strengthen the three core elements of our strategy – process efficiency, innovative strength and customer focus – in the coming years through additional measures to further expand our position as a leading process specialist in the metalworking sector.

Automotive division strategic outlook: We will actively shape the mobility of the future

The recovery of the markets provides an excellent starting point for the strategic outlook of the Automotive division. Against this background, our goal is to actively participate in the forecast market growth by means of our core competencies, our global presence and our innovative product portfolio. In doing so, we have aligned the strategies of our two business units Components and Modules to regional, product-related and customer requirements. Furthermore, with our transformation program and the additional process efficiency measures, we laid the foundation at an early stage to continue our profitable growth path in the future.

One of the main drivers for optimally exploiting growth opportunities in the market is our regional growth strategy. This follows the cross-divisional goal of growing proactively with our customers in the markets of the future. In addition to Europe and the Americas, we are focusing in particular on Asia-Pacific as the fastest-growing market. For example, BENTELER was one of the first automotive suppliers to seize the growth opportunities in China. In the future, we plan to continue this success story and expand more strongly in the world's largest automotive market. To this end, we will continue to expand our leading market position: In the course of this, we are relying on the increased use of our successful joint venture approach as well as on our local Chinese sales organization to best address regional and cultural market requirements. This strategic focus is also clearly reflected in our newly booked orders. While our order intake stabilized at a high sales level in Europe and America in 2022, in Asia it exceeded sales in 2022 by around 60% (book-to-bill ratio).

To realize the many new projects, we are further expanding our presence in Asia. For example, in 2023 we will start up the second hot forming line at our new plant in Dongguan, China, in order to establish a hub for structural parts there – with prospects for further business in the area of e-mobility. In addition, the first expansion of our module plant in Shenyang, China, which was completed in 2022, will develop its full potential from 2023. The second expansion of the plant is also underway and is expected to be completed by 2025. The new plants and expansions will help to significantly increase our sales in this region from 2022 to 2025.

In addition to Asia, BENTELER Automotive will also grow selectively in Europe and America in the future in order to significantly increase plant capacity utilization again after the past two challenging years. In addition to the improved order intake of the last two years, our strategies defined for the respective business areas will also make a significant contribution to plant optimization.

For the Components business unit, it is planned to increase the process and product specialization of our plants in order to be able to produce similar product groups as efficiently as possible in bundled form in dedicated manufacturing hubs. To this end, we have defined strategically relevant production technologies and product families for all production sites in order to increase plant utilization with the aid of modular and flexible production concepts based on new technologies. This plant specialization will ensure smooth operations for our customers during the 118 upcoming project startups in 2023 while maintaining the highest quality.

Our strategy for the Modules division focuses on maximum customer orientation, on the one hand by minimizing logistics costs through our direct customer proximity and thus being able to react quickly to product and call-off adjustments. On the other hand, by investing in highly flexible and scalable production facilities, we ensure that we meet our customers' high requirements for a wide range of variants and just-in-sequence or just-in-time production.

In addition, the sustainable effects and measures from our Footprint & Portfolio work package, which focuses among other things on underutilized plants, will take full effect from 2023. This also means that we continuously optimize our footprint based on customer developments through measures that go beyond the original work package. In this way, we ensure maximum customer proximity while improving plant utilization in regions where our customers are reducing their activities. Plus, we are using our innovative products to support individual plants that currently focus on combustion engines in their transformation into centers of excellence for electromobility and powertrain-independent products.

The profitable growth is also reflected in our order intake in 2022. In the Components business, we were able to increase the run-rate sales of our order intake by around 18% year-on-year and at the same time significantly improve our average EBIT margin. In the Modules area, the focus in order intake is on increasing capital efficiency. We intend to pursue this path even more strongly in the future by further developing our product portfolio to further expand our share of sales per vehicle while adhering to our selective order strategy. To this end, we are not only focusing on the further development of our existing products in the R&D area, but also intend to significantly increase the development of new products, particularly in the area of e-mobility, over the next few years. Innovations in the Component area such as battery trays, rotor shafts and battery cooling plates will enable BENTELER Automotive to address this rapidly growing market even more intensively in the future. The further development of our existing products is aimed, among other things, at successively increasing their complexity. In concrete terms, for example, we are focusing on axle modules for electric vehicles in the module area. This product strategy means that BENTELER Automotive, with its predominantly powertrain-agnostic product portfolio, will continue to be optimally positioned in the future.

BENTELER INCREASES ITS SUPPLY SHARE PER VEHICLE WITH EXISTING AND NEW PRODUCTS —— 2.39

EXISTING PRODUCTS

Increased complexity & scope of assembly

- Deepening the value chain with the help of larger and more complex assemblies
- Complex multi-material assembly based on our internally produced components
- Full material flexibility: vertical integration with steel and aluminum
- BENTELER already addresses this development with the following solutions:

MOUNTED DOOR FRAMES

LARGE BODY-IN-WHITE ASSEMBLIES

MULTI-MATERIAL-CRASH-MANAGEMENT-SYSTEM

COMPLEX SUBFRAMES

INNOVATION

BENTELER ELECTRIC DRIVE SYSTEM:
Completely scalable platform for seamless integration into any electric vehicle

INTEGRATED E-CHASSIS MODULE
Compact design, excellent NVH (Noise, Vibration, Harshness) performance with optimal handling

BATTERY COOLING PLATES:
Highly efficient battery cooling plates with extremely low CO_2 footprint due to innovative brazing process.

E-MOTOR ROTOR SHAFT:
Rotor shaft for electric vehicles, tube-in-tube design joined with brazing process.

In both our new and existing projects, the focus remains on optimizing our core competencies and processes and consistently increasing our profitability. In order to achieve this goal, we are consistently continuing our restructuring programs and measures to improve our cost and process efficiency in the years to come. More than 4,000 measures have already been identified in the existing program for 2023. In addition, we will roll out a supplementary program in 2023 to pursue our goal of profitable growth even more vigorously. This provides for an expansion of the original measures and primarily includes work packages to increase process and cost efficiency with the help of structural adjustments. In addition, we are continuing to drive digitalization throughout the BENTELER Group by rolling out a range of standardization, simplification and automation measures in 2023, for example: SAP S/4HANA implementation, further optimization of project management in the course of the Spine project, and the introduction of MProcS in additional plants. In this way, we safeguard our competitiveness and continue to keep costs as low as possible for our customers.

In the coming months and years, we will further strengthen our activities in the area of sustainability in order to achieve our goals. By 2030, we aim to reduce our Scope 1 and 2 emissions by 50% and our upstream Scope 3 emissions by 30%. To this end, we will, for example, conclude power purchase agreements (PPAs) to secure our electricity requirements from renewable sources. In addition, we want to continuously replace fossil fuels in our production and further expand existing partnerships for green materials. We also promote diversity and equality, for example by rolling out an initiative to achieve at least 25% women in leadership positions by 2030. Further details on the activities planned for the future can be found in the sustainability section of the financial report.

In our Automotive division, we are actively shaping the mobility of the future. That's the reason we expanded our core business to include the HOLON brand, which was newly established in 2022 and is responsible for developing and manufacturing our own autonomous movers. The HOLON mover was presented to the public for the first time at the Consumer Electronics Show (CES) in Las Vegas in early 2023 and has already attracted the first interested parties. For example, we have already signed the first letters of intent for 2025 and agreed partnerships with Hamburg's Hochbahn and the city of Jacksonville (USA). With this tailwind, we aim to complete our search for investors in 2023 in order to begin series production of our autonomous movers and establish ourselves early on in the rapidly growing market for self-driving shuttles.

Steel/Tube division strategic outlook: We are further expanding our strong market position

In our Steel/Tube division we expect long-term growth and rising volumes in all addressed market segments – automotive, industrial and energy. Thus, the strategic orientation of BENTELER Steel/Tube is also determined by profitable growth in our markets with a simultaneous focus on cost reductions. To this end, we will further expand our strong market position in the future with the help of an improved cost structure and optimized customer focus. All this is being done on the premise that sustainable corporate management with a sustainable product portfolio will play an increasingly important role in the future. Three main areas of activity therefore form the basis of the strategic alignment of the Steel/Tube division:

First, we aim to further improve our cost structure through the consistent implementation of the two transformation programs. The cornerstone of our Safeguarding the Future program in Europe is a focus on cost reductions and refocusing on profitable business, as well as greater working capital efficiency. Together with an increased level of digitalization in production, these measures will help further enhance the competitiveness of the Steel/Tube division. In the Accelerate program, we continue to drive forward the work packages to improve cost and process efficiency.

Secondly, we plan to improve differentiation by continuing to consistently apply a focused sales approach to key customers. In doing so, we pursue our approach of offering differentiated, customer-specific tube solutions. In this way, the aim is to increase margins through increased value creation. As part of the optimization of our product portfolio, we aim to exploit market potential and mitigate risks in the current portfolio. We also ensure this with new products, including our seamless hot-rolled BENTELER HYRESIST® tubes for hydrogen, which are particularly robust and durable and thus facilitate the construction of hydrogen distribution networks.

Thirdly, we will continue to consistently drive sustainability at BENTELER Steel/Tube in the future and anchor it even more firmly in our culture and organization. To achieve our ambitious CO_2 targets, we are proceeding in stages. Thus, we aim to achieve CO_2 neutrality within our production by 2030. This includes direct Scope 1 emissions – and here primarily the combustion of natural gas – as well as indirect Scope 2 emissions from the purchase of energy. Emissions on the procurement side (Scope 3) are to be reduced by 30% in the first step by 2030. By 2045, we also want to become CO_2 neutral on the procurement side and thus completely decarbonize the supply chain, production and products. In doing so, we will steadily replace the existing product portfolio with green steel products, green tubes and tubes for green applications. Important measures on this path include the purchase of electricity from renewable energies and the increased use of CO_2 neutral raw material in the welded pipe sector. Our electric steel mill in Lingen will play an even more decisive role in this in the future, as steel production using electric arc furnaces emits around 75% less CO_2 than via the traditional blast furnace route, according to independent certification. In addition, with our seamless and hot-rolled HYRESIST® tubes, we make a significant contribution to the safe distribution and availability of hydrogen. Together with other measures, this will bring us step by step closer to the targeted CO_2 neutrality.

We are committed to sustainable and profitable growth

The aforementioned measures underline that sustainable and profitable growth above the market level in connection with financial independence are the primary goals of the BENTELER Group. The basis for this is that we continue to work consistently on pursuing our BENTELER Strategy 2025+ and the associated transformation of the Group. In this way, we are gradually expanding our position as a leading process specialist in the field of metal processing and at the same time actively participating in the mobility of the future. This will allow us to take advantage of market opportunities in the coming years and to master external challenges. Accordingly, we expect to successfully continue this positive development in the future.

In 2023, the BENTELER Group will continue to focus on sustainable profitability

For 2023, the BENTELER Group expects slight sales growth based on a market recovery. Increasing the operating results of both Divisions is the principal goal. As part of the ongoing implementation of the improvement measures, we again expect a significant improvement in earnings in 2023, despite the continuation of the semiconductor crisis and the expected increase in base material prices.

Long-term outlook

For the five-year planning period, we expect an increase in profitability and competitiveness in both divisions despite a continued tense market environment. On this basis, we expect further sales growth up to 2027. We are well positioned for this thanks to our future-oriented portfolio, which is almost independent of the method of propulsion. The focus on profitable growth and the sustainable improvement of cost structures are intended to ensure the company's financial flexibility and independence.

The existing financing structure will enable the BENTELER Group to make the best possible use of future market opportunities. For all the risks in the economic development, we are focusing on conservative financing principles: Capital expenditures are to be financed from cash flow again in the medium term, and fixed assets are to be financed by long-term funds. The equity ratio, which returned to positive territory in the fiscal year thanks to the good results, is expected to return to the original targets in the long term by increasing profitability. Dynamic financial debt, calculated as net financial debt/EBITDA, is also expected to benefit from rising earnings in the long term.

This should be achieved, among other things, through the sustainable measures of the transformation programs, which were further intensified in the financial year and will continue to be pursued with full commitment and continually expanded in the future.

This Management Report contains forward-looking statements about expected developments. These statements are based on current assessments and inherently entail risks and uncertainties. Actual events may differ from the statements formulated here.

Salzburg, February 6, 2023
Executive Board

Ralf Göttel Dr. Tobias Braun Michael Baur

DISCLAIMER

Gender-Disclaimer

For the sake of readability, BENTELER uses the masculine form for personal designations. However, all genders are always meant.

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CORPORATE MANAGEMENT

Executive Board of BENTELER International AG

- **Ralf Göttel,** Schönau am Königssee, Germany (Chairman of the Executive Board, responsibilities: Strategy & M&A, Compliance & Board Affairs, Communication/Marketing, Human Resources, IT, Divisions)
- **Dr. Tobias Braun**, Dorfen, Germany (responsibilities: Finance & Controlling, Legal & Insurance, Tax, Internal Audit), from September 1, 2022
- **Frank Jehle**, Salzburg, Austria (responsibilities: Finance & Controlling, Legal & Insurance, Tax, Internal Audit), until August 31, 2022
- **Michael Baur**, Zurich, Switzerland (responsibilities: Restructuring program, Transformation Office, Liquidity Office)

Supervisory Board of BENTELER International AG

- **Henri Steinmetz**, Aspelt, Luxemburg, Chairman (former Chairman of the Management Board of the Ceramtec Group, Plochingen, Germany)
- **Dr. Georg Pachta-Reyhofen**, Vienna, Austria, Deputy Chairman (former Chairman of the Executive Board of MAN SE, Munich, Germany)
- **Hubertus Benteler**, Salzburg, Austria (former Chairman of the Executive Board of BENTELER International AG, Salzburg, Austria)
- **Prof. Dr. Bernd Gottschalk**, Esslingen a.N., Germany (Managing Partner of AutoValue GmbH, Frankfurt, Germany)
- **Joachim Limberg**, Düsseldorf, Germany (former Chairman of the Executive Board of thyssenkrupp Materials Services, Essen, Germany)
- **Frederik Vaubel**, Düsseldorf, Germany (Managing Director of H+S Automotive GmbH, Ittlingen, Germany)
- **Helmut Wieser**, Anif, Austria (former Chairman of the Executive Board of AMAG Austria Metall AG, Braunau a.I., Austria)
- **Dr. Lorenz Zwingmann**, Trittau, Germany (former Member of the Executive Board of Marquard & Bahls AG, Hamburg, Germany)

BENTELER AUTOMOTIVE

- **Ralf Göttel**
- **Dr. Emerson Galina**
- **Jaroslav Leibl**
- **Frank Jehle (until 31.08.2022)**

BENTELER STEEL/TUBE

- **Christian Wiethüchter**
- **Dr. Tobias Braun**
- **Thomas Michels (since 01.10.2022)**

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

Consolidated Income Statement (IFRSs)
for the financial year from January 1, to December 31, 2022

CONSOLIDATED INCOME STATEMENT (IFRSS) — 3.1

€ THOUSAND	NOTE	2022	2021
Sales	6)	8,954,312	7,285,378
Cost of sales	7)	-7,743,756	-6,779,292
Gross Profit		**1,210,556**	**506,086**
Selling expenses		-177,181	-164,553
Administration expenses		-295,618	-299,135
Research and development expenses		-67,162	-75,267
Other operating income	8)	93,120	96,989
Other operating expenses	9)	-38,161	-21,618
EBIT		**725,553**	**42,502**
Thereof restructuring effets	2)	*223,197*	*-101,912*
Financial income	10)	69,349	43,964
Financial expenses	10)	-221,737	-170,445
Financial result		**-152,388**	**-126,481**
Income from associates	14)	660	698
Result before tax		**573,826**	**-83,281**
Income taxes	11)	-34,574	1,321
Result for the period		**539,252**	**-81,960**
Of which:			
Attributable to owners of parent		534,218	-88,706
Non-controlling interests		5,033	6,746

Consolidated Statement of Comprehensive Income (IFRSs)

for the financial year from January 1, to December 31, 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRSS) 3.2

€ THOUSAND	NOTE	2022	2021
Result for the period	20)	**539,252**	**-81,960**
Items that will not be reclassified to the income statement in future periods:			
Actuarial gains (losses) on defined-benefit plans (net)		131,857	31,665
On these items of the comprehensive income relating taxes		-40,624	-8,417
		91,232	**23,248**
Items that will be reclassified to the income statement in future periods:			
Gains (losses) on exchange differences on translation for foreign operations		-5,284	30,082
Gains (losses) on the measurement of cash flow hedges, of which:		14,075	-3,616
Foreign currency hedges		*13,983*	*-3,756*
Commodity hedges		*92*	*140*
Reclassification of amounts of cash flow hedges recognised in the income statement, of which:		1,755	947
Foreign currency hedges		*1,895*	*1,328*
Commodity hedges		*-140*	*-382*
Gains (losses) on the measurement of costs of hedging, of which:		-398	438
Foreign currency hedges		*-398*	*438*
Reclassification of amounts of costs of hedging recognised in the income statement, of which:		0	-59
Foreign currency hedges		*0*	*-59*
On these items of the comprehensive income relating taxes		-3,661	1,379
		6,487	**29,170**
Other comprehensive income after tax		**97,719**	**52,418**
Total comprehensive income		**636,971**	**-29,542**
Of which:			
Attributable to owners of parent		632,874	-40,610
Non-controlling interests		4,096	11,068

Consolidated Statement of Financial Position at December 31, 2022 (IFRSs)

Assets

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2022 (IFRSS) — 3.3

€ THOUSAND	NOTE	December 31, 2022	December 31, 2021
Intangible assets	12)	36,025	27,030
Goodwill	12)	5,679	5,679
Property, plant, and equipment	13)	1,949,066	1,687,329
Investments in associates	14)	4,428	4,085
Deferred tax assets	15)	184,649	206,684
Non-current income tax receivables		273	430
Other non-current receivables and assets	16)	71,862	73,566
Non-current assets		**2,251,981**	**2,004,803**
Inventories	17)	840,657	782,685
Trade receivables	18.1)	893,931	721,117
Contract assets from customer contracts	18.2)	13,733	12,194
Current income tax receivables		11,458	20,137
Other current receivables and assets	18.3)	340,636	268,100
Cash and cash equivalents	19)	697,255	429,362
Current assets		**2,797,671**	**2,233,595**
Total assets		**5,049,652**	**4,238,398**

Consolidated Statement of Financial Position at December 31, 2022 (IFRSs)

Liabilities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2022 (IFRSS) — 3.3

€ THOUSAND	NOTE	December 31, 2022	December 31, 2021
Issued capital		200	200
Retained earnings		175,275	175,275
Other reserves		322,228	-310,922
Equity attributable to owners of parent company		**497,703**	**-135,447**
Non-controlling interests		46,581	42,863
Total shareholders' equity	20)	**544,284**	**-92,584**
Non-current financial liabilities	23)	2,017,037	1,902,099
Deferred tax liabilities	15)	14,234	11,432
Other non-current liabilities		913	6,289
Pension provisions	22)	244,443	378,188
Other non-current provisions	21)	92,912	99,780
Non-current liabilities		**2,369,539**	**2,397,788**
Current financial liabilities	23)	224,458	102,047
Trade payables		1,337,479	1,156,915
Current income tax liabilities	24)	30,826	14,985
Other current liabilities	25)	384,493	446,671
Other current provisions	21)	158,573	212,576
Current liabilities		**2,135,828**	**1,933,193**
Liabilities		**4,505,368**	**4,330,982**
Total shareholders’ equity and liabilities		**5,049,652**	**4,238,398**

Consolidated Statement of Cash Flows (IFRSs)

for the financial year from January 1, to December 31, 2022

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRSS) 3.4

€ THOUSAND	2022	2021
Cash flow from operating activities:		
EBIT	725,553	42,502
Interest paid	-142,560	-152,543
Interest received	4,236	3,909
Income taxes paid/received (net)	-23,550	-43,474
Depreciation, amortization, impairment and write-up of property, plant and equipment and intangible assets	-22,884	289,662
Change in non-current provisions	-15,825	-42,009
Other non-cash transactions	-25,645	8,925
Cash flow from profit	**499,325**	**106,972**
Change in inventories	-45,179	-139,279
Change in trade receivables	-192,600	-99,014
Change in trade payables and advance payments received	116,226	158,660
Change in working capital	**-121,553**	**-79,634**
Change in current provisions	-56,888	78,714
Change in other receivables	-17,788	-31,310
Change in other liabilities	-3,871	137
Change in other assets and liabilities	-2,902	-653
Cash flow from operating activities	**296,322**	**74,226**

See Note 30.

