Consolidated Financial Statements 2022

of BayWa AG

Consolidated Management Report of BayWa AG for the Financial Year 2022

Note about this consolidated management report

- The order of the segments in the agriculture business unit has been changed. The Global Produce Segment is now positioned after the Agricultural Equipment Segment.
- Qualitative and comparative statements are used to describe changes in results and earnings, as well as forecast ranges. Explanation of the qualitative and comparative statements:
  slight, moderate, low ≙ 1–5%; noticeable, clear ≙ 5–10%;
  substantial, considerable ≙ 10–20%; significant ≙ 20–50%; sharp, steep, strong ≙ > 50%
- For reasons of readability, gender-specific wording and formal reference to all gender identities are not used. The selected form stands for all genders (m/f/other).
- For the first time, this consolidated management report includes disclosures that do not constitute mandatory content of the management report in accordance with the relevant legal provisions or the requirements of German Accounting Standard 20 (GAS 20). These disclosures, known as “atypical” disclosures, are not required to be included in the audit. They are therefore clearly highlighted and labelled as such in this report to distinguish them from audited management report disclosures. Examples of such atypical management report disclosures include descriptions of the key characteristics of the internal control system (ICS) and of the risk management system, which were included in the management report in accordance with Recommendation A.5 in conjunction with Principle 5 of the German Corporate Governance Code (GCGC) 2022 and can be found on pages 63 to 64.

Overview

BayWa achieved profitable growth in the financial year 2022, once again improving on the strong previous-year result. The Group posted record revenues and earnings (EBIT), and all three operating business units developed positively. This performance was primarily driven by dynamic development on international commodities exchanges and the accelerated energy transition, which was further strengthened by the war against Ukraine. In a varied and complex market environment, BayWa was able to benefit from the broad diversification of its business portfolio and participate in the food and energy security megatrends.

Despite challenging conditions, BayWa continued to grow in its international markets – and particularly in the Renewable Energies Segment – during the reporting period. BayWa mitigated high, volatile prices and supply shortfalls on commodities and energy markets through active inventory management and its high-performance supply and logistics chain, which also opened up additional trading opportunities to the company.

The energy business unit (Renewable Energies and Energy Segments) performed extremely well in the financial year 2022. Revenues rose by 72.9% to €9,832.8 million, and EBIT stood at €292.7 million (2021: €152.4 million).

The Renewable Energies Segment was affected in the financial year 2022 more than ever by climate change and urgent issues of energy security, which require the even quicker expansion of renewable energies. The segment was aided in particular by extremely dynamic solar module trade activities and rising margins on the electricity market in the financial year 2022. The sale of BayWa r.e. Bioenergy GmbH also had a positive effect on earnings. In trade activities involving photovoltaic (PV) modules, the total output of PV modules sold rose by roughly 71% to just under 3.5 gigawatt-peak (GWp). The total output of wind farms and solar parks sold climbed from 612.8 megawatts (MW) in the previous year to 797.0 MW. In the IPP (Independent Power Producer) business entity, both BayWa's own, expanded investment portfolio and energy trade activities benefited from rising electricity prices. The segment's revenues rose sharply by 82.3% to €6,489.2 million. Record EBIT was achieved in the reporting period, at €239.1 million (2021: €135.0 million).

The BayWa Group performed well in the Energy Segment in the financial year 2022, posting strong revenue growth in fuels and heat energy carriers in particular. This was chiefly due to a high level of uncertainty on the market with regard to winter supplies and further price increases on global commodities markets. As a result of this situation, both private and commercial consumers made the decision to stock up ahead of time. In the fuel market, the increased mileage in the logistics sector had a positive impact, with BayWa's active inventory management proving itself even in the face of high and volatile commodities and energy prices. Business involving the expansion of e-mobility charging infrastructure also developed very positively. All in all, the Energy Segment generated strong revenue growth of 57.1% to €3,343.6 million in the reporting period (2021: €2,128.2 million). On the earnings side, EBIT more than tripled year on year to €53.6 million.

In the agriculture business unit (Cefetra Group, Agri Trade & Service, Agricultural Equipment and Global Produce Segments), revenue in the reporting period climbed by 23.4% to €14,859.7 million. EBIT rose by 79.6% to €255.5 million.

The Cefetra Group Segment performed excellently in the financial year 2022 in spite of the volatile trade environment featuring high supply-side uncertainty and price rises on commodities markets. Lower grain availability on account of the war against Ukraine and heat waves in parts of Europe and the US led to uncertainty on commodity exchanges, which caused extreme price increases for nearly all types of grain in some cases, especially in the first half of 2022. In this segment, BayWa's earnings benefited from trade opportunities thanks to a strong ability to deliver. The higher-margin specialities business – notably Royal Ingredients – also continues to develop positively and remains the segment's earnings driver. Cefetra Group acquired a majority stake in the nut and dried fruit trader Heinrich Brüning GmbH, Hamburg, Germany, in order to further strengthen this arm of its business. Ongoing diversification in the area of sustainable products also had a positive effect on business performance. The Cefetra Group Segment's revenues increased by 22.3% to €6,111.2 million in the reporting period. EBIT rose by 53.4% from €38.8 million in the previous year to €59.5 million in the reporting period.

In the Agri Trade & Service Segment, BayWa's revenues and earnings performance was excellent in the financial year 2022. Aside from the fundamentally tense global food supply situation, the dominant factors in the Agri Trade & Service Segment in the financial year 2022 were rising prices for agricultural products and agricultural inputs alike. The war against Ukraine further strengthened already existing market-driving forces. Ensuring product availability through proactive inventory and purchasing management was a major factor in the positive development of the segment as well. As grain resources around the world have been scarce for a number of years and supply chains are under strain, the BayWa Group had already been operating on the basis of limited supply and high prices, and was positioned accordingly. In the agricultural input business, market expectations regarding possible supply shortages and price rises led in some cases to early stockpiling of fertilizer. BayWa's seed sales also rose, while sales volumes of feedstuff remained on a par with the previous year. In 2022, trade involving agricultural products (grain and oilseed) fell just short of the figure reported in the previous year. Here, BayWa benefited from trade contracts that were concluded at the end of 2021 and realised at higher exercise prices in the reporting period. All in all, revenues in the Agri Trade & Service Segment were up by 37.6% to €5,750.7 million. There was a sharp rise in EBIT compared to the previous year, of €92.4 million to €104.7 million (2021: €12.3 million).

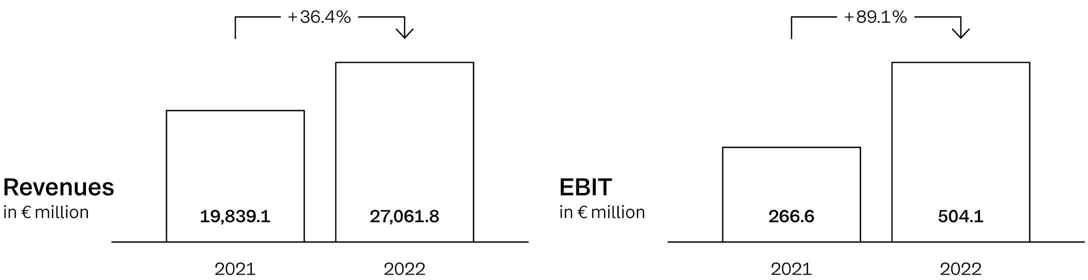
The Agricultural Equipment Segment performed extremely well in the financial year 2022, both in the core markets of Germany and Austria and in international sales regions. This was primarily due to the continued high investment appetite shown by farmers on the back of good harvest yields, as well as to year-on-year increases in the availability of new machinery. The Agricultural Equipment Segment sold a total of 5,025 new machines in the reporting period, 52 more than in the financial year 2021. It is worth noting that shortages in the supply of new machines in the previous year acted as an additional driver of business in this area. BayWa's service business also developed positively, with online trade in spare parts proving particularly dynamic. In the international business, the Dutch subsidiary Agrimec Group B.V. and CLAAS International (Canada) reported clear increases in revenues and EBIT. Overall, the Agricultural Equipment Segment again surpassed the previous year's record revenues of €1,909.0 million – this time by 8.8% – with a figure of €2,076.5 million. EBIT rose to €70.2 million in the reporting period, up from €48.6 million in the previous year.

The Global Produce Segment was affected by challenging conditions in the financial year 2022. Key factors included rising inflation, higher energy costs, geopolitical uncertainty and a resulting noticeable decline in consumer spending on fruit and vegetables. Heightened logistics costs, coupled with below-average fruit and apple prices that did not follow the general inflation trend, were another issue. At the same time, the availability of goods was high in the market due to remaining stocks from the previous year's harvest. Although apple marketing volumes increased at BayWa by roughly 25%, a proportion of these volumes was sold at low prices in third countries outside of Europe to clear stocks. BayWa also recorded a decline in the sales of soft fruit, stone fruit and tropical fruit in this segment, whereas demand for vegetable fruits rose slightly. Overall, the Global Produce Segment generated revenues of €921.3 million in the reporting period, following €960.7 million in the previous year. EBIT declined to €21.1 million (2021: €42.6 million), mainly due to falling trade margins.

The building materials business unit (Building Materials Segment) posted a strong performance once again in the financial year 2022, with BayWa strengthening its position further in an overall market that was weaker in some areas. In the building materials trade, the building construction, roofing, drywall and civil engineering product ranges recorded a substantial rise in revenues thanks mainly to price increases across all product groups and persistently high demand. BayWa's unrestricted supply capacities despite shortages of materials on the market were another positive factor in this regard. Insulation materials for energy-efficient building renovation have been in particularly high demand recently. BayWa took a number of measures to continue driving forward its strategic development from a pure product trader to a provider of innovative services and solutions, including increasing its stake in Tjiko GmbH, a manufacturer of prefabricated bathroom modules. BayWa Bau Projekt GmbH was also able to make a positive contribution to business development by completing several construction projects and acquiring 15 new projects. Overall, the Building Materials Segment's revenues increased by 12.6% to €2,346.9 million in the financial year 2022. At €70.4 million, EBIT was down slightly on the previous year's high level.

In the Innovation & Digitalisation Segment, revenues fell to €10.4 million in 2022 (2021: €11.1 million). Customers were somewhat more reticent to invest in new Digital Farming applications on account of the volatile agricultural markets. A total of 39% of revenues were attributable to software licences and software maintenance contracts, with services accounting for the second-largest share (37%). Sensors, measurement systems and other hardware accounted for just under 24% of revenues. The eBusiness division benefited from elevated demand in the B2B business, with revenues generated through BayWa's eBusiness channels climbing by approximately 31.3% to €42 million. Starting in 2023, significant costs from the eBusiness division will also be reported here, along with revenues that are directly attributable to the corresponding operating segment, rather than to the Innovation & Digitalisation Segment. EBIT amounted to minus €11.4 million in the reporting period, as expected, following the figure of minus €20.2 million posted in the previous year.

BayWa Group



Total revenues at the BayWa Group increased by 36.4% to €27,061.8 million in the reporting year. EBIT improved by 89.1% to €504.1 million. Earnings before tax also saw a strong increase to €319.6 million, almost doubling compared to the previous year (2021: €160.6 million). At €239.5 million, the consolidated net result for the year rose by €110.7 million year on year following tax expenses of €80.1 million. The share of the consolidated net result for the year attributable to BayWa's shareholders increased by €97.4 million to

€168.1 million. Earnings per share stood at €4.36 following €1.63 in the previous year. The Board of Management and Supervisory Board will recommend to the Annual General Meeting a 5-cent increase in the dividend to €1.10 per share. In addition, a special dividend of 10 cents per share is to be paid this year to mark the 100th anniversary of BayWa AG.

For the current financial year, 2023, the management anticipates Group EBIT in the range of €320 million to €370 million. In view of the company's exceptionally good performance in the past financial year, the anticipated earnings development remains clearly higher than the average figures of the previous years. In light of the extremely positive recent development, and bolstered by the key megatrends and basic needs that the company serves, the management has also raised the BayWa Group's medium-term target. The key financial target of the BayWa Group is now to generate sustainable operating earnings (EBIT) in the range of €470 million to €520 million by the end of 2025.

Background to the Group

Group structure and business activities

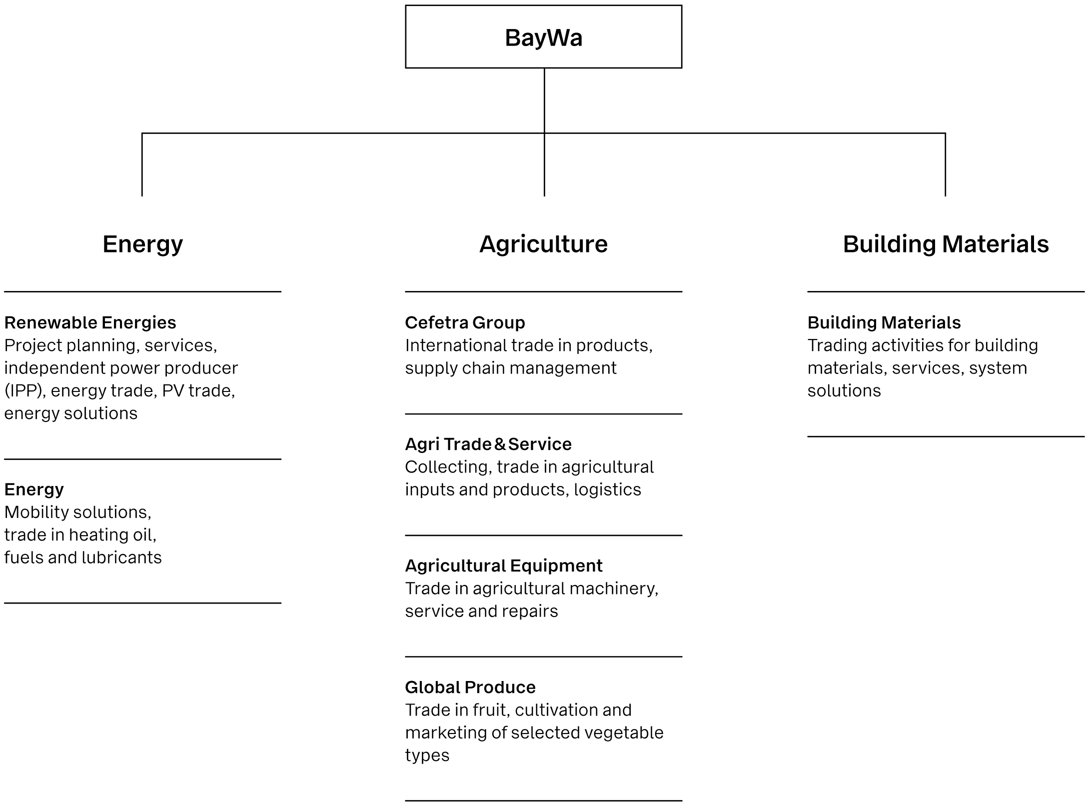
The BayWa Group

2022	Revenues (In € million)	Employees (annual average)
Renewable Energies	6,489.2	3,754
Energy	3,343.6	1,411
Cefetra Group	6,111.2	623
Agri Trade & Service	5,750.7	3,630
Agricultural Equipment	2,076.5	3,826
Global Produce	921.3	3,151
Building Materials	2,346.9	4,661
Innovation & Digitalisation	10.4	220
Other Activities	12.0	1,017
Total	**27,061.8**	**22,293**

BayWa AG was established in 1923 and has its principal place of business in Munich. Through consistent growth and the continual expansion of its scope of services, BayWa has grown from its humble beginnings in agricultural cooperative trade activities into an international Group. In its three business units of energy, agriculture and building materials, the company offers a broad range of products and solutions to meet basic needs such as food, energy, heat and mobility.

The BayWa Group's business operations encompass activities such as planning, wholesale, retail and logistics, as well as extensive supporting services and consultancy. Its business focus is on Europe, but BayWa has also established an international trade and procurement network by maintaining important activities in the US and New Zealand and business relations from Asia to South America. Through its subsidiaries and Group companies, the BayWa Group is active in 53 countries worldwide.

The BayWa Group conducts its business in the three business units of energy, agriculture and building materials, which are divided into seven operating segments plus the Innovation & Digitalisation Segment, which is focused on development. It also has the Other Activities division, which encompasses the central management and administrative functions. Business activities are managed both directly through the parent company BayWa AG and indirectly through the subsidiaries included in the consolidated financial statements. Besides the parent company, BayWa AG, the BayWa Group comprises 540 fully consolidated Group companies. Furthermore, 26 companies were included at equity in the consolidated financial statements of BayWa AG.



Renewable Energies Segment

The Renewable Energies Segment comprises the activities of BayWa r.e. AG, in which the Group pools material aspects of the renewable energy value chain. Founded in 2009, the subsidiary BayWa r.e. is now a globally active developer, service provider, photovoltaic (PV) wholesaler, energy trader and provider of energy solutions in the fields of renewable energies. A fund operated by the investor Energy Infrastructure Partners (EIP) has held 49% of the shares in BayWa r.e. since 2021. With a 51% stake, BayWa AG remains the majority shareholder.

BayWa r.e. pursues a three-pronged diversification strategy for its business portfolio: by country, by energy carrier and by business activity. Business activities are divided into three business divisions: Projects, Operations and Solutions.

Projects encompasses international project planning, management and the construction of wind farms and solar parks as well as the sale of finished plants. BayWa r.e. recently expanded its activities to include into offshore wind turbines in order to drive forward the growth of renewable energies worldwide even more rapidly and on a greater scale.

The Operations division comprises planning and technical services, the provision of consumables, technical and commercial management, the maintenance of plants, energy trade activities and the marketing of electricity from own plants as an independent power producer (IPP). Branches in Europe, the US and South East Asia make it possible to provide customers of BayWa r.e. with 24-hour service around the globe. In the service business, the company currently oversees facilities with a total installed output of approximately 10.2 gigawatts (GW) worldwide. In energy trade activities, which are part of the IPP business entity, BayWa r.e. markets electricity generated from renewable sources.

Solutions involves selling photovoltaic systems and components and tailored energy solutions to supply energy to commercial and industrial customers. The Renewable Energies Segment has had a strong international focus since its founding in order to ensure the greatest possible independence from the development of individual regional markets. BayWa r.e. is currently represented with its own operations in a total of 30 countries in Europe, North America, Asia-Pacific and Africa.

The bioenergy business sector, which is pooled in BayWa r.e. Bioenergy GmbH, was sold to Green Investment Group, part of Macquarie Asset Management, in the reporting period. Macquarie is one of the largest infrastructure investors in the world. The sale allows BayWa r.e. to focus even more strongly on its core strategic business of generating electricity from wind and solar energy.

Energy Segment

The Energy Segment's activities are divided into the fields of lubricants, building services, heating oil, diesel and Otto fuels, wood pellets, contracting and BayWa Mobility Solutions GmbH and BayWa Power Liquids GmbH. The geographic focus is primarily on the four German federal states of Bavaria, Baden-Württemberg, Hesse and Saxony, as well as on Austria.

The lubricant business comprises trade in the TECTROL brand and extensive applications and service packages for key customers, such as operators of biogas engines, as well as commercial customers. In addition, the Interlubes digital platform is used for selling lubricants and agricultural inputs from all major manufacturers and brands online to B2B users in the areas of commerce, industry, municipal services, transportation, agriculture and forestry.

Furthermore, BayWa Haustechnik GmbH provides installation services for heating, plumbing and ventilation across regional boundaries at 13 locations. The spectrum of services ranges from oil, gas, wood and pellet heating technology to heat pumps, solar systems, residential ventilation and sanitation technology.

In the field of heating oil and diesel and Otto fuels, BayWa supplies farmers and commercial customers – including construction sites and farms – with fuels. In future, sales of fuels will be handled under a new, standardised logistics brand, enlog. Diesel and Otto fuels, as well as AdBlue, are sold through a total of 115 Group filling stations and partner stations in Germany. In addition, BayWa supplies fuels, as well as AdBlue, to resellers and wholesalers. In Austria, further filling stations are managed by subsidiaries. The Group company GENOL Gesellschaft m.b.H. acts as a wholesale fuel supplier to cooperative filling stations.

The field of wood pellets includes selling to private consumers and commercial customers in addition to production at the subsidiary WUN Pellets GmbH. Under the independent Pellog brand, BayWa also offers logistics services for external wood pellet retailers.

In contracting, the focus is on energy solutions in the fields of biomass, CHP units and gas for the hotel sector, municipal services and the residential construction segment in southern Germany.

BayWa Mobility Solutions GmbH offers a comprehensive range of services in the fields of e-mobility for light vehicles and digital mobility. The Light Vehicle division comprises electromobility and drives forward the planning and expansion of charging infrastructure. Digital Mobility offers the whole system with filling station and charging card, related app and billing for customers and – as a white label system – also for third parties. Electric vehicle customers can now charge their vehicles at over 200,000 charging stations throughout Europe using the BayWa charging card, which covers some 95% of the charging stations in Germany. Through its Chargemondo platform for private charging solutions, BayWa Mobility Solutions GmbH offers an end-to-end configuration service from a single source, which handles everything from planning to final assembly, including registration with the power grid operator and applying for subsidies.

The Heavy Vehicle division was transferred from BayWa Mobility Solutions GmbH to BayWa Power Liquids GmbH with effect from 1 April 2022. As a wholly owned subsidiary of BayWa AG, BayWa Power Liquids GmbH positions itself as a solutions provider for climate-friendly heavy vehicle mobility and operates BayWa's network of liquefied natural gas (LNG) filling stations.

Cefetra Group Segment

In the Cefetra Group Segment, BayWa acts as a supply chain manager for agricultural products – from purchasing and logistics to distribution. It pools the activities not tied to a specific location, particularly international grain and oilseed trade activities. The main customer groups are grain and oil mills, producers of starch and feedstuff, malt houses and breweries, as well as biofuel manufacturers. Since 2021, the product range has also included dairy products such as cheese, butter, powdered milk and milk alternatives (Cefetra

Dairy). Heinrich Brüning GmbH, one of Germany's largest providers and co-packers of dried fruits and nut kernels, was acquired in 2022.

Through targeted acquisitions of specialities traders, BayWa is further expanding its business involving goods such as starch products, rice, legumes and organic products as part of its specialities strategy. In doing so, the company is diversifying its product portfolio and benefiting from markets with less intense competition compared to exchange-traded standard products. When it comes to the procurement and marketing of agricultural products, BayWa possesses a global trading network as well as inland and deep water ports.

Agri Trade & Service Segment

The focal point of business activities in the Agri Trade & Service Segment is the collecting and marketing of agricultural products and supplying agricultural customers with agricultural inputs. Due to its historically evolved structures, the agricultural business is concentrated primarily in southern Germany, although BayWa also operates in parts of northern and eastern Germany. All told, BayWa is the agricultural trading company that generates the highest sales in Germany.

It supplies conventional farms with agricultural inputs such as seed, fertilizers, crop protection and feedstuff throughout the entire agricultural year and takes responsibility for collecting and marketing the harvest. For its harvest collecting activities, BayWa maintains a network of 156 high-performance locations in its core regions, with significant transport, processing and storage capacities. This provides seamless goods delivery, quality inspection, processing, correct storage and care of agricultural products. BayWa sells products to local, regional, national and international companies in the foodstuff, wholesale and retail industries through its in-house trade departments.

It is also gradually expanding its range of products and services for organic farming and the marketing structures for organically grown products on a regional basis. A total of 106 BayWa sites are certified to trade agricultural inputs for organic agriculture. BayWa is also a member of Biokreis, the fourth-largest organic farming association in Germany, and a licensed user of the Bayerische Bio-Siegel (Bavarian organic seal). By offering a full range of products and services from seed to marketing, BayWa strives to be the most efficient partner for trade in EU organic products and organic agricultural inputs for current and new organic farms.

Another geographical focal point for this segment is the Austrian market, where BayWa maintains a comprehensive presence through its subsidiary RWA Raiffeisen Ware Austria Aktiengesellschaft (RWA), which maintains close business relations with 436 cooperative warehouses.

Agricultural Equipment Segment

In the Agricultural Equipment Segment, which is divided into the special technology and agricultural technology business sectors, BayWa sells a full line of machinery, equipment and systems, as well as special machinery for agriculture, forestry and municipal applications, in Germany and Austria. BayWa also offers comprehensive maintenance and repair services, including spare parts.

Its most important sales activities encompass the AGCO Group brands – Fendt, Massey Ferguson, Valtra and Challenger – as well as CLAAS agricultural equipment. Its customers include farms and forestry operations, as well as vineyards, fruit farmers, municipalities and commercial enterprises. Along with its bricks-and-mortar stores, BayWa also operates a variety of online platforms in this segment, mainly focusing on the sale of used machinery.

The product range includes tractors, combine harvesters and special machinery with flexible applications, such as vehicles for sweeping, cleaning and winter services, as well as mowing and sporting venue technologies. Forestry equipment comprises large machinery and equipment such as forestry tractors, chipping machinery and small appliances such as chainsaws and brush cutters, along with the necessary protective clothing.

The BayWa workshop network currently includes 279 locations and 791 mobile service vehicles, all of which ensure that BayWa remains close to its customers and is able to process service orders quickly.

In order to secure its long-term growth prospects, BayWa's Agricultural Equipment Segment is expanding into international markets and currently has presences in the Netherlands, Canada and South Africa in the form of subsidiaries or joint ventures.

Global Produce Segment

In the Global Produce Segment, BayWa covers the entire fruit and vegetable marketing value chain. All activities and investments in this segment are organised through the wholly owned subsidiary BayWa Global Produce GmbH.

In Germany, BayWa is one of the leading single sellers of dessert pome fruit to wholesalers and retailers in the food industry and a supplier of organic pome fruit. It also collects, sorts, stores, packages and provides services for fruit customers in Germany and abroad as a marketer under contract at its five sites in the Lake Constance and Neckar regions. Through its international investments, the Global Produce Segment also offers a broad product range from pome fruit through to exotic fruits.

BayWa is active in the international trade of fresh products through its New Zealand subsidiary T&G Global Limited (T&G Global), which maintains international trade relationships in the Americas, Asia, Australia and Europe. The existing sales structures of T&G Global and its affiliated companies offer the potential to open up additional sales markets, particularly in Asia. Through the marketing of dessert pome fruit between the northern and southern hemispheres, BayWa is in a position to provide trade partners with fresh agricultural products all year round, expand its product range and seize sales opportunities for German fruit on the international growth markets.

The majority stake in Dutch company TFC Holland B.V. (TFC) complements the BayWa portfolio with the addition of exotic fruit specialists, particularly in the growth market for ready-to-eat products. TFC has established international trade relations in all procurement markets for tropical fruits – mainly for avocado and mango – as well as with the European food retail industry.

Building Materials Segment

The Building Materials Segment primarily comprises building materials trade activities in southern and eastern Germany and Austria. Here, BayWa covers the entire range of products and solutions for building materials – from civil engineering, structural engineering, construction, renovations, modernisation, gardening and landscaping, to solution packages for energy efficiency and healthy building.

The BayWa Group is one of Germany's market leaders in the building materials trade, with a total of 125 sites, and also ranks among the leading suppliers in Austria, with 30 sites. In addition, BayWa serves a number of franchise partners in the building materials and retail business in Austria through its Austrian subsidiary Lagerhaus Franchise GmbH. The number of franchise locations currently totals 1,090. The range of products is primarily geared towards small and medium-sized construction companies, trades and commercial enterprises and municipalities. Private developers and homeowners are also important customers.

Healthy construction and energy efficiency are becoming increasingly important. For example, the company offers a wide range of tested low-fume building materials plus solutions for energy-efficient construction, renovation and modernisation. Thanks to its private brand lines for construction components and landscaping; for structural and chemical products, as well as insulation materials; for healthy-living building materials and cleaning agents; and for roofing accessories, BayWa is increasingly becoming an initiator of new products.

A further focal point lies in supplying specialities in fields such as wooden construction and construction timber, formwork equipment and precast concrete elements, as well as flat-roof construction. In addition, BayWa AG provides bathroom modules made from wood through its stake in the start-up Tjiko GmbH. The Tjiko bathroom module system is chiefly aimed at property developers and general contractors of large residential construction projects who wish to realise an economical and highly individualised bathroom design in the properties, which is achieved using an digital configurator tool. All interior modules are prefabricated.

In addition, BayWa works with developers on the implementation of projects in Germany. To this end, it enters into joint ventures with construction companies or property developers as a partner and primarily acts as a provider of concepts.

Innovation & Digitalisation Segment

BayWa has plotted a clear course into the digital future through the Innovation & Digitalisation Segment, which develops and markets digital products and services aimed at enhancing productivity in agriculture.

With its software products NEXT Farming PRO and NEXT Farming LIVE, the Group company FarmFacts GmbH offers farmers a future-oriented and inter-operable farm management system. It enables farmers to seize the opportunities of smart farming, irrespective of the type of farm or farm size.

In partnership with the European Space Agency (ESA), BayWa is also driving forward the use of satellite data in the agricultural sector. The goal is to optimally incorporate satellite data into agriculture processes in order to create positive effects regarding the use of resources and water, as well as for harvest yields. The Group subsidiary VISTA Geowissenschaftliche Fernerkundung GmbH processes and markets the resulting data.

Other Activities

Other Activities encompass the Group’s central management and administrative functions, as well as peripheral activities.

Management, monitoring and compliance

BayWa is an Aktiengesellschaft (stock corporation) under German law with a dual management structure consisting of a Board of Management and a Supervisory Board.

As at 31 December 2022, the Board of Management consisted of four members: Prof. Klaus Josef Lutz (Chief Executive Officer, responsible for the Renewable Energies, Cefetra Group and Global Produce Segments), Andreas Helber (Chief Financial Officer), Marcus Pöllinger (member of the Board of Management, responsible for the Agri Trade & Service, Agricultural Equipment, Digital Farming, Building Materials and Energy Segments) and Reinhard Wolf (Chairman of the Board of Directors and General Director of RWA Raiffeisen Ware Austria Aktiengesellschaft).

With effect from 31 March 2023, Prof. Klaus Josef Lutz will hand over the operational management of BayWa AG to his successor and leave the Board of Management. The Supervisory Board of BayWa AG has appointed the Board of Management member Marcus Pöllinger as the new Chief Executive Officer from 1 April 2023. The Supervisory Board has also appointed Dr. Marlen Wienert, who is currently head of the Agriculture | Agricultural Equipment business division, as a member of the BayWa Management Board with effect from 1 April 2023.

The Board of Management is solely responsible for managing the Aktiengesellschaft with the primary aim of increasing its value sustainably over the long term.

The BayWa AG Supervisory Board consists of 16 members. It monitors and advises the Board of Management in its management activities and regularly discusses business development, planning, strategy and risks together with the Board of Management. In accordance with the German Codetermination Act (MitbestG), shareholder and employee representatives also sit on the Supervisory Board of BayWa AG to ensure codetermination on the basis of parity. The Supervisory Board has formed six committees in order to boost its efficiency.

Details on cooperation between the Board of Management and the Supervisory Board and on corporate governance at BayWa AG are presented in the Supervisory Board report and the corporate governance declaration in accordance with Section 289f of the German Commercial Code (HGB). The corporate governance declaration can be found in the Corporate Governance Report and is available at www.baywa.com/en/group/corporate-governance/corporate-governance.

A Group-wide code of conduct creates a uniform set of values which apply to the entire BayWa Group. Employees who wish to report potential breaches of compliance regulations are able to register their suspicions through an anonymous tip-off system in addition to existing possibilities, such as the ombudsman. Reported information is assessed and followed up in conjunction with Corporate Audit, if necessary. Corporate Compliance and Corporate Audit work together closely in internal investigations relating to compliance. There is also an extensive range of compliance controls to review and guarantee adherence to compliance principles. Corporate Compliance is managed by the Chief Compliance Officer, who reports directly to the Chief Executive Officer. Compliance Officers and Data Protection Officers are also appointed in BayWa's segments, as well as at all significant affiliated companies. They are available to employees as additional contact partners and act as multipliers.

The main task of the Corporate Compliance organisational unit is to perform preventive duties. Corporate Compliance particularly draws on training courses and an extensive range of consultancy and information services to prevent breaches of the law. Its activities are focused on antitrust law, corruption prevention, data protection, information security, customs and export control, and combating money laundering. Comprehensive frameworks that act as Group-wide rules have been developed on these issues.

The Social Compliance division was created in 2021 to oversee the implementation of the requirements of the German Corporate Due Diligence in Supply Chains Act (LkSG), which came into force at the start of the new financial year. From 1 January 2023, large companies such as BayWa AG are obliged to meet extensive reporting obligations and requirements and to identify and rectify human rights grievances in BayWa's own business activities or at its suppliers. Social Compliance works closely together with other Group functions, such as Sustainability, Purchasing, Risk and Public Affairs, to meet human rights due diligence obligations.

Due to its strong growth and international presence, BayWa r.e. set up its own compliance organisation in October 2022, which is led by the Director of Compliance at BayWa r.e. It is the first port of call for all BayWa r.e. companies regarding compliance-related issues and focuses on the topics of antitrust law, anti-corruption, preventing money laundering and conflicts of interest.

Corporate goals and strategy

BayWa's corporate strategy for 2025, "Sustainable Solutions for Life", acts as the foundation for the strategic development of the BayWa Group. The company pursues clear target criteria.

The key financial target of the BayWa Group is to sustainably generate operating earnings (EBIT) in the range of €470 million to €520 million by the end of 2025. Previously, BayWa had aimed for a target range of €400 million to €450 million. In light of the extremely positive recent development, and bolstered by key trends and the basic needs that the company serves, the medium-term target was raised this year.

BayWa also intends to make its operations more sustainable and generate over 50% of its income from sustainable business activities by 2025. At the same time, BayWa is aiming to cut its greenhouse gas emissions by at least 22% by 2025 compared to 2017 figures. The company would like to achieve climate neutrality by 2030. The introduction of internal carbon pricing is another major step towards the decarbonisation of the entire Group. Each BayWa segment receives a budget specially earmarked for climate protection measures to help them pay for the internal carbon price of €50 per tonne of carbon dioxide (CO_2). BayWa is planning to invest €19 million directly in its own decarbonisation efforts by 2025 alone in order to achieve its climate targets.

Other core elements of the strategy include the further internationalisation of the Group's business; investment in diversification and flexible structures; the digitalisation of the Group's processes, product portfolios and sales channels; and accelerating the transition from being a company that primarily focuses on trade to one that is a project manager and provider of solutions. BayWa is also committed to supporting innovative technologies and green business models.

The Group's growth ambitions are current focused on the Renewable Energies, Cefetra Group and Global Produce Segments, which are seizing their potential across a wide range of countries, project pipelines, product ranges and goods flows. BayWa is benefiting from trends such as decarbonisation and food and energy security – and the countless associated short- and long-term opportunities not linked to fluctuations in the market – across almost all of its segments. In this context, BayWa continuously analyses its business portfolio for future growth and earnings potential with the aim of ensuring and increasing the profitability of the BayWa Group's business operations on a sustained basis.

Energy business unit

Renewable Energies Segment

Rapidly accelerating climate change and urgent questions of energy security require an even faster rate of growth in renewable energies. That is why BayWa r.e. has defined a new strategic goal: "We accelerate the growth of renewable energy." With its diversified and synergetic portfolio, BayWa r.e. caters to a broad range of markets and customer segments, including the development and sale of projects in the fields of renewable energies, asset management, the generation and marketing of green electricity, the provision of tailor-made decarbonisation solutions to commercial and industrial companies and the sale of solar components on the wholesale market.

To remain at the cutting edge of development, BayWa r.e. is actively piloting and developing projects featuring innovative and new technologies such as floating photovoltaics, agrivoltaics (Agri-PV), offshore wind, battery energy storage and green hydrogen. In 2022, a hydrogen expert group was set up to support the implementation of this technology in the various BayWa r.e. business divisions.

The topic of sustainability remains a focal point for BayWa r.e. The Group has fully offset its CO_2 emissions since 2018. BayWa has also defined a Sustainability Framework 2025, which is based on ten selected Sustainable Development Goals (SDGs) of the United Nations. In 2022, BayWa r.e. published its first sustainability report for the year 2021, outlining the progress that the company has made in achieving its sustainability targets and the SDGs, and disclosing a variety of performance indicators. The report is an important basis for acquiring additional green financing to secure the ongoing growth of the company.

To pave the way for the continued growth of BayWa r.e. and prepare for the challenges emerging in the industry, the Group is focusing on strengthening resilience and achieving operational excellence as two of the key topics in its four-year corporate road map through to 2026.

The BayWa r.e. Group will realign itself strategically and concentrate on wind and solar project development worldwide, as well as on expanding the IPP (Independent Power Producer), Services and Energy Solutions business entities. The worldwide solar trading business will be sold to a new owner, allowing BayWa r.e. to invest the proceeds in the growth of its future core businesses. Furthermore, the company's realignment will also reduce complexity and therefore help the Group to achieve further efficiency gains.

In the future, the company expects significant volume growth, including the expansion of the project pipeline, the IPP portfolio and the customer base for energy solutions.

Energy Segment

In the Energy Segment, BayWa positions itself as a logistics provider with a basic supply function – particularly in rural regions – in the fields of conventional fuels, lubricants and heat energy carriers. At the core of the segment strategy is the gradual transition from traditional energy carriers to alternative sources.

In the heating business, for example, the segment is focused on expanding its business involving climate-neutral wood pellets. Against this backdrop, the logistics provider Pellog GmbH – a wholly owned BayWa AG Group company – took over the business activities of the haulage company Heyne & Naumann GmbH in Oelsnitz, Germany, on 1 January 2022 with the aim of expanding its capacities in the logistics market.

Climate-neutral, clean business activities are also the basis for the expansion of mobility solutions, with ongoing advances being made in the fields of charging infrastructure for e-mobility, LNG filling stations and digital mobility. BayWa also offers e-mobility solutions created on the basis of comprehensive fleet analysis and targeted at fleet operators. In this end-to-end service, BayWa covers everything from installation and operation to maintenance and charging infrastructure.

Building on supplying its customers with heating energy, BayWa is also working on expanding its business activities with the addition of innovative solutions, including contracting services in the fields of cooling and power consumption for multi-family homes.

In future, exports of liquid fuels will be managed under a new, standardised logistics brand, enlog. This will enable sales and logistics to become more flexible, and new sales channels to be opened up, laying the groundwork for business success in a market that is set to shrink over the coming years.

Agriculture business unit

In the field of agriculture, the Group is affirming its aim of becoming Europe's leading agricultural trade, distribution and logistics provider with global reach, thereby contributing to securing global food supplies.

BayWa aims to deepen existing customer ties and attract new customers by seizing opportunities to export to international markets; expanding the agricultural products range through the addition of specialities such as starch products, hops and legumes; and presenting new service offerings. Sustainability and traceability are integral supply chain components here. By taking these steps, BayWa will be further developing its core business on a functional and cost-efficient basis.

Cefetra Group Segment

In the Cefetra Group Segment, the 2024 Road to Ingredients strategy provides for the expansion of the product range to include processed products and the expansion of the marketing offer for organically and regionally produced agricultural goods. In line with this strategy, the Cefetra Group expanded its trade activities in the fields of tree nuts and dried fruits by acquiring a majority stake in Heinrich Brüning GmbH, which is successfully established as one of the largest providers and co-packers of dried fruit with its subsidiary Suntree GmbH, including in the organic segment. As a result, Cefetra will supply retailers directly for the first time. In addition, BayWa continues to boost its position as supply chain manager in the agricultural trade market and is diversifying its portfolio through international partnerships. These are important steps for Cefetra – already one of Europe's largest importers of grain and oilseed – in its efforts to drive forward the expansion of its specialities strategy. The goals under the 2024 Road to Ingredients strategy will be finalised during the financial year 2023. The management will complete the road map for the 2029 strategy by the end of 2023.

Agri Trade & Service Segment

In the Agri Trade & Service Segment, the location structure of the collecting and agricultural input business is undergoing continuous review. To generate greater synergy effects between the Agri Trade & Service and Agricultural Equipment Segments going forward, locations will increasingly be combined into integrated Service Center Agricultural Equipment and Machinery. In 2023, BayWa intends to modernise further locations and build new ones.

Another focus of development in terms of BayWa's German agricultural business is process optimisation in the logistics chain. To support BayWa's mission of helping people to meet their basic needs and based on a network of efficient central warehouses, a logistics concept is being established that is aimed at securing the ability to deliver goods for agriculture at all times while reducing capital tied up in the Agri Trade & Service Segment. Digital processing in logistics also has an important role to play here by supporting the successful management of the increasing complexity and pace of logistics processes. The aim here is to increase the benefit to the customer while cutting costs. Targeted diversification of the product portfolio and the expansion of the private brand business are also helping to strengthen profitability.

In sales, the offering is being geared to a greater extent towards integrated solutions, since the rise in the digitalisation of agriculture is resulting in a change in requirements. The use of digitally controlled machinery and equipment for the application of agricultural inputs often requires specially adapted varieties of seed, fertilizer or crop protection products. This is automatically leading to closer integration between service business in the Agricultural Equipment Segment and agricultural input business in the Agri Trade & Service Segment, allowing BayWa to offer its agricultural customers services and products from a single source. The range of e-commerce activities in agricultural input business is also being constantly expanded so that BayWa is able to respond quickly and flexibly to new market opportunities and customer demands.

Agricultural Equipment Segment

An important focal point of the current strategy in the Agricultural Equipment Segment is the further leveraging of synergies between the Agri Trade & Service and Agricultural Equipment Segments. By and large, both segments supply the same customer groups with different products along the value chain. The aforementioned combination of locations should also be seen in this context.

In order to increase efficiency, the company has also split its business in this area into agricultural equipment on the one hand and special technology for municipalities, industry and forestry operations on the other. Another focus is the development of cross-vendor digital interfaces. BayWa is also continuously strengthening its brand-specific sales organisations in the Agricultural Equipment Segment.

Needs-based and effective irrigation is a vital strategy for adapting to climate change and therefore an important future topic for agricultural operations. Hot and dry summers, combined with extreme rainfall events, are making active irrigation management increasingly important. In this area, BayWa aims to offer solutions to its customers on an even more targeted basis and help them secure yields without damaging the environment.

Global Produce Segment

The goals in the Global Produce Segment are to develop new, attractive product categories and ensure supply and delivery security in important areas through vertical integration. BayWa is continuously developing its trade activities in the field of fruit and vegetables in a strategic manner so as to leverage the potential of the globally growing demand for fresh products through investments and partnerships.

By relocating the Dutch subsidiary TFC Holland B.V. (TFC), which specialises in exotic fruit and vegetables, to a new, higher-performing site at the beginning of 2023, BayWa is laying the foundations for the continued expansion of its business activities in this area. The clear development of storage, ripening and processing capacities enables modern and efficient production processes. At the same time, TFC is ensuring direct access to products and further expanding its year-round avocado offerings through a long-term partnership with producers in southern Africa.

The strategy of VentureFruit, a wholly owned subsidiary of T&G Global and specialist in plant genetics and variety management, is geared toward supplying growers, traders and consumers all over the world with new types of premium fruits. Together with the research institute Plant & Food Research, the company has invested in the development of new soft fruit varieties to cater to the growing global demand. VentureFruit also unveiled its new apple variety Tutti at the Fruit Logistica 2023 trade fair in Berlin. Tutti is the world’s first hot-climate apple and will be launched on the retail market by VentureFruit and its licensees in a few years.

The BayWa project for the construction, operation and sale of innovative greenhouses was successfully wrapped up with the sale of the majority stake in the joint venture with the Al Dahra Group, Abu Dhabi, United Arab Emirates (UAE), and the associated climate-controlled greenhouse in the UAE to a specialised operator (closing on 31 July 2022). The experience gained in this field gives BayWa a significant edge when it comes to future international partnerships.

Building materials business unit

Building Materials Segment

The most important strategic focus in the Building Materials Segment at present is the continuous evolution of the segment from a pure product trader to a provider of innovative services and solutions along the entire value chain. For this reason, BayWa has invested in the bathroom module manufacturer Tjiko GmbH and the large ceramics processor Ceraflex GmbH, and is pressing ahead with the project development and implementation activities of BayWa Bau Projekt GmbH. BayWa continues to make targeted investments in systematic construction solutions and prefabrication of components to enable more efficient processes and greater productivity in the construction industry. The establishment of an ecological building materials database underscores the Building Materials Segment’s commitment to greater sustainability and climate protection in the building sector.

The strategic focus of the conventional building materials trade is on expanding the range of private brands and specialities in areas such as construction timber, among other things. The portfolio is also being increasingly centred on sustainable building materials.

Additional focal points include digitalisation and continuous measures to improve efficiency. Thanks to the successful integration of bricks-and-mortar retail with the BayWa Building Materials Online portal, BayWa now offers a comprehensive omni-channel service covering its entire sales region. The online offerings will be successively expanded to include interfaces with software used by tradespeople. Process efficiency will be enhanced through systems for automatic inventory management. Numerous regional warehouses are being combined to form a network that, with the support of high-performance logistics, will be able to secure BayWa's ability to deliver at all times.

Innovation & Digitalisation Segment

The Innovation & Digitalisation Segment is chiefly focused on the Digital Farming division, where BayWa strives to take on a leading role in Europe as an expert partner for the agricultural sector.

With its software products NEXT Farming PRO and NEXT Farming LIVE, the subsidiary FarmFacts GmbH is among the market leaders in Germany and the driving force behind smart farming at the BayWa Group. The continuous technological development of existing solutions plays a major role here. Growth opportunities are emerging in the field of smart farming, but also on international markets.

Through its subsidiary VISTA Geowissenschaftliche Fernerkundung GmbH, BayWa operates a service to predict yields for cultures such as wheat, corn and rapeseed with the help of data provided by Sentinel 2 satellites from the Corpernicus programme of the EU/ESA. VISTA also offers solutions in the field of sustainable agriculture, including for optimising the use of nitrogen in fertilizer and for irrigation.

With the BayWa Portal for agriculture, BayWa's eBusiness includes the portal platform for online trade and has a cross section function within the BayWa Group when it comes to digitalising interfaces and processes between BayWa and its customers. The focus here is on an omni-channel approach and further development into a smart digital customer platform and the digitalisation of customer-centric processes.

BayWa Venture GmbH's initiatives are symbolic of the open approach to innovation at BayWa. The company aims to find and roll out new business models and technologies for BayWa and its Group companies that make a lasting, measurable difference. The business models are rolled out through BayWa Venture Investments and BayWa Venture Start-Up Partnerships.

BayWa Venture Investments invests in international start-ups on behalf of the BayWa Group through its investment vehicle BayWa Venture GmbH. Investments usually take the form of a minority stake. The capital is primarily used by these fledgling companies to advance product development with the goal of achieving market readiness. The investments focus on selected innovations from the fields of ag tech and food tech, and in particular on sustainable agriculture and new proteins. As at 31 December 2022, the investment portfolio of BayWa Venture GmbH consisted of 11 minority stakes.

BayWa Venture Partnerships promotes innovation through collaboration and support covering the entire value chain. Start-ups receive access to BayWa's operating business, industry networks, markets and customers. The partnership ranges from brainstorming and discussing ideas together to testing, pilot projects, product and service development and sales cooperation. One working group is tasked with identifying and evaluating new biological agricultural inputs from start-ups and scrutinising them in field tests, thereby supporting the development of marketable solutions.

Based on the areas of focus of BayWa Venture GmbH, the Group also set up the New Protein Solutions business entity as part of the Agri Trade & Service Segment in 2022 and is developing new activities in the Protein Trade division (in some cases working with the start-ups) and gradually expanding them. Protein trade covers the customer-centric speciality trade in healthy, regional and sustainable products with the food industry.

Corporate financing

With its corporate financing, BayWa puts its faith in tried-and-tested, reliable partners. In doing so, it makes sure that there is sufficient diversification in terms of financing sources so as to guarantee its independence and limit risks. Increasingly, BayWa also relies on financing instruments with sustainability-related elements, with two ESG-linked bonded loans totalling €502.5 million, an ESG-linked syndicated financing agreement originally worth €1.7 billion, but since increased to €2.0 billion, and a €500.0 million green bond. BayWa's hybrid bond with a volume of €300.0 million was terminated in due time and repaid in full at the contractually agreed, first possible repayment date in October 2022. The amount was refinanced by issuing a bonded loan and increasing the syndicated financing agreement. Efficient management of working capital is vital at the BayWa Group, as it represents a net figure for current assets less current liabilities. The financing of the BayWa Group was ensured at all times in the financial year 2022 through sufficient credit lines from its financing partners.

Sustainability at BayWa

Unaudited

Sustainability strategy

Food, energy, housing, heat and mobility: as a provider of the basics, BayWa has always contributed to meeting human needs. But these basic needs can only be met in the long term if they are in harmony with the environment and human rights – global challenges such as climate change or loss of biodiversity not only significantly harm the basis for life but also BayWa's business. At the same time, BayWa's global operations mean it has a major impact on sustainable development and opportunities to influence it.

BayWa implemented a comprehensive sustainability strategy in 2021 in order to rise to the global challenges, setting the strategic course in sustainability matters for the years ahead. The sustainability strategy is based on four fields of action: value creation, environment and climate, employees, and society. Each field of action ties into relevant core issues and strategic targets. The strategy builds on the previous sustainability strategy while also providing essential new momentum. Core topics such as sustainable products and solutions, sustainable procurement, climate and energy, the circular economy, ecosystems and biodiversity, and water will determine the future strategic direction that BayWa takes when it comes to sustainability. Measurable targets and measures have already been defined for some of the core topics, with others to be developed by BayWa going forward.

BayWa AG has also been a member of the United Nations (UN) Global Compact since 2021. By joining, BayWa has underlined its commitment to upholding and promoting the ten principles set out by the UN initiative in relation to human rights, labour, the environment and anti-corruption.

Climate strategy

With its climate strategy, which forms part of the sustainability strategy, BayWa aims to help keep global warming to well below 2 degrees Celsius as part of its goal of being climate neutral by 2030 (Scope 1 and Scope 2 emissions). To achieve this, the company plans to significantly reduce its energy consumption and the greenhouse gas emissions attributable to its sites, company cars and in-house logistics activities over the next few years; source electricity from renewable energy sources only; and compensate for remaining greenhouse gas emissions by purchasing high-quality carbon credits.

Internal carbon pricing, which was introduced by BayWa in 2022, serves as an additional governance instrument to achieve the reduction in greenhouse gas emissions defined in the climate strategy. BayWa's Scope 1 and Scope 2 emissions are priced internally at €50 per tonne of CO_2 equivalents, with the resulting budget earmarked for the necessary climate action. The carbon pricing applies for the first time in 2023 and is expected to raise approximately €6.8 million.

BayWa's climate targets and progress

- Cover 100% of its electricity needs with renewable energies by the end of 2020; goal was achieved once again in 2022

Unaudited

- Reduce energy consumption by 22% by 2025 (base year 2017, in terms of EBITDA); goal was achieved once again in 2022 (minus 65%)
- Reduce greenhouse gas emissions by 22% by 2025 (base year 2017); based on preliminary figures; goal was achieved in 2022 (minus 23%)
- Build and provide 10 GW in generation capacities from renewable energies by 2025; goal was achieved in 2022 (11.9 GW)
- Climate neutrality in own operations from 2030 onwards (Scope 1 and 2)

The target achievement in the field of greenhouse gases can be explained by the sharp rise in prices due to the energy crisis and the associated cost-saving measures. BayWa is committed to maintaining this reduction on a permanent basis by taking corresponding measures within the scope of the internal carbon pricing system. It will review the ambition level of its objectives in 2023 in order to respond to changing framework conditions.

BayWa is aware of its responsibility for greenhouse gas emissions that occur in the upstream and downstream value chain (Scope 3). The company already reports on 6 of the 15 categories on an annual basis. In 2022, a Group-wide materiality analysis regarding Scope 3 emissions was conducted to identify the relevant Scope 3 categories and expand the data collection. The Group plans to define Scope 3 targets in 2023.

Protecting human rights

The BayWa Group is committed to upholding human rights and continuously implements the associated due diligence obligations set out in the German Act on Corporate Due Diligence in Supply Chains (LkSG). The Social Responsibility and Human Rights Policy Statement, published in 2022, is based on international conventions and guidelines such as the Universal Declaration of Human Rights, including the relevant rights in the International Covenant on Civil and Political Rights, the core standards of the International Labour Organization (ILO) and the principles of the UN Global Compact. Coupled with the two codes of conduct at BayWa (Code of Conduct and Supplier Code of Conduct), the Social Responsibility and Human Rights Policy Statement outlines the key principles of BayWa’s own actions and the standards to which it holds its business partners.

ESG ratings

Rating	Result
MSCI ESG	AA
ISS ESG	C+
CDP (Climate Change)	B

Additional information on sustainability targets and measures at the BayWa Group is available in the combined non-financial report, which is part of the separate Sustainability Report 2022 that is published on the website www.baywa.com/en/responsibility/at-a-glance.

Employees

The number of employees at the BayWa Group increased once again in the financial year 2022. By the end of the year, the BayWa Group employed 22,508 employees (2021: 21,468). In terms of an annual average, the number of employees rose by 1,108, or 5.2% year on year, to 22,293. The increase was fuelled by the Renewable Energies Segment (933 additional employees) and the Agri Trade & Service Segment (222 additional employees). In the Building Materials and Renewable Energies Segments, the increase in employee numbers was chiefly the result of significant segment expansion and general business development. The number of employees in the Cefetra Group and Agri Trade & Service Segments increased in the financial year 2022 as a result of acquisitions. Declining employee figures were primarily recorded in the Global Produce Segment (499 fewer employees) as a result of the sale of a grape farm in Peru, as well as in the Innovation & Digitalisation Segment (20 fewer employees). In the other segments, the number of employees remained roughly unchanged year on year.

For years, BayWa has been committed to training its own qualified personnel to combat the noticeable skills shortage, particularly in Germany. BayWa is one of the largest companies in Germany to offer trainee programmes. In 2022, 489 trainees started their career at BayWa. A total of 1,387 apprentices and trainees were employed at the BayWa Group at the end of the year. The training ratio stood at 5.7%.

Development of the average number of employees at the BayWa Group

	2018	2019	2020	2021	2022	Change 2022/21	
Renewable Energies	1,449	1,826	2,272	2,821	3,754	933	33.1%
Energy	958	986	1,017	1,359	1,411	52	3.8%
Cefetra Group	438	487	477	496	623	127	25.6%
Agri Trade & Service	3,543	3,533	3,502	3,408	3,630	222	6.5%
Agricultural Equipment	3,679	3,772	3,786	3,805	3,826	21	0.6%
Global Produce	2,768	2,788	3,997	3,650	3,151	- 499	- 13.7%
Building Materials	4,211	4,371	4,528	4,454	4,661	207	4.6%
Innovation & Digitalisation	183	198	225	240	220	- 20	- 8.3%
Other Activities	775	870	913	952	1,017	65	6.8%
BayWa Group	**18,004**	**18,831**	**20,717**	**21,185**	**22,293**	**1,108**	**5.2%**

Control system

Strategic controlling of the corporate divisions is based on value-oriented corporate governance and integrated risk management. Operational management of the corporate divisions is conducted based on targets, with earnings before interest and tax (EBIT) acting as the most important financial performance indicator. The development of financial performance indicators in the financial year 2022 is described in the Financial Report in the section “Financial performance indicators”. BayWa reports on its non-financial performance indicators in its separate Sustainability Report. There are no particularly important non-financial performance indicators requiring separate disclosure in the management report.

The value-driven management approach supports the medium- and long-term streamlining of the portfolio and the strategic orientation of capital allocation within the Group. This approach shows whether the ratio between the operating profit achieved and the risk-adjusted cost of capital is appropriate, i.e. whether the segments have earned their cost of capital. Interest on average capital invested in the segments is charged by applying the weighted average cost of capital (WACC) model. The return on invested capital (ROIC) of the segments is then measured against the respective cost of capital. There is economic profit if the return on invested capital is higher than the cost of capital specific to each segment (see also “Economic profit” section). The further development of an efficient risk management system is particularly important in safeguarding long-term economic success, especially in international business. Risk management is monitored and overseen by a Risk Board that is headed by the Chief Executive Officer. In addition, the Global Book System (GBS) coordinates trade management in grain, oilseed and co-product trade. The GBS reconciles and optimises trade and risk positions of individual product lines across the board for national and international divisions.

Research and development in the Innovation & Digitalisation Segment

The BayWa Group’s research and development activities relate to the formation and further development of the Innovation & Digitalisation Segment. The subsidiaries FarmFacts GmbH and VISTA Geowissenschaftliche Fernerkundung GmbH are responsible for the corresponding activities.

Research in Digital Farming is conducted as part of pilot projects and focuses primarily on new methods of sowing and fertilization, as well as satellite-based remote sensing services and applications for agriculture, water management and the environment. Digital Farming offers farmers new ways of optimising their operating processes and thereby allows them to work more cost-efficiently and sustainably. Under the NEXT Farming brand, the BayWa Group company FarmFacts provides a farm management system that helps farmers to manage and oversee agricultural processes and machinery using telematics. The software combines essential documentation and contract management functions, from field management and the implementation of local rules under the German Fertiliser Application Ordinance (DüV) to agricultural equipment connectivity.

The BayWa subsidiary VISTA is constantly developing solutions that use satellite data and the PROMET spatial crop growth model to help conserve resources, reduce water consumption and increase harvest yields. PROMET calculates the development of crops with tremendous precision in hourly calculation intervals. Using up-to-the-minute satellite data, the model makes it possible to derive the current condition of crops through daily readings on factors such as biomass and yield that are unaffected by cloud cover and – more importantly – are absolute. The approach helps farmers to optimise the sowing process and the use of fertilizer and water.

As at 31 December 2022, 63 employees worked in research and development (2021: 77 employees). The BayWa Group's research and development expenses totalled €1.0 million in the financial year 2022 (2021: €1.3 million). Own work capitalised with regard to new Digital Farming products amounted to some €3.2 million (2021: €4.4 million).

Financial Report

Macroeconomic conditions

The development of the global economy was characterised in the financial year 2022 by considerable impairment of the economic climate, which had already been weakened by the coronavirus pandemic. The main negative factors were the war against Ukraine, high rates of inflation, an increase in central banks' interest rates to combat inflation and a significant economic slowdown in China in the wake of the country's zero-Covid strategy (IMF, World Economic Outlook, January 2023).

In its most recent estimate, dated January 2023, the International Monetary Fund (IMF) anticipates that the global economy saw growth of around 3.4% in 2022. In industrialised economies, growth stood at around 2.7%, according to the IMF. In emerging economies, gross domestic product increased by 3.9%. In the countries of the euro zone, economic growth amounted to 3.5%. In Germany and Austria, two particularly important markets for BayWa, economic growth stood at 1.9% and 4.7%, respectively (IMF, World Economic Outlook, January 2023; WIFO – Austrian Institute of Economic Research, Economic Outlook 4/2022, December 2022).

Following record figures of over 10% in the autumn months, the annual inflation rate in the euro zone stood at 9.2% as of December 2022, according to the European statistical office Eurostat. For the first time since 2016, the European Central Bank (ECB) raised the interest rate on the main refinancing operations (MRO) to 0.5% in July in the first of a series of rate hikes that peaked for the year at 2.5% in December (Eurostat, Annual inflation down to 9.2% in the euro area, January 2023; https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.en.html).

In the current financial year, 2023, global growth is expected to weaken further. The main factors behind this trend are increasingly tight fiscal policy to contain the high rate of inflation, the persistent impairment of global economic flows as a result of the war against Ukraine and lower investment rates in emerging economies (IMF, World Economic Outlook, January 2023).

For 2023, the IMF anticipates slower global growth momentum. Nevertheless, sentiment has improved somewhat, with growth forecast to reach 2.9%. Back in October, the IMF's analysts were still predicting economic growth of just 2.7%. In emerging economies, gross domestic product is expected to increase by 4.0%. In industrialised countries, growth of 1.2% is expected. For the euro zone, the IMF is forecasting just around 0.7% in growth. In Germany, the economy is expected to experience periods of recession over the course of 2023, but should still grow by a slight 0.1% for the year as a whole. In October, the IMF was still predicting a decline of 0.3% for Germany. For Austria, the WIFO anticipates slight growth of 0.3% (IMF, World Economic Outlook, January 2023; WIFO – Austrian Institute of Economic Research, Economic Outlook 4/2022, December 2022).

The ECB's goal is to achieve price stability in the medium term for the euro zone, with an inflation rate of 2%. However, this target remains far off for the time being. As a result, the key interest rate was raised by 50 basis points to 3.5% with effect from 22 March 2023. In doing so, the ECB Governing Council is staying its monetary policy course (ECB, Combined monetary policy decisions and statement, March 2023).

Operative business development

Energy business unit

Market and industry development 2022/23

Development of renewable energies

The international economy started 2022 on a relatively optimistic note. The risks stemming from the coronavirus pandemic had subsided in many parts of the world, and the economy had grown by 6.1% in 2021 after shrinking by 3.1% in 2020 (World Bank). Although European electricity and gas prices had risen to a historic record high in winter 2021/22, things looked likely to return to normal by spring. However, falling forecasts with regard to the availability of French nuclear power plants, low hydrogen power reserves and underwhelming natural gas deliveries from Russia to Europe all indicated that challenges were on the horizon (European power volumes & prices: 2022 in review, Wood Mackenzie).

The Russian attack on Ukraine at the end of February and the political instrumentalisation of gas deliveries to Europe led to the destabilisation of regional and global energy markets. European raw material prices reached unprecedented levels in 2022, with natural gas costing €122 per megawatt-hour (MWh) on average on the Title Transfer Facility (TTF, a virtual trading point in the Netherlands). Between 2015 and 2020, the average price stood at just €16 per MWh. As a result, electricity prices rose to between €400 and €550 per MWh in many countries of the European Union (EU) in August 2022 (European power volumes & prices: 2022 in review, Wood Mackenzie).

The crisis forced European governments and institutions to enact regulations that were poorly thought-out. One example is the revenue cap that was introduced at EU level to collect "surplus profits" from "inframarginal generators" such as wind farms and solar parks, as well as nuclear power plants. On account of the varying interpretations and measures taken to implement the cap by the individual EU member states, however, it led to uncertainty among markets and investors. The developments over the course of 2022 will have a fundamental impact on the future of electricity markets in Europe, as the regulatory agencies of the EU and its member states, as well as the United Kingdom, have started redefining the regulatory framework for their respective markets.

Despite these challenges, an estimated 375 GW of photovoltaic (PV) systems and wind turbines were installed worldwide in 2022 – 33% more than the record-setting figure of 283 GW seen in 2021 (BloombergNEF, December 2022). As a result, the aggregated global installed PV and wind energy output rose to 2,188 GW.

The annual PV capacity growth of 269 GW in 2022 – 47% more than in the previous year – includes 143 GW in roof-mounted installations and 126 GW in free-standing solar parks. The Asia-Pacific region was once again the engine of global PV market growth. Capacity in the region rose by 165 GW, which corresponds to growth of 61% year on year and accounts for roughly two-thirds of global PV capacity growth in 2022. Europe, the Middle East and Africa (EMEA), along with North and South America, follow at 52 GW and 41 GW; 10 GW are not classified. China retained its regional and global leadership role by installing 126 GW in PV solar capacity in 2022. The US (24 GW), India (18 GW) and Brazil (11 GW) trailed immediately behind.

In the EMEA region, Germany led the pack, with estimated PV capacity expansion of 7.4 GW, followed by Spain (7 GW), Poland (4.3 GW) and the Netherlands (4.3 GW). Of the EMEA PV capacity, 57% was installed on roofs of commercial, industrial and private consumers. Demand for rooftop systems is expected to remain high in 2023/24 on account of high electricity prices and government subsidies, which will promote growth for solar PV wholesalers.

In 2022, the global wind energy market saw an estimated 106 GW in new capacities, which corresponds to a rise of 6% year on year. The expansion of onshore wind turbines increased by 11% year on year to a total of 93 GW and balanced out the decline in offshore construction, which stood at 13 GW in 2022 (compared to 17 GW in 2021). The Asia-Pacific region led the global market, with expansion of 63 GW, followed by 26 GW in the EMEA region and 17 GW in North and South America. China continued to build on its globally leading position by expanding its wind energy capacity by 55 GW in 2022, followed by 11 GW in the United States, 4.3 GW in Germany and 3.9 GW in the United Kingdom. Wind energy projects have longer lead times and require stricter environmental impact assessments than PV. Moreover, the modularity of the latter enables users to generate anywhere from a few kilowatts to several megawatts of electricity without negatively impacting profitability, which makes PV the technology of choice for decision makers when it comes to reducing energy costs.

The easing of pandemic-related restrictions in China, the increased resolve of Europe to accelerate the expansion of renewable energies as part of the REPowerEU programme and the introduction of the Inflation Reduction Act in the US are expected to help push the expansion of PV capacity to over 300 GW in 2023. The wind energy market will also continue on its growth trajectory, albeit at a slower pace than the PV market. Independent analysts predict that newly installed wind power capacity will stand at 109 GW in 2023. With a plethora of political measures stimulating demand for renewable energies, annual global installations are anticipated to exceed 500 GW between now and 2025. Additional growth will be possible if political decision makers and the industry succeed in overcoming the challenges in terms of approvals and the supply chain (BloombergNEF, December 2022).

Development of energy

The price of crude oil plays a key role in market development for the Energy Segment. It is a leading indicator of demand and price trends for various fossil energy carriers. After starting 2022 at around USD80 a barrel, the price of crude oil started to skyrocket once the war against Ukraine started and the associated uncertainty began spreading on global commodity markets. In March, the crude oil price reached its highest level since 2008, peaking at around USD139 per barrel for the day. Another factor driving prices was the oil price cap for Russian oil exports that the G7 members and the EU imposed with effect from December 2022. Low global oil production exerted further pressure on markets. Having already fallen short of the intended targets by a substantial margin over the course of the year, the OPEC+ oil cartel additionally decided in October 2022 to cut its crude oil production targets, which led to another clear jump in prices at short notice. The emergence of a global recession and the associated expectations of lower demand stood in contrast to this development, causing the price of crude oil to fall successively as the second half of the year continued. By the end of December, it was back where it had been at the start of 2022. At USD98.1 per barrel on average over the course of 2022, however, the price of crude oil was roughly USD28 higher than the average for the previous year (TECSON, Rohölpreis, 2022).