Consolidated Statement of Cash Flows (IFRSs) [continued]

for the financial year from January 1, to December 31, 2022

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRSS) 3.4

€ THOUSAND	2022	2021
Cash flow from investing activities:		
Cash payments for investments in property, plant, and equipment and intangible assets	-199,601	-148,614
Cash receipts from the disposal of property, plant, and equipment and intangible assets	9,162	3,325
Government grants received for investments	797	198
Cash payments for investments in financial assets	-20,777	-10,902
Cash receipts from the disposal of financial assets	0	244
Disposal of discontinued operation, net of cash disposed of	0	-1,087
Cash flow from investing activities	**-210,420**	**-156,835**
Free cash flow	**85,903**	**-82,609**
Cash flow from financing activities:		
Repayment of borrower's note loans	0	-5,824
Repayment of bank loans	-2,191	-14,585
Cash receipts from the raising of bank loans	225,000	0
Repayment of lease liabilities	-48,133	-47,383
Dividends paid	-5,777	-11,395
Cash payments for the acquisition of non-controlling interests	5,397	0
Other cash receipts/cash payments from financing activities	5,368	713
Cash flow from financing activities	**179,664**	**-78,474**
Change in cash and cash equivalents	**265,567**	**-161,083**
Effect of exchange rate changes on cash and cash equivalents	2,327	5,086
Cash and cash equivalents at January 1	**429,362**	**585,359**
Cash and cash equivalents at December 31	**697,255**	**429,362**

Consolidated Statement of Changes in Equity (IFRSs)
for the financial year from January 1, to December 31, 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRSS) 3.5

€ THOUSAND	Issued capital	Retained earnings	Other reserves: Foreign currency translation reserve	Other reserves: Cash flow hedge reserve and hedging costs	Other reserves: Reserve for actuarial gains/losses
Balance at January 1, 2021	**200**	**175,275**	**-120,536**	**-1,144**	**-169,925**
Comprehensive income					
Result for the period					
Other income (after tax)			25,761	-912	23,247
Other changes in shareholders' equity					
Other changes					
Transactions with owners					
Dividends paid					
Balance at December 31, 2021 = Balance at January 1, 2022	**200**	**175,275**	**-94,775**	**-2,056**	**-146,678**
Comprehensive income					
Result for the period					
Other income (after tax)			-4,284	11,770	91,170
Other changes in shareholders' equity					
Other changes			4,092		
Transactions with owners					
Company foundation					
Dividends paid					
Balance at December 31, 2022	**200**	**175,275**	**-94,967**	**9,714**	**-55,508**

See Note 20.

Consolidated Statement of Changes in Equity (IFRSs) [continued]

for the financial year from January 1, to December 31, 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRSS) — 3.5

€ THOUSAND	Other reserves		Equity attributable to owners of parent company	Non-controlling interests	Total shareholders' equity
	Other	Total			
Balance at January 1, 2021	**24,163**	**-267,442**	**-91,967**	**41,671**	**-50,296**
Comprehensive income					
Result for the period	-88,706	**-88,706**	**-88,706**	6,746	**-81,960**
Other income (after tax)		**48,096**	**48,096**	4,322	**52,418**
Other changes in shareholders' equity					
Other changes	-2,870	**-2,870**	**-2,870**	1,519	**-1,352**
Transactions with owners					
Dividends paid		**0**	**0**	-11,395	**-11,395**
Balance at December 31, 2021 = Balance at January 1, 2022	**-67,413**	**-310,922**	**-135,447**	**42,863**	**-92,584**
Comprehensive income					
Result for the period	534,218	**534,218**	**534,218**	5,033	**539,252**
Other income (after tax)		**98,656**	**98,656**	-937	**97,719**
Other changes in shareholders' equity					
Other changes	-3,816	**276**	**276**	2	**278**
Transactions with owners					
Company foundation		**0**	**0**	5,397	**5,397**
Dividends paid		**0**	**0**	-5,777	**-5,777**
Balance at December 31, 2022	**462,989**	**322,228**	**497,703**	**46,581**	**544,284**

See Note 20.

NOTES TO THE IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR 2022

General information

1 Information about the company

BENTELER International Aktiengesellschaft ("BIAG" or the "Company"; registered in the Austrian Companies Register of Salzburg Regional Court under the number FN 319670d and having its registered office and principal place of business at Schillerstraße 25, 5020 Salzburg, Austria) is the ultimate holding company of the BENTELER Group, an international corporation with a history stretching back more than 150 years. The group operates in the following Divisions:

- Automotive (67 locations, approximately 17,685 full-time equivalents)
- Steel/Tube (13 locations, approximately 3,260 full-time equivalents)
- Other companies (7 locations, approximately 404 full-time equivalents)

The BENTELER Group's various Divisions are engaged in the following activities:

- Developing, producing, and selling ready-to-install vehicle modules, components, and systems made of metals and a wide range of other materials, together with producing and selling the associated tools
- Developing, producing, and selling machines, machine installations, tools, design engineering, and similar products
- Steel production and the development, production, machining, and sale of steel products, especially steel tubes

The common stock of BENTELER International Aktiengesellschaft is not listed on a regulated market or in over-the-counter trading and is closely held by the family, half by Hubertus Benteler Ges.m.b.H., of Salzburg, Austria, and half by Dr. Ing. E.h. Helmut BENTELER GmbH, of Paderborn, Germany.

2 Basis of preparation

In accordance with Section 245a (2) of the Austrian Commercial Code, the consolidated financial statements of BENTELER International Aktiengesellschaft and its subsidiaries were prepared under International Financial Reporting Standards (IFRSs), taking due account of publications by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed in the European Union under Regulation No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards, and also in compliance with the additional requirements of Section 245a of the Austrian Commercial Code. Figures for previous years were calculated using the same principles. The statement is based on the assumption of going concern.

The separate financial statements of the included entities were prepared as at the same reporting date as the consolidated financial statements.

The consolidated financial statements are prepared on the basis of historical cost. The exceptions were derivative financial instruments and financial instruments, which are measured at market value, and defined benefit plan assets, which are measured at fair value. There are also immaterial contract assets from customer contracts which are measured according to the degree of completion.

The consolidated income statement is prepared using the cost of sales method. The consolidated financial statements are prepared in euros. Unless indicated otherwise, all amounts are in thousands of euros. System-based effects may cause amounts to differ from the unrounded amounts.

On February 6, 2023, the Executive Board approved the consolidated financial statements and the Group Management Report for the period ended December 31, 2022, and released them for presentation to the Supervisory Board. The Supervisory Board is expected to approve the consolidated financial statements and the Group Management Report at its ordinary meeting on March 2, 2023.

Company situation

After 2021, the current year 2022 was still characterized by the negative after-effects of the coronavirus crisis. Although turnover settled above pre-crisis levels due to the price increases and EBIT for the full year was clearly positive, the after-effects of the coronavirus crisis, such as the continuing supply bottlenecks, and Russia's war against Ukraine since February weighed heavily on the Automotive segment in particular. By contrast, the Steel/Tube segment profited from the sharp rise in demand in the oil and gas market, particularly in the OCTG business, and thus contributed to the significant overcompensation. As of December 31, 2022, the group therefore again reported clearly positive equity of €544,284 thousand.

RESTRUCTURING FINANCE — 3.6

€ THOUSAND	Maturity	Nominal
Remediation loan		
Committed credit line	December 31, 2024	225,000
Syndicated loans	December 31, 2024	742,494
Bilateral loans	December 31, 2024	196,781
Bilateral financial guarantees	December 31, 2024	16,086
Special funding	December 31, 2024	348,097
Borrower's note loans	December 31, 2024	483,176

The group's tight liquidity situation in 2020 was successfully resolved with the closing on January 27, 2021 of a new financing structure. Almost all of the assets in the amount of €5,049,652 thousand (previous year €4,238,398 thousand) were provided as collateral for the restructuring financing and are therefore restricted in terms of ownership rights. Compliance with a minimum liquidity was agreed and was significantly exceeded as of the balance sheet date. The new restructuring financing is as follows:

Including the committed credit line (drawn on January 4, 2022), the financing was drawn in full as of the balance sheet date, which also entails an increase in interest rates, most of which are variable. The restructuring agreement contains unscheduled repayment obligations depending on the planned development of liquidity. The amounts expected to be repaid under this agreement are reported as current financial liabilities.

Over recent years, the group has further intensified the comprehensive operational restructuring programs already initiated in 2019 and implemented them in many areas (see Note 5.6 "Impairments" and Note 21 "Provisions"). The high proportion of fixed costs, which is typical for the industry, was made highly variable and the break-even point significantly reduced. In combination with a working capital program, liquidity was preserved for the group. With regard to the description of the state aid received, we refer to Note 32 "Number of employees and personnel expenses".

The EBITDA of €702,669 thousand in 2022 was therefore above the expectations formulated in the restructuring report. As of the balance sheet date, the group had cash and cash equivalents of €697,255 thousand. The successful reorganization and the financing have been positively confirmed by an external reorganization expert on an ongoing basis. At the time of preparing the financial statements, the draft of the restructuring expert's report for the group, for the period under review, up to and including 2024, was available.

The restructuring costs included in EBIT in 2022 and 2021 are as follows:

THE RESTRUCTURING COSTS INCLUDED IN EBIT

3.7

2022 TEUR	Consulting	Impairment Reversal of impairment	Restructuring provision	Other	Total
Holding	-6,672	0	0	-3,504	**-10,176**
BAT	-6,953	-32,455	-13,344	-14,385	**-67,137**
BST	-17,193	330,002	0	-12,299	**300,511**
	-30,818	**297,547**	**-13,344**	**-30,188**	**223,197**

2021 TEUR	Consulting	Impairment Reversal of impairment	Restructuring provision	Other	Total
Holding	-7,657	0	0	0	**-7,657**
BAT	-26,733	-2,400	-51,832	0	**-80,965**
BST	-13,290	0	0	0	**-13,290**
	-47,680	**-2,400**	**-51,832**	**0**	**-101,912**

The scenario used for the going concern assessment assumes a further recovery of equity until 2024 in addition to an improvement in the result. With regard to the ability to pass on price increases for raw materials, energy and logistics; the realization of related price increases to customers in the automotive sector with an effect on liquidity; the general development of the automotive market; and the ongoing conflict between Russia and Ukraine, challenges remain for the BENTELER Group. The Executive Board continuously monitors the development of these uncertainties and attempts to stabilize them using appropriate measures.

Based on the market and price development forecasts underlying the draft restructuring report, the associated stabilization of ordinary business relations, the financial and operational restructuring measures and the long-term debt financing (in compliance with the agreed minimum liquidity in the amount of €120,000 thousand plus short-term cash that isn't freely available), the Executive Board expects that the group will have sufficient cash, to meet its payment obligations both now and in the future.

3 New accounting standards

This section lists all standards and interpretations released by the IASB (International Accounting Standards Board) and IFRIC that were applied for the first time in the current reporting period, or that must be applied in future periods.

The application of the following new standards and amendments of existing standards became mandatory in the 2022 financial year:

NEW ACCOUNTING STANDARDS – CURRENT REPORTING PERIOD 3.8

		Publication by IASB	Application obligatory in EU for financial years beginning on or after	Endorsed by the EU	Effects on BENTELER Group
Amendments to existing standards and interpretations					
Div.	Annual improvements 2018-2020	14 May, 2020	January 1, 2022	Yes	Immaterial
IFRS 3	Business Combinations	14 May, 2020	January 1, 2022	Yes	Immaterial
IAS 16	Property, plant and equipment	14 May, 2020	January 1, 2022	Yes	Immaterial
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	14 May, 2020	January 1, 2022	Yes	Immaterial

The following standards, interpretations and amendments to existing standards have already been published by the IASB, but their application was not yet obligatory for the current reporting period. The Company has decided not to apply them early on a voluntary basis.

NEW ACCOUNTING STANDARDS – CURRENT REPORTING PERIOD 3.9

		Publication by IASB	Application obligatory in EU for financial years beginning on or after	Endorsed by the EU	Effects on BENTELER Group
New standards and interpretations					
IFRS 17	Insurance contracts – amendments for mandatory application	May 18, 2017 June 25, 2020	January 1, 2023	Yes	None
Amendments to existing standards and interpretations					
IAS 12	Deferred taxes from the addition of an asset or liability	May 7, 2021	January 1, 2023	Yes	Under review
IAS 8	Changes in estimates and errors	February 12, 2021	January 1, 2023	Yes	Under review
IAS 1	Information on accounting and valuation methods	February 12, 2021	January 1, 2023	Yes	Under review
IAS 1	Classification of financial liabilities as non-current or current	January 23, 2020	January 1, 2023	No	None
IFRS 16	Changes to the subsequent measurement of Lease Liability in a Sale and Leaseback	September 22, 2022	January 1, 2024	No	None
IAS 1	Classification as current liabilities due to constraints	October 31, 2022	January 1, 2024	No	Under review

4 Consolidation

4.1 Principles of consolidation

The consolidated financial statements include BIAG and all significant **subsidiaries** in which BIAG has the power to exercise control on the basis of a contractual agreement (control relationship). Control, as defined by IFRS 10, exists if BENTELER has power over the investee, is exposed to risk from variable returns and there is a connection between power and variable returns. Subsidiaries are fully consolidated in the consolidated financial statements from the date on which the power of control is obtained. Entities are deconsolidated as at the date on which the group ceases to have control.

Business combinations are accounted for using the **acquisition method** under IFRS 3. On the acquisition date (i.e. upon initial consolidation), identifiable assets acquired, and liabilities assumed are measured at fair value. A positive difference between the consideration transferred and the group's share of the net fair value of the acquired assets and liabilities is recognized as goodwill. The option of applying the full goodwill method, according to which goodwill resulting in the context of an acquisition is also calculated pro rata to the minority shares, was not exercised. Any negative difference is recognized in profit or loss as at the acquisition date, if a review indicates that all assets acquired and liabilities assumed have been correctly identified and valued.

Non-controlling interests represent the share of earnings and net assets that are not attributable to the group. Any profit or loss attributable to these interests is presented separately in the statement of comprehensive income from the share of profit or loss attributable to the owners of the parent company. In the statement of financial position, non-controlling interests are presented within equity, separately from the equity attributable to the owners of the parent company. Transactions (acquisitions and sales) entered into with non-controlling interests that do not result in a loss of control are accounted for as equity transactions.

Associates are entities over which the company can exercise a significant influence on financial and operating policy decisions but which it cannot control. Associates are accounted for using the equity method. A significant influence is deemed to exist when the group directly or indirectly holds 20% or more of the voting rights.

Joint ventures are entities that are controlled jointly on the basis of a contractual agreement between two or more parties, and to which the parties have rights to the net assets. In line with IFRS 11, they are accounted for using the equity method.

Investments in entities whose impact on the group's financial position and profit or loss is immaterial, as well as **other investments** over which the BENTELER Group does not have a significant influence, are accounted for in accordance with IFRS 9 as financial instruments.

Goodwill that results from the acquisition of a subsidiary is recognized separately in the statement of financial position. Goodwill resulting from the acquisition of an associate or joint venture is included in the amortized carrying amount of the investment in the associate or joint venture. In the event of the sale of a subsidiary, associate, or joint venture, the attributable portion of goodwill is taken into account in measuring the net gain or loss on disposal.

Goodwill is tested annually and whenever there is an indication of impairment. For the purposes of the impairment test, goodwill acquired in a business combination is attributed to cash-generating units that are expected to benefit from the synergies of the business combination (see Note 5.6 – "Impairment").

4.2 Companies included in the consolidated financial statements

Overview

During the financial year 2022, the movements in the number of fully consolidated companies were as follows:

DEVELOPMENT OF THE GROUP — 3.10

	Austria	Other	Total
Fully consolidated companies as at December 31, 2021	2	76	78
Addition due to new foundation	0	3	3
Fully consolidated companies as at December 31, 2022	**2**	**79**	**81**

Acquisitions during the financial year 2022

In the 2022 financial year, the subsidiary BENTELER Automotive Bratislava s.r.o., Bratislava, Slovakia, was founded on February 21, 2022, Dongguan BENTELER Xiangxin Automotive Co., Ltd. (BAXA), Dongguan City, China, (this is the reason for an increase in non-controlling interests in the consolidated statement of changes in equity of €5,397 thousand) was founded on April 21, 2022, BENTELER Mechanical Engineering GmbH, Bielefeld, Germany, was founded on April 28, 2022.and included in the consolidated financial statements by full consolidation. As a result of the inclusion, the consolidated balance sheet increased by €27,478 thousand. The loss for the year was €2,736 thousand and sales increased by €4,542 thousand.

Disposals during the financial year 2022

There were no disposals of companies included in the consolidated financial statements in fiscal year 2022.

The BENTELER Group sold the steel tube plant in Shreveport, USA, to Tenaris on July 7, 2022. The closing of the sale was subject to regulatory approval by the antitrust authorities. On September 23, 2022, BENTELER was informed by the US antitrust authorities that “further information” must be provided for the closing of the sale (second request). The transaction could therefore not be completed by December 31, 2022.

This situation resulted in a delay beyond the “long stop date” of January 3, 2023. With the associated possibility of unilateral termination by one of the two contracting parties or with the probability of a negative assessment by the antitrust authorities, the maximum probability of the transaction is negated within the meaning of IFRS 5 (discontinued operation), but still considered probable as at the balance sheet date. On February 5, 2023, the agreement was unilaterally terminated by BENTELER (see note 35 “Events after the balance sheet date”).

5 Accounting policies

The significant accounting policies applied in preparing the group’s consolidated financial statements are described below. The accounting methods described were applied uniformly throughout the group for all presented reporting periods.

5.1 Foreign currency translation

Translation to the functional currency (transaction difference)

In the separate financial statements of the consolidated companies that are prepared in local currency, monetary items such as receivables, cash in foreign currencies and liabilities owed in foreign currencies are translated at the rate as at the end of the reporting period. The resulting foreign currency translation gains and losses are recognized as other operating expenses and income in the income statement of the group. Foreign currency gains and losses of BIAG as the ultimate holding company result largely from financing activities and are recognized in the financial result. Gains and losses that result from a group of similar transactions, such as foreign currency gains and losses within the same currency, are netted.

Translation to the reporting currency (translation difference)
The annual financial statements of foreign group companies whose functional currency is not the euro are translated to the group's reporting currency, the euro, applying the concept of a functional currency. In general, the functional currency of foreign group companies is the local national currency. Exceptions are the following companies which have the euro as their functional currency:

- BENTELER Gebze Tasit Sanayi ve Ticaret Limited Sirketi, Cayirova/Kocaeli, Turkey
- BENTELER Automotive Klášterec s.r.o., Chrastava, Czechia
- BENTELER CR s.r.o., Chrastava, Czechia
- BENTELER Automotive Rumburk s.r.o., Rumburk, Czechia

Assets and liabilities of foreign consolidated companies are translated at the closing rate at the end of the reporting period. Equity is recognized at historical rates. Positions of the expenses and income are translated to euros at the weighted average exchange rate for the period. The translation differences are recognized as net gains or losses in equity. Any exchange rate differences are recorded in the income statement only when the relevant unit is deconsolidated. A translation difference recognized directly in equity is only recognized in profit or loss when the corresponding entity is deconsolidated.

For the most important non-euro currencies of the BENTELER Group, the following exchange rates have been used:

FOREIGN CURRENCY EXCHANGE RATES — 3.11

	Average rate		Closing rate	
	2022	2021	December 31, 2022	December 31, 2021
BRL	5.41	6.38	5.64	6.31
CHF	1.00	1.08	0.98	1.03
CNY	7.07	7.61	7.36	7.19
CZK	24.54	25.66	24.12	24.87
GBP	0.85	0.86	0.89	0.84
MXN	21.05	24.04	20.86	23.18
NOK	10.11	10.17	10.51	9.99
RUB	72.63	87.29	77.89	85.33
SEK	10.66	10.15	11.12	10.25
USD	1.05	1.18	1.07	1.13
ZAR	17.22	17.58	18.10	18.05

5.2 Recognition of income

Revenue from the sale of goods and the rendering of services is recognized when the individually identifiable contractual obligation has been fulfilled. The contractual obligation is deemed to be fulfilled when the promised supply of goods or performance of services has been transferred and the customer has obtained power of disposal, thus being able determine the use of the acquired asset and derive benefit from that asset.

Revenue recognition is based either at a point in time or over time. Point in time is the basis for revenue recognition usually applied by BENTELER, with such time being deemed to be the time of transfer of power of disposal. Over time-revenue recognition is of significance particularly for customer contracts of BENTELER Mechanical Engineering. To measure the progress of performance and the associated revenue recognition, both input- and output-based methods are used.

Output-based methods in particular involve measuring the progress of performance based on the achievement of contractually predefined milestones, whereas input-based methods take particular account of the progress of performance based on costs incurred. At BENTELER the progress of performance is measured using input-based methods (cost-to-cost). It is ascertained on the basis of the ratio of the contract costs incurred as at the reporting date and the total estimated contract costs. Customer contracts are measured at contract costs incurred up to the end of the reporting period, plus the proportion of profit according to the achieved stage of completion. Those revenues, less any prepayments received, are presented in the statement of financial position as contract assets. Variations in contracted work, claims, and incentive payments are considered to the extent that they are likely to result in revenue and can be reliably measured. When the result of a customer contract cannot be measured reliably, revenue is recognized only to the extent that incurred costs are likely to be recoverable. Contract costs are recognized as expenses in the period in which they are incurred. If it is foreseeable that the total contract costs will exceed the total contract revenue, the expected loss is recognized immediately as an expense.

The amount of the revenue to be recognized is based on the allocation of the transaction price to the individual performance obligations under a contract. This allocation takes place regularly on the basis of the observable stand-alone selling price. In cases in which the stand-alone selling price is not directly observable, it is derived from comparable transactions (adjusted-market-assessment approach).

Revenue recognized at a point in time is measured on the basis of the consideration specified in a contract with a customer. The group recognizes revenue when it transfers control of a good or service to a customer. Incoterms used by BENTELER are primarily EXW and FCA.

Revenue is recognized taking into account sales reductions such as trade discounts, customer loyalty bonuses, and rebates. Variable purchase price components are estimated on the basis of reasonable assumptions derived from both information available at the time of the estimate and empirical values from comparable transactions. The allocation for variable purchase price components and sales reductions is the same as the allocation of the transaction price, unless a different allocation proves more expedient.

Contract costs are additional costs incurred to initiate or fulfil a contract. They are capitalized and amortized on a straight-line basis over the term of the underlying contract.

5.3 Government grants

Government grants are not recognized until there is reasonable assurance that the group will comply with the conditions attached to them and the grants will be received. Grants related to capital expenditure (grants related to assets) are deducted from the carrying amount of the asset and recognized at a reduced depreciation level over the periods and in the proportions in which depreciation expenses on these assets are recognized.

Grants not related to capital expenditure (grants related to expenses) are recognized in profit or loss in the same period in which the relevant expenses which the grants intend to compensate are incurred.

5.4 Intangible assets

Acquired intangible assets are measured at their acquisition costs and are amortized over their economic useful life.

Internally generated intangible assets are capitalized at their manufacturing cost if both the technical feasibility of completing the asset and the ability to use or sell it so that probable future economic benefits will be generated can be demonstrated. The BENTELER Group distinguishes between customer-related and non-customer-related development projects. Internally developed intangible assets that can be used for multiple customers are capitalized, whereas expenses for customer-specific developments (“customer applications”) do not represent an intangible asset.

Future economic benefits of internally generated assets are derived from business plans. Capitalized costs comprise directly attributable employee costs, material costs, and overhead expenditure, if it can be directly attributed to preparing the asset for use. Research and development expenses are recognized in profit or loss when incurred, unless they are to be capitalized under IAS 38.

Amortization of intangible assets is based on the following ranges of useful lives (figures refer to the useful lives of the current and prior reporting period). The amortization is applied on a straight-line basis:

USEFUL LIFE OF INTANGIBLE ASSETS — 3.12

	Useful life in years
Concessions, intellectual property rights	3 - 15
Capitalized development costs	3 - 7
Software	3 - 5
Other intangible assets	3 - 5

5.5 Property, plant, and equipment

Property, plant, and equipment is measured at amortized cost less any accumulated depreciation and any accumulated impairment losses.

The acquisition cost of an item of property, plant, and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and the condition necessary for it to be capable of operating in the manner intended by management. Rebates, bonuses, and discounts are deducted from the purchase price. The cost of internally generated equipment includes all costs that are directly attributable to the production process, together with a reasonable share of production-related overheads and depreciation. Repair and maintenance costs that generate no additional economic benefit are not included in the production cost. Borrowing costs directly attributable to the acquisition or production of a qualifying asset are capitalized as part of its cost. A qualifying asset is an asset that takes a period of more than one year to get ready for its intended use or sale. If an asset consists of multiple components with different useful lives, each part of the asset having a significant acquisition value is depreciated separately over its useful life.

Depreciation of property, plant, and equipment is based on the following ranges of useful lives and is applied on a straight-line basis. Land is not depreciated.

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT — 3.13

	Useful life in years
Business and production buildings	10 - 60
Outdoor facilities	5 - 50
Technical equipment and machinery	4 - 50
Factory and office equipment	3 - 15

5.6 Impairments

Intangible assets and property, plant, and equipment with an identifiable useful life are reviewed at the end of each reporting period, in accordance with IAS 36, to determine whether there are indications for impairment, for example if exceptional events or market developments indicate a possible loss of value. If any such indications are present, the assets are tested for impairment. An impairment loss is recognized if the recoverable amount falls below the carrying amount. The recoverable amount is defined as the higher of the value in use and the fair value minus costs to sell.

In the BENTELER Group the value in use is the basis for the determination of the recoverable amount. To calculate the value in use, future expected cash flows are discounted at a risk-adjusted after-tax interest rate. Current and expected future income levels are taken into account, together with technological, economic, and general development trends, on the basis of approved financial plans.

If the carrying amount exceeds the recoverable amount of the asset, the exceeding amount is recognized as an impairment loss in profit or loss. If the impairment loss exceeds the carrying amount of any goodwill allocated to a cash generating unit (CGU), the impairment loss is allocated to the other assets of the unit. For the impairment test, assets are combined at the lowest level for which separate cash inflows can be identified. If the cash inflows for an asset cannot be identified separately, the impairment test is performed on the basis of the CGU to which the asset belongs. In the context of planned plant closures or disposals, the relevant assets are tested separately for impairment.

The recoverable amount of the CGUs is based on the value in use, which is measured using discounted cash flow projections. Cash flows are determined on the basis of the company‘s planning for the next five years and amortized in perpetuity. The planning assumptions are based on historical experience and expectations of market developments and were additionally verified for plausibility by third parties as part of an expert restructuring opinion.

The discount rate used is a blended rate of the average interest rate on debt and the expected return on equity employed (weighted average cost of capital, “WACC”). This after-tax discount rate reflects current market assessments and the specific risks of the CGU.

Impairment losses are reversed if there are indications of an increase in value and the recoverable amount is greater than the carrying amount. The limit for reversals of impairment losses is the depreciated cost that would have resulted if no impairment had been recognized in previous years. Irrespective of whether there are indications of potential impairment, intangible assets with an indefinite useful life, as well as goodwill, are tested for impairment annually. An asset is impaired if its carrying amount is higher than its recoverable amount.

Goodwill

For the purposes of impairment testing, the total goodwill of €5,679 thousand has been allocated to the CGU “Steel/Tube (excluding Shreveport)”. A discount rate of 9.08% (previous year: 8.65%) was used here.

The annual goodwill impairment test did not indicate an impairment loss, because the recoverable amount exceeded the carrying amount of the CGU by approximately 111%.

CGU Shreveport

The recovery in the American steel tube market was further confirmed in the past financial year, enabling operating capacities to be expanded considerably. Therefore, an asset impairment test was carried out for the Shreveport CGU, which as a geographically definable market is allocated to the Steel/Tube Division. Based on a discount rate of 9.08% (previous year: 8.78%), the result was a reversal of impairment amounting €351,436 thousand (previous year no impairment or reversal of impairment). The recoverable amount of the CGU of €1,395,384 thousand (previous year: €190,997 thousand) thus significantly exceeds the amortized cost of acquisition and production. Furthermore, the high volatility of raw material prices and the climate-related risks with regard to fracking technology were taken into account in the planning and valuation with appropriate discounts.

Other CGUs

In the Automotive division, BENTELER distinguishes between the following

CGUs: Chassis, Modules, Structures, Thermal & Tubular, E-Mobility and Mechanical Engineering. The Modules and Thermal & Tubular CGUs have a slight coverage.

In the Modules CGU, the recoverable amount of €664,845 thousand exceeded the carrying amount of €553,305 thousand based on a discount rate of 8.39%. In the previous year, Chassis and Modules were still defined as one CGU.

An increase or decrease in EBITDA to the amount of 20% would have the following effects on the headroom:

EFFECTS ON THE DEVALUATION AMOUNTS CGU „MODULES 2022“ — 3.14

€ THOUSAND	20% increase in EBITDA	20% decrease in EBITDA
Effects on the headroom of the Modules CGU 2022	+232,943	-197,936

In the Thermal & Tubular CGU, the recoverable amount of €263,013 thousand (previous year €637,502 thousand) exceeded the carrying amount of €251,637 thousand (previous year €227,530 thousand) based on a discount rate of 8.36% (previous year 7.49%).

An increase or decrease in EBITDA in the amount of 20% would have the following effects on the headroom:

EFFECTS ON THE DEVALUATION AMOUNTS CGU „THERMAL & TUBULAR“ 2022 — 3.15

€ THOUSAND	20% increase in EBITDA	20% decrease in EBITDA
Effects on the headroom of the Thermal & Tubular CGU 2022	+20,497	-20,497

In addition, the cost-cutting measures were pushed ahead as part of the restructuring. This resulted in a further impairment of property, plant and equipment totaling €58,860 thousand (previous year: €16,421 thousand) and impairment of inventories of €9,220 thousand (previous year €0). In addition to the Shreveport CGU, impairment losses from previous years in the amount of €14,190 thousand were reversed in the course of the restructuring in 2022, since on the one hand the assets could be sold at better prices and on the other hand the order situation in the plants concerned has improved.

5.7 Investments in associates

At the time of acquisition, investments in associates are recorded at cost. If the cost is below the investor’s share of the fair values of the net identifiable assets of the associate at the time of acquisition, any negative difference is recognized in profit or loss.

In subsequent periods, the investment in the associate is recognized at the investor’s share of the equity, unless there is an impairment loss. The carrying amount is adjusted for the investor’s share of the associate‘s net profit or loss and other comprehensive income as well as for distributions received from the investee.

5.8 Borrowing costs

If an intangible asset or an item of property, plant, or equipment requires a substantial period of time to prepare for its intended use or sale (qualifying asset), the borrowing costs directly attributable to the acquisition, production, or construction of the qualifying asset are capitalized as part of the asset in accordance with IAS 23. Borrowing costs are capitalized until the assets are ready for their intended use and are amortized over the economic useful life of the asset. All remaining borrowing costs are recognized in profit or loss as finance expenses in the period in which they are incurred.

5.9 Inventories

Inventories are normally stated at the lower of cost or net realizable value. The net realizable value represents the estimated selling price of the end-product on normal market terms, less all estimated costs of completion and the estimated costs necessary to make the sale. Recognizable inventory risks are accounted for with appropriate write-downs based on inventory turnover analyses.

The cost of inventories is determined using the moving average method and includes the cost of acquisition and the costs incurred to bring the inventories to their current location and current condition. Production costs include the cost of materials, individual production costs, other individual costs, and attributable production-related overheads. Overheads are distributed on the basis of normal capacity utilization.

5.10 Deferred taxes

Deferred tax assets and liabilities are recognized, using the asset and liability method, on all temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and those in the statement of financial position that provides the tax base as well as on consolidation measures that affect profit or loss at group level. In addition, deferred tax assets for unused tax loss carryforwards are recognized if it is probable that taxable profits will be available against which the assets can be utilized and it appears sufficiently certain that the unused tax loss carryforwards can in fact be utilized.

Deferred income tax assets and liabilities are measured at the tax rates and using the tax rules that are expected to apply in the period in which the liability is settled or the asset realized, based on the current status of the law.

5.11 Financial instruments

Recognition and measurement of financial instruments in accordance with IFRS 9

Under IFRS 9, depending on their classification, financial instruments are recognized either at (amortized) cost or at fair value.

Under IFRS 9, the following classification categories apply to financial assets:

- Debt instruments measured at amortized cost
- Debt instruments measured at fair value through other comprehensive income (FVOCI with recycling)
- Debt instruments measured at fair value through profit or loss (FVtPL)
- Derivatives
- Equity instruments measured at fair value through profit or loss (FVtPL)
- Equity instruments classified as measured at fair value through other comprehensive income (FVOCI without recycling)

The classification is based on the one hand on cash flow associated with the asset (cash flow condition) and on the other hand using the business model to administer financial assets (business model).

The cash flow condition is fulfilled when the financial asset exclusively generates cash flows in the form of principal and interest.

The business model reflects the procedures of the company and the way in which it administers the financial assets in order to generate cash flow, i.e. by holding, selling, or both holding and selling financial assets.

Trade receivables, loans granted, and other receivables and assets are recognized at amortized cost using the effective interest method. If recoverability is doubtful, an allowance for expected credit losses is recognized. In the case of the sale of receivables, the receivables are reposted because the power of disposal has been transferred. The part of the receivables that can in principle be sold but have not yet been sold are assigned to the fair value category (FVtPL).

Liabilities to banks, other loan liabilities, trade payables, liabilities for puttable equity instruments, and other liabilities are carried at amortized cost, using the effective interest method where applicable. Liabilities for puttable equity instruments include non-controlling interests in the equity of partnerships (limited partners' shares). These interests are recognized as a liability of the BENTELER Group because they can be returned to the issuer in exchange for cash. Liabilities for puttable equity instruments are recognized at their redemption value and any changes are recognized in the net financial result.

All financial assets and liabilities are measured at their settlement date. Financial assets and liabilities are derecognized when the rights to payment under the investment are extinguished or transferred and the group has transferred substantially all the risks and rewards of ownership.

The BENTELER Group normally uses derivative financial instruments only for hedging financial risks, especially for reducing interest rate risks, foreign currency exchange risks and commodity price risks. Derivatives are recognized as at the trade date. All derivative financial instruments are classified in accordance with IFRS 9 in the category "at fair value through profit or loss".

The BENTELER Group uses hedge accounting if the conditions specified in IFRS 9 for the designation of hedging relationships are met. Gains or losses on derivative financial instruments designated in cash flow hedges are recognized in other comprehensive income, at the date of realization of the underlying transaction. Any changes in profit or loss resulting from the ineffectiveness of these hedging relationship are recognized in the consolidated statement of profit or loss.

Interest is recognized as an expense or income on an accrual basis, using the effective interest method. Dividend income from capital investments is recognized when the right to receive payment is established.

For further information see Note 28 – "Derivative financial instruments and hedge accounting" and Note 29 – "Additional information concerning financial instruments".

5.12 Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and other short-term, highly liquid financial assets that are subject to an insignificant risk of fluctuations in value and have an original maturity of not more than three months.

5.13 Employee benefits

The BENTELER Group makes pension commitments in various forms to employees in Germany. In the other countries, the BENTELER Group contributes to social security pension funds as required by law (government plans) for some of its employees. Alternatively, company retirement benefits are insured by way of a group foundation funded by the employees of member companies.

Post-employment benefit plans are classified as either defined benefit plans or defined contribution plans, depending on their economic substance, which derives from the underlying terms and requirements for the plan's benefits.
For defined benefit retirement plans, the pension expense is calculated using the actuarial projected unit credit method provided under IAS 19. For this purpose, the pension payments to be made at the time benefits become payable, taking dynamic parameters into account, are distributed over the employees' service time, also allowing for future adjustments in income and pensions.
The pension obligations are calculated as the present value of the benefit obligation to employees, minus the fair value of plan assets, taking into account any asset ceiling, and are presented entirely under non-current provisions.

Actuarial gains and losses are recognized in other comprehensive income and are shown in the consolidated statement of comprehensive income. Payments for defined contribution plans, however, are recognized as expenses as they become payable.

If a fund asset set up to refinance pension obligations and similar liabilities exceeds those liabilities, the surplus is capitalized only to a limited degree. If payment obligations in connection with fund assets exist under minimum endowment rules for benefits already earned, an additional provision may be recognized if the economic benefit to the Company from a funding surplus, after allowing for minimum endowments still to be paid in, is limited. The limitation is determined by the present value of future refunds from the plan or by reductions in future contributions.

The service cost for pensions and similar obligations is recognized as a personnel expense. The interest expense included in the net pension expense and the return on plan assets are included within the net finance expense in the consolidated income statement.

Severance is paid if an employee is dismissed before regular retirement age or voluntarily leaves employment in return for a severance payment. Severance payments are recognized when the group has entered into an obligation. Benefits payable more than twelve months after the end of the reporting period are discounted to their present value.

5.14 Provisions

Other provisions are recognized when there is a present legal or constructive obligation to third parties as a result of past events that will probably result in a future cash outflow whose amount can be reliably measured. Provisions are measured at the best estimate of the amount of the obligation at the end of the reporting period.

Provisions with a residual term of more than one year are measured at their discounted settlement amount. Increases in provisions as a result of accruing interest are recognized as part of the net financial result. Expected future cash flows are discounted using a pretax interest rate that reflects current market expectations regarding the effect of interest rates. The employed interest rates are determined specifically for each maturity. For the current reporting period, they ranged from 4.09% to 6.54% (previous year: 0.0% to 1.38%).

Provisions for impending losses from onerous contracts are recognized if the benefits expected to be received under the contract or contract bundles (economic/content connection) are less than the unavoidable costs of meeting the obligations under the contract.

Warranty and guarantee obligations may arise by virtue of law or contract, or as a gesture of goodwill. Performance on these obligations may in particular be expected if the warranty period has not expired, if warranty expenses have been incurred in the past, or if a specific case is currently emerging. The provision is recognized at the time the underlying products are sold or the service is provided. Initial recognition is based on individual estimates and values from past experience.

Provisions for restructuring are recognized if a sufficiently detailed restructuring plan is available at the reporting date and has been communicated to the employees or employee representatives affected.

5.15 Leases

For all leases a right of use asset and a corresponding lease liability equivalent to the present value of the remaining lease payments are recognized when the leased asset is made available to the group for its use. Each lease installment is divided into repayment and financing expenses. The financing expenses are recognized in profit or loss over the term of the lease, resulting in a constant periodic interest rate on the residual amount of the liability for each period. The right of use asset is written down on a straight-line basis over the shorter of the useful life and the term of the lease.