Based on subdued demand, the U.S. Energy Information Administration (EIA) anticipates a much lower average crude oil price of around USD84 per barrel for the current year (2023). The forecast is subject to uncertainty, particularly with regard to macroeconomic development in China and the role of Russian oil production (EIA, Short-Term Energy Outlook February, 2023). In addition to the sanctions already in place, Germany has also been abstaining from Russian oil deliveries via the Druzhba pipeline since the start of the year. At the same time, some of the imports are to be replaced with oil from Kazakhstan (GTAI, https://www.gtai.de/de/trade/kasachstan/ branchen/gruenes-licht-kasachstan-liefert-mehr-oel-nach-deutschland-946248).

In the heating sector, demand for fossil fuels is subject on the one hand to weather-related fluctuations in consumption. On the other hand, purchasing behaviour is influenced by price trends. The price of heating oil largely follows the development of crude oil prices. After starting at a comparatively high level of just under €87 per 100 litres, heating oil prices saw a clear uptick in the financial year 2022 and leapt to a record high of €204.5 per 100 litres in March 2022. In the months that followed, heating oil prices, like crude oil prices, eased by a clear margin. At an annual average of €139 per 100 litre, the price of heating oil was still clearly up on previous years (TECSON, Heizölpreise, 2022). Sales of heating oil in Germany increased by 8.2% year on year in 2022 (BAFA, Amtliche Mineralöldaten, December 2022). Fears of gas shortages motivated large-scale industrial and commercial consumers to switch to heating oil and were among the main reasons for the higher demand. All in all, though, lower consumption thanks to modern technologies, energy-efficiency renovations, milder winters and the increasing use of renewable energy sources contribute to a decline in heating oil consumption. This trend is set to continue going forward. The German Buildings Energy Act (GEG), for instance, stipulates that oil heaters may only be installed from 2026 onward as part of a hybrid system that combines oil heating with a renewable heat energy carrier. In Austria, the federal government's plan for the years 2020 to 2024 has banned the use of oil heaters in new buildings since 2020 and has prohibited the installation of new oil heating systems in existing buildings since 2021.

In 2022, the price of wood pellets also soared, at times more than tripling year on year to around €746 a tonne (for a 26-tonne bundle). The increase in prices was primarily due to a clear rise in demand, as well as higher production and transport costs (DEPI, Pelletpreis/ Wirtschaftlichkeit, February 2023; DEPV, Energiekrise beeinflusst Pelletpreis, November 2022). In addition, supply was also temporarily interrupted by supply chain problems and an EU-wide ban on wood pellet imports from Belarus and Russia that was issued in March 2022 (GTAI, https://www.gtai.de/de/trade/russland/branchen/holz-und-papier-unterliegen-ein-und-ausfuhrbeschraenkungen-819516). The consumption of wood pellets increased by 10.3% in Germany in 2022. Because the number of newly installed pellet-fired systems also continued to increase in 2022, pellet consumption growth is expected to accelerate in 2023 (DEPV, Pelletproduktion und -verbrauch in Deutschland, Zubau von Pelletfeuerungen in Deutschland, 2 March 2023). In the medium term, however, market growth should level off as a result of changes in subsidy conditions for pellet heating. Due to the amendment of the Bundesförderung für effiziente Gebäude (federal subsidy for efficient buildings – BEG) in August 2022, the Deutscher Energieholz- und Pellet-Verband (German energy wood and pellet association – DEPV) estimates that over 95% of central wood-fuelled heating systems that were previously eligible for subsidies will stop receiving subsidies on 1 January 2023, thereby making it less appealing to install wood furnace systems. Existing systems are not affected by the changes. Nevertheless, wood pellets should remain an important element of decentralised energy supplies.

Total fuel sales in Germany rose by 0.7% in 2022. Sales of Otto fuels increased by 3.5%, whereas sales of diesel fell by 0.6%. Total sales of lubricants decreased by 3.6% due to the scarce availability of base oils as a primary material in 2022 (BAFA, Amtliche Mineralöldaten, December 2022). The scarcity was mainly triggered by developments on the crude oil market and Russia's tremendous significance for the procurement of base oils. The sharp rise in fuel prices stood in contrast to lower mileage in the previous year on account of lockdowns (Federal Ministry for Digital and Transport, Verkehr in Zahlen, 2022/2023). Other important factors include vehicle stock and the development of the economy as a whole. Given the anticipated slight decline in economic performance in Germany, sales of oil-based fuels should fall slightly. A structural reduction in demand for fuels and lubricants can be expected in general in the years ahead, with the German federal government planning to have at least 15 million electric cars on the road by 2030 (German federal government, 2021 coalition agreement). By contrast, the move will result in tremendous opportunities for the expansion of charging infrastructure. The use of liquefied natural gas (LNG) in the transport sector, especially in heavy-goods vehicles, also offers enormous potential (Gas e. V., Bio-LNG im Schwerlastverkehr).

Business performance

Renewable Energies Segment

The Renewable Energies Segment saw very positive development in 2022. Plant sales achieved a total output of 797.0 MW in the reporting year, with turnkey energy plants accounting for a share of roughly 97%. In 2021, that figure stood at around 74% of a total completed project output of 612.8 MW. Alongside the construction of turnkey wind farms and solar parks, total output also includes the sale of ready-to-build project rights and general contracting services such as planning, procurement and construction services.

The Wind Projects business entity sold six wind farms with a total output of 59.8 MW (2021: 119.8 MW) in the national markets of France (19.1 MW), Australia (18.2 MW), Italy (18.0 MW) and Germany (4.5 MW). In the case of one particular project in France, only 49% was sold to an external buyer. The remaining 51% of the wind farm, as well as three others, was transferred to the portfolio held by the IPP (Independent Power Producer) business entity (75.6 MW in total). The BayWa r.e. Group will assume responsibility for the commercial and technical management of the lion's share of these turbines and wind farms. In addition, a first milestone for embarking on offshore project planning was reached when the BayWa r.e. Group, together with two partners, was awarded the contract for a floating offshore wind farm with a total output of 960 MW as part of a tender procedure by Crown Estate Scotland. During the construction of a 95 MW wind farm in the US, site-related uncertainties led to a halt in some aspects of construction work and, in turn, to significant delays and cost increases. As a consequence, the book value of the wind farm under construction was subject to a write-down. After completion, the wind farm is to be operated by BayWa r.e.

The Solar Projects business entity sold 16 free-standing solar parks and four floating solar parks with a total output of 704.7 MW (2021: 394.0 MW), as well as four sets of project rights for the construction of free-standing solar parks (26.4 MW) and battery storage systems (208 MW 416 MWh). Of the total solar output, 270.5 MW were attributable to the US, 202.44 MW to the Netherlands, 115.0 MW to Spain and 110.1 MW to the United Kingdom. In addition, three projects that had been brought into operation with a total of 43.0 MW were transferred to the IPP business entity.

The IPP (Independent Power Producer) business entity operates selected solar parks and wind farms and successfully completed its second full financial year in 2022. Energy trade activities are also part of the IPP business entity. In 2022, the portfolio was increased by seven parks. As a result, 26 wind farms and solar parks in Europe, North America and Australia with a total output of roughly 0.8 GW were part of the operating portfolio at the end of the year. Both the portfolio and the energy trade activities benefited from the high electricity prices. However, the increased volatility in energy prices also led to higher procurement prices in energy trading.

The Services business entity recorded a rise in total plant capacity under its management around the world of over 5% to more than 10.2 GW in 2022 (2021: 9.7 GW). This growth was rounded out by successful photovoltaic (PV) repowering sales in Germany, Italy and France. Supply-chain-related delays in the commissioning of renewable energy systems, as well as delays in the start dates of repowering projects, made business difficult in the Services business entity.

In trade activities involving photovoltaic (PV) components, the total output of PV modules sold rose by roughly 71% to just under 3.5 gigawatt-peak (GWp). The inverter and assembly system product groups each saw a significant increase of around 60% and 110%, respectively. Business involving storage products grew by roughly 140% year on year. The growth is primarily attributable to the continued high demand for renewable energies and good product availability at solar trading companies despite adverse conditions. Revenues of just under €480 million were processed in these product areas through the web stores established in national markets, which corresponds to an increase of approximately 100% year on year. Overall, the lion's share of solar trade revenues was generated in Europe, the Middle East and Africa (74%), followed by the Americas (23%) and Asia (3%).

In 2022, the Energy Solutions business entity was able to expand its project pipeline through successful sales activities, both in Europe and South East Asia, and execute a large number of roof-mounted, carport and free-standing projects. As a result, it succeeded in further establishing itself as an international developer of integrated solutions in the fields of renewable energies for businesses.

Revenues in the Renewable Energies Segment rose by 82.3% to €6,489.2 million in the financial year 2022. At €239.1 million, EBIT climbed to a new record and exceeded the previous record of €135.0 million, which was set in 2021, by around 77%. The improvement in the operating result is primarily attributable to strong growth in solar trade activities. The IPP business entity also exceeded the previous year's result by a clear margin. The improvement in earnings in the portfolio resulted both from the newly acquired solar parks and wind farms and from the higher electricity prices, as in energy trading. In addition, the sale of BayWa r.e. Bioenergy GmbH had a positive effect on earnings in the Renewable Energies Segment.

The coronavirus pandemic had a less significant effect on the BayWa r.e. Group in the reporting year than in previous years. Although there were still supply bottlenecks and delays in approval processes, for instance, the former had less to do with the pandemic than with the continued disruption in supply chains.

Energy Segment
The Energy Segment saw positive development in the reporting period. Demand for fuels and heat energy carriers was solid despite high prices. The war against Ukraine, as well as the associated high level of uncertainty regarding the supply in winter, and further price hikes on global commodities markets led some private and commercial consumers to stock up in advance. In this situation, BayWa's active inventory management paid off.

As a result, the Group was able to meet the high demand (particularly for wood pellets) without virtually any limitations. To continue meeting the demand for solid fuels going forward, BayWa is further expanding its storage and distribution capacities and opened an additional wood pellet warehouse in Schlacht, near Glonn, in the third quarter. With 680 square metres of storage space, the warehouse has room for up to 3,000 tonnes of wood pellets for delivery to private customers in a radius of 50 kilometres. BayWa now maintains 16 pellet warehouses of its own, with a total capacity of 73,000 tonnes of wood pellets. BayWa expects wood pellets to remain a key component of the energy mix.

The company also strengthened its logistics capacities in the reporting period. In January 2022, the BayWa subsidiary Pellog GmbH took over the business activities of Heyne & Naumann GmbH, a haulage company based in Oelsnitz, Germany. The acquisition helps to ensure the company's access to valuable service and logistics resources in the competitive logistics market. In September 2022, BayWa announced a long-term, exclusive partnership with Danpower GmbH, Potsdam, Germany, for its pellet plant in Heidegrund, Germany. BayWa will provide raw materials and manage pellet sales for the plant in Heidegrund in order to make sure that customers receive products and services in the long term. All in all, customers placed smaller orders on account of the high prices, on the hope that prices would fall. As a result, sales of wood pellets were down 8.6% year on year in the reporting period.

In heating oil trade, BayWa recorded a 2.1% decline in sales overall. While demand in Germany was almost on a par with the previous year, demand in Austria fell to a greater extent. The decline was primarily attributable to the Austrian federal government's plan for the years 2020 to 2024, which has banned oil heaters in new buildings since 2020 and has prohibited new oil heating systems in existing buildings since 2021.

By contrast, the fuels business recorded an additional boost in demand, especially prior to the end of the temporary fuel tax cut on 31 August 2022. Increased mileage for engines run on Otto fuels likewise had a positive effect, whereas mileage was down by a clear margin in the comparable period in 2021 due to the applicable lockdown rules. All in all, fuel sales volume was 7.1% higher year on year.

In April 2022, the new subsidiary BayWa Power Liquids GmbH commenced operation. The wholly owned subsidiary of BayWa AG positions itself as a solutions provider for eco-friendly heavy vehicle mobility and operates BayWa's network of LNG filling stations, which currently has 11 locations and was transferred from BayWa Mobility Solutions GmbH to BayWa Power Liquids GmbH in April. Through the BayWa filling station card, customers also have access to additional LNG stations run by partners.

In lubricants, the scarce availability of base oils as an input led to a clear increase in product prices for motor, hydraulic and gear oils. At the same time, higher energy costs led to temporary AdBlue production stops, especially in the fourth quarter of 2022. Overall, sales of lubricants and operating resources fell by 9.3% year on year. By ensuring that customer needs were met at all times, BayWa succeeded in compensating in earnings terms for declines in sales in these product groups.

The subsidiary BayWa Mobility Solutions GmbH continued driving forward the expansion of charging infrastructure for electromobility in the reporting period. Roughly 300 charging parks with an average of six charging points were built, bringing the total number of charging points up to 2,100 (including 1,800 quick charging points). Thanks to a partnership with SMATRICS EnBW, which was launched in spring, the reach of the BayWa charging cards in Austria has now been expanded by about 400 quick charging points. The new Chargemondo platform for the operation of private charging solutions was launched back on 1 January 2022. Since February 2022, www.chargemondo.de has also been marketing GHG quotas (greenhouse gas reduction quotas). GHG trading allows participants to offer the CO_2 they save by using an electric vehicle on the emissions market. As a next move, BayWa Mobility Solutions GmbH plans to extend its GHG quota trading service to commercial clients. The non-strategic home charging infrastructure business was sold to Werner Pletz GmbH in December 2022.

Building services benefited substantially in the financial year from the increased demand for new heating solutions. In particular, upgrades for existing heating systems in single- and multi-family homes, as well as the switch to heat pumps, proved to be earnings drivers.

All in all, the Energy Segment generated strong revenue growth of 57.1% to €3,343.6 million in the reporting period (2021: €2,128.2 million). That growth is primarily attributable to the rise in prices. On the earnings side, EBIT more than tripled year on year to €53.6 million.

Agriculture business unit

Market and industry development 2022/23

Development of grain and oilseed

Global balance of grain (excluding rice)	Grain year			Change	
in millions of tonnes	2020/21	2021/22	**2022/23**	2021/22 compared to 2020/21	2022/23 compared to 2021/22
Production					
World	2,215.7	2,280.0	2,227.7	2.9%	- 2.3%
thereof: wheat	774.5	779.3	781.3	0.6%	0.3%
thereof: coarse grain	1,441.2	1,500.7	1,446.4	4.1%	- 3.6%
Consumption					
World	2,238.5	2,282.7	2,246.8	2.0%	- 1.6%
thereof: wheat	782.7	792.5	789.7	1.3%	- 0.4%
thereof: coarse grain	1,455.8	1,490.2	1,457.1	2.4%	- 2.2%
Inventory changes					
World	- 22.8	- 2.7	- 19.1		
thereof: wheat	- 8.2	- 13.2	- 8.4		
thereof: coarse grain	- 14.6	10.5	- 10.7		

European balance of grain (excluding rice)	Grain year			Change	
in millions of tonnes	2020/21	2021/22	**2022/23**	2021/22 compared to 2020/21	2022/23 compared to 2021/22
Production					
EU	282.1	292.6	270.3	3.7%	- 7.6%
thereof: Germany	43.3	42.4	43.3	- 2.1%	2.1%
Consumption					
EU	264.2	268.1	262.0	1.5%	- 2.3%
thereof: Germany	42.9	39.0	41.2	- 9.1%	5.6%
Inventory changes					
EU	17.9	24.5	8.3		
thereof: Germany	0.4	3.4	2.1		

Sources: USDA, Grain: World Markets and Trade, January 2023, pp. 20, 26; DRV, Jahresbericht Agrarwirtschaft 2022, p. 10; BLE, Getreideverbrauch Deutschland, Inlandsverwendung insgesamt

Global agricultural markets are characterised by a narrow corridor between production volume and demand. In recent years, however, supply has often failed to meet demand. At the same time, demand is expected to rise continuously as the world's population keeps growing between now and 2050. The consequences of climate change will also play a role, with securing global food supplies constituting a major challenge. The war against Ukraine has further exacerbated the situation, and the consequences will have a significant effect on agricultural markets in the business periods ahead (BayWa, own estimates).

The most important indicator of how the plant-based product market is developing is the grain market. In the grain year 2021/22, global consumption increased by 2.0%, causing inventories to decrease by 2.7 million tonnes. The European Union harvested around 3.7% more grain in the harvest year 2021/22 than in the previous year, and consumption outperformed the previous figure by a clear margin (USDA, Grain: World Markets and Trade, January 2023, pp. 20, 26). In Germany, the harvest was 2.1% smaller in the harvest year 2021/22 than in the previous year on account of unusually dry weather conditions in many regions and the associated decline in hectare yields.

The financial year 2022 saw a clear rise in global market prices for grain due to the aforementioned decline in global grain stocks, as well as anticipated weaker harvests in key producer countries and lower exports from Ukraine. General uncertainty with regard to global supply trends also played a role (DBV, Situationsbericht 2022/23, p. 192). Starting from a low for the year of just under €261 per tonne in early February 2022, the price of wheat leapt to an annual high of around €438 per tonne on the MATIF commodity futures exchange by May 2022. In the second half of the year, wheat prices hovered around a somewhat lower, yet still high level of €350 per tonne until November. By the end of 2022, wheat was trading on the MATIF at around €309 per tonne. At an average of 143.7 points (2021: 125.7 points), the grain price index of the Food and Agriculture Organization of the United Nations (FAO) exceeded the level seen in the past ten years by a clear margin in 2022 (FAO Food Price Index, January 2023).

According to the latest forecasts from the U.S. Department of Agriculture (USDA), global grain production is likely to be 2.3% lower year on year in the grain year 2022/23. Global consumption is expected to fall by 1.6%. With consumption once again outpacing production on the whole, a reduction of wheat and coarse grain inventories appears likely, meaning that prices should be higher in 2023 than in previous years. The European Union is expected to harvest roughly 7.6% less grain in the grain year 2022/23, according to projections (USDA, Grain: World Markets and Trade, January 2023, pp. 20, 26). The lower grain harvest is attributable to an unusually dry summer in parts of the EU, which led to lower yields per hectare (DBV, Situationsbericht 2022/23, p. 190). By contrast, the grain harvest in Germany rose by 2.1% year on year to around 43.3 million tonnes, bringing it back to the level seen between 2016 and 2021 on the heels of a poor harvest year in 2021/22. The increase was fuelled by a larger amount of land under cultivation and a slight uptick in yields per hectare. However, grain maize harvest losses on account of heat and dry conditions reduced the grain harvest (DBV, Situationsbericht 2022/23, p. 191; DRV: Jahresbericht Agrarwirtschaft 2022, p. 10). The FAO and OECD anticipate high prices for all types of grain in the years ahead (DBV, Situationsbericht 2022/23, p. 193).

Global soya meal harvest volume fell slightly by 0.5% in the marketing year 2021/22 to stand at 247 million tonnes (World Markets and Trade, January 2023, p. 11). Soya meal accounts for around 70% of all oilseed meal. After hitting a low for the year of roughly €380 per tonne in January 2022, prices for soya meal hovered at a higher level of around €450 to €550 per tonne in the subsequent months in the wake of a general rise in commodity and agricultural prices. Following a slight downward trend in autumn, a clear deterioration in harvest prospects in Argentina led to a renewed rise in prices on the Chicago Board of Trade (CBoT) commodity futures exchange in December. Soya meal finished the year at a price of around €493 per tonne.

In the marketing year 2022/23, global soya production (soya meal) is expected to rise by 4.2% to 257 million tonnes, due mainly to anticipated record soya harvests in Brazil and China (USDA, Oilseeds: World Markets and Trade, January 2023, p. 10 et seq.).

Development of fruit cultivation
At roughly 1.33 million tonnes, the fruit harvest in Germany was 3% higher year on year in 2022, according to estimates by Agrarmarkt Informations-Gesellschaft mbH (AMI). The total tree fruit harvest in Germany stood at 1.17 million tonnes in 2022, equating to an increase of around 4% compared to the previous year. Higher har vest volumes for apples, sweet cherries, sour cherries, plums and prune plums stood in contrast to lower

harvest volumes for fruits such as pears or mirabelles. At 44,500 tonnes, the soft fruit harvest was roughly 2% lower year on year, mainly due to factors limiting the cultivation and growth of blackcurrants (DBV, Situationsbericht 2022/23, p. 205). The apple harvest volume increased by 6.6% year on year in 2022 to stand at around 1.1 million tonnes and exceeded the multi-year average for 2012 to 2021 by 10.3% on account of good fruit setting in spring and the good weather conditions, which resulted in less disease and pest infestation (Destatis, press release, 9 January 2023, Apple yield in 2022 by 10.3% above average of the last ten years). At roughly 12.2 million, the apple harvest volume achieved in the member states of the EU in 2022 was up slightly on the previous year's level of 12.0 million, according to preliminary figures (World Apple and Pear Association – WAPA, EU 27 apple production by country, November 2022).

Owing to lower demand and higher inventory levels than in previous years, apple prices in Germany were below the five-year average throughout 2022. As marketing of the new harvest kicked off in August, prices stabilised at a low level of between 60 and 63 cents per kilogramme. By contrast, average apple prices in the EU remained above the five-year average, except for between April and August 2022. Consumer sentiment in Europe, and in Germany in particular, was dampened by exploding energy costs and high inflation. Inventories therefore continued to increase month after month, despite low imports from overseas, resulting in a conflict between efforts to clear out stocks and the new harvest. Extensive quantities of inventories from previous harvests remained in stock well into September, which negatively impacted the fresh produce market through October and were partially sold off to industrial producers (DG Agri Dashboard Apples, 17 November 2022). According to preliminary figures, the EU had 4.4 million tonnes of apples in stock as at 1 December – a decrease of 9% year on year, and 4% less than the average for the past three years. Brisk exports to countries outside Europe made it possible to sell 18% more apples in November than in 2021. Prices for stable qualities are very likely to pick up in 2023 (Agrarmarkt Informations-Gesellschaft mbH – AMI).

In the southern hemisphere, the harvest volume of apples declined by 6.7% year on year to approximately 4.9 million tonnes in the harvest year 2021/22, falling short of the original expectations by a clear margin. At 502,000 tonnes, New Zealand – BayWa's most important non-European country of origin for fruit – recorded its smallest apple harvest since 2013/14. Adverse climatic growth conditions led not only to lower harvest volumes, but also to poorer fruit quality. The country also saw an extensive shortage of harvest workers on account of the pandemic-related restrictions on travel to New Zealand. Based on the current status of fruit development, the World Apple and Pear Association (WAPA) forecasts that the apple harvest in the southern hemisphere will increase by just under 6% to 5.1 million tonnes in the harvest year 2022/23. All countries except Australia look likely to benefit from higher harvest volumes. In New Zealand, the harvest volume is expected to increase by just under 7% (WAPA, Southern Hemisphere Apple and Pear Crop Forecast, February 2023), mainly due to the opening of New Zealand's borders to the outside world and the associated return of foreign workers. In the wake of the natural disaster caused by the floods that have occurred in New Zealand since mid-February 2023 and have affected T&G Global's cultivation regions, among many others, the above forecast may fail to fully materialise. However, it is not yet possible to make a credible assessment.

Development of agricultural inputs

Prices of agricultural inputs rose by a clear margin year on year, especially in the first half of 2022. Fertilizer prices were 99% higher on average than in the previous year (Destatis, Index of purchase prices of the means of agricultural production, Genesis 61221-0001). Sales fell by around 7% due to higher prices for all types of fertilizer, including nitrogen, phosphate, potash and calcium fertilizers (Destatis, Domestic sales of fertilisers, Genesis 42321-0003). Business involving fertilizers depends on many factors, such as weather conditions and regulations such as the German Fertiliser Application Ordinance (DüV), as well as the energy price. Producing mineral fertilizers is particularly energy intensive, and the sharp rise in prices on energy markets that began in the final months of 2021 and gained further momentum as a result of the war against Ukraine have made the fabrication of mineral fertilizers so much more expensive that some manufacturers have scaled back their production by a clear margin or have even temporarily halted their activities altogether. That development led to a shortage of mineral fertilizers on the western European market in 2022 (Jahresbericht Agrarwirtschaft 2022, p. 18). In the final months of 2022, prices started to fall again on account of lower gas prices and adequate supply on the market. This trend could result in a slight increase in demand among farmers, especially for nitrogen fertilizers. The German Fertiliser Application Ordinance (DüV) is likely to have the opposite effect. As a consequence of the amendments to the DüV in 2020, Germany's federal states had until November 2022 to update their lists of nitrate-contaminated areas ("red areas") (https://www.bmel.de/DE/themen/

landwirtschaft/pflanzenbau/ackerbau/neuausweisung-belasteter-gebiete.html). The number of red areas is expected to rise, further restricting the use of fertilizers and leading to another drop in fertilizer sales in 2023.

Sales of crop protection products decreased by around 7.7% in 2022 (DRV, Jahresbericht Agrarwirtschaft 2022, pp. 18–19). Strained supply chains led to overall product scarcity on the market. Average crop protection prices increased by around 14%, placing them well above the level seen in the previous year (Destatis, Index of purchase prices of the means of agricultural production, Genesis 61221-0001). The use of crop protection products depends first and foremost on weather conditions and their consequences, such as crop diseases and pest infestations. Assuming largely unchanged conditions such as cultivation structure, weather conditions and prices, the use of crop protection is expected to continue decreasing structurally in 2023 due to social and political factors. The European Commission and the German federal government, for instance, both want to further reduce the use of crop protection products. In mid-2022, the Commission published a proposal for a new EU crop protection use regulation (Sustainable Use Regulation – SUR). The regulation calls for a 50% reduction by 2030 and a total ban in all nature reserves (DRV, Jahresbericht Agrarwirtschaft 2022, p. 19).

The seed market is mainly influenced by the development of land under cultivation for grain, corn and rapeseed. All in all, land available for cultivation in Germany was slightly higher than in the previous year in 2022 (Destatis, Field crops and grassland, acreage, 2022, 23 January 2023). As a result, seed sales in the industry are likely to have also seen stable or slightly rising development in 2022. Seed prices increased by 17.5% year on year in 2022 (Destatis, Index of purchase prices of the means of agricultural production, Genesis 61221-0001). Assuming largely constant areas under cultivation and normal weather conditions, seed sales in 2023 should be on a par with the previous year.

Feedstuff production fell by 4.4% nationwide in the marketing year 2021/22 to 22.86 million tonnes of mixed feed. By animal species, roughly 9.06 million tonnes were attributable to pigfeed, a decrease of 7.7% year on year. The clear rise in agricultural input costs and stricter regulatory requirements stood in contrast to slaughter animal prices that were not fully sufficient to cover costs. The 4.3% decline in cattle feed to 6.84 tonnes is mainly attributable to sufficient levels of basic feedstuff from the 2021 harvest. By contrast, production volumes of poultry feed (6.37 million tonnes) as well as horse feed and other mixed feed (0.59 million tonnes) were roughly on a par with the previous year (DRV, Jahresbericht Agrarwirtschaft 2022, p. 29 et seq.). At the end of 2022, feedstuff prices were 38.1% higher than the previous year's level (Destatis, Index of purchase prices of the means of agricultural production 2022, Genesis 61221-0001). In pig farming, rising agricultural input prices, the persistent spread of animal diseases such as African swine fever and lower consumer demand have started leading to a clear reduction in stocks in the short to medium term. According to the Federal Statistical Office of Germany, the number of pigs fell by 10.2% year on year to 21.3 million animals as at 3 November 2022. Cattle stocks are likely to remain relatively constant in the near future, with a slight increase generally forecast for poultry. However, the latest outbreaks of avian influenza and the associated bans on the reintroduction of poultry have led to a decline in feedstuff sales. Against the backdrop of an overall reduction in animal stocks, slightly negative market development can be expected in 2023 (DRV, Jahresbericht Agrarwirtschaft 2022, p. 31).

Development of agricultural equipment

The economic situation of German farmers saw clear improvement in the marketing year 2021/22 compared to the previous year, especially at crop and dairy farms. On average, earnings were roughly 49% higher year on year at professionally run farms. The increase is primarily attributable to short-term price hikes and therefore higher producer prices on account of global supply shortfalls rather than improved competitiveness. In the current year, 2022/23, producer prices are expected to be more stable for most agricultural products, which is likely to lead to lower earnings year on year in the marketing year 2022/23 that are nevertheless above the long-term average (DBV, Situationsbericht 2022/23, p. 170 et seq.).

At the same time, the economic barometer for agriculture published by the German Farmers' Association (Deutscher Bauernverband – DBV), which measures sentiment in the agricultural sector, indicated clear improvement at the start of the year. The index climbed by 8.8 points year on year to 14.9, a level last seen in mid-2021. However, the sentiment indicator remains a snapshot, according to the DBV, and mainly reflects the previous year's improved earnings (DBV, Konjunktur- und Investitionsbarometer Agrar, January 2023).

Agricultural equipment manufacturers' revenues were robust. According to estimates by the VDMA (German Mechanical Engineering Industry Association), the industry's revenues increased by 18% to €12 billion in 2022, thereby setting a new record. Nevertheless, agricultural machinery trading was tense in 2022 on account of shortages and logistics bottlenecks that are gradually easing (VDMA Agricultural Machinery Association, press release 27 February 2023, Landtechnikindustrie setzt erstmals mehr als 12 Milliarden Euro um).

At 34%, the general propensity of farmers to make investments was slightly lower in the first half of 2023 than in the previous year (37%). However, the planned investment volume for the first six months of 2023, at €5.8 billion, is clearly higher than in the same period of the previous year (first six months of 2022: €5.0 billion). Farmers are focusing on investments in renewable energies and land purchases. By contrast, machinery, equipment and farm buildings are planned less frequently and are generally stagnant in terms of volume (DBV, Konjunktur- und Investitionsbarometer Agrar, first and second quarter of 2023, pp. 5–6).

Business performance

Cefetra Group Segment

In the Cefetra Group Segment, BayWa acts as a supply chain manager for agricultural products – from purchasing and logistics to distribution. The main customer groups are grain and oil mills, producers of starch and feedstuff, malt houses and breweries, as well as makers of baked goods, biofuel and spirits.

In 2022, the Cefetra Group's trading environment was characterised by tremendous supply insecurity. Lower grain availability on account of the war against Ukraine and heat waves in parts of Europe and the US led to uncertainty on commodity exchanges, which caused extreme price increases for nearly all types of grain in some cases, especially in the first half of 2022. Prices of wheat, corn and rapeseed saw increases of between 40% and 60% at times in the first five months of the reporting year. After Ukraine and Russia agreed on a grain export deal, prices began to fall from June onward. Nevertheless, the commodity exchanges remained volatile and posted above-average prices. The Cefetra Group was able to benefit greatly from the trade opportunities resulting from these conditions in the reporting period.

The Cefetra Group Segment's grain and oilseed handling volume fell by around 13% to €16.2 million in the financial year 2022. This development was due to weaker demand for feedstuff, especially in the Benelux countries, and to the limited volume of exports from Ukraine. In addition, trade activities were negatively impacted by higher logistics costs. Despite the tense market situation, the Cefetra Group continued being able to make deliveries thanks to a broad supplier network and access to numerous procurement markets. To strengthen its sales region within the traditional feedstuff and grain trade business, especially in the United Kingdom and Ireland, the Cefetra Group acquired two granaries in Scotland for around €8.3 million in the reporting period. These grain processing and storage facilities – which also dry, clean and analyse grain – give the Cefetra Group access to the infrastructure it needs to be active in the most important grain-growing regions of Scotland, allowing Cefetra to expand its customer portfolio and become a key supplier for whisky producers.

Expansion and product diversification of the portfolio in the higher-margin specialities business have evolved into the primary drivers of earnings in the Cefetra Group Segment in recent years. The subsidiary Royal Ingredients Group B.V. has seen the strongest growth in earnings, thanks in particular to the expansion of sales and distribution activities in the US. The ventures established in 2021 – including the Sedaco trading centre in Dubai and Cefetra Dairy, which extends the range of specialities to include dairy products and alternatives – are developing according to plan. Cefetra Dairy succeeded in already generating a positive earnings contribution in the reporting year. In the second quarter of 2022, the Cefetra Group further expand its specialities business by taking over a majority stake in the nut and dried fruit trader Heinrich Brüning GmbH, registered in Hamburg, Germany.

To support the BayWa Group's sustainability efforts, the transport logistics activities of the subsidiary Cefetra B.V. in the Netherlands were converted to fossil-free diesel fuel with effect from 1 January 2022. As a result, the carbon footprint attributable to logistics at the subsidiary Cefetra B.V. is now 80% to 90% lower, bringing it one giant step closer to achieving the Group's target of being climate neutral by 2030.

Driven by market factors, the Cefetra Group Segment's revenues increased by 22.3% in the reporting year to stand at €6,111.2, following €4,996.3 million in the previous year. EBIT rose by 53.4% from €38.8 million in the previous year to €59.5 million in the reporting period, thanks primarily to the expansion of the higher-margin specialities business and further product diversification in sustainable products, as well as high volatility and price increases in the commodities business.

Agri Trade & Service Segment
The Agri Trade & Service Segment comprises the agricultural input business, the collecting of agricultural products and grain and oilseed trade activities, primarily in Germany and Austria. Aside from the fundamentally tense global food supply situation, the dominant factors in the Agri Trade & Service Segment in the financial year 2022 were rising prices for agricultural products and agricultural inputs alike. The war against Ukraine further strengthened already existing market-driving forces. Nevertheless, it was possible for BayWa to increase EBIT despite a generally difficult market situation overall and outperform its guidance by a clear margin. Product availability was a major factor in the Group's financial success and was able to be ensured through proactive inventory and purchasing management. As grain resources around the world have been scarce for a number of years and supply chains are under strain, the BayWa Group had already been operating on the basis of limited supply and high prices before the war against Ukraine, and was positioned accordingly.

In the agricultural input business, the BayWa Group's sales of fertilizers rose by around 1.1% year on year to stand at 2.3 million tonnes in the reporting period. Agricultural customers' concerns about supply bottlenecks and additional price hikes led in some cases to early stockpiling for the fertilizer season 2023. Forward-looking purchasing and high fertilizer prices on the whole led to above-average trade margins. As in the fertilizer market, agricultural customers found themselves confronted with higher prices and supply issues when it came to crop protection products. Hot and humid weather in southern Germany also led to increased demand for fungicides. Thanks to an extensive supplier network, BayWa was able to keep its customers supplied with crop protection products, expand its market share and increase income by a clear margin. In the seed business, the expansion of the product portfolio to include high-margin exclusive varieties (oleaginous fruits) and private brands is having a positive effect. BayWa's seed sales increased by 1.7%. In terms of feedstuff, BayWa managed to keep its sales volume on a par with the previous year, thanks largely to positive development in complementary ranges, especially private brands.

In trade involving agricultural products (grain and oilseed), trading volume almost matched the previous year, coming in at 8.2 million tonnes in 2022. While grain volume saw a rise of 3.3%, oilseed volume fell by 16.5% due to catch-up effects from 2020 and anticipatory effects from 2022 that manifested themselves in 2021. Harvest collection figures for the grain year 2022/23 at the BayWa Group are roughly on a par with 2021/22, with only corn falling short of the very good previous year. The grain maize harvest saw losses due to heat and dry conditions. Intelligent trading portfolio management in the face of volatile prices that nevertheless increased on the whole enabled the company to participate in market trends and generate above-average margins in product trading. What is more, the optimisation of trade management and distribution processes in domestic grain trading had a positive effect in the reporting period. As a result, the contracts concluded in 2021 were reflected in earnings in the reporting year and made a major contribution to the positive performance.

All in all, revenues in the Agri Trade & Service Segment were up by 37.6% to €5,750.7 million. There was a sharp rise in EBIT compared to the previous year, of €92.4 million to €104.7 million (2021: €12.3 million).

Agricultural Equipment Segment
The Agricultural Equipment Segment performed extremely well in the financial year 2022, exceeding the previous year's earnings. The cautious forecast at the start of the year – especially for new machinery sales – failed to materialise, and the segment succeeded in raising its sales figures.

This positive development was chiefly due to farmers' ongoing willingness to invest due to good harvest yields and the availability of new machinery thanks to manufacturers' successive handling of the production backlog caused by component shortages and the Covid lockdown in 2021. The situation resulted in additional opportunities to serve customers at short notice, particularly in the first half of the year. It was also possible to process and invoice the order backlog from 2021. The Agricultural Equipment Segment sold a total of 5,025 new machines in the reporting period, 52 more than in the financial year 2021. Agricultural machinery price increases announced by manufacturers are additionally likely to have led to anticipatory effects. Likewise, the "Investitionsprogramm Landwirtschaft" (investment programme for agriculture; also known as "Bauern-milliarde" – farmers' billion) had a supportive effect. At 1,724 tractors, sales figures were lower in the used equipment business (2021: 2,119 tractors). In the previous year, the used equipment business had benefited from a short supply of new machinery.

The service business saw brisk demand for servicing and spare parts in the financial year 2022. This positive development was attributable to a variety of factors, including the above-average registration figures in past years. In addition, BayWa succeeded in meeting demand despite the pandemic and largely compensating for higher costs by raising prices. Beyond that, BayWa increased revenues in online trade by just under 25% by expanding product ranges.

Along with its core business in Germany and Austria, BayWa Agricultural Equipment's international business at the Dutch subsidiary Agrimec Group B.V. and CLAAS International (Canada) also reported clear increases in revenues and EBIT. In addition, the subsidiary CLAAS International opened its sixth location – in Medicine Hat, Alberta – in the first quarter of 2022.

One important strategic focal point in the reporting year involved leveraging synergies in the Agri Trade & Service and Agricultural Equipment Segments by building new integrated Service Center Agricultural Equipment and Machinery and consolidating existing ones to provide both segments' customer groups, which are largely identical, with comprehensive service along the value chain. As a result, two new Agricultural Equipment service centres opened in the reporting period: in Gaden (near Abensberg) and in Großostheim (near Aschaffenburg), both in Germany. In Nürtingen, Germany, construction of a new combined location began in June.

Overall, the Agricultural Equipment Segment again surpassed the previous year's record revenues of €1,909.0 million – this time by 8.8% – with a figure of €2,076.5 million. EBIT rose to €70.2 million in the reporting period, up from €48.6 million in the previous year.

Global Produce Segment

The Global Produce Segment, which covers the entire fruit and vegetable marketing value chain, was influenced by difficult overall conditions in the financial year 2022. Key factors included rising inflation, higher energy costs, geopolitical uncertainty and a resulting noticeable decline in consumer spending on fruit and vegetables. At the same time, the availability of goods was high in the market due to remaining stocks from the previous year's harvest. Because this development led to noticeable price pressure, it was not possible to pass the higher energy and logistics costs in the Global Produce Segment onto retailers. As a result, they had an adverse effect on trade margins in the segment.

At the New Zealand subsidiary T&G Global Limited (T&G Global), unfavourable growing conditions due to the La Niña weather pattern, as well as a pandemic-related shortage of harvest workers, acted as a further specific cause of lower marketing volumes. In addition, the export business encountered sluggish demand in target markets such as China, where trade was negatively influenced by the country's zero-Covid policy, along with interruptions in the supply chain.

Europe saw a clear change in consumer behaviour compared to the early days of the coronavius pandemic, with consumers spending less on fruit and vegetables in particular as a result of the sharp rise in energy costs. Against this backdrop, German producers, wholesalers and retailers were forced to offer discounts and focus on less expensive products from local regions.

In addition, the general costs and price increases fuelled a trend towards substituting more affordable regional products for premium fruit varieties on European markets. The trend was mainly apparent with regard to the marketing of exotic fruits and was therefore reflected in the business performance of TFC Holland B.V. (TFC). Moreover, logistics bottlenecks led to higher costs, since it sometimes became necessary to stock up capacities at much higher prices on the spot market.

The above factors resulted in a clear decline in trade margins in the Global Produce Segment, even though apple marketing volumes increased by around 8%. However, it should be noted that part of this high marketing volume was sold at low prices in third countries outside of Europe in order to clear stocks. Furthermore, the segment recorded a nearly 48% drop in soft and stone fruit sales. By contrast, sales of tropical fruit and vegetable fruits rose by just under 3% and roughly 8%, respectively.

The sale of the majority stake in the climate-controlled greenhouse in the United Arab Emirates (UAE) to Pure Harvest Smart Farms, a local fruit and vegetable producer, closed on 31 July 2022, resulting in a positive earnings effect of around €3 million. The climate-controlled greenhouse in Al Ain was designed from the start to be a pilot project with the aim of testing a new business model for a sustainable global system of supplying food. BayWa intends to use the experience it has gained to continue participating in infrastructure projects of this nature going forward.

In December 2022, the modernisation and expansion of the organic packaging station at the German fruit location in Ravensburg was also completed. With a new sorting facility and three additional packaging lines, BayWa is strengthening its organic marketing activities and further expanding its plastic-free packaging capacities.

Overall, the Global Produce Segment generated revenues of €921.3 million in the reporting period, following €960.7 million in the previous year. EBIT decreased by €21.5 million year on year in 2022 to stand at €21.1 million (2021: €42.6 million). The decline was attributable to cost increases throughout the supply chain. The higher procurement costs for exotic fruits had a particularly negative impact here. Since it was not possible to pass the expense on to customers, trade margins were much lower in the reporting period.

Building materials business unit

Market and industry development 2022/23

Development of building materials
The German construction sector faced a difficult environment in 2022. A positive trend in the industry's indicators during the first quarter of the year was followed by a pronounced downturn from April onwards. International supply chain problems, the war in Ukraine, which led to a further hike in already high building materials prices, rising inflation and the upturn in interest rates had an increasingly negative effect on the construction industry in Germany in the reporting period.

Overall, the German construction sector saw a nominal rise in revenues of around 12% year on year. Adjusted for price increases, however, this amounted to a decline of roughly 5%. Along with supply chain problems, advancing energy prices also pushed up the cost of building materials. Although the supply chain situation eased and most producer prices for building materials fell in the second half of the year, producer prices for a large number of building materials were above the previous year's level at the end of 2022 (HDB, press release of 22 December 2022, p. 3). For example, bitumen recorded a year-on-year increase of around 7% in December 2022, while cement was up by almost 27% and asphalt mix by almost 31% (Federal Statistical Office of Germany, Baustatistischer Rundschreibendienst, 20 January 2023). These developments are affecting all three sectors of the construction industry: residential, commercial and public.

Residential construction was hit by a decline of around 4% in real terms in 2022, predominantly due to higher prices for building materials. In addition, the initially unclear rules on future KfW subsidies for energy-efficient new builds and the renovation of housing stock caused significant unease among market players, prompting them to hold back with building contracts. The interest rate turnaround in the course of 2022 has put an end to the historically low mortgage rates that were a key driver of new housing construction in recent years. As a consequence, construction loans have become much more expensive. During the 12 months of 2022, the interest rate for mortgages of ten years or longer more than tripled to over 4% (HDB, press release of 22 December 2022, p. 2).

Commercial construction saw a fall in revenues of around 5% in 2022 (after adjustment for price changes). As in the previous years, there was a drop in the number of permits for new buildings such as factories and workshops. In the commercial segments, soaring gas and oil prices are leading to more investment in sources of green energy than in new construction projects (HDB, press release of 22 December 2022, p. 3).

Revenues from public-sector construction also decreased in 2022 due to higher building costs, falling by 6% in real terms. Planned investments came up against rocketing construction prices, meaning that many projects were not implemented (HDB, press release of 22 December 2022, p. 4). The German federal government failed to achieve its investment targets in areas such as infrastructure (ZDB, press release of 6 December 2022, p. 6).

According to the ifo Institute's economic survey from November 2022, the construction industry is also being held back by the shortage of skilled labour, with 38% of companies citing this factor as a hindrance to their production activities. There is a lack of skilled construction workers and, above all, of construction engineers (HDB, press release of 22 December 2022).

Although the German construction sector began 2023 with a historically high order backlog, its revenues are expected to decline by between 6% and 7% in real terms due to persistently high inflation and the increased cost of construction loans (HDB, www.bauindustrie.de, 18 January 2023; ZDB, press release of 6 December 2022, p. 2). As the year progresses, the capacities built up in recent years will no longer be utilised, which could lead to competitive pressure among companies (ZDB, press release of 6 December 2022, p. 2).

Sustained high inflation, spiralling mortgage rates and the related rise in the cost of construction loans (ZDB, press release of 6 December 2022, pp. 2–3) are likely to thwart investment in new housing projects in 2023. Of the 400,000 new residential units planned by the German government each year, no more than 242,000 are expected to be completed in 2023 (Handelsblatt.de, Mehr Wohnungen ab 2024?, 18 January 2023). Demand for renovation work and the return of special depreciation arrangements for the construction of rental apartments should have a positive effect (ZDB, press release of 6 December 2022, p. 4). However, this will not compensate for the expected fall in investment in new builds (HDB, www.bauindustrie.de, 18 January 2023; ZDB, press release of 6 December 2022, p. 4).

In the commercial sector, revenues are predicted to decrease by between 4% and 6% in real terms in 2023 (HDB, www.bauindustrie.de, 18 January 2023; ZDB, press release of 6 December 2022, p. 5). Although rising investments – including those by Deutsche Bahn – are likely to boost activity, the hike in construction prices caused by factors such as high borrowing costs will have a sustained negative effect on demand in the commercial sector. As a consequence, revenues are forecast to drop in real terms in 2023 (ZDB, press release of 6 December 2022, p. 5).

The outlook for public-sector construction depends on the extent to which the upturn in interest rates and soaring government debt lead to the consolidation of public finances being prioritised and to investments being postponed (HDB, press release of 22 December 2022, p. 4). Revenues in this sector are expected to fall by between 4.5% and 5% in real terms in 2023 (ZDB, press release of 6 December 2022, p. 6; HDB, www.bauindustrie.de, 18 January 2023).

Business performance

Building Materials Segment

BayWa recorded a strong financial year in its Building Materials Segment in 2022. Stable construction activity and favourable weather conditions in the spring allowed an early start to the season in the reporting period, and ensured high demand on the relevant markets in building materials trade activities. Above all, the building construction, roofing, drywall and civil engineering segments reported a substantial rise in revenues thanks mainly to price increases across all product groups and persistently high demand. The German federal government's ambitious climate targets mean that renovation is becoming an increasingly important area, as shown primarily by the growing demand for insulation materials in the reporting period.

BayWa responded to the limited availability of goods due to the energy crisis with efficient use of warehouse infrastructure, good inventory management and a diversified and stable supplier network. As a result, BayWa was able to deliver products almost without interruption and successfully generated higher trade margins thanks to its competitive advantage, despite the temporary low availability of products on the market. The specialisation in civil engineering and broadband that was rolled out in the reporting year also helped make this possible. Thanks to its specialisation and geographical diversity, the Building Materials Segment was able to anticipate market developments at an early stage and secure the availability of products, having previously introduced sale and product range specialisations in wooden construction, formwork equipment, prefabricated components, metal roofing, flat roofing, building components and pallets.

BayWa Bau Projekt GmbH was also able to make a positive contribution to business development. The reporting period saw the completion of two projects: Novum in Burgkirchen and Lanzenhaarer Weg in Sauerlach, both in Germany. It was possible to market all the residential units in the latter development during the reporting year. Fifteen new projects were acquired for the project pipeline in 2022.

Furthermore, BayWa increased its investment in Tjiko GmbH, a manufacturer of industrially prefabricated wood bathroom modules. The new stake of 67% made BayWa the majority shareholder and enabled it to fully consolidate Tjiko GmbH's business with retroactive effect from 1 January 2022.

One of BayWa's private brands, Valut, repositioned itself on the market in 2022 by relaunching its website www.valut.de. The new internet presence of the roofing materials provider makes planning and purchasing roof products easier thanks to the addition of user-friendly special functions that sharpen Valut's brand profile – and once again set BayWa apart from its competitors.

As part of efforts to position the company as an integrated multi-specialist, BayWa has made further progress in linking online and stationary sales channels. Initial customer systems have also been digitally connected to BayWa's inventory management system, which simplifies the wholesale ordering process.

Overall, the Building Materials Segment's revenues increased by 12.6% to €2,346.9 million in 2022, mainly due to price effects. EBIT fell slightly year on year to €70.4 million, primarily as a result of lower sales of building materials and higher investments in the expansion of BayWa's private brands.

Innovation & Digitalisation Segment

Market and industry development 2022/23

Digital applications for smart farming and precision farming, up to and including trading platforms, are playing an ever greater role in supporting day-to-day work processes and in planning and managing operations in agriculture.

According to a representative survey of 500 German farmers in March 2022 by the digital association Bitkom (Branchenverband der deutschen Informations- und Telekommunikationsbranche e. V.), 79% of farms are already using Digital Farming applications. The most common ones are GPS-controlled agricultural machines, which are deployed by more than half of German farms. At the time of the survey, one in six farms also had concrete plans to invest in Digital Farming applications in the next 12 months. The survey identified particularly significant potential in applications for the site-specific distribution of fertilizers and crop protection products, which are currently only used by 30% and 23% of farms respectively. Satellite data and algorithms help calculate figures such as specific fertilizer requirements, thereby promoting the conservation of resources and increasing harvest yields, to name just two benefits. Moreover, most of the farmers questioned believe that digital technologies and processes can make an important contribution to improving efficiency in agricultural production while also protecting the environment and the climate (Bitkom e. V., Die Digitalisierung der Landwirtschaft, May 2022).

The general shift of retail sales to digital channels has continued in recent years. Yet in 2022 online retailers were unable to match the high sales achieved in the previous year. Following a strong start to the year with double-digit growth rates, the online retail sector experienced an abrupt downturn into negative territory when the war against Ukraine broke out. The rest of 2022 was marked by noticeably muted consumer spending. According to Bundesverband E-Commerce und Versandhandel Deutschland e.V. (German e-commerce and distance selling trade association – bevh), revenues from interactive retail declined by 5.2% overall to €102.7 billion (2021: €108.3 billion). bevh expects e-commerce to grow by around 4.8% in the financial year 2023 (bevh, Umsätze im E-Commerce mit Waren und Dienstleistungen erneut über 100 Mrd. Euro, January 2023).

The B2B e-commerce segment, which mainly comprises digital business models of manufacturers and wholesalers, is much larger. This market environment is also seeing the significance of online shops and marketplaces increase every year. According to B2B-Marktmonitor 2022, a joint study by ECC KÖLN (a subsidiary of IFH KÖLN – Institut für Handelsforschung e. V.) in cooperation with Adobe, Creditreform and Intershop, B2B e-commerce revenues in Germany's wholesale sector alone amounted to around €591 billion in 2022 (2021: €493 billion). This total also includes conventional digital platforms that are used to share information, place orders and create invoices. Professional B2B online shops and marketplaces are becoming a more and more prominent feature in the wholesale sector, with revenues on these channels growing by an average of 25.7%

between 2012 and 2021 to roughly €209 billion. An estimated €280 billion was generated through B2B e-commerce in 2022, equating to a 16.5% share of total wholesale revenues. ECC's experts predict that this segment will remain an important growth driver in the years ahead (ECC KÖLN with Adobe, Creditreform and Intershop, B2B-Marktmonitor, October 2022).

Business performance

The Innovation & Digitalisation Segment pools all activities of the BayWa Group in its Digital Farming and eBusiness divisions. Digital Farming mainly includes the NEXT Farming PRO and NEXT Farming LIVE software products, as well as analyses, advisory services and hardware components from FarmFacts GmbH. Added to this are satellite-based products for site-specific cultivation from the Group company VISTA Geowissenschaftliche Fernerkundung GmbH, which are also marketed via FarmFacts GmbH. The eBusiness division covers nearly all of BayWa's online sales activities. Acting as a service provider for the operating segments, it is responsible for the availability and enhancement of the online channels. The costs incurred are not matched against revenues and earnings, since the latter are attributed to the operating segment that is home to the relevant product sold. Starting in 2023, the main costs arising from the eBusiness division will be allocated directly to the corresponding operating segments. In addition, general expenses for the technical advancement of the eBusiness division will be reported under Other Activities in future.

In the financial year 2022, the Digital Farming division was not quite able to match the revenues of the previous year. The volatility and unease on agricultural markets made farmers reluctant to invest in new software. Software licences and software maintenance contracts accounted for 40% of revenues, followed by services (37%) such as soil sampling and satellite-based products for site-specific cultivation, including analyses and advice. Sensors, measurement systems for soil analysis programmes and other hardware contributed just under 23% of revenues.

The eBusiness division benefited from higher demand in B2B business and recorded tremendous growth across almost all ranges. Revenues generated through BayWa's eBusiness channels rose by almost 52% in the reporting year thanks to the continuous expansion of online systems and technical developments, as well as an extended product range.

All in all, revenues in the Innovation & Digitalisation Segment fell to €10.4 million in 2022 (2021: €11.1 million), excluding online revenues through eBusiness channels, which are attributed to the corresponding segment. EBIT amounted to minus €11.4 million in the reporting period, as expected, following the figure of minus €20.2 million posted in the previous year. In 2021, impairments on property, plant and equipment, and intangible assets, such as discontinued IT applications, led to higher negative EBIT, which was not repeated in the reporting year. Cost reduction measures were also successfully implemented in 2022.

Development of Other Activities in 2022

At €12.0 million, the Other Activities Segment's revenues in the reporting year were on a similar level to the previous year (2021: €10.9 million). EBIT resulting from Other Activities consists of the Group's administration costs, as well as consolidation effects; in 2022, it came to minus €103.1 million, following minus €81.1 million in the previous year. The decline in earnings compared to 2021 is primarily due to an increase in D&O insurance premiums, as well as higher personnel costs as a result of the greater number of employees and higher bonus payments. Additional costs were also incurred for the Group-wide renewal of the digital inventory management system, the expansion of IT security and the dismantling of company buildings.

Assets, financial position and earnings position of the BayWa Group

Assets position

Composition of assets

In € million	2018	2019	2020	2021	**2022**	Change 2022/21
Non-current assets	2,476.9	3,090.5	3,538.9	3,771.3	4,390.9	16.4%
thereof: land and buildings	827.2	1,377.1	1,456.4	1,481.3	1,580.4	6.7%
thereof: technical facilities and machinery	342.9	411.3	642.4	753.4	1,102.7	46.4%
thereof: investments	204.5	218.3	194.0	254.9	229.0	- 10.2%
Non-current asset ratio (in %)	33.0	35.2	39.5	32.0	33.8	–
Current assets [1]	5,034.6	5,691.4	5,411.1	8,000.1	8,585.5	7.3%
thereof: inventories	2,909.5	3,286.4	2,939.2	4,213.0	4,756.8	12.9%
thereof: assets from derivatives	220.1	145.7	457.4	1,049.1	611.2	- 41.7%
Current asset ratio (in %)	67.0	64.8	60.5	68.0	66.2	–
Total assets	**7,511.5**	**8,781.9**	**8,950.0**	**11,771.4**	**12,976.4**	**10.2%**

1 Including non-current assets held for sale/disposal groups

The BayWa Group's total assets stood at €12,976.4 million as at 31 December 2022, up by €1,205.0 million, or 10.2%, on the previous year's figure. The increase is attributable to both non-current and current assets, with the main drivers being inventories and property, plant and equipment, along with current receivables and other assets.

Non-current assets rose from €3,771.3 million at the beginning of the financial year to €4,390.9 million as at 31 December 2022. This corresponds to growth of €619.6 million or 16.4%.

The largest increase (€505.5 million in total) was recorded in property, plant and equipment and relates to land (up €99.1 million) and in particular technical facilities and machinery (up €349.3 million). This reflects repair and maintenance investments, as well as the reclassification of wind farms and solar parks from inventories. If these installations are transferred to the IPP business entity in the Renewable Energies Segment after completion, corresponding additions are made to land and technical facilities. There was also a rise in prepayments and assets under construction of €48.1 million.

Other items that saw increases are participating interests recognised at equity (up €36.1 million; due to acquisitions) and intangible assets (up €24.8 million). A key factor here is the goodwill resulting from the companies purchased in the financial year 2022. Finally, deferred tax assets were also up year on year, climbing by €42.3 million.

The opposite trend was shown by investments, which were €25.9 million lower than at the end of the previous year. The decline is attributable in particular to the fair value measurement of the shares in Raiffeisen Bank International, Vienna, Austria (minus €40.5 million), but was partially offset by the rise in the number of shares in affiliated companies and the increase in other loans.

Current assets grew by €590.4 million, or 7.4%, year on year, totalling €8,569.1 million as at 31 December 2022. The first main driver of this growth is inventories (up €543.8 million), and especially the €715.8 million rise in the volume of inventories as a result of price increases in the financial year 2022, which was somewhat compensated for by the €274.3 million decrease in unfinished goods. This decline is due in particular to projects in the Renewable Energies Segment that were still in progress at the end of 2021 and completed in the financial year 2022. The projects in question were either sold or transferred to the IPP business entity. The second main driver is other current receivables and other current financial assets (plus €481.4 million), with the largest increase being recorded in trade receivables – primarily due to the price trends seen on the energy and commodity markets in the reporting year. Other current non-financial assets are also higher than in the previous year (up €152.0 million). The only significant offsetting effects are from cash and cash equivalents (minus €177.3 million) and assets from derivatives (minus €437.9 million); the latter chiefly reflects the offsetting of assets and liabilities in energy trading in the Renewable Energies Segment since the financial year

2022. The decline in cash and cash equivalents is mainly attributable to the use of all cash – where possible – to reduce financial liabilities within the scope of cash management at the BayWa Group.

The BayWa Group places an emphasis on ensuring matching maturities in the financing of assets. Current liabilities of €5,570.3 million in total – consisting of short-term debt, trade payables, financial and non-financial liabilities, tax, other liabilities along with current provisions and liabilities from disposal groups – were offset by current assets and assets held for sale/disposal groups of €8,585.5 million. There was roughly 169% coverage for non-current assets amounting to €4,390.9 million through equity and long-term borrowing of €7,406.1 million. Ensuring matched maturities in financing is an important quality criterion for the financing partners of BayWa in the context of raising funds.

Financial position

Financial management

The aim of financial management within the BayWa Group is to provide the cash and cash equivalents required for the purpose of conducting regular business at all times. This task includes hedging against interest rate risk, currency risk and merchandise-related market risks by using suitable derivative instruments.

Currency futures and swaps are used selectively to hedge receivables and liabilities denominated in a foreign currency. These currency futures and swaps serve exclusively to hedge existing and future receivables and liabilities from underlyings in the purchase and sale of merchandise within the scope of customary business operations. Hedging transactions in the BayWa Group are designed to reduce the risks associated with fluctuating exchange rates. The volume of open positions arising from the respective underlyings and the resulting cash flows forms the basis for FX hedges. Terms reflect those of the underlyings.

Within the BayWa Group, financial management has been set up as a service centre for the operating business sections and not as a profit centre in its own right. In accordance with this conservative approach to providing services, the use of fungible financial products to generate original profit contribution in financial operations has been waived. In particular, there are no speculative risk positions in our financial operations.

Day-to-day financial management is focused on liquidity management through cash pooling within the whole Group for the same-day provision of liquidity. At the same time, incoming payments and bank balances are used to reduce financial liabilities. Corporate Treasury uses suitable IT systems and appropriate treasury management software for this purpose.

The procurement of funds is organised centrally, with the exception of the activities in New Zealand, the Netherlands, Austria and eastern Europe. Corporate Treasury is responsible for the centralised monitoring of Group-wide financial exposures.

Financial management is subject to requirements imposed by an internal control system, which includes the documentation of transactions, a hierarchy of approval and resolution procedures, the principle of dual control as well as the segregation of Treasury front, middle and back offices.

To strengthen its financial profile, the BayWa Group changed its financing strategy in the financial year 2021 and took out a sustainable syndicated loan in the amount of €1.7 billion in September of that year, which was increased to €2.0 billion in 2022. The conditions for the loan are linked to the sustainability rating of the agency MSCI. An increase in the present rating from AA to AAA reduces the current interest margin. A downgrade increases the interest margin. The new credit line must be used by September 2024 and can be extended twice for one year in each instance. The new syndicated loan replaces the bilateral and unsecured credit lines extended by the participating banks that were payable on a daily basis. At all times, lines of financing were available in an amount sufficient to ensure the business operations of the BayWa Group. By contrast, investments in property, plant and equipment, as well as acquisitions, will continue to be financed from equity and from the proceeds of long-term capital market transactions and other long-term loans. These include issued bonded loans (for the terms and conditions, please refer to Note C.14 of the Notes to the Consolidated Financial Statements), a corporate bond issued in June 2019 (coupon of 3.125%, listed on the Luxembourg Stock Exchange, ISIN XS2002496409, denomination per unit of €1,000, term ends 26 June 2024). The hybrid bond with a volume of €300.0 million issued in October 2017 (ISIN XS1695284114) was terminated in due time and repaid in full at the contractually agreed, first possible repayment date in October 2022. The capital market measures therefore diversify the refinancing portfolio.

In addition, the project companies in the Renewable Energies Segment have access to separate non-recourse financing (without the lenders having access to the BayWa Group's assets and cash flows).

The management of working capital is a focal point at BayWa and comprises the optimisation of working capital as a net figure for current assets less current liabilities.

Interest rate risks inherent in short-term debt are covered by BayWa in the context of its risk management through the use of simple derivative instruments. Long-term interest rates were hedged naturally by issuing bonded loans in 2022, 2021, 2018, 2015 and 2014, as both fixed-interest and variable-interest rate tranches were issued and the interest rate risk was reduced as a result. The fixed coupon of the hybrid bond that was issued led to an increase in the hedge ratio by means of natural hedging.

Around 50% of the total borrowing portfolio is to be secured against interest rate risk through the respective hedging instruments. This partial hedging takes account of the strong, seasonally induced fluctuations in financing requirements.

BayWa evolved from the cooperative sector, with which it remains closely connected through its shareholder structure, as well as through the congruent regional interests of the cooperative banking sector and commerce. Along with its integration into the cooperative financial association, the broad transnational diversification of the bank portfolio and the financial instruments, in particular, lower the financing risk within the BayWa Group.

Capital structure

In € million	2018	2019	2020	2021	**2022**	Change 2022/21
Equity	1,389.1	1,339.0	1,153.6	1,816.1	1,909.0	5.1%
Equity ratio (in %)	18.5	15.1	12.9	15.4	14.7	–
Short-term borrowing [1]	4,047.7	4,377.1	4,865.7	5,323.9	5,570.3	4.6%
Long-term borrowing	2,074.7	3,131.5	2,930.7	4,631.4	5,497.1	18.7%
Debt	6,122.4	7,508.6	7,796.4	9,955.3	11,067.4	11.2%
Debt ratio (in %)	81.5	84.9	87.1	84.6	85.3	–
Total capital (equity plus debt)	**7,511.5**	**8,847.6**	**8,950.0**	**11,771.4**	**12,976.4**	**10.2%**

1 Including liabilities from disposal groups

The BayWa Group's total assets stood at €12,976.4 million as at 31 December 2022 and were therefore €1,205.0 million, or 10.2%, higher than the previous year's figure. The main factors behind this growth are long-term and short-term borrowing, which rose by €1,112.1 million year on year. In addition, equity increased by €92.9 million, or 5.1%, on account of several partially contrasting effects. At €293.3 million, the repayment of the hybrid capital lowered the amount of equity, while the consolidated net result for the year of €239.5 million and the €116.8 million decline in the negative measurement effect from pension and severance pay obligations (recognised in equity) as a result of the upturn in the interest environment following years of low rates contributed to an increase in equity. The latter consists of the €116.4 million change in the fair value of pension and severance pay obligations that was recognised in the financial year 2022, as well as consolidation effects of €0.4 million. The profits from power purchase agreements in energy trade activities in the Renewable Energies Segment that were recognised in equity in the financial year 2022 also had a positive effect on equity in the amount of €119.6 million.

Capital management

The capital structure of the Group is made up of debt and equity. The equity ratio was 14.7% (2021: 15.4%) of total equity at the end of the reporting period. In order to provide a relevant metric, BayWa's capital management uses an adjusted equity ratio. The adjustments concern the reserve recognised for actuarial gains and losses from provisions for pensions and severance pay (including minority interests) of minus €167.7 million

(2021: minus €284.5 million). The reason for this is that this reserve results from a change of parameters not within the company's control when calculating personnel provisions. Adjusted for this effect, the adjusted equity ratio stands at 16.0% (2021: 17.8%). The information as defined in Section 160 para. 1 item 2 of the German Stock Corporation Act (AktG) for treasury shares is included in the Notes to the Consolidated Financial Statements.

For trading companies such as the BayWa Group, a fixed equity ratio is only of limited relevance as a key business figure. In particular, the change in current assets with the storage of inventories in the form of agricultural commodities, as well as the acquisition of project licences and the recognition of wind farms and solar parks under construction in the Renewable Energies Segment, has a direct influence on the balance sheet total – and therefore also on the equity ratio – but actually forms the basis for trading activities in the subsequent year. As a result, the BayWa Group uses equity-to-fixed-assets ratio II as a target in its capital management process. Equity and long-term borrowing should cover at least 90% of non-current assets. As at 31 December 2022, the equity-to-fixed-assets ratio was approximately 169% (2021: 171%).

The debt ratio rose to 85.3% in the financial year 2022 (2021: 84.6%). At the BayWa Group, short-term borrowing is used exclusively to finance short-term funds tied up in working capital. The status of short-term borrowing disclosed at year-end regularly reflects the highest level of utilisation on account of the warehousing of commodities in the agricultural division and/or unfinished products in the Renewable Energies Segment. Short-term borrowing was up by €246.4 million year on year to €5,570.3 million. Along with other current provisions (up €96.4 million) and other current financial and non-financial liabilities (up €154.0 million), the increase relates in particular to the €479.4 million rise in trade payables and liabilities from inter-Group business relationships as a result of the price trends seen on the energy and commodity markets in the reporting year. The change in short-term borrowing is also attributable to short-term debt, which climbed by €251.4 million compared to the previous year to stand at €1,718.7 million. By contrast, there was a sharp decline in liabilities from derivatives, especially from commodity futures, FX and interest rate hedging transactions (down €788.1 million to €364.2 million); this chiefly reflects the offsetting of assets and liabilities in energy trading in the Renewable Energies Segment since the financial year 2022.

Long-term borrowing also grew in the financial year 2022, rising by €865.7 million to €5,497.1 million. The main drivers of this growth are long-term debt (up €842.8 million), primarily due to the increased utilisation of the syndicated loan in the total amount of €1,360.0 million (2021: €935.0 million), and the issuing of a further bonded loan of €152.5 million in the financial year 2022. They contrast with a decline in non-current pension provisions by €185.0 million to €519.8 million owing to higher actuarial interest rates.

Gearing

The BayWa Group's management assesses and manages the capital structure in regular intervals via factors such as the key indicators "Adjusted net debt/adjusted equity" and "Adjusted net debt/EBITDA".