Assets and liabilities arising from leases are recognized as cash values at initial recognition. The lease liabilities are measured at the present value of the outstanding lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate

- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option, if the exercise by the lessee is sufficiently certain
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

Where the interest rate implicit in the lease contract cannot be determined, it is discounted at the lessee's incremental borrowing rate. This is ascertained taking into account the lease term as well as the country and currency risk and the credit rating.

Right of use assets are measured at cost, made up as follows:

- The amount of the initial measurement of the lease liability
- All lease payments made on or before the commencement date less any lease incentives received
- All initial direct costs incurred by the lessee
- The estimated cost to be incurred by the lessee from the dismantling or removal of the underlying asset, the restoration of the site on which it is located, or the return of the underlying asset in the condition required by the terms and conditions of the lease.

Payments for short-term leases and leases of low-value assets are expensed to the income statement as incurred. Short-term leases are leases with a term of up to 12 months. Low-value assets essentially comprise technical office equipment.

5.16 Assumptions and estimates

In preparing the consolidated financial statements, certain assumptions and estimates must be made that affect the amount and recognition of assets and liabilities, income and expenses, and contingent liabilities.

The assumptions and estimates refer primarily to the uniform determination within the group of the economic useful lives of intangible assets and property, plant, and equipment, estimates of percentages of completion for construction contracts, the circumstances under which development expenses can be capitalized, the realization of receivables, measurement of inventory, the recognition and measurement of pension provisions and other provisions, and the possibility of utilizing unused tax loss carryforwards. The assumptions and estimates are based on the knowledge available as at the preparation date of the separate or consolidated financial statements. No changes were made to these assumptions and estimates due to climate-related risks. Only in the impairment test for the Shreveport CGU (see Note 5.6) was an appropriate discount taken into account in the perpetual annuity. When determining the fair values for the CGUs, a growth rate of 0% was assumed for perpetual annuity.

Unforeseeable developments outside management's control may cause actual amounts to differ from the original estimates. In that case, the underlying assumptions, and if necessary, the carrying amounts of the assets and liabilities concerned, will be adjusted accordingly. Changes are recognized in the period in which they occur, and also in later periods if the changes affect both the current reporting period and subsequent periods.

The following chapter in these notes provide further explanations about financial statement line items for which estimates and/or judgements may have a significant effect on the amounts recognized in the consolidated financial statements:

- Assessing the likelihood of selling Shreveport (Note 4.2 "Companies included in the consolidated financial statements" - Disposals during the financial year 2022)

- Impairment testing (Note 5.4 – “Intangible assets”, Note 5.5 – “Property, plant, and equipment” and Note 5.6 – “Impairment”)
- Recognition and measurement of deferred taxes (Note 15 – “Deferred tax assets and liabilities” and Note 24 – “Income tax assets and liabilities”)
- Recognition and measurement of inventories (Note 5.9 “Inventories”)
- Recognition and measurement of provisions (especially provisions for onerous contracts) (Note 21 – “Provisions”)
- Measurement of defined benefit obligations (Note 22 – “Provisions for pensions and similar commitments”)
- Determination of the lease term (Note 13 – “Property, plant, and equipment & leases”)
- Determination of the exacted credit loss provision for accounts receivables (Note 18 “Accounts Receivables”)

Notes to the Consolidated Income Statement

6 Revenue

The revenues of the BENTELER Group are made up as follows:

REVENUE — 3.16

€ THOUSAND	2022	2021
Sales of goods	8,868,272	7,229,005
Revenue realized over time	86,040	56,373
Total	**8,954,312**	**7,285,378**

The contract assets and liabilities of the BENTELER Group are as follows:

CONTRACT ASSETS AND LIABILITIES — 3.17

€ THOUSAND	2022	2021
Receivables from contracts with customers	907,664	733,311
Contract assets	75,408	76,842
Contract liabilities	50,736	102,666
Revenues recognized during the year which were included in the balance of contract liabilities at the beginning of the financial year	83,994	62,821

Capitalized contract costs and the associated movements are as follow:

MOVEMENTS OF CAPITALISED CONTRACT COSTS — 3.18

€ THOUSAND	2022	2021
Carrying amount – as at January 1	**76,842**	**77,826**
Additions	18,329	17,178
Depreciation	-19,763	-18,161
Carrying amount – as at December 31	**75,408**	**76,842**

As a result of the usual contracting arrangements in the sector only immaterial, long-term, unfulfilled performance obligations exist at the reporting date. These have a total transaction price of €15,272 thousand (previous year: €11,471 thousand). The practical expedient under IFRS 15.121 not to disclose the transaction price allocated to remaining performance obligations for contracts that have an original expected duration of one year or less, was used.

7 Cost of sales

The costs of sales are composed as follows:

COST OF SALES — 3.19

€ THOUSAND	2022	2021
Material expenses	6,435,439	5,186,653
Other	1,308,317	1,592,639
Total	**7,743,756**	**6,779,292**

Regarding to the restructuring costs, we refer to note 26 “Segment reporting”.

8 Other operating income

OTHER OPERATING INCOME — 3.20

€ THOUSAND	2022	2021
Insurance income	10,326	9,571
Foreign currency exchange gains	25,525	15,970
Profit from sales of companies	0	909
Income from write-ups	16,704	0
Income from the disposal of property, plant, and equipment	8,334	3,132
Income from taxes	2,396	9,810
Government grants	5,791	4,382
Income from the reversal of bad debt allowances	1,483	319
Compensation benefits	12,431	38,062
Others	10,130	14,835
Total	**93,120**	**96,989**

9 Other operating expenses

Other operating expenses mainly consist of foreign currency translation losses amounting to €27,166 thousand (previous year: €14,136 thousand).

10 Net financial result

FINANCIAL INCOME — 3.21

€ THOUSAND	2022	2021
Income from derivative financial instruments	14,193	394
Interest income from loans and other financial assets	2,264	2,095
Foreign currency exchange income	50,524	39,660
Interest income from bank accounts	1,972	1,815
Other finance income	396	0
Finance income	**69,349**	**43,964**

FINANCIAL EXPENSES — 3.22

€ THOUSAND	2022	2021
Interest expense for financial liabilities	147,659	140,639
Expenses from derivative financial instruments	31	4,126
Interest expense for post-employment obligations	4,172	3,591
Foreign currency translation losses	68,903	21,429
Accrued interest on provisions	552	240
Other finance expenses	420	420
Finance expenses	**221,737**	**170,445**

11 Income taxes

INCOME TAXES — 3.23

€ THOUSAND	2022	2021
Current tax expense	49,290	36,778
thereof for the current reporting period	*50,235*	*36,023*
thereof for previous periods	*-946*	*755*
Deferred tax expense/tax income	-14,716	-38,099
Total tax expense/tax income	**34,574**	**-1,321**

The following table shows the reconciliation of the expected tax expense and the actual tax expense. To calculate the expected tax expense, the profit before tax is multiplied by a weighted average tax rate of 30% (previous year: 30%). Due to the global contract manufacturer concept, most of the taxable income is generated in Germany.

The reconciliation effect with regard to the impact of valuation allowances and recognition corrections is mainly attributable to the impairment of Shreveport. In addition, the increased earnings situation means that more loss carryforwards in Germany and in the USA are recoverable.

RECONCILIATION FROM THE EXPECTED TO THE TAX EXPENSE ACTUALLY REPORTED

3.24

€ THOUSAND	2022	2021
Result for the period before tax under IFRS	**573,826**	**-83,281**
Group income tax rate (%)	30%	30%
Expected tax expense/tax income for year	**172,148**	**-24,984**
Effect of changes in tax rates	-339	-558
Effect of differences in tax rates	-27,695	-4,613
Effect of income that is exempt from taxation and other deductions	-3,220	-2,825
Effect of non-tax-deductible operating expenses and other additions	8,150	8,345
Effect of taxes from previous years recognized during the year	4,595	-7,451
Effect of income taxes not creditable toward income tax (withholding taxes and foreign taxes)	8,751	10,191
Change in non-recognition of deferred tax assets	-128,993	18,637
Other effects	1,177	1,937
Total tax expense (+)/tax income (-)	**34,574**	**-1,321**

Notes to the Consolidated Statement of Financial Position

12 Intangible assets

Research expenses, amortization of capitalized development costs, and non-capitalized development costs are recognized as expenses.

RESEARCH AND DEVELOPMENT EXPENSES (TOTAL) — 3.25

€ THOUSAND	2022	2021
Research and development expenses (total)	76,470	76,372
Capitalization of development costs	-9,302	-1,065
Amortization and impairment of capitalized development costs	-7	-40
Research and development expenses recognized in the consolidated income statement	67,162	75,267
Capitalization rate (in %) *	12.2%	1.4%

* Capitalized development costs as a percentage of total research and development costs (before capitalization).

Research and development costs consist primarily of personnel expenses and the cost of materials. At BENTELER, approximately 700 of our staff are engaged in research and development across 42 locations in 18 countries. Research and development activities focus primarily on lightweight construction through the development, design, and production of composite structural parts and aluminum components. In the Automotive Division, the research and development is focused on lightweight construction technology as well as safety and efficiency in the context of product and process development. In the Steel/Tube Division, the focus is on the development of material characteristics and properties.

The capitalized development costs relate exclusively to costs for the new Holon entity, which is driving forward the development of autonomous movers as a separate subsidiary in the Automotive division.

The item acquired intangible assets, which comprises concessions, industrial property rights, similar rights and licenses, relate primarily to expenses payable to third parties in connection with the purchase of user software.

The intangible assets are provided in selected, significant subsidiaries as collateral for financing and are therefore predominantly limited in ownership rights.

Movements in intangible assets were as follows:

DEVELOPMENT OF INTANGIBLE ASSETS — 3.26

€ THOUSAND	Acquired intangible assets (excluding goodwill	Goodwill arising from business combinations	Prepayments made	Internally generated intangible assets	Total
Cost of acquisition or production					
Balance at January 1, 2022	**162,701**	**5,679**	**6,347**	**7,939**	**182,666**
Additions	3,132	0	2,796	9,302	15,230
Reclassifications	1,731	0	-1,160	0	571
Disposal of assets	-20,381	0	-141	-2,639	-23,161
Foreign currency exchange differences	601	0	8	237	846
Balance at December 31, 2022	**147,784**	**5,679**	**7,851**	**14,839**	**176,153**
Amortization					
Balance at January 1, 2022	**143,095**	**0**	**0**	**6,862**	**149,957**
Amortization recognized during the period	7,758	0	0	7	7,765
Impairment	2	0	0	0	2
Reversal of impairment	-1,092	0	0	0	-1,092
Reclassifications	0	0	0	0	0
Disposal of assets	-20,342	0	0	-2,639	-22,980
Foreign currency exchange differences	561	0	0	236	797
Balance at December 31, 2022	**129,983**	**0**	**0**	**4,466**	**134,449**
Carrying amount					
Balance at January 1, 2022	19,607	5,679	6,347	1,077	32,709
Balance at December 31, 2022	**17,802**	**5,679**	**7,851**	**10,373**	**41,704**

DEVELOPMENT OF INTANGIBLE ASSETS

3.27

€ THOUSAND	Acquired intangible assets (excluding goodwill)	Goodwill arising from business combinations	Prepayments made	Internally generated intangible assets	Total
Cost of acquisition or production					
Balance at January 1, 2021	**160,794**	**5,679**	**3,992**	**136,016**	**306,480**
Additions	4,185	0	4,819	1,065	10,069
Changes in the scope of consolidation	-1,489	0	0	0	-1,489
Reclassifications	2,521	0	-2,465	0	56
Disposal of assets	-4,660	0	0	-129,169	-133,829
Foreign currency exchange differences	1,349	0	2	28	1,379
Balance at December 31, 2021	**162,701**	**5,679**	**6,347**	**7,939**	**182,666**
Amortization					
Balance at January 1, 2021	**139,583**	**0**	**0**	**135,949**	**275,531**
Amortization recognized during the period	8,558	0	0	40	8,598
Reversal of impairment	-20	0	0	0	-20
Changes in the scope of consolidation	-1,445	0	0	0	-1,445
Reclassifications	-439	0	0	0	-439
Disposal of assets	-4,336	0	0	-129,154	-133,489
Foreign currency exchange differences	1,193	0	0	28	1,221
Balance at December 31, 2021	**143,095**	**0**	**0**	**6,862**	**149,957**
Carrying amount					
Balance at January 1, 2021	21,212	5,679	3,992	67	30,949
Balance at December 31, 2021	**19,607**	**5,679**	**6,347**	**1,077**	**32,709**

13 Property, plant, and equipment & leases

PROPERTY, PLANT AND EQUIPMENT — 3.28

€ THOUSAND	Land and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments and assets under construction	Total
Cost of acquisition or production					
Balance at January 1, 2022	**1,122,630**	**3,401,576**	**527,224**	**128,767**	**5,180,197**
Addition of assets	52,306	47,293	16,991	112,154	228,744
Reclassifications	5,525	65,642	6,088	-77,825	-571
Disposal of assets	-12,939	-229,249	-48,317	-304	-290,809
Foreign currency exchange differences	20,321	52,292	4,740	1,366	78,719
Balance at December 31, 2022	**1,187,843**	**3,337,554**	**506,726**	**164,158**	**5,196,280**
Depreciation					
Balance at January 1, 2022	**611,109**	**2,466,810**	**414,497**	**452**	**3,492,868**
Depreciation recognized during the period	45,972	194,842	35,304	0	276,117
Impairment	13,927	39,669	4,762	502	58,858
Reversal of impairment	-115,825	-231,396	-16,820	-494	-364,535
Reclassifications	152	-273	121	0	0
Disposal of assets	-8,594	-216,125	-47,054	0	-271,772
Foreign currency exchange differences	14,865	36,980	3,805	29	55,679
Balance at December 31, 2022	**561,606**	**2,290,507**	**394,615**	**488**	**3,247,215**
Carrying amount					
Balance at January 1, 2022	511,521	934,767	112,727	128,315	1,687,329
Balance at December 31, 2022	**626,237**	**1,047,047**	**112,112**	**163,670**	**1,949,066**
Thereof right of use assets	*136,940*	*19,570*	*6,701*	*0*	*163,211*

PROPERTY, PLANT AND EQUIPMENT

3.29

€ THOUSAND	Land and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Advance payments and assets under construction	Total
Cost of acquisition or production					
Balance at January 1, 2021	**1,102,503**	**3,479,085**	**573,483**	**145,643**	**5,300,715**
Addition of assets	21,270	73,307	7,312	64,910	166,799
Changes in the scope of consolidation	-18,721	-31,530	-21,274	-1,223	-72,748
Reclassifications	4,802	62,036	20,240	-87,134	-56
Disposal of assets	-26,787	-289,619	-69,264	-35	-385,704
Foreign currency exchange differences	39,562	108,297	16,727	6,606	171,192
Balance at December 31, 2021	**1,122,630**	**3,401,576**	**527,224**	**128,767**	**5,180,197**
Depreciation					
Balance at January 1, 2021	**596,887**	**2,500,461**	**437,222**	**429**	**3,535,000**
Depreciation recognized during the period	40,736	194,369	43,560	0	278,664
Impairment	4,078	12,343	0	0	16,421
Reversal of impairment	-1,244	-12,477	-281	0	-14,001
Changes in the scope of consolidation	-17,350	-30,061	-18,742	0	-66,153
Reclassifications	78	2,289	-1,928	0	439
Disposal of assets	-17,490	-236,318	-57,578	-13	-311,399
Foreign currency exchange differences	5,414	36,204	12,243	36	53,897
Balance at December 31, 2021	**611,109**	**2,466,810**	**414,497**	**452**	**3,492,868**
Carrying amount					
Balance at January 1, 2021	505,616	978,624	136,261	145,214	1,765,715
Balance at December 31, 2021	**511,521**	**934,767**	**112,727**	**128,315**	**1,687,329**
Thereof right of use assets	*127,962*	*33,104*	*8,103*	*0*	*169,168*

In the financial year 2022, the annual impairment test of the Shreveport CGU resulted a reversal of impairment amounting €351,436 thousand (previous year: € 0 - see Note 5.6).

As in 2021, no borrowing costs were capitalized in 2022.

In 2022 the BENTELER Group received investment grants amounting to €789 thousand (previous year: €192 thousand), which were deducted from the acquisition cost of the property, plant, and equipment.

Property, plant and equipment are provided in selected material subsidiaries as collateral for financing and are therefore predominantly restricted in terms of ownership rights.

At the reporting date, there were firm commitments to acquire property, plant, and equipment amounting to €83,441 thousand (previous year: €46,238 thousand).

Leases

THE BENTELER Group leases various buildings, plant, and vehicles. Leases for land and buildings are normally concluded with a term of up to 30 years, and in individual cases up to 60 years. Shorter terms are possible depending on contractual termination options and the probability of their exercise. Technical equipment and machinery have a lease term of between two and seven years, while other equipment and factory and office equipment has lease terms of between two and five years.

Right of use assets are included in the same financial statement line items as the underlying assets as if they had been owned by the BENTELER Group. The statement of financial position shows the following carrying amounts of asset values and liabilities in relation to leases:

CARRYING AMOUNTS OF ASSETS AND LIABILITIES IN RELATION TO LEASES — 3.30

€ THOUSAND	December 31, 2022	December 31, 2021
Land and buildings	136,940	127,962
Technical equipment and machinery	19,570	33,104
Other equipment, factory and office equipment	6,701	8,103
Total	**163,211**	**169,168**

€ THOUSAND	December 31, 2022	December 31, 2021
Non-current lease liabilities	129,453	134,254
Current lease liabilities	44,992	43,000
Total	**174,445**	**177,255**

The maturity analysis of the undiscounted payment obligations from lease liabilities is included in Note 27.5. Right of use assets amounting to €45,169 thousand (previous year: €30,035 thousand) were acquired in 2022.

The depreciation expenses recognized in the income statement are allocated to the individual categories of property, plant, and equipment to which the right of use assets is allocated, as follows:

DEPRECIATION EXPENSES FOR RIGHTS OF USE ASSETS — 3.31

€ THOUSAND	2022	2021
Depreciation of land and buildings	28,305	25,752
Depreciation of technical equipment and machinery	13,522	15,742
Depreciation of other equipment, factory and office equipment	3,679	4,017
Depreciation expenses	**45,507**	**45,511**

The income statement also includes the following material expenses relating to leases.

OTHER LEASING EXPENSES — 3.32

€ THOUSAND	2022	2021
Interest expense	7,750	6,908
Expense for short-term leases	15,540	12,936
Expense for low value leases	2,797	3,147
Expense for variable lease payments	0	2

The total payments for leases in 2022 amount to €74,220 thousand (previous year: €70,376 thousand).

Some leases include individual and in part country-specific extension and termination options. The BENTELER Group assesses the likelihood of these options being exercised in accordance with the non-cancellable term of the associated customer contracts and takes into account the other economic incentives to determine whether it is possible to conclude with sufficient certainty that an extension or purchase option will be exercised or a termination option will not be exercised. If a significant event or a significant change of circumstances within the control of the BENTELER Group occurs, a reassessment is made of whether the exercise of extension and termination options not originally taken into account during the term or the non-exercise of extension and termination options originally taken into account is sufficiently certain.