Calculating adjusted net debt involves deducting cash and cash equivalents from short-term and long-term debt at banks. Non-recourse financing arrangements are also deducted despite them carrying interest. They pertain to loans extended to project companies in the Renewable Energies Segment that are solely based on project cash flow instead of the BayWa Group's credit rating. Lenders have no access whatsoever to the BayWa Group's assets and cash flows outside each project company. EBITDA generated by the project companies during the reporting year came to €12.4 million (2021: €33.0 million). Grain inventories for immediate use are also deducted. These inventories could be converted into cash and cash equivalents as soon as they are recognised due to their highly liquid and current nature as well as their daily prices listed on international markets and stock exchanges. Any price risk is fully eliminated by a physical asset for sale, either through concluding a sales agreement with a highly solvent business partner or through a forward contract on the stock exchange. On account of the highly liquid nature of these inventories, the BayWa Group deems it to be appropriate to deduct them as cash and cash equivalents when calculating net debt and the related financial key figures.

In € million	31/12/2022	31/12/2021
Long-term and short-term debt at banks	5,278.8	4,184.6
Less cash and cash equivalents	- 221.8	- 399.1
Net debt	**5,057.0**	**3,785.5**
Less non-recourse financing	- 418.2	- 396.2
Less inventories for immediate use	- 1,208.5	- 1,099.1
Adjusted net debt	**3,430.4**	**2,290.1**
EBITDA	858.8	552.8
Adjusted equity	2,076.7	2,100.6
Adjusted net debt/adjusted equity (in %)	**165.2**	**109.0**
Adjusted net debt/EBITDA	**4.0**	**4.1**

Given the different business models between the BayWa Group's primary trading business and project development, which mainly takes place in the area of renewable energies, gearing is subject to differences in recognition, reporting and review, depending on the business activity. The use of the borrowed funds differs in the two fields of business. Furthermore, borrowing as part of project development is accrued over a longer period of time before the corresponding inflows result from the sale of the projects. Both aspects are taken into account in the calculation of adjusted net debt for trade business. The Renewable Energies Segment's financial liabilities, cash and cash equivalents, and EBITDA generated in the financial year are deducted in the process. The value of the key indicator "Adjusted net debt/EBITDA" should lie between 3.0 and 4.5 for the BayWa Group trade activities and is determined using the following approach:

In € million	31/12/2022	31/12/2021
Long-term and short-term debt at banks	3,246.2	2,469.8
Less cash and cash equivalents	- 86.8	- 238.6
Net debt	**3,159.3**	**2,231.2**
Less non-recourse financing	–	–
Less inventories for immediate use	- 1,208.5	- 1,099.1
Adjusted net debt	**1,950.8**	**1,132.1**
EBITDA	**494.5**	**353.8**
Adjusted net debt/EBITDA	**3.9**	**3.2**

Cash flow statement and development of cash and cash equivalents

In € million	2018	2019	2020	2021	**2022**
Cash flow from operating activities	- 452.2	- 24.9	675.9	- 583.6	- 337.2
Cash flow from investment activities	- 243.0	- 149.4	- 251.5	- 197.2	- 293.2
Cash flow from financing activities	710.8	282.6	- 482.6	1,009.0	451.5
Cash and cash equivalents at the end of the period [1]	120.6	229.7	168.4	399.1	221.8

1 Including inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates in the amount of €1.6 million

The cash flow from operating activities came to minus €337.2 million in the financial year 2022, a year-on-year increase of €246.4 million. Based on cash earnings that were €204.6 million higher than in the previous year, this rise was mainly due to a much lower year-on-year increase in inventories, trade receivables and other assets not allocable to investment and financing activities in the total amount of €1,086.2 million. Offsetting this is higher cash outflow of €76.2 million as a result of the decrease in trade payables and other liabilities not allocable to investment and financing activities.

Cash flow from investment activities saw a cash outflow of €293.2 million for the reporting year. As a result, cash outflows for investment activities rose year on year by €96.0 million. Payments for company acquisitions came to €91.1 million (2021: €70.8 million). In the financial year 2022, investments of €379.1 million were made in intangible assets, property, plant and equipment, and investments (2021: €239.0 million), which were offset by incoming payments from the disposal of intangible assets, property, plant and equipment, and investments of €106.0 million (2021: €108.6 million).

The cash flow from financing activities came to €451.5 million in the financial year 2022, a year-on-year decrease of €557.5 million. Cash inflows resulted from the raising of loans in the amount of €1,643.5 million. By contrast, interest payments (€188.6 million) and dividend payments at BayWa AG and its subsidiaries (totalling €82.4 million), and in particular repayments of loans (€516.8 million) and the repayment of the hybrid capital in due time (€300.0 million), resulted in cash outflows.

In an overall analysis of the cash flow from operating activities, investment and financing activities, and in consideration of changes to the group of consolidated companies and changes in foreign exchange rates, cash inflow from operating and financing activities was more than compensated for by cash outflow from investment activities. As a result, cash and cash equivalents at the end of the reporting period came to €221.8 million, which was €177.3 million lower than in the previous year.

Financial base and capital requirements

The BayWa Group's financial base is replenished by funds from the short-term debt for working capital and by funds from operating activities. Investment financing and the ongoing financing of operations have a considerable impact on the capital requirements of BayWa AG, as do the repayment of debt and ongoing interest payments. The overall view of liquidity and debt is determined through the calculation of adjusted net liquidity or net debt and used for internal financial management as well as for external communication with financial investors and analysts. Net liquidity and net debt is derived from the sum total of cash and cash equivalents less bank debt and outstanding loans, as reported in the balance sheet.

Along with the syndicated loan and short-term borrowing, the company also finances itself by way of a multi-currency Commercial Paper Programme, which received its most recent top-up of €500.0 million in 2017, taking it to a total volume of €1,000.0 million. At the end of the reporting period, securities had been issued in euros in the amount of €641.7 million (2021: €720.0 million) with an average weighted residual term of 54 days (2021: 86 days). At the end of the reporting period, €145.8 million (2021: €129.7 million) in receivables had been financed at their nominal value from the ongoing Asset-Backed Securitisation (ABS) Programme.

In December 2022, BayWa AG issued a sustainable bonded loan in the amount of €152.5 million. The purpose of this bonded loan was to partly refinance the hybrid loan terminated in October 2022. The conditions for the loan are linked to the sustainability rating of the agency MSCI. An increase in the present rating from AA to AAA reduces the current interest margin. A downgrade increases the interest margin. The bonded loan has an average term of 4.1 years.

Investments

In the financial year 2022, the BayWa Group invested a total of €618.4 million (2021: €375.8 million) in intangible assets (€86.7 million) and property, plant and equipment (€531.7 million), taking into account the acquisitions made. The investments made in the financial year were primarily for the purpose of repair and maintenance of technical facilities and machinery, buildings, facilities (in construction) and office fixtures and fittings, as modern locations and seamlessly operating facilities are a precondition for efficient logistics processes. The investments in property, plant and equipment also include investments in wind farms and solar parks to expand the IPP portfolio in the Renewable Energies Segment.

Real estate no longer used for operations was sold off wherever appropriate in the financial year 2022. The proceeds accruing from these transactions are used to reduce debt or to finance the Group's growth.

Excluding company acquisitions, roughly 28.5% of total investments in non-current assets at the BayWa Group were accounted for by the Renewable Energies segment. In addition, the Agri Trade & Service Segment accounted for 20.2% of the investments, the Global Produce Segment for 18.2% and the Building Materials

Segment for 10.5%. The remaining 22.6% of the investments were distributed among Other Activities and the Agricultural Equipment, Cefetra Group, Energy and Innovation & Digitalisation Segments.

Earnings position

In € million	2018	2019	2020	2021	**2022**	Change 2022/21
Revenues	16,625.7	17,059.0	16,464.7	19,839.1	27,061.8	36.4%
EBITDA	315.3	403.0	464.8	552.8	858.8	55.4%
EBITDA margin (in %)	1.9	2.3	2.8	2.8	3.2	–
EBIT	172.4	188.4	211.6	266.6	504.1	89.1%
EBIT margin (in %)	1.0	1.1	1.3	1.3	1.9	–
EBT	92.6	79.2	107.6	160.6	319.6	99.0%
Consolidated net result for the year	**54.9**	**65.1**	**59.5**	**128.8**	**239.5**	**85.9%**

The revenues of the BayWa Group increased by a clear margin of 36.4%, or €7,222.7 million, to €27,061.8 million in the financial year 2022. This increase is due to the sustained positive development in all operating business units, specifically to higher revenues in the Renewable Energies (up €2,929.2 million to €6,489.2 million), Agri Trade & Service (up €1,572.0 million to €5,750.7 million), Energy (up €1,215.4 million to €3,343.6 million) and Cefetra Group Segments (up €1,114.9 million to €6,111.2 million). Revenues also increased in the Building Materials (up €262.7 million to €2,346.9 million) and Agricultural Equipment Segments (up €167.5 million to €2,076.5 million). On the other hand, revenues in the Global Produce Segment fell by €39.4 million to €921.3 million. In the Innovation & Digitalisation (down €0.7 million to €10.4 million) and Other Activities Segments (up €1.1 million to €12.0 million), revenues were on a par with the previous year.

Other operating income increased year on year by €88.7 million to €492.9 million. This development was mainly due to higher income from the release of provisions in the amount of €66.2 million (2021: €21.0 million) and foreign exchange gains of €212.7 million (2021: €178.9 million), which were offset by foreign exchange losses of €219.8 million (recognised under other operating expenses). Most of the increase in the income from the release of provisions pertained to a project in the United Kingdom in the Renewable Energies Segment. Because the relevant authorities did not issue the necessary building permit, it was not possible to carry out the project as originally planned. Provisions of €30.3 million therefore had to be released. In parallel, capitalised project rights of €29.3 million were written off. At €111.1 million, other income was also higher than the figure of €83.4 million in the previous year.

In the financial year 2022, the BayWa Group reported an increase in inventories of €370.4 million (2021: €928.8 million), which was chiefly attributable to incomplete wind farms and solar parks in the fields of renewable energies.

The BayWa Group's cost of materials increased by €6,124.1 million to €24,581.2 million in the reporting year as a result of the increase in revenues and due to the higher energy and raw material prices, as well as higher prices overall. Taking into account the higher revenues and the increase in the cost of materials, gross profit rose by €645.8 million to €3,377.1 million in the financial year 2022, corresponding to an increase of 23.6%.

Personnel expenses climbed year on year by €189.1 million to €1,509.5 million. This was mainly due to the company acquisitions in the financial year 2022 and the sustained growth in the Renewable Energies Segment.

At €1,072.0 million, other operating expenses were up by €217.0 million on the previous year's figure of €855.0 million in the financial year 2022. Other operating expenses primarily consisted of expenses due to foreign exchange losses of €219.8 million (2021: €182.8 million), fleet maintenance expenses of €88.1 million (2021: €69.1 million); maintenance expenses of €87.4 million (2021: €79.0 million) and other expenses due to general sales and other costs in the amount of €162.9 million (2021: €111.2 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) rose by €306.0 million, or 55.4%, to €858.8 million in the financial year 2022 (2021: €552.8 million).

At €354.7 million, amortisation and depreciation at the BayWa Group was €68.5 million higher in the financial year 2022 than in the previous year (€286.2 million). This increase was mainly due to the necessary impairment loss recognised on a wind farm in the Renewable Energies Segment. During the construction of the turbine in the US with an output of 95 megawatts (MW), site-related uncertainties led to a halt in construction work and, in turn, to significant delays and cost increases, which resulted in an impairment loss of €55.6 million. All in all, the BayWa Group's earnings before interest and tax (EBIT) rose by €237.5 million, or 89.1%, to €504.1 million in the financial year 2022.

The financial result comprises income from participating interests, which is allocated to EBITDA and EBIT, and net interest. At €63.3 million, income from participating interests was clearly higher in the reporting year than the minus €3.0 million seen in the previous year. This development was due to the €24.5 million increase in the equity result to €14.2 million and to the €41.8 million rise in other income from shareholdings to €49.1 million. The latter is mainly because of the sale of the Bioenergy portfolio in the Renewable Energies Segment. Net interest fell by €78.5 million to minus €184.5 million in the financial year 2022. This decrease was driven by the €80.4 million rise in interest expenses to minus €202.1 million due to higher interest rates in the financial year 2022. By contrast, interest income, at €17.6 million, was on a par with the previous year's figure of €15.7 million.

The BayWa Group's earnings before tax (EBT) increased by €159.0 million year on year, or 99.0%, to €319.6 million thanks to improvements in earnings in the operating segments Agri Trade & Service (up €76.9 million), Renewable Energies (up €66.1 million), Energy (up €35.3 million), Agricultural Equipment (up €16.2 million), Cefetra Group (up €13.1 million) and Innovation & Digitalisation (up €8.6 million). Earnings fell in the operating segments Global Produce (down €22.9 million) and Building Materials (down €10.3 million). The earnings in Other Activities, along with the consolidation effects presented in the transition, also fell by a total of €24.0 million.

Income tax expense for the BayWa Group came to €80.1 million in the financial year 2022 (2021: €31.8 million), which corresponds to a tax rate of 25.1% (2021: 19.8%). After deducting income tax expense, the BayWa Group generated a consolidated net result of €239.5 million for the financial year 2022, corresponding to an increase of €110.7 million, or 85.9%, compared to the previous year.

The share of profit due to shareholders of the parent company stood at €168.1 million (2021: €70.7 million). Earnings per share (EPS), calculated from the portion of the result attributable to the shareholders of the parent company in relation to the average number of shares outstanding of 35,644,609 (dividend-bearing shares less treasury shares), stood at €4.36 in the financial year 2022 and were therefore significantly above the value of €1.63 in the previous year.

At the end of the reporting period, BayWa AG had significant order volumes that had yet to be fulfilled in the Agricultural Equipment Segment, with an order backlog of €625.7 million on 31 December 2022 (2021: 378.0 million). Of this total, €561.4 million (2021: €309.6 million) was attributable to new machinery, and €53.9 million (2021: €56.4 million) to indoor equipment (farm and animal equipment). This strong increase is the result of significantly lower invoices in sales as a result of the tight delivery situation and the expiry of existing manufacturer conditions. The favourable producer prices at the end of the financial year also served as an investment incentive for farmers. Price increases of up to 20% are included in the higher volume as well.

Financial performance indicators

BayWa orients the short-term management of its corporate divisions with the development of key earnings indicators EBITDA, EBIT and EBT. EBIT acts as the most important financial performance indicator. Key earnings indicators for the segments of the BayWa Group developed as follows in the financial year 2022:

Key financial earnings figures

In € million **2022**	Earnings before interest, tax, depreciation and amortisation (EBITDA)	change (absolute)	change (in %)	Earnings before interest and tax (EBIT)	change (absolute)	change (in %)	Earnings before tax (EBT)	change (absolute)	change (in %)
Renewable Energies	364.3	165.4	83.2	239.1	104.1	77.1	161.2	66.1	69.5
Energy	71.3	38.4	> 100.0	53.6	36.2	> 100.0	51.9	35.3	> 100.0
Cefetra Group	81.0	32.5	67.0	59.5	20.7	53.4	46.8	13.1	38.9
Agri Trade & Service	156.2	96.9	> 100.0	104.7	92.4	> 100.0	72.0	76.9	> 100.0
Agricultural Equipment	93.8	21.6	29.9	70.2	21.6	44.4	54.5	16.2	42.3
Global Produce	56.4	- 20.1	- 26.3	21.1	- 21.5	- 50.5	10.4	- 22.9	- 68.8
Building Materials	105.7	1.7	1.6	70.4	- 2.8	- 3.8	49.0	- 10.3	- 17.4
Innovation & Digitalisation	- 5.6	- 2.2	- 64.7	- 11.4	8.8	- 43.6	- 12.3	8.6	41.1

The difference in the contributions from each segment to the total earnings of the BayWa Group in all three key earnings indicators, EBITDA, EBIT and EBT, is calculated from the earnings contribution of the Other Activities Segment as well as on the basis of economic influence factors at Group level. BayWa does not perform any entrepreneurial management in the Other Activities Segment, as this segment encompasses peripheral activities that are of secondary importance in the BayWa Group. Group-wide economic influence factors are circumstances not attributable to the operational management of the segments.

Medium- to long-term portfolio optimisation of the BayWa Group is carried out through value-oriented management. Using economic profit as a basis, this system calculates the surplus return on invested capital (ROIC) of the business units or segments by means of their risk-weighted costs of capital.

Economic profit

In € million **2022**	Renewable Energies	Energy	Cefetra Group	Agri Trade & Service	Agricultural Equipment	Global Produce	Building Materials
Net operating profit	239.1	53.6	59.5	104.7	70.2	21.1	70.4
Average invested capital [1]	2,820.7	115.6	711.9	1,581.0	699.0	444.3	802.9
ROIC (in %)	8.48	46.4	8.36	6.62	10.04	4.74	8.77
Weighted average cost of capital (WACC) (in %)	6.63	7.20	6.30	5.90	7.80	6.20	7.00
Difference (ROIC less WACC) (in %)	2.85	39.20	2.06	0.72	2.24	- 1.46	1.77
Economic profit by segment	**52.0**	**45.3**	**14.6**	**11.4**	**15.6**	**- 6.5**	**14.2**

1 Intangible assets + property, plant and equipment + net working capital

In the financial year 2022, the Renewable Energies, Energy, Cefetra Group, Agri Trade & Service, Agricultural Equipment and Building Materials Segments generated a positive economic profit despite a rising costs of capital (in other words, a positive net result after respective capital costs). Thanks to ongoing positive business development and the strong international project business, the Renewable Energies Segment was able to significantly increase its economic profit to €52.0 million in the financial year 2022 (2021: €28.5 million). The Energy (€45.3 million, 2021: €13.0 million) and the Agri Trade & Service Segments (€11.4 million, 2021: minus €43.9 million) also recorded a clear increase in economic profit on account of rising prices for fossil energy carriers and agricultural products. The Agricultural Equipment (€15.6 million, 2021: €6.1 million) and Cefetra Group Segments (€14.6 million, 2021: €12.0 million) likewise succeeded in increasing their economic profit in the financial year 2022. By contrast, the Global Produce (minus €6.5 million, 2021: €19.1 million) and Building Materials Segments (€14.2 million, 2021: €38.9 million) reported a decline in economic profit. In the Building Materials Segment, the decrease was due to weaker earnings, adjusted for price changes, in the wake of macroeconomic supply chain problems and higher energy prices.

Comparison of forecast business development with actual business development

Segment	Indicator	Forecast[1]	Actual[1]
Renewable Energies	EBIT	significant increase	sharp increase
Energy	EBIT	clear decrease	sharp increase
Cefetra Group	EBIT	significant increase	sharp increase
Agri Trade & Service	EBIT	significant increase	sharp increase
Agricultural Equipment	EBIT	significant decrease	significant increase
Global Produce	EBIT	clear decrease	sharp decrease
Building Materials	EBIT	substantial decrease	slight decrease
Group	**EBIT**	**substantial increase**	**sharp increase**

1 **Explanation of the qualitative and comparative statements:**
slight, moderate, low ≙ 1–5%; noticeable, clear ≙ 5–10%; substantial, considerable ≙ 10–20%; significant ≙ 20–50%;
sharp, steep, strong ≙ > 50%

General statement on the business situation of the Group and explanation of projections/deviation from planned targets

The BayWa Group recorded excellent development in the financial year 2022. All three business units and almost all segments developed much better than originally assumed. BayWa benefited from its diversified business model with a broad range of products and solutions for meeting basic human needs. Growth in BayWa's international markets, especially in the Renewable Energies Segment, continued to accelerate. BayWa mitigated high, volatile prices and supply shortfalls on commodities and energy markets – which were further exacerbated by the war against Ukraine – through active, forward-looking inventory management and its high-performance supply and logistics chain, which also opened up additional trading opportunities to the company.

The Renewable Energies, Energy, Cefetra Group and Agri Trade & Service Segments consistently recorded strong EBIT growth, in part far above 50%, thereby developing better than expected. This performance was primarily driven by dynamic development on international commodities exchanges and the accelerated energy transition, which received a further boost from the war against Ukraine. Business in the Building Materials Segment was also positive and exceeded the expectations at the beginning of 2022. Earnings only fell slightly below the high level of the previous year. Only the Global Produce Segment fell short of the original projection for 2022 overall. Rising inflation rates, higher energy costs and geopolitical uncertainties led to noticeable reluctance to buy here. Because vegetable and fruit prices were below average, trade margins decreased year on year, which led to a sharper decline in earnings before interest and tax than initially expected.

At Group level, the aforementioned developments resulted in clear outperformance of the Group forecast that had been prepared for the 2022 reporting year. In the consolidated financial statements for the financial year 2021, the management of BayWa AG had predicted a substantial increase (10–20%) in earnings before interest and tax compared to the previous year (€266.6 million). Given the positive developments in the first half of 2022 (see ad hoc release dated 25 July 2022), the Board of Management raised the Group forecast to full-year earnings before interest and tax (EBIT) in the range of €400 million to €450 million. Based on continued above-average developments in the third quarter of 2022, the Board of Management raised expectations again to full-year earnings before interest and tax (EBIT) in the range of €475 million to €525 million (see ad hoc release dated 25 October 2022). Overall, BayWa generated earnings before interest and tax of €504.1 million, a sharp increase of 89.1%.

Outlook

The following qualitative-comparative statements are used to describe changes in results and earnings, as well as forecast ranges:

Range of the change	Qualitative-comparative statement
1–5%	slight, moderate, low
5–10%	noticeable, clear
10–20%	substantial, considerable
20–50%	significant
> 50%	sharp, steep, strong

Outlook for the BayWa Group

Thanks in part to a number of positive market factors, 2022 was the most successful financial year to date in the history of the BayWa Group. Developments are expected to return to normal in a number of areas in the current business period. Prospects for the BayWa Group nevertheless continue to be positive. BayWa's diversified business model is characterised by a high degree of resilience and benefits from the key megatrends of food and energy security. As a result, the company has opportunities in its business areas, both in the short and the long term.

For the current financial year, 2023, the management anticipates Group EBIT in the range of €320 million to €370 million. In view of the company's exceptionally good performance in the past financial year, the anticipated earnings development remains clearly higher than the average figures of the previous years. The key financial target of the BayWa Group is to generate sustainable operating earnings (EBIT) in the range of €470 million to €520 million by the end of 2025. Previously, BayWa had aimed for a target range of €400 million to €450 million. In light of the extremely positive recent development, and bolstered by key trends and the basic needs that the company serves, the medium-term target has been raised.

Across all segments, the company expects clearly positive results. While income will be lower in most segments compared to the previous year, it will still outperform the long-term average. In the agriculture business unit, producer prices are expected to recover. While the jump in fertilizer prices due to the energy crisis is not expected to recur in this form, worldwide grain inventories remain low. As a result, higher-than-average prices can continue to be expected. Farmers are reinvesting their solid income, which should benefit BayWa doubly. Developments in the Global Produce Segment will be influenced by uncertainty surrounding harvests in core markets in 2023. A deviation from the original forecast has to be expected given the floods that occurred in New Zealand in mid-February 2023 as a result of a massive tropical storm. As things stand, the latest events in New Zealand are expected to entail a slight decrease overall in marketing volumes in the Global Produce Segment. However, it is not possible to make a final assessment at the present time. Adjusted for the one-off income from the sale of the climate-controlled greenhouse in Al Ain, earnings (EBIT) are currently expected to decrease slightly year on year. In the energy business unit, the trend and the demand for renewable energies remain unbroken. However, plans are for BayWa r.e. to transfer a higher proportion of the projects to its own portfolio of the IPP (Independent Power Producer) business entity. Despite ensuring higher cash flows in the future, it will be associated with a somewhat lower share of earnings in the current financial year, since the electricity income will be generated over multiple periods, in contrast to immediate sale proceeds. Oil prices are expected to remain volatile and will offer good sales prospects for the Energy Segment, both in trading and for alternative energy sources. Thanks to the high volume of incoming orders in the Building Materials Segment and the broad range energy-efficient building materials, the segment is unlikely to face any major challenges in 2023.

This outlook is based on the assumption that the coronavirus pandemic will no longer trigger any new negative economic effects in the remainder of 2023. Additional risks are associated with the political uncertainty regarding a further escalation of the war against Ukraine, which could possibly lead to distortions in the markets for commodities and agricultural products.

Outlook for the Renewable Energies Segment

The Renewable Energies Segment will continue on its growth course in the international markets in 2023. The realisation and transfer of projects with a total capacity of about 2.1 GW in total that are either finished or under construction is planned in the Solar Projects and Wind Projects business entities for the financial year 2023.

In the Wind Projects business entity, new projects with a volume of around 0.8 GW are to be realised in the financial year 2023 (external sales and transfer of power plants in operation and under construction to the IPP (Independent Power Producer) business entity). The majority of them will be realised in the US, followed by Europe – especially in the national markets of Germany, Italy, the UK and other European countries. The expansion of activities in the Benelux countries, Greece, Spain and South Korea is also expected to result in rising positive earnings contributions from project sales in these countries in the years ahead.

In the Solar Projects business entity, the external sale of projects and project rights, as well as the transfer of power plants in operation and under construction to the IPP business entity with a total output of around 1.3 GW, is planned in the financial year 2023. The focus will most likely be on the markets in the Netherlands, Spain, Italy and the UK. Although international supply chain issues persist, the overall environment should have a positive impact on the further business development of this global business entity, given the continued increase in demand for electricity, a favourable political environment and the steady growth in the number of regions with grid parity for solar installations.

The IPP business entity’s portfolio will expand further and is expected to reach about 3 GW in the medium term. The portfolio is comprised exclusively of projects that are developed and constructed in the Wind Projects and Solar Projects business entities. The future expansion of the portfolio will focus primarily on parks in Europe with legally guaranteed tariffs or a power purchase agreement (PPA). In energy trading, sales and earnings are expected to decrease over the medium term because of falling electricity prices. That being said, improving the risk-return ratio of the direct marketing portfolio continues to be the goal. Expanding the activities in select European markets is also planned, especially with PPA and hedging solutions for internal and external customers.

The multi-year trend of negative price development for technical management services continued in 2022. However, signs of stabilisation are now apparent for the first time. Operational management will focus in the years ahead on streamlining and automating processes in the Services business entity, along with concentrating on customers with high portfolio growth potential. The internally developed range of software services will focus on the portfolio management software “Aristoteles”. This software is currently being used successfully by the IPP business division for portfolio management within the Group. “Aristoteles” will also be marketed externally in the future.

In the Solar Trade business entity, trading in photovoltaic (PV) components will continue to benefit from rising demand for new system solutions. Persistently high, yet slightly falling margins compared to 2022 are expected this year due to general price developments and the entry of competitors into particularly attractive markets. High electricity prices, as well as ambitious government PV expansion targets and subsidy programmes, are expected to result in increased demand in all regions. The expansion of e-mobility in the commercial and residential segments, as well as a generally higher demand for electricity, will generate further opportunities for growth. The effects of climate change once again highlight the need for a transformation of the energy sector, which is contributing to increased acceptance of renewable energies and the development of the solar trade. To further strengthen the position of the solar trade worldwide, acquisitions are also planned for the years ahead. At the beginning of 2023, Solar Systems GmbH and Solar-Planit Software GmbH were spun off from BayWa r.e. Solar Energy Systems GmbH, with the intent of systematically driving their growth. A solar trade company in Latvia was acquired at the start of February 2023 to improve access to customers in promising markets in the Baltic states. A new company will also founded in Greece in the spring of 2023 in order to enter the solar trade market there. To account for the increase in revenues, corresponding growth in the number of employees is planned at all operating companies, especially those in Europe. The planned new companies will result in further employee growth.

The Energy Solutions business entity will continue to support companies with a focus on the core markets of Germany, Spain and Italy, as well as new markets such as the Netherlands and Poland, as part of the PV own-use model. The Energy Solutions business entity anticipates a rise in business volume in light of the emerging markets in the Asia-Pacific region (APAC), especially in Thailand, Malaysia, Vietnam, Singapore and Indonesia, where a significant share of the supply chains of multinational corporations are based. Energy Solutions also sees great potential for a positive business development in both self-consumption models and corporate PPAs as a result of ambitious climate targets, such as those pursued by the European Union, as well as the entry into force of the German CSR Directive Implementation Act (CSR-RUG). With a focus on developing and building on long-term business relationships with major customers, the Energy Solutions portfolio will be expanded to include additional modules such as storage solutions, PV carports and electricity supply solutions.

Earnings before interest and tax (EBIT) in the financial year 2023 are expected to decrease slightly year on year. This earnings outlook is based on the accelerated transfer of solar and wind projects to the IPP business entity. As a result, margins from sales to external investors will be replaced in the financial year 2023 by long-term earnings from electricity generation. Beyond that, 2022 saw special items such as the sale of BayWa r.e. Bioenergy GmbH and Schradenbiogas GmbH.

Following the decision of the BayWa r.e. AG Supervisory Board on 1 March 2023, the company intends to sell the international solar trade business. The planned transaction is the result of the strategic realignment of BayWa r.e. AG, which will focus on international project business and further expansion as an independent power producer (IPP) going forward.

Outlook for the Energy Segment

In the Energy Segment, BayWa management expects a decline in contributions to earnings in light of weaker momentum in the market and the record results achieved in the previous year. The gradual transition from conventional to climate-friendly energy sources is being pursued consistently and systematically. This includes implementing new, innovative concepts to meet basic energy, heat and mobility needs.

In the heating business, wood pellets continue to exert tremendous appeal in Germany as a carbon-neutral fuel. At the same time, the crisis-driven price volatility recorded in the previous year is unlikely to recur in 2023, thus resulting in lower trading margins for BayWa. This stands in contrast to growth in sales through the establishment of new sales outlets and the expansion of e-commerce trade, which, based on current plans at least, will not be able to compensate for the decline in margins on the earnings side. Although the market as a whole continues to face difficult supply conditions, BayWa will maintain its ability to supply its customers in the current financial year thanks to increased storage capacities and additional volumes from its cooperation with the Heidegrund plant.

In trade with heating oil, lower income is expected in the current year than in the previous year. This is due to declining price levels and reduced price volatility, as well as slightly weaker sales stemming from crisis-related anticipatory effects in 2022. The launch of the new neutral logistics brand enlog will have a major positive impact, especially in the medium term. Launched on 1 January 2023, all existing brand and sales channels will in future be supplied in a uniform manner under the enlog brand. In addition, the neutral brand will enable the company to operate as a logistics service provider for other entities on the market. The entire tanker fleet should feature the new logo by late autumn 2023.

In trade activities involving conventional fuels, stable development is expected in the segments of relevance to BayWa, which include agriculture and construction as well as heavy vehicles.

BayWa Power Liquids GmbH has been responsible for the Heavy Vehicle division since 2022 and operates BayWa's LNG filling station network. On the one hand, the supply of conventional liquefied natural gas (LNG) is expected to be difficult in the short term, accompanied by high price levels. On the other hand, BayWa has also been purchasing bio-LNG, a particularly low-emission and climate-friendly fuel, through Verbio AG since February 2023. Over the course of the year, all of the 11 current LNG filling stations are to start receiving 100% bio-LNG. Using bio-LNG in heavy vehicles currently offers tremendous opportunities, thanks to high premiums for the resulting CO_2 savings, among other factors. In addition, the company is forging ahead with its move into hydrogen-based mobility by acquiring a stake in Hy2B Wasserstoff GmbH. Starting in mid-2023, production of green hydrogen will begin in the model region of Pfeffenhausen, near Landshut, Germany. As part of this project, BayWa will be responsible for the logistical and commercial operation of a hydrogen filling station in Hofolding, Germany, and will also organise greenhouse gas quota trading.

In the lubricants and operating resource business, the difficult supply situation, especially for base oils, remains a decisive factor. Business development will therefore largely depend in the current financial year on the availability of raw materials and functioning supply chains. One positive factor is the ongoing expansion of digitalisation and e-commerce trading activities, especially the online wholesale business of Interlubes GmbH.

In the Energy Segment, BayWa Mobility Solutions GmbH will reap the benefits of the increasing electrification of the transport sector in the current financial year. Driven by attractive market and funding conditions, project business in the Light Vehicle division in particular (i.e. the expansion of electromobility charging infrastructure for third parties) will continue to grow.

In the area of heat contracting, business volume is expected to increase, driven by a greater number of tenders from public sector customers relating to plant technology for heating supplies (heating systems, heating plants, district heating networks). Besides this, BayWa will also invest in the construction of its own plants and operate them independently.

Thanks to the faster pace at which the transition to renewable energies is taking place, the field of building services will continue to benefit from strong demand for refurbishments – especially in the area of heating – in the financial year 2023. By contrast, demand in the new housing sector is likely to decline because of rising interest rates and costs and a persistent shortage of skilled workers.

All in all, the Energy Segment will be marked by a weakening of market growth in the financial year 2023 following a record year in 2022. Drawing on its basic supply function in the fields of conventional fuels and lubricants as well as heat energy carriers, the expansion of the renewable energies business will therefore accelerate further. Assuming lower trading margins as market prices return to normal levels, EBIT generated by the Energy Segment is expected to show a sharp decline compared to its exceptionally strong performance in 2022. Nevertheless, it will still continue to deliver a clearly positive business performance.

Outlook for the Cefetra Group Segment

In the Cefetra Group Segment, BayWa currently expects business to return to normal, which will mean lower levels of volatility but also reduced margin potential. Nevertheless, the pressure on the markets remains higher than average due to geopolitical tensions and disruptions to supply chains and trade relationships. The current environment therefore harbours opportunities for BayWa based on a conservative business outlook.

In the grain and oilseed trade, the trading volume of standard products should be on a par with the previous year. The Cefetra Group will continue to capitalise on its strong market position as one of the largest European importers of grain and oilseed meal through its global trading network. One factor hampering this development is the decline in livestock numbers, which in turn triggers lower demand. In particular, the European pig farmer customer base will continue to shrink in the years ahead – a process that will be accelerated by high feedstuff prices. BayWa's goal is to maintain its current market share in this traditional business.

In the specialities business, the company likewise expects to see a certain slowdown in momentum, which is also due to deteriorating consumer sentiment. At the same time, BayWa is in a position to continue growing both organically and inorganically in this area. For example, the business of the nut and dried fruit importer Heinrich Brüning GmbH, which was acquired in the second quarter of 2022, will be accounted for on a full-year basis for the first time.

All in all, EBIT in the Cefetra Group Segment is expected to see a substantial decline in 2023. Over the long term, however, income development will remain well above average thanks to BayWa's strong market position and a targeted specialities strategy.

Outlook for the Agri Trade & Service Segment

The Agri Trade & Service Segment is in a positive position going into 2023. In BayWa's regions, the harvest is expected to be average, with above-average price levels in both product trading and the agricultural input business. The development of the war against Ukraine and its potential impact on the agricultural sector remains a major factor of uncertainty.

In product trading (grain trading and collection business), solid development is expected in the first half of 2023, as promising sales contracts for the current reporting period were already concluded in 2022. Due to the tight global supply balance, price levels are expected to remain elevated compared to the multi-year average. Trade prices are expected to be lower than the exceptionally high level recorded in the previous year, which was characterised by extremely high spikes in prices caused by the war against Ukraine. For the harvest year 2023, an average collection level can be expected in Germany at this stage, assuming there are no fundamental changes to the distribution of crops and an average growing season in the first half of 2023. Moreover, organic farming will continue to grow.

In the agricultural input business, environmental regulations limiting quantities and areas are leading to a steady, structural decline in the fertilizer trade. In addition, farmers in BayWa's sales regions stockpiled more fertilizer in 2022 ahead of the new season. These anticipatory effects are likely to diminish sales. Moreover, prices are likely to decline. Falling gas prices, along with an unexpectedly reliable supply on the global markets despite the war against Ukraine, could result in downward pressure on prices. This will lead to lower trading margins year on year, especially for fertilizers containing nitrogen. Sales of crop protection products are expected to remain at last year's level, subject to normal weather conditions. However, public pressure is driving down the use of crop protection products. In addition to conventional fertilizers and plant protection products, there is also a wide range of what are known as biologicals, i.e. biostimulants, biological crop protection products and microorganisms. Biologicals are in use and increasingly in demand in both organic and conventional farming to help farmers and growers comply with tighter regulations. BayWa is well placed in this area and looks set to strengthen its sales of this product range in the future.

Assuming normal weather conditions, sales of seed are expected to remain stable. Specific environmental regulations, such as requirements for crop diversification within the scope of greening activities, are having a positive effect on the sale of seed for catch crops and resulting in higher demand for higher-margin speciality products. In addition, the relaunch of the private brand "Planterra" is expected to have a positive impact on business development.

The market situation for feedstuff is likely to remain tense. The main causes are declining livestock numbers in the medium to long term – especially in pork production – and high feedstuff grain prices. Both are likely to have a continued negative effect on demand for compound feedstuff in Germany. Following the acquisition of a compound feedstuff company in Serbia, the Austrian Group company RWA Raiffeisen Ware Austria AG should benefit increasingly from the relocation of animal stocks to south eastern Europe.

All in all, management anticipates a sharp decline in earnings (EBIT) in the Agri Trade & Service Segment in 2023 compared to the exceptionally strong performance achieved in the previous year. At the same time, the sustained above-average prices in both product trading and the agricultural input business mean that a strong result is expected – one that is significantly above the average income level recorded in the years prior to 2022.

Outlook for the Agricultural Equipment Segment

The outlook for the Agricultural Equipment Segment remains positive for 2023. Farmers' propensity to invest is undiminished thanks to persistently high producer prices and is also being positively influenced by additional federal funding from the "Investitionsprogramm Landwirtschaft" (investment programme for agriculture) of the German Federal Ministry of Food and Agriculture until 2024.

The Agricultural Equipment Segment started off in the German agricultural equipment market with a significantly higher order backlog than in the previous year, which indicates excellent prospects for the first half of 2023. The situation could become more challenging in the second half of the year, given that the momentum of the previous year could weaken. In addition, Agritechnica – the world's largest exhibition for agricultural machinery – will be held in November 2023 for the first time since the pandemic. It can be expected that potential buyers will wait until after the exhibition before deciding to make purchases. What is more, the extent to which price increases by manufacturers will be implemented and accepted on the market remains to be seen. This could lead to a decline in demand over the course of 2023. By contrast, uncertainty with regard to manufacturers' ability to produce and deliver is likely to ease further.

In the service business, stable development coupled with high workshop utilisation is expected. The increasing shortage of skilled workers and the sustained rise in costs for energy, IT, insurance and personnel are likely to have a negative impact.

BayWa continuously invests in the modernisation of its locations to both meet the increasing demands of its agricultural customers and compensate for cost increases through efficiency gains. For example, construction or refurbishment projects are planned at several locations in 2023. However, their completion could be held up by the substantial rise in construction costs.

In international business, the Dutch Group subsidiary Agrimec B.V. is expected to continue its robust development. The company also began 2023 with a very high order backlog and is recording strong workshop utilisation. Risks result from the reduced number of livestock farmers and contractors in the Netherlands and the shortage of skilled workers.

At CLAAS, the order backlog was significantly higher at the start of 2023 than in the previous year, which has a positive effect on the outlook. What is more, further growth is expected as a result of the increase in the CLAAS market share for tractors and the expansion of its after-sales business.

The Agricultural Equipment Segment's EBIT is expected to decline significantly year on year due to a potential economic downturn and rising overall costs.

Outlook for the Global Produce Segment

Developments in the Global Produce Segment will be influenced by uncertainty surrounding harvests in core markets in 2023. The BayWa Group's total marketing volume of pome fruit, soft and stone fruit, tropical fruit and vegetable fruit is expected to fall year on year in 2023. Higher sales volumes are unlikely due to the negative impact of a tropical cyclone in New Zealand and the sale of the climate-controlled greenhouse in Al Ain (UAE) in July 2022.

While a deviation from the original forecast has to be expected given the floods that occurred in New Zealand in mid-February 2023 as a result of a massive tropical storm, it is not possible to make a final assessment at the present time. According to an initial stock analysis, the damage in the affected cultivation regions of the BayWa subsidiary T&G Global is not structural in nature, but instead hampers the seasonal harvest. The cultivation region around Hawke's Bay has been worst hit by the floods. Although harvest losses are anticipated here, it may be possible to partially compensate for them through higher prices if – as expected – overall supply declines. Other important cultivation regions, such as Gisborne and Nelson, have recorded no or only minor damage for the time being.

At the same time, the availability of labour – which was very limited during the pandemic – should improve in 2023, thus making the harvesting process easier despite the damage caused by the cyclone. Furthermore, some easing is expected with regard to logistical bottlenecks and in international trade flows. The sales situation in the UK and Europe remains tense on account of demand. Rising costs, especially in terms of wages, will weigh on earnings. This is offset by stabilisation in the fruit vegetable business and the expansion of activities in the Pacific islands.

The 2022/23 harvest in Germany was better than in the previous year. Optimal weather conditions boosted harvest volumes in BayWa's collection regions. Having completed the modernisation and expansion of the organic packaging station at the German fruit location in Ravensburg, the German subsidiary BayWa Obst can also build on improved processes in the marketing of organic products and increase capacities for plastic-free packaging, which will make it easier to push through price increases in the market. However, the increase in the minimum wage, as well as higher energy, agricultural input and logistics costs and subdued consumer sentiment, will pose major challenges in 2023.

In the tropical fruit business, BayWa expects the relocation of its Dutch subsidiary TFC Holland B.V. (TFC) in January 2023 to enhance product quality thanks to the deployment of state-of-the-art storage and ripening technologies. The verticalisation strategy, which aims to keep value chains as short as possible and provide direct access to goods in the countries of origin for key products such as avocados and mangoes, will be continued. Moreover, an accounting profit is expected from the sale of the old site. From an operating point of view, sales volumes and prices are expected to stabilise, and margins are expected to improve thanks to a greater focus on products. However, the cost of purchasing goods and a scarcity of logistics capacities remain a major challenge.

As things stand, the latest events in New Zealand are expected to entail a slight decrease overall in marketing volumes in the Global Produce Segment. Adjusted for the one-off income from the sale of the climate-controlled greenhouse in Al Ain, BayWa therefore expects a slight year-on-year decrease in earnings (EBIT) in the Global Produce Segment. This outlook is subject to the proviso that storm damage in New Zealand does not lead to any further harvest losses.

Outlook for the Building Materials Segment

For the Building Materials Segment, BayWa expects more difficult conditions in 2023. A potential increase in the cost of financing construction, above-average adjustments to collective bargaining agreements as well as the noticeable shortage of skilled workers are likely to slow the industry down further. On the other hand, BayWa expects the reintroduction of subsidy schemes for the construction of new buildings – such as the “Klimafreundlicher Neubau” (climate friendly construction) subsidy programme from KfW, which was introduced in March 2023 – to boost the Building Materials Segment. Taking into account these general conditions, which are still subject to uncertainty at this time, a decline in sales from building materials trade activities is expected to affect the Building Materials Segment.

The favourable weather conditions and the existing order backlog should help the Building Materials Segment get off to a good start in the financial year 2023. In addition, the energy crisis is likely to increase demand for energy-efficient refurbishment and retrofitting in residential buildings. The subsidy schemes for the modernisation of existing buildings will have a favourable impact. BayWa is expected to benefit from this, given its wide-ranging product portfolio. The establishment of an ecological building materials database underscores the Building Materials Segment’s growing commitment to greater sustainability and climate protection in the building sector. The building materials database is designed to record carbon emissions generated by building materials – starting with the manufacturing process and ending at the BayWa warehouse. The building materials database will constitute the basis on which the carbon emissions generated by buildings are assessed and will act as a foundation for customer advisory services.

In BayWa Bau Projekt GmbH’s project business, a high order backlog will ensure at least stable business development in 2023. Several current construction projects will be completed in 2023, with building scheduled to start on number of already approved projects in the months ahead. What is more, 15 new construction projects were acquired in 2022, which also suggests a promising income development for 2024 and 2025. The current uncertain situation facing many smaller project companies is opening up opportunities for BayWa to strengthen its market position even further.

The stakes in the bathroom module manufacturer Tjiko GmbH and the large ceramics processor Ceraflex GmbH will be increased further and are expected to make a positive contribution to earnings. The BayWa Building Materials Online portal is also expected to continue growing. In particular, the ability to connect with the software used by customers in the building trades is likely to have a beneficial effect.

EBIT in the Building Materials Segment is expected to be significantly lower in 2023 than the high level recorded in the previous year. The main reasons for this are the development of building material prices, which no longer leave as much room for mark-ups, as well as a declining propensity to buy on the part of prospective property buyers due to high interest rates. Moreover, inflation-related adjustments to collective bargaining agreements will have to be made, which will lead to higher costs in the segment.

Outlook for the Innovation & Digitalisation Segment

The Innovation & Digitalisation Segment develops Digital Farming solutions. A consistent focus on expanding its core software business, including the two software products NEXT Farming LIVE and NEXT Farming PRO, is planned for 2023. In the medium term, the elements of the desktop and cloud software, along with their hardware and services, will be merged into one cloud-based solution under the name NEXT Farming.

In operational terms, BayWa anticipates organic sales growth of around 10% in the current financial year. The projected growth in revenues is based primarily on the expectation of higher software revenues following the changeover to a subscription pricing model (subscription fee).

The Innovation & Digitalisation Segment’s negative EBIT, which ranged in the negative lower double-digit millions in the financial year just ended, is expected to improve sharply. The reason for the increase in EBIT is the direct classification of the main costs incurred in the eBusiness division to the relevant operating segments from 2023 onwards. General expenses for the technical advancement of the eBusiness division will be reported under Other Activities in future. In addition, the cost savings made in the previous year will take full effect in the financial year 2023.

Other Activities

Other Activities encompass the BayWa Group’s central management and administrative functions, as well as its peripheral activities. Overall, the negative EBIT from Other Activities is expected to increase slightly in 2023. This development is primarily due to higher expenses for special bonuses and extra advertising campaigns, as well as additional costs for the Group-wide upgrade of the digital merchandise management system and the expansion of IT security. In addition, the reclassification of general expenses incurred for the technical development of the eBusiness division to Other Activities will have a negative impact.

Opportunity and Risk Report

Principles of opportunity and risk management

The management of opportunities and risks is an ongoing area of entrepreneurial activity which is necessary to ensure the long-term success of the company and is closely aligned with the long-term strategy and medium-term planning of the BayWa Group. BayWa makes use of opportunities that arise in the context of its business activities. Internationalisation also allows BayWa to tap into new business opportunities, which in turn reduces its dependence on the individual country markets and their risks. The identification of entrepreneurial opportunities, the safeguarding of the assets and the enhancing of enterprise value therefore necessitate an opportunity and risk management system. The systematic development of existing and new systems with a built-in early warning component makes an indispensable contribution to further strengthening and consistently building up a Group-wide opportunity and risk culture.

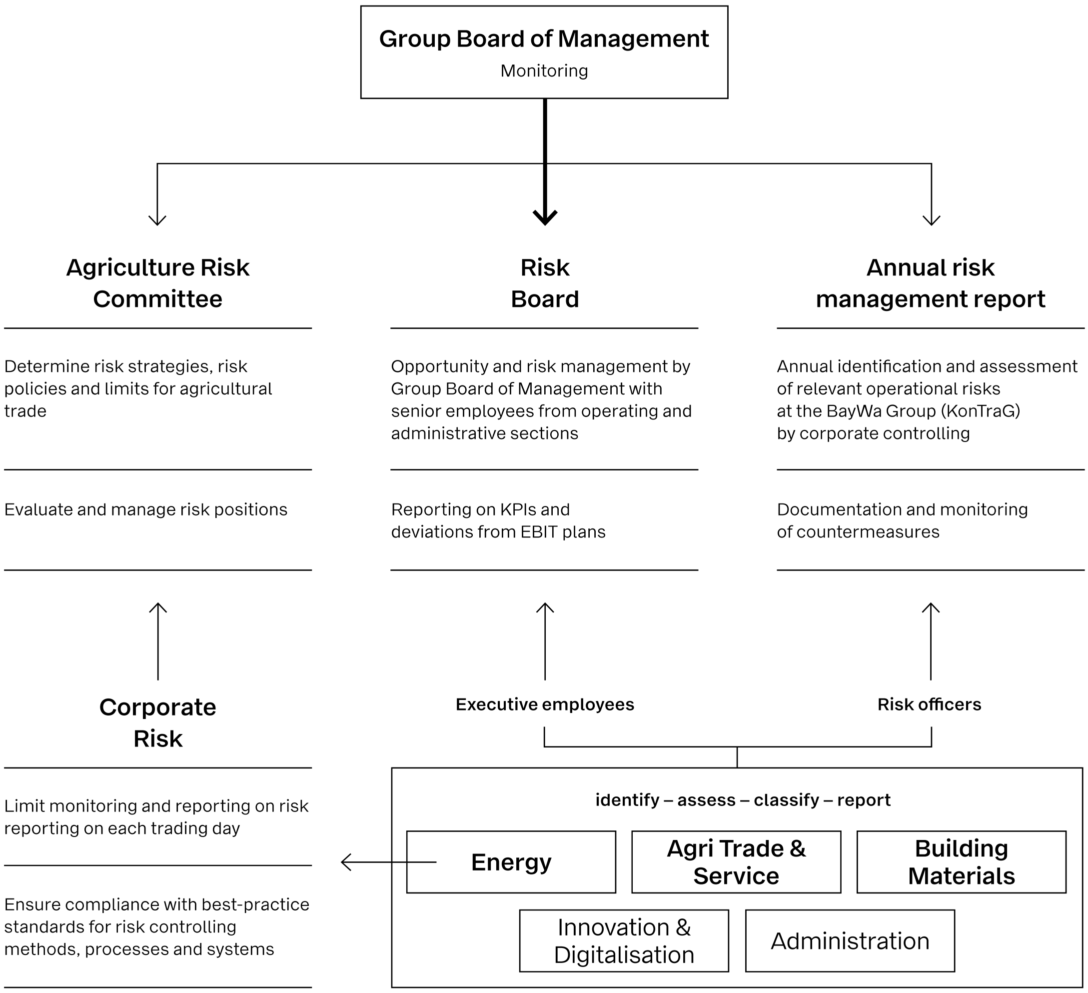
The principles underlying the system set in place within BayWa Group to identify and monitor risks specific to the business have been described in a risk management manual approved by the Board of Management. In addition, the Internal Audit Department regularly audits the internal risk management system which supports the processes. ISO certifications for the standardisation of workflows and for risk avoidance, as well as the conclusion of insurance policies, supplement the Group’s management of risk.

Moreover, in its corporate policy and ethical principles, as well as the Code of Conduct, the BayWa Group has established binding goals and a code of conduct which have been defined throughout the Group. They regulate individual employee actions when applying the corporate values, as well as their fair and responsible conduct towards suppliers, customers and colleagues.

In 2021, a process for integrating sustainability risks into the risk management system was launched. The Corporate Risk, Corporate Sustainability and Corporate Controlling departments are working across divisions to integrate sustainability topics into risk management. In the course of updating the risk management report in 2021, climate-related risks were systematically identified and presented in the risk management system for the first time. Guidelines and a methodology for a uniform Group-wide assessment standard based on the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations were developed in the financial year 2022. Risk officers can use them to identify, assess and report climate risks in their respective business divisions. This methodology will be expanded in the next few years to include other sustainability risks. Human rights risks were surveyed for the first time in the reporting year 2022.

Corporate Sustainability and Corporate Risk hold several workshops for risk officers each year to provide them with training and actively support them in applying the methodology at the operational level. The workshops will be refined in the years ahead with the aid of internal feedback sessions and user experience, with the objective of establishing a professionally sound and user-friendly process. In addition, the methodology is reviewed and updated yearly to reflect changes in external reporting standards and regulations. The risk officers are also requested to indicate specific measures to reduce sustainability risks. The resulting potential opportunities and identified sustainability risks are analysed by Corporate Sustainability and Corporate Risk and subsequently presented to the Strategic Sustainability Board.

Structure of opportunity and risk management within the BayWa Group



At the BayWa Group, opportunity and risk management is an integral component of the planning and management and control processes. A comprehensive risk management system based on the German Control and Transparency in Business Act (KonTraG) records and monitors both the development of the Group and any existing weak points on an ongoing basis. The risk management system covers all divisions and is included as a key component of reporting. A particularly important task of risk management is to ensure that risks to the Group as a going concern are identified and kept to a minimum. This enables the management of the Group to react swiftly and effectively. All business divisions of the Group have risk officers and risk reporting officers who are responsible for implementing the reporting process.

A key component of opportunity and risk management is the Risk Board. Presided over by the Chief Executive Officer, the Risk Board, which consists of operations managers and support staff, meets regularly to discuss and assess operating opportunities and risks. Minuted meetings are used to develop an understanding of the opportunities and risks and form the basis of the measure of risk applied to operational decisions.

The Agriculture Risk Committee is part of Risk Governance and acts as the highest decision-making body for trading activities concerning agricultural commodities and fertilizers. It is composed of members of the Board of Management among others and meets quarterly and on an ad hoc basis. The Committee decides on risk guidelines and limit systems for the agricultural trade activities and, where necessary, implements risk-controlling and mitigating measures. A form of risk management that is independent of trading was established at both the level of the Corporate Risk organisational unit and in the individual agriculture trading companies to ensure that the provisions of the Agriculture Risk Committee are implemented in full, including adherence to limits. The risk officers' responsibility in the trading companies covers all risk processes within the company, including limit monitoring and reporting.
Independent risk committees have been set up for trading activities involving electricity transactions at BayWa r.e. Energy Trading GmbH (BET) and for the electricity-generating holdings of BayWa r.e. Group (IPP). These are composed of the functions responsible for trading, portfolio and risk management, as well as the member of the Executive Board of BayWa r.e. AG in charge of these functions. The two risk committees perform similar tasks to those of the Agriculture Risk Committee. A risk management unit at BET, which is independent of trading, and the risk management unit at IPP ensure that the requirements laid down by the risk committees are implemented in full. They are also responsible for the risk processes, including the monitoring of limits and reporting. Issues of relevance to risk are regularly coordinated with Corporate Risk.

The Corporate Risk organisational unit's tasks are to execute risk controlling for agricultural trade activities and to operate and develop the risk management system to monitor risks on each trading day. In addition, the unit also serves as a Group-wide competence centre to ensure compliance with best practices in relation to risk controlling methods, processes and systems in commodities trading as well as to guarantee adherence to financial market regulations on commodity derivatives.

Risk management process within the BayWa Group

In the Group-wide risk reporting process, risks are classified into categories, and estimates are made as to their probability of occurrence and potential financial impact. The risk management system is based on individual observations, supported by the relevant management processes, and forms an integral part of the core activities. It starts with strategic planning and proceeds through to procurement, sales and distribution and, finally, to the management of counterparty risk. As an extension of the planning process that takes place in the segments and in procurement, sales organisations and centralised functions, the risk management system serves to detect and assess potential divergences from expected developments. In addition to identifying and assessing key developments influencing business, this system facilitates the prioritisation and implementation of activities.

The risk reports, which are regularly prepared by the business sections, are a cornerstone of the risk management system. These reports are consolidated into the annual risk management report by the Corporate Controlling department and are subject to evaluation by the Board of Management and by the heads of the segments. This includes all individual risks that could have an impact on the business activities of the BayWa Group, assigned to one of the seven risk categories – compliance risks, risks pertaining to organisational structure and workflow, operating risks, market risks, financial risks, legal risks and strategic risks – and their respective subcategories. The significance of each individual risk results from the potential impact on the assets, financial position and earnings of the BayWa Group in the event that the risk materialises, weighted by the likelihood of that risk materialising. The product of these two values is referred to as the expected value of damages. The expected value of damages per risk category is calculated by adding the expected value of damages of all subcategories assigned to the risk category. Their expected value of damages are formed by the sum of the expected value of damages of all individual risks contained. The sum of the expected value of damages form the basis for the classification of the risk categories in the BayWa Group.

For the trade activities with agricultural commodities and fertilizers, a further risk management system is in place that encompasses the relevant business activities of BayWa AG, BayWa Agrarhandel GmbH, Grainli GmbH & Co. KG and the Cefetra Group. The Minimum Requirements for Risk Management (MaRisk) published by the German Financial Supervisory Authority (BaFin) serve as the benchmark for this risk management system. MaRisk includes arrangements governing the identification, assessment, management and monitoring of all material risk types (market risk, counterparty risk, liquidity risk, operational risk). BayWa adapted the standards established in the financial services sector and leading trading companies for its agricultural trade activities due to the flexible and practical framework of the material regulations. Appropriate and effective risk management pursuant to MaRisk comprises in particular the formulation of strategies and the establishment of internal control procedures in consideration of the risk-bearing capacity. The internal control system (ICS) consists in particular of:
- Arrangements governing the organisational structure and workflow
- Processes for identifying, evaluating, managing, monitoring and reporting risks (risk management and control processes)
- The establishment of a risk controlling function

In order to manage market risks on each trading day, the positions, including the spreads (underlying risks), are determined and monitored for the associated agricultural trading companies. Value-oriented procedures, in addition to the volume limits, serve to ensure that the positions are managed in a manner that is appropriate for the risks. These procedures include the regular mark-to-market valuation (on at least a monthly basis) of pending agricultural transactions of German agricultural trade units and the determination of the trading results derived from this, as well as the portfolio-based value-at-risk procedure for the liquid products of all agricultural trade units. The trading positions, as well as the risks they pose, are reported to the operating business sections and the local risk management officers on a daily basis, as well as to the Board of Management in the form of the Risk Board.

These control mechanisms are supported by a standardised IT system solution for risk management which has been in place for a number of years and has been certified by an external auditor.

Trading and risk positions are continually coordinated and optimised in the respective business divisions. The Global Book System (GBS) is designed for the individual product lines in the trading of grain, oilseed and co-products and is used in the overall coordination of trade management. Fundamental market analyses are performed within the scope of the market research activities to estimate the global supply and demand situation. An additional focus is placed on implementing quantitative portfolio and risk analysis procedures, the results of which are discussed in weekly meetings with the trading departments. Given the volatility in agricultural markets, BayWa works with specialists in the area of algorithm-controlled trading strategies in order to limit the effects of fluctuations in the market triggered by high frequency trading on BayWa’s positions.

For trading activities involving electricity transactions, an independent risk management system has been set up at BayWa r.e. Energy Trading GmbH (BET). MaRisk also serves as a benchmark for the structure of this risk management system, although the standards have been modified to fit BET’s electricity trading. The monitoring and management of market risk at BET is based on the daily monitoring of the relevant electricity positions in the futures and short-term markets. Outstanding futures market positions are limited by value at risk (maximum loss limit). The monitoring and management of BET’s counterparty risks is based on the daily limiting and monitoring of the value of delivered and as yet unpaid electricity volumes per trading partner, as well as contracted and as yet undelivered electricity volumes per trading partner. Liquidity risks that arise from margin payments of stock exchange transactions are also limited and monitored daily.

For the BayWa r.e. Group’s electricity-generating holdings (IPP), a risk management system that is closely interlinked with BET through a joint ETRM system, among other things, has been set up. The market risk positions are calculated on the basis of each plant's expected annual output. They are differentiated by market region and relate to those investments whose positions can be adequately hedged on the futures markets. In this context, regulatory conditions such as the levy on of excessive profits pursuant to the German Electricity Price Brake Act (StromPBG) and similar provisions in other countries are taken into account. Regulatory developments are continuously monitored by Energy Policy & Markets and Legal & Compliance, both at headquarters and locally, and their impact is discussed with management, as well as with the trading and risk management divisions. Market price developments on the futures markets are monitored continually. Decisions on hedging measures and concepts are made at the level of the BayWa r.e. AG Executive Board, in coordination with the company's Supervisory Board. Material risks arising from electricity market activities are reported to the Executive Board by the Risk Board.

Identification of opportunities within the BayWa Group

A dynamic market environment also gives rise to opportunities. The BayWa Group continuously monitors both macroeconomic trends, and the development of industry-specific and general environments and structures. These include government regulations, suppliers, customers and other stakeholders, as well as competitors. The identification of opportunities is integrated into the BayWa Group's strategy and planning processes. The focus of the product and service portfolio is permanently reviewed based on these analyses. The identified opportunities are predominantly implemented on a decentralised basis in the segments.

Classification of risks and opportunities within the BayWa Group

The seven risk categories within the BayWa Group are divided into several sub-categories. The risks in these subcategories are classified as low, noticeable, considerable, significant or substantial on the basis of the theoretical expected value of damages. The theoretical expected value of damages is the amount that would result in the very unlikely event that all of the individual risks in a sub-category materialise at the same time. Risks are classified by considering the risk reduction measures (net view). The significance of the opportunities for the BayWa Group are assessed by way of a qualitative classification into material or immaterial. The following table provides a general overview of all risks and opportunities and depicts their significance for the BayWa Group in the financial year 2023.

		Risks		Opportunities	
		Risk classification	**Y/y change**	**Opportunity classification**	**Y/y change**
Market risks and opportunities					
	Sales market	significant	increased	material	constant
	Procurement	significant	constant	material	increased
	Competition	noticeable	reduced	immaterial	constant
	Image	noticeable	constant	immaterial	constant
	Price	substantial	constant	material	constant
	Loss of customers	low	constant	/	/
Operating risks and opportunities					
	Sales	noticeable	constant	material	constant
	Environmental impact	significant	constant	immaterial	constant
	Production	considerable	increased	immaterial	constant
	Inventory	noticeable	constant	material	constant
	Product quality	considerable	constant	immaterial	constant
	Case of damage	considerable	reduced	/	/
	Project	considerable	constant	material	increased
Risks and opportunities of the organisational structure and workflow					
	IT	significant	increased	immaterial	constant
	Quality	substantial	constant	immaterial	constant
	Personnel	significant	constant	immaterial	constant
	Organisation	considerable	constant	immaterial	constant
Financial risks and opportunities					
	Financial market	considerable	constant	immaterial	constant
	Group companies	considerable	constant	immaterial	constant
	Default on receivables	considerable	constant	/	/
	Interest	noticeable	increased	immaterial	reduced
	Liquidity	noticeable	constant	immaterial	reduced
	Currency	considerable	constant	immaterial	constant
	Taxes	considerable	increased	/	/
Strategic risks and opportunities					
	Corporate strategy	noticeable	constant	immaterial	constant
	Investments	low	reduced	immaterial	constant
	Acquisitions and disposals	low	constant	material	increased
	Market development	significant	increased	immaterial	constant
	Innovation and technology	considerable	constant	material	constant
Legal risks and opportunities					
	Contracts	considerable	constant	/	/
	Changes in legislation	significant	constant	immaterial	constant
	Liability and insurance	noticeable	constant	/	/
	Violations of the law	considerable	constant	/	/
Compliance risks and opportunities					
	Corruption/fraud	noticeable	reduced	/	/
	Product safety/standards	low	constant	/	/
	Data protection	low	constant	/	/
	Compliance with laws and guidelines	substantial	constant	/	/
	Social risks	low	/		
	Ecological risks	low	/		

Risk classification (potential implications on earnings) according to expected value of damages		Assessment of the opportunities
low =	≤ €1.0 million	Qualitative classification / Categorisation into "material" and "immaterial"
noticeable =	≤ €2.5 million	
considerable =	≤ €5.0 million	
significant =	≤ €10.0 million	
substantial =	> €10.0 million	

Overall, at the time of the risk inventory carried out at the end of 2022 the BayWa Group was not exposed to any risks that could endanger its existence as a going concern.

Composition of the risk and opportunities categories within the BayWa Group

Material individual risks with an expected value of damages in excess of €1 million are described below.

Compliance risks

Group companies are and will continue to be faced with legal disputes and proceedings in relation to their operating business activities. For example, these can result from breaches of compliance regulations by individual employees. This may lead, among other things, to individual Group companies having to pay compensation or financial penalties or being imposed with other civil or criminal sanctions. Reputational damage can also occur as a result. These risks are continuously monitored by corresponding specialist areas of the Group.

The issuing of what are known as preference certificates represents a compliance risk for BayWa, as it leads to the reduction of import duties in the recipient country and can result in large penalty payments and the levying of other benefits if issued without authorisation. Civil law compensation claims by the customer for subsequently collected import duties are also possible. BayWa has introduced a range of processes and measures to help reduce this risk and achieve a 100% return rate. These include, among others, customer- and employee-specific communication measures, digital IT connections between the preferred tool and SAP, and centralised test processes.

Antitrust law violations also pose a compliance risk. Vertical and horizontal collusion can lead to significant fines, penalties and loss of reputation. Abuse of a dominant position in the market, corruption and money laundering offences also represent similar risks. To counter this risk, BayWa implements training workshops and online training courses, the elaboration and introduction of appropriate guidelines and Virtual Risk Solutions (VRS), audit controls, mandatory audits of cooperation agreements to be concluded, audits of association memberships and training of compliance officers on all relevant topics. The training sessions take place using a special academy platform. In addition, regular business partner audits are executed.

In trade activities involving photovoltaic components, the Belgian customs authorities are investigating imports of solar modules from the Luxembourg branch in 2017 and 2018 in light of a new legal requirement by the European Commission which stipulates that anti-dumping and anti-subsidy duties must be applied to solar modules originating in Taiwan or Malaysia. Although the investigation has not yet been finalised by the Belgian customs authorities, it is possible that anti-dumping duties will have to be paid with retrospective effect. BayWa r.e. is working with suppliers to advance the investigation.

Operating risks and opportunities

The material operating risks include product-related risks as well as risks that may arise from environmental effects.

Climate change and an increase in the frequency of extreme weather events such as drought, heavy rain or severe frost have an impact on the agricultural sector and can cause damage to crops or, in some cases, crop failures. In this context, annual fluctuations in production resulting from potential adverse weather conditions in important cultivation regions stand in contrast to a relatively constant growth in global demand for agricultural products. The volatility of prices for agricultural commodities leads to both price risks and opportunities to profit from price changes. To minimise the risks of harvest fluctuations, the market is continuously monitored, and the company's own position is analysed in weekly meetings and adjusted in line with harvest expectations.

With regard to fruit and vegetable cultivation, potential risks from natural weather events such as hail, flooding and drought are mitigated by taking appropriate measures such as using hail netting to cover crops. These risks are also partially covered by insurance policies.

For the Cefetra Group, the contamination of products and deviations from product specifications are some of the most significant quality risks. In addition, warming can cause a deterioration in product quality. The Cefetra Group faces such risks and is responding to them with a series of measures, such as the conclusion of contractual agreements, GMP+ and GTP certifications and compliance audits. Insurance is also taken out against loss of quality, and employees are given training on how to achieve the right product quality. The Cefetra Group is additionally sets up monitoring programmes with the aim of improving quality control and appoints quality assurance officers. All of these measures are set out in a quality manual, which contains clear guidelines for quality standards and procedures. Quality controls are carried out by independent inspectors and laboratories when goods leave a port or arrive at their destination. If a harmful substance is discovered, all parties are informed immediately and steps are taken to ensure that the goods do not reach the market. Customer complaints are documented and investigated. To protect the environment and comply with occupational health and safety regulations, Cefetra Group companies have implemented procedures for all locations where Cefetra employees are deployed.