14 Investments in associates

The following overview shows on an aggregated level the carrying amounts of investments in associates and the share of net profits from associates:

FINANCIAL INFORMATION ON SHARES IN ASSOCIATED COMPANIES — 3.33

€ THOUSAND	2022	2021
Carrying amount of investments in associates	4,428	4,085
Share of net profits from continuing operations	660	698

15 Deferred tax assets and liabilities

Deferred tax assets and liabilities result from temporary differences and unused tax loss carryforwards and are made up as follows:

ALLOCATION OF DEFERRED TAX ASSETS AND LIABILITIES ON BALANCE SHEET ITEMS — 3.34

	December 31, 2022		December 31, 2021 (adjusted)	
€ THOUSAND	Assets	Liabilities	Assets	Liabilities
Intangible assets	108	-3,332	65	-762
Property, plant, and equipment	14,731	-137,992	7,803	-62,533
Current and non-current financial assets	4,220	-5,351	3,355	-4,931
Inventories	14,832	-196	7,306	-1,970
Current and non-current receivables and other assets	16,799	-22,940	9,243	-22,394
Provisions for pensions	25,183	0	65,570	0
Other provisions	32,732	-22,736	46,534	-31,550
Liabilities	74,623	-27,569	79,633	-5,380
Tax loss carryforwards	205,130	0	104,134	0
Tax credits	5,228	0	4,465	0
Other deferred taxes	0	-3,055	0	-3,336
Gross value	**393,586**	**-223,171**	**328,108**	**-132,856**
Netting	208,937	-208,937	121,424	-121,424
Recognized in statement of financial position	**184,649**	**-14,234**	**206,684**	**-11,432**

Deferred tax assets and liabilities are set off if they are levied by the same tax authority and if BENTELER has a legally enforceable right to set off current tax assets against current tax liabilities. The allocation of central consolidation entries to temporary differences and loss carryforwards for the previous year has been adjusted in line with the allocation in the current year to improve comparability.

A significant part of the deferred tax liabilities in property, plant, and equipment concerns investments in the USA, with bonus depreciation being recognized for tax purposes. The resulting deferred tax liabilities in respect of property, plant, and equipment amounting to €84,232 thousand (previous year: €6,893 thousand) is matched by unused tax loss carryforwards of an equal amount. The change compared to the previous year is due to the reversal of the impairment in property, plant and equipment (see also Note 5.6 “Impairments”).

The decrease in deferred tax assets in the pension provisions mainly relates to the German companies (deferred tax assets 2022: €22,209 thousand, previous year: €63,569 thousand) and is due to the increase in the discount rate. Deferred tax assets for outstanding write downs over seven years amounting to €916 thousand (previous year: €1,571 thousand) were not recognized.

The unrecognized temporary differences for which no deferred taxes were recognized amount to €118,273 thousand (previous year: €108,566 thousand).

No deferred tax asset was recognized for unused tax loss carryforwards amounting to €583,005 thousand (previous year: €1,040,932 thousand).

The unused tax losses can be carried forward as follows:

UNRECOGNISED TAX LOSS CARRYFORWARDS — 3.35

€ THOUSAND	December 31, 2022	December 31, 2021 (adjusted)
Expiring in the next ten years	7,347	23,535
Expiring in more than ten years	7,783	344,272
Unused tax losses not subject to expiration	567,875	673,125
Total	**583,005**	**1,040,932**

As at December 31, 2022, the group recognized deferred tax assets amounting to €104 million (previous year: €154 million) for companies that had shown a loss in the current and prior period (thereof from loss carryforwards of €100 million). These assets exceeded the deferred tax liabilities. The basis for recognizing deferred taxes was management's belief there is substantial evidence that these companies will earn taxable income against which the unused tax losses and deductible temporary differences can be utilized.

Convincing substantial indications are seen in the fact that measures taken as a part of the comprehensive restructuring which was started in the financial year 2020 already produced positive effects in 2020 and 2021 as well as the current financial year. A plan validated by an external expert was the basis of which a financing commitment was granted. For further details, please refer to the statements in Note 2 "Basis of preparation".

For the assessment of the recoverability of deferred tax assets from loss carryforwards, the planning calculation is limited to a period of five years, provided that no netting with taxable temporary differences takes place. With regard to taxable profit components that cannot be derived directly from the planning validated by the external expert, an appropriate safety margin has been applied. Tax restrictions on the utilization of losses have been taken into account in accordance with national legal requirements. As the conditions of IAS 12.39 were fulfilled, no deferred tax liabilities were recognized for temporary differences arising from investment in subsidiaries.

Potential dividend distributions to shareholders of BENTELER International Aktiengesellschaft have no tax implications for the group. In connection with foreseeable future intra-group dividend distributions, deferred tax liabilities were recognized for the resulting increase in the tax base for German and Spanish recipients of dividends by 5% of the gross dividend (notional non-deductible operating expenses). In addition, deferred tax liabilities were recognized for expected withholding taxes on dividend payments in the countries in which the distributing companies are domiciled.

16 Other non-current receivables and assets

OTHER NON-CURRENT RECEIVABLES AND ASSETS — 3.36

€ THOUSAND	December 31, 2022	December 31, 2021
Investments in equity instruments unconsolidated entities	78	82
Securities	665	665
Financial receivables	4,591	2,545
Other tax assets	8,046	8,642
Contract costs	50,722	52,240
Prepaid expenses	1,633	2,562
Other assets	6,127	6,831
Total	**71,862**	**73,566**

The financial receivables consist substantially of derivatives.

17 Inventories

INVENTORIES — 3.37

€ THOUSAND	December 31, 2022	December 31, 2021
Raw material and manufacturing supplies	424,312	412,839
Work in progress	213,437	203,241
Finished products and goods	174,767	137,878
Prepayments	28,142	28,727
Total	**840,657**	**782,685**

Inventories include write-downs amounting €9,220 thousand (previous year: €0) relating to the plant in Kaluga, Russia. Inventories are provided in selected material subsidiaries as collateral for financing and are therefore predominantly restricted in terms of ownership.

18 Receivables

18.1 Trade receivables

TRADE RECEIVABLES — 3.38

€ THOUSAND	December 31, 2022	December 31, 2021
Trade receivables, gross	900,239	725,620
Allowance for expected credit losses	-6,308	-4,503
Carrying amount	**893,931**	**721,117**

Trade receivables consist primarily of receivables from third parties and, to a limited extent, receivables from affiliated, unconsolidated entities or associates. Trade receivables in an amount of €309,413 thousand (previous year: €288,066 thousand) were sold under an accounts receivable facility agreement. The BENTELER Group retains a normal residual default risk with regard to the sale of receivables. The expected credit loss (ECL) approach is used for trade receivables. Based on past experience and the structure of the customers, no allowances were recognized in the first four maturity bands. According to the current assessment, climate change and the Ukraine war will not have any significant short-term effects on the ECL. BENTELER has so far not suffered any significant bad debt losses from the war, including sales to Russia. Potential negative influences of the Ukraine war and climate change have not yet been taken into account with additional markups. This assessment could change in the future if BENTELER's main customers in the automotive industry are more strongly affected by the impact of these crises.

The maturity analysis of unimpaired receivables and the amounts of the individually impaired receivables are as follows:

MATURITY ANALYSIS OF TRADE RECEIVABLES — 3.39

	December 31, 2022		
€ THOUSAND	Gross carrying amount	Provision	Default
Receivables that are neither past due nor impaired	845,439	0	No
Less than 10 days past due	26,693	0	No
11 to 30 days past due	10,300	0	No
31 to 60 days past due	4,250	0	No
61 to 90 days past due	1,324	87	No
More than 90 days past due	3,824	290	No
Individually credit-impaired receivables	8,409	5,931	Yes
TOTAL	**900,239**	**6,308**	

MATURITY ANALYSIS OF TRADE RECEIVABLES — 3.40

	December 31, 2021		
€ THOUSAND	Gross carrying amount	Provision	Default
Receivables that are neither past due nor impaired	698,952	0	No
Less than 10 days past due	11,145	0	No
11 to 30 days past due	6,729	0	No
31 to 60 days past due	1,811	0	No
61 to 90 days past due	754	49	No
More than 90 days past due	1,696	233	No
Individually credit-impaired receivables	4,532	4,220	Yes
TOTAL	**725,620**	**4,503**	

Movements in doubtful debt allowances on trade receivables were as follows:

MOVEMENTS OF VALUATION ALLOWANCES ON TRADE RECEIVABLES — 3.41

€ THOUSAND	2022	2021
Allowance for doubtful debt as at January 1	**4,503**	**3,802**
Additions	3,375	2,935
Reversals	-1,483	-319
Utilization	-125	-2,038
Effects of exchange rates and other changes	38	123
Allowance for doubtful debt as at December 31	**6,308**	**4,503**

The calculation of the loss rate based on actual default rates observed in the past taking into account the latest developments and expected economic conditions over the term of the receivables is determined for portfolios with similar default risk characteristics.

Trade receivables are provided as collateral for financing in selected material subsidiaries and are therefore predominantly restricted in ownership.

18.2 Contract assets from customer contracts

CONTRACT ASSETS FROM CUSTOMER CONTRACTS — 3.42

€ THOUSAND	December 31, 2022	December 31, 2021
Balance at January 1	**12,194**	**5,837**
Revenue	13,065	10,557
Payment or payment claim	-11,526	-4,199
Total	**13,733**	**12,194**

18.3 Other current receivables and assets

OTHER CURRENT RECEIVABLES AND ASSETS — 3.43

€ THOUSAND	December 31, 2022	December 31, 2021
Contract costs	24,686	22,465
Prepaid expenses	14,246	5,316
Other financial assets	186,835	140,782
Other non-financial assets	114,869	99,536
Total	**340,636**	**268,100**

The other financial assets essentially comprise bills receivable amounting to €50,422 thousand (previous year: €31,149 thousand) and reserves under accounts receivable facilities amounting to €95,313 thousand (previous year: €78,220 thousand) and derivatives in the amount of €30,737 thousand (previous year: €15,927 thousand). Other non-financial assets primarily include other tax receivables (particularly for value added tax and energy tax) and refund claims amounting to €60,024 thousand (previous year: €49,153 thousand) and accruals from contractually agreed inflation compensation.

In view of the good credit rating of the main business partners, BENTELER assumes that the need for a bad debt provision is negligible. Other current receivables and assets are provided as collateral for financing in selected, significant subsidiaries and are therefore predominantly restricted in terms of ownership rights.

19 Cash and cash equivalents

The cash and cash equivalents are available at all times and are not subject to any restrictions. As the group only has accounts with banks with first-class credit ratings, no ECL was considered for the credit balances at banks. Cash and cash equivalents are provided in selected material subsidiaries as collateral for financing and are therefore predominantly restricted in terms of ownership.

20 Equity

The movements in consolidated equity are shown in the statement of changes in equity, which is presented as a separate part of the financial statements. In particular, it shows the appropriation of profits.

A reverse acquisition took place in 2010. As a result of the continuation of the financial statements of the accounting acquirer, the recognized issued capital and reserves are those of the legal subsidiary, BENTELER Business Services GmbH (formerly BENTELER Deutschland GmbH).

The subscribed capital as at December 31, 2022 was €200 thousand, divided into 200,000 registered no-par shares with restricted transferability. Under the company's articles of incorporation, two share certificates (global shares) were issued, each for one half of the shares in the same category.

The non-controlling interests (both for the profit and the equity) are primarily related to four Chinese companies. The proportion of revenue is below 1,8% of the group's consolidated revenue and the total assets are below 2,3% of the group's total assets and are therefore not considered material.

The movements in the other components of equity were as follows (including the amount related to non-controlling interests):

MOVEMENTS OF OTHER COMPONENTS OF EQUITY IN THE CURRENT REPORTING PERIOD — 3.44

	2022 financial year		
€ THOUSAND	Before tax	Tax effect	Aftertax
Foreign currency translation effects	-5,284	0	-5,284
Effects of cash flow hedges	15,830	-3,785	12,045
Effects of costs of hedging	-398	124	-275
Remeasurements of post-employment benefit obligations	131,857	-40,624	91,232
Total	**142,004**	**-44,286**	**97,719**

MOVEMENTS OF OTHER COMPONENTS OF EQUITY IN THE PREVIOUS REPORTING PERIOD — 3.45

	2021 financial year		
€ THOUSAND	Before tax	Tax effect	After tax
Foreign currency translation effects	30,082	0	30,082
Effects of cash flow hedges	-2,669	1,488	-1,181
Effects of costs of hedging	378	-109	269
Remeasurements of post-employment benefit obligations	31,665	-8,417	23,248
Total	**59,457**	**-7,039**	**52,418**

21 Provisions

Provisions in accordance with IAS 37 and obligations for employee benefits under IAS 19 can be summarized as follows:

PROVISIONS 3.46

€ THOUSAND	Note	2022	2021
Pension provisions – non-current	22)	**244,443**	**378,188**
Other provisions for employee benefits		63,541	74,884
Provisions for impending losses		3,511	3,583
Provisions for guarantees and warranties		5,928	4,618
Other provisions		19,932	16,694
Other non-current provisions	21)	**92,912**	**99,780**
Other provisions for employee benefits		85,769	124,436
Provisions for impending losses		8,566	16,682
Provisions for guarantees and warranties		24,803	25,434
Other provisions		39,435	46,024
Current provisions	21)	**158,573**	**212,576**

Statement of changes in provisions

Movements in current and non-current provisions during the reporting period were as follows:

STATEMENT OF CHANGES IN PROVISIONS 3.47

€ THOUSAND	Guarantees and warranties	Employee benefits	Onerous contracts	Other provisions	Total
Balance at January 1, 2022	**30,052**	**199,320**	**20,265**	**62,719**	**312,356**
Additions	7,227	19,061	11,028	13,834	51,149
Utilization	-1,313	-78,766	-9,387	-6,465	-95,931
Reversals	-5,497	-706	-195	-13,777	-20,175
Reclassifications	0	9,760	-9,760	0	0
Discounting effect	0	181	0	0	181
Foreign currency translation	262	460	127	3,055	3,904
Balance at December 31, 2022	**30,731**	**149,310**	**12,078**	**59,366**	**251,485**
current portion	*24,803*	*85,769*	*8,566*	*39,435*	*158,573*
non-current portion	*5,928*	*63,541*	*3,511*	*19,932*	*92,912*

The provisions for warranty risks primarily cover deferred risks from customer complaints. They are determined on the basis of revenue generated from external customers during the year, taking historical experience into account.

The provisions for employees mainly include anticipated severance payments and related benefits in the amount of €117,217 thousand (previous year: €162,711 thousand). In the course of the financial year, the BENTELER Group continued to advance and intensify the transformation programs initiated in the 2020 financial year in order to counteract the deterioration in the economic environment and the resulting decline in demand.

In addition, include the provisions for employee benefits jubilee payments as well as obligations under partial retirement agreements and severance. Provisions for partial retirement arrangements mainly have terms of five years or less. Collateral has been placed in a trust account to secure credit balances under the Partial Retirement Block Model in Section 8a of the German Partial Retirement Act. The funds transferred to the trustee are to be managed for the preservation of capital and may be used in the future solely and irrevocably to meet the associated obligations. The trust assets remaining after performance of the partial retirement obligations represent plan assets under IAS 19.131. The obligations are shown net of the fair value of the plan assets in the amount of €17,119 thousand (previous year: €16,019 thousand).

The other provisions relate primarily to sales reductions of €26,326 thousand (previous year: €31,866 thousand) and litigation risks of €16,992 thousand (previous year: €15,248 thousand).

Non-current provisions are expected to be used within five years at the latest.

22 Provisions for pensions and similar obligations

Some employees within the BENTELER Group are currently granted different forms of retirement benefits. Accordingly, the BENTELER Group maintains different defined benefit and defined contribution retirement plans. Defined benefit plans are appraised annually by independent experts.

The actuarial calculation of the amount of the obligation as at each measurement date is based on the following assumptions:

PARAMETERS FOR ACTUARIAL CALCULATIONS — 3.48

PERCENTAGES AS WEIGHTED AVERAGE	2022	2021
Interest rate	3.6	1.1
Rate of increase in pensionable salaries	2.5	2.4
Inflation	2.1	1.7

RECONCILIATION OF THE LIABILITY UNDER DEFINED BENEFIT PLANS WITH PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS — 3.49

€ THOUSAND	December 31, 2022	December 31, 2021
Present value of the liability	352,424	490,749
Fair value of plan assets	-110,293	-113,238
Net balance	**242,131**	**377,512**
Assets not included as per IAS 19.57(b)	2,312	676
Provisions for pensions and similar obligations as at December 31	**244,443**	**378,188**

CHANGES OF OBLIGATIONS FROM DEFINED BENEFIT PLANS — 3.50

€ THOUSAND	2022	2021
Present value of defined benefit obligation as at January 1	**490,749**	**512,753**
Current service cost	8,807	9,690
Interest expense	5,220	4,170
Actuarial gains (losses)	-135,866	-21,613
Thereof due to change in demographic assumptions	*1,297*	*-2,281*
Thereof due to change in financial assumptions	*-138,875*	*-22,541*
Thereof due to experience-based adjustments	*1,712*	*3,210*
Past service cost	-532	-1,602
Plan modifications	-1,437	-783
Settlements	0	-60
Gains/losses arising from changes in foreign currency exchange rates	2,639	3,293
Employee contributions	1,077	972
Payments made	-18,025	-15,200
Net change from company acquisitions and disposals	209	-871
Present value of defined benefit obligation as at December 31	**352,842**	**490,749**

CHANGES IN PLAN ASSETS — 3.51

€ THOUSAND	2022	2021
Fair value of plan assets as at January 1	**113,238**	**101,603**
Interest income	846	589
Revaluation of plan assets	-1,868	9,534
Gains/losses arising from changes in foreign currency exchange rates	1,448	2,244
Contributions to the pension plan	3,722	3,642
Thereof contributions from employers	*2,645*	*2,670*
Thereof contributions from employees	*1,077*	*972*
Paid out of plan assets	-7,092	-4,374
Fair value of plan assets as at December 31	**110,293**	**113,238**

CHANGES IN ASSET CEILING — 3.52

€ THOUSAND	2022	2021
Unrecognized assets as at January 1	**676**	**640**
Interest on unrecognized assets recognized in profit or loss	11	8
Other changes in unrecognized assets	1,624	28
Unrecognized assets as at December 31	**2,312**	**676**

The average duration of the obligation as at December 31, 2022 is 14 years (previous year: 17 years).

As at the measurement date, the plan assets comprised the following:

COMPOSITION OF THE PLAN ASSETS — 3.53

€ THOUSAND	December 31, 2022	December 31, 2021
Equity instruments (active market)	19,197	21,399
Debt instruments (active market)	3,922	4,828
Insurance contracts	72,578	72,322
Property	9,844	10,229
Other assets	4,752	4,460
Total	**110,293**	**113,238**

The expected contributions to the plan for 2023 amount to €13,857 thousand (previous year: €13,985 thousand).

Changes in actuarial assumptions (ceteris paribus) affect the present value of the defined benefit obligation as shown in the table below:

EFFECTS OF CHANGES IN ACTUARIAL PARAMETERS ON DEFINED BENEFIT OBLIGATIONS — 3.54

	2022 financial year		
€ THOUSAND	Change in assumptions	Change in obligation on decrease of parameter	Change in obligation on increase of parameter
Interest rate	0.50%	25,186	-22,409
Rate of pension increase	0.50%	-14,643	15,856
Rate of salary increase	0.50%	-1,217	1,296

EFFECTS OF CHANGES IN ACTUARIAL PARAMETERS ON DEFINED BENEFIT OBLIGATIONS — 3.55

	2021 financial year		
€ THOUSAND	Change in assumptions	Change in obligation on decrease of parameter	Change in obligation on increase of parameter
Interest rate	0.50%	45,003	-39,815
Rate of pension increase	0.50%	-23,411	25,756
Rate of salary increase	0.50%	-2,040	1,678

23 Financial liabilities

FINANCIAL LIABILITIES 3.56

€ THOUSAND	December 31, 2022 current	December 31, 2022 non-current	December 31, 2020 current	December 31, 2020 non-current
Borrower's note loans	37,792	450,511	0	488,087
Liabilities to banks	109,629	1,436,244	37,706	1,279,041
Lease liabilities	44,992	129,453	43,000	134,254
Miscellaneous	32,045	828	21,341	717
Total	**224,458**	**2,017,037**	**102,047**	**1,902,099**

As of the balance sheet date, liabilities to banks are secured by liens on real property and by assignment as security (see explanations under the individual assets).

Liabilities to banks are denominated in the non-current to the amount of €174,424 thousand in USD (USD 185,988 thousand; previous year: €164,228 thousand in USD 185,988 thousand) and to the amount of €20,515 thousand in MXN (MXN 427,920 thousand; previous year: €18,457 thousand in MXN 427,920 thousand).

24 Income tax receivables and liabilities

The non-current and current income tax receivables and liabilities comprise corporate income tax, including the German reunification surtax ("solidarity surcharge"), and local business income tax ("trade tax"), for the group's companies in Germany, as well as comparable income tax liabilities for companies in other countries. Income tax receivables are recognized if the claim is virtually certain.

Income tax liabilities are recognized if they are considered probable. Measurement takes place on the basis of the most likely outcome. Our tax positions, coupled with risk provisions for operating audits, result from the existence of advance pricing agreements (APAs) or mutual agreement procedures (MAPs) between the financial authority in Germany and the tax authorities in the USA, Japan, Spain, and Norway with regard to transfer prices.

25 Other current liabilities

OTHER CURRENT LIABILITIES 3.57

€ THOUSAND	December 31, 2022	December 31, 2021
Other tax liabilities	52,106	45,380
Liabilities to employees	85,512	91,873
Contract liabilities	50,736	102,666
Social security liabilities	17,610	15,927
Other financial liabilities	15,722	25,985
Other non-financial liabilities	162,806	164,839
Total	**384,493**	**446,671**

Other tax liabilities mainly relate to payroll and value added taxes. Liabilities to employees relate to employee bonuses, accruals for vacation and overtime, and the other financial liabilities include derivatives in full.

Other non-financial liabilities mainly comprise sales reductions of €84,110 thousand (previous year: €91,112 thousand). In addition, this item includes various accruals from issues such as auditing and purchasing.

Movements in contract liabilities were as follows in 2022:

MOVEMENTS OF CONTRACTUAL LIABILITIES — 3.58

€ THOUSAND	2022	2021
Contract liabilities – as at January, 1	**102,666**	**70,847**
Payment or payment claim	29,598	65,882
Revenue	-83,994	-36,876
Foreign currency exchange differences	2,466	2,812
Contract liabilities – as at December, 31	**50,736**	**102,666**

26 Segment report

The BENTELER Group is organized in the two divisions BENTELER Automotive and BENTELER Steel/Tube. BENTELER Automotive offers development, production and services in the field of automotive technology worldwide. Its products include components and modules for chassis, body, engine and exhaust systems. BENTELER Steel/Tube develops and produces seamless and welded quality tubes. The following segment reporting follows the internal management approach and is presented on a voluntary basis:

SEGMENT REPORT 2022 — 3.59

€ THOUSAND	Automotive	Steel/Tube	Other/ Consolidation	Total
External sales	7,102,347	1,851,965	0	8,954,312
Intra-group sales	35,872	29,772	-65,644	0
Sales (total)	**7,138,219**	**1,881,737**	**-65,644**	**8,954,312**
EBIT (segment result)	100,431	635,697	-10,574	725,553
Capital expenditures[1]	202,681	37,536	3,757	243,974
Depreciation and amortization[2]	256,534	-283,702	4,283	-22,884
Thereof impairment losses	*37,018*	*21,842*	*0*	*58,860*
Thereof reversals of impairment	*13,783*	*351,844*	*0*	*365,627*
Restructuring expenses	-67,137	300,511	-10,176	223,197
Financial result	-90,783	-28,759	-32,186	-151,728
Income taxes	-19,667	-13,836	-1,071	-34,574
Segment assets	4,271,540	1,379,863	-601,751	5,049,652
Thereof investments accounted for using the equity method	*4,428*	*0*	*0*	*4,428*
Segment liabilities	3,474,404	955,169	75,794	4,505,367

1) Investments in property, plant and equipment and intangible assets
2) Excluding write-downs of financial assets

SEGMENT REPORT 2021 — 3.60

€ THOUSAND	Automotive	Steel/Tube	Other/ Consolidation	Total
External sales	6,194,454	1,090,924	0	7,285,378
Intra-group sales	33,807	24,710	-58,517	0
Sales (total)	**6,228,262**	**1,115,634**	**-58,517**	**7,285,378**
EBIT (segment result)	49,304	-2,480	-4,322	42,502
Capital expenditures[1]	145,560	24,523	6,784	176,868
Depreciation and amortization[2]	237,406	47,690	4,566	289,662
Thereof impairment losses	*16,421*	*0*	*0*	*16,421*
Thereof reversals of impairment	*14,021*	*0*	*0*	*14,021*
Restructuring expenses	-80,965	-13,290	-7,657	-101,912
Financial result	-63,846	-19,654	-42,283	-125,783
Income taxes	-19,501	-1,460	22,282	1,321
Segment assets	4,057,094	1,138,972	-957,668	4,238,398
Thereof investments accounted for using the equity method	*4,085*	*0*	*0*	*4,085*
Segment liabilities	3,228,861	954,363	147,757	4,330,981

1) Investments in property, plant and equipment and intangible assets
2) Excluding write-downs of financial assets

CROSS-SEGMENT DISCLOSURES 3.61

€ THOUSAND	Sales[1]		Non-current assets	
Geographical regions	2022	2021	December 31, 2022	December 31, 2021
Group-wide	8,954,312	7,285,378	2,251,981	2,004,803
Thereof in Germany	2,219,928	1,844,186	642,357	711,175
Thereof in USA	2,118,289	1,350,375	620,278	263,561
Thereof in China	1,430,077	1,420,449	280,769	279,987

1) Sales are allocated to countries based on the respective company's registered office.

26.3% (previous year: 26.2%) of sales, amounting to €1,817,084 thousand (previous year: €1,628,795 thousand), and 22.8% (previous year: 22.3%) of sales, amounting to €1,580,582 thousand (previous year: €1,390,092 thousand), are attributable to one customer each. They are allocated to the Automotive segment.

Additional information

27 Financial risk management

The BENTELER Group is exposed to various financial risks through its business operations and financing transactions. The most significant of these are foreign currency exchange risks, interest rate risks, commodity price risks, default risks, and liquidity risks.

The BENTELER Group additionally applies well-established controlling and management instruments to monitor financial risks. The group's reporting system makes it possible to detect, analyze, assess, and manage financial risks on a regular basis, by way of the central group treasury unit. This system also includes all relevant subsidiaries in which the group holds ownership interests.

27.1 Foreign currency exchange risk

Foreign currency exchange risks predominantly arise where receivables, liabilities, and planned transactions are not denominated in an entity's local currency. The risk of fluctuations in future cash flow is mainly due to operating activities, but there is also some risk from financing and investing activities. The most significant foreign currency exchange risk for the BENTELER Group, however, concerns the volatility of the Euro and the US dollar.

The extent of hedging activities is evaluated on a quarterly basis. Currency derivatives are used to hedge foreign currency exchange risks. The currency derivatives used are plain vanilla instruments such as foreign currency forward transactions, currency swaps, purchased standard currency options, and non-deliverable forward transactions. These are used to hedge the foreign currency exchange risk of future cash flows. The functional currency is hedged, not the group currency. The hedged forecast transactions are expected to be realized within one to two years. The group only recognizes the change in the intrinsic value of currency option transactions as a hedging instrument in cash flow hedges. The change in the fair value of the option is accounted for separately as a hedging cost and is included in a hedging cost reserve in equity.

Foreign currency risks can arise both from foreign currency cash flows from firm commitments and from forecasted foreign currency cash flows. Risks can arise, inter alia, from export revenues, capital expenditure payments, and operational procurement costs, as well as from financing instruments in foreign currencies. The uncertainty of changes in future currency exchange rates exists from the time of initial recognition of a transaction until its settlement.

Due to the conclusion of foreign currency forwards (e.g. currency swaps) the foreign currency exchange risk of future highly probable forecasted transactions is hedged. The hedging transaction agrees with the basic transaction in essential parameters (currency pair, maturity, nominal value). Since the changes in value of the underlying transaction and the hedging transaction develop in exactly the opposite direction, the risk is neutralized economically. The hedging rate is up to 100%.

Due to the underlying transaction-related hedging strategy, a hedge only becomes ineffective if the underlying transaction ceases prematurely. The resulting over-collateralization is compensated.

For foreign currency exchange risk, sensitivity analyses were performed to determine the effects of hypothetical changes in exchange rates on the group's result (after tax) and equity. As a basis for sensitivity to foreign currency exchange fluctuations, the analysis used those non-derivative financial instruments recognized as at the end of the reporting period that were not denominated in the functional currencies of the BENTELER Group's individual companies, together with the derivative financial instruments held in the portfolio. It was assumed that the risk at the reporting date substantially represents the risk for the financial year as a whole. The effects of the translation of foreign subsidiaries' financial statements from foreign currencies into the group's reporting currency (the euro) were not included. The group's tax rate of 30% (previous year: 30%) was applied as the tax rate.

An increase or decrease in the value of the euro would have the following effects on earnings after tax and equity:

SENSITIVITY ANALYSIS CURRENCY RISK EUR — 3.62

€ THOUSAND	2022		2021	
Effect on	Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%
Profit and loss	4,647	-3,612	-2,757	2,255
Cash flow hedges	-26,322	21,536	2,944	-2,409
Total equity	-21,675	17,924	187	-153

An increase or decrease in the US dollar would have the following effects on earnings after tax and equity:

SENSITIVITY ANALYSIS CURRENCY RISK USD — 3.63

€ THOUSAND	2022		2021	
Effect on	Decrease by 10%	Increase by 10%	Abwertung um 10 %	Increase by 10%
Profit and loss	-232	188	0	0
Cash flow hedges	3,159	-2,578	6,391	-5,200
Total equity	3,928	-2,389	6,391	-5,200

The sensitivity results mainly from derivatives used to hedge future cash flows in foreign currency as well as derivatives not designated as hedging instruments.

27.2 Interest rate risk

Interest rate risks for the BENTELER Group arise primarily from its financial liabilities. In addition, risks arise from deposits held with banks.

The BENTELER Group hedges interest rate risk by continuously monitoring the money market and capital market and by using interest rate derivatives. The focus is on the economic hedging the group's financing requirements against increases in market interest rates. To cover this risk (cash flow risk), interest rate swaps were used.

For the risk of changes in interest rates, sensitivity analyses were performed to determine the effects of hypothetical changes in market interest rates on the group's result (after tax) and equity. The analysis is based on derivative and non-derivative financial instruments (both assets and liabilities) at variable interest rates. It was assumed that the risk at the reporting date substantially represents the risk for the financial year as a whole. A group tax rate of 30% (previous year: 30%) was applied as the tax rate. It was also assumed that all other variables, especially foreign currency exchange rates, would remain constant.

An increase or decrease in market interest rates of 100 bps (= 1%) would have the following effects on earnings after tax and equity:

SENSITIVITY ANALYSIS INTEREST RATE RISK — 3.64

€ THOUSAND	2022		2021	
Effect on	Increase 100 bps	Decrease 100 bps	Increase 100 bps	Decrease 100 bps
Earnings after tax	-8,382	6,386	-8,399	-4,328
Cash flow hedges	0	0	0	0
Total equity	-8,382	6,386	-8,399	-4,328

27.3 Commodity price risk

The BENTELER Group is exposed to the risk of changes in commodity prices – especially the risk of changes in the price of aluminum and steel – through its procurement of intermediate goods and services.

27.3.1 Steel price risk

Substantially all risks and rewards arising from the volatility of steel prices are passed on to customers on the basis of supply contracts.

27.3.2 Aluminum price risk

The hedging strategy for aluminum price risk has to consider, in addition to the physical security, the complexity of the risk incurred. This obligation represents the various contractual specifications with the automotive manufacturers, including:

- The timing difference between the purchase of commodities and semi-finished products and the sale of components to automotive manufacturers
- A wide variety of fixed prices, formula-based pricing mechanisms, and price validities based on a price-setting process in different markets and for different underlying's.

On the basis of forecasted customer's purchase quantities and the requisition notes of the decentralized units, the production site decides on the production schedule and the required aluminum. A list of all concluded contracts is drawn up at the monthly management meeting and the aluminum price fixing on the selling or buying side begins in the following month. On that basis, BENTELER Treasury enters into commodity swaps with a bank to convert the variable prices on the buy and sell side to fixed prices. Different swaps are negotiated for each month, depending on the individual customers' pricing formulas and the planned and reported production volumes.

Through the conclusion of aluminum swaps, variable cash flows from the underlying transaction are swapped for fixed cash flows, thereby reducing the risk from variable factors. The economic relationship between the hedged transaction and the hedging instrument results from the selection of the same variable factors (critical terms) for both transactions.

The fair value of aluminum commodity swap transactions is based on quoted prices (market quotations on the LME – London Metal Exchange).

Sensitivity analyses were conducted for commodity price risk, showing the impact of hypothetical changes in commodity prices on equity. The derivative financial instruments recognized as at the reporting date form the basis for commodity price sensitivity. It was assumed that the risk at the reporting date substantially represents the risk for the financial year as a whole.

An increase or decrease in aluminum commodity prices of 10% would have the following effects on earnings after tax and equity:

SENSITIVITY ANALYSIS ALUMINIUM PRICE RISK — 3.65

€ THOUSAND	2022		2021	
Effect on	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Earnings after tax	0	0	0	0
Cash flow hedges	300	-300	316	-316
Total equity	300	-300	316	-316

27.3.3 Other commodity price risks

Substantially all risks and rewards from the volatility of other commodity prices are passed on to customers.

27.4 Default risk

Default risk describes the risk resulting from the failure of individual business partners to fulfill their contractual payment obligations. The BENTELER Group's default risk results primarily from receivables from customers. In addition, default risks arise in connection with financial transactions, such as the investment of liquid funds or the acquisition of securities.

The BENTELER Group hedges the risk of default on receivables in operating activities by means of professional accounts receivable management. Before signing a contract, in particular with key customers, a careful evaluation of the customer's economic condition and business competence is performed. All relevant customer data are recorded and analyzed centrally and assessed in an individualized credit rating. Selected subsidiaries within the group also enter into commercial credit insurance contracts. In ongoing business operations, payment performance is regularly evaluated and monitored, also referencing dynamic leading indicators. Bad debt provisions recognized for this purpose take account of the default risk on receivables.

Due to its diversified customer structure on the original equipment manufacturer (OEM) side, comprising the world's leading automobile manufacturers, the group is not exposed to any significant concentration of default risk. The maximum default risk arising from financial assets is their respective carrying amount.

The company considers the probability of default at the time of initial recognition of the asset and the existence of a significant increase in the default risk during the reporting period. In order to assess whether the default risk has increased significantly, the company compares the credit risk with regard to the asset on the reporting date with the default risk at the time of initial recognition. Reasonable and reliable forward-looking information available at the time is taken into account. In particular the following indicators are included:

- Internal credit assessments
- External credit assessments
- Changes in the borrower's profit position

Regardless of the above analyses, a significant increase in credit risk is assumed if payment by a debtor is overdue by more than 60 days. A default event is defined by the group as an event where payment on a financial asset is overdue by more than 180 days.

In order to measure the expected credit losses, portfolios of trade receivables and contract assets are defined on the basis of common credit risk characteristics and days past due. The contract assets relate to current not-yet-invoiced items and essentially show the same risk characteristics as trade receivables for the same contract types. The group has therefore concluded that the expected loss rates for trade receivables represent an appropriate approximation value for the loss rates for contract assets.

The credit rating of a financial asset is impaired if an outcome has detrimental impacts on the expected future cash flows of the financial asset:

- Significant financial difficulty for the issuer or the borrower
- Breach of contract, such as default or a payment more than 180 days past due
- Restructuring of a loan or credit by the group which it would not normally need to contemplate
- The likelihood that the borrower will go into insolvency or another restructuring procedure

Trade receivables and contract assets are derecognized when they are reasonably assumed to be unrealizable.

27.5 Liquidity risk

Liquidity risk is the risk that the BENTELER Group might not have sufficient financial resources to meet its payment obligations. Payment obligations arise particularly in connection with the procurement of raw materials and goods for operating activities.

Liquidity risk is monitored by systematic, day-by-day liquidity management whose fundamental requirement is maintaining the Company's ability to meet its payment obligations at all times. Liquidity forecasts based on a fixed planning horizon and available committed credit lines in the group ensure the supply of liquidity in accordance with the planned development. The aim is to achieve and maintain a convenient and cost-effective liquidity basis, which allows for an adequate response to a dynamic market environment and for opportunity-oriented action. With regard to the adequate capitalization in light of the group's negative equity, we refer to the disclosures regarding management's assessment of the group's ability to continue as a going concern (see Note 2 "Basis of preparation"). The financial planning process comprises a rolling three-month plan (bottom-up) and a one- to five-year plan (top-down).

The following table shows the undiscounted contractual maturities for financial liabilities (including contractual interest payments):

MATURITY DATES FOR FINANCIAL LIABILITIES —— 3.66

€ THOUSAND	Carrying amounts December 31, 2022	Maturity of financial debts					
		in 1 year		in 2 to 5 years		after 5 years	
Item		**Interest**	**Principal payment**	**Interest**	**Principal payment**	**Interest**	**Principal payment**
Financial debts (non-current and current)	**2,241,495**	**142,256**	**224,458**	**159,802**	**1,975,217**	**5,809**	**41,820**
Borrower's note loans	488,303	25,693	37,792	29,597	450,511	0	0
Liabilities to banks	1,545,873	110,323	109,629	117,631	1,436,244	0	0
Lease liabilities	174,445	6,240	44,992	12,574	87,736	5,809	41,717
Other financial debts	32,873	0	32,045	0	725	0	103
Trade payables	**1,337,479**	**0**	**1,337,479**	**0**	**0**	**0**	**0**
Other liabilities (non-current and current)	**16,635**	**0**	**15,722**	**0**	**913**	**0**	**0**
Negative market values of trading derivatives	3,249	0	3,249	0	0	0	0
Negative market values of derivatives designated in hedging relationships	13,386	0	12,473	0	913	0	0
TOTAL	**3,595,609**	**142,256**	**1,577,659**	**159,802**	**1,976,130**	**5,809**	**41,820**

With regard to the promissory note loans and liabilities to banks listed in the category “in 2 to 5 years”, we refer to “Company situation” under Note 2 “Basics of preparing financial statements”. The amounts specified in the “in 2 to 5 years” category are due in full on December 31, 2024.

MATURITY DATES FOR FINANCIAL LIABILITIES

3.67

€ THOUSAND	Carrying amounts December 31,2021	Maturity of financial debts					
		in 1 year		in 2 to 5 years		after 5 years	
Item		Interest	principal payment	Interest	principal payment	Interest	principal payment
Financial debts (non-current and current)	**2,004,146**	**109,624**	**102,047**	**219,065**	**1,843,251**	**7,554**	**58,848**
Borrower's note loans	488,087	22,522	0	45,192	488,087	0	0
Liabilities to banks	1,316,747	82,456	37,706	165,557	1,278,972	3,190	69
Lease liabilities	177,255	4,646	43,000	8,316	75,475	4,364	58,779
Other financial debts	22,058	0	21,341	0	717	0	0
Trade payables	**1,156,915**	**0**	**1,156,915**	**0**	**0**	**0**	**0**
Other liabilities (non-current and current)	**31,440**	**2,076**	**25,985**	**1,835**	**3,495**	**0**	**0**
Negative market values of trading derivatives	12,034	2,076	11,710	1,835	0	0	0
Negative market values of derivatives designated in hedging relationships	19,406	0	14,275	0	3,495	0	0
TOTAL	**3,192,502**	**111,700**	**1,284,947**	**220,900**	**1,846,746**	**7,554**	**58,848**

The above table includes all financial liabilities having contractually agreed payments as at the reporting date. Budget figures for future new liabilities are not included. Amounts in foreign currencies are translated at the exchange rate prevailing on December 31. Variable interest payments on financial instruments were calculated on the basis of the most recently determined interest rates.