Certain operating risks, such as product recalls, are insured only to a limited extent after weighing up the cost-benefit ratio of doing so. On account of the increasing launch of private brands, discussions with the business sectors (risk owners) on the extent to which risks should be assigned to the insurer in the event of a product recall or other similar incidents will be held within the Group at regular intervals in the future.

Market risks and opportunities

General economic factors have an influence on consumer behaviour and investment patterns in BayWa's core markets. In the agricultural industry in particular, there is a trend towards ever larger agricultural operations that are conducting their business more professionally, particularly with regard to the customer structure. These environmental factors exert less of an influence on BayWa's business activities than on other companies. The BayWa Group's business model is largely geared to satisfying fundamental human requirements, such as the need for food, energy, shelter, heating and mobility. Accordingly, the impact of cyclical swings in demand are likely to be less strong than in other sectors. As a result, BayWa is even able to turn certain opportunities arising in times of crisis to its advantage through, for instance, the identification and acquisition of suitable companies with a view to building up or expanding existing or new areas of business. However, BayWa is unable to fully decouple itself from severe setbacks to international economic development that result from, for example, slumps in global commodity prices.

At the Cefetra Group, a portion of the margins is also generated through position trading and spreads, such as inter-product spreads and time spreads. The Cefetra Group is inherently exposed to commodity risks, such as spread/premium risk, inter-commodity risk and time-spread risk. The company is able to hedge its positions through futures contracts, which entails the possibility of changes in value during the term of the future with a corresponding impact on earnings. Cefetra has put in place various measures to mitigate the corresponding risks, with the most important risks from the net goods position being recorded and monitored centrally at the head office in Rotterdam, Netherlands. Daily checks are performed to see whether traders' positions are within the specified position limits. Managing directors, trade managers and risk managers also monitor spreads such as time spreads and intra-commodity risks on a continuous basis in order to be able to respond quickly to changes. A mark-to-market calculation of the gains and losses, as well as a review of the development of the main risks, is performed every two weeks. A trading meeting attended by trade managers, traders and risk managers, as well as internal market analysts, is held each week to discuss the market situation, the risks, the positions and the spreads. Besides net goods limits, premium limits are also used as required. They are monitored and reviewed on a daily basis. In the event that the limits are exceeded, the responsible trade manager and traders are contacted and requested to abide by the limits within one working day. Data analytics for position management are performed using the Tradesparent software solution. The value-at-risk method is used throughout the whole of the BayWa Group and is monitored by the risk management department on a daily basis.

The BayWa Group uses a portfolio-based value-at-risk procedure to measure and manage the risk arising from open positions (inventory and commodity futures). The value-at-risk (VaR) aims to quantify the negative changes in the value of a portfolio, which – with a certain degree of probability (95%) – will not be exceeded over a defined time period (five trading days). The VaR calculated as at 31 December 2022 was €4.8 million for grain, oilseed and co-products, €2.2 million for fertilizers and €2.2 million for BayWa r.e. Energy Trading GmbH's electricity futures.

An additional risk occurring in the agricultural sector consists of animal diseases or unusual events resulting in spot market losses, which may lead to lower demand in the short term. Increased competitive pressure or larger market volumes can also lead to sales volumes running counter to original plans.

In today's globalised economy, companies face particular procurement risks in supply chains. For example, country-specific regulations, different logistics and transport routes, as well as production difficulties caused by a lack of parts and a shortage of skilled labour, can make just-in-time delivery difficult or even impossible. Added to this are country-specific sanctions or armed conflicts that limit the availability of goods and may lead to supply bottlenecks. BayWa is affected by this risk in the Agricultural Equipment Segment. Measures to avoid this risk include active procurement and inventory management with early ordering of required product volumes, such as through securing construction sites, and taking longer delivery times in sales activities into consideration. Product management maintains close contact with suppliers, continuously analyses media reports, collects information on supply chains (EU/non-EU/elsewhere) and evaluates it to ensure the success of this approach. Documentation is done through newsletters and mail correspondence within the sector.

A deteriorated public sector financial situation leads to a decline in demand for building materials and, as a result, to a loss in revenues and gross profit. BayWa is also exposed to this risk. In order to identify potential risk, building permit statistics are evaluated with data on public-sector clients while also monitoring the development of public tenders. The corresponding findings are taken into account in preliminary planning discussions and the building materials sales and distribution strategy.

Extreme market hardening (e.g. in the area of cyber and D&O insurance), major loss events or a higher frequency of claims on the part of BayWa may result in a shortfall in contribution margins for insurers. Consequently, the insurance premium is no longer sufficient for the insurer due to the development of claims and increased claims settlement costs caused by inflation, and the insurer is forced to restructure the contract. This may lead to an increase in premiums, the exclusion of insured hazards, higher deductibles, a reduction in the amounts covered/limits or the termination of the insurance contract by the insurer. To reduce its own risk, BayWa continuously identifies and takes measures to prevent and minimise losses, such as securing outdoor facilities with intruder alarm systems.

Financial risks and opportunities

Within the BayWa Group, financial risks and opportunities are divided into multiple risk types that are described separately in the following.

Foreign currency opportunities and risks

Currency risk can have a negative as well as a positive impact on the Group's income statement as a result of uncertainty surrounding future exchange rate fluctuations. BayWa's business activities are largely located in the euro zone. If foreign currency positions arise from goods and services transactions or projects, they are always hedged without delay. Other payment obligations or receivables denominated in a foreign currency are hedged at the time when they arise. Speculative borrowing or investing of financial resources denominated in foreign currencies is prohibited.

Credit and counterparty risks and default risks

Both the purchase and sale of fixed-price contracts (forwards) concluded with counterparties involve the loss of these contracts should the counterparty default. In pre-harvest periods (weather markets), higher risks (exposures) arise in the event of drought as a result of a sharp rise in prices. Unlike creditor risk, these risks cannot be covered by credit insurance. A special focus is placed on credit-rating difficulties in individual sectors and countries. To discuss and manage the risks, regular reviews are held by risk management and trading management.

The business model of Energy Ventures GmbH is risky due to the timing of its investments in companies that are in the early stages of their development. The potential risk is the amount of the investment book values of the companies bearing an increased risk (e.g. uncertain outcome of the next round of financing) as at the reporting date.

Interest rate risks

Interest rate risk positions arise from the Group's floating-rate financing activities, especially from the issuing of short-term commercial papers, short-term loans as well as variable-interest bonded loans. Short-term debt is used mainly to finance working capital. To reduce the interest rate risk, which is not hedged using a natural hedge, BayWa uses derivative instruments in the form of futures, interest rate caps and swaps. In the financial year 2022, the average interest rate for variable-interest financial liabilities stood at 1.7577% (2021: 0.8827%).

Tax risks

Tax risks result in particular from changes in national tax laws and regulations, case law and interpretation by national tax authorities, especially in the case of tax audits. Findings by national auditing authorities in the various countries may lead to higher tax expenses and payments and may also have an impact on the amount of tax assets and liabilities, as well as on deferred tax assets and liabilities. Any residual risks beyond the tax risks already taken into account in the balance sheet range from being improbable to possible and could have a moderate impact on the assets, financial position and earnings position.

Legal risks

Group companies are and will continue to be faced with legal disputes and proceedings in relation to their operating business activities. Such disputes and proceedings can relate to the assertion of claims based on breaches of contractual obligations, payment disputes or from breaches of regulatory or tax requirements. As a result, this may lead to individual Group companies having to pay compensation or fines or face other civil, public or criminal sanctions, among other things. A Group-wide, risk-based compliance management system helps avoid breaches of legal requirements.

BayWa may be exposed to material risks from cyberattacks on its IT infrastructure. External attackers regularly exploit security gaps in companies' software to collect client data or damage them in some other way. One of the ways in which this risk is minimised is by standardising programming on an ongoing basis and eliminating in-house programming. However, even standardised software can also be prone to security gaps, making hacker attacks possible. For this reason, there is continuous close coordination with IT Security and Information Security with regard to software and hardware, with websites also being regularly reviewed and firewall settings and monitoring continuously being increased. Employees are given training on the subject of IT security and made aware of the potential risks.

Changes in agricultural policy, new governments, new EU regulations, trade barriers or export bans can all have a direct impact on BayWa's business. For example, changes in regulation regarding the amount of nutrients in soil can result in declining fertilizer application volumes. BayWa attempts to counteract these developments by gaining additional market share and making cost reductions. The respective state institutes inform BayWa about the changes to regulations and laws. The countermeasures are outlines in the annual strategy paper.

The Cefetra Group is also exposed to risks from changes to agricultural policy. The legal department monitors these developments very closely. The goal is to ensure compliance with laws and regulations. Where possible, sales agreements are concluded with the same contractual terms and conditions and with the same origin as the original purchases. Contractual wording to mitigate the risk for the Cefetra Group concerning import and export duties or bans is also included whenever possible. This wording is based on ongoing active information searches and a thorough overall market observation.

Strategic risks and opportunities

Material strategic risks include risks associated with the business model of the Group, as well as competitiveness, digitalisation and changes in consumer behaviour.

New trends in technology and new processing technologies constitute a strategic risk for BayWa's building materials business. These include, for example, new construction methods, industrial pre-fabrication and increased online sales. Factors of this kind can lead to a drop in demand for building materials, resulting in a decline in revenues and income. BayWa counters these risks with a range of measures for the future-proof development of conventional construction for private developers, property developers and general contractors. These include expanding key account management for supraregional customers or providing assembly services, such as for windows and doors. Other measures include focusing on private brands, increasing productivity by digitalising customer and supplier interfaces, and expanding the specialisation in wood. Value creation in pre-fabrication will be steadily expanded through investments in Ceraflex Bayern GmbH (pre-fabricated large ceramics), Tjiko GmbH (bathroom modules) and further planned investments so as to counter the increased shortage of skilled labour.

A downturn in the construction industry resulting from corrections in subsidy programmes or increased mortgage interest rates poses the risk of declining construction activity and falling revenue in building materials for BayWa. In addition, price wars with competitors can adversely affect business development. BayWa counters this risk by adjusting its marketing strategies and its cost and credit management, as well as through a value-based medium-term sensitivity analysis of the business sector using specific material factors.

Risks and opportunities of the organisational structure and workflow

In the area of organisational structure and workflow, the BayWa Group differentiates between a number of different risk types that are described separately in the following.

As regards personnel, BayWa Group competes with other companies for highly qualified managers, as well as for skilled and motivated staff. The Group companies continue to require qualified personnel in order to secure future success. High employee turnover, brain drain, failure to win junior staff loyalty and the shortage of skilled workers on the labour market may have a detrimental effect on the Group's business performance. BayWa counters these risks by strengthening the BayWa employer brand, further expanding its recruitment activities by approaching potential applicants directly or using the internal employee network (among other things), offering its employees extensive training and continuous professional development opportunities – both vertical and horizontal – and offering a modern and future-oriented working environment. At the same time, BayWa supports the further training and professional development of its employees and is one of the largest providers of vocational training, especially in rural areas. BayWa recruits a large majority of its future specialist and managerial employees from the ranks of these trainees, who then have extensive, individual development opportunities at BayWa. Long years of service to the company are a testament to the high-level of loyalty that employees display towards BayWa. This continuity creates an environment of stability and simultaneously secures the transfer of expertise down the generations.

The use of cutting-edge information technology characterises the entire business activity of the BayWa Group. All key business processes are supported by IT and mapped using state-of-the-art software solutions. At a trading company with high numbers of employees, having work processes supported electronically is imperative. The continuous monitoring and reviewing of processes mapped electronically, however, involves more than the mere implementation of new IT components. It is always accompanied by an optimisation of process workflows, as a result of which opportunities in the form of synergy and cost-savings potential can be identified and implemented. At the same time, the risk inherent in the system rises in tandem with the growing complexity and dependency on the availability and reliability of the IT systems. Powers outages may disrupt IT systems and services. This can have a substantial impact on business processes in the various divisions. To minimise this impact, work is currently under way to draw up an IT contingency plan.

The BayWa Group, as an agricultural supplier and a global purveyor and marketer of grain, oilseed and fruit – as well as a trader of energy carriers and building materials – is confronted with a wide range of national quality and safety standards. This also includes genetically modifications to products. Compliance with the quality and safety requirements is guaranteed through the quality management teams of the respective business areas and segments. In addition, various certifications document the fulfilment of the relevant legal requirements.

As a rule, the Cefetra Group sells goods under the terms “Free On Board (FOB)”, “Free On Truck (FOT)” and “Cost Insurance Freight (CIF)” and regulates the transfer of risk between seller and buyer. This makes the company responsible for the logistical handling of a large share of its transactions. The logistics process is complex and risky for many reasons, such as different rules depending on the country, varying transportation and freight costs or fluctuating water levels. To mitigate these risks, the company's legal department concludes insurance policies against loss of and damage to shipments and processes the reporting of premiums and claims. Shipments are also monitored and tracked.

Errors when providing sales advice and supplying customers with the wrong goods is another risk to which BayWa is exposed. To minimise this risk, the company relies on intensive product training and a complaints management system.

Overall assessment of the opportunity and risk situation by Group management

An overall assessment of the current opportunity and risk situation shows that there are no risks individual risks or aggregate risks that could endanger the Group as a going concern. The overall assessment is therefore unchanged from the previous year. There are currently no such risks discernible for the future either. All in all, the risks to the BayWa Group are limited and manageable.

Along with potentially non-influenceable or only indirectly influenceable geopolitical risks and macroeconomic risks, operational risks are also the focus of monitoring. As far as the latter are concerned, the BayWa Group has taken appropriate measures to manage and control these risks.

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Key features of the internal control and risk management system

Internal control system (ICS)

The BayWa Group's internal control system (ICS) comprises all of the principles, procedures and measures that are used to manage and monitor the company's activities. The rules enshrined in the ICS are set out in a range of statements, policies, operating procedures and process descriptions. A Group-wide framework is in place that defines the structure, revision and communication of these rules and regulations.

Firstly, clearly defined responsibilities are ensured by delineating areas of responsibility and assigning distinct roles. Secondly, there is a separation of functions, which prevents potential conflicts of interest. The binding targets and behaviours to which the BayWa Group has committed itself across the Group in its corporate policy and Code of Conduct apply to individuals' actions in relation to corporate values, as well as to fair and conscientious behaviour vis-à-vis suppliers, customers and co-workers. BayWa also introduced a Supplier Code of Conduct in 2022.

Based on this, the respective business units and segments define a suitable framework of processes and rules for their individual business activities, which – depending on the business unit or segment – may differ from one another due to different systems or processes for the activity handled in the respective process. However, some risks occur throughout the Group. To this end, Group functions that result in suitable Group-wide standards for their respective areas in keeping with a "second line" approach and help to support and monitor their implementation have been set up.

For example, BayWa has established a sustainability organisation as a dedicated Group function within the Group. The Board of Management of BayWa bears overall responsibility in this regard. The Corporate Sustainability Division reports directly to the Board of Management, constantly develops the topic in line with stakeholder and shareholder requirements and is responsible for implementing the sustainability strategy.

BayWa's compliance management system is a further component of the ICS and spans topics such as upholding human rights, preventing corruption, antitrust law and anti-money laundering. The Code of Conduct, which applies across the Group, is the centrepiece of this system and is complemented by additional policies that lay down more detailed requirements, such as the Compliance Policy. In addition to compliance training, risk analyses and compliance checks are performed on a continuous basis, either in

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person or using IT. BayWa also operates an IT-based screening system for sanctions and terrorism lists for all customers and suppliers.

All key business processes are supported by IT solutions and modelled using state-of-the-art software solutions. Where applicable, the existing set of integrated application and IT-based controls is applied. Manual controls are also employed. BayWa operates a data protection and information security management system, as part of which policies are maintained and training is provided. A cyber insurance policy has also been concluded for the BayWa Group.

With regard to the business processes, the relevant process owners are responsible for ensuring that the controls in place are effective. Across the Group, and the relevant second line is responsible for doing so. They define the processes and controls for the management of risks. As an independent third line, Corporate Audit audits business processes as well as IT support on the basis of its own risk assessments and makes recommendations on how to improve the effectiveness and efficiency of the processes and controls. The action plans drawn up as a result are implemented by the first and second lines and monitored by Corporate Audit.

The Supervisory Board supervises the management of the company by the Board of Management. The Audit Committee supervises the accounting process, the annual audit and the effectiveness of the internal control, risk management and audit system, as well as the internal procedures for related party transactions.

Since the internal control system and the risk management system are subject to continuous change as a result of changes to the business model and responsibilities, to name two examples, the audits repeatedly reveal potential for improvement both in terms of the appropriateness (lack of suitable controls) and effectiveness (inadequate implementation) of controls. Further potential for improvement may also arise from compliance incidents. The implementation of the potential for improvement is monitored.

In the overall assessment of the management systems at the BayWa Group, it was found that none of the potential for improvement identified during the reporting year spoke against the appropriateness and effectiveness of the two management systems.

Risk management system (RMS)

BayWa’s comprehensive risk management system records and monitors both the development of the Group and any existing weak points on an ongoing basis. The risk management system covers all divisions and is included as a key component of reporting. One of the main tasks of risk management is to identify and contain risks that could endanger the company as a going concern. BayWa’s risk management system is described in detail in the sections entitled “Principles of opportunity and risk management”, “Structure of opportunity and risk management within the BayWa Group” and “Risk management process within the BayWa Group”.

Internal control system and risk management system in relation to the Group accounting process

The internal control system (ICS), which monitors accounting processes, is a key component of opportunity and risk management. The BayWa Group has set up an internal control system in accordance with the legal standards, the functionality of which is monitored by Internal Audit. External specialists are regularly consulted to perform benchmark analyses and certifications and to introduce optimisation measures. The consolidated financial statements are drawn up through a centralised process. Compliance with legal provisions and regulations pertaining to the Articles of Association during this process is guaranteed by the corresponding accounting standards. The Corporate Accounting department acts as a direct point of contact for the managers and employees in accounting at the subsidiaries in matters pertaining to reporting and the annual and interim financial statements. Corporate Accounting prepares the consolidated financial statements pursuant to IFRS.

A control system which monitors the accounting process is designed to ensure the complete and timely capturing of all business transactions in accordance with the statutory provisions and the regulations laid down under the Articles of Association. Moreover, it serves to guarantee that stocktaking is duly and properly performed and that assets and liabilities are recognised, valued and disclosed appropriately. The control system uses both automatic and manual control mechanisms to ensure the regularity and reliability of accounting.

All subsidiaries included in this process are obliged to submit their figures on an IFRS basis in a standardised reporting form to BayWa. This allows for the prompt identification of deviations from planned targets with the opportunity to respond quickly.

Remuneration Report

The remuneration report – which has no longer been part of the consolidated management report since the financial year 2021 – is published as a separate document and made permanently available on the company's website at https://www.baywa.com/en/group/corporate-governance/corporate-governance.

Takeover-relevant Information – Reporting pursuant to Section 315a German Commercial Code (HGB)

Composition of subscribed capital

As at the reporting date, BayWa AG's subscribed capital amounted to €91,807,715.84 (2021: €91,250,199.04 million) and was divided into 35,862,389 ordinary registered shares (2021: 35,644,609) with an arithmetical portion in the share capital of €2.56 per share. Of the shares issued, 34,401,358 are registered shares with restricted transferability (2021: 34,175,458) and 217,780 recently registered shares with restricted transferability (2021: 225,900) (dividend-bearing employee shares from 1 January 2023 onwards). A total of 1,243,251 shares are registered shares not subject to restricted transferability (2021: 1,243,251). With regard to the rights and obligations granted by the shares (e.g. the right to a portion of the unappropriated retained earnings or to participate in the Annual General Meeting), reference is made to the provisions laid down under the German Stock Corporation Act (AktG). There are no special rights or preferences.

Restrictions on voting rights and the transfer of shares

Pursuant to Section 68 para. 2 of the German Stock Corporation Act (AktG), in conjunction with Article 6 of the Articles of Association of BayWa AG, the purchase of shares with restricted transferability by individuals and legal entities under civil and public law requires the approval of the Board of Management of BayWa AG. BayWa AG holds a small portfolio of registered shares (19,500 units), which, pursuant to Section 71b of the German Stock Corporation Act (AktG), do not carry voting rights as long as they are in BayWa AG's possession. There are no other restrictions that relate to the voting rights or the transfer of shares.

Affiliated companies with over 10% of voting rights

On the reporting date, the following shareholders held stakes in the capital that exceeded 10% of the voting rights:
- Bayerische Raiffeisen-Beteiligungs Aktiengesellschaft, Beilngries, Germany
- Raiffeisen Agrar Invest AG, Vienna, Austria

Legal requirements and provisions of the Articles of Association on the appointment or dismissal of members of the Board of Management and on amendments to the Articles of Association

Supplemental to Sections 84 et seq. of the German Stock Corporation Act (AktG), Article 9 of the Articles of Association of BayWa AG on the appointment or dismissal of members of the Board of Management also requires members of the Board of Management to be appointed by the Supervisory Board. Members of the Board of Management are appointed for a maximum term of five years, and reappointment is permitted. The Supervisory Board appoints the Chairman of the Board of Management.

Pursuant to Section 179 of the German Stock Corporation Act (AktG) in conjunction with Article 21 of the Articles of Association of BayWa AG, amendments to the Articles of Association are always passed by the Annual General Meeting.

Authorisation of the Board of Management relating in particular to the option of issuing or buying back shares

Subject to the approval of the Supervisory Board, the Board of Management is authorised to raise the share capital one or more times on or before 10 May 2026 by up to a nominal amount of €12,500,000 through the issuance of new registered shares with restricted transferability against contributions in kind. The authorisation can be used in partial amounts. Shareholders' subscription rights are excluded. Subject to the approval of the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued (authorised capital 2021). The Supervisory Board is authorised to amend the Articles of Association accordingly in line with the scope of the capital increase from authorised capital in 2021 or following the deadline for the use of authorised capital in 2021.

Subject to the approval by the Supervisory Board, the Board of Management is authorised to raise the share capital one or more times on or before 25 May 2025 by up to a nominal amount of €3,506,682.88 through the issuance of new registered shares with restricted transferability against cash contribution to the employees of BayWa AG and of affiliated companies within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Shareholders' subscription rights are excluded. Subject to the approval of the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued (authorised capital 2020).

Subject to the approval of the Supervisory Board, the Board of Management is authorised to raise the share capital one or more times on or before 31 May 2023 by up to a nominal amount of €10,000,000 through the issuance of new registered shares against contributions in kind. The authorisation can be used in partial amounts. Shareholders' subscription rights are excluded. Subject to the approval of the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued (authorised capital 2018).

Furthermore, the Board of Management is authorised to offer held shares to third parties within the framework of the acquisition of or investment in companies or of mergers and to withdraw part or all of the shares without requiring a further resolution to be passed by the Annual General Meeting.

The Board of Management has not been further authorised by the Annual General Meeting to buy back shares. There are no agreements within the meaning of Section 315a para. 1 items 8 and 9 of the German Commercial Code (HGB).

Munich, 27 March 2023

BayWa Aktiengesellschaft

The Board of Management
Prof. Klaus Josef Lutz
Andreas Helber
Marcus Pöllinger
Reinhard Wolf

Consolidated Financial Statements of BayWa AG for the Financial Year 2022

Consolidated Balance Sheet

Assets

In € million	Note	31/12/2022	31/12/2021
Non-current assets			
Intangible assets	C.1	459.3	434.5
Property, plant and equipment	C.2	3,058.1	2,552.6
Participating interests recognised at equity	C.3	278.7	242.6
Investments	C.3	229.0	254.9
Investment property	C.4	42.1	37.7
Income tax assets	C.5	4.7	0.5
Assets from derivatives	C.9	97.9	73.6
Other receivables and other assets	C.6	51.7	36.3
Other non-financial assets	C.6	7.5	19.0
Deferred tax assets	D.8	161.9	119.6
		4,390.9	**3,771.3**
Current assets			
Securities	C.3	0.9	1.1
Inventories	C.7	4,756.8	4,213.0
Biological assets	C.8	16.5	15.2
Income tax assets	C.5	63.3	36.0
Assets from derivatives	C.9	611.2	1,049.1
Other receivables and other assets	C.6	2,341.1	1,859.7
Other non-financial assets	C.6	557.5	405.5
Cash and cash equivalents	C.19	221.8	399.1
		8,569.1	**7,978.7**
Non-current assets held for sale/disposal groups	C.10	**16.4**	**21.4**
Total assets		**12,976.4**	**11,771.4**

Shareholders' equity and liabilities

In € million	Note	31/12/2022	31/12/2021
Equity	C.11		
Subscribed capital		91.8	91.2
Capital reserve		138.2	129.5
Hybrid capital		–	296.3
Revenue reserves		735.9	485.1
Other reserves		33.8	12.3
Equity net of minority interest		**999.7**	**1,014.4**
Minority interest		909.3	801.7
		1,909.0	**1,816.1**
Non-current liabilities			
Pension provisions	C.12	519.8	704.8
Other non-current provisions	C.13	86.9	73.5
Long-term debt	C.14	3,560.1	2,717.3
Lease liabilities	C.15	926.3	861.4
Trade payables and liabilities from inter-group business relationships	C.16	4.6	5.0
Income tax liabilities	C.17	–	0.5
Liabilities from derivatives	C.18	107.4	50.2
Other liabilities	C.19	87.1	85.6
Deferred tax liabilities	D.8	204.9	133.1
		5,497.1	**4,631.4**
Current liabilities			
Pension provisions	C.12	32.4	30.7
Other current provisions	C.13	514.6	418.2
Short-term debt	C.14	1,718.7	1,467.3
Lease liabilities	C.15	75.6	76.9
Trade payables and liabilities from inter-group business relationships	C.16	1,835.7	1,356.3
Income tax liabilities	C.17	98.7	35.7
Liabilities from derivatives	C.18	364.2	1,152.3
Other liabilities	C.19	930.4	776.4
		5,570.3	**5,313.8**
Liabilities from disposal groups		**0.0**	**10.1**
Total shareholders' equity and liabilities		**12,976.4**	**11,771.4**

Consolidated Income Statement

Continued operations

In € million	Note	2022	2021
Revenues	D.1	**27,061.8**	**19,839.1**
Inventory changes		370.4	928.8
Other own work capitalised		33.2	16.3
Other operating income	D.2	492.9	404.2
Cost of materials	D.3	- 24,581.2	- 18,457.1
Gross profit		**3,377.1**	**2,731.3**
Personnel expenses	D.4	- 1,509.5	- 1,320.5
Depreciation/amortisation		- 354.7	- 286.2
Other operating expenses	D.5	- 1,072.0	- 855.0
Result of operating activities		**440.8**	**269.6**
Income from participating interests recognised at equity	D.6	14.2	- 10.3
Other income from shareholdings	D.6	49.1	7.3
Interest income	D.7	17.6	15.7
Interest expenses	D.7	- 202.1	- 121.7
Financial result		**- 121.2**	**- 109.0**
Earnings before tax (EBT)		**319.6**	**160.6**
Income tax	D.8	- 80.1	- 31.8
Consolidated net result for the year		**239.5**	**128.8**
thereof: profit share of minority interest	D.9	71.4	58.2
thereof: due to shareholders of the parent company		168.1	70.7
Basic earnings per share (in €)	D.10	**4.36**	**1.63**
Diluted earnings per share (in €)	D.10	**4.36**	**1.63**

Consolidated Statement of Comprehensive Income – Transition

In € million	2022	2021
Consolidated net result for the year	**239.5**	**128.8**
Other income from participating interests recognised at equity that is not reclassified retroactively to profit and loss	0.0	0.1
Reclassification of measurement effects recognised in OCI to revenue reserves (without recycling)	- 0.0	0.0
Net gain/loss from other current financial assets attributed to the fair value through other comprehensive income category (OCI option – without recycling)	- 32.5	25.0
Actuarial gains/losses from pension and severance pay obligations	116.4	26.0
Sum of items not subsequently reclassified in the income statement	**83.9**	**51.0**
Other income from participating interests recognised at equity	–	–
Reclassifications to the income statement due to the disposal of participating interests recognised at equity	–	–
Differences from currency translation	- 2.7	11.0
Reclassifications of differences from currency translation in the income statement	3.5	- 0.2
Cash flow hedges	138.8	- 40.4
Reclassifications of net gains/losses from cash flow hedges to the income statement	1.6	- 2.1
Sum of items subsequently reclassified in the income statement	**141.1**	**- 31.7**
Gains and losses recognised directly in equity	**225.0**	**19.3**
thereof: due to minority interest	49.1	- 4.4
thereof: due to shareholders of the parent company	175.9	23.7
Consolidated total result for the period	**464.5**	**148.1**
thereof: due to minority interest	120.5	53.8
thereof: due to shareholders of the parent company	344.0	94.3

Consolidated Cash Flow Statement

Note E.1

In € million	2022	2021
Consolidated net result for the year	**239.5**	**128.8**
Income tax expenses	80.1	31.8
Financial result	133.1	105.8
Write-downs/write-ups of non-current assets		
Intangible assets	61.6	67.6
Property, plant and equipment	292.3	217.8
Investments	0.2	0.8
Investment property	0.8	0.8
Other non-cash related expenses/income		
Expenses relating to share-based payment through profit and loss	3.7	3.3
Other	2.7	- 0.2
Increase/decrease in non-current provisions	- 29.7	- 22.8
Cash effective expenses/income from special items		
Gain/loss from the disposal of investments	0.0	0.0
Income tax paid	- 89.2	- 42.7
Other financial result	0.6	–
Cash earnings	**695.6**	**491.0**
Increase/decrease in current and medium-term provisions	125.6	112.3
Gain/loss from asset disposals	4.0	- 30.7
Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	- 1,086.2	- 2,198.1
Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	- 76.2	1,042.0
Cash flow from operating activities	**- 337.2**	**- 583.6**
Outgoing payments for company acquisitions (see Note B.1 of the Notes to the Consolidated Financial Statements)	- 91.1	- 70.8
Incoming payments from the divestiture of companies	61.5	0.5
Incoming payments from the disposal of intangible assets; property, plant and equipment and investment property	106.0	108.6
Outgoing payments for investments in intangible assets; property, plant and equipment and investment property	- 379.1	- 239.0
Incoming payments from the disposal of investments	3.1	3.1
Outgoing payments for investment in investments	- 19.7	- 21.7
Incoming payments from lease receivables	6.6	6.4
Interest received	13.9	12.0
Dividends received and other income assumed	5.5	3.7
thereof: dividends from participating interests in joint ventures and associated companies recognised at equity	5.1	3.7
thereof: other income from holdings	0.4	–
Cash flow from investment activities	**- 293.2**	**- 197.2**

In € million	2022	2021
Incoming payments from equity contributions	26.1	592.9
Outgoing payments to (minority) shareholders of subsidiaries	- 42.5	–
Dividend payments	- 82.4	- 67.6
Outgoing payments to repay hybrid capital	- 300.0	–
Incoming payments from borrowing of (financing) loans	1,643.5	868.5
Outgoing payments from redemption of (financing) loans	- 516.8	- 202.1
Outgoing payments for lease liabilities	- 87.9	- 65.6
Interest paid	- 188.6	- 117.1
Cash flow from financing activities	**451.5**	**1,009.0**
Payment-related changes in cash and cash equivalents	- 178.9	228.2
Cash and cash equivalents at the start of the period	399.1	168.4
Inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates	1.6	2.5
Cash and cash equivalents at the end of the period	**221.8**	**399.1**
Outgoing payments for company acquisitions included in the cash flow from investing activities		
Purchase price of company acquisitions	-117.6	- 82.6
Purchase prices paid in the financial year (including contingent purchase price components from company acquisitions in previous years)	- 95.0	- 72.5
Cash and cash equivalents assumed from company activities	3.9	1.7
Net cash flow from the acquisition of companies	- 91.1	- 70.8

Please see Note B.1 of the Notes to the Consolidated Financial Statements for details on the assets and liabilities of the subsidiaries and/or operating units over which control is obtained or lost, summarised by each major category. As one of the primary business purposes in the Renewable Energies Segment is the disposal of project companies once a project has been completed, outgoing payments for the addition and incoming payments from the disposal of project companies to or from the group of consolidated companies are allocated to cash flow from operating activities and not cash flow from investing activities.

Consolidated Statement of Changes in Equity

Note C.11

In € million	Subscribed capital	Capital reserve
As at 01/01/2021	**90.6**	**121.7**
Differences resulting from changes in the group of consolidated companies and other effects	–	–
Capital increase	–	–
Capital increase against cash contribution/share-based payments	0.6	7.8
Change in other current financial assets measured at fair value through other comprehensive income (FVTOCI option) and income from participating interests included under the equity method	–	–
Change in actuarial gains/losses from pension and severance pay obligations	–	–
Dividend distribution	–	–
Differences from currency translation	–	–
Cash flow hedges	–	–
Hybrid capital dividends	–	–
Transfer to/withdrawal from revenue reserve	–	–
Consolidated net result for the year	–	–
As at 31/12/2021	**91.2**	**129.5**
As at 01/01/2022	**91.2**	**129.5**
Differences resulting from changes in the group of consolidated companies and other effects	–	–
Capital increase	–	–
Capital increase against cash contribution/share-based payments	0.6	8.6
Repayment of hybrid capital	–	–
Change in other current financial assets measured at fair value through other comprehensive income (FVTOCI option) and income from participating interests included under the equity method	–	–
Change in actuarial gains/losses from pension and severance pay obligations	–	–
Dividend distribution	–	–
Differences from currency translation	–	–
Cash flow hedges	–	–
Hybrid capital dividends	–	–
Transfer to/withdrawal from revenue reserve	–	–
Consolidated net result for the year	–	–
As at 31/12/2022	**91.8**	**138.2**

	Hybrid capital	Valuation reserve	Other revenue reserves	Other reserves	Equity net of minority interest	Minority interest	Equity
	296.3	**17.9**	**252.5**	**49.8**	**828.8**	**324.8**	**1,153.6**
	–	- 3.1	- 153.8	17.5	- 139.4	183.0	43.6
	–	–	270.3	–	270.3	259.7	530.0
	–	–	–	–	8.4	–	8.4
	–	12.2	0.0	–	12.3	12.8	25.1
	–	–	25.2	–	25.2	0.7	26.0
	–	–	–	- 35.3	- 35.3	- 19.6	- 54.8
	–	–	–	10.5	10.5	0.3	10.8
	–	- 24.3	–	–	- 24.3	- 18.2	- 42.5
	–	–	–	- 12.8	- 12.8	–	- 12.8
	–	–	88.0	- 88.0	0.0	0.0	0.0
	–	–	–	70.7	70.7	58.2	128.8
	296.3	**2.7**	**482.4**	**12.3**	**1,014.4**	**801.7**	**1,816.1**
	296.3	**2.7**	**482.4**	**12.3**	**1,014.4**	**801.7**	**1,816.1**
	–	0.0	- 36.2	14.5	- 21.8	2.0	- 19.8
	–	–	–	–	–	–	–
	–	–	–	–	9.2	17.6	26.8
	- 296.3	–	–	–	- 296.3	–	- 296.3
	–	- 16.1	0.0	–	- 16.1	- 16.4	- 32.5
	–	–	112.9	–	112.9	3.5	116.4
	–	–	–	- 37.2	- 37.2	- 32.5	- 69.6
	–	–	–	2.0	2.0	- 1.3	0.7
	–	77.1	–	–	77.1	63.3	140.4
	–	–	–	- 12.8	- 12.8	–	- 12.8
	–	–	113.1	- 113.1	0.0	0.0	0.0
	–	–	–	168.1	168.1	71.4	239.5
	–	**63.7**	**672.2**	**33.8**	**999.7**	**909.3**	**1,909.0**

Notes to the Consolidated Financial Statements [1]

A Background to the BayWa Consolidated Financial Statements

A.1 General information

BayWa Aktiengesellschaft (for short: BayWa AG) is the parent company of the German-based BayWa Group and is a publicly listed stock corporation under German law. Its principal place of business is located in Munich (Arabellastrasse 4, 81925 Munich, Germany). BayWa AG is entered in the Handelsregister (commercial register) of the Amtsgericht (local court) of Munich, Germany, under registration number HRB 4921. The BayWa Group's business activities – divided into the operating segments Renewable Energies, Energy, Cefetra Group, Agri Trade & Service, Agricultural Equipment, Global Produce and Building Materials, as well as the Innovation & Digitalisation Segment – encompass wholesale, retail and logistics, as well as extensive supporting services and consultancy.

There have been no material changes in the accounting policies and valuation methods applied to the consolidated financial statements as against 31 December 2021.

The consolidated financial statements as at 31 December 2022 were drawn up in compliance with the International Financial Reporting Standards (IFRS) as applicable within the European Union. The standards of the International Accounting Standards Board (IASB), London, UK, and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) valid on the reporting date were fully taken into account. The consolidated financial statements therefore give a true and fair view of the assets, financial position and earnings position of the BayWa Group and were prepared under the assumption that the company will continue as a going concern.

Moreover, the consolidated financial statements comply with the supplementary provisions set out under Section 315e para. 1 of the German Commercial Code (HGB).

The financial year of the BayWa Group covers the period from 1 January to 31 December. The financial statements of BayWa AG and its Group companies are generally prepared in accordance with the balance sheet date of the consolidated financial statements. The financial statements of Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main, Germany; BRB Holding GmbH, Munich, Germany; LWM Austria GmbH, Hollabrunn, Austria; AUSTRIA JUICE GmbH, Allhartsberg, Austria; Baltanás Cereales y Abonos, S.L., Baltanás, Spain; and Transhispania Agraria, S.L., Torquemada, Spain, constitute an exception, as these companies are accounted for using the equity method. All of the above companies have different reporting dates, which are 31 January, 28 February, 31 March, 30 June, 31 July or 30 September, depending on the companies' respective seasonal business development. The interim financial statements of all companies as at 30 November or 31 December form the basis for consolidation.

The accounting implemented within the Group of BayWa AG is carried out in accordance with the accounting and valuation principles uniformly applied by the whole Group; they are described in Note A.3. Individual items have been disclosed separately in the balance sheet and in the income statement to enhance transparency. They are broken down and explained in the Notes to the Consolidated Financial Statements. The consolidated financial statements have been prepared in euros. Unless otherwise indicated, amounts are shown in millions of euros (€ million; rounded off to one decimal place). The consolidated financial statements are disclosed in the German electronic Federal Gazette.

A.2 Impact of new accounting standards and other regulatory requirements

Standards applied for the first time, newly issued or revised in the financial year 2022

At the start of the financial year 2022, the following standards revised or issued by the International Accounting Standards Board (IASB) were applied for the first time by the BayWa Group:
- Proceeds before Intended Use – amendments to IAS 16;
- Onerous contracts: cost of fulfilling a contract – amendments to IAS 37;
- Annual Improvements to IFRSs 2018–2020 Cycle – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41;
- Reference to the Conceptual Framework – amendments to IFRS 3.

These amendments had no impact on amounts recognised in previous years, and it is assumed that they will have no material effect on current or future reporting periods.

1 **Amounts are stated in millions of euros and rounded to one decimal place, unless otherwise stated. This may result in minor discrepancies in sum totals and when calculating percentages.**

Standards and interpretations that have been published but not yet applied

Various new accounting standards, amendments to standards and interpretations have been published but are not obligatory for periods ending on 31 December 2022 and have not been applied earlier by the BayWa Group. According to initial analyses, these new requirements are not expected to have a material impact on current or future reporting periods or on foreseeable future transactions for the BayWa Group. However, further and more in-depth analyses will be performed in the financial year 2023 to determine the exact impact.

Expected impact of the planned minimum tax under the OECD agreement (Pillar II)

In December 2021, the OECD released technical guidance on a new global framework for an effective minimum tax in order to ensure that the profits of global multinational enterprises with total annual revenues of at least €750 million are taxed at a minimum rate of 15% per country. The European Union agreed unanimously in December 2022 to implement the framework in the form of a directive that is also to apply to purely domestic enterprises with certain minimum revenues. The EU directive must be transposed by member states into national law by 31 December 2023 to ensure that it applies to financial years starting after said date. Some countries have already released draft legislation pertaining to the framework. However, the German legislation has yet to be drafted or enter into force.

For the BayWa Group, the new legal framework is set to apply from the financial year 2024 onward. The potential future impact of the regulations on the BayWa Group, including their impact on current taxes and tax payments, is currently being analysed.

A.3 Accounting policies and valuation methods

Intangible assets

Intangible assets purchased against payment are capitalised at cost and, with the exception of goodwill, amortised on a straight-line basis over their useful lives (generally three to five years). Intangible assets which have been created in-house (self-created) have been capitalised in accordance with IAS 38 if it is likely that the future economic benefit will accrue from the use of the assets and if the cost of the assets can be reliably determined. These assets have been recognised at cost, with an appropriate portion of the overheads relating to their development, and amortised on a straight-line basis. The calculation of impairment losses has been carried out in consideration of IAS 36. The calculation of the recoverable amount is based on the value in use.

Goodwill is subject to an impairment test once a year. In the context of the impairment test, the residual book values of the goodwill allocated to the individual cash-generating unit are compared with fair value in use. Cash-generating units are essentially defined as legally independent organisation units directly assignable to the reporting segments within the BayWa Group. In the event of a merger of legally independent organisation units, the respective operating unit or the respective geographically defined segment of the incorporating organisation unit is viewed as the cash-generating unit. In some cases, groups of legally independent organisation units that were acquired at the same time and form a single unit are recognised as a cash-generating unit. Within the BayWa r.e. Group, impairment tests are carried out at the level of the business entities as cash-generating units.

The calculation of the value in use is based on the net present value of future cash flows anticipated from the ongoing use of the cash-generating unit. In this process, the forecast of the cash flows is derived on a regular basis from the current planning prepared by Management on a three-year horizon, as well as other assumptions which are based on the knowledge available at the time, market forecasts and empirical experience.

Property, plant and equipment

Property, plant and equipment are measured at cost, minus depreciation. If necessary, an impairment loss is recognised. The cost is made up of the purchase price, incidental purchase (transaction) costs and subsequent purchase costs, less any price reductions received. If there is an obligation to decommission an asset which is part of non-current assets at the end of its useful life, or to dismantle or rebuild a site, the estimated costs of these activities will raise the cost of purchasing the asset. Property, plant and equipment are depreciated on a straight-line basis over the course of their useful life. The units of production method was also used in exceptional cases where this provided a more accurate representation of the expected pattern of consumption of the future economic benefits. Depreciation is based on the following periods of useful life applied uniformly throughout the Group:

	In years
Company premises and office buildings	25–33
Residential buildings	50
Land improvements	10–20
Technical facilities and machinery	4–30
Other facilities, fixtures and office equipment	3–15

The calculation of impairment losses has been carried out in consideration of IAS 36. Impairment requirements are calculated by comparing the book values of land and buildings and technical facilities with their recoverable amount. The calculation of the recoverable amount is based on the value in use.

Borrowing costs are expensed within the BayWa Group as incurred unless they can be directly attributed to the acquisition, construction or production of a qualifying asset in accordance with IAS 23 and are therefore included in the cost of that asset. The amortisation of capitalised borrowing costs is reported in the consolidated income statement under depreciation and amortisation.

Participating interests recognised at equity, investments and securities

Joint ventures and associated companies included in the consolidated financial statements are recognised using the equity method in proportion to their equity plus any goodwill generated from the acquisition process.

The BayWa Group's investments comprise interests in non-consolidated affiliated companies, interest in other holdings, credit balances with cooperatives, loans and securities. In accordance with the measurement categories of IFRS 9, these financial assets are recognised at fair value through other comprehensive income with and without recycling or at fair value through profit or loss. IFRS 9 is also used for interests in non-consolidated affiliated companies and interest in other holdings. The interest in other holdings relates to associates that are not included under the equity method.

Securities and credit balances with cooperatives were attributed to the "fair value through profit or loss" category at the end of the reporting period. The fair value generally corresponds to the market or stock market value (level 1 of the fair value hierarchy). In the case of interests in non-consolidated affiliated companies and participations in other companies, which are recognised at fair value in accordance with IFRS 9, cost provides the best estimate of fair value, provided the company in question is not listed on a securities market or the earnings position of the affiliated company has not changed materially compared to the plan. The option to measure equity instruments at fair value through other comprehensive income as defined in IFRS 9 is only utilised for a small number of BayWa Group investments. Consistent measurement is applied.

Loans to affiliated companies and holdings, as well as other loans, are attributed to the "amortised cost" category. These are measured at amortised cost using the effective interest method. Due to reasons of materiality, no risk provisions were formed for expected credit losses.

Investment property

Property is classified as investment property in accordance with IAS 40 if it is leased by third parties, if it is land or greenfield sites not built on and not expressly intended for development or use, and in the case of properties used for a number of purposes, if use by the Group is of minor significance.

In accordance with the option under IAS 40, investment property is recognised exclusively at amortised cost and depreciated as scheduled over its period of useful life as indicated under "Property, plant and equipment". The calculation of impairment losses has been carried out in consideration of IAS 36. The calculation of the recoverable amount is based on the value in use.

Financial instruments

Recognition, measurement and classification

Under IAS 32, a financial instrument is an agreement which gives rise simultaneously to a financial asset at one entity and a financial liability or equity instrument at another. Initial recognition is carried out at fair value; for subsequent measurements, the financial instruments are allocated to the measurement categories defined under IFRS 9 and treated accordingly. The BayWa Group's financial assets particularly include trade receivables, financial investments and positive fair values from currency and currency and interest rate hedges. In addition, the positive fair value of commodity futures classified as other current financial assets within the meaning of IFRS 9 would only be recognised for those scheduled for trading and not those scheduled to be utilised by the Group. Due to the application of the own-use exemption for fertilizer and hops, the financial assets resulting from such transactions are not recognised unless losses are expected as a result of said transactions and corresponding provisions are to be formed. Financial liabilities regularly constitute a right of repayment in funds or another other current financial asset. At the BayWa Group, these are especially liabilities due to banks and trade payables, as well as currency and interest rate hedges with negative fair values. The negative fair value of commodity futures classified as financial liabilities within the meaning of IFRS 9 continue to only be recognised for those scheduled for trading and not those scheduled to be utilised by the Group.

According to IFRS 9, financial assets relate to the following categories:

- Amortised cost (AC): If a company aims to hold an other current financial asset to collect the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding at a specified date, this other current financial asset is to be measured at amortised cost. Loans to affiliated companies, loans to Group companies and other loans fall into this category. This category also includes trade receivables, receivables from affiliated and Group companies and other assets, which mainly have short residual terms at the BayWa Group.
- Fair value through other comprehensive income (FVTOCI): A financial asset is to be measured at fair value through other comprehensive income if a company aims to hold or sell it while also collecting the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding at a specified date. This category also includes all equity instruments for which the fair value OCI option has been exercised. The changes in measurement recognised through OCI can no longer be recognised through profit or loss (without recycling) if the fair value through OCI option has been chosen for an equity instrument. For debt instruments recognised at fair value through other comprehensive income, the changes in measurement through OCI must be recognised through profit or loss in the event of their disposal (with recycling).
- Fair value through profit or loss (FVTPL): A financial asset that is not measured at amortised cost or at fair value through other comprehensive income is to be measured at fair value through profit or loss. In particular, securities and non-consolidated shares in affiliated companies and Group companies fall into this category. Measurement is based on the market or stock market value. Gains and losses from subsequent measurements are recorded through profit or loss. In addition, this category only includes the positive fair values of those commodity futures scheduled for trading, as well as currency and interest derivatives that are not included in hedge accounting.

Financial assets are reported in the balance sheet on the settlement date.

The financial liabilities cover the following categories:

- Financial liabilities measured at amortised cost (FLAC): These financial liabilities are measured at amortised cost after their initial recognition. Amortised cost is determined using the effective interest method, under which future payments are discounted at the book value of the financial liability. Gains and losses are recorded directly in the consolidated result.
- Financial liabilities measured at fair value through profit or loss (FVTPL): Derivative financial instruments which are not included in hedge accounting and whose market value from subsequent measurements has resulted in a negative attributable fair value are to be disclosed under this category. Market changes are recorded in the consolidated result through profit or loss. Measurement is made at fair value. This category primarily includes the negative fair values of those commodity futures scheduled for trading, as well as currency and interest derivatives that are not included in hedge accounting.

The option of measuring certain financial instruments at fair value through profit or loss (FVTPL option) is used neither for financial assets nor for financial liabilities at the BayWa Group.

The interest rate benchmark reform (phase 1 and 2) did not result in any material effects.

Derivative financial instruments are used at the BayWa Group in particular to hedge the interest rate and currency risks arising from operating activities. Interest rate swaps and futures and currency futures are the main instruments used. Derivative financial instruments are carried at fair value upon their initial recognition and at the end of each subsequent reporting period. The fair value corresponds to the positive or negative market value.

The BayWa Group conducts its business mainly in the euro zone. However, business activities in foreign currencies are also conducted via consolidated Group companies. Due to the export activities, the majority of the business activities of the consolidated New Zealand companies are denominated in New Zealand dollars, as well as in US dollars, euros, pound sterling and Japanese yen. The business activities of the consolidated American companies and companies in the UK currency area pertain almost exclusively to their respective currency areas. Similarly, the business activities of the consolidated Hungarian companies are restricted almost without exception to the Hungarian currency area. A small volume of transactions in foreign currencies are also conducted in agricultural trade activities at the BayWa Group. If foreign currency futures are concluded, they are hedged by the respective currency future. For those currency futures for which there is a clear hedging relationship with an identifiable underlying transaction, the transaction is a hedge within the meaning of IFRS 9. In cases in which a hedge exists and is designated as such, changes in the market value of derivative financial instruments are recognised directly in other results. For those derivative financial instruments for which there is no clear hedging relationship with an identifiable underlying, the transaction is not a hedge within the meaning of IFRS 9. As a result, currency futures are measured at market value at the end of the reporting period separately from the underlying transactions. Market values are ascertained on the basis of market information available at the end of the reporting period. Hedges generally pertain to the following year's foreign currency futures. As at 31 December 2022, there were currency futures denominated in US dollars, pound sterling, Australian dollars, Polish złoty, Swiss francs and Japanese yen to hedge currency risks.

In the context of financial management, the Group is active on the money market primarily in borrowing short-term term deposits. Outside of the euro zone, the procuring of funds is carried out in the currency area of the respective operating unit. The BayWa Group is therefore exposed to interest rate risk in particular. The Group counteracts this risk by using derivatives of financial instruments, mainly through interest rate swaps and futures. Volume-related hedging always comprises only a base amount of the borrowed funds. For those derivative financial instruments for which there is a clear hedging relationship with an identifiable underlying transaction, the transaction is a hedge within the meaning of IFRS 9. In cases in which a hedge exists and is designated as such, effective changes in the market value of derivative financial instruments are recognised directly in other results. If applicable, ineffective changes in the market value of derivative financial instruments are measured through profit or loss. For those derivative financial instruments for which there is no clear hedging relationship with an identifiable underlying, the transaction is not a hedge within the meaning of IFRS 9. As a result, interest derivatives are measured at market value at the end of the reporting period separately from the underlying transactions. Market values are ascertained on the basis of market information available at the end of the reporting period. Interest rate hedges relate to both non-current and current financings.

If they constitute financial instruments and therefore fall under the scope of IFRS 9, receivables and other assets are to be allocated to the "amortised cost" category and recognised accordingly. Receivables are recognised at their nominal amount as a general rule. Receivables which are non- or low-interest-bearing with terms of more than one year are discounted if the interest effect is material.

Impairment

Under IFRS 9, risk provisions for expected credit losses are to be formed for risks based in particular on the credit rating of the respective contractual party in the case of all financial instruments classified as debt instruments that are not measured at fair value through profit or loss.

Under the general model, risk provisions for expected credit losses resulting from a default event within the next 12 months are to be recognised at addition for all financial instruments classified as debt instruments (stage 1). If the risk of default increases significantly over time (such as payments being over 30 days past due), the expected credit loss period is to be extended to cover the remaining term of the financial instrument so that the risk provisions reflect expectations regarding defaults on payment for the remaining term (stage 2). If there is objective evidence of impairment, such as insolvency on the part of the debtor, a corresponding impairment is to be recognised (stage 3).

Besides the general model to calculate risk provisions, IFRS 9 also provides a simplified method for trade receivables and contract assets without a significant financing component. Under this method, risk provisions for expected credit losses are to be determined at addition for the remaining term (stage 2). The impairment to be recognised in stage 3 in the case of objective evidence of said impairment also applies to the same extent under the simplified method. By contrast, either the simplified approach or the general model can be chosen in the case of lease receivables, as well as for trade receivables and contract assets with a significant financing component.

As in the previous year, extensive analysis showed that risk provisions for stage 1 and stage 2 expected credit losses at the BayWa Group were of minor importance in relation to almost all financial assets at the point of initial application of IFRS 9. As a result, no risk provisions for stage 1 or stage 2 expected losses were formed for reasons of materiality in the case of non-current trade receivables, as well as financial assets included in other non-current assets, which fall under the scope of the general model. In addition, risk provisions also play a minor role, both individually and taken as a whole, in the simplified approach applied to current receivables from affiliated companies and Group companies and financial assets included in other current assets – as in the case of contract assets and lease receivables – meaning that no separate stage 2 provisions were recognised here either. Stage 3 risk provisions are formed if there is any objective evidence of impairment in relation to the aforementioned items.

Separate risk provisions for stage 2 expected credit losses are calculated and recognised for current trade receivables within the scope of an impairment matrix split into the periods by which the receivables are overdue pursuant to the simplified approach under IFRS 9. The primary influencing factors with regard to the value of the risk provisions are the parameters probability of default on the basis of historical defaults, complemented by an assessment of future development of the probability of default on the part of the management, and the underlying receivable amount. The probabilities of default based on historical default rates are also adjusted by a particular percentage that reflects the actual amount of the default on receivables in the event that they are not collectible. As in the previous year, this value was set throughout the Group at 60%. In the financial year 2022, an adjustment of the probability of default due to macroeconomic developments was only necessary to the same immaterial extent as in the previous year with the adjustment due to the coronavirus pandemic (see also C.6 Other receivables and other assets).

Derivatives and hedging relationships

Derivative financial instruments are used at the BayWa Group to hedge currency risks, interest rate risks and commodity futures. Measurement is made at fair value. To avoid fluctuations in earnings due to changes in market values, hedge accounting is used where possible and where deemed financially prudent. The Group designates cash flow hedges and fair value hedges depending on the nature of the underlying transaction and the risk to be hedged. The hedging relationships are recognised in accordance with IFRS 9.

In the case of cash flow hedge accounting, the net measurement result from derivative financial instruments is broken down into an effective portion and ineffective portion. The effective portion is part of the net measurement result which constitutes an effective hedge against cash flow risk and is recognised in a separate equity item (cash flow hedge reserves) without effect on income and in consideration of deferred taxes until the physical fulfilment of the underlying transaction. The ineffective portion, on the other hand, is recognised through profit or loss in the income statement.

If the hedging of an expected payment later results in an other current financial asset or financial liability being recognised, the aggregated gains and losses associated with the hedging of this transaction remain in a separate equity component (OCI) until initial recognition. These gains and losses recognised directly in equity are to be recognised in the income statement in accordance with the effects of the recognised other current financial asset or financial liability. This means that the amounts recognised directly in equity are to be recognised through profit or loss in the same reporting period or periods in which the hedged planned transaction influences the result for the period.

If the hedging of an expected transaction later leads to the recognition of a non-financial asset (such as inventories), the BayWa Group recognises the aggregated gains or losses previously recognised directly in equity in accordance with IFRS 9.6.5.11 d (i) either as part of the cost of the non-financial asset or otherwise as part of the book value at the initial recognition of the non-financial asset (basis adjustment).

Offsetting

Financial assets and liabilities are only offset on account of netting arrangements if, at the end of the reporting period, there is an enforceable right to set them off and there is an intent to settle on a net basis. If a claim is not enforceable in the ordinary course of business, the financial assets and liabilities are reported at the end of the reporting period in the balance sheet at their gross amounts.

Actual and deferred tax assets

Income tax expenses constitute the sum total of current tax expenses and deferred taxes. Current tax expenses are calculated on the basis of taxable income in the year. Taxable income differs from the consolidated result before tax due to expenses and income which are either taxable or tax deductible in subsequent years or never. The Group’s liability in respect of current taxes is calculated on the basis of the prevailing tax rates or those that will be valid in the near future from the standpoint of the reporting date. Deferred taxes are recognised for the differences between the book values of the assets and liabilities in the consolidated financial statements and the corresponding tax valuations in the context of calculating taxable income. Deferred tax liabilities are generally reported for all taxable temporary differences; deferred tax assets are recognised if it is probable that there are taxable gains which can be used for deductible temporary differences. Deferred tax assets on loss carryforwards are recognised if future tax advantages are likely to be realised within the next five years (maximum). Such deferred tax assets and deferred tax liabilities are not recognised if the temporary differences arise from goodwill (separate consideration of tax-related goodwill) or from the initial recognition (except business combinations) of other assets and liabilities that result from transactions which have no effect on taxable income or the net result for the year. Deferred tax liabilities are formed for taxable temporary differences arising from shares held in subsidiaries or in associates, as well as interests in joint ventures, except where the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arise through temporary differences in the context of those investments and loans which are only recorded to the extent that it is probable that there will be sufficient taxable income available from which assets from temporary differences can be used and where the assumption can be made that they will reverse in the foreseeable future.

The book value of deferred tax assets is assessed every year at the end of the reporting period and lowered if it is unlikely that there will be sufficient taxable income for fully or partially realising the claim.

Deferred tax assets and liabilities are calculated on the basis of expected tax rates (and tax laws) which are likely to be valid at the time when liabilities are settled or assets realised. The measurement of deferred tax assets and liabilities reflects the fiscal consequences which would arise from the way in which, at the end of the reporting period, the Group expects the liabilities to be settled and the assets realised.

Deferred tax assets and liabilities are netted if there is an enforceable right for offsetting current tax assets against current tax liabilities and if they are subject to income tax levied by the same tax authority, and the Group has the intention of settling its current tax assets and current tax liabilities on a net basis. Current and deferred taxes are reported as expenses or income through profit or loss unless they are incurred in connection with items not reported in the income statement (either in other comprehensive income or directly in equity). In this case, the tax is also to be reported outside the income statement. Moreover, there is no recognition through profit or loss if tax effects arise from the initial recognition of a business combination. In the case of a business combination, the tax effect is to be included when the business combination is accounted for.

Inventories

Raw materials, consumables and supplies, and unfinished and finished goods, as well as services and merchandise, are disclosed under inventories.

Raw materials, consumables and supplies, as well as merchandise, are generally valued at cost, taking account of lower net realisable values. In most cases, however, the average-cost method is used. In some cases, the first-in, first-out (FIFO) method is applied. Unfinished and finished goods are recognised at their cost of production. They include all costs directly allocable to the production process and an appropriate portion of production-related overheads. Financing costs which can be directly assigned to the purchase, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Agricultural products, harvested from biological assets, are recognised at fair value at the time of harvest less the expected selling costs. Inventory risks arising from the storage period or diminished marketability trigger impairment. Lower values on the reporting date due to lower realisable value are accounted for. One exception to this rule applies to the inventories of those Group companies whose inventories are held exclusively for trading and are therefore measured at fair value less selling costs.

In the case of lower net realisable value, write-downs are generally carried out in the form of specific value adjustments. Only in exceptional cases was a flat rate calculation applied.

The fair value of inventories is derived from prices quoted for comparable inventories in active markets at the end of the reporting period.

The calculation of inventories is carried out through a (brought forward) end-of-period inventory or through continuous inventory.

Biological assets

The unharvested fruits of bearer plants of T&G Global Limited and its subsidiaries in New Zealand are recognised in biological assets. Biological assets are also measured at fair value depending on their location and the condition of the respective plants, less estimated selling costs. Gains or losses from the change in the fair value of biological assets are recognised in the income statement. Selling costs include all costs required to sell the assets.

The fair values of the biological assets of the BayWa Group, which comprise the main categories of apples, tomatoes, citrus fruits, grapes and other fruits, are calculated annually on the basis of discounted cash flows.

Costs are based on current average costs and are in line with standard industry costs. The underlying costs vary depending on the location, the nature of cultivation and variety of the bearer plants. A suitable discount rate is determined to allow the fair value of future cash flows to be calculated. The market value of the biological assets before or during the harvest period is based on estimated harvest volumes and market prices, less harvesting and cultivation costs. Changes in the assumptions and estimates used to determine the market value may have a considerable impact on the carrying value of the biological assets and the reported result of the valuation.

Assets and liabilities from derivatives

The BayWa Group's assets and liabilities from derivatives comprise currency and interest rate hedges, as well commodity futures that are to be classified as financial instruments pursuant to IFRS 9. These assets and liabilities from derivatives are measured at fair value. In the case of FX and interest rate hedges, the fair value is calculated on the basis of the respective stock market or market values (level 1 of the fair value hierarchy) at the end of the reporting period or derived from observable market data (level 2 of the fair value hierarchy). Commodity futures are measured at fair value either directly at prices quoted in an active market at the end of the reporting period (level 1 of the fair value hierarchy) or values are calculated from prices quoted for the respective goods taking into account the term at the end of the reporting period (level 2 of the fair value hierarchy). For the first time in the financial year 2022, certain financial liabilities from derivatives in energy trade activities in the Renewable Energies Segment were measured on the basis of an internal measurement model using factors not based on observable market data (level 3 of the fair value hierarchy).

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques and deposits in banks with initial terms of no more than three months. They are recognised at their nominal value.

Non-current assets held for sale/disposal groups

Non-current assets and disposal groups of the BayWa Group are classified as held for sale if there is a Board of Management resolution on the sale and the sale is highly probable within the following year (2023).

IFRS 5 specifies that depreciation of the respective assets must be suspended and impairment losses must only be recognised owing to lower fair values less costs to sell.

Fair value is measured on the basis of ongoing purchase price negotiations taking into account possible costs to sell. In those cases in which it was not possible to derive a disposal price from ongoing purchase price negotiations, the fair value of real estate was measured on the basis of discounted cash flow calculations (level 3 of the fair value hierarchy). The value of land is calculated using current, official standard land values. Location-related advantages and disadvantages are suitably taken into account. In the case of buildings let, the income value of the buildings was calculated by taking into account the actual annual rental income generated, less standard management expenses and the residual useful life of the building.

The gains or losses from disposal realised in connection with non-current assets held for sale/disposal groups are reported in the income statement under other operating income and other operating expenses.

Pension provisions

In Germany, there is a defined benefit statutory basic care scheme for employees which undertakes pension payments depending on the contributions made. In addition, pension provisions are set up as part of the company pension scheme to cover obligations arising from accrued pension rights and from ongoing payments to employees in active service and former employees of the BayWa Group and their dependants. According to the legal, economic and fiscal circumstances of the respective countries, there are different systems of provisioning for retirement which are generally based on the length of service and the remuneration of the employees.

The BayWa Group's current pension commitments are based exclusively on defined benefit plans. They are based both on company agreements and commitments made on a case-by-case basis. For the most part, these are final pay plans. The obligation of the company consists in fulfilling the committed benefits to active and former employees (defined benefit plans). The benefit commitments undertaken by the Group are financed by allocations to provisions.

BayWa grants retirement benefits on the basis of the benefit commitments of benefit plans taken out; the amount paid out depends on the employees' wages or salary. These constitute traditional defined benefit obligations in the form of fixed-sum systems, benchmark systems or final salary based commitments granted in the form of old-age, invalidity, widow/widower or orphan's pensions. The Group bears the actuarial risks for these prior commitments; these risks include longevity and interest rate risks.

The Group's Austrian companies also grant benefit plans; the amount paid out also depends on the employees' wages or salary. These benefit plans are also granted in the form of old-age, invalidity, widow/widower or orphan's pensions. The Group also bears the actuarial risks for these commitments; these risks include longevity and interest rate risks.

In addition, the Austrian Group companies have statutory obligations to issue severance payments after the termination of an employment contract. These obligations are defined benefit plans and, as such, also fall within the scope of IAS 19. The Group also bears interest rate risks in these cases.

The provisions for pensions and severance pay have been formed according to the projected unit credit method in accordance with IAS 19. Pursuant to this method, not only the pension and pension rights at the end of the reporting period, but also future increases in pensions and salaries are accounted for applying a cautious assessment of the relevant variables. This calculation is derived from actuarial appraisals and based on a biometric calculation.

The amount of the pension obligations (known as a defined benefit obligation – DBO) has been calculated using actuarial methods where estimates are indispensable. Along with assumptions of life expectancy, the following premises, which have been established for the companies in Germany and Austria, play a role. In the case of Group companies which are not located in Germany and Austria, benefit commitments only exist in exceptional cases.

Other provisions

Other provisions are formed when there is a present legal or factual obligation towards third parties resulting from an event in the past which is likely to be called upon and the amount of the provision can be reliably estimated. Provisions are recognised in the amount of the anticipated utilisation. Provisions which were not drawn upon in the following year are recognised at the discounted settlement amount at the end of the reporting period. Discounting is based on market rates.

Provisions for restructuring measures are formed in consideration of the stated general recognition criteria, provided a detailed restructuring plan has been submitted and conveyed to the parties affected.

Debt

Within the BayWa Group, debt consists of liabilities to banks, bonds and commercial paper. Upon initial recognition, they are measured at fair value less transaction costs. Subsequently, debt is measured at amortised cost using the effective interest method.

Liabilities

Liabilities primarily relate to trade payables and liabilities from inter-group business relationships. Non-current liabilities are disclosed in the balance sheet at amortised cost. Differences between the historical cost and the repayment amount are taken account of using the effective interest method. Current liabilities are recognised in their repayment or settlement amount. The fair value of the liabilities approximately matches the carrying amount.

Liabilities due to payment providers pertain to the assignment of trade payables to financing partners that are arranged by a service provider. The service provider handles the payment to the supplier and is reimbursed by BayWa two months later. From the point of transfer, the trade payable is reclassified to liabilities due to payment providers, as there is a substantial modification to the contractual terms. The recognition of these liabilities is presented separately in Note C.19. Cash inflows and outflows are reported under cash flow from financing activities.

Leases

A lease exists if a contract grants the right to control use of an identified asset up to a certain point in time in exchange for the payment of remuneration.