27.6 Capital management

The aim of capital management is to ensure a solid financial profile. In addition, the BENTELER Group intends have sufficient financial leeway to stabilize the earnings situation.

The capital management strategy ensures that group companies have a solid equity base appropriate to local requirements. The goal is to provide the necessary financial and liquidity headroom. The requirement communicated to all group companies is to secure financing with matching maturities.

The equity ratio is calculated as the ratio of equity shown in the consolidated statement of financial position to total assets. On the reporting date it amounted to 10,8% (previous year: 2,2%).

27.7 Risks from financial instruments

The following material risks arise from the use of financial instruments:

Foreign currency exchange risk, interest rate risk, commodity price risk
Derivative financial instruments are subject to the same market risks as the hedged transactions. Their value, therefore, moves in the opposite direction as that of the hedged item. If this underlying transaction lapses, however, a market risk can arise from the financial instrument. In these cases, the hedging instrument is terminated.

Default risk
The default risk from derivative financial instruments concluded for hedging purposes is regularly calculated and monitored. To minimize the default risk, financial trades are only entered into with external counterparties having at least an investment-grade rating. Furthermore, limits are set for the total transaction volume per counterparty.

Liquidity risk
Liquidity risks may arise in the settlement of financial instruments entered into for hedging purposes if the underlying transaction lapses or does not take place as planned. The liquidity risk is met by systematic, day-by-day liquidity management whose absolute fundamental requirement is maintaining the Company's ability to meet its payment obligations at all times.

28 Derivative financial instruments and hedge accounting

At the end of the reporting period, the BENTELER Group held derivative financial instruments to hedge foreign currency exchange risks, interest rate risks, and commodity price risks.

The BENTELER Group uses various derivative financial instruments to hedge the above risks. These include currency forwards, currency options, interest swaps, interest options, cross-currency swaps, and commodity forwards. Foreign currency derivatives are held primarily in USD, NOK, MXN, CHF, CNY, BRL, CZK, HUF, DKK, ZAR, JPY, CAD, PLN, SEK, AUD, and GBP, interest rate swaps in EUR, USD, and ZAR. Business partners are exclusively German and international banks with good credit ratings (To minimize the risk of default, financial trading transactions are only concluded with external counterparties that have at least an investment grade rating).

The majority of the derivative financial instruments were designated as hedging instruments in cash flow hedge relationships. Hedging mainly concerns future operating cash flows in foreign currencies with terms of generally up to 24 months but not more than 36 months. The employed commodity derivatives hedge variable cash flows until 2023 and relate primarily to aluminum price hedges.

The prospective effectiveness of hedge accounting is determined using the critical terms match method under IFRS 9.

The foreign currency hedges derivatives not designated in hedge relationships are primarily hedging instruments used to hedge internal loans extended in foreign currency to subsidiaries.

The hedging instruments which the BENTELER Group has designated in its hedging relationships have the following effects as at December 31, 2022:

EFFECTS OF HEDGING INSTRUMENTS – CURRENT REPORTING PERIOD

3.68

€ THOUSAND	December 31, 2022				
	Nominal value	Positive market values Carrying amount	Negative market values Carrying amount	Recognized in the financial statement line item:	Change in fair value used to measure ineffectiveness of the hedge
Hedging instrument					
Foreign currency hedges	685,252	14,830	12,818	other non-current receivables and assets, other current receivables and assets, other non-current liabilities, other current liabilities	2,012
Commodity hedges	45,491	677	568		108
Total	**730,743**	**15,507**	**13,386**		**2,120**

EFFECTS OF HEDGING INSTRUMENTS – PREVIOUS REPORTING PERIOD

3.69

€ THOUSAND	December 31, 2021				
	Nominal value	Positive market values Carrying amount	Negative market values Carrying amount	Recognized in the financial statement line item:	Change in fair value used to measure ineffectiveness of the hedge
Hedging instrument					
Foreign currency hedges	626,175	14,078	17,167	other non-current receivables and assets, other current receivables and assets, other non-current liabilities, other current liabilities	-3,089
Commodity hedges	47,440	666	603		62
Total	**673,615**	**14,744**	**17,770**		**-3,026**

The hedged items have the following effects as at December 31, 2022:

EFFECT OF HEDGED ITEMS – CURRENT REPORTING PERIOD — 3.70

€ THOUSAND	December 31, 2022		
	Change in value for calculation of ineffectiveness	Balance of cash flow hedge reserve	Cost of hedging
Underlying transaction			
Foreign currency hedges	-2,012	12,464	-398
Commodity hedges	-108	92	0
Total	**-2,120**	**12,556**	**-398**

EFFECT OF HEDGED ITEMS – PREVIOUS REPORTING PERIOD — 3.71

€ THOUSAND	December 31, 2021		
	Change in value for calculation of ineffectiveness	Balance of cash flow hedge reserve	Cost of hedging
Underlying transaction			
Foreign currency hedges	3,089	-3,414	0
Commodity hedges	-62	140	0
Total	**3,026**	**-3,274**	**0**

The following amounts were recorded in the statement of comprehensive income in connection with hedge accounting in the financial year 2022:

EFFECT ON RESULTS OF HEDGING RELATIONSHIPS – CURRENT REPORTING PERIOD — 3.72

€ THOUSAND	2022		
	Hedging gains or losses in the reporting period recognized in other comprehensive income	Reclassification of amounts from cash flow hedge reserve recognized in profit or loss	Items of statement of comprehensive income in which the reclassification of amounts from the cash flow hedge reserve was recognized in profit or loss
Risk category			
Foreign currency exchange risk	13,983	1,895	Other operating income, other operating expenses
Commodity price risk	92	-140	
Total	**14,075**	**1,755**	

The group has identified the following events as possible (but not necessary) sources of ineffectiveness of a hedging relationship:

- Material deterioration in the creditworthiness of the counterparty for the hedging transaction or the group's own creditworthiness
- (Partial) cancellation of the hedged item or timing differences

EFFECT ON RESULTS OF HEDGING RELATIONSHIPS – PREVIOUS REPORTING PERIOD

3.73

€ THOUSAND	2021 Hedging gains or losses in the reporting period recognized in other comprehensive income	Reclassification of amounts from cash flow hedge reserve recognized in profit or loss	Items of statement of comprehensive income in which the reclassification of amounts from the cash flow hedge reserve was recognized in profit or loss
Risk category			
Foreign currency exchange risk	-3,756	1,328	Other operating income, other operating expenses
Commodity price risk	140	-382	
Total	**-3,616**	**947**	

The movements in reserves in equity in connection with the recognition of hedging relationships were as follows:

DEVELOPMENT OF RESERVES FOR HEDGING RELATIONSHIPS – CURRENT REPORTING PERIOD

3.74

€ THOUSAND	Cash flow hedge reserve	Reserve for costs of hedging	Total hedging reserves
Reserves as at January 1, 2022	**-2,056**	**0**	**-2,056**
Changes in the fair value of the hedging instruments recognized in other comprehensive income	14,075	0	**14,075**
Costs of hedging recognized in other comprehensive income	0	-398	**-398**
Reclassified from other comprehensive income to profit or loss	1,755	0	**1,755**
Deferred taxes	-3,785	124	**-3,661**
Reserves as at December 31, 2022	**9,989**	**-275**	**9,714**

DEVELOPMENT OF RESERVES FOR HEDGING RESERVES – PREVIOUS REPORTING PERIOD

3.75

€ THOUSAND	Cash flow hedge reserve	Reserve for costs of hedging	Total hedging reserves
Reserves January 1, 2021	**-875**	**-269**	**-1,144**
Changes in the fair value of the hedging instruments recognized in other comprehensive income	-3,616	0	**-3,616**
Costs of hedging recognized in other comprehensive income	0	438	**438**
Reclassified from other comprehensive income to profit or loss	947	-59	**888**
Deferred taxes	1,488	-109	**1,379**
Reserves as at December 31, 2021	**-2,056**	**0**	**-2,056**

29 Additional information concerning financial instruments

The following tables show the carrying amounts of financial assets and liabilities for each individual category of financial instrument in accordance with IFRS 9 and reconcile them with the related items on the statement of financial position for the end of the reporting period as at December 31, 2022 and December 31, 2021.

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY — 3.76

		Measurement pursuant to IFRS 9			
€ THOUSAND	Carrying amount December 31, 2022	Amortized cost	Fair value through OCI	Fair value through profit or loss	Non-financial items
Trade receivables	**893,931**	**880,973**	**0**	**12,958**	**0**
Other receivables and assets (non-current and current)	**412,498**	**156,383**	**17,965**	**17,821**	**220,329**
Securities	665	0	665	0	0
Equity investments	78	0	78	0	0
Financial receivables	156,383	156,383	0	0	0
Positive market values of trading derivatives	17,821	0	0	17,821	0
Positive market values of derivatives designated in hedging relationships	17,222	0	17,222	0	0
Other non-financial receivables	220,329	0	0	0	220,329
Cash and cash equivalents	**697,255**	**697,255**	**0**	**0**	**0**
TOTAL	**2,003,684**	**1,734,612**	**17,965**	**30,779**	**220,329**

There were not transfers between levels of the fair value hierarchy during the reporting period or during the previous year. Reclassifications are taken into account at the end of the reporting period.

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

3.77

€ THOUSAND	Carrying amount December 31, 2022	Measurement pursuant to IFRS 9			Non-financial items / or according to IFRS 16
		Amortized cost	Fair value through OCI	Fair value through profit or loss	
Financial debts (non-current and current)	**2,241,495**	**2,067,049**	**0**	**0**	**174,445**
Borrower's note loans	488,303	488,303	0	0	0
Liabilities to banks	1,545,873	1,545,873	0	0	0
Liabilities from finance lease	174,445	0	0	0	174,445
Other financial debts	32,873	32,873	0	0	0
Trade payables	**1,337,479**	**1,337,479**	**0**	**0**	**0**
Other liabilities (non-current and current)	**385,406**	**0**	**13,386**	**3,249**	**368,770**
Negative market values of derivatives without on-balance-sheet hedging relationship	3,249	0	0	3,249	0
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	13,386	0	13,386	0	0
Other non-financial liabilities	368,770	0	0	0	368,770
TOTAL	**3,964,380**	**3,404,528**	**13,386**	**3,249**	**543,216**

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

3.78

€ THOUSAND	Carrying amount December 31, 2021	Measurement pursuant to IFRS 9			Non-financial items
		Amortized cost	Fair value through OCI	Fair value through profit or loss	
Trade receivables	**721,117**	**711,711**	**0**	**9,406**	**0**
Other receivables and assets (non-current and current)	**341,666**	**125,101**	**15,491**	**3,482**	**197,592**
Securities	665	0	665	0	0
Equity investments	82	0	82	0	0
Financial receivables	125,101	125,101	0	0	0
Positive market values of trading derivatives	3,482	0	0	3,482	0
Positive market values of derivatives designated in hedging relationships	14,744	0	14,744	0	0
Other non-financial receivables	197,592	0	0	0	197,592
Cash and cash equivalents	**429,362**	**429,362**	**0**	**0**	**0**
TOTAL	**1,492,144**	**1,266,174**	**15,491**	**12,887**	**197,592**

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

3.79

€ THOUSAND	Carrying amount December 31, 2021	Measurement pursuant to IFRS 9			Non-financial items / or according to IFRS 16
		Amortized cost	Fair value through OCI	Fair value through profit or loss	
Financial debts (non-current and current)	**2,004,146**	**1,826,891**	**0**	**0**	**177,255**
Borrower's note loans	488,087	488,087	0	0	0
Liabilities to banks	1,316,747	1,316,747	0	0	0
Liabilities from finance lease	177,255	0	0	0	177,255
Other financial debts	22,058	22,058	0	0	0
Trade payables	**1,156,915**	**1,156,915**	**0**	**0**	**0**
Other liabilities (non-current and current)	**452,960**	**0**	**19,406**	**12,034**	**421,519**
Negative market values of derivatives without on-balance-sheet hedging relationship	12,034	0	0	12,034	0
Negative market values of derivatives with on-balance-sheet hedging relationship (hedge accounting)	19,406	0	19,406	0	0
Other non-financial liabilities	421,519	0	0	0	421,519
TOTAL	**3,614,021**	**2,983,806**	**19,406**	**12,034**	**598,774**

Fair values and fair value hierarchy

The carrying amount for current non-derivative financial instruments, especially trade receivables and trade payables as well as other current receivables and liabilities, equals their fair value. The fair value of fixed interest loans and liabilities is the present value of expected future cash flows. These are discounted at interest rates effective at the end of the reporting period. For variable interest liabilities, the carrying amounts equal their fair values.

The fair value of foreign currency exchange transactions is calculated as the present value based on the mid-price as at the end of the reporting period taking into account any forward premiums or discounts for the residual term of the respective contract compared with the contracted forward rate. For currency options, generally accepted pricing models are used to calculate option prices (mark-to-model). The fair value of an option is affected not only by the remaining term of the option but also by other factors such as the current level and volatility of the underlying exchange rate, or the underlying reference interest rate.

Interest rate swaps and cross-currency swaps are measured at fair value by discounting expected future cash flows. The market interest rates corresponding to the residual term of the contracts are used as a basis. In addition, for cross-currency swaps, the exchange rates of those foreign currencies in which the respective cash flows occur are taken into account.

The fair value of aluminum commodity swap transactions is based on official market quotations (LME – London Metal Exchange).

Valuations are performed both internally and by external financial partners at the end of the period. The valuation of derivatives also incorporates the counterparty credit risk. Determination of fair value is carried out in accordance with IFRS 13 and is based on a unilateral approach without taking into account any offsetting agreements. The calculation is based on constant estimation of future exposures and a historical probability of default according to the credit rating of the counterparty and/or a rating estimation of the BENTELER Group.

The fair values of financial assets and liabilities are based on the following input data and are categorized according to the fair value hierarchy under IFRS 13 in the following levels:

Level 1	Measured on the basis of quoted prices on active markets for similar instruments
Level 2	Measured on the basis of directly or indirectly observable market inputs other than level 1 quoted prices
Level 3	Measured using models not based on observable market inputs

The fair value hierarchy reflects the significance of the input parameters that were used for the determination of the fair values.

The fair values and carrying amounts of financial assets and liabilities measured at fair value are all allocated to Level 2 upon measurement.

The fair values and carrying amounts of the financial liabilities measured at amortized cost from Note 23 are allocated to Level 3 upon measurement.

Offsetting of financial instruments

The BENTELER Group enters into framework agreements for financial derivative transactions. These contractually agree that upon termination of a contract the final value of all transactions is determined and only a single net amount is settled in cash. The requirements for offsetting in the statement of financial position are not met, as normally no net payments are made. The effect of the netting agreements was immaterial in 2022 and 2021. As of December 31, 2022, offsetting of €11,035 thousand (previous year: €12,399 thousand) was made.

Net result

The following table shows the net gains (before tax) on financial instruments recognized in the consolidated income statement or in other comprehensive income, broken down by measurement category.

The table below shows information on the earnings, expenses, and profit and loss items of the comprehensive income statement for the reporting date of December 31, 2022.

NET RESULT FROM FINANCIAL INSTRUMENTS - CURRENT REPORTING PERIOD — 3.80

		December 31, 2022			
€ THOUSAND	from interest	from subsequent fair value measurement	from bad debt allow-ances	from result of disposal	net result (total)
Financial liabilities measured at amortized cost	4,236	0	-2,173	396	**2,459**
Fair value through profit or loss (FVtPL)	0	-4,216	0	0	**-4,216**
Other financial liabilities – at amortized cost	-139,910	0	0	0	**-139,910**
Total	**-135,674**	**-4,216**	**-2,173**	**396**	**-141,668**

NET RESULT FROM FINANCIAL INSTRUMENTS - PREVIOUS REPORTING PERIOD — 3.81

		December 31, 2021			
€ THOUSAND	from interest	from subsequent fair value measurement	from bad debt allow-ances	from result of disposal	net result (total)
Financial liabilities measured at amortized cost	3,909	0	-2,760	0	**1,149**
Fair value through profit or loss (FVtPL)	0	10,497	0	0	**10,497**
Other financial liabilities – at amortized cost	-129,730	0	0	0	**-129,730**
Total	**-125,820**	**10,497**	**-2,760**	**0**	**-118,083**

30 Consolidated statement of cash flows

The consolidated cash flow statement is prepared in accordance with IAS 7 and presents cash flows from operating, investing, and financing activities. The effects of changes in the scope of consolidation are included in the variations of the various balance sheet items; their effects on cash and cash equivalents – and the effects of changes in foreign currency exchange rates – are disclosed separately.

An amount of €45,169 thousand of total investments in property, plant, and equipment is related to leases (see Note 13) and therefore was not cash-effective (previous year: €30,035 thousand).

The free cash flow of €85,903 thousand (previous year: €-82,609 thousand) in the current financial year is primarily due to the good EBIT development in the group:.

The change in working capital is caused by the price increases in inventories and the strong increase in sales and the cash flow losses that usually go hand in hand with this in trade receivables and payables. In addition to the increased investment activity, the use of provisions for employees also had a significant cash effect on free cash flow in the financial year.

In the financial year, the cash flow from financing activities was primarily due to the drawn down committed credit line (drawn on January 4, 2022) in the amount of €225,000 thousand and the payments from the repayment of lease liabilities in the amount of €48,133 thousand (previous year: €47,383 thousand) influenced. In addition, dividends of €5,777 thousand (previous year: €11,395 thousand) were paid to non-controlling interests.

The following is a cash flow-relevant reconciliation of financial debt:

FINANCIAL LIABILITIES – CURRENT REPORTING PERIOD — 3.82

	Financial liabilities				
€ THOUSAND	Borrower's note loans	Liabilities to banks	Lease liabilities	Miscellaneous	Total
Balance at January 1, 2022	**488,087**	**1,316,747**	**177,255**	**22,058**	**2,004,146**
Total cash changes from financing activity	0	222,809	-48,133	5,368	**180,044**
Effect of changes in exchange rates	0	11,927	154	53	**12,135**
Total of other non-cash changes (loans)	216	-5,610	45,169	5,394	**45,169**
Balance at December 31, 2022	**488,303**	**1,545,873**	**174,445**	**32,873**	**2,241,495**

FINANCIAL LIABILITIES – PREVIOUS REPORTING PERIOD 3.83

	Financial liabilities				
€ THOUSAND	Borrower's note loans	Liabilities to banks	Lease liabilities	Miscellaneous	Total
Balance at January 1, 2021	**576,107**	**1,260,263**	**188,354**	**814**	**2,025,537**
Total cash changes from financing activity	-5,824	-14,585	-47,383	713	**-67,079**
Non-cash changes due to acquisition/loss of control of subsidiaries	0	0	-10	-338	**-348**
Effect of changes in exchange rates	0	27,789	6,259	184	**34,232**
Total of other non-cash changes (loans)	-82,196	43,280	30,035	20,685	**11,805**
Balance at December 31, 2021	**488,087**	**1,316,747**	**177,255**	**22,058**	**2,004,146**

31 Contingent liabilities and contingent assets

The BENTELER Group provided no additional collateral in the reporting period for its borrowings, above and beyond the joint liability of individual group members to other group members and the collateral indicated in Note 23 – "Financial liabilities".

For the contingent liabilities listed below, the principal debtor is not a consolidated company. As at the end of the period on December 31, 2022, the group had granted guarantees to third parties for a total of €3,200 thousand (previous year: €847 thousand).

On the reporting date there were €548 thousand of contingent liabilities to third parties under warranty agreements (through contract performance bonds or supply bonds) (previous year: €545 thousand).