IFRS 16 differentiates between lease and service contracts, depending on whether the lessee has the right to control the use of the identified asset. If the lessee has the right to control such use and enjoys all economic benefits during the term of the contract, then it is assumed that the lessee controls the asset.

Lease contracts are recognised as the right of use arising from the lease at the time the asset is made available. A lease liability is simultaneously recognised in the amount of the present value of the remaining lease payments at that point in time.

The right of use is initially measured at cost and then amortised on a straight-line basis over the period of contract. It includes the amount resulting from the initial valuation of the lease obligation, all initial direct costs less any incentives paid by the lessor and all estimated costs that would result from the dismantling, disposal or the return of the leased object to the condition required by the lease.

The lease payments are discounted at the underlying interest rate for the lease. If that interest rate cannot be determined, then the incremental borrowing rate is used. The incremental borrowing rate is determined based on the currency-specific mid-swap adjusted by the creditworthiness-dependent credit spread. The term of the swap depends on the term of the lease. The credit spreads are based on non-subordinated, unsecured bonded loans. At the time of the initial valuation of the lease obligation, fixed lease payments less lease incentive payments, variable payments depending on an index or price, and payments for residual value guarantees are included in the valuation. Further, the exercise price of a purchase option, insofar as it is considered sufficiently certain that it will be exercised, and penalty payments, if it is sufficiently certain that they will be exercised, are taken into account in the valuation.

Extension and termination options are included throughout the Group in many lease contracts. Local management is responsible for managing lease contracts and the associated lease contract terms. Lease contracts are therefore negotiated individually and include a broad range of different terms and conditions. Extension options are considered to be exercised, meaning that the periods resulting from the options are taken into account if the lessee is sufficiently certain that it will exercise the option. Termination options are not taken into account if the lessee is sufficiently certain that it will not exercise the option. In most cases, extension and termination options can be exercised only by the lessee. By contrast, an option that can only be exercised by the lessor is not taken into account, meaning that the payments in the period covered by the option are taken into account when determining the lease liability.

In the case of leases with a contractual period of less than 12 months, and those relating to low-value assets with a nominal value not exceeding €5,000, BayWa makes use of the simplification options under IFRS 16. Consequently, short-term leases or leases concerning an asset of low value are not recognised according to the provisions of IFRS 16. Instead, the resulting lease payments are recognised in the income statement.

The provisions of IFRS 16 are also not applied to rights of use to intangible leased objects. Like operating leases according to IAS 17, internal Group leases will continue to be presented only in the segment report according to IAS 8. Leases with variable lease payments are immaterial at the BayWa Group. Lease and non-lease components are recognised separately.

Leases already in existence at the time of the initial application of IFRS 16 on 1 January 2019 were not revalued and remeasured. Instead, they continued to be recognised according to IAS 17. Contracts newly concluded since 1 January 2019 are recognised and valued according to IFRS 16.

Sub-leases that were classed as operating leases according to IAS 17 and still existed upon the initial application of IFRS 16 were recognised and valued at the time by the sub-lessor to determine whether the lease agreement met the criteria of IFRS 16 and consequently had to be accounted for in accordance with said standard. The BayWa Group carries out the valuation of the sub-lease as at the first-time application based on the applicable term and conditions of the main lease at that time.

Revenues

Revenues and income are generally recognised at the point at which the power over the sold goods or products or rendered services is transferred to the buyer and a transfer of control has taken place. Revenues and earnings are reported minus discounts, rebates and bonuses granted.

Control can be transferred at a point in time or over a certain period of time. For the most part, performance obligations resulting from contracts with BayWa customers are performed at a particular point in time. In such cases, revenue is recognised when control of the goods is passed on to the customer; usually this is the case when the goods or services are provided to the customer.

Performance obligations resulting from contracts with BayWa customers performed over a period of time are particularly attributable to the Agricultural Equipment Segment (e.g. newly constructed animal equipment), the Building Materials Segment (e.g. turnkey house construction and project business in multi-storey housing construction) and the Renewable Energies Segment (e.g. construction of wind farms and solar parks). Pursuant to IFRS 15, revenue recognition over time in accordance with the percentage of completion is mandatory for these kinds of projects and similar projects, with percentage of completion defined according to costs incurred (known as the cost-to-cost method). Percentage of completion is calculated on the basis of contract costs incurred for performed work compared to expected total contract costs.

Under IFRS 15, income for performance obligations that are met over a certain period of time are to be recognised only if the project progress with regard to the fulfilment of the performance obligation can be appropriately and reliably determined on the basis of the information necessary for the cost-to-cost method. If BayWa is unable to appropriately measure the outcome of a performance obligation but still expects to be able to recover the costs incurred while meeting the performance obligation, income is recognised only in the amount of the incurred costs until such time as it becomes possible to appropriately measure the outcome of the performance obligation. However, an appropriate onerous contract provision in accordance with IAS 37 should be reported on the liabilities side if there is no expectation that it will be possible to recover the costs incurred while meeting the performance obligation. Estimated variable remuneration components should only be included in the transaction price, either in whole or in part, if it is highly probable that the recognised aggregated income will not be affected by significant cancellations once the uncertainty associated with the variable consideration has been resolved.

The BayWa Group recognises amounts received before construction work is performed in the consolidated balance sheet as contract liabilities. All invoiced amounts that have not yet been paid by customers are presented in the balance sheet as part of trade receivables. All amounts for which goods or services have already been provided but have not yet been invoiced are presented in the balance sheet as contract assets.

Related party disclosures

Subsidiaries, associates and joint ventures that individually are not included in the consolidated financial statements of BayWa AG within the scope of full consolidation or recognition at equity are referred to as related parties, as are persons who are capable of exerting significant influence over the financial and business policies of the BayWa Group.

A significant influence within the meaning of IAS 24 is constituted by participation in the financial and operating policies of the company, but not the control of these policies. Significant influence may be exercised in several ways, usually by representation on the management board or on the management and/or supervisory bodies, but also by participation, for instance, in the policy-making process through material intra-Group transactions, by interchange of managerial personnel or by dependence on technical information. Significant influence may be gained by share ownership, statute or contractual agreement. With share ownership, significant influence is presumed in accordance with the definition under IAS 28 (Investments in Associates and Joint Ventures [2011]) if a shareholder owns 20% or more of the voting rights, either directly or indirectly, unless this supposition can be clearly refuted. Significant influence can be deemed irrefutable if the policy of the company can be influenced, for instance, by the corresponding appointment of the members to the supervisory bodies.

In addition to the subsidiaries, associates and joint ventures that individually are not included in the consolidated financial statements of BayWa AG within the scope of full consolidation or recognition at equity, the two shareholders – Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany, and Raiffeisen Agrar Invest AG, Vienna, Austria – are business entities that are specifically considered related parties within the BayWa Group.

Natural persons that are considered to be related parties at the BayWa Group are the members of the Management Board and the Supervisory Board.

Subsidies received/government grants

Public subsidies are amounts granted by public-sector authorities in connection with new investments. These subsidies are released through profit or loss over the probable useful life of the respective asset.

A.4 Assumptions and estimates by management

The preparation of the consolidated financial statements necessitates that, to a certain extent, assumptions are made and estimates used which have an impact on the amount and disclosure of assets and liabilities, the income and expenses and the contingent liabilities. Estimates are necessary, particularly in respect of the measurement of property, plant and equipment and intangible assets, as well as inventories, in connection with purchase price allocation, the recognition and measurement of deferred tax assets, the recognition and measurement of pension provisions and other reserves, as well as the carrying out of impairment tests in accordance with IAS 36.

In the case of pension provisions, the discount factor, along with wage and salary and pension trends, is an important parameter for estimates. An increase or decrease in the discount factor affects the net present value of the obligations arising from pension plans. Likewise, changes to anticipated wage, salary and pension trends and expected employee fluctuation also impact the defined benefit obligation (DBO).

In terms of the recognition and measurement of other provisions, assumptions are to be made to a significant extent on the probability of occurrence, maturity and level of risk. The assessment as to whether a present obligation exists is usually based on evaluations by internal and external appraisers. The amount of the provisions is based on anticipated expenses that are calculated on the basis of a case-by-case assessment of the circumstances drawing on empirical figures, the results of similar estimates and ranges of potential utilisations. They can also be calculated by appraisers. Due to the uncertainty associated with such assessments, actual expenses can deviate from estimated expenses.

Impairment tests on goodwill are based on future-oriented assumptions. Justifiable changes in these assumptions could result in the book values of the cash-generating unit exceeding their recoverable amount, thereby triggering impairment. The underlying assumptions are influenced primarily by the market situation of the cash-generating unit. Please refer to Note C.1 for information on the extent to which justifiable changes to the underlying assumptions for material goodwill could result in the book value of the respective cash-generating unit exceeding the recoverable amount.

Deferred tax assets on loss carryforwards are recognised, provided that future tax advantages are likely to be realised within the next five years (maximum). The actual taxable profits in future periods, and thus the actual usability of deferred tax assets, may differ from the estimate at the time when the deferred tax is capitalised.

In respect of property, plant and equipment and lease accounting, assumptions were made with regard to the determination of useful economic lives. In addition, assumptions were also made in relation to leases concerning the expected exercising of extension and termination options. Deviations from the actual useful life are therefore possible, but are estimated to be fairly low. Assumptions made in relation to the definition of useful economic lives are reviewed at regular intervals and, if necessary, modified.

Estimates of the future revenues, growth and the inflation-adjusted margins, as well as the location and variety, are required for determining the fair value of biological assets.

Estimates have been made in respect of inventories, especially in the context of write-downs to the net realisable value. Estimates of the net realisable value are based on the substantive information available at the time when the likely recoverable amounts of inventories were estimated. These estimates take account of changes in prices and costs which are directly associated with events after the reporting period if these events serve to elucidate the conditions already prevailing at the end of the reporting period.

The assessment of the recoverability of receivables is also subject to assumptions which are based in particular on empirical values on recoverability.

Operating expenses of investment property are also subject to estimates based on empirical values from the past.

Estimates and uncertainties can also arise with regard to the recognition of revenues. BayWa AG recognises revenues when control over distinct goods or services is passed to the customer. Revenue realisation is subject to a number of conditions, including the existence of a contract with enforceable rights and obligations and the likely receipt of a consideration – taking into account the creditworthiness of the customer. Revenues are equal to the transaction price that BayWa AG expects to receive. Variable considerations are included in the transaction price if it is highly probable that their inclusion will not result in a significant revenue reversal in the future once the uncertainty associated with the variable consideration has been subsequently resolved. The amount of the variable consideration is calculated either using the expected value method or at the most probable amount, depending on which method provides the most accurate result. If a contract includes a significant financing arrangement, the transaction price is adjusted for the time value of money. If a contract comprises multiple distinct goods or services, the transaction price is allocated to the performance obligations on the basis of the relative standalone selling prices. If these relative standalone selling prices are not directly observable, BayWa AG makes an appropriate estimate. Revenues are recognised for each performance obligation either at a specific point in time or over time. If revenues are recognised over time, it may be necessary to make estimates regarding degrees of completion.

All assumptions and estimates are based on the conditions prevailing and judgements made on the reporting date. In addition, particular consideration is given to economic developments and the business environment of the BayWa Group. There may be differences between actual and estimated amounts should framework conditions develop differently in future business periods. In such cases, the assumptions and, if necessary, the book values of the assets and liabilities affected will be adjusted on subsequent reporting dates. At the time at which the consolidated financial statements were prepared, there were no indications to suggest a material change in the underlying assumptions and estimates.

A.5 Other discretionary decisions and accounting policies

Project business in the Renewable Energies Segment

The BayWa Group engages in project business – particularly in the Renewable Energies Segment, where it plans, constructs and sells wind farms and solar parks. In addition, the Renewable Energies Segment also operates certain wind farms and solar parks. These development, planning and construction activities are usually conducted through Group companies, which in turn render development, planning and construction services for fully consolidated project companies or special purpose vehicles (projects), which have been set up specifically to be sold at a later date. The assets recognised as part of the projects are reported in the consolidated financial statements under inventories due to the fact that they are items held for sale in the normal course of business. Once sold, these assets are derecognised through profit or loss as revenues and through changes in inventories. At Group level, the transaction is akin to the sale of goods that serves to realise the sale of the special purpose vehicle which is also a subsidiary. In addition, the sale of projects is regarded as part of the ordinary activities in the Renewable Energies Segment due to the frequency and significance of this type of business.

Sales of shares in subsidiaries generally fall within the scope of IFRS 10. Due to the differences in accounting approaches (known as diversity in practice), both the IFRS Interpretations Committee (IFRS IC) and the International Accounting Standards Board (IASB) looked into the question of whether the sale of a special purpose vehicle (also known as a corporate wrapper) that primarily serves the purpose of transferring an asset should be reported in accordance with the provisions of IFRS 10 or the provisions of IFRS 15 in June 2020. However, no formal conclusion has been published.

Based on the current state of discussions, the BayWa Group has chosen to recognise and report the sale of such project companies in accordance with the provisions of IFRS 15 insofar as the sale constitutes a revenue-like transaction or, in other words, a transaction that forms part of ordinary activities. Given that the economic substance of these types of project sales is similar to that of a sale of inventory, and that project sales are realised in the manner described above as part of ordinary activities, income from such sales is recognised and reported in revenues in accordance with IFRS 15. Recognising these transactions in accordance with IFRS 10 would primarily affect the reporting of revenues from project sales, which would be calculated under IFRS 10 as net disposal proceeds. In the financial year 2022, revenues and changes in inventories would have been lower, at €408.5 million (2021: €392.2 million) and €418.8 million (2021: €392.2 million) respectively, had project sales been recognised in accordance with IFRS 10. The net disposal proceeds for sold subsidiaries identified as projects amounted to €64.9 million as at 31 December 2022.

Recognition of power purchase agreements (PPAs) in the Renewable Energies Segment

The BayWa Group engages in project business – particularly in the Renewable Energies Segment, where it plans, constructs and sells wind farms and solar parks worldwide. In addition, the Renewable Energies Segment also operates certain wind farms and solar parks. In this context, it also concludes long-term contracts regarding the supply of the energy generated by these wind farms and solar parks (known as power purchase agreements, PPAs for short). Upon completion, the projects are either sold to investors, including the PPAs that have been concluded, or continue to exist at the wind farms and solar parks selected for operation in order to sell the electricity from the proprietary installations. Energy from long-term PPAs is also purchased and resold accordingly in the Energy Trading division of the Renewable Energies Segment.

The PPAs are recognised and measured according to the provisions of IFRS 16, IAS 37 and IFRS 9. A lease as defined in IFRS 16 exists within the scope of physical PPAs if the customer obtains substantially all the economic benefits from using the plant and the right to direct the plant's use. In such cases, BayWa (the lessor) believes that a distinction must be drawn between the recognition of operating and financing leases. While virtual PPAs should be recognised under IFRS 9 as a rule, recognition of physical PPAs at fair value under IFRS 9 should generally only be considered if the own-use exemption does not have to be applied due to a contractual cash settlement, or if the fair value option in accordance with IFRS 9 is applied to avoid an accounting mismatch. Generally, the contracts are classified to the own-use book or the fair value book upon commencement of the physical PPA. By applying the fair value option governed in IFRS 9, an own-use contract may be classified to the fair value book if doing so avoids an accounting mismatch. At BayWa, every physical PPA is reviewed at the outset of the contract to ascertain whether an accounting mismatch in the accounting of the physical PPAs within the scope of the own-use exemption exists. A physical PPA that is considered under the own-use exemption to be an own-use contract is accounted for as an executory contract in accordance with the provisions of IAS 37. A physical PPA that is classified to the fair value book is to be accounted for like a derivative in accordance with IFRS 9. In addition, embedded derivatives that must be recognised separately under IFRS 9 (such as options, floors or caps) may exist in the PPA contracts not already accounted for at fair value if said derivatives are not closely linked with the host contract.

Trading activities in the Cefetra Group Segment and at BayWa Agrarhandel GmbH, Nienburg, Germany

The companies of the Cefetra Group Segment, BayWa Agrarhandel GmbH, Nienburg, Germany, and Grainli GmbH & Co. KG, Hamburg, Germany, exercise the broker-trader exemption defined in IAS 2.3 (b) and are classified as traders. Inventories held by these companies are measured at fair value less costs of disposal. Income and expenses from the fair value measurement are recognised under cost of materials in the income statement. Cost of materials continues to include the net unrealised and realised gains and losses from currency hedges in relation to commodity futures, as well as net income and expenses from foreign currency valuation. Reporting the netted total of the aforementioned effects in cost of materials is standard practice among comparable companies.

Definition of EBIT and EBITDA

At the BayWa Group, earnings before interest and tax (EBIT) consist of income from operating activities plus income from participating interests recognised at equity and other income from shareholdings. Earnings before interest, tax, depreciation and amortisation (EBITDA) are calculated in the same manner. However, amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment are all taken into account in this case.

A.6 Impact of the coronavirus pandemic on the BayWa Group

The coronavirus pandemic did not have any significant negative effects on the BayWa Group in the financial year 2022. Direct restrictions on business activity as a result of coronavirus-related measures were no longer observable in the financial year 2022, with one exception: the New Zealand-based T&G Global Group's access to seasonal workers was limited between February and April 2022, albeit to a much lesser extent than in the previous year. All in all, the pandemic had no or very little – and therefore immaterial – effects on the consolidated revenues, consolidated earnings and the assets, financial position and earnings position of the BayWa Group in the financial year 2022. Measures continued to be taken at the BayWa Group in the financial year 2022 to ensure the optimal protection of employees and customers from infection, the cost of which only to came to an amount in the low, single-digit millions.

A.7 Impact of ESG sustainability factors and climate change on the BayWa Group's financial reporting

The reporting obligation under EU Directive 2014/95/EU (known as the CSR Directive) and its implementation in German law requires BayWa AG, as a public-interest entity, to provide information on non-financial aspects in its (consolidated) management report and publish disclosures on environmental (E), social (S) and governance (G) sustainability factors (for short: ESG sustainability factors) in a corresponding statement (for further details, please refer to the section of the consolidated management report entitled "Sustainability at BayWa"). Despite the lack of a separate International Financial Reporting Standard (IFRS) and explicit statements or opinions in the currently applicable IFRS, the International Accounting Standards Board (IASB) recently pointed out that the ESG sustainability factors may also result in opportunities and risks that are relevant for companies' financial reporting. Depending on their nature and scope, ESG sustainability factors may therefore have an impact on the recognition and/or measurement of line items and may also necessitate specific disclosures in the notes to the (consolidated) financial statements.

Analyses show that ESG sustainability factors could fundamentally have the following implications at the BayWa Group for the application of IFRS or individual line items of the consolidated financial statements:
- Changes in the need for amortisation, depreciation or impairments on assets (including goodwill) within the framework of an impairment test (IAS 36);
- Changes in the useful economic lives of tangible and intangible assets (IAS 16 and IAS 38);
- Impacts on fair value measurement during the valuation of financial and non-financial assets (IFRS 13);
- Changes related to the recognition of provisions and information on contingent liabilities and assets, for example for onerous contracts, dismantling obligations or litigation (IAS 37);
- Adjustment of expected credit losses (ECLs) for financial assets, particularly with regard to the consideration of forward-looking information (IFRS 9 and IFRS 7).

The influence of ESG sustainability factors on the BayWa Group's financial reporting was assessed for the financial year 2022 on a case-by-case basis and in consideration of all information and circumstances known at the time. Taken as a whole, BayWa comes to the conclusion that the ESG sustainability factors do not have a material impact on financial reporting or on the consolidated financial statements for the financial year 2022.

BayWa will constantly monitor and assess potential changes in the impact of ESG sustainability factors on the Group's financial reporting in the financial years to come so as to continue appropriately taking them into consideration in the future, particularly against the backdrop of the increasing utilisation of sustainability-linked financing instruments (ESG-linked bonded loans, ESG-linked syndicated financing agreements, green bonds).

In addition, climate change may also have an impact on financial reporting. The BayWa Group is exposed to global climate change and the increase in extreme weather conditions, particularly in the Agri Trade & Service and Global Produce Segments. A relatively constant annual increase in global demand for agricultural products stands in contrast to the annual fluctuation in production due to potential unfavourable weather in key cultivation regions. The resulting volatility of prices for agricultural commodities leads to both price risks and opportunities to profit from price changes. The fruit- and vegetable-growing activities pose a financial risk to the Group, which arises from the delay between cash outflow for buying, growing and maintaining the crops as well as the costs of the harvest and cash inflow from the sale of the fruit. This risk is managed by actively monitoring net working capital. The Global Produce Segment in particular also faces the risk of weather-related damage to harvests and the necessary infrastructure. No concrete material impact on financial reporting is anticipated at the present time. For further details, please refer to the opportunity and risk report in the consolidated management report and the sustainability report.

A.8 Effects of the war in Ukraine and the resulting change to the macroeconomic environment

Russia's invasion of Ukraine in violation of international law did not have any significant direct negative effects on the BayWa Group. The Cefetra Group Segment recorded a one-off negative effect on its earnings immediately after the outbreak of the war, but was able to more than make up for it over the remainder of the financial year.

Because the BayWa Group does not conduct any significant business activities in either Ukraine or Russia, the war did not lead to any significant direct disruption to operating activities in the financial year 2022. However, both the assets, financial position and earnings position and the revenues and earnings of the BayWa Group were impacted indirectly by the economic consequences of the war. While the rising cost of energy and raw materials led to higher prices in the midst of a generally more volatile macroeconomic environment, the price increases also enabled the BayWa Group to achieve higher trade margins.

The war in Ukraine was also one of the causes of rising inflation and the resulting hike in interest rates, both of which had an effect on financial reporting for the financial year 2022. The increased inflation was mainly reflected in the measurement of pension and other non-current obligations. The rise in interest rates of 2 percentage points year on year also had an impact on impairment tests for intangible assets – particularly goodwill – and for property, plant and equipment. In some cases, the interest trend also caused higher interest expenses for variable-rate borrowing. There was no increase in level 3 expected credit losses in the financial year 2022, neither were there an any inflation- or interest-rated defaults on receivables.

Furthermore, no financial reporting areas were identified that were significantly affected in a financial sense by either the war in Ukraine or the change in inflation and interest rates.

Future direct and indirect effects of economic developments and sanctions on the measurement of the BayWa Group's assets and liabilities are subject to continuous analysis and monitoring.

B Information on Consolidation

B.1 Principles of consolidation

Capital consolidation at the time of initial consolidation is carried out through offsetting the cost against the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the time of acquisition (purchase method). If the cost exceeds the fair value of the identifiable assets, liabilities and contingent liabilities purchased, the difference is disclosed as goodwill under intangible assets as part of non-current assets. Goodwill is subject to an annual impairment test (Impairment Only Approach). If the book value of goodwill is higher than the recoverable amounts, impairment must be carried out; otherwise, goodwill remains unchanged. If the cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities purchased, the differences are recognised immediately through profit or loss.

All receivables and liabilities, as well as provisions within the group of consolidated companies, are offset. Interim results, if material, are eliminated. Interim results realised from associates are eliminated against the corresponding investments recognised at equity. If the respective investment does not exist to a sufficient extent for elimination, other assets related to the affected company are eliminated. If these do not exist or do not exist to a sufficient extent, the interim result is eliminated by recognising it in revenue reserves on the liabilities side to ensure that the earnings position reflects actual developments. It is not recognised as deferred income under other liabilities, as the eliminated interim result does not represent a liability and recognition as other liabilities would incorrectly depict the actual assets. Intra-group revenues, expenses and earnings are netted.

B.2 Group of consolidated companies – fully consolidated companies pursuant to IFRS 10

Under the principles of full consolidation, all domestic and foreign companies on which BayWa AG can exercise direct or indirect control within the meaning of IFRS 10 and where the subsidiaries are not of secondary importance have been included in the consolidated financial statements of BayWa AG, alongside BayWa AG itself. Control exists when BayWa AG has power over significant activities, has exposure, or rights, to variable returns and is able to use its power to affect the amount of the returns. Control is regularly established through an indirect or direct majority of voting rights.

All affiliated companies included in the BayWa AG consolidated financial statements as at 31 December 2022 through full consolidation are listed under Group holdings, which is attached to the Notes to the Consolidated Financial Statements as an appendix.

There were the following changes to the group of consolidated companies in the financial year 2022.

Affiliated companies so far not included in the consolidated financial statements for reasons of materiality

In %	Share in capital	Previous year's share in capital	Comment
ALM Regio 12 B.V., Veghel, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
ALM Regio 13 B.V., Veghel, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
ALM Regio 14 B.V., Veghel, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
ALM Regio 15 B.V., Veghel, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
Almodovar Solar, Barcelona, Spain	70.0	70.0	Initial consolidation on 01/01/2022
BayWa Power Liquids GmbH, Munich, Germany	100.0	100.0	Initial consolidation on 01/01/2022
BayWa r.e. Nordic 1 AB, Malmö, Sweden	100.0	100.0	Initial consolidation on 01/01/2022
Black Rock Solar II LLC, Irvine, USA	100.0	100.0	Initial consolidation on 01/01/2022
Brüderl Immobilien Holding GmbH, Traunreut, Germany	51.0	51.0	Initial consolidation on 01/01/2022
BTS 18 Projekt GmbH, Buchloe, Germany	100.0	100.0	Initial consolidation on 01/01/2022
Desarrollo Proyecto Fotovoltaico VIII S.L., Barcelona, Spain	100.0	100.0	Initial consolidation on 01/01/2022
Fuels Services GmbH, Munich, Germany	100.0	100.0	Initial consolidation on 01/01/2022
Gea Rinnovabili S.r.l., Milan, Italy	100.0	100.0	Initial consolidation on 01/01/2022
Gourvillette Energies SARL, Paris, France	100.0	100.0	Initial consolidation on 01/01/2022
Greenberry SAS, Paris, France	100.0	100.0	Initial consolidation on 01/01/2022
Guajillo Energy Storage II LLC, Irvine, USA [1]	0.0	100.0	Initial consolidation on 01/01/2022
Hexagone Energie 2 SAS, Paris, France [1]	0.0	100.0	Initial consolidation on 01/01/2022
La Redonda Solar SL, Barcelona, Spain	70.0	70.0	Initial consolidation on 01/01/2022
LODUR Energieanlagen GmbH, Munich, Germany	100.0	100.0	Initial consolidation on 01/01/2022
Patent Co. DOO Misicevo, Mišićevo, Serbia	90.0	90.0	Initial consolidation on 01/01/2022
Pellog GmbH, Oelsnitz, Germany	100.0	100.0	Initial consolidation on 01/01/2022

In %	Share in capital	Previous year's share in capital	Comment
Plankenstein 8 GmbH & Co. KG, Munich, Germany	51.0	51.0	Initial consolidation on 01/01/2022
RENAM S.r.l., Milan, Italy	100.0	100.0	Initial consolidation on 01/01/2022
SDK Power Sdn. Bhd., Kuala Lumpur, Malaysia	48.0	48.0	Initial consolidation on 01/01/2022
Solarna elektrana Proložac d.o.o., Zagreb, Croatia	100.0	100.0	Initial consolidation on 01/01/2022
Solarpark Kobe GmbH, Munich, Germany	100.0	100.0	Initial consolidation on 01/01/2022
SPV Solarpark 105. GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2022
SPV Solarpark 106. GmbH & Co. KG, Gräfelfing, Germany [1]	0.0	100.0	Initial consolidation on 01/01/2022
SPV Solarpark 112. GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2022
SPV Solarpark 118. GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2022
Titus Canyon Solar LLC, Irvine, USA	100.0	100.0	Initial consolidation on 01/01/2022
Unearthed Produce Limited, Mount Wellington, New Zealand	51.0	51.0	Initial consolidation on 01/01/2022
Windpark Langenbrand GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2022
Zonlocatie 2 B.V., Leeuwarden, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
Zonlocatie 3 B.V., Leeuwarden, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
Zonnedak F2 B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
Zonnepark PV21 B.V., Leeuwarden, Netherlands [1]	0.0	100.0	Initial consolidation on 01/01/2022
Zonnepark PV22 B.V., Leeuwarden, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
Zonnepark PV29 B.V., Leeuwarden, Netherlands [1]	0.0	100.0	Initial consolidation on 01/01/2022

1 These companies were sold or liquidated over the course of the financial year following their initial consolidation as at 1 January 2022. As a result, the stake held amounted to 0.0% as at 31 December 2022.

Acquired companies included in the consolidated financial statements for the first time owing to attainment of control [1]

In %	Share in capital	Comment
Acamba Renovables, S.L.U., Zaragoza, Spain [2]	100.0	Initial consolidation on 08/11/2022
Aurum HoldCo OY, Helsinki, Finland [2]	100.0	Initial consolidation on 14/10/2022
Driffield Solar and Storage Limited, London, UK [3]	100.0	Initial consolidation on 28/02/2022
Edom Hills Projects 1, LLC, New Castle, USA [3]	100.0	Initial consolidation on 22/02/2022
EVN-ECOWIND Sonnenstromerzeugungs GmbH, Maria Enzersdorf, Austria [3]	50.0	Initial consolidation on 08/08/2022
Heinrich Brüning GmbH, Hamburg, Germany	60.0	Initial consolidation on 28/06/2022
JBM Solar Projects 1 Limited, London, UK [3]	100.0	Initial consolidation on 02/02/2022
PATENT CO. DOO LAKTASI, Laktaši, Bosnia and Herzegovina	100.0	Initial consolidation on 31/01/2022
Rueda Sur Solar 2, S.L.U., Zaragoza, Spain [3]	100.0	Initial consolidation on 08/11/2022
Rueda Sur Solar 1, S.L.U., Zaragoza, Spain [3]	100.0	Initial consolidation on 08/11/2022
Rueda Sur Wind 1, S.L.U., Zaragoza, Spain [3]	100.0	Initial consolidation on 08/11/2022
Rueda Sur Wind 2, S.L.U., Zaragoza, Spain [3]	100.0	Initial consolidation on 08/11/2022
Rueda Sur Wind 3, S.L.U., Zaragoza, Spain [3]	100.0	Initial consolidation on 08/11/2022
Sol in one GmbH, Kaiserslautern, Germany	80.0	Initial consolidation on 24/01/2022
South Fambridge Hall Solar Park Limited, London, UK [3]	100.0	Initial consolidation on 13/05/2022
Suntree GmbH, Hamburg, Germany	100.0	Initial consolidation on 28/06/2022
Wooyoung Solar Power Co., Ltd, Seoul, South Korea [3]	100.0	Initial consolidation on 04/05/2022
Zonnepark Skulenboarch B.V., Leeuwarden, Netherlands [3]	100.0	Initial consolidation on 08/02/2022

1 No shares were held in these companies in the previous year.
2 These entities are holding companies without business operations, for which no purchase price allocation was carried out in accordance with IFRS 3.
3 These entities are acquired project companies without business operations, for which no purchase price allocation was carried out in accordance with IFRS 3.

Established companies included in the consolidated financial statements for the first time [1]

In %	Share in capital	Comment
BayWa r.e. Windparkportfolio 1 GmbH & Co. KG, Gräfelfing, Germany	100.0	Initial consolidation on 27/01/2022
BayWa r.e. Wind Asset Holding Korea Co., Ltd., Seoul, South Korea	100.0	Initial consolidation on 30/03/2022

In %	Share in capital	Comment
Bellevue Bad Heilbrunn GmbH & Co. KG, Günzburg, Germany	51.0	Initial consolidation on 22/06/2022
Big Creek Solar 3 LLC, Irvine, USA	100.0	Initial consolidation on 08/07/2022
Brüderl Projekt Amalienstraße GmbH & Co. KG, Traunreut, Germany	100.0	Initial consolidation on 20/09/2022
Brüderl Projekt Lerchenweg GmbH & Co. KG, Traunreut, Germany	51.0	Initial consolidation on 31/01/2022
Bullawah Wind Farm Pty Ltd, Richmond, Australia	100.0	Initial consolidation on 27/06/2022
Fern Solar Class B Holdings LLC, Irvine, USA	100.0	Initial consolidation on 27/10/2022
Kariboe Wind Farm Pty Ltd, Richmond, Australia	100.0	Initial consolidation on 17/06/2022
Little Prairie Solar LLC, Irvine, USA	100.0	Initial consolidation on 16/08/2022
Pine Lake Solar LLC, Irvine, USA	100.0	Initial consolidation on 26/04/2022
Prairie Solar Holdings LLC, Irvine, USA	100.0	Initial consolidation on 30/11/2022
Projekt Aichach S7 GmbH & Co. KG, Augsburg, Germany	51.0	Initial consolidation on 23/02/2022
Projekt Zirndorf W21 GmbH, Augsburg, Germany	51.0	Initial consolidation on 06/07/2022
SAH Class B Borrower LLC, Irvine, USA	100.0	Initial consolidation on 27/10/2022
SAH Portfolio I LLC, Irvine, USA	100.0	Initial consolidation on 27/10/2022
Sedaco Mozambique Limitada, Beira, Mozambique	100.0	Initial consolidation on 04/08/2022
T&G Berries Australia PTY Limited, Melbourne, Australia	85.0	Initial consolidation on 27/01/2022
T&G Europe SAS, Lafrançaise, France	100.0	Initial consolidation on 23/06/2022

1 No shares were held in these companies in the previous year.

Companies no longer included in the consolidated financial statements owing to mergers [1]

In %	Previous year's share in capital	Comment
BayWa IT GmbH, Munich, Germany	100.0	Merged with BayWa AG, Munich, Germany, as at 01/01/2022
Schumann Wind, LLC, Wilmington, USA	100.0	Merged with Chopin Wind, LLC, Wilmington, USA, as at 18/08/2022
RENERCO GEM 1 GmbH, Gräfelfing, Germany	100.0	Merged with BayWa r.e. Italia Assets GmbH, Gräfelfing, Germany, as at 01/09/2022

1 No shares were held in these companies as at the end of the financial year 2022 on account of their merger.

Companies no longer included in the consolidated financial statements owing to loss of control [1]

In %	Previous year's share in capital	Comment
a.a.t. Substrathandel GmbH, Wittenburg, Germany	100.0	Sold on 30/09/2022
Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates	49.0	Sold on 25/07/2022
AMUR S.L.U., Barcelona, Spain [2]	100.0	Liquidated on 22/12/2022
Arlena Energy S.r.l., Milan, Italy [2]	100.0	Sold on 04/02/2022
Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany	100.0	Sold on 30/09/2022
BayWa r.e. Bioenergy GmbH, Regensburg, Germany	100.0	Sold on 30/09/2022
Bracks Farm Solar Park Limited, London, UK [2]	100.0	Sold on 23/12/2022
Cefetra Hungary Kft., Budapest, Hungary	100.0	Liquidated on 17/10/2022
Corazon Energy Class B LLC, Irvine, USA	100.0	Sold on 18/02/2022
Corazon Energy LLC, Irvine, USA [2]	100.0	Sold on 18/02/2022
Corazon Tax Equity Partnership LLC, Irvine, USA	100.0	Sold on 18/02/2022
Cotopaxi Energy Storage LLC, Irvine, USA [2]	100.0	Liquidated on 31/12/2022
Diapur Wind Farm Pty Ltd, Richmond, Australia [2]	100.0	Sold on 01/12/2022
EE Biogasanlage Brandis GmbH & Co. KG, Regensburg, Germany [2]	100.0	Sold on 30/09/2022
Euren Biogas Società Agricola a r.l., Naples, Italy [2]	100.0	Sold on 30/09/2022
Ferguson Wind Farm Pty Ltd, Richmond, Australia [2]	100.0	Sold on 01/12/2022
Fruitmark USA Inc., Oceano, USA	100.0	Liquidated on 19/01/2022
Grande Lande Energies SAS, Paris, France [2]	100.0	Sold on 19/12/2022
Guajillo Energy Storage II LLC, Irvine, USA [2]	100.0	Liquidated on 31/12/2022

In %	Previous year's share in capital	Comment
Guajillo Energy Storage LLC, Irvine, USA [2]	100.0	Sold on 18/02/2022
Hexagone Energie 2 SAS, Paris, France [2]	100.0	Sold on 16/12/2022
Landhandel Knaup GmbH, Borchen, Germany	51.0	Sold on 20/01/2022
Les Pierres Blanches Energies, Paris, France [2]	100.0	Sold on 29/03/2022
Northshore Solar 1 LLC, Irvine, USA [2]	100.0	Liquidated on 31/12/2022
Ouyen HoldCo Pty Ltd, Richmond, Australia	100.0	Liquidated on 25/02/2022
Ouyen Solar Farm Pty Ltd, Richmond, Australia [2]	100.0	Liquidated on 25/02/2022
PAF Projects for Advanced Fuels GmbH, Regensburg, Germany	100.0	Sold on 30/09/2022
R&S ENERGY capital-GmbH & Co. KG, Regensburg, Germany [2]	100.0	Sold on 30/09/2022
r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg, Germany	100.0	Sold on 30/09/2022
r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg, Germany	100.0	Sold on 30/09/2022
Rock Power S.L.U., Barcelona, Spain [2]	100.0	Sold on 22/12/2022
Schradenbiogas GmbH & Co. KG, Gröden, Germany	94.5	Sold on 15/12/2022
Scurf Dyke Solar Limited, London, UK [2]	100.0	Sold on 21/12/2022
SolarPark 4a LLC, New York, USA [2]	100.0	Sold on 12/12/2022
SPV Solarpark 106. GmbH & Co. KG, Gräfelfing, Germany [2]	100.0	Sold on 29/12/2022
Tessennano Energy S.r.l., Milan, Italy [2]	100.0	Sold on 04/02/2022
Ubon Saeng Arthid Co., Ltd., Bangkok, Thailand [2]	97.0	Sold on 01/07/2022
UNL 18 Solar B.V., Heerenveen, Netherlands [2]	100.0	Sold on 30/09/2022
Valentine Peak Solar LLC, Irvine, USA [2]	100.0	Liquidated on 31/12/2022
Varennes Energies SAS, Paris, France [2]	100.0	Sold on 29/03/2022
Varennes Solaire 2 SAS, Paris, France [2]	100.0	Sold on 29/03/2022
Watt Development SPV 1 S.L.U., Barcelona, Spain [2]	100.0	Sold on 20/12/2022
Watt Development SPV 4 S.L.U., Barcelona, Spain [2]	100.0	Sold on 20/12/2022
Watt Development SPV 8 S.L.U., Barcelona, Spain [2]	100.0	Sold on 20/12/2022
Windpark Wilhelmshöhe IV GmbH & Co. KG, Gräfelfing, Germany [2]	100.0	Sold on 13/04/2022
Zonnepark B.V., Heerenveen, Netherlands [2]	100.0	Liquidated on 20/01/2022
Zonnepark PV10 B.V., Heerenveen, Netherlands [2]	100.0	Sold on 30/12/2022
Zonnepark PV12 B.V., Heerenveen, Netherlands [2]	100.0	Sold on 19/08/2022
Zonnepark PV15 B.V., Heerenveen, Netherlands [2]	100.0	Sold on 14/02/2022
Zonnepark PV16 B.V., Heerenveen, Netherlands [2]	100.0	Sold on 30/12/2022
Zonnepark PV18 B.V., Heerenveen, Netherlands [2]	100.0	Sold on 24/03/2022
Zonnepark PV2 B.V., Heerenveen, Netherlands [2]	100.0	Sold on 30/09/2022
Zonnepark PV21 B.V., Leeuwarden, Netherlands [2]	100.0	Sold on 19/08/2022
Zonnepark PV29 B.V., Leeuwarden, Netherlands [2]	100.0	Sold on 01/09/2022

1 No shares were held in these companies as at the end of the financial year 2022.
2 These entities are project companies whose sale is recognised and reported in the income statement according to IFRS 15 (see also Note A.5).

Control in the companies presented below exists through contractual agreements or other agreements, despite the lack of an indirect or direct majority of voting rights in accordance with the capital shares. As a result, these companies are also included in the BayWa AG consolidated financial statements according to the principles of full consolidation.

In %	Share in capital	Previous year's share in capital	Comment
Delica North America, Inc., Torrance, USA	50.0	50.0	With 60% majority of voting rights and rights to the returns
EVN-ECOWIND Sonnenstromerzeugungs GmbH, Maria Enzersdorf, Austria	50.0	–	Controlling influence on business activity
RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria	50.0	50.0	Majority of voting rights
SDK Power Sdn. Bhd., Kuala Lumpur, Malaysia [1]	48.0	–	Operational management as well as majority representation in management body
T&G CarSol Asia PTE. Ltd, Singapore, Singapore [1]	50.0	50.0	Controlling influence on business activity
T&G Vizzarri Farms Pty Ltd, Tullamarine, Australia	50.0	50.0	Operational management as well as majority representation in management body
Worldwide Fruit Limited, Spalding, UK	50.0	50.0	Operational management and control through executive board

1 These companies were included in the consolidated financial statements for the first time in the financial year 2022.

Additions due to acquisitions in the financial year 2022

Addition: Heinrich Brüning GmbH, Hamburg, Germany

BayWa AG acquired 60% of the shares in Heinrich Brüning GmbH, a provider of dried fruits and nut kernels based in Hamburg, Germany, through Cefetra Group B.V., Rotterdam, Netherlands, by way of a share deal. The Group also acquired the wholly owned subsidiary Suntree GmbH, Hamburg, Germany, through Heinrich Brüning GmbH. A controlling influence has existed since 28 June 2022. Since that date, Heinrich Brüning GmbH and Suntree GmbH have been included in the consolidated financial statements of BayWa AG within the scope of full consolidation. The acquisition of Heinrich Brüning marks another important step for Cefetra Group in strengthening its market position as a supplier of food ingredients. The cost of the shares comes to €9.5 million and includes the contractually agreed purchase price component of €6.9 million paid in July 2022, as well as contingent purchase price components that will depend on the development of EBIT in the financial years 2023 to 2025. Due to the anticipated earnings development of Heinrich Brüning GmbH at the time of acquisition, a contingent purchase price component of €2.6 million was recognised. According to the preliminary purchase price allocation, goodwill amounted to €3.3 million. The transaction costs incurred in relation to the acquisition amounted to €0.6 million.

Addition: Patent Co. DOO Misicevo, Mišićevo, Serbia

As part of a share deal, RWA AG acquired 90% of the shares in Patent Co. DOO Misicevo, a Serbian mixed feed company registered in Mišićevo, Serbia, through RWA International Holding GmbH, Korneuburg, Austria. Along with Patent Co. DOO, RWA AG also acquired the wholly owned subsidiary PATENT CO. DOO LAKTASI, Laktaši, Bosnia and Herzegovina. A controlling influence has existed since 31 January 2022. Since that date, both companies have been included in the consolidated financial statements of BayWa AG within the scope of full consolidation. The goal of the acquisition is to strengthen the product portfolio and the geographical position in the field of feedstuff and feedstuff additives. The cost of the acquired shares comes to €71.9 million. In addition, a call/put option agreement regarding the acquisition of the remaining 10% stake has been reached. Because the put option in question is a fair value put option, IFRS 10 has been given priority over IAS 32, meaning that the non-controlling interests have not been derecognised. Consequently, the non-controlling interests were still fully accounted for as at 31 December 2022. The liability resulting from the fair value put option was formed to the detriment of equity and stands at €8.9 million, with the calculation based on a one-year achievement of the earnings before interest, tax, depreciation and amortisation (EBITDA) target of 100%. According to the purchase price allocation, goodwill amounted to €35.1 million. The transaction costs incurred in connection with the acquisition amount to €0.9 million.

Addition: Sol in one GmbH, Kaiserslautern, Germany

BayWa AG acquired 80% of the shares in Sol in one GmbH, Kaiserslautern, Germany, through BayWa r.e. AG, Munich, Germany, by way of a share deal. The business operations of Sol in One GmbH include the planning, assembly, maintenance and monitoring of roof- and carport-mounted PV systems and free-standing PV projects. A controlling influence has existed since 24 January 2022. The entity has been fully consolidated in BayWa AG's consolidated financial statements since 1 February 2022. The transaction helps the Energy Solutions business entity to implement its strategy of expanding such PV installation capacities to supplement both the Energy Solutions value chain and the existing business sectors. The cost of the shares comes to €12.0 million In addition to the contractually agreed purchase price component of €7.1 million paid in January 2022, a contingent purchase price component of no more than €12.0 million that will depend on the development of EBIT in the financial years 2021 to 2024 was agreed. Due to the anticipated earnings development of Sol in one GmbH at the time of acquisition, a contingent purchase price component of €4.9 million was recognised. In addition, a call/put option agreement regarding the acquisition of the remaining 20% stake has been reached. Because the put option in question is a fair value put option, IFRS 10 has been given priority over IAS 32, meaning that the non-controlling interests have not been derecognised. Consequently, the non-controlling interests were still fully accounted for as at 31 December 2022. The liability resulting from the fair value put option was formed to the detriment of equity and stands at €4.8 million, as calculated on the basis of the expected level of achievement of the (expected) earnings before interest and tax (EBIT) targets for the years 2021 to 2024. The preliminary purchase price allocation resulted in goodwill of €7.5 million. The transaction costs incurred in relation to the acquisition amounted to €0.3 million.

Other additions of secondary importance
Furthermore, the following addition was made to the group of consolidated companies in the financial year, which, taken individually, does not have a material effect on the assessment of the assets, financial position and earnings position of the BayWa Group:

- **RENAM S.r.l., Milan, Italy**
  BayWa AG acquired 100% of the shares in RENAM S.r.l., Milan, Italy, through BayWa r.e. Operation Services S.r.l., Milan, Italy, by way of a share deal. The company is active in the fields of commercial and technical management, as well as in technical consultancy for wind and photovoltaic installations. The acquisition cements the BayWa r.e. Group's position in Italy as a full provider of services for owners of wind and photovoltaic installations. A controlling influence has existed since 22 December 2021. The initial consolidation of the company in the consolidated financial statements within the scope of full consolidation took place with effect from 1 January 2022. The cost of the acquisition amounted to €0.2 million. Goodwill stood at the same amount as a result of the preliminary purchase price allocation. The transaction cost for the shares comes to €0.1 million

In summary, additions to assets (excluding goodwill) and liabilities from company acquisitions measured at fair value are as follows, broken down by major category, for the financial year 2022:

In € million	Heinrich Brüning GmbH	Patent Co. DOO	Sol in one GmbH	Other additions	**Total additions in 2022**
Assets					
Intangible assets	3.5	3.4	4.5	0.2	11.6
Property, plant and equipment	5.6	25.4	1.0	0.0	32.0
Investments	–	–	–	–	–
Inventories	31.5	18.3	1.0	–	50.0
Financial assets	–	0.0	–	–	0.0
Receivables and other assets	5.0	17.7	8.8	0.2	31.7
thereof: receivables (gross)	–	15.7	2.8	–	18.5
thereof: receivables considered recoverable	–	14.2	2.7	–	16.9
Deferred tax assets	–	4.2	0.1	–	4.3
Cash and cash equivalents	0.0	2.4	0.5	0.2	3.1
Shareholders' equity and liabilities					
Non-current liabilities	1.0	9.9	–	0.1	11.0
Short-term debt	18.9	12.9	3.9	–	35.7
Current trade payables and liabilities from inter-group business relationships	13.6	–	–	–	13.6
Current income tax liabilities	–	–	0.3	–	0.3
Other current liabilities	0.4	7.0	4.2	0.4	12.0
Deferred tax liabilities	1.1	0.8	1.9	–	3.8
Acquired net assets at the point of initial consolidation	**10.6**	**40.8**	**5.7**	**0.0**	**57.1**
Share attributable to shareholders of the parent company	6.3	36.8	4.6	0.0	47.6
Share attributable to minority shareholders	4.3	4.0	1.1	0.0	9.4

The goodwill reconciliation at the time of initial consolidation is as follows:

In € million	Heinrich Brüning GmbH	Patent Co. DOO	Sol in one GmbH	Other additions	**Total additions in 2022**
Contribution transferred in return for the acquisition of the shares	9.5	71.9	12.0	0.2	93.6
Non-controlling interests in the acquired companies	4.3	4.0	1.1	–	9.4
Acquired net assets at the point of initial consolidation	6.3	36.8	4.6	0.0	47.7
Goodwill	**3.3**	**35.1**	**7.5**	**0.2**	**46.1**

Capitalised goodwill includes non-separable intangible assets such as employee expertise and expected synergy effects.

Revenue and earnings contribution of the companies consolidated for the first time in the reporting period

In € million	Heinrich Brüning GmbH	Patent Co. DOO	Sol in one GmbH	Other additions	**Total additions in 2022**
Revenues from the point of initial consolidation	49.3	120.7	27.7	1.2	198.9
Profit/loss from the point of initial consolidation	0.2	2.4	1.6	0.0	4.2
Pro forma revenues for the period from 01/01 to 31/12/2022	92.2	126.7	35.6	1.2	255.7
Pro forma profit/loss for the period from 01/01 to 31/12/2022	- 0.4	1.9	0.7	0.0	2.2

Additional information on company acquisitions in the previous year

In the previous year, the purchase price allocations relating to the acquisitions of NWind GmbH, Hanover, Germany; BayWa r.e. Solar Systems s.r.o., Prague, Czechia; EE Biogasanlage Brandis GmbH & Co. KG, Regensburg, Germany; Enerpole SAS, Carcassonne, France; PV Integ AG, Ebikon, Switzerland; and Renertech Rotorblattservice GmbH & Co. KG, Bad Wünnenberg, Germany, were reported as preliminary. The final purchase price allocations did not result in any material changes compared to the preliminary allocations included in the Notes to the Consolidated Financial Statements.

Disposals from the group of consolidated companies in the financial year 2022

Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates
Effective 25 July 2022, BayWa AG sold its 49% stake in Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates, plus 2% of the shares managed by and attributable to BayWa AG by way of a trust and fiduciary agreement. Since that date, BayWa AG has not held any more shares in the company.

BayWa r.e. Bioenergy Group
Effective 30 September 2022, BayWa r.e. AG, Munich, Germany, sold 100% of the shares in its biogas portfolio, consisting of BayWa r.e. Bioenergy GmbH, Regensburg, Germany, and its subsidiaries (Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany; r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg, Germany; r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg, Germany; PAF Projects for Advanced Fuels GmbH, Regensburg, Germany; Euren Biogas Società Agricola a r.l., Naples, Italy; EE Biogasanlage Brandis GmbH & Co. KG, Regensburg, Germany; a.a.t. Substrathandel GmbH, Wittenburg, Germany; and R&S ENERGY capital-GmbH & Co. KG, Regensburg, Germany).

Schradenbiogas GmbH & Co. KG, Gröden, Germany
Effective 15 December 2022, BayWa AG sold its 94.5% stake in Schradenbiogas GmbH & Co. KG, Gröden, Germany. Since that date, BayWa AG has held no further shares in the company.

The effect of these three sales on the consolidated financial statements owing to loss of control is as follows:

Assets and liabilities derecognised owing to loss of control

In € million	Al Dahra BayWa Agriculture LLC	BayWa r.e. Bioenergy Group	Schradenbiogas GmbH & Co. KG	**Total disposals in 2022**
Assets				
Property, plant and equipment and intangible assets	42.3	6.4	15.6	64.4
Investments	–	0.1	0.0	0.1
Other non-current assets	–	0.6	0.9	1.5
Inventories	1.0	27.8	0.0	28.8
Receivables and other assets	2.9	16.3	4.0	23.2
Cash and cash equivalents	8.2	4.7	0.7	13.6
	54.4	**56.0**	**21.2**	**131.6**
Shareholders' equity and liabilities				
Non-current provisions	–	0.5	0.0	0.5
Long-term debt	47.0	0.6	1.1	48.7
Non-current trade payables and other non-current liabilities	–	0.4	0.4	0.8
Current provisions	0.3	5.4	0.4	6.1
Short-term debt	–	13.8	0.5	14.3
Current trade payables and other current liabilities	3.2	33.7	22.8	59.7
	50.5	**54.5**	**25.2**	**130.2**
Net assets on the disposal date	**4.0**	**1.6**	**- 3.9**	**1.7**
thereof: attributable to minority shareholders	2.0	–	- 0.2	1.8
thereof: attributable to shareholders of the parent company	2.0	1.6	- 3.7	- 0.2

Gains or losses from disposals in the financial year 2022

In € million	Al Dahra BayWa Agriculture LLC	BayWa r.e. Bioenergy Group	Schradenbiogas GmbH & Co. KG	**Total disposals in 2022**
Consideration received in the form of cash and cash equivalents for the sold shares	3.6	37.9	5.0	46.5
Less net assets relinquished on a pro rata basis at the time of sale	2.0	1.6	- 3.7	- 0.1
Disposal result	**1.6**	**36.3**	**8.7**	**46.6**

Profit and loss from disposals is included in the income statement under the result from participating interests.

Incoming net cash and cash equivalents from disposals in the financial year 2022

In € million	Al Dahra BayWa Agriculture LLC	BayWa r.e. Bioenergy Group	Schradenbiogas GmbH & Co. KG	**Total disposals in 2022**
Purchase price settled through cash and cash equivalents	3.6	37.9	5.0	46.5
Less cash and cash equivalents paid out in connection with the disposal	8.2	4.7	0.7	13.6
	- 4.6	**33.2**	**4.3**	**32.9**

Material non-controlling interests

Companies in which BayWa AG either directly or indirectly holds less than 100% of the capital and voting rights are also included in BayWa AG's consolidated financial statements.

The summary of financial information for Group companies in which material non-controlling interests are held is as follows:

In € million	BayWa r.e. AG, Munich, Germany [1]		T&G Global Limited, Auckland, New Zealand [1]	
	31/12/2022	31/12/2021	**31/12/2022**	31/12/2021
Share in the capital and voting rights held by the non-controlling interests (in %)	49.00	49.00	26.01	26.01
Share in the annual result attributable to non-controlling interests	55.3	41.4	3.3	3.3
Aggregated non-controlling interests	611.0	511.2	81.6	77.9
Dividends distributed to non-controlling interests	19.0	0.0	0.0	1.2
Financial information (prior to consolidation)				
Current assets	3,361.6	3,360.1	199.5	175.0
Non-current assets	1,702.1	1,170.3	367.6	329.1
Current liabilities	1,772.8	1,770.6	133.9	122.7
Non-current liabilities	2,093.2	1,726.4	169.8	118.2
Revenues	6,480.9	3,553.6	920.9	938.0
Net result for the year	77.4	82.6	4.6	26.2
Other earnings	122.5	- 25.7	5.2	31.7
Total earnings	**199.9**	**56.9**	**9.8**	**57.9**

1 To ensure comparability, the previous year's figures were adjusted in line with the parameters used in the financial year 2022.

In € million	RWA AG, Korneuburg, Austria [1]		"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria	
	31/12/2022	31/12/2021	**31/12/2022**	31/12/2021
Share in the capital and voting rights held by the non-controlling interests (in %)	50.00	50.00	48.94	48.94
Share in the annual result attributable to non-controlling interests	22.8	12.2	4.1	5.3
Aggregated non-controlling interests	260.2	257.1	39.9	38.2
Dividends distributed to non-controlling interests	3.2	3.2	2.2	2.0
Financial information (prior to consolidation)				
Current assets	1,033.7	801.0	147.1	120.3
Non-current assets	517.3	479.1	122.0	115.0
Current liabilities	844.0	615.2	149.0	116.8
Non-current liabilities	207.3	163.1	38.6	40.5
Revenues	4,027.0	2,951.3	694.6	559.5
Net result for the year	39.4	22.8	8.3	10.7
Other earnings	- 27.0	25.6	0.0	0.0
Total earnings	**12.4**	**48.4**	**8.3**	**10.7**

1 To ensure comparability, the previous year's figures were adjusted in line with the parameters used in the financial year 2022.

In € million	Royal Ingredients Group International B.V., Alkmaar, Netherlands		TFC Holland B.V., Maasdijk, Netherlands	
	31/12/2022	31/12/2021	**31/12/2022**	31/12/2021
Share in the capital and voting rights held by the non-controlling interests (in %)	–	40.00	10.53	10.53
Share in the annual result attributable to non-controlling interests	–	5.5	0.1	0.4
Aggregated non-controlling interests	–	4.3	0.8	1.3
Dividends distributed to non-controlling interests	–	2.0	0.4	0.5
Financial information (prior to consolidation)				
Current assets	6.1	4.3	25.2	18.2
Non-current assets	14.0	14.0	34.3	13.4
Current liabilities	2.1	7.5	34.3	18.7
Non-current liabilities	–	–	17.3	0.3
Revenues	–	–	74.0	77.7
Net result for the year	0.3	13.8	1.4	3.8
Other earnings	–	–	–	–
Total earnings	**0.3**	**13.8**	**1.4**	**3.8**

With effect from 29 April 2022, BayWa AG acquired the remaining 40% of the shares in Royal Ingredients Group International B.V., Alkmaar, Netherlands, through the Group company Cefetra Group B.V., Rotterdam, Netherlands. This means that 100% of the shares in the company have been attributable to Cefetra Group B.V. since the acquisition date. The cost of the shares comes to €38.6 million and comprises the contractually agreed purchase price component of €38.6 million that was paid out in April 2022. The carrying amount of the previous minority interests in the equity of Royal Ingredients Group International B.V. amounted to €5.3 million as at the acquisition date. As a result of this transaction, the minority interest included in the consolidated financial statements fell by €5.3 million, and the equity attributable to the shareholders of the parent company declined by €33.3 million due to the offsetting of the difference arising from the successive acquisition. The transaction costs incurred in connection with the acquisition of the shares amount to €0.1 million. These costs are included in the consolidated income statement under other operating expenses.

In € million	BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	
	31/12/2022	31/12/2021
Share in the capital and voting rights held by the non-controlling interests (in %)	49.00	49.00
Share in the annual result attributable to non-controlling interests	1.1	1.0
Aggregated non-controlling interests	6.5	6.5
Dividends distributed to non-controlling interests	1.1	3.5
Financial information (prior to consolidation)		
Current assets	26.5	21.2
Non-current assets	26.1	25.9
Current liabilities	26.2	19.7
Non-current liabilities	13.0	14.1
Revenues	97.1	84.3
Net result for the year	2.3	2.0
Other earnings	–	0.1
Total earnings	**2.3**	**2.2**

Companies of secondary importance

Owing to their generally secondary importance, 92 (2021: 101) domestic and 276 (2021: 235) foreign affiliated companies are not included in the consolidated financial statements. These companies are recognised in the consolidated balance sheet and measured as under IFRS 9. The aggregated annual results and aggregated equity (unconsolidated HB I values based on the individual financial statements) of these companies in the financial year 2022 are set out below:

Unconsolidated affiliated companies	In € million	Share in relation to the sum total of all affiliated companies in %
Net result for the year	- 1.2	- 0.3
Equity	22.3	0.4

B.3 Joint ventures pursuant to IFRS 11 in conjunction with IAS 28

A total of 15 (2021: 12) joint ventures over which the BayWa Group exerts joint control together with one or more external third parties on the basis of a contractual agreement are recognised under the equity method. These are listed under Group holdings attached to the Notes to the Consolidated Financial Statements as an appendix. The shares of these companies have been recognised at cost, taking account of changes in the net assets of the affiliated companies since the purchase of the shares.

Summary of financial information about the material joint ventures included under the equity method:

In € million	Hafen Vierow - Gesellschaft mit beschränkter Haftung, Brünzow, Germany		VIELA Export GmbH, Vierow, Germany	
	31/12/2022	31/12/2021	**31/12/2022**	31/12/2021
Shareholding (in %)	50.00	50.00	50.00	50.00
Voting rights (in %)	50.00	50.00	50.00	50.00
Dividends received from joint ventures	–	–	–	–
Current assets	2.6	1.9	8.4	3.4
Non-current assets	12.3	12.7	12.9	12.7
Current liabilities	1.0	0.8	2.6	2.9
Non-current liabilities	4.9	5.7	6.0	1.9
Cash and cash equivalents	2.0	1.3	7.1	1.9
Short-term debt	–	–	–	–
Long-term debt	3.9	4.7	5.1	0.9
Revenues	3.5	2.8	7.1	6.1
Amortisation	- 0.5	- 0.5	- 1.0	- 1.0
Interest expenses	- 0.1	- 0.1	- 0.1	- 0.1
Interest income	0.0	0.0	0.0	0.0
Income tax expense	- 0.4	- 0.2	- 0.5	- 0.5
Net result for the year from continued operations	1.0	0.3	1.4	1.2
Other earnings	0.0	0.0	–	–
Total earnings	**1.0**	**0.3**	**1.4**	**1.2**
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Joint venture's net assets	9.0	8.0	12.7	11.3
Shareholding and voting rights (in %)	50.00	50.00	50.00	50.00
Goodwill	3.0	3.0	7.8	7.8
Other adjustments	0.1	- 0.1	0.1	0.1
Book value	7.4	6.9	14.0	13.3

Hafen Vierow - Gesellschaft mit beschränkter Haftung, Brünzow, Germany, is responsible for managing and operating the port of Vierow and the construction of transshipment facilities as well as the handling and warehousing of goods of all kinds. **VIELA Export GmbH, Vierow, Germany**, imports and exports agricultural goods and products.

In € million	BHBW Holdings (Pty) Ltd, Lynnwood Manor, South Africa		Amadeus Wind Holdings, LLC, Wilmington, USA	
	31/12/2022	31/12/2021	**31/12/2022**	31/12/2021
Shareholding (in %)	50.00	50.00	33.30	33.30
Voting rights (in %)	50.00	50.00	33.30	33.30
Dividends received from joint ventures	–	–	–	–
Current assets	25.8	17.6	29.3	14.1
Non-current assets	15.0	17.7	303.3	295.4
Current liabilities	18.1	17.5	6.9	7.0
Non-current liabilities	0.0	0.7	308.0	302.5
Cash and cash equivalents	0.0	0.0	21.4	8.1
Short-term debt	–	–	–	–
Long-term debt	–	–	143.5	–
Revenues	56.5	80.4	24.5	23.8
Amortisation	- 1.2	- 1.1	- 10.8	- 9.5
Interest expenses	- 0.8	- 0.8	- 5.2	- 3.1
Interest income	0.0	0.0	–	–
Income tax expense	0.0	0.0	- 0.0	- 0.0
Net result for the year from continued operations	- 0.4	0.7	18.0	- 28.0
Other earnings	0.0	0.0	–	–
Total earnings	**- 0.4**	**0.7**	**18.0**	**- 28.0**
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Joint venture's net assets	22.7	22.9	17.7	0.0
Shareholding and voting rights (in %)	50.00	50.00	33.30	33.30
Goodwill	–	–	46.5	46.5
Other adjustments	–	–	0.5	- 4.0
Book value	11.3	11.5	51.9	42.5

BHBW Holdings (Pty) Ltd, Lynnwood Manor, South Africa, trades and sells agricultural equipment and forklift trucks. **Amadeus Wind Holdings, LLC, Wilmington, USA**, is a wind farm with a total output of 96 gigawatts.

The above financial information relates to values used as a basis for the IFRS financial statements of the respective joint ventures.

Summary of financial information about the joint ventures included under the equity method which are, in and of themselves, not material:

In € million	**31/12/2022**	31/12/2021
Book value at the end of the reporting period	28.5	4.0
BayWa Group's share in the net result for the year from continued operations	0.0	- 1.7
BayWa Group's share in earnings from discontinued operations after tax	–	–
BayWa Group's share in other earnings	- 0.9	0.8
BayWa Group's share in total earnings	- 0.9	- 0.9
Losses not realised for the reporting period	- 0.0	- 0.0
Aggregated losses not realised	- 0.9	- 0.9

The rise in the book values of the immaterial joint ventures included under the equity method is primarily attributable to the founding of the joint venture Floating Energy Allyance 1 Limited, Glasgow, UK. In the financial year 2022, the joint venture in question did not generate any material earnings contributions.

B.4 Associates pursuant to IAS 28

A total of 11 (2021: 13) associates over which the BayWa Group either has a proportion of voting rights of at least 20% and a maximum of 50%, or over whose business management or supervisory functions the BayWa Group exerts a significant influence, and which are not jointly held companies or companies of secondary importance, are recognised under the equity method. These are listed under Group holdings attached to the Notes to the Consolidated Financial Statements as an appendix. The shares of these companies have been recognised at cost, taking account of changes in the net assets of the affiliated companies since the purchase of the shares.

Summary of financial information about the material associates included under the equity method:

In € million	BRB Holding GmbH, Munich, Germany		AUSTRIA JUICE GmbH, Allhartsberg, Austria	
	31/12/2022	31/12/2021	**30/11/2022**	30/11/2021
Shareholding (in %)	45.26	45.26	49.99	49.99
Voting rights (in %)	45.26	45.26	49.99	49.99
Dividends received from associates	8.0	2.1	0.0	0.0
Current assets	0.4	0.2	270.9	244.1
Non-current assets	234.8	234.8	80.5	83.8
Current liabilities	0.1	0.0	201.9	282.6
Non-current liabilities	–	–	105.4	5.5
Revenues	–	–	281.8	213.7
Net result for the year from continued operations	8.1	4.7	6.0	- 9.5
Other earnings	–	–	- 1.8	- 0.8
Total earnings	**8.1**	**4.7**	**4.2**	**- 10.3**
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Associate's net assets	235.1	235.0	44.0	39.8
Shareholding and voting rights (in %)	45.26	45.26	49.99	49.99
Goodwill	–	–	22.4	22.4
Other adjustments	- 17.3	- 17.3	1.4	1.4
Book value	89.1	89.1	45.9	43.8

BRB Holding GmbH, Munich, Germany, holds equity holdings in companies in the cooperative group and conducts all other business serving to further these activities. AUSTRIA JUICE GmbH produces fruit juice concentrates, beverage compounds and aromas as well as fruit wines and fresh juices for the food and beverage processing industry.

Due to the company's business activities, the financial year of **AUSTRIA JUICE GmbH, Allhartsberg, Austria**, ends on 28 February. For this reason, the reporting period used as the basis for the inclusion of the financial statements of AUSTRIA JUICE GmbH in the consolidated financial statements of BayWa AG ends on 30 November and therefore deviates from the parent company's reporting date. Differing reporting periods have no material impact on the assets, financial position and earnings position of the BayWa Group.

In € million	Grandview Brokerage LLC, Seattle, USA	
	31/12/2022	31/12/2021
Shareholding (in %)	39.39	39.39
Voting rights (in %)	39.39	39.39
Dividends received from associates	0.5	0.6
Current assets	121.0	101.0
Non-current assets	24.0	21.8
Current liabilities	125.3	104.6
Non-current liabilities	5.1	4.2
Revenues	668.1	640.3
Net result for the year from continued operations	3.7	4.9
Other earnings	–	–
Total earnings	**3.7**	**4.9**
Losses not realised for the reporting period	–	–
Aggregated losses not realised	–	–
Transition		
Associate's net assets	14.7	14.1
Shareholding and voting rights (in %)	39.39	39.39
Goodwill	14.5	14.5
Other adjustments	- 0.3	- 0.2
Book value	19.9	19.8

Grandview Brokerage LLC, Seattle, USA, is an investment company.

The above financial information relates to values used as a basis for the IFRS financial statements of the respective associate.

Summary of financial information about the associates included under the equity method which are, in and of themselves, not material:

In € million	**31/12/2022**	31/12/2021
Book value at the end of the reporting period	11.3	5.7
BayWa Group's share in the net result for the year from continued operations	- 0.5	0.7
BayWa Group's share in earnings from discontinued operations after tax	–	–
BayWa Group's share in other earnings	–	0.0
BayWa Group's share in total earnings	- 0.5	0.7
Losses not realised for the reporting period	- 0.1	- 0.2
Unrecognised losses (aggregated)	- 1.0	- 0.9

A total of 37 (2021: 36) joint ventures and associates of generally secondary importance for the consolidated financial statements have been accounted for at fair value as under IFRS 9 and not using the equity method. In this context, cost provides the best estimate of fair value unless the companies in question are listed on a securities market, and provided the earnings position of the associate has not changed significantly compared to the plan. In general, there are no material differences between the cost and the fair value of these companies due to their stable business models and business activities that can be considered negligible compared to the Group as a whole. The aggregated assets, liabilities, revenues and annual results (each based on the individual financial statements) of these companies in the financial year 2022 are set out below:

Associates and joint ventures not included under the equity method

In € million	
Assets	202.7
Liabilities	144.0
Revenues	287.8
Net result for the year	5.1

B.5 Summary of the changes to the group of consolidated companies of BayWa

Compared with the previous year, the group of consolidated companies, including the parent company, changed as follows:

	Germany	Abroad	Total
Included on 31/12/2022	**132**	**436**	**568**
thereof: fully consolidated	122	419	541
thereof: recognised at equity	10	17	27
Included on 31/12/2021	**122**	**425**	**547**
thereof: fully consolidated	113	409	522
thereof: recognised at equity	9	16	25

All Group holdings are listed separately (appendix to the Notes to the Consolidated Financial Statements).

B.6 Currency translation

The translation of the financial statements prepared in a foreign currency into euros is carried out by applying the concept of functional currency as defined under IAS 21. The companies of the BayWa Group operate independently. They are therefore considered foreign operations. The functional currency is the respective national currency or, in exceptional cases, the currency in which most of the respective company's transactions are settled. Assets and liabilities are converted at the exchange rate at the end of the reporting period This does not apply to investments, which are measured at historical exchange rates. Equity is carried at historical rates with the exception of income and expenses recognised directly in equity. The translation of the income statement is carried out using the average rate for the year. Differences resulting from currency translation are treated without effect on income until such time as the subsidiary is disposed of and set off against other reserves in equity. The differences resulting from currency translation (including reclassifications) increased by €0.7 million in the reporting year (2021: increase by €10.7 million).

The exchange rates for the currencies relevant to the BayWa Group are summarised in the table below:

		Balance sheet		Income statement	
		Middle rate on		Average rate	
	€1	**31/12/2022**	31/12/2021	**2022**	2021
Australia	AUD	1.569	1.562	1.517	1.575
Japan	JPY	140.660	130.380	138.027	129.874
New Zealand	NZD	1.680	1.658	1.658	1.672
Sweden	SEK	11.122	10.250	10.630	10.146
UK	GBP	0.887	0.840	0.853	0.860
USA	USD	1.067	1.133	1.053	1.183

C Notes to the Balance Sheet

C.1 Intangible assets

The goodwill recognised under intangible assets relates to the following cash-generating units.

In € million	**2022**	2021
BayWa r.e. business entity “Holdings”, geographic single entity “Bioenergy”	0.0	1.8
BayWa r.e. business entity “Services”	15.0	14.9
thereof: added in the financial year 2022: RENAM S.r.l.	0.2	–
BayWa r.e. business entity “Solar Projects”	102.7	102.0
BayWa r.e. business entity “Solar Trade”	44.3	42.4
BayWa r.e. business entity “Wind Projects”	27.1	27.6
BayWa r.e. business entity “Energy Solutions”	7.5	–
thereof: added in the financial year 2022: Sol in one GmbH	7.5	–
Cefetra Group	0.0	12.2
Citygreen Gartengestaltungs GmbH	0.9	0.9
EUROGREEN Group	2.1	2.1
Grainli GmbH & Co. KG	0.0	2.6
Heinrich Brüning GmbH	3.3	–
PATENT Co. DOO	35.1	–
Peter Frey GmbH	1.0	1.0
Premium Crops Limited (goodwill from asset deal)	6.4	6.8
Royal Ingredients Group	3.4	3.4
T&G Global Group	20.0	20.3
TFC Holland B.V.	15.7	15.7
Thegra Tracomex Group	8.7	8.7
VISTA Geowissenschaftliche Fernerkundung GmbH	0.0	0.6
WAV Wärme Austria VertriebsgmbH	2.4	4.2
Other	0.2	0.0
	295.8	**267.2**

Due to increased discount factors that were mainly attributable to the change in the macroeconomic environment compared to the previous year (Note A.9), the impairment tests performed in the financial year 2022 for the Cefetra Group, VISTA Geowissenschaftliche Fernerkundung GmbH and Grainli GmbH & Co. KG cash-generating units each resulted in an impairment need in the amount of the reported goodwill. In the case of WAV Wärme Austria VertriebsgmbH, adjustments to basic assumptions and planning assumptions resulted in an impairment loss of €1.8 million.

All of the aforementioned impairments have been recognised in the income statement under depreciation and amortisation. The following key assumptions were used as a basis for the impairment tests.

	Basic assumptions in 2022		Basic assumptions in 2021	
In %	discount factor	growth rate	discount factor	growth rate
Cefetra Group	6.5	1.0	5.6	1.0
Grainli GmbH & Co. KG	6.4	1.0	5.6	1.0
VISTA Geowissenschaftliche Fernerkundung GmbH	8.8	1.0	7.0	1.0
WAV Wärme Austria VertriebsgmbH	7.9	0.0	6.1	1.0

The goodwill from the acquisition of Premium Crops Limited, the T&G Global Group and the goodwill of the BayWa r.e. business entities are subject to fluctuating exchange rates, which resulted in changes compared to the previous year. The goodwill arising from the acquisition of PATENT Co. DOO in the financial year 2022 is also reported in foreign currency.

Of the goodwill arising from acquisitions in the financial year 2022, €0.9 million is tax-deductible.

The cash flows were based on business-unit-specific discount factors of between 6.2% and 8.8% (2021: 4.3% and 9.2%). Growth rates are derived from the expected industry average and historical values. For the purpose of extrapolating the forecast based on the third budget year, a currently expected business-unit-specific growth rate of between 0.0% and 2.0% (2021: 0.0% and 2.0%) has been assumed for the periods thereafter.

The cash-generating units of the BayWa Group were not impacted by the coronavirus pandemic (Note A.6) or by the war in Ukraine (Note A.8). Since these factors have not had any material implications for the BayWa Group, the key assumptions of the impairment tests remain unchanged from the previous year.

A change in the basic assumptions considered possible may result from an increase in the discount factor by 0.5 percentage points, a reduction in the growth rate by 0.5 percentage points and a reduction in cash flow by 10 percentage points. For the cash-generating units listed in the following table, a change in the basic assumptions would probably result in the carrying value exceeding the fair value in use as follows:

	Basic assumptions in %		Sensitivities in € million		
	discount factor	growth rate	discount factor plus 0.5%	growth rate minus 0.5%	cash flow minus 10%
BayWa r.e. business entity “Energy Solutions”	5.9	2.0	2.4	–	3.6
EUROGREEN Group	6.1	1.0	1.0	0.4	1.3
TFC Holland B.V.	6.8	1.0	–	–	1.7
Thegra Tracomex Group	6.5	1.0	2.2	–	3.7
WAV Wärme Austria VertriebsgmbH [1]	7.9	0.0	–	–	0.9

1 **The effects are presented after the impairment of goodwill.**

In the impairment test of the BayWa r.e. business entity “Energy Solutions”, the value in use exceeded the book value by €11.9 million. The value in use would correspond to the book value in the event of an increase in the discount factor of 0.40 percentage points or a decrease in the growth rate of 1.65 percentage points.

The impairment test of the EUROGREEN Group resulted in a value in use €0.3 million higher than the book value. The value in use would correspond to the book value in the event of an increase in the discount factor of 0.11 percentage points or a decrease in the growth rate of 0.21 percentage points.

In the impairment test of TFC Holland B.V., the value in use exceeded the book value by €6.9 million. The value in use would correspond to the book value in the event of an increase in the discount factor of 0.58 percentage points or a decrease in the growth rate of 0.76 percentage points.

In the impairment test of the Thegra Tracomex Group, the value in use exceeded the book value by €4.8 million. The value in use would correspond to the book value in the event of an increase in the discount factor of 0.33 percentage points or a decrease in the growth rate of 3.04 percentage points.

In consideration of the impairment for the financial year 2022, the value in use of WAV Wärme Austria VertriebsgmbH corresponds to the book value.

The following table is a breakdown of the additions to intangible assets:

In € million	**2022**	2021
Additions from developments within the company	3.7	7.7
Additions from separate acquisition	24.1	25.1
Additions from business combinations	58.7	27.5
	86.6	**60.3**

In the financial year 2022, research and development expenses of €1.0 million (2021: €1.4 million) were recognised under other operating expenses. Material research and development activities at the BayWa Group are performed by BayWa AG,Munich, Germany, and FarmFacts GmbH, Pfarrkirchen, Germany.

C.2 Property, plant and equipment

All property, plant and equipment are used for operations. Material impairment losses were reported in the financial year 2022 primarily in relation to the Renewable Energies Segment and, within that segment, on one wind turbine in the US. During the construction of the turbine with an output of 95 megawatts (MW), site-related uncertainties led to a halt in construction work and, in turn, to significant delays and cost increases, which resulted in an impairment loss of €55.6 million. A discount rate of 5.4% was applied in calculating impairment requirements.

In the financial year 2022, borrowing costs of €10.1 million were capitalised in property, plant and equipment.

Wind farms and solar parks in the total amount of €442.4 million were reclassified from inventories into property, plant and equipment, and specifically to technical facilities, in the financial year 2022. After being reported in inventories as unfinished goods during the construction phase, these wind farms and solar parks were transferred to the IPP business entity of the Renewable Energies Segment upon their completion in the financial year 2022, because a decision was taken to operate the wind farms and solar parks, rather than to sell them.

At the end of the reporting period, €36.4 million (2021: €37.4 million) of the total property, plant and equipment recognised served as collateral for liabilities.

C.3 Participating interests recognised at equity, investments and securities

The shares in Raiffeisen Bank International AG, Vienna, Austria, and other shares in affiliated and other companies in Austria, as well as shares in other companies belonging to Turners and Growers Horticulture Limited, Auckland, New Zealand were measured at fair value through other comprehensive income.

The fair value of the shares in Raiffeisen Bank International AG amounted to €59.0 million as at 31 December 2022 (2021: €99.5 million). No dividends were generated from these shares in the financial year 2022. The fair value of the other shares in affiliated and other companies in Austria amounted to €0.0 million (2021: €0.2 million.). The changes in value were recognised through other comprehensive income in accordance with the measurement category.

At Turners and Growers Horticulture Limited, the fair value of the shares in other companies measured through other comprehensive income was €0.1 million as at 31 December 2022 (2021: €0.1 million). No dividends resulted from these shares in the financial year 2022.

Development of consolidated non-current assets for 2022

Notes C.1 – C.4

In € million	Cost							
	01/01/2022	currency translation differences	additions due to consolidation	additions	disposals	disposals due to consolidation	reclassifica-tions	31/12/2022
Intangible assets								
Purchased and self-created industrial property rights, similar rights and assets	458.4	0.5	14.8	15.7	- 5.4	- 2.4	7.7	489.3
Goodwill	306.3	0.3	46.5	1.4	- 1.5	- 4.2	0.0	348.7
Prepayments on account	12.9	- 0.1	0.0	10.9	- 4.2	- 0.3	- 6.6	12.6
	777.6	**0.7**	**61.3**	**28.0**	**- 11.1**	**- 6.9**	**1.0**	**850.6**
Property, plant and equipment								
Land, similar rights and buildings, including buildings on leasehold land	2,271.0	1.2	19.5	215.4	- 55.6	- 46.1	37.7	2,443.2
thereof: rights of use from leases	1,010.6	0.2	3.4	129.2	- 20.0	- 1.6	31.2	1,152.9
Technical facilities and machinery	1,397.9	3.7	19.4	74.0	- 39.6	- 49.6	375.4	1,781.2
thereof: rights of use from leases	10.2	0.0	0.0	2.6	- 0.5	- 0.8	- 1.6	9.9
Other facilities, fixtures and office equipment	499.6	- 0.3	10.4	78.7	- 32.3	- 7.1	- 2.1	546.9
thereof: rights of use from leases	94.8	- 0.3	0.0	17.4	- 11.3	- 3.2	- 1.8	95.6
Prepayments and assets under construction	91.2	- 1.1	2.5	125.8	- 22.8	- 0.8	- 56.7	138.1
Bearer plants	28.6	- 0.4	0.0	0.8	- 7.4	0.0	4.9	26.6
	4,288.2	**3.1**	**51.9**	**494.7**	**- 157.7**	**- 103.5**	**359.2**	**4,935.9**
Participating interests recognised at equity	**243.3**	**2.4**	**20.9**	**17.0**	**- 5.2**	**- 1.8**	**2.3**	**279.0**
Investments								
Shareholdings in affiliated companies	39.9	0.0	- 3.7	12.3	- 0.3	2.8	- 0.5	50.5
Loans to affiliated companies	4.0	0.0	- 0.3	1.4	- 0.3	- 0.1	0.0	4.7
Participations in other companies	61.5	0.0	0.1	2.5	- 5.2	- 0.3	- 2.0	56.6
Loans to companies in which a participating interest is held	35.0	0.2	0.0	2.4	0.0	0.0	0.0	37.6
Non-current marketable securities	139.2	0.0	0.0	0.1	0.0	0.0	0.0	139.3
Other loans	16.3	- 0.1	0.0	10.1	- 0.5	0.0	- 1.1	24.7
	295.8	**0.1**	**- 3.9**	**28.7**	**- 6.3**	**2.4**	**- 3.5**	**313.3**
Investment property								
Land	26.4	0.0	0.0	0.0	- 3.3	0.0	7.4	30.5
Buildings	54.8	0.0	0.0	0.0	- 4.3	0.0	8.7	59.2
	81.2	**0.0**	**0.0**	**0.0**	**- 7.5**	**0.0**	**16.1**	**89.8**
Consolidated non-current assets	**5,686.1**	**6.4**	**130.2**	**568.4**	**- 187.9**	**- 109.7**	**375.1**	**6,468.6**

	Depreciation/amortisation									Book values	
	01/01/2022	currency translation differences	additions due to consolidation	current year	disposals	disposals due to consolidation	write-ups	reclassifica-tions	31/12/2022	31/12/2022	31/12/2021
	- 303.5	0.2	- 2.6	- 40.2	2.2	1.9	0.0	4.0	- 338.0	151.3	154.8
	- 39.1	0.0	0.0	- 17.4	1.2	2.4	0.0	0.0	- 52.9	295.8	267.2
	- 0.4	0.0	0.0	- 4.1	4.1	0.0	0.0	0.0	- 0.4	12.2	12.5
	- 343.1	**0.2**	**- 2.6**	**- 61.6**	**7.4**	**4.4**	**0.0**	**4.0**	**- 391.3**	**459.3**	**434.5**
	- 789.6	0.9	- 1.8	- 101.2	13.5	10.5	0.0	5.0	- 862.8	1,580.4	1,481.3
	- 214.6	0.5	- 0.1	- 67.9	4.3	0.8	0.0	- 1.3	- 278.3	874.6	796.0
	- 644.5	1.5	- 8.8	- 118.0	11.7	26.9	0.0	52.8	- 678.5	1,102.7	753.4
	- 3.3	0.0	0.0	- 2.4	0.5	0.4	0.0	0.4	- 4.4	5.5	6.9
	- 293.8	0.4	- 4.2	- 67.3	27.2	4.4	0.0	2.4	- 330.9	216.0	205.8
	- 44.3	0.2	- 1.6	- 21.7	10.4	0.3	0.0	1.2	- 55.5	40.1	50.5
	- 1.4	0.0	0.0	- 4.1	3.7	0.0	0.0	1.6	- 0.2	137.9	89.8
	- 6.3	0.1	0.0	- 1.5	2.2	0.0	0.0	0.0	- 5.6	21.0	22.3
	- 1,735.6	**3.0**	**- 14.9**	**- 292.2**	**58.3**	**41.8**	**0.0**	**61.8**	**- 1,877.8**	**3,058.0**	**2,552.6**
	- 0.8	**0.0**	**0.0**	**- 0.3**	**0.0**	**0.8**	**0.0**	**0.0**	**- 0.3**	**278.7**	**242.6**
	- 18.4	0.0	0.0	- 1.5	0.0	0.0	0.0	- 0.2	- 20.1	30.4	21.5
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.7	4.0
	- 6.5	0.0	0.0	- 2.5	2.2	0.3	0.0	0.1	- 6.4	50.2	55.0
	0.0	0.0	0.0	- 0.7	0.0	0.0	0.0	0.0	- 0.7	36.8	35.0
	- 16.0	0.0	0.0	- 41.0	0.0	0.0	0.0	0.0	- 57.0	82.2	123.1
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.7	16.3
	- 41.0	**0.0**	**0.0**	**- 45.7**	**2.2**	**0.3**	**0.0**	**- 0.1**	**- 84.3**	**229.0**	**254.9**
	- 2.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	- 1.9	28.7	24.4
	- 41.5	0.0	0.0	- 0.9	3.5	0.0	0.0	- 6.9	- 45.8	13.4	13.3
	- 43.5	**0.0**	**0.0**	**- 0.9**	**3.6**	**0.0**	**0.0**	**- 6.9**	**- 47.7**	**42.1**	**37.7**
	- 2,163.9	**3.2**	**- 17.4**	**- 400.8**	**71.5**	**47.2**	**0.0**	**58.8**	**- 2,401.4**	**4,067.1**	**3,522.2**

Development of consolidated non-current assets for 2021

Notes C.1 – C.4

In € million	Cost							
	01/01/2021	currency translation differences	additions due to consolidation	additions	disposals	disposals due to consolidation	reclassifica-tions	31/12/2021
Intangible assets								
Purchased and self-created industrial property rights, similar rights and assets	443.4	3.7	9.9	22.3	- 31.2	- 0.1	10.3	458.4
Goodwill	280.8	4.1	17.6	1.0	- 0.3	2.0	1.2	306.3
Prepayments on account	12.1	0.2	0.0	9.5	- 0.7	0.0	- 8.2	12.9
	736.3	**8.0**	**27.5**	**32.8**	**- 32.2**	**1.9**	**3.3**	**777.6**
Property, plant and equipment								
Land, similar rights and buildings, including buildings on leasehold land	2,179.1	11.9	6.6	149.2	- 87.3	- 3.4	14.8	2,271.0
thereof: rights of use from leases	941.8	5.5	6.1	100.7	- 46.6	- 0.2	3.2	1,010.6
Technical facilities and machinery	1,285.4	21.4	4.7	19.1	- 69.7	- 0.5	137.4	1,397.9
thereof: rights of use from leases	6.7	0.3	0.4	4.3	- 1.1	0.0	- 0.4	10.2
Other facilities, fixtures and office equipment	483.0	2.1	1.0	70.1	- 54.6	- 1.0	- 1.0	499.6
thereof: rights of use from leases	92.8	0.6	0.0	20.0	- 15.3	- 0.3	- 3.0	94.8
Prepayments and assets under construction	148.8	1.5	0.6	63.9	- 5.0	0.0	- 118.8	91.2
Bearer plants	29.9	0.9	0.0	1.1	- 9.7	0.0	6.4	28.6
	4,126.3	**37.8**	**13.0**	**303.5**	**- 226.3**	**- 4.9**	**38.9**	**4,288.2**
Participating interests recognised at equity	**244.3**	**6.1**	**6.8**	**0.0**	**- 14.4**	**1.1**	**- 0.7**	**243.3**
Investments								
Shareholdings in affiliated companies	33.2	0.1	- 2.7	10.3	- 4.8	2.8	1.1	39.9
Loans to affiliated companies	3.1	0.0	- 0.2	1.4	- 0.3	0.0	0.0	4.0
Participations in other companies	50.2	0.0	0.0	10.1	- 0.3	1.8	- 0.3	61.5
Loans to companies in which a participating interest is held	32.9	0.2	0.0	1.8	0.0	0.0	0.0	35.0
Non-current marketable securities	139.2	0.0	0.0	0.1	- 0.1	0.0	0.0	139.2
Other loans	9.5	0.2	0.0	8.2	- 1.6	0.0	0.0	16.3
	268.1	**0.5**	**- 2.9**	**31.8**	**- 7.1**	**4.6**	**0.8**	**295.8**
Investment property								
Land	34.4	0.0	0.0	0.0	- 3.8	0.0	- 4.2	26.4
Buildings	64.4	0.1	0.0	0.0	- 7.4	0.0	- 2.3	54.8
	98.8	**0.1**	**0.0**	**0.0**	**- 11.2**	**0.0**	**- 6.5**	**81.2**
Consolidated non-current assets	**5,473.8**	**52.5**	**44.4**	**368.1**	**- 291.1**	**2.7**	**35.7**	**5,686.1**

	Depreciation/amortisation									Book values	
	01/01/2021	currency translation differences	additions due to consolidation	current year	disposals	disposals due to consolidation	write-ups	reclassifica-tions	**31/12/2021**	**31/12/2021**	31/12/2020
	- 272.6	- 1.8	0.0	- 54.6	27.3	0.1	0.0	- 1.9	- 303.5	154.8	170.8
	- 26.5	0.0	0.0	- 13.1	0.3	0.0	0.0	0.2	- 39.1	267.2	254.3
	- 0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	- 0.4	12.5	11.6
	- 299.5	- 1.8	0.0	- 67.6	27.6	0.1	0.0	- 1.8	- 343.1	434.5	436.7
	- 722.8	- 2.2	- 0.1	- 91.6	22.5	2.4	0.0	2.0	- 789.6	1,481.3	1,456.4
	- 161.5	- 0.8	0.0	- 61.0	9.3	0.1	0.0	- 0.7	- 214.6	796.0	780.3
	- 642.9	- 3.7	- 0.8	- 60.4	65.7	0.2	0.0	- 2.5	- 644.5	753.4	642.4
	- 2.1	- 0.1	0.0	- 1.7	0.4	0.0	0.0	0.2	- 3.3	6.9	4.6
	- 285.0	- 1.0	- 0.1	- 63.1	52.9	0.5	0.0	2.1	- 293.8	205.8	198.0
	- 37.7	- 0.2	- 0.1	- 22.4	14.2	0.1	0.0	1.7	- 44.3	50.4	55.1
	- 0.1	0.0	0.0	- 1.3	0.0	0.0	0.0	0.0	- 1.4	89.8	148.8
	- 7.0	- 0.2	0.0	- 1.4	2.3	0.0	0.0	0.0	- 6.3	22.3	22.9
	- 1,657.8	**- 7.2**	**- 0.9**	**- 217.8**	**143.4**	**3.1**	**0.0**	**1.6**	**- 1,735.6**	**2,552.6**	**2,468.5**
	0.0	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**- 0.8**	**- 0.8**	**242.6**	**244.3**
	- 18.8	- 0.1	0.0	0.0	1.7	- 1.5	0.0	0.2	- 18.4	21.5	14.5
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	3.1
	- 4.5	0.0	0.0	- 0.7	0.0	- 1.8	0.0	0.5	- 6.5	55.0	45.7
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.0	32.9
	- 50.9	0.0	0.0	- 0.1	34.9	0.0	0.0	0.0	- 16.0	123.1	88.3
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.3	9.5
	- 74.1	**- 0.1**	**0.0**	**- 0.8**	**36.6**	**- 3.3**	**0.0**	**0.7**	**- 41.0**	**254.9**	**194.0**
	- 2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	- 2.0	24.4	32.4
	- 45.8	0.0	0.0	- 0.8	4.4	0.0	0.0	0.8	- 41.5	13.3	18.6
	- 47.8	**0.0**	**0.0**	**- 0.8**	**4.4**	**0.0**	**0.0**	**0.8**	**- 43.5**	**37.7**	**51.0**
	- 2,079.3	**- 9.0**	**- 0.9**	**- 287.0**	**211.9**	**- 0.1**	**0.0**	**0.6**	**- 2,163.9**	**3,522.3**	**3,394.5**

C.4 Investment property

The “Investment property” item comprises 61 (2021: 62) pieces of land and buildings under lease and/or not essential to the operations of the Group. Properties in this category are mainly warehouses, market buildings, garden centres, farm buildings (barns, etc.), silos, farmland and other undeveloped land, as well as, to a minor extent, office and residential buildings.

The book value at the end of the reporting period amounted to €42.1 million (2021: €37.7 million). At €0.9 million, depreciation in the financial year 2022 was on a par with the previous year (2021: €0.8 million). The expense in the same amount has been included under depreciation and amortisation in the income statement. In the year under review, land and buildings with a book value of €9.2 million – recognised primarily as property held for sale – were reclassified to investment property.

The fair value of these properties amounted to €104.6 million (2021: €98.4 million). Fair value is not usually calculated by an expert. Fair value at the end of the reporting period is generally determined on the basis of discounted cash flow calculations (level 3 of the fair value hierarchy). The value of land is calculated using current, official standard land values. Location-related advantages and disadvantages are suitably taken into account. In the case of buildings let, the income value of the buildings was calculated by taking into account the actual annual rental income generated, less standard management expenses and the residual useful life of the building. A comparison of fair value against the book value of the individual properties showed that there were no impairment requirements in the reporting year.

Rental income came to €6.6 million (2021: €6.0 million), operating expenses (excluding depreciation) for the properties for which rental income was realised came to €1.7 million (2021: €0.8 million). In regard to properties for which no rental income was generated, operating expenses amounted to €0.2 million (2021: €0.1 million).

C.5 Income tax assets

The table below shows a breakdown of income tax assets:

In € million	**2022**	2021
Non-current income tax assets (with a residual term of more than one year)	4.7	0.5
Current income tax assets (with a residual term of up to one year)	63.3	36.0
	68.0	**36.5**

C.6 Other receivables and other assets

The other financial assets presented in the following table also include lease receivables. Receivables from income taxes, which are recognised pursuant to IAS 12 and listed in Note C.5, are not included.

The "Other receivables and other assets" item breaks down as follows:

In € million	2022	2021
Non-current receivables (with a residual term of more than one year)		
Trade receivables	28.8	13.4
Other financial assets	22.9	22.9
Other receivables and other non-current financial assets	51.7	36.3
Receivables from other taxes	**0.5**	**0.2**
Other non-financial assets including prepaid expenses	7.0	18.8
Other non-financial assets	**7.5**	**19.0**
	59.2	**55.3**
Current receivables (with a residual term of up to one year)		
Trade receivables	1,804.4	1,341.8
Receivables from affiliated companies	44.9	33.0
Receivables from companies in which a participating interest is held	37.1	59.2
Other financial assets	454.7	425.7
Other receivables and other financial assets	2,341.1	1,859.7
Receivables from other taxes	**231.5**	**181.1**
Other non-financial assets including prepaid expenses	326.0	224.4
Other non-financial assets	**557.5**	**405.5**
	2,898.6	**2,265.2**

Due to their current nature, the current values of items recognised at amortised cost do not diverge materially from the book values disclosed.

Receivables due from affiliated companies and shareholdings relate to both trade receivables and current financing arrangements.

Other financial assets comprise first and foremost supplier credits not yet settled and other receivables items, as well as collateral that is required to be posted within the scope of the trading activities. This item also includes contract assets of €188.4 million (2021: €157.8 million). Non-financial assets mainly consist of payments on account for inventories of €244.8 million (2021: €164.6 million) and prepaid expenses of €69.3 million (2021: €56.5 million).

The following table shows the gross book values of other receivables and other assets for each stage of risk provisions for expected credit losses:

					Thereof: stage 3 not impaired at reporting date and overdue in subsequent periods			
In € million	Total gross value **2022**	Gross book value stage 3 impaired	Neither overdue nor impaired	Overdue receivables	fewer than 30 days	between 31 and 60 days	between 61 and 90 days	91 days and over
Receivables and other assets	2,995.3	229.2	2,307.6	458.4	316.5	52.9	18.9	70.1

The overdue assets shown in the table concern current trade receivables. Risk provisions for stage 2 expected credit losses were formed on these gross receivables values. The gross book values of the stage 3 adjusted receivables include trade receivables, receivables from affiliated companies and companies in which a participating interest is held, and other financial receivables.

The following table shows the credit risks included in the receivables and other assets in the previous year:

In € million	Total gross value 2021	Gross book value stage 3 impaired	Neither overdue nor impaired	Overdue receivables	Thereof: stage 3 not impaired at reporting date and overdue in subsequent periods: fewer than 30 days	between 31 and 60 days	between 61 and 90 days	91 days and over
Receivables and other assets	2,362.1	170.8	1,870.5	320.8	229.5	43.1	9.5	38.8

Risk provisions for stage 2 expected credit losses developed as follows in the financial year 2022 and in the previous year:

In € million	**2022**	2021
As at 01/01	**5.6**	**6.4**
Allocation	3.1	0.9
Release	- 0.8	- 1.3
Write-offs	- 0.4	- 0.3
Reclassifications	0.0	- 0.1
Adjustments due to changes in the group of consolidated companies	0.1	0.0
Currency translation differences	- 0.1	0.1
As at 31/12	**7.5**	**5.6**

The following tables show risk provisions for stage 2 expected credit losses split into periods by which the item is overdue and the underlying probabilities of default in the financial year 2022:

			Risk provisions for stage 2 credit losses			
In € million	Not overdue	Overdue	fewer than 30 days	between 31 and 60 days	between 61 and 90 days	91 days and over
01/01/2022	0.7	4.9	0.9	0.5	0.2	3.3
31/12/2022	1.3	6.2	1.0	0.9	0.6	3.8

			Probabilities of default			
In %	Not overdue	Overdue	fewer than 30 days	between 31 and 60 days	between 61 and 90 days	91 days and over
01/01/2022	up to 1.0	–	up to 4.0	up to 7.7	up to 86.5	up to 72.0
31/12/2022	up to 5.3	–	up to 4.7	up to 11.3	up to 21.4	up to 98.7

The corresponding values for the previous year are as follows:

			Risk provisions for stage 2 credit losses			
In € million	Not overdue	Overdue	fewer than 30 days	between 31 and 60 days	between 61 and 90 days	91 days and over
01/01/2021	0.3	6.1	0.6	0.7	0.4	4.5
31/12/2021	0.7	4.9	0.9	0.5	0.2	3.3

In %	Not overdue	Overdue	Probabilities of default: fewer than 30 days	between 31 and 60 days	between 61 and 90 days	91 days and over
01/01/2021	up to 0.5	–	up to 3.6	up to 7.3	up to 51.2	up to 72.9
31/12/2021	up to 1.0	–	up to 4.0	up to 7.7	up to 86.5	up to 72.0

Risk provisions for stage 3 expected credit losses on other receivables and other assets developed as follows in the financial year 2022 and in the previous year:

In € million	**2022**	2021
As at 01/01	**36.0**	**27.9**
Allocation	9.9	17.5
Release	- 14.1	- 7.4
Write-offs	- 4.2	- 1.6
Adjustments due to changes in the group of consolidated companies	1.6	0.3
Reclassifications	- 0.1	- 0.7
Currency translation differences	0.0	0.2
As at 31/12	**29.2**	**36.0**

The BayWa Group's customer structure is strongly diversified, both regionally and in terms of the specific segments. As part of risk management, minimum requirements for creditworthiness and, beyond this, individual credit limits in respect of individual customers have been established for all customers of the BayWa Group. The receivables portfolio of the BayWa Group is largely made up of numerous small receivables. Credit limits of more than €1 million are only accorded to a small number of customers with particularly good credit standing. The continual analysis of the receivables portfolio and special monitoring of customers with high credit limits enable the early identification and evaluation of concentration risks (risk clusters). As at 31 December 2022, the credit risk positions of 73 debtors (2021: 82) were more than €1 million respectively. The Group does not anticipate any material default risk in respect of these customers.

ABS measure and factoring agreements

ABS measure

In order to enhance its financing structure, BayWa AG has secured trade receivables by way of an asset-backed securitisation (ABS) measure. The total volume from the ABS measure amounted to €160.0 million (2021: €140.0 million). Due to the contractual structure, there are no realistic scenarios leading to a transfer of risk and reward from the risk of default. Moreover, the time-of-payment risk remains with BayWa AG. The trade receivables in the amount of €145.8 million (2021: €129.7 million) that had been securitised as part of the ABS measure as at the reporting date therefore do not meet the criteria for derecognition. A financial liability of €125.0 million (2021: €111.9 million) from the ABS measure has been recognised.

Factoring agreements

In the financial year 2022, factoring agreements under which existing and future trade receivables are sold to banks were concluded at Solarmarkt GmbH, Aarau, Switzerland, and in the Cefetra Group Segment – specifically at Cefetra B.V., Rotterdam, Netherlands, and at Cefetra Limited, Paisley, UK, – for the first time. The nominal purchase volume across all three agreements is a maximum of € 77.4 million. The BayWa Group can freely decide whether and to what extent the nominal volume is utilised. In return for payment, the receivables were transferred to banks, who act as factors so that the receivables can no longer be sold or pledged by the BayWa Group. The main risks with regard to the disposal of the receivables pertain to credit risk and the risk of late payment.

Receivables are derecognised fully or partially, or not derecognised at all, depending on the extent to which the risks associated with the transferred receivables are transferred to the factor. If the risks remain with the BayWa Group, the retained share of the transferred receivables continue to be recognised on the balance sheet and are measured at amortised cost. The book value equates to the fair value of the continuing involvement. Amounts repayable under factoring agreements were not presented as collateralised borrowings.

The key information on the ABS measure and the existing factoring agreements at the BayWa Group can be summarised as follows:

	ABS measure		Factoring agreements					
	BayWa AG		**Solarmarkt GmbH**		**Cefetra B.V.**		**Cefetra Limited**	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Transfer of opportunities and risks								
Material risks and the share of risks remaining with the company (in %)								
Default	100.0	100.0	5.0	–	0.0	–	10.0	–
Late payment	100.0	100.0	5.0	–	2.3	–	1.5	–
Responsibility for managing receivables	**Company**		**Company**		**Company**		**Factor**	
Recognition on the balance sheet In € million								
Max. nominal volume according to factoring agreement as at 31/12	160.0	140.0	8.6	–	35.0	–	33.8	–
Derecognition of sold receivables	no	no	yes	–	yes	–	yes	–
Nominal volume of sold receivables	145.8	129.7	2.1		35.0		13.7	
Nominal volume of derecognised receivables	–	–	2.0	–	35.0	–	12.0	
Book value of retained share of sold receivables as at 31/12	145.8	129.7	0.1	–	0.0	–	1.7	–
Fair value of retained share of sold receivables as at 31/12	145.8	129.7	0.1	–	–	–	1.7	–
Book value of the recognised financial liability as at 31/12	125.0	111.9	0.1	–	–	–	1.7	–
Service fee – recognised in the income statement	0.8	0.6	0.0	–	–	–	–	–

C.7 Inventories

Inventories break down as follows:

In € million	**2022**	2021
Raw materials, consumables and supplies	170.7	68.4
Unfinished goods/services	1,254.6	1,528.9
Finished goods/services and merchandise	3,331.6	2,615.7
	4,756.8	**4,213.0**

Impairments on inventories increased from €156.3 million in 2021 to €220.5 million in the financial year 2022.

The book value of the inventories reported at fair value less selling costs amounted to €597.4 million at the end of the reporting period (2021: €684.9 million). A total of €43.4 million of the inventories recognised at the end of the reporting period served as collateral for liabilities (2021: €28.6 million). In the reporting year, a total of €12.7 million in borrowing costs (2021: €18.5 million) were capitalised as part of the cost of unfinished goods.

The remaining performance obligations under contracts to be fulfilled over time amounted to €328.6 million as at 31 December 2022. In general, revenue is expected to be realised from these remaining performance obligations in the financial year 2023, which is why the practical expedient pursuant to IFRS 15.121 has been exercised.

The total costs incurred for the fulfilment of performance obligations for current construction contracts stood at €520.9 million as at the reporting date (2021: €397.3 million). The BayWa Group's revenues include income of €589.1 million (2021: €478.3 million) due to the realisation of revenues over time.

For the most part, the opening values of contract assets and contract liabilities are released over the course of the current financial year due to the terms of the contract.

Contract liabilities related to revenues from contracts with customers generated over time pursuant to IFRS 15 stood at €91.8 million at the end of the reporting period (2021: €22.5 million). Further, the total prepayments received amounted to €125.5 million (2021: €104.2 million). In the reporting period, €22.5 million was recognised as income that was included in the overall contract liabilities at the start of the period.

The balance sheet item "Other receivables and other assets" includes trade receivables from ongoing contracts with customers of €61.4 million (2021: €36.8 million) and contract assets of €188.4 million (2021: €157.8 million). The increase in contract assets was primarily the result of the increase in project business volume in the Renewable Energies Segment. In general, the impairment model defined in accordance with IFRS 9 is also applicable to contract assets formed pursuant to IFRS 15. For reasons of materiality, no such assets were reported.

Warranties, refund obligations that could arise from the sale of goods with a right of return, contract initiation costs and financing components that are potentially included as part of the consideration play only a minor role at the BayWa Group, both in terms of the number of cases and the total volume of such elements, and can therefore be considered immaterial.

No provisions for impending losses from onerous contracts had to be recognised, either in the financial year or in the previous year. Highly likely contractual penalties were taken into full account in the calculation of margins.

C.8 Biological assets

The fair values of biological assets developed as follows:

In € million **2022**	Apples	Tomatoes	Citrus fruits	Grapes	Other fruits	**Total**
Biological assets						
Biological assets on 01/01	11.4	2.3	1.5	–	0.0	15.2
Capitalised costs	23.2	–	3.7	–	0.9	27.8
Change in fair value less selling costs	0.5	4.0	1.2	–	- 0.3	5.4
Disposals due to harvest	- 22.2	- 4.0	- 5.3	–	- 0.2	- 31.7
Currency translation differences	–	- 0.1	–	–	–	- 0.1
Biological assets on 31/12	**12.9**	**2.2**	**1.1**	**–**	**0.4**	**16.5**

In € million 2021	Apples	Tomatoes	Citrus fruits	Grapes	Other fruits	**Total**
Biological assets						
Biological assets on 01/01	11.3	0.8	0.8	–	0.1	12.8
Capitalised costs	20.6	–	3.6	4.9	0.9	30.0
Change in fair value less selling costs	- 1.1	2.3	1.0	–	- 0.1	2.1
Disposals due to harvest	- 19.5	- 0.9	- 4.0	- 4.9	- 0.9	- 30.2
Currency translation differences	0.1	0.1	0.1	–	–	0.3
Biological assets on 31/12	**11.4**	**2.3**	**1.5**	**–**	**0.0**	**15.2**

The following key assumptions and considerations were taken into account when determining the fair value of the Group's biological assets:

- Predictions for the following year are based on inflation-adjusted forecast cash flows, include estimates of the future revenues and take into account the location and variety of the biological assets.
- Forecast cash flows from sales in different currencies are not hedged and are translated at average exchange rates on the basis of data provided by financial institutions and in consideration of forecast sales in the Group's functional currency.
- Risk-adjusted discount rates take into account risks associated with the harvest, such as natural disasters, diseases in plants or other factors that could negatively affect quality, yields or prices.
- All material changes from harvest management in the current year and the following year.

The finance team keeps a close eye on the main categories of biological assets throughout the year and is also responsible for measuring biological assets for the purposes of external financial reporting. In addition, the measurement process is also evaluated twice a year by the Chief Financial Officer of the New Zealand subsidiary, his or her controller, the chief financial officers of the business divisions and the finance team with regard to financial reporting requirements.

The measurement methods applied at the Group are to be allocated to level 3 of the fair value hierarchy and are therefore not based on observable market data. There were no transfers between the individual levels of the fair value hierarchy in the financial year 2022.

The following level 3 input factors were defined and applied for the purposes of measurement:

- Harvest yields, presented as tray carton equivalents per hectare and tonnes per hectare, are defined on the basis of previous production volumes in the respective location of the crops and estimated harvest volumes in consideration of the age and condition of the plant.
- Prices ex works are calculated on the basis of future income from the sale of biological assets in consideration of past development, the current market price and known market conditions at the end of the reporting period.
- Discounting rates are defined in consideration of past development and loss events, as well as the assessment of the fair value and known current risks that are to be assessed.
- The fair value of biological assets and the level 3 input factors are analysed at the end of the reporting period.

In this analysis, input factors are reviewed and verified in view of current market conditions. The calculated fair value of biological assets is reviewed as to whether they suitably reflect the anticipated yields for each type of fruit.

The cash outflow assumed in the fair value calculation includes notional cash flows for land and fruit plantations attributable to the Group. They are based on market rates for plantations of a similar size.

The following unobservable input factors were used to measure the Group’s biological assets:

	Unobservable input factors	Variance of unobservable input factors	
		2022	2021
Apples	tce [1] per hectare per year	162 tce [1] to 4,416 tce [1]	270 tce [1] to 4,996 tce [1]
	Weighted average tce [1] per hectare per year	1,915 tce [1]	1,931 tce [1]
	Export prices per tce [1]	€18.69 to €34.98	€5.98 to €43.65
	Weighted average export prices per tce [1]	€27.05	€19.34
	Risk-adjusted discount rate	25%	25%
Tomatoes	Tonnage per hectare per year	148 to 512 tonnes	48 to 541 tonnes
	Weighted average tonnage per hectare per year	349 tonnes	359 tonnes
	Price per kilogramme ex works per season	€1.00 to €15.52	€0.87 to €11.34
	Weighted average price per kilogramme ex works per season	€2.62	€2.37
	Risk-adjusted discount rate	25%	25%
Citrus fruits	Tonnage per hectare per year	37 tonnes	35 tonnes
	Weighted average tonnage per hectare per year	37 tonnes	35 tonnes
	Price per tonne ex works per season	€445.65 to €2,568.98	€473.60 to €1,536.21
	Weighted average price per tonne ex works per season	€1,971.36	€1,288.05
	Risk-adjusted discount rate	14%	14%
Blueberries	Tonnage per hectare per year	3.4 tonnes	6.9 tonnes
	Weighted average tonnage per hectare per year	3.4 tonnes	6.9 tonnes
	Price per kilogramme ex works per season	€4.98 to €11.63	€4.87 to €10.73
	Weighted average price per kilogramme ex works per season	€11.55	€10.45
	Risk-adjusted discount rate	18%	18%

1 tce – tray carton equivalent (equates to approximately 18 kg)

A rise in the harvest volume or a price increase will result in an increase in the fair value of the biological assets. A rise in the discount rate, on the other hand, will result in a decrease in the fair value of the biological assets.

For the Group’s apple harvest, a 5.0% increase or decrease in the discount rate would reduce or raise the fair value of the harvest by €0.3 million (2021: €0.2 million). A 5.0% increase or decrease in the discount rate would not have a material impact on the fair values of the Group’s tomato, citrus fruit and blueberry harvests.

In the case of the Group’s apple and tomato harvests, an increase or decline in harvest volume by 5.0% would result in a change in fair value of €1.1 million and €0.3 million respectively. A 5.0% increase or decrease in harvest volume would not have a material impact on the fair values of the Group’s citrus fruit and blueberry harvests.

Financial risks may arise from the Group’s agricultural activities as a result of unfavourable climatic conditions or natural disasters. Furthermore, the Group may be exposed to financial risks as a result of unfavourable changes in market prices or harvest volumes or unfavourable change in exchange rates.

Price risks are minimised by the constant monitoring of commodity prices and the influences of these. The Group also implements appropriate measures to ensure that climatic conditions, natural disasters, diseases in plants or other factors do not negatively impact harvest quality and yields. Derivative financial instruments, such as currency futures, are used to reduce foreign currency risks.

The following table shows the owned and leased land available for the cultivation of the various types of biological assets:

In hectares	**2022**	2021
Biological assets		
Apples	578	661
Tomatoes	24	28
Citrus fruits (lemons, mandarins, oranges)	90	90
Grapes	–	59
Blueberries	11	11

The following table shows the production volume of the various types of biological assets on own and leased land available for cultivation:

	2022	2021	Production units
Biological assets			
Apples	1,156,124	1,270,035	tce[1]
Tomatoes	8,478,183	10,205,439	kg
Citrus fruits (lemons, mandarins, oranges)	3,465,186	3,150,426	kg
Grapes	–	202,326	kg
Blueberries	37,138	71,332	kg

1 tce – tray carton equivalent (equates to approximately 18 kg)

C.9 Assets from derivatives

The fair values of assets from derivatives are classified according to the fair value hierarchy as follows, using the procedure described in Note A.3 under “Assets and liabilities from derivatives”:

In € million	Fair values			
31/12/2022	level 1	level 2	level 3	total
Assets from derivatives				
Commodity futures[1]	103.6	551.4	–	655.0
FX hedges	35.6	–	–	35.6
Interest rate hedges	1.9	16.6	–	18.5
	141.1	**568.0**	**–**	**709.1**

1 Commodity futures traded as futures are also attributed to level 1. The previous year’s figures have been adjusted.

In € million	Fair values			
31/12/2021	level 1	level 2	level 3	total
Assets from derivatives				
Commodity futures[1]	571.8	521.8	–	1,093.5
FX hedges	26.2	2.1	–	28.3
Interest rate hedges	–	0.8	–	0.8
	598.0	**524.7**	**–**	**1,122.7**

1 Commodity futures traded as futures are also attributed to level 1. The previous year’s figures have been adjusted.

Please refer to Note C.21 for the presentation of the hierarchy of financial assets measured at fair value.

A total of €611.2 million of the disclosed assets from derivatives had a residual term of a maximum of one year (2021: €1,049.1 million). The residual term for assets from derivatives of €68.5 million (2021: €42.3 million) was between one and a maximum of five years, whereas assets from derivatives of €29.5 million (2021: €31.3 million) had residual terms of over five years.

A country-specific analysis of existing financial instruments was carried out in the BayWa Group's Renewable Energies Segment in the financial year 2022 with the aim of clarifying whether the offsetting requirements under IAS 32.42 et seq. were met for financial assets and financial liabilities resulting from electricity trading. In particular, this entailed assessing whether the BayWa Group had a legally enforceable right to set off existing financial assets and financial liabilities with the same counterparty. As a consequence, financial assets and liabilities of the Renewable Energies Segment amounting to €594.1 million were set off by €327.5 million in accordance with IAS 32 as at the reporting date of 31 December 2022.

The decline in assets from derivatives compared to 31 December 2021 was due in particular to this offsetting. The reduction of open contracts in the Cefetra Group Segment at the end of the financial year 2022 and the slight decline in prices in grain trade activities year on year also contributed to the decline in assets from derivatives.

C.10 Non-current assets held for sale/disposal groups

At the end of the financial year 2022, the BayWa Group's non-current assets held for sale exclusively comprised individual non-current assets; there were no disposal groups at the end of the reporting period.

Non-current assets held for sale relate to 7 (2021: 7) properties that include undeveloped and developed land on which silos, office buildings, garages, warehouses, halls, workshops, a building materials centre, a filling station, a fruit plantation and a car dealership have been constructed. At the end of the reporting period, the book values of the BayWa Group's non-current assets held for sale totalled €16.4 million (2021: €6.8 million). Their fair value less estimated costs to sell came to €36.9 million (2021: €13.9 million).

Non-current assets held for sale break down as follows (for the sake of clarity, only those segments for which reportable values exist have been listed):

In € million **2022**	Agri Trade & Service Segment	Agricultural Equipment Segment	Global Produce Segment	Building Materials Segment	Other Activities	Total
Non-current assets						
Property, plant and equipment	0.3	0.0	15.1	–	0.9	16.4
Non-current assets held for sale	**0.3**	**0.0**	**15.1**	**–**	**0.9**	**16.4**

In € million 2021	Agri Trade & Service Segment	Agricultural Equipment Segment	Global Produce Segment	Building Materials Segment	Other Activities	Total
Non-current assets						
Property, plant and equipment	–	0.3	–	0.2	6.3	6.8
Non-current assets held for sale	**–**	**0.3**	**–**	**0.2**	**6.3**	**6.8**

The BayWa Group did not have any liabilities relating to non-current assets held for sale at the end of the financial year 2022.

C.11 Equity

The consolidated statement of changes in equity shows the development of equity in detail.

Subscribed capital

As at the reporting date, BayWa AG's subscribed capital amounted to €91,807,715.84 (2021: €91,250,199.04 million) and, on 31 December 2022, was divided into 35,862,389 ordinary registered shares (2021: 35,644,609) with an arithmetical portion in the share capital of €2.56 per share (2021: €2.56). Of the shares issued, 34,401,358 are registered shares with restricted transferability (2021: 34,175,458) and 217,780 recently registered shares with restricted transferability (2021: 225,900) (dividend-bearing employee shares from 1 January 2023 onwards). 1,243,251 shares are registered shares not subject to restricted transferability (2021: 1,243,251).

In respect of capital reported in the balance sheet and pursuant to IAS 32, the share capital was reduced by the mathematical value of the shares bought back (19,500 units, the equivalent of €0.1 million) in previous years; the capital reserve also decreased by €0.1 million for the same reason. No shares were bought back in the financial year 2022.

The number of shares in circulation, excluding repurchased treasury shares, developed as follows during the reporting year:

	Registered shares without restricted transferability	Registered shares with restricted transferability
As at 01/01/2022	**1,243,251**	**34,381,858**
Issuing of employee shares		217,780
As at 31/12/2022	**1,243,251**	**34,599,638**

Subject to the approval of the Supervisory Board, the Board of Management is authorised to raise the share capital one or several times on or before 10 May 2026 by up to a nominal amount of €12,500,000 through the issuance of new registered shares with restricted transferability against contributions in kind. The authorisation can be used in part amounts. Shareholders' subscription rights are excluded. Subject to the approval of the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued (authorised capital in 2021). The Supervisory Board is authorised to amend the Articles of Association accordingly in line with the scope of the capital increase from authorised capital in 2021 or following the deadline for the use of authorised capital in 2021.

Subject to the approval by the Supervisory Board, the Board of Management is authorised to raise the share capital one or several times on or before 25 May 2025 by up to a nominal amount of €3,506,682.88 through the issuance of new registered shares with restricted transferability against cash contribution to the employees of BayWa AG and of affiliated companies within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Shareholders' subscription rights are excluded. Subject to the approval of the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued (authorised capital in 2020).

Subject to the approval of the Supervisory Board, the Board of Management is authorised to raise the share capital one or several times on or before 31 May 2023 by up to a nominal amount of €10,000,000 through the issuance of new registered shares against contributions in kind. The authorisation can be used in part amounts. Shareholders' subscription rights are excluded. Subject to the approval of the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued (authorised capital in 2018).

Capital reserve

The capital reserve of €138.2 million (2021: €129.5 million) is derived mainly from the premiums in an amount of €99.9 million (2021: €94.9 million) from the capital increases executed to date by BayWa AG. Furthermore, premiums were generated on the nominal values of the BayWa shares issued in connection with the acquisition of RWA AG and WLZ AG and the participations exchanged below their rating at the historical stock market prices. These have also been disclosed under capital reserve.

As in 2021, employees of BayWa AG and of associates in Germany and Austria had the opportunity to acquire BayWa shares at favourable conditions within the scope of a voluntary Employee Share Scheme in 2022. In this context, 217,780 recently registered shares with restricted transferability (from 1 January 2023 dividend-bearing employee shares) (2021: 225,900 recently registered shares with restricted transferability, from 1 January 2022 dividend-bearing employee shares) were issued in the financial year 2022. The exercise price of employee shares came to €25.32 (2021: €22.08) and was thus 60% of the stock market price of registered BayWa shares with restricted transferability, which, on the preceding day, had stood at €42.20 (2021: €36.80); BayWa's Board of Management had passed the resolution on the capital increase required for this measure. The contribution of each participating employee amounted to at least €270.00 and no more than €1,080.00 (2021: at least €270.00 and €1,080.00). The advantage granted of €3.7 million (2021: €3.3 million), which was the difference between the actual buying price and the stock market price, was reported as an expense under personnel expenses and posted to the capital reserve in the same amount, in accordance with IFRS 2. The vesting period for these shares will end on 31 December 2024. The shares issued to Austrian employees are also subject to a tax retention period, which will end on 31 December 2027.

Hybrid capital

The hybrid bond issued by BayWa AG on 4 October 2017 with a total nominal amount of €300.0 million was terminated in due time and repaid in full at the contractually agreed, first possible repayment date in October 2022.

In the financial year 2022, dividend-like payments from this hybrid bond of €12.8 million were made for the last time and are reported as part of the appropriation of earnings.

Revenue reserves

The BayWa Group's revenue reserves include the valuation reserve and the other revenue reserves. The latter consists of the statutory reserve under the Articles of Association, the reserve for actuarial gains and losses for provisions for pensions and severance pay and the other revenue reserves. The BayWa Group recognises changes in the fair values of certain equity instruments in other comprehensive income. Said changes are aggregated in equity in the valuation reserve. The valuation reserve also includes the effective portion of the aggregated net change in the fair value of hedging instruments used to hedge cash flows until their subsequent recognition in profit or loss. The other revenue reserves primarily include the revenue reserves of the consolidated subsidiaries. The revenue reserves also include effects from the purchase or sale of shares that do not have an influence on an existing control situation and are recognised in the revenue reserves through other comprehensive income. The revenue reserves of the Group stood at €735.9 million at the end of the reporting period (2021: €485.1 million). Of this amount, €5.6 million (2021: €5.6 million) was attributable to the statutory reserve, €63.8 million (2021: €2.7 million) to the valuation reserve, minus €162.8 million (2021: minus €276.1 million) to the reserves for actuarial gains and losses for provisions for pensions and severance pay and €829.4 million (2021: €752.8 million) to other reserves. Transfers to and withdrawals from the revenue reserves were recorded both at the parent company BayWa AG and at the consolidated subsidiaries.

Other reserves

BayWa's other reserves include both the part of the aggregated result after income tax and dividend distribution attributable to the shares of the parent company of €31.6 million (2021: €12.1 million) as well as the differences from the currency translation of foreign subsidiaries' financial statements reported in other comprehensive income and attributable to the shares of the parent company of €2.2 million (2021: €0.2 million).

The change in other comprehensive income after tax by reserve break down as follows:

In € million	Equity net of minority interest				
2022	valuation reserve	other revenue reserves	other reserves	Minority interest	Equity
Other income from participating interests recognised at equity that is not reclassified retroactively to profit and loss	–	0.0	–	0.0	0.0
Reclassification of measurement effects recognised in OCI to revenue reserves (without recycling)	- 0.0	–	–	- 0.0	- 0.0
Net gain/loss from other current financial assets attributed to the fair value through other comprehensive income category (OCI option – without recycling)	- 16.1	–	–	- 16.4	- 32.5
Change in actuarial gains/losses from pension and severance pay obligations	–	112.9	–	3.5	116.4
Other gains/losses measured directly in equity through other comprehensive income	–	–	–	–	–
Differences from currency translation	–	–	- 1.4	- 1.3	- 2.7
Reclassifications of differences from currency translation in the income statement	–	–	3.5	0.0	3.5
Cash flow hedges	75.9	–	–	62.9	138.8
Reclassifications of net gains/losses from cash flow hedges to the income statement	1.3	–	–	0.3	1.6
Other comprehensive income	**61.0**	**112.9**	**2.0**	**49.1**	**225.0**

In € million 2021	Equity net of minority interest valuation reserve	other revenue reserves	other reserves	Minority interest	Equity
Other income from participating interests recognised at equity that is not reclassified retroactively to profit and loss	–	0.0	–	0.0	0.1
Reclassification of measurement effects recognised in OCI to revenue reserves (without recycling)	- 0.0	–	–	- 0.0	- 0.0
Net gain/loss from other current financial assets attributed to the fair value through other comprehensive income category (OCI option – without recycling)	12.2	–	–	12.8	25.0
Change in actuarial gains/losses from pension and severance pay obligations	–	25.2	–	0.7	26.0
Other gains/losses measured directly in equity through other comprehensive income	–	0.0	–	–	0.0
Differences from currency translation	–	–	10.7	0.3	11.0
Reclassifications of differences from currency translation in the income statement	–	–	- 0.2	0.0	- 0.2
Cash flow hedges	- 24.0	–	–	- 16.4	- 40.4
Reclassifications of net gains/losses from cash flow hedges to the income statement	- 0.3	–	–	- 1.8	- 2.1
Other comprehensive income	**- 12.1**	**25.3**	**10.5**	**- 4.4**	**19.3**

The disclosures on capital management required under IAS 1 can be found in the group management report of these consolidated financial statements, specifically in the section of the Financial Report on the BayWa Group's assets, financial position and earnings position.

Minority interest

The minority interest in equity relates in particular to the shares in BayWa r.e. AG, Munich, Germany, acquired by the Swiss investor Energy Infrastructure Partners AG (EIP), to the cooperatives invested in the Austrian subsidiaries and to the minority shareholders in T&G Global Limited, Auckland, New Zealand, and its subsidiaries. The increase in minority interest is due in particular to positive valuation effects from the aggregated net change in the fair value of hedging instruments used to hedge cash flows and to the rise in the consolidated net result for the year attributable to minority interest. Details on the shares held by the non-controlling interests can be found in Note B.2. of the Notes to the Consolidated Financial Statements.

C.12 Pension provisions

The BayWa Group's pension provisions are based exclusively on defined benefit plans. Due to pension plans no longer being available to new participants, the related risks for BayWa – such as longevity or salary increases – have been clearly reduced. Prior commitments relate to 10,806 claimants. Of this number, 1,832 are active employees, 1,944 former employees with vested benefits and 7,030 are pensioners and surviving dependants. More details on the arrangement of the key defined benefit plans are provided below.

BayWa applied the duration-dependent discount rate in accordance with the spot rate approach, which is determined using the RATE:Link procedure. Under the procedure, interest rates are determined based on corporate bonds with an AA rating as reported by Bloomberg. In 2020, Bloomberg made the classification system "BCLASS" available for the selection of premium corporate bonds. This new system is more comprehensive than the "BICS system" used previously and has been refined by removing bonds in the Treasury, Government-Related, Securitised and Municipal categories and adding Special Purpose Vehicles bonds to the Corporate subcategory.

In %	**31/12/2022**	31/12/2021
Discount factor	3.70	1.08
Salary trend	2.45	2.44
Pension trend	2.05	1.63

The amount of severance pay obligations (defined benefit obligation – DBO) has also been calculated using actuarial methods based on estimates. The following assumptions were applied as a standard for all Austrian Group companies. The non-Austrian Group companies do not have any severance pay obligations.

In %	31/12/2022	31/12/2021
Discount factor	3.48	0.57
Salary trend	4.39	3.23

The salary trend reflects anticipated increases in salaries which, depending on inflation and the length of service to the company, among other factors, are estimated on an annual basis.

For the German companies, assumptions on life expectancy were based on the mortality tables of Prof. Dr. Klaus Heubeck (actuarial tables 2018 G). "AVO 2018-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler" (computational framework for post-employment benefit insurance) in the version intended for employees is used for the Austrian companies.

Increases and decreases in the present value of defined benefit obligations can give rise to actuarial gains or losses, the cause of which can also be divergences between actual and estimated parameters of calculation. The resulting actuarial gains and losses are recognised in equity.

Actuarial gains of €158.5 million (2021: €43.0 million) were recorded directly in equity in the reporting year. At the end of the reporting period, actuarial losses recognised directly in equity before deferred taxes amounted to €235.4 million (2021: €400.0 million).

Total expenses from the BayWa Group's benefit commitments amounted to €10.9 million (2021: €9.3 million) and comprise the following:

In € million	2022	2021
Current service cost	- 5.6	- 6.6
+ share of interest	- 5.3	- 2.7
= sum total recognised through profit or loss	**- 10.9**	**- 9.3**

Total expenses from the Austrian Group companies' severance pay obligations amounted to €1.9 million (2021: €1.7 million) and comprise the following:

In € million	2022	2021
Current service cost	- 1.7	- 1.6
+ share of interest	- 0.2	- 0.1
= sum total recognised through profit or loss	**- 1.9**	**- 1.7**

The expenses arising from the accrued interest on rights acquired in the past are disclosed under the financial result. Rights accrued in the respective financial year are included under personnel expenses.

During the reporting period, the net present value of defined benefit obligations (DBO) and therefore the value of pension obligations reported at Group level changed as follows:

In € million		2022	2021
DBO as at 01/01		699.3	762.4
+	changes in the group of consolidated companies	0.3	–
+	sum total through profit or loss	10.9	9.3
+/–	changes in actuarial gains (–)/losses (+)	- 158.5	- 42.5
–	pension payments during the reporting period	- 30.0	- 29.9
+/–	assumption of obligations	–	–
= **DBO as at 31/12**		**522.0**	**699.3**

The actuarial gains calculated for the reporting year comprise actuarial losses from adjustments based on empirical experience of €26.8 million (2021: actuarial gains of €1.5 million) and actuarial gains of €185.3 million (2021: €40.9 million) from the change in financial assumptions.

During the reporting period, the net present value of defined benefit obligations (DBO) and therefore the value of provisions for severance pay reported at Group level changed as follows:

In € million		2022	2021
DBO as at 01/01		36.2	38.4
+	changes in the group of consolidated companies	0.1	–
+	sum total through profit or loss	1.9	1.7
+/–	changes in actuarial gains (–)/losses (+)	- 4.4	- 0.5
–	severance pay in the reporting period	- 3.7	- 3.4
+/–	assumption of obligations	–	–
=	**DBO as at 31/12**	**30.1**	**36.2**

The actuarial gains calculated for the reporting year comprise actuarial losses from adjustments based on empirical experience of €0.4 million (2021: actuarial losses of €0.2 million), actuarial gains from the change in demographic assumptions of €0.0 million (2021: actuarial gains of €0.0 million) and actuarial gains from the change in financial assumptions of €4.6 million (2021: actuarial gains of €0.7 million).

For the financial year 2023, it is expected that a probable amount of €22.5 million will be recognised through profit or loss for defined benefit plans and €2.0 million for severance pay obligations.

Sensitivity analyses

The material measurement parameters for pension obligation and severance pay provisions are the discount factor, as well as the salary trend, and pension obligations also include the pension trend and the remaining life expectancy, all of which may be subject to a certain degree of fluctuation over time. The following sensitivity analyses for pension and severance pay obligations show the effects on the obligations resulting from changes to material actuarial assumptions. In each case, one material factor was changed with the others remaining constant. In reality, however, it is rather unlikely that these factors would not correlate.

Sensitivity analysis for the defined pension obligations

	Change in parameter in % or years	If the parameter increases, the DBO changes by	If the parameter decreases, the DBO changes by	Relationship between measurement parameter and DBO
Discount rate	± 0.75%	- 8.13%	9.89%	The higher the discount rate, the lower the DBO
Salary increase	± 0.50%	0.68%	- 0.32%	The higher the salary increase, the higher the DBO
Pension increase	± 0.50%	5.48%	- 4.68%	The higher the pension increase, the higher the DBO
Remaining life expectancy according to mortality tables	± 1 year	4.04%	- 3.66%	The higher the life expectancy, the higher the DBO

Sensitivity analysis for the defined severance pay obligations

	Change in parameter in % or years	If the parameter increases, the DBO changes by	If the parameter decreases, the DBO changes by	Relationship between measurement parameter and DBO
Discount rate	± 0.75%	- 5.50%	5.26%	The higher the discount rate, the lower the DBO
Salary increase	± 0.50%	3.24%	- 3.80%	The higher the salary increase, the higher the DBO

The weighted duration of pension obligations is 12 years (2021: 15 years). The weighted duration of severance pay obligations is 7 years (2021: 8 years).

The expected undiscounted payments from pension and severance pay obligations in subsequent years are as follows:

In € million	Total	2023	2024–2027	2028–2032	> 2032
Pension obligations	951.8	31.6	126.7	154.7	638.8
Severance pay obligations	43.1	3.4	9.8	12.9	17.0

C.13 Other provisions

Other provisions are attributable to:

In € million	**31/12/2022**	31/12/2021
Non-current provisions (with a maturity of more than one year)		
Obligations from personnel and employee benefits	41.5	40.8
Obligations from dismantling operations	38.2	26.1
Other provisions	7.3	6.6
	86.9	**73.5**
Current provisions (with a maturity of up to one year)		
Obligations from personnel and employee benefits	192.6	141.8
Provisions for outstanding invoices	195.6	142.8
Warranty obligations	13.9	8.3
Obligations from dismantling operations	13.5	26.8
Other provisions	99.0	98.5
	514.6	**418.2**

Provisions for obligations arising from personnel and employee benefits consist mainly of provisions for anniversary expenses, vacation backlogs and flexitime credits and severance pay, as well as for age-related part-time service. These provisions, both in current and non-current items, also include variable remuneration components in the form of a long-term incentive (LTI) programme. This programme is available to members of the Board of Management of a subsidiary and to other employees of the same subsidiary under the Board of Management level. The remuneration, which is based on the BayWa r.e. Group's business performance, is intended to enable the participants to share in the long-term development of the company's value in accordance with a business policy focused on a long-term approach and sustainability, and therefore to promote entrepreneurial thinking and actions and to strengthen loyalty to the company. The LTI programme consists of a one-off payment and further bonus payments.

Other provisions mainly comprise provisions for obligations from dismantling operations, for outstanding invoices and for warranty obligations, as well as for impending losses from uncompleted transactions. In addition, there are a number of discernible risks and uncertain obligations. They mainly relate to costs for inherited contamination, follow-up costs and litigation risks.