Other off-balance-sheet obligations – particularly towards employees, tax authorities, and customs authorities – amounted to €41,928 thousand as at December 31, 2021 (previous year: €40,863 thousand). Of this, €35,954 thousand (previous year: €35,526 thousand) relates to labor law issues in Brazil. No significant financial impact is expected.

32 Number of employees

The BENTELER Group employed an average of 21,349 full-time equivalents worldwide (previous year: 23,319). Personnel expenses amount to €1,238,082 thousand (previous year: €1,257,598 thousand). These include expenses for defined contribution pension plans amounting to €4,479 thousand (previous year: €5,872 thousand) and government expense allowances (e.g. short time working allowance) as a result of the economic restrictions caused by Covid-19 amounting to €5,356 thousand (previous year: €25,950 thousand).

33 Governing bodies

Members of the Executive Board

- Ralf Göttel, Schönau am Königssee, Germany (Chairman of the Executive Board, responsibilities: Strategy & M&A, Compliance & Board Affairs, Communication/Marketing, Human Resources, IT, Divisions)
- Dr. Tobias Braun, Dorfen, Germany (responsibilities: Finance & Controlling, Legal & Insurance, Tax, Internal Audit), from September 1, 2022
- Frank Jehle, Salzburg, Austria (responsibilities: Finance & Controlling, Legal & Insurance, Tax, Internal Audit), until August 31, 2022
- Michael Baur, Zurich, Switzerland (responsibilities: Restructuring program, Transformation Office, Liquidity Office)

Members of the Supervisory Board

- Henri Steinmetz, Aspelt, Luxemburg, Chairman (former Chairman of the Management Board of the Ceramtec Group, Plochingen, Germany)
- Dr. Georg Pachta-Reyhofen, Vienna, Austria, Deputy Chairman (former Chairman of the Executive Board of MAN SE, Munich, Germany)
- Hubertus Benteler, Salzburg, Austria (former Chairman of the Executive Board of BENTELER International AG, Salzburg, Austria)
- Prof. Dr. Bernd Gottschalk, Esslingen a.N., Germany (Managing Partner of AutoValue GmbH, Frankfurt, Germany)
- Joachim Limberg, Düsseldorf, Germany (former Chairman of the Executive Board of thyssenkrupp Materials Services, Essen, Germany)
- Frederik Vaubel, Düsseldorf, Germany (Managing Director of H+S Automotive GmbH, Ittlingen, Germany)
- Helmut Wieser, Anif, Austria (former Chairman of the Executive Board of AMAG Austria Metall AG, Braunau a.I., Austria)
- Dr. Lorenz Zwingmann, Trittau, Germany (former Member of the Executive Board of Marquard & Bahls AG, Hamburg, Germany)

34 Related party transactions

The group's related parties according to IAS 24 are fundamentally the members of the Supervisory Board and Shareholders' Committee, the members of the Benteler family, members of group management and, as entities, the associates of the BENTELER Group and entities controlled or significantly influenced by related parties. Note 33 – "Governing bodies" contains further information.

The entities included in the consolidated financial statements of the BENTELER Group have engaged and/or continue to engage in corporate transactions with related parties.

Except with regard to the remuneration of the key management personnel (see below), no significant transactions have been conducted with related parties that extend beyond their capacity as shareholders or members of governing bodies. Exceptions are consulting services provided by AlixPartners GmbH, Munich, of which Mr. Baur is a member of the management, in the amount of €7,936 thousand (previous year: €11,697 thousand); thereof open liability in the consolidated balance sheet as of December 31, 2022 in the amount of €144 thousand (previous year: €883 thousand).

Information on the remuneration of key management personnel
In the 2022 financial year, BENTELER International Aktiengesellschaft paid total remuneration to members of management in key positions (12 persons; previous year 11 persons – comprising members of the Executive Board of BENTELER International Aktiengesellschaft and the managing directors of the principal subsidiaries) as follows:

KEY MANAGEMENT REMUNERATION (TOTAL) — 3.84

€ THOUSAND	2022	2021
Short-term payments – fixed	3,965	2,602
Short-term payments – variable	7,871	4,684
Post-employment benefits	617	997
Severance benefits	3,011	0
Total	**15,464**	**8,283**

No share-based payments were granted.

The members of the Supervisory Board of BENTELER International Aktiengesellschaft received compensation of €475 thousand in the financial year 2022 (previous year: €475 thousand).

35 Events after the reporting period

The BENTELER Group sold the steel tube plant in Shreveport, USA, to Tenaris on July 7, 2022. The closing of the sale was subject to the approval of the antitrust authorities. On September 23, 2022 BENTELER was informed by the US antitrust authorities that “further information” must be provided for the closing of the sale (second request). The transaction could therefore not be completed by December 31, 2022.

This situation resulted in a delay beyond the “long-stop date” of January 3, 2023, which made unilateral termination by one of the two contracting parties possible. On February 5, 2023, BENTELER unilaterally exercised this right of termination.

There were no other events or developments after the end of the fiscal year that would have led to a material change in the recognition or measurement of the individual assets or liabilities as of December 31, 2022, or that would have to be reported.

36 Auditor’s fees and services

The information required under Section 238 (18) of the Austrian Commercial Code regarding the fees paid to the group’s independent auditor (KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft) is provided below by category of service:

AUDIT FEES — 3.85

€ THOUSAND	2022	2021
Audit of separate and consolidated financial statements	368	312
Audit-related services	35	7
Other services	73	81
Total fees	**476**	**399**

The figures represent the fees recognized as expense in the financial year. Services provided by the independent auditor’s network are not included.

37 Climate-related risks

Opportunities and risks that may arise from key sustainability issues can only rarely be assessed in concrete financial terms and have an impact on business activities primarily in the medium to long term.

For example, the ongoing climate changes involve both opportunities and risks for BENTELER. As an energy-intensive company, climate-related risks arise in particular from regulatory changes, for example in the pricing of CO2 via emissions trading systems, taxes or energy legislation. In addition, BENTELER's emissions balance and intensity can lead to a negative perception and limited attractiveness among external stakeholders (for example customers, investors). Overcoming the challenges associated with this, especially in the energy-intensive production of metal products, is also a key issue for BENTELER.

The philosophy of making mobility safer and more sustainable is the starting point for all sustainability activities at BENTELER. Our inner drive for sustainable action is complemented by additional customer requirements (such as renewable energy or green material) as well as new legal frameworks (such as CSRD and supply chain sourcing legislation).

We continuously analyze these requirements to identify business opportunities, minimize risks and thus lay the foundation for successful action by the BENTELER Group.

38 Proposed allocation of profit

Under the terms of the Austrian Stock Corporation Act, the allocation of profits is based on the separate financial statements of Benteler International Aktiengesellschaft as at December 31, 2022.

The Executive Board will propose to the Shareholders' Meeting a dividend of €2,000,000.00 to be distributed from the net profit of the Company of €456,822,385.73 and that the remaining amount of €454,822,385.73 be carried forward to new account. The distribution will be made immediately after the resolution of the Shareholders' Meeting and the fulfillment of the preconditions of the restructuring agreement.

Salzburg, February 6, 2023

The Executive Board

Ralf Göttel   Dr. Tobias Braun   Michael Baur

Appendix to the Notes: List of shareholdings as at December 31, 2022

LIST OF SHAREHOLDINGS

3.86

		Holding in %	
		2022	2021
1.	BENTELER International Aktiengesellschaft, Salzburg, Austria	–	–
	SUBSIDIARIES		
	Automotive Division		
2.	BENTELER Automobiltechnik Eisenach GmbH, Eisenach, Germany	100.0	100.0
3.	BENTELER Automobiltechnik GmbH, Paderborn, Germany	100.0	100.0
4.	BENTELER Automotive (Changshu) Company Limited, Changshu, China	100.0	100.0
5.	BENTELER Automotive (China) Investment Co. Ltd., Shanghai, China	100.0	100.0
6.	BENTELER Automotive (Chongqing) Co. Ltd., Chongqing, China	100.0	100.0
7.	BENTELER Automotive (Fuzhou) Co., Ltd., Fuzhou, China	100.0	100.0
8.	BENTELER Automotive (Shanghai) Co., Ltd., Shanghai, China	100.0	100.0
9.	BENTELER Automotive (Shenyang) Co., Ltd., Shenyang, China	100.0	100.0
10.	BENTELER Automotive (Tianjin) Co., Ltd., Tianjin, China	100.0	100.0
11.	BENTELER Automotive (Thailand) Ltd., Bangkok, Thailand	100.0	100.0
12.	BENTELER Automotive Bratislava s.r.o., Bratislava, Slovakia	100.0	-
13.	BENTELER Automotive Belgium N.V., Gent, Belgium	100.0	100.0
14.	BENTELER Automotive Component (Shanghai) Ltd., Shanghai, China	100.0	100.0
15.	BENTELER Automotive Component (Tianjin) Co., Ltd., China, China	100.0	100.0
16.	BENTELER Automotive Corporation, Auburn Hills (Michigan), USA	100.0	100.0
17.	BENTELER Automotive Holland Inc., Holland (Michigan), USA	100.0	100.0
18.	BENTELER Automotive India Private Limited, Pune, India	100.0	100.0
19.	BENTELER Automotive International GmbH, Paderborn, Germany	100.0	100.0
20.	BENTELER Automotive K.K., Tokyo, Japan	100.0	100.0
21.	BENTELER Automotive Klásterec s.r.o., Chrastava, Czechia	100.0	100.0
22.	BENTELER Automotive Korea Ltd., Seoul, South Korea	100.0	100.0
23.	BENTELER Automotive Poland spolka z o.o., Września, Poland	100.0	100.0
24.	BENTELER Automotive Raufoss AS, Raufoss, Norway	100.0	100.0
25.	BENTELER Automotive Rumburk s.r.o., Rumburk, Czechia	100.0	100.0
26.	BENTELER Automotive SAS, Migennes, France	100.0	100.0
27.	BENTELER Automotive SK s.r.o., Malacky (Bratislava), Slovakia	100.0	100.0
28.	BENTELER Automotive Skultuna AB, Skultuna, Sweden	100.0	100.0
29.	BENTELER Automotive UK Ltd., Corby, Great Britain	100.0	100.0
30.	BENTELER Automotive Vigo SL, Valladares - Vigo, Spain	100.0	100.0
31.	BENTELER Autótechnika Kft, Mór, Hungary	100.0	100.0
32.	BENTELER CAPP Automotive System (Changchun) Co., Ltd., Changchun, China	60.0	60.0
33.	BENTELER Comercial Ltda., Cotia (Sao Paulo), Brazil	100.0	100.0
34.	BENTELER Componentes Automotivos Ltda., Campinas (São Paulo), Brazil	100.0	100.0
35.	BENTELER CR s.r.o., Chrastava, Czechia	100.0	100.0
36.	BENTELER de México S.A. de C.V., Puebla, Mexico	100.0	100.0
37.	BENTELER Engineering Chennai Private Limited, Chennai, India	100.0	100.0
38.	BENTELER España S.A., Burgos, Spain	100.0	100.0
39.	BENTELER Gebze Tasit Sanayi ve Ticaret Limited Sirketi, Cayirova/ Kocaeli, Turkey	100.0	100.0
40.	BENTELER Ibérica Holding SL, Barcelona, Spain	100.0	100.0
41.	BENTELER JianAn Automotive (Chongqing) Co., Ltd., Chongqing, China	50.0	50.0
42.	BENTELER JIT Douai SAS, Migennes, France	100.0	100.0

		Holding in %	
		2022	2021
43.	BENTELER JIT Düsseldorf GmbH, Düsseldorf, Germany	100.0	100.0
44.	BENTELER JIT Valencia S.A., Almussafes, (Valencia), Spain	100.0	100.0
45.	BENTELER Laser Application GmbH, Paderborn, Germany	100.0	100.0
46.	BENTELER Lightweight Protection GmbH, Paderborn, Germany	100.0	100.0
47.	BENTELER Machinery (Shanghai) Co. Ltd., Shanghai, China	100.0	100.0
48.	BENTELER Maschinenbau CZ s.r.o., Liberec, Czechia	100.0	100.0
49.	BENTELER Maschinenbau GmbH, Bielefeld, Germany	100.0	100.0
50.	BENTELER Mechanical Engineering GmbH, Bielefeld, Germany	100.0	-
51.	BENTELER MPPV Automotive Manufacturing España, S.L., Palencia, Spain	100.0	100.0
52.	BENTELER Participation SA, Migennes, France	100.0	100.0
53.	BENTELER Sistemas Automotivos Ltda., São José dos Pinhais, Paraná, Brazil	100.0	100.0
54.	BENTELER South Africa (Pty.) Ltd., Alberton (Johannesburg), South Africa	100.0	100.0
55.	BENTELER Spanien International GmbH, Paderborn, Germany	100.0	100.0
56.	BENTELER-Indústria de Componentes para Automóveis Lda., Palmela, Portugal	100.0	100.0
57.	Dongguan BENTELER Xiangxin Automotive Co., Ltd. (BAXA), Dongguan, China	51.0	-
58.	EUPAL Beteiligungs GmbH & Co. Vermietungs-KG, Pullach i. Isartal, Germany	89.0	88.0
59.	HOLON GmbH, Paderborn, Germany	100.0	100.0
60.	OOO BENTELER Automotive, Kaluga, Russia	100.0	100.0
61.	OOO BENTELER Autotechnika Nowgorod, Welikij Nowgorod, Russia	100.0	100.0
62.	RABET GmbH & Co. KG, Pullach i. Isartal, Germany	89.0	89.0
63.	Shanghai BENTELER Huizhong Automotive Co., Ltd., Shanghai, China	60.0	60.0
64.	Wuhu BENTELER-POSCO Automotive Co. Ltd., Anhui, China	95.0	95.0
	Steel/Tube Division		
65.	BENTELER North America Corporation, Wilmington (Delaware), USA	**100.0**	**100.0**
66.	BENTELER Rothrist AG, Rothrist, Switzerland	**100.0**	**100.0**
67.	BENTELER Steel & Tube Corporation, Houston (Texas), USA	**100.0**	**100.0**
68.	BENTELER Steel Tube GmbH, Paderborn, Germany	**100.0**	**100.0**
69.	BENTELER Steel/Tube (UK) Ltd., Wolverhampton, Great Britain	**100.0**	**100.0**
70.	BENTELER Steel/Tube Manufacturing Corporation, Wilmington (Delaware), USA	**100.0**	**100.0**
71.	BENTELER Trading (Shanghai) Co., Ltd., Shanghai, China	**100.0**	**100.0**
72.	Rohstoff-Handelsgesellschaft Günther Voth GmbH, Paderborn, Germany	**81.3**	**81.3**
	Others		
73.	BENTELER Capital Corporation, Auburn Hills (Michigan), USA	**100.0**	**100.0**
74.	BENTELER Business Services CZ s.r.o., Třebíč, Czechia	**100.0**	**-**
75.	BENTELER Business Services GmbH, Paderborn, Germany	**100.0**	**100.0**
76.	BENTELER International Beteiligungs GmbH, Salzburg, Austria	**100.0**	**100.0**
77.	BENTELER Reinsurance Company DAC, Dublin, Ireland	**100.0**	**100.0**
78.	BENTELER RV GmbH, Paderborn, Germany	**100.0**	**100.0**
79.	BENTELER Services LLC, Auburn Hills (Michigan), USA	**100.0**	**100.0**
80.	BLV Versicherungsmanagement GmbH, Dortmund, Germany	**55.0**	**55.0**
81.	NAPOL GmbH & Co. Objekt Schloss Neuhaus KG, Pullach i. Isartal, Germany	**89.0**	**89.0**
	ASSOCIATED COMPANIES		
82.	FAWAY BENTELER Automotive Components (Tianjin) Co., LTD., Tianjin, China	**25.0**	**25.0**
83.	Profilanlegg ANS, Raufoss, Norway	**26.0**	**26.0**
	COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT		
84.	HOLON U.S. Inc., Auburn Hills (Michigan), USA	**100.0**	**-**

Auditor's Report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of Benteler International Aktiengesellschaft, Salzburg, Austria, and its subsidiaries ("the Group"), which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income and the Consolidated Balance Sheet as at 31 December 2022, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

Basis for our Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements to Section 245a UGB (Austrian Commercial Code and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

— We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

— We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

— We communicate to the audit committee regarding, among other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Engagement Partner

The engagement partner is Mr. Karl Braun.

Linz, 9 February 2023

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Karl Braun
Wirtschaftsprüfer
(Austrian Chartered Accountant)

Report of the Supervisory Board of Benteler International AG
for the 2022 financial year

Meetings and committees

As part of its responsibilities, the Supervisory Board intensively monitored and supported the development of Benteler International AG. The Supervisory Board performed the tasks and powers incumbent upon it by law and the Articles of Association in four ordinary meetings and one extraordinary meeting during the 2022 financial year. At these meetings and in additional regular conference calls, the Supervisory Board monitored and controlled, in particular, the developments and process steps to comply with the going concern report and the ongoing discussions on refinancing the group and kept itself informed about the individual restructuring processes in the Automotive and Steel/Tube divisions, in particular on the planned sale of the Shreveport plant.

The Executive Board regularly, promptly and comprehensively reported both verbally and in writing about the course of the business and the company situation together with the risk situation and risk management of the company and its group companies, as well as circumstances that are of significant importance for the profitability and liquidity of the company. In addition, the Chairman of the Executive Board was in regular contact with the Chairman of the Supervisory Board and informed him about the strategy and business development as well as the situation of the company including its group companies. Furthermore, the Supervisory Board informed itself about the key data of the consolidated financial statements, approved them and approved further corporate planning.

In the 2022 financial year, the personnel committee dealt regularly and primarily with the composition of the Executive Board and questions relating to remuneration.

The audit committee met twice in the 2022 financial year and dealt with the individual and consolidated financial statements, the accounting process, the auditing and internal control system, the risk and compliance management system and the audit strategy, and monitored the audit of the financial statements.

The newly formed financing committee met four times in the 2022 financial year and dealt in detail with the preparation and implementation of the Group’s refinancing.

Annual and consolidated financial statements

The annual financial statements and the management report as well as the consolidated financial statements and the group management report of Benteler International Aktiengesellschaft for the 2022 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kudlichstrasse 41-43, 4020 Linz, which was elected as the auditor by the Annual General Meeting and commissioned by the Chairman of the Supervisory Board.

According to the final result, the audit did not give rise to any objections. The auditor confirms that the bookkeeping, the annual financial state-ments and the management report as well as the consolidated financial statements and the group management report of the company comply with the statutory provisions and, taking proper accounting into account, provide a true and fair view of the net assets, financial position and result of operations of the company and the group as of 31 December 2022. Additionally, that the management report and the group management report are consistent with the annual financial statements and consolidated financial statements. The annual financial statements and the management report as well as the consolidated financial statements and the group management report of the company were therefore given an unqualified audit opinion. The Chairman of the Supervisory Board and the Executive Board received separate reports in a management letter. The auditors provided the Supervisory Board with adequate explanations of the annual and consolidated financial statements.

According to the final result of the examination of the management report of the Executive Board, the annual financial statements and the consolidated financial statements and group management report carried out by the audit committee and the examination of the management carried out by the Supervisory Board, there were no grounds for objections. The Supervisory Board approved the annual financial statements and the consolidated financial statements. The annual financial statements have thus been approved in accordance with Article 96 Paragraph 4 of the Austrian Stock Corporation Act. The Supervisory Board concurs with the Executive Board's proposal for the appropriation of net income.

The Supervisory Board proposes that KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kudlichstraße 41-43, 4020 Linz be appointed as the auditor and group auditor for the 2023 financial year.

Salzburg, March 2nd, 2023

Chairman of the Supervisory Board:

List of tables and diagrams

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Further corporate publications from the BENTELER Group: (available for download at www.benteler.com)
– Sustainability Report

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