The provisions developed as follows:

In € million **2022**	As at **01/01/2022**	Allocation	Reclassifica- tion	Compound interest/ discounting	Consumption	Release	Currency translation differences	As at **31/12/2022**
Non-current provisions								
Obligations from personnel and employee benefits	40.8	11.8	- 1.3	1.1	- 4.7	- 6.3	0.0	41.5
Obligations from dismantling operations	26.1	14.4	11.0	- 0.5	- 11.7	- 1.1	0.0	38.2
Other provisions	6.6	4.4	0.0	0.0	- 3.7	- 0.1	0.1	7.3
	73.5	**30.6**	**9.6**	**0.6**	**- 20.1**	**- 7.5**	**0.1**	**86.9**
Current provisions								
Obligations from personnel and employee benefits	141.8	153.4	1.3	- 0.1	- 94.0	- 9.8	0.0	192.6
Provisions for outstanding invoices	142.8	197.7	- 2.3	0.0	- 132.9	- 9.6	- 0.2	195.6
Warranty obligations	8.3	13.9	0.0	0.0	- 7.2	- 1.1	0.0	13.9
Obligations from dismantling operations	26.8	22.8	- 11.0	0.2	- 25.3	- 0.5	0.5	13.5
Other provisions	98.5	97.5	2.4	0.0	- 60.5	- 38.6	- 0.3	99.0
	418.2	**485.4**	**- 9.6**	**0.2**	**- 320.0**	**- 59.5**	**0.1**	**514.6**

In € million 2021	As at 01/01/2021	Allocation	Reclassifica- tion	Compound interest/ discounting	Consumption	Release	Currency translation differences	As at 31/12/2021
Non-current provisions								
Obligations from personnel and employee benefits	38.3	7.1	0.1	0.4	- 4.0	- 1.1	0.0	40.8
Obligations from dismantling operations	26.3	3.5	- 2.0	- 0.1	- 1.3	- 0.5	0.3	26.1
Other provisions	4.9	4.9	- 0.2	- 0.1	- 2.1	- 1.0	0.1	6.6
	69.6	**15.5**	**- 2.1**	**0.2**	**- 7.5**	**- 2.5**	**0.4**	**73.5**
Current provisions								
Obligations from personnel and employee benefits	119.3	114.9	- 0.1	- 0.2	- 85.6	- 6.9	0.4	141.8
Provisions for outstanding invoices	77.8	141.0	- 0.1	- 0.5	- 67.8	- 9.3	1.8	142.8
Warranty obligations	6.7	4.0	0.0	0.0	- 1.7	- 0.7	0.0	8.3
Obligations from dismantling operations	15.2	23.3	2.1	0.0	- 14.4	- 0.2	0.7	26.8
Other provisions	81.0	84.9	0.2	0.0	- 65.2	- 5.2	2.7	98.5
	300.0	**368.0**	**2.1**	**- 0.7**	**- 234.6**	**- 22.4**	**5.7**	**418.2**

C.14 Debt

Debt includes all interest-bearing obligations of the BayWa Group effective at the end of the reporting period and breaks down as follows:

In € million **2022**	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Debt				
Due to banks	1,075.6	2,400.1	660.5	4,136.2
Bonds	–	499.5	–	499.5
Commercial papers	641.7	–	–	641.7
Dormant equity holding	1.4	–	–	1.4
	1,718.7	**2,899.6**	**660.5**	**5,278.8**

In € million 2021	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Debt				
Due to banks	745.9	1,794.1	424.4	2,964.4
Bonds	–	498.8	–	498.8
Commercial papers	720.0	–	–	720.0
Dormant equity holding	1.4	–	–	1.4
	1,467.3	**2,292.9**	**424.4**	**4,184.6**

The BayWa Group finances itself through a syndicated financing agreement and capital market issues, as well as through credit lines and short-term loans. No collateral is furnished for the various forms of financing. In individual cases, long-term bank loans and project financing are also used.

The BayWa Group took out a sustainable syndicated loan with a total volume of €1.7 billion in September 2021, which was increased to €2.0 billion in 2022. This credit line must be used by September 2024 and can be extended twice for one year in each instance. The syndicated facility replaces bilateral, unsecured credit lines that were payable on a daily basis. At the time of recognition, the credit line was reported at the fair value corresponding to the nominal value, less transaction costs. The syndicated loan is recognised under liabilities due to banks.

The capital market issues relate, among other things, to a corporate bond issued in June 2019 (coupon of 3.125%, listed on the Luxembourg Stock Exchange, ISIN XS2002496409, denomination per unit of €1,000, term ends 26 June 2024) and bonded loans placed by BayWa AG in 2014, 2015 and 2018, as well as in 2021 and 2022. Said capital market issues serve to diversify the Group’s financing. The corporate bond is reported under bonds, whereas the bonded loan is recognised as a liability due to banks.

2022	Nominal loan amount in € million	Maturity	Interest
Bonded loan 3-year fixed	75.0	13/10/2025	4.19%
Bonded loan 3-year variable	35.0	13/10/2025	6-month Euribor plus 1.30%
Bonded loan 5-year fixed	7.5	11/10/2027	4.46%
Bonded loan 5-year variable	3.0	11/10/2027	6-month Euribor plus 1.50%
Bonded loan 7-year fixed	14.5	11/10/2029	4.70%
Bonded loan 7-year variable	11.0	11/10/2029	6-month Euribor plus 1.70%
Bonded loan 10-year fixed	6.5	11/10/2032	4.96%

2021	Nominal loan amount in € million	Maturity	Interest
Bonded loan 5-year fixed	84.0	21/12/2026	0.95%
Bonded loan 5-year variable	78.0	21/12/2026	6-month Euribor plus 0.95%
Bonded loan 7-year fixed	88.0	21/12/2028	1.15%
Bonded loan 7-year variable	56.5	21/12/2028	6-month Euribor plus 1.15%
Bonded loan 10-year fixed	43.5	22/12/2031	1.459%

2018	Nominal loan amount in € million	Maturity	Interest
Bonded loan 5-year fixed	12.5	19/07/2023	1.119%
Bonded loan 5-year variable	22.5	19/07/2023	6-month Euribor plus 0.85%
Bonded loan 7-year fixed	3.0	21/07/2025	1.536%
Bonded loan 7-year variable	14.5	21/07/2025	6-month Euribor plus 1.00%
Bonded loan 5-year fixed	35.0	12/12/2023	1.18%
Bonded loan 7-year fixed	19.0	12/12/2025	1.61%
Bonded loan 7-year variable	3.0	12/12/2025	6-month Euribor plus 0.95%
Bonded loan 10-year fixed	2.5	12/12/2028	2.10%

2015	Nominal loan amount in € million	Maturity	Interest
Bonded loan 10-year fixed	41.5	09/11/2025	2.32%

2014	Nominal loan amount in € million	Maturity	Interest
Bonded loan 10-year fixed	76.5	06/10/2024	2.63%
Bonded loan 10-year variable	15.5	06/10/2024	6-month Euribor plus 1.45%

Of the current liabilities due to banks, loans of €907.1 million (2021: €625.4 million) are due at any time. The difference of €168.5 million (2021: €120.6 million) relates to the short-term portion of non-current liabilities due to banks. The average effective interest rate on short-term variable loans was 1.76% per year as at the reporting date (2021: 0.88%).

Of the multicurrency commercial paper programme concluded by BayWa AG with a total volume of €1,000.0 million (2021: €1,000.0 million), there were €641.7 million (2021: €720.0 million) in commercial papers with an average weighted residual term of 54 days (2021: 86 days) and an average weighted effective interest rate of 2.19% (2021: 0.64%) at the end of the reporting period.

Of the liabilities due to banks, €32.2 million at Group level (2021: €32.2 million) have been secured by a charge over property. The fair value is presented in Note C.21. The fair value of short-term debt does not diverge materially from the book values. For long-term debt, the fair value is determined using the discounted cash flow method.

The dormant equity holdings of three Austrian warehouses ("Lagerhäuser") in RWA AG each have no fixed term and can be terminated by the warehouses at any time. Interest is charged on the dormant equity holdings; the interest rate is fixed contractually. Owing to the short-term nature of these holdings due to termination being possible at any time, the fair value is the book value.

C.15 Lease liabilities

The liabilities-side net present values of future lease payments are carried under lease liabilities.

In € million **2022**	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Lease liabilities	75.6	238.0	688.3	1,001.9

In € million 2021	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Lease liabilities	76.9	220.0	641.4	938.3

C.16 Trade payables and liabilities from inter-group business relationships

Liabilities due to affiliated companies and companies in which a participating interest is held primarily comprise trade payables. Overall, trade payables had the following residual terms:

In € million **2022**	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Trade payables	1,762.3	4.6	0.0	1,766.9
Liabilities due to affiliated companies	13.2	–	–	13.2
Liabilities due to companies in which a participating interest is held	60.1	–	–	60.1
	1,835.7	**4.6**	**0.0**	**1,840.3**

In € million 2021	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Trade payables	1,305.3	4.8	0.2	1,310.3
Liabilities due to affiliated companies	12.7	–	0.0	12.7
Liabilities due to companies in which a participating interest is held	38.3	–	–	38.3
	1,356.3	**4.8**	**0.2**	**1,361.3**

C.17 Income tax liabilities

Income tax liabilities according to residual terms break down as follows:

In € million **2022**	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Income tax liabilities	98.6	–	–	98.6
	98.6	**–**	–	**98.6**

In € million 2021	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Income tax liabilities	35.7	0.5	–	36.2
	35.7	**0.5**	–	**36.2**

C.18 Liabilities from derivatives

The fair values of liabilities from derivatives are classified according to the fair value hierarchy as follows, using the procedure described in Note A.3 under “Assets and liabilities from derivatives”:

In € million **31/12/2022**	Fair values level 1	 level 2	 level 3	 Total
Liabilities from derivatives				
Commodity futures [1]	78.5	286.0	69.3	433.8
FX hedges	34.9	–	–	34.9
Interest rate hedges	–	2.9	–	2.9
	113.4	**288.9**	**69.3**	**471.6**

1 Commodity futures traded as futures are also attributed to level 1. The previous year's figures have been adjusted.

In € million 31/12/2021	Fair values level 1	 level 2	 level 3	 Total
Liabilities from derivatives				
Commodity futures [1]	531.5	644.1	–	1,175.6
FX hedges	20.4	0.0	–	20,4
Interest rate hedges	–	6.5	–	6.5
	551.9	**650.6**	**–**	**1,202.5**

1 Commodity futures traded as futures are also attributed to level 1. The previous year's figures have been adjusted.

Please refer to Note C.21 for the presentation of the hierarchy of financial liabilities measured at fair value.

A total of €364.2 million of the disclosed liabilities from derivatives had a residual term of a maximum of one year (2021: €1,152.3 million). The residual term for liabilities from derivatives of €83.4 million (2021: €44.9 million) was between one and a maximum of five years, whereas liabilities from derivatives of €23.9 million (2021: €5.3 million) had residual terms of over five years.

In the financial year 2022, financial assets and financial liabilities relating to energy trading totalling €327.5 million were offset within the Renewable Energies Segment, taking into account the requirements of IAS 32.42 et seq. (see C.9 Assets from derivatives). Besides this offsetting, the settlement of commodity futures with negative market values was the primary reason for the decline in liabilities from derivatives compared to 31 December 2021. In addition, the reduction in open contracts in the Cefetra Group Segment as at the end of the financial year 2022 and the slight year-on-year decline in prices in grain trading activities also contributed to the decline in liabilities from derivatives.

An opposing effect came from lower fair value adjustments for energy trading contracts newly concluded in the financial year 2022 that were to be recognised to a reduced extent as a result of lower price volatilities.

C.19 Other liabilities

The table below shows a breakdown of other liabilities:

In € million **2022**	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Other current/non-current financial liabilities				
Liabilities due to payment providers	28.8	–	–	28.8
Miscellaneous other current/non-current financial liabilities	141.9	0.4	–	142.3
	170.7	**0.4**	**–**	**171.1**
Other current/non-current non-financial liabilities				
Social security	10.4	–	–	10.4
Subsidies received	6.7	2.4	11.4	20.5
Liabilities from other taxes	158.5	0.0	0.0	158.5
Miscellaneous other liabilities including accruals	584.2	32.9	40.1	657.1
	759.7	**35.3**	**51.5**	**846.5**
Other liabilities	**930.4**	**35.7**	**51.5**	**1,017.6**

In € million 2021	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Other current/non-current financial liabilities				
Liabilities due to payment providers	–	–	–	–
Miscellaneous other current/non-current financial liabilities	113.4	0.6	–	114.1
	113.4	**0.6**	**–**	**114.1**
Other current/non-current non-financial liabilities				
Social security	6.9	–	–	6.9
Subsidies received	1.9	2.1	9.1	13.1
Liabilities from other taxes	127.3	0.1	0.0	127.4
Other liabilities including accruals	526.9	26.6	47.1	600.6
	663.0	**28.8**	**56.2**	**748.0**
Other liabilities	**776.4**	**29.4**	**56.2**	**862.0**

The fair values of the items disclosed do not diverge materially from the book values disclosed.

Liabilities due to payment providers of €28.8 million (2021: €0.0 million) pertain to the assignment of trade payables to financing partners that are arranged by a service provider. The financial partners handle the payment to the supplier and are reimbursed by BayWa two months later.

The other current/non-current financial liabilities in the amount of €171.1 million are attributable primarily to the ABS measure, amounting to €125.0 million. In addition, liabilities totalling €13.6 million resulted from the acquisition of Sol in one GmbH, Kaiserslautern, Germany, and Patent Co. DOO Misicevo, Mišićevo, Serbia, in January 2022. Of this amount, €4.8 million is attributable to Sol in one GmbH and €8.8 million to Patent Co. DOO Misicevo. The contractually agreed put options of the minority shareholders were recognised in the balance sheet in the form of these liabilities.

The other liabilities including accruals in the amount of €657.1 million include, in particular, contract liabilities from period-related revenue recognition, liabilities to contractors and other liabilities, as well as deferred income liabilities.

The reversal of received public subsidies amounted to €0.7 million in the financial year (2021: €0.8 million). This amount is recognised under other operating income.

C.20 Contingent liabilities

In € million	2022	2021
Guarantees	34.8	7.7
thereof: to affiliated companies	–	–
thereof: to associates	25.5	6.9
Warranties	28.2	94.5
thereof: to affiliated companies	0.0	0.3
thereof: to associates	11.5	70.0
Collateral for liabilities of third parties	153.0	123.1
thereof: to affiliated companies	–	–
thereof: to associates	152.6	–
Other financial obligations	45.0	41.4
thereof: from buyback obligations	35.6	32.0
thereof: from amounts guaranteed for interests in cooperative companies	9.4	9.4

The BayWa Group has contingent liabilities totalling €152.6 million that predominantly relate to collateral for liabilities of third parties issued by RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria. These contingent liabilities serve to secure loans of the investee AUSTRIA JUICE, Allhartsberg, Austria, and its subsidiaries.

The guarantees provided by BayWa AG to Amadeus Wind Holdings, LLC Wilmington, USA, in the amount of €58.3 million were no longer agreed in the financial year 2022.

For reasons of materiality, the information required under IAS 37.86 and IAS 37.89 has not been disclosed for the other contingent liabilities. The contingent liabilities to subsidiaries that are presented in the table relate to companies that are not included in BayWa's consolidated financial statements.

There are contractual obligations (purchase commitments) of €9.4 million for the purchase of property, plant and equipment (real estate, vehicles) (2021: €10.0 million) and of €1,917.4 million for the purchase of inventories (2021: €1,390.2 million). The latter primarily concerns the Agri Trade & Service, Agricultural Equipment and Renewable Energies Segments.

C.21 Financial instruments

Book and fair values of financial instruments

The table on the following page shows the book values of the corresponding balance sheet items and their IFRS 9 categories – "measurement at amortised cost", "measurement at fair value through profit or loss" and "measurement at fair value through other comprehensive income". These book values are shown against fair values for the purpose of comparison at the end of the table. The fair value of a financial instrument is the price that would be received for the sale of a financial asset or paid for the transfer of a financial liability between market participants in an arm's length transaction at the end of the measurement period. For current assets and liabilities, the book value represents an appropriate approximation of the fair value.

The book value is sometimes the best estimate of the fair value, particularly in the case of shares in affiliated companies and Group companies, and is therefore a reasonable approximation of it. Interests in non-consolidated affiliated companies and participations in other companies – interests in associates that are not included under the equity method – are disclosed in the "Not a financial instrument" column.

Differences between the book value and the fair value of non-current financial liabilities, particularly long-term debt, may occur due to longer residual terms in some cases. The discounted cash flow method, in consideration of a company-specific borrowing rate at matching maturities, is used to determine the fair value if no market prices are available.

The measurement of commodity futures is based on the market or stock market value for comparable transactions at the end of the reporting period. Unlike in the previous year, the derivatives designated as hedging instruments for cash flow hedge accounting are reported in the following table in the "No category" column. The previous year has been adjusted accordingly.

In € million **As at 31/12/2022**	Book value **31/12/2022**	Subsequent measurement in accordance with IFRS 9 measurement categories [1] AC	FVTPL	FVTOCI (option)	No category	Not a financial instrument	Fair value **31/12/2022**
Non-current financial assets							
Investments [2]	229.0	66.2	23.2	59.1	–	80.5	229.0
Assets from derivatives	56.8	–	56.8	–	–	–	56.8
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	41.1	–	–	–	41.1	–	41.1
Other receivables and other assets Trade receivables	28.8	28.8	–	–	–	–	28.8
Other receivables and other financial assets [3]	22.9	19.2	–	–	3.6	–	22.9
Other receivables and other non-financial assets	7.5	–	–	–	–	7.5	7.5
Current financial assets							
Securities	0.9	–	0.9	–	–	–	0.9
Assets from derivatives	418.5	–	418.5	–	–	–	418.5
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	192.7	–	–	–	192.7	–	192.7
Other receivables and other assets Trade receivables and inter-Group business relationships	1,886.4	1886.4	–	–	–	–	1,886.4
Other receivables and other financial assets [3]	454.7	262.1	–	–	4.2	188.4	454.7
Other receivables and other non-financial assets	557.5	–	–	–	–	557.5	557.5
Cash and cash equivalents	221.8	221.8	–	–	–	–	221.8
Non-current financial liabilities							
Long-term debt	3,560.1	3,560.1	–	–	–	–	3,440.8
Trade payables and liabilities from inter-Group business relationships	4.6	4.6	–	–	–	–	4.6
Liabilities from derivatives	57.6	–	57.6	–	–	–	57.6
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	49.8	–	–	–	49.8	–	49.8
Other liabilities [3]	1,013.4	17.3	–	–	926.3	69.8	1,013.4
Current financial liabilities							
Short-term debt	1,718.7	1,718.7	–	–	–	–	1,718.7
Trade payables and liabilities from inter-Group business relationships	1,835.7	1,835.7	–	–	–	–	1,835.7
Liabilities from derivatives	348.9	–	348.9	–	–	–	348.9
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	15.4	–	–	–	15.4	–	15.4
Other liabilities [3]	1,006.1	500.0	–	–	75.6	430.5	1,006.1
IFRS 9 categories							
Financial assets attributed to the AC category	2,484.5						
Financial assets attributed to the FVTPL category [2]	499.5						
Financial assets attributed to the FVTOCI (option) category	59.1						
Other current/non-current financial liabilities attributed to the AC category	7,636.3						
Other current/non-current financial liabilities attributed to the FVTPL category	406.4						

1 AC: at amortised cost; FVTOCI: at fair value through other comprehensive income; FVTPL: at fair value through profit or loss.

2 Investments also include interests in non-consolidated affiliated companies and in other Group companies. As they are not financial instruments within the meaning of IFRS 9, they are disclosed in the “Not a financial instrument” column.

3 In the financial year 2022, lease receivables and lease liabilities were added to the table and allocated to the “No category” column. The prior-year figures were adjusted accordingly.

The following table shows the book and fair values of financial instruments for the comparative period:

In € million **As at 31/12/2021**	Book value **31/12/2021**	Subsequent measurement in accordance with IFRS 9 measurement categories[1] AC	FVTPL	FVTOCI (option)	No category	Not a financial instrument	Fair value **31/12/2021**
Non-current financial assets							
Investments[2]	254.9	55.3	23.6	99.7	–	76.3	254.9
Assets from derivatives	30.6	–	30.6	–	–	–	30.6
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	43.0	–	–	–	43.0	–	43.0
Other receivables and other assets Trade receivables	13.4	13.4	–	–	–	–	13.4
Other receivables and other financial assets[3]	22.9	17.1	–	–	5.8	–	22.9
Other receivables and other non-current assets	19.0	–	–	–	–	19.0	19.0
Current financial assets							
Securities	1.1	–	1.1	–	–	–	1.1
Assets from derivatives	945.8	–	945.8	–	–	–	945.8
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	103.3	–	–	–	103.3	–	103.3
Other receivables and other assets Trade receivables and inter-Group business relationships	1,434.0	1,434.0	–	–	–	–	1,434.0
Other receivables and other financial assets[3]	425.7	263.6	–	–	4.3	162.1	425.7
Other receivables and other non-financial assets	405.5	–	–	–	–	405.5	405.5
Cash and cash equivalents	399.1	399.1	–	–	–	–	399.1
Non-current financial liabilities							
Long-term debt	2,717.3	2,717.3	–	–	–	–	2,764.5
Trade payables and liabilities from inter-Group business relationships	5.0	5.0	–	–	–	–	5.0
Liabilities from derivatives	30.4	–	30.4	–	–	–	30.4
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	19.8	–	–	–	19.8	–	19.8
Other liabilities[3]	946.9	11.1	–	–	861.4	74.4	946.9
Current financial liabilities							
Short-term debt	1,467.3	1,467.3	–	–	–	–	1,467.3
Trade payables and liabilities from inter-Group business relationships	1,356.3	1,356.3	–	–	–	–	1,356.3
Liabilities from derivatives	994.0	–	994.0	–	–	–	994.0
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	158.3	–	–	–	158.3	–	158.3
Other liabilities[3]	853.3	499.0	–	–	76.9	277.4	853.3
IFRS 9 categories							
Financial assets attributed to the AC category	2,182.4						
Financial assets attributed to the FVTPL category[2]	1,001.2						
Financial assets attributed to the FVTOCI (option) category	99.7						
Other current/non-current financial liabilities attributed to the AC category	6,056.0						
Other current/non-current financial liabilities attributed to the FVTPL category	1,024.4						

1 AC: at amortised cost; FVTOCI: at fair value through other comprehensive income; FVTPL: at fair value through profit or loss.

2 Investments also include interests in non-consolidated affiliated companies and in other Group companies. As they are not financial instruments within the meaning of IFRS 9, they are disclosed in the "Not a financial instrument" column.

3 In the financial year 2022, lease receivables and lease liabilities were added to the table and allocated to the "No category" column. The prior-year figures were adjusted accordingly.

Hierarchy of financial assets and liabilities measured at fair value

In order to take account of the material factors which form part of the measurement of financial assets and liabilities at fair value or reported at fair value, the financial assets and liabilities of the BayWa Group, each of which were measured at fair value, have been divided up into a hierarchy of three levels.

The levels of the fair value hierarchy and their application to the assets and liabilities are described below:
- **Level 1:** Prices are identical to those quoted in active markets for identical assets or liabilities.
- **Level 2:** Input factors which are not synonymous with the prices assumed at level 1 but which can be observed either directly (i.e. as prices) or indirectly (i.e. derived from prices) for the respective asset or liability.
- **Level 3:** Factors not based on observable market data for the measurement of the asset or a liability (non-observable input factors).

If the measurement parameters fall into different levels of the measurement hierarchy, the measurement is classified at fair value at the lowest level to which an input parameter with a significant effect on the fair value is attributable. No material reclassifications were conducted among the various levels both in the financial year 2022 and in the previous year.

Derivative financial instruments are used at the BayWa Group to hedge currency risks, interest rate risks and commodity futures. Commodity futures are also recognised that are scheduled exclusively for trading and are therefore to be classified as financial instruments within the meaning of IFRS 9. These commodity futures are measured at fair value at the end of the reporting period. The measurement of commodity futures is based on the market or stock market value for identical or comparable transactions at the end of the reporting period. Currency hedges are measured at the forward rate of the respective currency with a matching maturity at the end of the reporting period, in consideration of discounting effects.

The fair values of commodity futures for those transactions that are traded directly on the stock market are measured at the respective market price. For those transactions not traded directly on the stock market, the fair value is derived from observable market prices. For the main product groups, the fair value is derived from futures so as to include the temporal components of the commodity futures. For those products for which no futures are traded, the fair value is measured at the latest price information on physical markets. The measurement takes into account market liquidity and is discounted from the fair value.

Specifically, the fair values of grain futures attributable to level 1 are determined by market prices. The fair values of OTC grain contracts are calculated using the discounted cash flow method in consideration of actively quoted futures prices and market interest rates for discounting on the reporting date (level 2).

In the financial year 2022, a purchase contract in energy trade was concluded in the Renewable Energies Segment. At the same time, a sale contract was concluded. As a result, both had to be recognised at fair value through profit or loss. The contracts are measured using an internal measurement model based on unobservable input factors using the present value method (level 3). The material unobservable input factors include the base risk, the market value advantage and the capture rate. Discounts on the base risk are derived from the profit-at-risk method, which is based on historical market prices. The market value advantage and the capture rate are estimated by comparing the type of installed energy generation system with the average value of similar installed systems. As at 31 December 2022, the fair value amounted to €69.3 million.

The effects on the fair value of a change in the aforementioned unobservable input factors are determined in a sensitivity analysis. A simultaneous change in the base risk and the market value advantage of plus/minus 1.0% would lead to a different fair value of minus/plus 0.31%. A change in both factors by plus/minus 5.0% would result in a change of minus/plus 1.56%. A change in the market value advantage alone, on the other hand, would barely cause any change in fair value. No changes to the capture rate input factor are expected, as the capture rate remains constant over the term of the contract. As a result, the capture rate does not lead to any sensitivity. The base risk is therefore the only significant driver of sensitivity, meaning that no further alternative assumptions on the remaining input factors are required. There is a direct correlation between the base risk and market price volatility. A change in the unobservable input factors – particularly base risk – would have an immaterial effect on fair value. Under normal market conditions, volatilities can change by plus/minus 10%. For interest rate hedges, the measurement takes into account relevant basis instruments on the basis of current observable market data and using recognised valuation models, such as the discounted cash flow method.

The tables below show the financial assets and liabilities measured at fair value assigned to the three levels of the fair value hierarchy:

Hierarchy of financial assets and liabilities measured at fair value

In € million **2022**	Level 1	Level 2	Level 3	Total
Financial assets				
Assets from derivatives, including derivatives designated as hedging instruments for cash flow hedge accounting (assets) [1]	141.1	568.0	–	709.1
Securities	24.1	–	–	24.1
Securities (OCI option)	59.1	–	–	59.1
	224.3	**568.0**	**–**	**792.3**
Other current/non-current financial liabilities				
Liabilities from derivatives, including derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	113.4	288.9	69.3	471.6
	113.4	**288.9**	**69.3**	**471.6**

1 Commodity futures traded as futures are also attributed to level 1. The previous year's figures have been adjusted.

In € million 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Assets from derivatives, including derivatives designated as hedging instruments for cash flow hedge accounting (assets) [1]	598.0	524.7	–	1,122.7
Securities	24.7	–	–	24.7
Securities (OCI option)	99.7	–	–	99.7
	722.4	**524.7**	**–**	**1,247.1**
Other current/non-current financial liabilities				
Liabilities from derivatives, including derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	551.9	650.6	–	1,202.5
	551.9	**650.6**	**–**	**1,202.5**

1 Commodity futures traded as futures are also attributed to level 1. The previous year's figures have been adjusted.

The fair value of the long-term debt recognised at cost is to be allocated to level 2 of the fair value hierarchy. Its fair value came to €3,440.8 million as at 31 December 2022 (2021: €2,764.5 million).

Net gains and losses

The following table shows net gains/losses from financial instruments (FI) and in other result reported in the income statement.

In € million **2022**	Assets [1]				Shareholders' equity and liabilities [1]				
Category	AC	FVTPL	FVTOCI (option)	No category	AC	FVTPL	FI	No FI	Total
1. Net gain/loss in the financial result									
Equity valuation of participating interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**13.3**	**13.3**
Income from participating interests	–	6.6	–	–	–	–	6.6	–	6.6
Expenses from participating interests	–	- 7.0	–	–	–	–	- 7.0	–	- 7.0
Result from disposals	–	50.3	–	–	–	–	50.3	0.9	51.2
Result of participating interests	**–**	**49.9**	**–**	–	**–**	**–**	**49.9**	**0.9**	**50.8**
Income from investments	0.1	- 0.2	–	–	–	–	- 0.1	–	- 0.1
Result from disposals	–	- 0.7	–	–	–	–	- 0.7	–	- 0.7
Result from investments	**0.1**	**- 0.9**	**–**	–	**–**	**–**	**- 0.8**	**–**	**- 0.8**
Interest income	14.8	–	–		–	–	14.8	0.1	14.9
Interest income from fair value measurement	–	2.7	–	–	–	–	2.7	–	2.7
Sum total of interest income	**14.8**	2.7	**–**	**–**	–	**–**	**17.5**	**0.1**	**17.6**
Interest expenses	–	–	–	–	- 157.9	–	- 157.9	- 34.7	- 192.6
Interest portion in personnel provisions	–	–	–		–	–	–	- 6.5	- 6.5
Interest expenses from fair value measurement	–	–	–	–	–	- 3.0	- 3.0	–	- 3.0
Sum total of interest expenses	**–**	**–**	**–**	**–**	**- 157.9**	**- 3.0**	**- 160.9**	**- 41.3**	**- 202.1**
Net interest	**14.8**	**2.7**	**–**	**–**	**- 157.9**	**- 3.0**	**- 143.4**	**- 41.2**	**- 184.5**
Sum total net gain/loss	**14.9**	**51.6**	**–**	**–**	**- 157.9**	**- 3.0**	**- 94.3**	**- 27.0**	**- 121.2**
Financial result									**- 121.2**
2. Net gain/loss in the operating result									
Income from derivative financial instruments and commodity futures [2]	–	280.4	–	–	–	–	280.4	–	280.4
Income from the receipt of written-off receivables/release of receivables value adjustments	15.7	–	–	–	–	–	15.7	–	15.7
Expenses from derivative financial instruments and commodity futures [2]	–	–	–	–	–	- 229.3	- 229.3	–	- 229.3
Value adjustments/write-downs of receivables	- 32.6	–	–	–	–	–	- 32.6	–	- 32.6
Sum total net gain/loss	**- 16.8**	**280.4**	**–**	**–**	**–**	**- 229.3**	**34.3**	**–**	**34.3**
3. Net gain/loss in equity									
Change in the fair value from the market valuation of securities	–	–	- 32.5	–	–	–	- 32.5	–	- 32.5
Cash flow hedges [3]	–	–	–	140.4	–	–	140.4	–	140.4
Currency translation	–	–	–	–	–	–	–	- 3.2	- 3.2
Sum total net gain/loss	**–**	**–**	**- 32.5**	**140.4**	**–**	**–**	**107.9**	**- 3.2**	**104.7**
Total net gain/loss	**- 1.9**	**332.0**	**- 32.5**	**140.4**	**- 157.9**	**- 232.3**	**47.8**	**- 30.2**	**17.7**

1 Measurement categories for financial assets and financial liabilities pursuant to IFRS 9: AC: at amortised cost; FVTOCI: at fair value through other comprehensive income; FVTPL: at fair value through profit or loss.

2 The income and expenses reflect the change in fair value from the market valuation of derivative financial instruments and commodity futures.

3 Changes in cash flow hedges are not attributed to any IFRS 9 category. As a result, these items have been reported in the "No category" column since the financial year 2022. The prior-year figures were adjusted accordingly.

Income from participating interests also includes dividend payments.

The net gains and losses from financial instruments in the previous year were as follows:

In € million 2021	Assets [1]				Shareholders' equity and liabilities [1]				
Category	AC	FVTPL	FVTOCI (option)	No category	AC	FVTPL	FI	No FI	Total
1. Net gain/loss in the financial result									
Equity valuation of participating interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**- 10.4**	**- 10.4**
Income from participating interests	–	1.6	–	–	–	–	1.6	–	1.6
Expenses from participating interests	–	- 1.0	–	–	–	–	- 1.0	–	- 1.0
Result from disposals	–	- 0.0	–	–	–	–	- 0.0	0.2	0.2
Result of participating interests	**–**	**0.6**	**–**	–	**–**	**–**	**0.6**	**0.2**	**0.8**
Income from investments	0.0	5.8	–	–	–	–	5.8	–	5.8
Result from disposals	–	0.9	–	–	–	–	0.9	–	0.9
Result from investments	**0.0**	**6.6**	**–**	–	**–**	**–**	**6.6**	**–**	**6.6**
Interest income	14.6	–	–	–	–	–	14.6	0.1	14.7
Interest income from fair value measurement	–	1.0	–	–	–	–	1.0	–	1.0
Sum total of interest income	**14.6**	**1.0**	**–**	**–**	**–**	**–**	**15.6**	**0.1**	**15.7**
Interest expenses	–	–	–	–	- 85.7	–	- 85.7	- 33.0	- 118.7
Interest portion in personnel provisions	–	–	–	–	–	–	–	- 3.1	- 3.1
Interest expenses from fair value measurement	–	–	–	–	–	–	–	–	–
Sum total of interest expenses	**–**	**–**	**–**	–	**- 85.7**	–	**- 85.7**	**- 36.1**	**- 121.7**
Net interest	**14.6**	**1.0**	**–**	–	**- 85.7**	–	**- 70.1**	**- 35.9**	**- 106.0**
Sum total net gain/loss	**14.6**	**8.2**	**–**	–	**- 85.7**	–	**- 62.8**	**- 46.2**	**- 109.0**
Financial result									**- 109.0**
2. Net gain/loss in the operating result									
Income from derivative financial instruments and commodity futures [2]	–	209.8	–	–	–	–	209.8	–	209.8
Income from the receipt of written-off receivables/release of receivables value adjustments	12.5	–	–	–	–	–	12.5	–	12.5
Expenses from derivative financial instruments and commodity futures [2]	–	–	–	–	–	- 200.8	- 200.8	–	- 200.8
Value adjustments/write-downs of receivables	- 28.6	–	–	–	–	–	- 28.6	–	- 28.6
Sum total net gain/loss	**- 16.1**	**209.8**	**–**	**–**	**–**	**- 200.8**	**- 7.2**	**–**	**- 7.2**
3. Net gain/loss in equity									
Change in the fair value from the market valuation of securities	–	–	25.0	–	–	–	25.0	–	25.0
Cash flow hedges [3]	–	–	–	- 42.5	–	–	- 42.5	–	- 42.5
Currency translation	–	–	–	–	–	–	–	10.8	10.8
Sum total net gain/loss	**–**	**–**	**25.0**	**- 42.5**	**–**	**–**	**- 17.5**	**10.8**	**- 6,7**
Total net gain/loss	**- 1.4**	**218.0**	**25.0**	**- 42.5**	**- 85.7**	**- 200.8**	**- 87.5**	**- 35.4**	**- 122.9**

1 Measurement categories for financial assets and financial liabilities pursuant to IFRS 9: AC: at amortised cost; FVTOCI: at fair value through other comprehensive income; FVTPL: at fair value through profit or loss.

2 The income and expenses reflect the change in fair value from the market valuation of derivative financial instruments and commodity futures.

3 Changes in cash flow hedges are not attributed to any IFRS 9 category. As a result, these items have been reported in the "No category" column since the financial year 2022. The prior-year figures were adjusted accordingly.

Income from participating interests also includes dividend payments.

The following table shows an analysis of the maturity dates and undiscounted net cash flows of non-derivative financial liabilities and derivative financial liabilities with negative and positive fair values of the BayWa Group. Compared to the previous year, the table has been split up into non-derivative financial liabilities and derivative financial liabilities. In the case of derivative financial liabilities, a distinction is made between undiscounted cash outflows and cash inflows, taking into account gross or net settlement.

In € million **2022**	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Non-derivative financial liabilities measured at cost	**4,254.7**	**3,356.0**	**1,544.8**	**9,155.5**
Derivative financial liabilities	**486.0**	**79.5**	**8.2**	**573.7**
thereof measured at fair value through profit or loss	523.7	68.0	–	591.8
with gross settlement	**412.3**	**64.2**	–	**476.5**
Cash outflows	1,395.9	74.7	–	1,470.6
Cash inflows	- 983.6	- 10.5	–	- 994.1
with net settlement	**111.4**	**3.9**	–	**115.3**
Cash outflows	111.4	3.9	–	115.3
thereof designated as hedging instruments for cash flow hedge accounting	- 37.7	11.5	8.2	- 18.1
with gross settlement	**- 39.6**	**- 5.9**	**0.0**	**- 45.5**
Cash outflows	21.5	0.4	0.0	21.9
Cash inflows	- 61.1	- 6.3	–	- 67.4
with net settlement	**1.9**	**17.4**	**8.1**	**27.4**
Cash outflows	1.9	17.4	8.1	27.4

In € million 2021	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Non-derivative financial liabilities measured at cost [1]	**3,499.7**	**2,727.3**	**1,405.1**	**7,631.9**
Derivative financial liabilities	**68.1**	**4.8**	**0.0**	**72.9**
thereof measured at fair value through profit or loss	148.1	0.8	–	148.9
with gross settlement	**- 387.3**	**- 8.2**	**–**	**- 395.5**
Cash outflows	1,668.4	4.2	–	1,672.6
Cash inflows	- 2,055.7	- 12.4	–	- 2,068.1
with net settlement	**535.4**	**9.0**	**–**	**544.4**
Cash outflows	535.4	9.0	–	544.4
thereof designated as hedging instruments for cash flow hedge accounting	- 80.0	4.0	0.0	- 76.0
with gross settlement	**- 152.3**	**- 3.5**	**0.0**	**- 155.8**
Cash outflows	18.8	1.9	2.9	23.6
Cash inflows	- 171.1	- 5.4	- 2.9	- 179.4
with net settlement	**72.4**	**7.5**	**–**	**79.9**
Cash outflows	72.4	7.5	–	79.9

1 Since the financial year 2022, the financial liabilities have also included undiscounted cash flows for lease liabilities. The previous year's figures have been adjusted accordingly.

Derivative financial instruments and hedge accounting

Risks and general disclosures

Derivative financial instruments are used within the BayWa Group to minimise risks arising from operating activities – in some cases using hedge accounting – in the following areas:

Risk category	Hedging description	Hedging instrument
Interest rate risk		
Refinancing (general)	Interest rate risk positions arise from the Group's financing activities, especially from the issuing of short-term commercial papers and the use of short-term loans, as well as variable-interest bonded loans. Short-term debt is used mainly to finance working capital.	Futures, interest rate swaps
Project financing within the BayWa r.e. Group	Interest rate risk positions may arise from the BayWa r.e. Group's project financing. Where project financing is concluded at variable interest rates, these are generally hedged by means of corresponding interest rate swaps. These interest rate swaps are partly reported in hedge accounting.	Interest rate swaps
Price risk		
Commodity price risk in the agricultural division	The Group is exposed to commodity price risks due to the operating activities of the Agri Trade & Service Segment in the grain collecting and marketing business. In order to mitigate these risks, the BayWa Group's risk management system continuously calculates the various open commodity positions. Using this information, trading areas at the BayWa Group conclude physical commodity futures within the approved limits (maximum long and short position in metric tonnes, maximum value at risk). Commodity futures are only concluded with business partners with excellent credit ratings.	Commodity futures
Electricity price risk within the BayWa r.e. Group	The BayWa r.e. Group is active in energy trade activities and also sells electricity produced by its own wind energy turbines, solar energy parks and biogas plants. Corresponding futures and long-term electricity supply contracts are concluded to secure prices for the buying and selling of electricity in the energy trade, as well as long-term prices for electricity generated by the BayWa r.e. Group itself. These amounts are recognised as commodity futures and partly reported in hedge accounting.	Futures
Currency risk		
Foreign currency risk within the Cefetra Group Segment	The international orientation of the Cefetra Group Segment gives rise to foreign currency risks. Internal policies require that all material foreign currency risks are hedged, with each hedging instrument attributable to an underlying transaction. All open currency transactions are managed centrally by the Treasury section of the Cefetra Group Segment. The specialists have assessment and valuation tools for the monitoring of adherence to the defined limits and receive a monthly list of their open currency transactions from the banks. As in the previous year, the foreign currency risk in the Cefetra Group Segment was excluded for reasons of materiality. Furthermore, some companies in the Cefetra Group Segment recognise foreign currency transactions and their hedges as fair value hedges within the meaning of IFRS 9.6.5.2 (a). The term of the two instruments is usually short. The fair value fluctuations of the underlyings are measured through profit or loss. At the end of the reporting period, the fair value of foreign currency contracts stood at €3.0 million (2021: minus €2.2 million). For reasons of materiality, no further presentations are provided below.	Currency futures
Foreign currency risk within the BayWa r.e. Group	The BayWa r.e. Group finances its business activities in the functional currency of the respective Group company. The funds in the respective functional currency are provided by BayWa AG. Business activities conducted in foreign currencies, i.e. in currencies that differ from the functional currency of the respective Group company, are hedged by corresponding currency futures. These amounts are usually reported in hedge accounting.	Currency futures
Foreign currency risk within the T&G Global Group	The T&G Global Group is a global trading company. The New Zealand Group produces fruit and markets it in different foreign currencies. The resulting foreign currency risks are analysed using detailed cash flow forecasts. Forwards and options are used to manage and control risk – mainly through hedge accounting.	Currency futures

The resulting assets and liabilities are shown in the table below, broken down according to maturity and risk category.

In € million **31/12/2022**	Fair values Total	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years
Assets				
Interest rate hedges				
Standalone derivatives	3.2	1.3	1.9	–
Derivatives designated as hedging instruments for cash flow hedge accounting	15.4	–	3.3	12.1
Commodity hedges				
Standalone derivatives	445.9	392.7	53.2	–
Derivatives designated as hedging instruments for cash flow hedge accounting	209.1	189.4	3.4	16.3
FX hedges				
Standalone derivatives	26.2	24.5	0.6	1.0
Derivatives designated as hedging instruments for cash flow hedge accounting	9.4	3.3	6.1	–
	709.1	**611.2**	**68.5**	**29.5**
Shareholders' equity and liabilities				
Interest rate hedges				
Standalone derivatives	2.8	2.8	–	–
Derivatives designated as hedging instruments for cash flow hedge accounting	0.1	–	0.0	0.1
Commodity hedges				
Standalone derivatives	374.0	316.7	57.4	–
Derivatives designated as hedging instruments for cash flow hedge accounting	59.7	10.9	25.0	23.8
FX hedges				
Standalone derivatives	29.6	29.3	0.2	–
Derivatives designated as hedging instruments for cash flow hedge accounting	5.3	4.5	0.8	–
Derivatives designated as hedging instruments for fair value hedge accounting	0.1	0.1	–	–
	471.6	**364.2**	**83.4**	**23.9**

In € million 31/12/2021	Fair values Total	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years
Assets				
Interest rate hedges				
Standalone derivatives	0.2	0.2	–	–
Derivatives designated as hedging instruments for cash flow hedge accounting	0.6	–	0.6	0.0
Commodity hedges				
Standalone derivatives	952.8	922.6	30.2	–
Derivatives designated as hedging instruments for cash flow hedge accounting	143.3	101.0	10.9	31.3
FX hedges				
Standalone derivatives	23.4	23.1	0.4	–
Derivatives designated as hedging instruments for cash flow hedge accounting	2.4	2.2	0.2	–
	1,122.7	**1,049.1**	**42.3**	**31.3**
Shareholders' equity and liabilities				
Interest rate hedges				
Standalone derivatives	0.6	–	–	0.6
Derivatives designated as hedging instruments for cash flow hedge accounting	5.8	0.2	1.0	4.7
Commodity hedges				
Standalone derivatives	1,009.1	979.3	29.7	–
Derivatives designated as hedging instruments for cash flow hedge accounting	169.0	156.0	13.0	–
FX hedges				
Standalone derivatives	14.7	14.7	–	–
Derivatives designated as hedging instruments for cash flow hedge accounting	3.2	2.1	1.2	–
	1,202.5	**1,152.3**	**44.9**	**5.3**

In the reporting year, income from derivative financial instruments of €280.4 million (2021: €209.8 million) and expenses of €229.3 million (2021: €200.8 million) were included in the income statement.

Notes on the individual risk categories

General refinancing risk

In the financial year 2022, the average interest rate for variable-interest financial liabilities stood at 1.7577% (2021: 0.8827%). An increase or reduction in this interest rate by one percentage point would have led, ceteris paribus, to an increase or decline in variable interest expenses by €12.3 million (2021: €12.2 million and €0.0 million respectively).

Commodity price risk in the agricultural division

The following table provides an overview of the grain contracts relating to the BayWa Group's operating activities in the grain collecting and marketing business, which are recognised as financial instruments pursuant to IFRS 9.

In metric tonnes	**31/12/2022**	31/12/2021
Long positions		
Grain/corn	7.9	9.4
Oilseed/oilseed meal	3.6	3.8
Other	1.4	2.1

In metric tonnes	**31/12/2022**	31/12/2021
Short positions		
Grain/corn	- 9.6	- 10.9
Oilseed/oilseed meal	- 4.1	- 4.4
Other	- 1.8	- 2.4

The fair value of the grain contracts recognised as financial assets constitutes the greatest possible default risk, without including the value of received collateral or other risk-mitigating agreements. Rises and declines in the prices of all relevant commodities by a margin of 10% would have affected, ceteris paribus, the annual result as at 31 December 2022 in the manner displayed in the following table. The calculation includes all grain contracts valid as at the reporting date.

In € million **31/12/2022**	Grain/corn	Oilseed/ oilseed meal	Other
Price rise (+ 10%)			
Effect on income	- 41.8	22.0	- 11.9
Equity effect	- 10.3	0.9	–
Price decline (– 10%)			
Effect on income	41.8	- 22.0	11.9
Equity effect	10.3	- 0.9	–

In € million 31/12/2021	Grain/corn	Oilseed/ oilseed meal	Other
Price rise (+ 10%)			
Effect on income	- 36.5	- 9.0	- 10.2
Equity effect	- 8.7	- 1.1	–
Price decline (– 10%)			
Effect on income	36.5	9.0	10.2
Equity effect	8.7	1.1	–

Risks from financial instruments within the BayWa r.e. Group

The BayWa r.e. Group generally only concludes derivative financial instruments to hedge underlying transactions. This means that there are no material open positions from derivative financial instruments for interest rates, currencies and electricity. In addition to derivative financial instruments, project financing is to be considered as a financial instrument within the BayWa r.e. Group. There are no open risk positions here either, as these are either fixed-interest financing agreements or hedged by a corresponding swap. Only in the energy trade does the Group maintain a trading portfolio in which open positions from financial instruments may arise. The market price risks in this trading portfolio are managed using the profit-and-loss and value-at-risk limits defined in the risk management system. The open, unsecured position in the trading portfolio was immaterial as at 31 December 2022, as was the case in the previous year. As a result, there is no separate presentation of the sensitivity analysis.

Foreign currency risk within the T&G Global Group

The T&G Global Group is a global trading company that processes a high volume of its business in foreign currency. Receivables and revenues are generated in the common trading currencies. These underlying transactions are hedged against foreign currency risks through derivative financial instruments. In particular, the pome fruit export transactions concluded in foreign currencies are hedged by FX forwards and options. The New Zealand-based T&G Global Group had concluded hedges in the volume of €282.2 million as at 31 December 2022 (2021: €194.2 million). These break down across the trading currencies as follows:

In € million **31/12/2022**	
US dollar	247.6
Pound sterling	11.8
Euro	17.5
Japanese yen	5.3

In € million 31/12/2021	
US dollar	154.6
Pound sterling	13.4
Euro	18.2
Japanese yen	7.1

The following table shows, ceteris paribus, the impact of exchange rate fluctuations of 10% of the New Zealand dollar against all trading currencies in the T&G Global Group:

In € million **31/12/2022**	
Price rise (+ 10%)	
Effect on income	- 0.5
Equity effect	- 21.1
Price decline (– 10%)	
Effect on income	0.6
Equity effect	25.8

In € million 31/12/2021	
Price rise (+ 10%)	
Effect on income	- 0.6
Equity effect	- 16.5
Price decline (– 10%)	
Effect on income	0.7
Equity effect	20.1

Specific information on cash flow hedge accounting

The BayWa Group is a global trading company and as such is exposed to various risks in the course of its ordinary business activities. Hedge accounting is becoming increasingly important in order to successfully hedge against these risks. The hedging strategies that are reported in the hedge accounting disclosures of the balance sheet are explained below:

Risk	Hedging strategy
Interest rate risk within the BayWa r.e. Group	The interest rate risks from project financing are hedged through interest rate swaps, some of which are reported in the hedge accounting disclosures of the balance sheet.
Commodity price risk in the agricultural division	The BayWa Group uses derivative financial instruments in the form of grain futures with physical fulfilment to hedge cash flows from future grain purchases and sales made by BayWa within the scope of its grain collecting, warehousing and marketing business. These hedges are recognised as all-in-one cash flow hedges; in other words, the expected, highly likely spot purchases and sales are designated as the underlying transactions, and the financial floating-to-fixed swaps are designated as hedges. The concluded hedges are 100% effective. The individual hedges are held until the maturity of the underlying transaction. New grain contracts are designated at contract inception.
Electricity price risk within the BayWa r.e. Group	Within the BayWa r.e. Group, electricity futures and forwards and long-term power purchase agreements with fixed pricing are used in hedge accounting. Electricity price futures and forwards are used to hedge against fluctuating cash flows from the physical purchase or sale of electricity within the framework of energy trading. Long-term power purchase agreements generally serve to hedge prices that have been fixed for the long term for the sale of electricity and green electricity certificates from wind farms and solar parks. These agreements involve either direct physical supply at fixed prices, provided the buyer can purchase the electricity from the local balance group, or financial compensation for the difference between the fixed price and variable market prices while the seller and the buyer feed in and procure electricity to and from their local balance groups.
Foreign currency risk within the BayWa r.e. Group	As part of its cash flow hedge accounting, the BayWa r.e. Group uses foreign currency futures with physical fulfilment to hedge material purchases, onshore costs and revenues within the scope of solar and wind farm projects where the currency differs from the functional currency of the company managing the project. These hedge relationships are reported as cash flow hedges; in other words, the expected, highly likely material purchases, onshore costs or sales revenues in a different currency are designated as the underlying transactions, and the spot components of the associated foreign currency futures are designated as hedges.
Foreign currency risk within the T&G Global Group	To counteract exchange rate fluctuations, future incoming payments in foreign currency are hedged within the framework of hedge accounting. Internal guidelines stipulate forwards and options for this purpose. If other hedging instruments are used, this must be approved on a case-by-case basis by an appropriate body. Hedging instruments are generally not concluded for longer than a period of up to two years.

The following table shows the development of cash flow hedge reserves for the matters presented above. Developments solely concern the hedging reserve (OCI I):

In € million	Agricultural trade	Energy trade	Foreign currency hedging	Interest rate hedging
As at 01/01/2022	**- 6.8**	**- 21.4**	**- 0.4**	**- 2.4**
Allocation	6.3	401.4	9.9	19.2
Release	- 3.0	- 298.4	- 6.9	- 2.8
Transfer to other current financial assets/financial liabilities	8.9	0.0	0.0	0.0
Reclassification in the income statement	0.0	1.2	0.2	0.7
Change to the group of consolidated companies [1]	–	- 0.6	–	0.6
As at 31/12/2022	**5.5**	**82.2**	**2.9**	**15.2**

In € million	Agricultural trade	Energy trade	Foreign currency hedging	Interest rate hedging
As at 01/01/2021	**- 2.2**	**9.8**	**9.6**	**- 5.5**
Allocation	17.0	25.4	0.6	4.3
Release	- 24.6	- 51.0	- 14.2	- 0.9
Transfer to other current financial assets/financial liabilities	3.1	0.0	0.0	0.0
Reclassification in the income statement	0.0	- 5.6	3.6	- 0.2
As at 31/12/2021	**- 6.8**	**- 21.4**	**- 0.4**	**- 2.4**

1 In previous years, changes to the group of consolidated companies had no material impact on the hedging reserve (OCI I)

At the BayWa r.e. Group, only the spot component of the change to the fair value is designated as part of the cash flow hedge for foreign currency futures. The change in the fair value attributable to the forward component is recognised immediately through profit or loss in the income statement.

For the floors included in long-term power purchase agreements for the first time in the financial year 2022, only the intrinsic value of €0.0 million is designated as a hedging instrument in hedge accounting. The fair value of the floors is presented separately in the OCI II reserve and amounted to €3.3 million in the financial year 2022.

Information on hedging instruments in cash flow hedge accounting

The following table shows the effects on the financial position resulting from the hedging through cash flow hedges. Derivative assets are reported in the balance sheet item “Other assets”, while derivative liabilities are reported under “Other liabilities”.

In € million **31/12/2022**	Book value	Nominal volume of contracts	thereof: due in < 1 year	thereof: due in < 1 to 5 years	thereof: due in > 5 years	Nominal volume of contracts in tonnes or TWh
Derivative assets	**233.8**	**1,302.8**	**760.0**	**202.8**	**340.0**	**n/a**
Commodity futures – grain trading	11.9	110.2	108.5	1.7	–	0.3
thereof: purchase	1.7	14.2	14.2	0.0	–	0.0
thereof: sale	10.1	96.0	94.3	1.7	–	0.2
Commodity futures – energy trade	197.2	777.1	563.2	23.0	190.9	7.8
thereof: purchase	29.3	42.3	31.2	11.1	–	0.4
thereof: sale	167.9	734.9	532.1	11.9	190.9	7.4
FX hedges	9.4	195.3	88.2	107.0	–	n/a
Interest rate hedges	15.4	220.2	–	71.1	149.1	n/a
Derivative liabilities	**65.1**	**724.2**	**300.2**	**75.5**	**348.5**	**n/a**
Commodity futures – grain trading	4.2	48.8	45.9	2.9	–	0.1
thereof: purchase	1.4	13.7	13.6	0.0	–	0.0
thereof: sale	2.8	35.1	32.2	2.9	–	0.1
Commodity futures – energy trade	55.6	544.6	174.5	30.8	339.4	8.4
thereof: purchase	23.7	112.3	107.8	4.5	–	0.4
thereof: sale	31.9	432.3	66.7	26.2	339.4	8.0
FX hedges	5.3	121.7	79.8	41.8	–	n/a
Interest rate hedges	0.1	9.1	–	–	9.1	n/a

In € million **31/12/2021**	Book value	Nominal volume of contracts	thereof: due in < 1 year	thereof: due in < 1 to 5 years	thereof: due in > 5 years	Nominal volume of contracts in tonnes or TWh
Derivative assets	**146.3**	**851.6**	**507.9**	**128.5**	**215.2**	**n/a**
Commodity futures – grain trading	16.0	105.0	103.8	1.2	–	0.4
thereof: purchase	13.3	71.3	70.2	1.0	–	0.3
thereof: sale	2.7	33.7	33.6	0.1		0.2
Commodity futures – energy trade	127.3	512.4	284.4	17.1	210.9	7.4
thereof: purchase	63.3	85.9	77.8	8.1	–	0.7
thereof: sale	64.0	426.5	206.6	9.0	210.9	6.7
FX hedges	2.4	190.3	119.7	70.7	–	n/a
Interest rate hedges	0.6	43.9	–	39.5	4.4	n/a
Derivative liabilities	**177.2**	**672.6**	**482.7**	**52.5**	**137.4**	**n/a**
Commodity futures – grain trading	25.5	129.2	126.2	3.1	–	0.5
thereof: purchase	0.6	15.5	15.5	–	–	0.1
thereof: sale	25.0	113.7	110.6	3.1	–	0.4
Commodity futures – energy trade	143.5	370.2	351.4	18.8	–	2.2
thereof: purchase	32.9	156.7	154.9	1.7	–	0.7
thereof: sale	110.6	213.5	196.5	17.1	–	1.5
FX hedges	3.2	5.2	5.2	–	–	n/a
Interest rate hedges	4.9	168.0	–	30.6	137.4	n/a

The presented hedge relationships are highly effective (nearly 100%). Any ineffectiveness is immaterial.

Other risks in relation to financial instruments

The BayWa Group's risk management system is presented together with the objectives, principles and processes in the Management Report in the separate "Opportunity and risk management" section. Besides the risks presented in Note A.3, the following risks are of particular significance in this context:

Foreign currency risks

BayWa's business activities are largely located in the euro zone. If foreign currency positions arise from goods and services transactions or projects, they are always hedged without delay, as presented above. Other payment obligations or receivables denominated in a foreign currency are hedged at the time when they arise. Speculative borrowing or investing of financial resources denominated in foreign currencies is prohibited.

Credit and counterparty risks and default risks

As part of its entrepreneurial activities, BayWa Group has an important function as a source of financing for its agricultural trading partners. In the context of so-called cultivation contracts, the Group is exposed to a financing risk arising from the upfront financing of agricultural inputs, the repayment of which is made through acquiring and selling the harvest. Moreover, BayWa grants financing to commercial customers, particularly in the construction sector, in the form of payment terms of a substantial scope. Beyond this, there are the customary default risks inherent in trade receivables, such as the (partial) default of a debtor. Risks are kept to a minimum by way of an extensive debtor monitoring system that spans all business units. To this end, credit limits are defined through a documented process of approval and monitored on an ongoing basis. If particular red flags are determined in this process, such as the initiation of insolvency proceedings against the debtor or unsuccessful attachment of wages or receivables, the receivables are written off in full. Individual value adjustments are recognised for receivables not certain to be recovered within a foreseeable period of time, judged in accordance with the principle of commercial prudence, even if no red flags are determined. Receivables are written off immediately as soon as a red flag is determined.

In addition to credit risks, counterparty risks are also regularly monitored in agricultural trade; consequently, market value changes to open selling and buying contracts are measured so as to monitor the risk of the non-fulfilment of contract obligations. There is currently no discernible concentration of default risk from business relationships with individual debtors or groups of debtors. Besides standard market margin payments, no collateral exists for financial assets. More information on credit and counterparty risks, as well as default risks, can be found in Note C.6 Other receivables and other assets.

The maximum credit risk exposure at the end of the reporting period corresponds to the book value of financial assets. The maximum credit risk at the end of the reporting period was €29.2 million (2021: €36.0 million). The expected default risk amounts to €31.3 million (2021: €17.3 million).

Liquidity risks

The liquidity risk is the risk that the BayWa Group may not – or only to a limited extent – be able to fulfil its financial obligations. At the BayWa Group, funds are generated through operations and by borrowing from external financial institutions. Financing instruments such as multi-currency commercial paper programmes, asset-backed securitisation, bonded loans and syndicated loans, the first of which was taken out in the financial year 2021, are also used. Existing credit lines are therefore measured to an extent deemed sufficient to guarantee business performance at all times, even in the event of growing volume. Owing to the diversification of the sources and durations of financing, the BayWa Group does not currently have any risk clusters concerning liquidity.

C.22 Leases

Material leases are primarily concluded at the BayWa Group for the rights of use to land and buildings, construction land, rights of way and infrastructure, technical facilities, vehicles and forklift trucks.

Information regarding BayWa as lessee

In € million	**2022**	2021
Interest expenses	34.7	33.0
Expenses for short-term and low-value leases	18.7	10.0
Future payment obligations from short-term leases that fall due after the reporting date	1.6	4.2
Expenses for variable leases	0.8	0.5
Gains from sale-and-lease-back transactions	0.1	13.3
Total cash outflows from leases in the financial year	136.9	127.6
Income from sub-leases	0.4	0.5

Information regarding BayWa as lessor

In € million	**2022**	2021
Receivables from finance leases		
Due within one year	4.4	4.1
Due between one and two years	3.2	4.4
Due between two and three years	0.1	0.4
Due between three and four years	0.0	0.2
Due between four and five years	0.0	0.2
Due after more than five years	0.3	1.1
Sum total of future lease payments	**8.0**	**10.3**
Less unrealised interest income	- 0.2	- 0.2
Net investment of receivables from finance leases	**7.8**	**10.1**
Financial income from net investment of receivables from finance leases	0.1	0.1
Income from variable lease payments received from finance leases	0.2	0.3
Disposal gains/losses from finance leases	0.0	0.1

In € million	**2022**	2021
Lease payments from operating leases		
Due within one year	16.6	15.8
Due between one and two years	12.7	12.4
Due between two and three years	11.1	10.7
Due between three and four years	10.4	10.1
Due between four and five years	7.2	9.6
Due after more than five years	6.7	11.8
Sum total of future lease payments	**64.7**	**70.4**
Income from lease payments received from operating leases	18.0	18.1
Income from variable lease payments received from operating leases	1.0	2.3

Further information regarding leases is included in the statement of changes in assets and in C.15 Lease liabilities.

D Notes to the Income Statement

The layout of the income statement accords with total cost-type accounting.

D.1 Revenues

The BayWa Group's revenues break down as follows:

In € million	2022	2021
Goods	26,245.1	19,192.9
Services	816.7	646.2
	27,061.8	**19,839.1**

Revenues also include those generated by BayWa as an agent in relation to the issuing of filling station cards and in certain fruit trading activities. The sale of project companies, particularly in the Renewable Energies Segment, is also reported in revenues if the sale constitutes a revenue-like transaction. For details, please see A.5 Other discretionary decisions and accounting policies.

The breakdown by corporate division and region can be seen in the segment report (Note E.2). Owing to the diversified business activities of the individual segments, inter-segment revenues are transacted only to a minor extent.

D.2 Other operating income

In € million	2022	2021
Rental income	33.4	32.7
Gains from the disposal of assets	19.9	41.7
Income from the release of provisions	66.2	21.0
Reimbursement of expenses	22.7	20.9
Income from the reduction in risk provisions for expected credit losses	14.9	10.7
Other income from public subsidies	2.9	6.0
Staff placement	5.7	5.2
Foreign exchange gains	212.7	178.9
Income from the fair value measurement of biological assets	8.7	0.4
Income from intra-Group cost allocation	6.8	1.6
Other income	99.0	85.1
	492.9	**404.2**

Rental income includes gains from incidental costs. Gains from the disposal of assets primarily comprise the disposal of BayWa AG property inventories and also include the proportionate distribution of the accounting profit that resulted from a sale–and-lease-back transaction for real estate in the financial year 2013 and, due to the classification of the lease agreement as a financial lease (IAS 17), is to be distributed over the term of the agreement (€3.6 million). Most of the increase in the income from the release of provisions pertained to a project in the United Kingdom in the Renewable Energies Segment. Because the relevant authorities did not issue the necessary building permit, it was not possible to carry out the project as originally planned. Provisions of €30.3 million therefore had to be released. At the same time, capitalised project rights of €29.3 million were written off in relation to this. The year-on-year rise in the reimbursement of expenses was due to the reimbursement of the costs of using a leasing platform for company bicycles and non-cash benefits from car usage. The rise in foreign exchange gains is mainly attributable to the further increase in business activities outside the European Economic Area, specifically in the Renewable Energies Segment. This item also includes foreign exchange gain effects from currency futures for which there is no clear hedging relationship with an underlying transaction and that are therefore not included in a hedge relationship. Other income includes, in particular, income from advertising allowances, income from receivables written down or income from the release of value adjustments on receivables and a variety of further individual items.

D.3 Cost of materials

In € million	2022	2021
Expenses for raw materials, consumables and supplies, and for goods sourced	- 23,953.8	- 17,362.6
Expenses for services outsourced	- 627.4	- 1,094.6
	- 24,581.2	**- 18,457.2**

D.4 Personnel expenses

In € million	2022	2021
Wages and salaries	- 1,248.1	- 1,073.3
Share-based payment	- 3.7	- 3.3
Expenses for pensions, support and severance pay	- 22.5	- 53.0
thereof: current service cost	- 7.2	- 7.9
Social insurance contributions	- 235.3	- 190.9
	- 1,509.5	**- 1,320.5**

After calculating the provisions for pension and severance pay pursuant to IAS 19, expenses for pension and severance pay total €12.8 million (2021: €11.0 million). Of this amount, a portion of €7.3 million (2021: €8.2 million) has been disclosed under personnel expenses, and a portion totalling €5.5 million (2021: €2.8 million) under interest expenses.

Number	2022	2021
Employees		
Annual average (Section 267 para. 5 German Commercial Code (HGB))	22,293	21,185
As at 31/12	22,508	21,468

D.5 Other operating expenses

In € million	2022	2021
Vehicle fleet	- 88.1	- 69.1
Maintenance	- 87.4	- 79.0
Cost of legal and professional advice, audit fees	- 77.6	- 73.3
Advertising	- 64.8	- 51.1
Energy	- 44.6	- 39.0
IT costs	- 42.8	- 22.6
Insurance	- 40.9	- 34.0
Rent	- 36.7	- 23.4
Travel expenses	- 32.1	- 14.9
Losses from asset disposals	- 22.1	- 11.2
Expenses for staff hired externally	- 20.1	- 36.7
Amortisation of/value adjustments on receivables	- 19.6	- 10.3
Commission	- 19.1	- 11.3
Office supplies	- 16.6	- 13.9
Administrative expenses	- 14.1	- 10.9
Information expenses	- 13.8	- 13.6
Expenses for other operating taxes	- 13.3	- 9.4
Training and professional development costs	- 13.3	- 7.9

In € million	2022	2021
Foreign exchange losses	- 219.8	- 182.8
Other expenses	- 185.2	- 140.6
	- 1,072.0	**- 855.0**

Besides higher foreign exchange losses from increased business activity outside the European Economic Area, the €217.0 million increase in other operating expenses in the financial year 2022 is mainly attributable to higher IT costs and expenses for the fleet, business travel and staff hired externally. The rise in other expenses, which comprise mainly general selling and other costs, such as those incurred by securing against operating risks, was due to a variety of further individual items. By contrast, costs for staff hired externally declined.

D.6 Income from participating interests recognised at equity and other income from shareholdings

In € million	2022	2021
Income from participating interests recognised at equity	**14.2**	**- 10.3**
Income/expenses from affiliated companies	0.3	0.0
Income/expenses from the disposal of affiliated companies	46.1	- 0.8
Other income from holdings and similar income	11.3	9.1
Write-downs and other expenses of investments	- 8.7	- 1.1
Other income from shareholdings	49.1	7.3
	63.3	**- 3.0**

Income from participating interests recognised at equity climbed by €24.5 million year on year to €14.2 million. In the previous year, the result generated by Amadeus Wind Holdings, LLC, Wilmington, USA, above all, had a negative effect after it was required to pay compensation in connection with fixed power purchase agreements due to extreme weather conditions in Texas in 2021, with heavy snowfall and freezing rain causing outages of the wind turbines it operated. Other income from shareholdings was up by €41.8 million year on year at €49.1 million, mainly as a result of the divestiture of companies in the financial year 2022. Specifically, the divested companies constituted the biogas portfolio and comprised BayWa r.e. Bioenergy GmbH, Regensburg, Germany, and its subsidiaries, Schradenbiogas GmbH & Co. KG, Gröden, Germany, and Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates (please see Note B.2 of the Notes to the Consolidated Financial Statements for further details). Dividend income is generally recorded as and when a claim to payout arises.

D.7 Interest income and expenses

In € million	2022	2021
Interest and similar income	14.9	14.7
thereof: from affiliated companies	0.8	0.3
Interest from fair value measurement	2.7	1.0
Interest income	**17.6**	**15.7**
Interest and similar expenses	- 157.9	- 85.6
thereof: to affiliated companies	- 0.1	- 0.0
Interest from fair value measurement	- 3.0	- 0.0
Interest portion from leases	- 34.7	- 33.0
Interest portion of the allocation to pension provisions and other personnel provisions	- 6.4	- 3.1
Interest expenses	**- 202.1**	**- 121.7**
Net interest	**- 184.5**	**- 106.0**

D.8 Income tax

Income tax breaks down as follows (negative amounts are tax expenses, positive amounts are tax income):

In € million	2022	2021
Actual taxes	- 121.4	- 59.0
Deferred taxes	41.3	27.2
	- 80.1	**- 31.8**

Actual tax income and expenses comprise the corporate and trade tax of the companies in Germany and comparable taxes on foreign companies.

Deferred taxes are formed for all temporary differences between the tax-related assigned values and IFRS values as well as the consolidation measures. Equity includes deferred tax assets of €32.6 million (2021: €55.1 million) net that were offset against the reserve for actuarial gains and losses from provisions for pensions and severance pay. Moreover, deferred tax liabilities of €64.5 million (2021: €17.5 million) were offset against the valuation reserve directly in equity through other comprehensive income. Deferred tax assets continued to exist in the amount of €1.0 million (2021: €3.8 million) and are also recognised in equity. Of this amount, €0.0 million (2021: €1.5 million) in deferred tax assets is attributable to the hybrid bond issued by BayWa AG. Deferred tax assets include tax-reducing claims which arise from the expected utilisation of loss carryforwards in the years ahead, the realisation of which is assured with sufficient probability. These amounted to €68.4 million (2021: €73.6 million). As part of corporate planning, a time horizon of five years (maximum) has been assumed here. No deferred tax assets were recognised for loss carryforwards of €456.4 million (2021: €377.2 million) and tax credits of €40.4 million (2021: €0.0 million), as their usability is not anticipated within the specified period. Loss carryforwards of individual Group companies can be partly carried forward within a limited period of time. No material tax assets which are eligible as carryforwards for a limited period of time are likely to expire. The deferred tax income from the origination and/or reversal of temporary differences amounts to €29.9 million (2021: €27.2 million).

In 2022, net deferred tax assets from temporary differences and from loss carryforwards in the amount of €24.1 million (2021: €19.3 million) existed at subsidiaries that generated losses in the past year or in the year before that. They were seen as recoverable, as tax gains are expected in the future for these companies. There were one-off effects in the financial year 2022 among relevant companies that resulted in a loss. These losses are not expected to be repeated in subsequent years.

Deferred taxes are calculated on the basis of the tax rates which apply or are anticipated given the current legal situation in the individual countries at the time when taxes are levied. The tax rate of BayWa AG was 29.13% in the reporting year (2021: 29.13%).

Deferred tax assets and liabilities are allocated to the individual balance sheet items as shown in the table below:

	Deferred tax assets		Deferred tax liabilities	
In € million	**2022**	2021	**2022**	2021
Intangible assets and property, plant and equipment	15.1	16.1	312.1	314.5
Investments	6.3	3.7	33.5	47.5
Current assets	67.3	35.9	200.7	303.8
Other assets	0.9	14.7	24.6	19.8
Tax loss carryforwards	191.8	179.2	–	–
Provisions	198.6	433.6	23.6	18.6
Liabilities	239.9	233.2	5.9	2.8
Other liabilities	50.3	31.4	33.3	21.9
Value adjustments on deferred tax assets	- 188.8	- 211.8	–	–
Balance	- 416.8	- 599.5	- 416.8	- 599.5
Consolidation	- 2.7	- 16.8	- 12.0	3.6
	161.9	**119.7**	**204.8**	**133.0**

The actual tax expenses are €13.0 million lower than the amount that would have been incurred if the German corporate tax rate had been applied under the currently prevailing law, plus the solidarity surcharge and the trade tax burden on the consolidated earnings before tax. The tax rate of 29.13% calculated for actual tax is based on the uniform corporate tax rate of 15.0%, plus the solidarity surcharge of 5.5% and the average effective trade tax burden of 13.31%. Deferred tax liabilities were not recognised for subsidiaries and associates if and when the company can control the timing of reversals and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities were not formed for temporary differences from subsidiaries, joint ventures and associates in an amount of €19.6 million (2021: €30.7 million).

The table below shows the transition from the computed tax expenses in accordance with the corporate tax rate to the income tax expenses actually reported:

In € million	2022	2021
Consolidated result before income tax	**319.6**	**160.6**
Computational tax expenses based on a tax rate of 29.13%	- 93.1	- 46.8
Difference against foreign tax rates	- 12.6	- 13.9
Tax not relating to the period	10.6	22.1
Permanent difference changes	- 20.2	- 29.3
Tax effect due to non-tax-deductible expenses	- 16.0	- 14.4
Trade tax deductions and additions and effects from tax groups	- 0.2	- 1.6
Deconsolidation effects	- 1.1	- 0.3
Tax-exempt income	51.1	79.2
Changes in the value adjustment of deferred tax assets	- 6.9	- 25.9
Tax effect from equity results	3.9	- 0.2
Effects from changes in tax rates	1.1	- 0.5
Other tax effects	3.3	- 0.2
Income tax reported	**- 80.1**	**- 31.8**

D.9 Profit share of minority interest

The share of consolidated net result for the year due to the other shareholders of €71.4 million (2021: €58.2 million) is mainly attributable to the minority shareholders of BayWa r.e. AG, RWA AG and T&G Global Limited and their respective subsidiaries.

D.10 Earnings per share

Earnings per share are calculated by dividing the portion of profit of BayWa AG’s shareholders, accounting for the dividend on hybrid capital, by the average number of the shares issued in the financial year and dividend-bearing shares. There were no diluting effects.

		2022	2021
Net result for the year adjusted for minority interest	In € million	168.1	70.7
Average number of shares issued	Units	35,644,609	35,418,709
Basic earnings per share	in €	4.36	1.63
Diluted earnings per share	in €	4.36	1.63
Proposed dividend per share	in €	1.10	1.05
Proposed special dividend per share to mark the 100th anniversary of BayWa AG	In €	0.10	–
Dividend per share paid out	In €	1.05	1.00

E Further Information

E.1 Explanations on the cash flow statement of the BayWa Group

The cash flow statement shows how the cash and cash equivalents of the BayWa Group have changed due to cash inflows and outflows during the reporting year. Cash and cash equivalents shown in the cash flow statement comprise all liquid funds disclosed in the balance sheet, i.e. cash in hand, cheques and deposits in banks. Owing to the fact that the Group conducts its business mainly in the euro zone, the impact of exchange-rate induced changes in cash and cash equivalents is of secondary importance and is therefore disclosed together with changes in the group of consolidated companies. The funds are not subject to any restraints on disposal.

In accordance with the standards set out under IAS 7, the cash flow statement is divided up into cash flow from operating activities, investing activities and financing activities.

The cash flow from operating activities is calculated indirectly, based on the consolidated net result for the year. This cash flow is adjusted for non-cash expenses (mainly depreciation and amortisation) and income. Cash flow from investing activities is calculated on a cash-effective basis and comprises cash-effective changes in consolidated non-current assets as well as incoming and outgoing payments from the acquisition of companies. Cash flow from financing activities is also ascertained on a cash-effective basis and comprises primarily cash-effective changes in borrowings and cash outflows from dividend distribution and the reduction of funds. Within the scope of the indirect calculation of these positions, changes from currency translation and from changes in the group of consolidated companies were eliminated, as they do not affect cash. For this reason, a comparison of these figures with the figures in the consolidated balance sheet is not possible. Further details on acquisitions and disposals can be found under Note B.1.

The transition of liabilities to cash flows from financing activities was as follows:

In € million		Cash-effective		Not cash-effective				
	01/01/2022	payments during the period	interest expenses	company acquisitions and disposals	currency translation effects	fair value changes	other changes	**31/12/2022**
Liabilities due to banks	2,964.4	1,214.0	- 155.2	- 25.7	- 7.4	–	146.1	4,136.2
Bonds	498.8	0.7	–	–	–	–	–	499.5
Commercial papers	720.0	- 78.3	–	–	–	–	–	641.7
Dormant equity holding	1.4	–	–	–	–	–	–	1.4
Lease liabilities	938.3	- 82.7	- 33.4	0.9	0.2	–	178.6	1,001.9
Liabilities due to payment providers	0.0	28.8	–	–	–	–	–	28.8
	5,123.0	**1,082.4**	**- 188.6**	**- 24.8**	**- 7.1**	**–**	**324.6**	**6,309.5**

In € million			Cash-effective				Not cash-effective	
	01/01/2021	payments during the period	interest expenses	company acquisitions and disposals	currency translation effects	fair value changes	other changes	31/12/2021
Liabilities due to banks	1,841.5	935.9	- 86.4	6.5	23.9	–	243.0	2,964.4
Bonds	498.4	0.5	–	–	–	–	–	498.8
Commercial papers	990.0	- 270.0	–	–	–	–	–	720.0
Dormant equity holding	1.4	–	–	–	–	–	–	1.4
Lease liabilities	834.1	- 65.6	- 30.7	1.8	5.6	–	193.1	938.3
Liabilities due to payment providers	–	–	–	–	–	–	–	–
	4,165.4	**600.8**	**- 117.1**	**8.3**	**29.5**	**–**	**436.1**	**5,123.0**

Changes due to additions and disposals of project companies from the Renewable Energies Segment are shown under other changes.

E.2 Explanations on the segment report

Dividing up of operations into segments

The segment report provides an overview of the important business divisions of the BayWa Group. Here, the activities of the BayWa Group are divided into segments pursuant to IFRS 8. The division of activities is based on internal management and reporting structures. It is presented in the same form as is submitted to decision makers, namely the Board of Management of BayWa AG, on a regular basis, therefore forming the basis for strategic decisions. This results in greater uniformity of the internal and external reporting system. All consolidation measures are shown in a separate column of the segment report. Aside from the depreciation and amortisation included in this section, there are no other material non-cash items that must be reported separately in the segment report.

Segment reporting remains unchanged year on year. Only the order of presentation has changed, with the Global Produce Segment now positioned between the Agricultural Equipment and Building Materials Segments. The presentation of the previous year has been adjusted accordingly to ensure better comparability. In accordance with the operating business activities of the BayWa Group, the reportable segments according to IFRS 8 comprise the Renewable Energies, Energy, Cefetra Group, Agri Trade & Service, Agricultural Equipment, Global Produce and Building Materials Segments. The Innovation & Digitalisation and Other Activities Segments are still reported separately, as in the past.

The business activities of the Renewable Energies Segment, pooled in BayWa r.e. AG, are split up into three areas: Projects, Operations and Solutions. Projects encompasses international project planning, management and the construction of wind farms and solar parks as well as the sale of finished plants. Operations comprises planning and technical services, the provision of consumables, technical and commercial management, the maintenance of plants, energy trading and the marketing of electricity from own plants as an independent power producer (IPP). Solutions involves selling photovoltaic systems and components and tailored energy solutions to supply energy to commercial and industrial customers.

The Energy Segment comprises an extensive network, which ensures the supply of heating oil, fuels and lubricants, as well as AdBlue, wood pellets and heating solutions, to commercial and private customers. The segment also provides solutions in the fields of electromobility, liquefied natural gas (LNG) and digital mobility.

The Cefetra Group Segment specialises in the international trade of grain and oilseed. As a supply chain manager, it covers the entire value chain from purchasing through to logistics and sales. Its customers include local and international grain and oil mills, breweries and malt houses, manufacturers of starch and feedstuff and producers of biofuels and ethanol. The Cefetra Group Segment is also busy expanding its business involving goods such as starch products, rice and legumes, as well as organic products. In doing so, the Cefetra Group Segment is catering to the food and feedstuff industry's growing demand for these products.

The focus of the Agri Trade & Service Segment is direct trade with farmers. To this end, it supplies its agricultural customers in Germany all year round with agricultural inputs that are necessary for agricultural production, such as seed, fertilizers and crop protection products, as well as feedstuff and hygiene products for livestock farming. In addition, the segment collects agricultural products such as grain, oilseed and hops after they are harvested and markets them to local and regional processors, as well as in export markets. It therefore maintains high warehousing and logistics capacities that include a connection to the Baltic Sea at two ports. The Agri Trade & Service Segment is also represented across the whole of Austria through the Group company RWA Raiffeisen Ware Austria AG, which maintains close business relations with over 400 cooperative warehouses.

The sale of machinery, equipment and systems for agriculture, forestry and the public sector in Germany and Austria is pooled in the Agricultural Equipment Segment. The segment is responsible for the sale of new and used machinery, as well as maintenance and repair services, including spare parts. Worldwide, BayWa is the largest sales partner for the AGCO Group, with its brands Fendt, Massey Ferguson, Challenger and Valtra. BayWa is also the leader in the global sale of CLAAS agricultural machinery. Its customers include farms and forestry operations, as well as vineyards, fruit farmers, municipalities and commercial enterprises. The product range also includes various brands of vehicles for sweeping, cleaning and winter services, as well as mowing and sporting venue technologies. Furthermore, the Agricultural Equipment Segment is expanding into international markets such as the Netherlands, South Africa and Canada.

The Global Produce Segment combines all activities of the Group in the business of fruit and vegetable growing and trading these products. In Germany, BayWa is the leading single seller of domestic dessert pome fruit for the food retail sector. The main collection region is the area around Lake Constance. In an international context, the T&G Global Group (Auckland, New Zealand) and the tropical fruit trading company TFC Holland B.V. (Maasdijk, Netherlands), which cover the entire fruit and vegetable marketing value chain on a global scale, are also part of the segment.

The Building Materials Segment covers the entire range of products and services – from structural engineering, civil engineering, the construction of new buildings, renovation and modernisation to gardening and landscaping to energy-efficient and healthy building packages of solutions. The key regions for the Building Materials Segment are southern Germany and Austria. The range of products is aimed at construction companies, municipalities, trades and commercial enterprises, as well as private consumers. In addition, the Building Materials Segment provides customers with a wide range of specialisations and a variety of services, as well as expertise and support when it comes to innovative topics such as healthy construction, energy efficiency and building information modeling (BIM).

BayWa has plotted a clear course into the digital future by establishing the Innovation & Digitalisation Segment. It is responsible for Digital Farming activities including, in particular, developing and marketing digital products and services for enhancing productivity in agriculture. Online sales at the BayWa Group are also pooled in the Innovation & Digitalisation Segment under the BayWa Portal.

Aside from peripheral activities, the Other Activities Segment mainly encompasses BayWa Group’s real estate operations.

Apart from revenues generated through business with third parties that are disclosed in the segments, intra- and inter-segment revenues are also reported. Revenues are not broken down by individual product and service at Group level due to the heterogeneity of the products sold in the Group. Both intra- and inter-segment sales are conducted at arm’s length terms and conditions. Any interim profits arising in this context are eliminated in the consolidated financial statements. Moreover, write-downs and write-ups and the financial results per segment are disclosed, along with earnings before interest, tax, depreciation and amortisation (EBITDA), earnings before interest and tax (EBIT) and earnings before tax (EBT). At the BayWa Group, earnings before interest and tax (EBIT) consist of the result of operating activities plus income from participating interests recognised at equity and other income from shareholdings. Earnings before interest, tax, depreciation and amortisation (EBITDA) are calculated in the same manner.

Assets, inventories and liabilities are still reported separately for each segment. To further increase the informative value of the segment information, the segmental liabilities of the Renewable Energies, Cefetra Group, Global Produce and Building Materials Segments are presented in consolidated form. As a result, reference is not made to the raw reported data as a whole, with the corresponding consolidation effects not being allocated to the transition.

Investments made (excluding financial assets) are also divided up among the segments. Such investments concern the addition of intangible assets and property, plant and equipment, as well as additions from company acquisitions. Moreover, the information in this segment report includes the annual average number of employees per segment.

The transition primarily includes amortisation of the hidden reserves and intangible assets revealed in purchase price allocations in previous years.

Earnings before interest and tax (EBIT) consist of the result of operating activities plus income from participating interests recognised at equity and other income from shareholdings. Earnings before interest, tax, depreciation and amortisation (EBITDA) are calculated in the same manner. A computational transition to the following financial information by segment is not possible.

Financial information by segment for the financial year 2022

In € million **31/12/2022**	Renewable Energies	Energy	Cefetra Group	Agri Trade & Service
Revenues generated through business with third parties	6,489.2	3,343.6	6,111.2	5,750.7
Intra-segment revenues	593.1	451.2	773.0	687.8
Inter-segment revenues	1.9	26.4	35.7	26.9
Total revenues	**7,084.2**	**3,821.2**	**6,919.9**	**6,465.4**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**364.3**	**71.3**	**81.0**	**156.2**
Depreciation/amortisation	- 125.2	- 17.7	- 21.5	- 51.5
Earnings before interest and tax (EBIT)	**239.1**	**53.6**	**59.5**	**104.7**
thereof: income from participating interests recognised at equity	5.5	- 0.1	0.2	1.1
thereof: other income from shareholdings	43.7	- 3.0	2.1	1.8
Net interest	- 77.9	- 1.7	- 12.7	- 32.7
Earnings before tax (EBT)	**161.2**	**51.9**	**46.8**	**72.0**
Income tax				
Net result for the year				
Assets	5,048.6	537.8	1,328.4	2,194.8
thereof: participating interests recognised at equity	77.4	0.7	1.9	21.4
thereof: non-current assets held for sale	–	–	–	0.3
Inventories	1,774.7	98.6	643.1	1,102.9
thereof: non-current assets held for sale	–	–	–	–
Liabilities	3,857.6	528.2	1,151.3	2,084.5
thereof: liabilities from non-current assets held for sale	–	–	–	–
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	176.1	19.9	31.6	124.7
Employee annual average	3,754	1,411	623	3,630

	Agricultural Equipment	Global Produce	Building Materials	Innovation & Digitalisation	Other Activities*	Transition	**Group**
	2,076.5	921.3	2,346.9	10.4	12.0	–	27,061.8
	40.3	126.8	58.5	2.0	23.2	- 2,755.9	–
	4.7	–	1.1	0.2	4.0	- 100.9	–
	2,121.5	**1,048.1**	**2,406.5**	**12.6**	**39.2**	**- 2,856.8**	**27,061.8**
	93.8	**56.4**	**105.7**	**- 5.6**	**- 64.3**	**–**	**858.8**
	- 23.6	- 35.3	- 35.3	- 5.8	- 36.8	- 2.0	- 354.7
	70.2	**21.1**	**70.4**	**- 11.4**	**- 101.1**	**- 2.0**	**504.1**
	- 0.2	1.3	- 0.9	–	7.3	–	14.2
	–	2.1	0.1	–	2.3	–	49.1
	- 15.7	- 10.7	- 21.4	- 0.9	- 10.8	–	- 184.5
	54.5	**10.4**	**49.0**	**- 12.3**	**- 111.9**	**- 2.0**	**319.6**
							- 80.1
							239.5
	1,161.7	729.2	1,112.5	45.1	6,025.0	- 5,206.7	12,976.4
	11.3	21.6	4.5	–	139.9	–	278.7
	–	15.1	–	–	1.0	–	16.4
	686.5	37.8	414.3	1.2	0.5	- 2.8	4,756.8
	–	–	–	–	–	–	–
	1,293.3	423.4	1,202.1	58.0	3,370.6	- 2,901.6	11,067.4
	–	–	–	–	–	–	–
	41.8	112.8	65.1	3.9	42.5	–	618.4
	3,826	3,151	4,661	220	1,017	–	22,293

*** prior to consolidation**

Financial information by segment for the financial year 2021 [1]

In € million 31/12/2021	Renewable Energies	Energy	Cefetra Group	Agri Trade & Service
Revenues generated through business with third parties	3,560.0	2,128.2	4,996.3	4,178.7
Intra-segment revenues	233.1	221.6	708.4	510.0
Inter-segment revenues	1.1	10.5	27.1	30.9
Total revenues	**3,794.2**	**2,360.3**	**5,731.8**	**4,719.6**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**198.9**	**32.9**	**48.5**	**59.3**
Depreciation/amortisation	- 63.9	- 15.5	- 9.7	- 47.0
Earnings before interest and tax (EBIT)	**135.0**	**17.4**	**38.8**	**12.3**
thereof: income from participating interests recognised at equity	- 9.9	–	- 1.6	0.7
thereof: other income from shareholdings	0.7	–	–	0.8
Net interest	- 39.9	- 0.8	- 5.1	- 17.2
Earnings before tax (EBT)	**95.1**	**16.6**	**33.7**	**- 4.9**
Income tax				
Net result for the year				
Assets	4,536.8	410.2	1,300.9	1,947.7
thereof: participating interests recognised at equity	49.7	–	1.9	20.2
thereof: non-current assets held for sale	–	–	–	14.7
Inventories	1,781.1	57.3	592.8	892.0
thereof: non-current assets held for sale	–	–	–	1.9
Liabilities	3,503.3	417.5	1,121.0	1,760.5
thereof: liabilities from non-current assets held for sale	–	–	–	10.1
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	82.9	24.7	3.9	36.3
Employee annual average	2,821	1,359	496	3,408

1 The order of the segments has been adjusted for reasons of comparability with the financial year 2022.

	Agricultural Equipment	Global Produce	Building Materials	Innovation & Digitalisation	Other Activities*	Transition	**Group**
	1,909.0	960.7	2,084.2	11.1	10.9	–	19,839.1
	40.1	201.5	54.7	2.1	46.5	- 2,018.0	–
	1.3	–	1.1	0.4	2.7	- 75.1	–
	1,950.4	**1,162.2**	**2,140.0**	**13.6**	**60.1**	**- 2,093.1**	**19,839.1**
	72.2	**76.5**	**104.0**	**- 3.4**	**- 36.1**	**–**	**552.8**
	- 23.6	- 33.9	- 30.8	- 16.8	- 39.7	- 5.3	- 286.2
	48.6	**42.6**	**73.2**	**- 20.2**	**- 75.8**	**- 5.3**	**266.6**
	2.1	0.9	–	–	- 2.5	–	- 10.3
	–	–	0.1	0.9	4.8	–	7.3
	- 10.3	- 9.3	- 13.9	- 0.7	- 8.8	–	- 106.0
	38.3	**33.3**	**59.3**	**- 20.9**	**- 84.6**	**- 5.3**	**160.6**
							- 31.8
							128.8
	1,010.9	667.3	983.9	68.4	5,690.3	- 4,845.0	11,771.4
	11.5	21.9	–	–	137.4	–	242.6
	0.3	–	0.2	–	6.3	–	21.4
	554.2	35.0	301.7	1.7	0.4	- 3.2	4,213.0
	–	–	–	–	–	–	1.9
	1,095.8	370.0	999.7	100.0	3,221.5	- 2,634.0	9,955.3
	–	–	–	–	–	–	10.1
	32.3	56.8	80.2	7.5	51.2	–	375.8
	3,805	3,650	4,454	240	952	–	21,185

*** prior to consolidation**

Segment reporting by region

Beyond reporting under IFRS 8, which does not require secondary segment information, information on segment reporting by region is also disclosed. Consequently, external sales are allocated according to where the customer is domiciled; the Group's core markets are in Germany, Austria and the Netherlands.

Financial information by region

	External sales		Non-current assets [1]	
In € million	**2022**	2021	**2022**	2021
Germany	9,916.7	7,317.9	1,841.4	1,666.8
Austria	3,877.6	3,013.5	542.6	565.1
Netherlands	2,412.7	1,645.1	248.1	240.7
New Zealand	454.0	197.9	321.7	280.5
USA	1,060.1	561.0	612.8	345.5
Other international operations	9,340.7	7,103.7	824.3	672.6
thereof: rest of Europe	8,464.9	6,180.9	506.7	323.0
Group	**27,061.8**	**19,839.1**	**4,390.9**	**3,771.3**

1 Due to the incomplete reporting of non-current assets in different regions in the previous year, the previous year's figures were adjusted in the financial year 2022.

E.3 Litigation

Group companies are and will continue to be faced with legal disputes and administrative proceedings in relation to their operating business activities. Such disputes and proceedings can relate to the assertion of third-party claims based on poor services (e.g. consultation errors), deliveries not being up to standard (e.g. deficiencies) or payment disputes, but can also result from breaches of compliance requirements by individual employees. This may lead, among other things, to individual Group companies having to pay compensation or financial penalties or being imposed with other civil or criminal sanctions.

In March 2015, the Bundeskartellamt (German federal antitrust authority) initiated administrative offence proceedings concerning crop protection products. The proceedings were ended in January 2020. Since then, there has been a fundamental risk that customers could assert claims for compensation against BayWa AG. At the time at which these financial statements were prepared, only individual claims had been asserted against BayWa AG out of court, all of which have been refuted by BayWa AG. Claims for compensation were filed against another company involved in the proceedings. In these proceedings, the defendant declared litigation against BayWa AG and other companies. If the case were to be lost, this company could be entitled to claim a settlement against BayWa AG, because the companies involved in such an administrative offence generally hold joint and several liability. In such a case, there would be a risk that BayWa AG would also have to settle part of the potential damages. It is BayWa AG's belief that the penalised misconduct did not result in any buyers of BayWa AG suffering any financial damages whatsoever.

We assume, supported by the assessment of our advisers, that it is not highly likely in this context that third parties will be able to successfully assert any material claims against BayWa AG. Therefore, no risk provisions for this matter have been formed on the balance sheet.

Neither BayWa AG nor any of its Group companies are involved in a court case or arbitration proceedings which could have a major impact on the economic situation of the Group, either now or in the past two years. Such court cases are also not foreseeable. Provisions have been made in an appropriate amount at the respective Group company for any financial burdens arising from other court cases or arbitration proceedings and for other legal disputes and/or there is appropriate insurance cover in place.

E.4 Information pursuant to Section 160 para. 1 item 8 of the German Stock Corporation Act (AktG)

Pursuant to the German Securities Trading Act (WpHG), any shareholder who reaches, exceeds or falls below the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the voting rights of a listed company is required to inform the company and the German Federal Financial Supervisory Authority (BaFin) without delay. BayWa AG was informed of the following holdings:

Pursuant to Section 41 para. 2 in conjunction with Section 21 para. 1 of the German Securities Trading Act (WpHG), Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany, informed us on 4 April 2002 that the proportion of its voting rights in our company had exceeded the 30% threshold and stood at 37.51% as at 1 April 2002.

Raiffeisen Agrar Invest GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa Aktiengesellschaft, Arabellastraße 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009.

Raiffeisen Agrar Holding GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa Aktiengesellschaft, Arabellastraße 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to Raiffeisen Agrar Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to Raiffeisen Agrar Holding GmbH via Raiffeisen Agrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa Aktiengesellschaft, Arabellastraße 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG via Raiffeisen Agrar Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

On 8 September 2009, we received the following notification from ‘KORMUS’ Holding GmbH, Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020 Vienna, Austria, Company Register no. FN 241822X:

> “We herewith inform you that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share of the voting rights in BayWa Aktiengesellschaft, Arabellastraße 4, 81925 Munich, Germany, apportioned to us had fallen below the thresholds of 25%, 20%, 15%, 10%, 5% and 3% on 8 September 2009 and that the whole share in the voting rights now amounts to 0% (the equivalent of 0 voting rights). To date a share in the voting rights of 25.12% (the equivalent of 8,533,673 voting rights) was apportionable to us pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG) via LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG. As a result of a demerger, 16,329,226 of the shares formerly held by us in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG (the equivalent of 50.05% of the shares and the voting rights) were directly transferred to ‘LAREDO’ Beteiligungs GmbH, our direct parent company, with effect from 8 September 2009.”

‘LAREDO’ Beteiligungs GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa Aktiengesellschaft, Arabellastraße 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from shares with restricted transferability and 143,888 voting rights from registered shares) were apportioned to ‘LAREDO’ Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to ‘LAREDO’ Beteiligungs GmbH via ‘KORMUS’ Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H., Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), the share apportioned to it of the voting rights in BayWa Aktiengesellschaft, Arabellastraße 4, 81925 Munich, Germany, exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to Raiffeisen-Holding GmbH, Niederösterreich-Wien reg.Gen.m.b.H. pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H. via 'LAREDO' Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

RWA Management, Service und Beteiligungen GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), its share in the voting rights of BayWa Aktiengesellschaft, Munich, Germany, came to 25.12% (8,533,673 voting rights) on 15 July 2009 and that these voting rights are apportionable to it via Raiffeisen Agrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).
We received the following additional information regarding these developments pursuant to Section 27a para. 1 of the German Securities Trading Act (WpHG):

1) Objectives of the acquisition:
    a) The acquisition of BayWa Aktiengesellschaft voting rights serves to implement strategic goals;
    b) RWA Management, Service und Beteiligungen GmbH plans to obtain additional voting rights by means of acquisition or otherwise within the next twelve months, but not to a significant extent and mainly to prevent dilution of its existing voting rights;
    c) RWA Management, Service und Beteiligungen GmbH currently does not intend to exercise any further-reaching influence on the appointment of members of the issuer's administration, management and supervisory bodies;
    d) RWA Management, Service und Beteiligungen GmbH currently does not plan to implement any material changes to the company's capital structure, particularly in view of the ratio between equity and debt capital as well as dividend policies.
2) Origin of funds used for the acquisition:
    Insofar as the acquisition of the voting rights occurred within the scope of the merger of RWA Verbundservice GmbH, the former wholly owned subsidiary of the reporting entity, with Raiffeisen Agrar Invest GmbH, neither debt nor equity capital was used for the acquisition of BayWa Aktiengesellschaft voting rights. Any further small acquisitions concluded since the merger were paid with company funds.

RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share apportioned to it in the voting rights of BayWa AG, Munich, Germany, came to 25.12% (8,533,673 voting rights) on 15 July 2009 and that these voting rights are apportionable to it via Raiffeisen Agrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).
We received the following additional information regarding these developments pursuant to Section 27a para. 1 of the German Securities Trading Act (WpHG):

1) Objectives of the acquisition:
    a) The acquisition of BayWa Aktiengesellschaft voting rights serves to implement strategic goals;
    b) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen plans to obtain additional voting rights by means of acquisition or otherwise within the next twelve months, but not to a significant extent and mainly to prevent dilution of its existing voting rights;
    c) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen currently does not intend to exercise any further-reaching influence on the appointment of members of the issuer's administration, management and supervisory bodies;
    d) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen currently does not plan to implement any material changes to the company's capital structure, particularly in view of the ratio between equity and debt capital as well as dividend policies.
2) Origin of funds used for the acquisition:
    Insofar as the acquisition of the voting rights occurred within the scope of the merger of RWA Verbundservice GmbH, the former wholly owned subsidiary of the reporting entity, with Raiffeisen Agrar Invest GmbH, neither debt nor equity capital was used for the acquisition of BayWa AG voting rights. Any further small acquisitions concluded since the merger were paid with company funds.

Correction of a voting rights notification from 16 July 2009:
RWA Management, Service und Beteiligungen GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. The share of voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:

RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa Aktiengesellschaft, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. The share of voting rights of 25.12% (8,533,673 voting rights) is apportionable to RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa Aktiengesellschaft, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung via the chain 'LAREDO' Beteiligungs GmbH, LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH, the direct holder of BayWa Aktiengesellschaft voting rights, pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
'LAREDO' Beteiligungs GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa Aktiengesellschaft, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to 'LAREDO' Beteiligungs GmbH via the chain LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH, the direct holder of BayWa Aktiengesellschaft voting rights, pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa Aktiengesellschaft, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft Vienna, Austria, via the chain Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH (the latter being the direct holder of BayWa Aktiengesellschaft voting rights) pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG) and via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
Raiffeisen Agrar Holding GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa Aktiengesellschaft, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009. This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 1 sentence 1 item 1 and Section 22 para. 2 of the German Securities Trading Act (WpHG).

Correction of a voting rights notification from 16 July 2009:
Raiffeisen Agrar Invest GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of voting rights apportioned to it in BayWa Aktiengesellschaft, Munich, Germany, had exceeded the thresholds of 15%, 20% and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.

Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria, informed us on 19 January 2016, in the form of a notification of voting rights pursuant to Section 41 para. 4f of the German Securities Trading Act (WpHG), that the share of voting rights apportioned to it in BayWa AG, Munich, Germany, amounted to 25.10% on 26 November 2015, which corresponds to 8,730,273 voting rights. The company's share had amounted to 25.12% on the date of the last notification.

E.5 Related party disclosures

At the BayWa Group, members of the Board of Management and the Supervisory Board are considered related parties. In relation to the shareholder group of BayWa AG, the holdings of Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany, as well as Raiffeisen Agrar Invest AG, Vienna, Austria, mean that they can exert significant influence on BayWa AG. These companies are therefore to be classified as related parties. Apart from dividend payments by BayWa AG to Bayerische Raiffeisen-Beteiligungs-AG of €12.8 million (2021: €12.2 million) and to Raiffeisen Agrar Invest AG of €10.2 million (2021: €9.6 million), no business transactions within the meaning of IAS 24 which are required to be reported here were carried out in the financial year 2022.
Transactions with related parties are shown in the table below.

In € million **2022**	Supervisory Board	Board of Management	Bayerische Raiffeisen-Beteiligungs-AG and Raiffeisen Agrar Invest AG	Non-consolidated subsidiaries	Non-consolidated joint ventures	Non-consolidated associates
Receivables	–	–	–	37.2	1.6	8.4
Liabilities	–	–	–	12.3	0.9	0.8
Interest income	0.0	0.0	–	0.0	0.0	0.0
Interest expenses	–	–	–	0.1	–	0.0
Revenues	–	–	–	26.2	1.2	55.2
Cost of materials	–	–	–	8.2	4.7	0.8

In € million 2021	Supervisory Board	Board of Management	Bayerische Raiffeisen-Beteiligungs-AG and Raiffeisen Agrar Invest AG	Non-consolidated subsidiaries	Non-consolidated joint ventures	Non-consolidated associates
Receivables	–	–	–	32.2	2.4	7.8
Liabilities	–	–	–	13.1	0.8	1.3
Interest income	0.0	0.0	–	0.3	0.0	0.0
Interest expenses	–	–	–	0.0	0.0	–
Revenues	–	–	–	12.2	1.4	76.5
Cost of materials	–	–	–	6.2	4.1	1.4

The transactions conducted with related parties predominantly pertain to the sale of goods. Members of the Board of Management or of the Supervisory Board of BayWa AG are members in supervisory boards or board members of other companies with which BayWa AG maintains business relations in the course of normal business.

E.6 Fees of the Group auditor

The following fees paid to the Group auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft were recognised as expenses at BayWa AG and its subsidiaries:

In € million	**2022**	2021
For audits performed	1.6	1.4
For other consultancy services	0.2	0.2
For tax consultancy services	–	–
For other services	–	0.1
	1.8	**1.7**

The audit services relate primarily to the fees for the audit of the consolidated and single-entity financial statements of BayWa AG and of the subsidiaries included in the consolidated financial statements. The other consultancy services concern, in particular, the audit of the combined non-financial report, preparatory activities concerning the issuance of a comfort letter and the audit in connection with the European Market Infrastructure Regulation (EMIR).

E.7 Executive and supervisory bodies of BayWa AG

Supervisory Board

Manfred Nüssel (since 21 July 1983)
Master of Agriculture (University of Applied Sciences)
Chairman of the Supervisory Board of BayWa AG
Honorary President of the German Raiffeisen Federation (Deutscher Raiffeisenverband e. V.)

Other mandates
- AGCO GmbH, Marktoberdorf, Germany (Member of the Supervisory Board)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria (Vice Chairman of the Supervisory Board)

Klaus Buchleitner (since 17 June 2014)
Vice Chairman of the Supervisory Board of BayWa AG (until 31 March 2022)
Managing Director of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H (until 7 April 2022)
Managing Director of Raiffeisenlandesbank Niederösterreich-Wien AG (until 29 March 2022)

Other mandates
- AGRANA Beteiligungs-Aktiengesellschaft, Vienna, Austria (Second Vice Chairman) (until 8 July 2022)
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, Austria (First Vice Chairman) (until 8 July 2022)
- AUSTRIA JUICE GmbH, Allhartsberg, Austria (Chairman of the Shareholders Committee) (until 7 April 2022)
- LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna, Austria (Member of the Supervisory Board)
- Niederösterreichische Versicherung AG, St. Pölten, Austria (Member of the Supervisory Board) (until 2 April 2022)
- NÖM AG, Baden, Austria (Chairman of the Supervisory Board) (until 30 March 2022)
- Raiffeisen Bank International AG, Vienna, Austria (Member of the Supervisory Board) (until 31 March 2022)
- Raiffeisen Software GmbH, Vienna, Austria (Chairman of the Supervisory Board) (until 29 March 2022)
- Uniqa Insurance Group AG (Member of the Supervisory Board)
- Uniqa Österreich Versicherungen AG (Member of the Supervisory Board)

Werner Waschbichler (since 1 March 1999)
Vice Chairman of the Supervisory Board of BayWa AG
Chairman of the Works Council of BayWa Headquarters, Munich, Germany
Chairman of the Main Works Council of BayWa AG

Wolfgang Altmüller (since 17 June 2014)
MBA (University of Applied Sciences)
Vice Chairman of the Supervisory Board of BayWa AG (since 1 April 2022)
Chairman of the Board of Directors of meine Volksbank Raiffeisenbank eG

Other mandates
- Allianz Versicherungs-AG, Munich, Germany (Member of the Supervisory Board)
- Allianz Beratungs- und Vertriebs-AG, Munich, Germany (Member of the Supervisory Board)
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany (Chairman of the Supervisory Board)
- Atruvia AG (formerly: Fiducia & GAD IT AG), Karlsruhe, Germany (Member of the Supervisory Board)
- FTI Touristik GmbH, Munich, Germany (Chairman of the Supervisory Board)
- Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e. V. (BVR), Berlin, Germany (Chairman of the Advisory Board) (since 23 November 2022)

Theo Bergmann (since 4 June 2013)
Driver
Member of the Works Council

Andrea Busch (since 5 June 2018)
General Secretary
ver.di, Saxony West-East-South

Thomas Gürlebeck (since 7 January 2021)
Union Secretary
ver.di, Bavaria state region, trade section
Vice Chairman of the trade section of ver.di, Bavaria state region

Jürgen Hahnemann (since 5 June 2018)
Warehouse coordinator Franconia
Chairman of the Works Council of BayWa AG, Building Materials, Central Franconia, member of the Main Works Council of BayWa Headquarters

Ingrid Halbritter (since 1 July 2021)
Senior Credit Risk Manager
Vice Chairwoman of the Main Works Council of BayWa AG

Monika Hohlmeier (since 4 June 2013)
Member of the European Parliament

Michael Kuffner (since 4 June 2013)
Head of Environment, Health & Safety (EH&S)

Other mandate
- BGHW Berufsgenossenschaft für Handel und Warenlogistik (Member of the Management Board)

Dr. Johann Lang (since 30 May 2008)
Master of Engineering
Farmer and Managing Director of Landwirtschaftsbetrieb Lang, Baumgarten, Austria

Other mandates
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria (Chairman of the Supervisory Board) (until 15 December 2022)
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Korneuburg, Austria (Chairman of the Supervisory Board) (until 7 December 2022)

Bernhard Loy (since 5 June 2018)
Service specialist
Chairman of the Works Council of BayWa AG, Agricultural Equipment, Central Franconia, Vice Chairman of the Main Works Council of BayWa Headquarters

Wilhelm Oberhofer (since 6 August 2015)
Bachelor of Banking Services and Operations (CCI)
Member of the Management Board of Raiffeisenbank Kempten-Oberallgäu eG
Member of the Management Board of Bayerische Raiffeisen-Beteiligungs-AG

Other mandates
- Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall, Germany (Member of the Supervisory Board)
- GOS Grundstücksgesellschaft Oberallgäu-Süd mbH, Sonthofen, Germany (Member of the Advisory Committee)
- DZ Bank AG, Frankfurt am Main, Germany (Member of the Central Advisory Board, Vice Chairman since 5 October 2022)

Joachim Rukwied (since 4 June 2013)
Master of Engineering (University of Applied Sciences)
Farmer and vintner
President of the German Farmers' Association (Deutscher Bauernverband e. V. – DBV)
President of the Landesbauernverband in Baden-Württemberg e. V.

Other mandates
- Buchstelle LBV GmbH, Stuttgart, Germany (Chairman)
- KfW Bankengruppe, Frankfurt am Main, Germany (Member of the Board of Administration)
- Landwirtschaftliche Rentenbank (Germany's development agency for agribusiness and rural areas), Frankfurt am Main, Germany (Chairman of the Board of Administration)
- Land-DATA GmbH, Visselhövede, Germany (Chairman)
- LBV-Unternehmensberatungsdienste GmbH, Stuttgart, Germany (Chairman of the Board of Administration)
- Messe Berlin GmbH, Berlin, Germany (Member of the Supervisory Board)
- R+V Allgemeine Versicherung AG, Wiesbaden, Germany (Member of the Supervisory Board)
- Südzucker AG, Mannheim/Ochsenfurt, Germany (Member of the Supervisory Board)

Monique Surges (since 19 May 2015)
Chief Executive Officer German-New Zealand Chamber of Commerce Inc., New Zealand
Chief Executive Officer German Chamber of Commerce Abroad (AHK), Auckland, New Zealand
Treasurer of the New Zealand Europe Business Council (NZEBC), Auckland, New Zealand (until 13 July 2022)
Vice-President of the New Zealand Europe Business Council (NZEBC), Auckland, New Zealand (since 13 July 2022)

Cooperative Council

Karlheinz Kipke
Chairman of the Cooperative Council (until 30 June 2022)
Chairman of the Board of Directors of VR-Bank Coburg eG (until 30 June 2022)

Joachim Hausner
Chairman of the Cooperative Council (since 3 August 2022)
Chairman of the Board of Directors of VR Bank Bamberg-Forchheim eG (since 1 February 2022)

Members pursuant to Article 28 para. 5 of the Articles of Association

Manfred Nüssel
Master of Agriculture (University of Applied Sciences)
Vice Chairman of the Cooperative Council
Honorary President of the German Raiffeisen Federation (Deutscher Raiffeisenverband e. V.)

Dr. Johann Lang
Master of Engineering, farmer and Managing Director of Landwirtschaftsbetrieb Lang, Baumgarten, Austria
Chairman of the Supervisory Board of RWA Raiffeisen Ware Austria AG (until 15 December 2022)

Other members

Franz Breiteneicher
Managing Director of Raiffeisen-Waren GmbH Erdinger Land

Dr. Alexander Büchel (until 31 January 2022)
Member of the Management Board of Genossenschaftsverband Bayern e. V.

Albert Deß
Former Member of the European Parliament, Chairman of the Board of Directors of Bayernland eG in Nuremberg, Germany

Martin Empl
Master of Agriculture, farmer

Dr. Reinhard Funk
Master of Agriculture, farmer and publicly appointed agricultural appraiser

Manfred Göhring
Chairman of the Board of Directors of Raiffeisenbank Altdorf-Feucht eG

Peter Götz
Member of the Management Board of Genossenschaftsverband – Verband der Regionen e. V.

Markus Grauer
Managing Director of Raiffeisen-Waren Schwaben Allgäu GmbH

Albert Griebl
Spokesman of the Management Board of VR-Bank Rottal-Inn eG

Wolfgang Grübler
Chairman of the Board of Directors Agrarunternehmen “Lommatzscher Pflege” e.G.

Alois Hausleitner
Ök.-Rat, member of the Supervisory Board of RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria

Walter Heidl
President of the Bavarian Farmers’ Association (Bayerischer Bauernverband – BBV)

Ludwig Hubauer
Ök.-Rat, Chairman of Lagerhaus Innviertel-Traunviertel-Urfahr eGen, member of the Supervisory Board of RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria

Martin Körner
Master of Engineering (University of Applied Sciences), farmer, fruit farmer

Alfred Kraus
Managing Director of Raiffeisen-Handels-GmbH

Torsten Krawczyk (since 3 August 2022)
President of Sächsischer Landesbauernverband e. V.

Johann Kreitmeier
Farmer and Chairman of the Landeskuratorium für landwirtschaftliche Erzeugung in Bayern e. V. (until 26 April 2022)

Franz Kustner
Honorary President of the Bavarian Farmers’ Association (Bayerischer Bauernverband – BBV)

Markus Merz (since 3 August 2022)
Spokesman of the Management Board of VR-Bank Main-Rhön eG

Marlene Mortler
Member of the European Parliament

Angelika Schorer
Member of the Bavarian State Assembly

Gerd Sonnleitner
Farmer, Honorary President of the European farmers’ association COPA, the German Farmers’ Association (Deutscher Bauernverband – DBV) and the Bavarian Farmers’ Association (Bayerischer Bauernverband – BBV)

Dr. Hermann Starnecker
Spokesman of the Management Board of VR Bank Augsburg-Ostallgäu eG

Wolfgang Völkl
Spokesman of the Management Board of Volksbank Raiffeisenbank Regensburg-Schwandorf eG

Rainer Wiederer (until 31 December 2022)
Spokesman of the Management Board of Volksbank Raiffeisenbank Würzburg eG

Thomas Wirth
Member of the Management Board of Volksbank Raiffeisenbank Nordoberpfalz eG

Board of Management

Prof. Klaus Josef Lutz
(Chief Executive Officer)
Corporate Audit, Corporate EH&S, Corporate Governance, Corporate Legal & Compliance, Corporate M & A, Corporate Marketing, Corporate Public Affairs, Corporate Risk, Corporate Strategy & Innovation, Corporate Sustainability, Corporate Communications, BayWa Foundation, Cefetra Group, Global Produce

External mandates
- German Raiffeisen Federation (Deutscher Raiffeisenverband e. V.), Berlin, Germany (Vice President)
- Euro Pool System International B.V., Rijswijk, Netherlands (Chairman of the Supervisory Board)
- Stichting Continuiteit AMG, Amsterdam, Netherlands (Member of the Supervisory Board since 14 June 2022)
- Giesecke & Devrient GmbH, Munich, Germany (Chairman of the Supervisory Board and the Advisory Committee)
- IHK Industrie- und Handelskammer für München und Oberbayern, Munich, Germany (President)

Group mandates
- Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates (Member of the Board of Directors) (until 25 July 2022)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria (First Vice Chairman of the Supervisory Board)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (Member of the Supervisory Board) (until 9 June 2022)
- BayWa r.e. AG, Munich, Germany (Chairman of the Supervisory Board)
- BayWa Global Produce GmbH, Munich, Germany (Chairman of the Supervisory Board) (until 23 May 2022)

Andreas Helber
Corporate Controlling, Corporate Finance & Accounting, Corporate Insurance, Corporate Real Estate Management, Investor Relations, Business Services (Finance Services, HR Services, Corporate Purchasing and Services)

External mandates
- Munich Stock Exchange (Member of the Stock Exchange Council)
- R+V Allgemeine Versicherung AG, Wiesbaden, Germany (Member of the Supervisory Board)

Group mandates
- Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates (Member of the Board of Directors) (until 25 July 2022)
- BayWa Global Produce GmbH, Munich, Germany (Member of the Supervisory Board)
- BayWa r.e. AG, Munich, Germany (Member of the Supervisory Board)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria (Third Vice Chairman of the Supervisory Board)
- T&G Global Limited, Auckland, New Zealand (Member of the Board of Directors)

Marcus Pöllinger
Corporate HR, Corporate IT, Agri Trade & Service, Building Materials, Digital Farming, Energy, Agricultural Equipment

External mandate
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany (Member of the Supervisory Board)

Group mandates
- BayWa Global Produce GmbH, Munich, Germany (Chairman of the Supervisory Board) (since 23 May 2022)
- BHBW Holdings (Pty) Ltd, Lynnwood Manor, South Africa (Member of the Board of Directors) (until 29 September 2022)
- Cefetra Group B.V., Rotterdam, Netherlands (Member of the Supervisory Board) (since 1 January 2022)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria (Member of the Supervisory Board)
- T&G Global Limited, Auckland, New Zealand (Member of the Board of Directors)

Reinhard Wolf
RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria (General Director and Chairman of the Board of Directors)

External mandate
- Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria (Member of the Management Board)

Group mandates
- Garant - Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria (Chairman of the Supervisory Board)
- Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria (Vice Chairman of the Supervisory Board)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (Chairman of the Supervisory Board) (since 9 June 2022)

Allocation of departments as at 31 December 2022

E.8 Total remuneration of the Board of Management, the Supervisory Board and the Cooperative Council

Key management personnel comprises the Board of Management and the Supervisory Board. The remuneration of the Board of Management totalled €17.1 million (2021: €9.5 million). The total remuneration of the Supervisory Board came to €1.4 million (2021: €1.1 million). In addition to Supervisory Board remuneration, employee representatives who are employees of the BayWa Group receive compensation not connected to their activities for the Supervisory Board. The sum total of such compensation received by the employee representatives came to €0.6 million (2021: €0.6 million). The total remuneration of the Board of Management and Supervisory Board breaks down as follows:

In € million	**2022**	2021
Remuneration of the Board of Management		
payment due in the short term	5.8	6.0
transfers to pension provision	1.2	1.6
termination benefits	6.7	–
other long-term payments	3.4	1.9
Total remuneration of the Board of Management	**17.1**	**9.5**
Remuneration of the Supervisory Board		
payment due in the short term	1.4	1.1
Total remuneration of the Supervisory Board	**1.4**	**1.1**
Combined remuneration of the Board of Management and the Supervisory Board	**16.6**	**10.6**

A total of €12.1 million of the total remuneration of the Board of Management was still outstanding as at 31 December 2022 (2021: €3.6 million).

An amount of €3.4 million (2021: €3.6 million) was paid out to former members of the Board of Management of BayWa AG and their dependants. Pension provisions for former members of the Board of Management and their dependants are disclosed in an amount of €35.1 million (2021: €41.3 million).

In addition, the Cooperative Council, which is not considered key management personnel pursuant to IAS 24, received €0.1 million in total (2021: €0.1 million).

Outline of the Board of Management remuneration system

The remuneration system is geared towards the sustainable and long-term development of the company. The Supervisory Board of BayWa AG reviews the material contractual elements and adapts them annually, if needed. In designing the remuneration system and determining the amount of remuneration, the Supervisory Board pays heed to the responsibilities and performance of the Board of Management members and to the situation and strategy of the company, as well as the customariness of the remuneration.

Appropriateness of the Board of Management's remuneration
The Supervisory Board takes particular care to ensure that the total target remuneration is customary and consults independent remuneration experts. The **total target remuneration** equals the total of all remuneration components and is calculated on the basis of 100% target achievement of agreed variable remuneration targets. Both horizontal and vertical comparisons are used to determine whether total target remuneration is customary.

In the first step of determining whether remuneration is customary, the Supervisory Board compares it with other companies from BayWa AG's relevant peer groups (horizontal market comparison). BayWa AG is a conglomerate whose business areas are not comparable to any significant degree with those of other companies. In order to create a broader basis for comparison, a total of three peer groups are formed for the horizontal market comparison with BayWa AG.

The first peer group consists solely of companies that are listed on the DAX, MDAX or SDAX and whose average revenues over the past three years exceed the revenues generated by BayWa AG in 2019 by no more than 100% or fall short of the revenues generated by BayWa AG in 2019 by no more than 50%. Two groups were then formed: one made up solely of eight companies from identical industries, and one including an additional seven companies from related industries.

The second peer group consists solely of companies that are listed on the SDAX or MDAX, have at least 5,000 employees and operate exclusively in the core business of BayWa AG or in a similar area. Again, two groups are then formed: one made up only of eight companies that are listed on the SDAX, and another including eight relevant companies that are listed on the MDAX.

The third and final peer group consists of companies that operate in BayWa AG's various business sectors (energy, building materials, trade, agriculture, agricultural equipment), as well as those considered to be conglomerates or holdings. From each of the individual industries, three to five companies that are structurally similar to BayWa AG, generate the highest or lowest applicable revenues or employ the highest or lowest applicable number of staff were selected to prevent outliers and distortions in either direction to the greatest extent possible.

In total, over 40 companies were included in the horizontal peer group comparison. As a result, they have not been mentioned by name. The Supervisory Board reviews the scope and structure of remuneration of the Chief Executive Officer and that of ordinary members of the BayWa AG Board of Management in respect of all three peer groups and assesses whether the remuneration is customary on this basis.

A review of the Chief Financial Officer's remuneration was conducted in December 2022 in accordance with the review system presented above. The first peer group consists solely of companies that are listed on the DAX, MDAX or SDAX and whose average revenues over the past three years exceed the revenues generated by BayWa AG in 2021 by no more than 100% or fall short of the revenues generated by BayWa AG in 2021 by no more than 50%. Two groups were then formed: one made up solely of six companies from identical industries, and one including an additional ten companies from related industries.

The second peer group consisted solely of companies that are listed on the SDAX or MDAX, have at least 5,000 employees and operate exclusively in the core business of BayWa AG or in a similar area. Again, two groups are then formed: one made up only of six companies that are listed on the SDAX, and another including ten relevant companies that are listed on the MDAX.

The third and final peer group consists of companies that operate in BayWa AG's various business sectors (energy, building materials, trade, agriculture, agricultural equipment), as well as those considered to be conglomerates or holdings. Three to five companies from each of the individual industries – making a total of 20 – that are structurally similar to BayWa AG, that generate the highest or lowest applicable revenues or employ the highest or lowest applicable number of staff were selected to prevent outliers and distortions in either direction to the greatest extent possible.

In total, 45 companies were also included in the horizontal peer group comparison here. As a result, they have not been mentioned by name.

The Supervisory Board reviewed the scope and structure of the remuneration of the Chief Executive Officer and that of the other ordinary members of the BayWa AG Board of Management in the second half of 2022.

Remuneration structure
The **total remuneration** of the three members of the Board of Management with an employment contract with BayWa AG consists of an annual fixed salary, a short-term variable component (annual bonus), a long-term variable component (share in what is known as the bonus bank account, referred to hereinafter simply as "bonus bank"), benefits, a company pension and, in some cases, remuneration for sideline activities. The variable remuneration components are aimed at creating incentives for strong company performance and collective and individual achievements. The failure to achieve the defined targets decreases total remuneration. By contrast, the overachievement of targets may lead to an increase in remuneration. However, such increases are limited to the maximum remuneration.

The fixed salary of the Board of Management members is reviewed regularly (at least once every two years) without entitlement to a raise. Upon 100% target achievement, the fixed salary accounts for 50%, with the annual bonus and the bonus bank share accounting for 50%. In keeping with the aim of promoting BayWa AG's long-term development, the bonus bank share is greater than the annual bonus. In specific terms, the fixed salary usually accounts for 50% to 60% of total remuneration, the annual bonus 15% to 25% and the bonus bank share 20% to 30% – assuming 100% target achievement and not taking pensions into account.

In the case of the Chief Executive Officer, the share of fixed remuneration (fixed salary, benefits and company pension) makes up 62% of the total target remuneration, while the share of variable remuneration accounts for 38% of total target remuneration. The fixed salary makes up 44% of the total target remuneration. Company pension benefits make up 17% and other benefits approximately 1% of the total target remuneration. Short-term variable remuneration accounts for 17% of total target remuneration, while long-term variable remuneration amounts to 20% of total target remuneration.

For both ordinary members of the Board of Management with an employment contract with BayWa AG, fixed remuneration accounts for 58% to 63% of total target remuneration and variable remuneration makes up a 37% to 42% share. The fixed salary makes up 44% to 46% of the total target remuneration. Company pension benefits make up 9% to 16% and other benefits 3% to 4% of the total target remuneration. Short-term variable remuneration accounts for 18% to 22% of total target remuneration, while long-term variable remuneration amounts to 19% to 24% of total target remuneration. The target value for the remuneration of the Chief Executive Officer is twice as high as the target value for other members of the Board of Management.

Total target remuneration
The Supervisory Board defined the total target remuneration for each member of the Board of Management for the 2022 reporting period. In doing so, it took care to ensure that the total target remuneration is in proportion to the tasks and performance of the respective Board of Management member. It also paid particular attention to the economic situation, market environment, success and future prospects of the company and placed a special focus on whether the total target remuneration is customary for the market.

The tables below show the total target remuneration of the members of the Board of Management (in € thousand) and the remuneration structure (in %) in the financial years 2021 and 2022, respectively. The total target remuneration of the members of the Board of Management consists of the respective annual basic salary, benefits, Group mandates, short-term variable remuneration upon 100% target achievement (targets are defined in the previous financial year and paid out in the respective reporting period), long-term variable remuneration at 100% target achievement (depending on target achievement in the previous three financial years, the instalment is paid in April of the respective reporting period) and pension-scheme deposits. The remuneration structure presented for the target remuneration granted corresponds to the remuneration structure defined in the applicable remuneration system pursuant to Section 87a para. 1 item 3 of the German Stock Corporation Act (AktG).

Short-term variable remuneration – annual bonus
Short-term variable remuneration takes the form of an annual bonus. The target value or targets for the annual bonus are defined by the Supervisory Board in the first meeting of the financial year. The targets or comparison parameters are not subsequently adjusted. The Supervisory Board reviews target achievements in the first meeting of the financial year following the financial year to be reviewed. The annual bonus is then usually paid directly after the review, in March of the subsequent year.

At 100% target achievement, it equates to 40% of the fixed salary of the respective member of the Board of Management. If the targets are exceeded, the bonus will be increased, but only up to a maximum amount of 150% (cap). In such a case, the annual bonus can be up to 60% of the respective fixed salary. The bonus will be reduced proportionately down to €0.00 if the targets are not fulfilled. This accounts for both negative and positive developments, contributing to the successful long-term development of BayWa AG.

The relationship between the target values and the bonus is linear. As the current provision for the annual bonus and any additional costs or savings for the previous year are recognised in the financial year, the actually granted total for the annual bonus may exceed the maximum amount of 150%.

The annual bonus is based on the financial success of the company, in other words the result of operating activities of the BayWa Group or the EBIT of certain business segments of BayWa AG and individually agreed, operative or strategic goals, as the case may be. When defining goals, the Supervisory Board takes into particular account the area of responsibility of the respective member of the Board of Management.

Defining the result of operating activities as the performance criterion for the annual bonus is aimed at supporting the strategic and successful long-term development of the Group. In addition, EBIT of certain business segments of BayWa AG reflects the operating performance of the respective business division, serving as an important indicator of the performance of each member of the Board of Management. In order to ensure a balanced relationship between business divisions, the maximum weighting of each individual EBIT target of a Board of Management member does not exceed 30%. By agreeing individual goals, further differentiation can be made depending on the specific strategic and operating challenges of the respective member of the Board of Management.

In accordance with the remuneration system approved by the Annual General Meeting and resolved by the Supervisory Board, the calculation of the Chief Executive Officer's annual bonus is wholly based on the result of operating activities of the BayWa Group. The calculation base for the member of the Board of Management responsible for finances is based on the result of operating activities (70%) and individually agreed targets (30%). The calculation base for the Board of Management member with more operating responsibility is based on the EBIT of certain business sectors of BayWa AG (70%) and individually agreed targets (30%), although EBIT targets for certain business sectors were also agreed in 2022 as individually agreed targets.

Long-term variable remuneration – bonus bank

Board of Management members also receive further remuneration with a long-term component. For this purpose, BayWa AG credits or debits the bonus bank every year depending on the result of operating activities achieved each year. Long-term variable remuneration should create incentives for the successful implementation of the company's strategic focus. The annual result of operating activities is a primary parameter for measuring the success of the business strategy and the long-term, successful development of the company.

The amount debited from or credited to the bonus bank depends on the extent to which the result of operating activities meets the targets defined by the Supervisory Board for the preceding three years and is determined by the Supervisory Board prior to the start of said three-year period. The last three-year period began with the financial year 2022 and is set to conclude in the financial year 2024. Before that, the previous period began in 2019 and ended in the financial year 2021. In the 2022 reporting period, the Supervisory Board therefore defined the following new targets for the next three years on the basis of medium-term planning and the usual corrections as made in previous years: A result of operating activities in the financial year of €215 million would equate to 100% achievement of long-term targets and a result of operating activities of €235 million would equate to 135% achievement. A result of operating activities of €235 million in the financial year 2023, and a result of operating activities of €240 million in the financial year 2024, would also equate to 100% achievement of long-term targets.

In the case of 100% target achievement, the bonus bank is increased by €1.4 million annually. In the case of overachievement, a maximum annual payment of €1.9 million is made to the bonus bank, which equates to capping the maximum contribution to the bonus bank at approximately 135% of the target value. At the same time, failure to achieve the targets results in a charge on the bonus bank of up to minus €1.9 million (**negative bonus**). If, owing to payments made in previous years or charges reducing the bonus bank, there is a negative balance in the bonus bank, the respective Board of Management members are obliged to pay back the preliminary payments made in the previous years (so-called **clawback**). Both negative and positive developments are therefore also taken into account in calculating long-term variable remuneration.

Target achievement – bonus bank

As previously mentioned, remuneration is considered to have been **granted** within the meaning of Section 162 para. 1 sentence 1 of the German Stock Corporation Act (AktG) if it is paid de facto to a member of the Board of Management and is transferred to said member's assets. The long-term variable remuneration components that were paid out in the 2022 reporting year or posted to the separate bonus bank account for the Board of Management members were de facto received by them in 2022 and were thus granted. In the 2022 reporting year, the shares from financial years 2019, 2020 and 2021 were posted to a separate bonus bank account for the Board of Management members. As a result, only the shares posted were also granted in the 2022 reporting year. The shares that are only posted to a separate bonus bank account in the financial year 2023 and in subsequent financial years were not yet granted in the 2022 reporting year.

Accordingly, target achievement in the three financial years 2019 to 2021, the resulting deposits in the bonus bank accounts and the instalments paid from and postings to the separate bonus bank accounts in the 2022 reporting year are definitive:

Outstanding variable remuneration components

As explained, the amount deposited in the **bonus bank** is paid out proportionately in the three subsequent financial years. Accordingly the tranches from the financial years 2020 to 2022 are in part unpaid in the reporting year, and therefore remain outstanding. Remuneration is considered to be **owed** within the meaning of Section 162 para. 1 sentence 1 of the German Stock Corporation Act (AktG) if the company has a legal obligation to a Board of Management member that is due but has not yet been met. BayWa AG does have a contractual obligation to the Board of Management members to pay the outstanding tranches from the financial years 2020 to 2022 proportionately in the financial year 2023 and in subsequent financial years. However, the tranches cannot be collected yet in the reporting year, and therefore are not due. Consequently the aforementioned outstanding tranches are not yet owed in the 2022 reporting year. For completeness and to provide a better overview, the tranches payable in the future are presented below. These disclosures are voluntary.

Non-performance-related remuneration components

The non-performance-related component comprises an annual fixed salary and benefits, such as the use of a company car (in some cases with a driver) and contributions to accident, health and baggage insurance, the costs of which BayWa AG covers. The Board of Management member is responsible for paying any taxes on the non-cash benefits. Income tax is refunded for selected events. BayWa AG also pays any contributions to pension schemes or similar expenses (benefit plans or life insurance policies) up to the amount that the company would otherwise have had to pay had an employment relationship subject to social security law existed.

In addition, there are pension commitments for the members of the Board of Management. Linking pension commitments to fixed salaries was previously discontinued in the financial year 2021. For 2022, members of the Board of Management either received a fixed amount or their existing commitments are frozen. Existing pension commitments grant occupational disability cover in the same amount and a survivor's pension of 60% of the pension commitment. This commitment remains in place even after an existing commitment is frozen. The post-employment benefit insurance may not be drawn upon before the age of 64. The Board of Management employment contracts do not provide for an age limit. However, they do stipulate that an extension should not be granted once the member has achieved the statutory retirement age.

Since December 2012, all obligations from pension commitments have been transferred to an external pension fund in the form of an earned entitlement, or to a provident fund. Running payments made to the pension fund or provident fund are included in the overall remuneration disclosed for the Board of Management.

In consultation with the Supervisory Board, Board of Management members may and should accept Supervisory Board mandates and similar positions at companies in which BayWa AG directly or indirectly holds a stake. Such mandates are assumed without pay; only approvals granted in the past for the remuneration of certain mandates, such as at RWA AG, Korneuburg, Austria, and at T&G Global Limited, Auckland, New Zealand, remain in place. The acceptance of paid or unpaid sideline activities at non-Group entities requires the prior written consent of the Supervisory Board's Board of Management Committee. Said consent may be revoked at any time. If the Board of Management Committee approves the acceptance of the sideline activity outside the Group, the Supervisory Board must decide whether and to what extent the remuneration is to be taken into consideration upon submission for consideration by the Board of Management Committee. Remuneration from sideline activities must be reported to the Chairman of the Supervisory Board once a year. In the financial year 2022, Prof. Klaus Josef Lutz commenced a new sideline activity outside of the Group as a Member of the Supervisory Board of Stichting Continuiteit AMG, Amsterdam, Netherlands.The respectively existing non-Group mandates are detailed in the Notes to the Consolidated Financial Statements section of the Consolidated Financial Statements.

At its own discretion, the Supervisory Board may make further non-recurring bonus payments to recognise outstanding performance or achievements on the part of a Board of Management member. The Supervisory Board made no use of this option in the financial year 2022.

BayWa AG maintains an insurance policy against legal proceedings and pecuniary losses and a D&O insurance and legal protection policy on behalf of its Board of Management members and in its own interest. BayWa AG pays the insurance premiums. The policies provide for a deductible for the Board of Management members. BayWa AG also promises the Board of Management members insurance cover corresponding in key points to these insurance policies, both for the term of these contracts and for a period of twelve years after their termination, unless doing so is not possible for the company or is financially no longer feasible based on the market conditions and the financial circumstances of the company.

Maximum remuneration

The total remuneration (sum of all remuneration amounts paid for the respective financial year, including fixed salary, variable remuneration components actually paid, benefits and company pension benefits) to be granted to the Board of Management members for a financial year is limited to the **maximum remuneration** as defined in Section 162 para. 1 sentence 2 item 7 of the German Stock Corporation Act (AktG), regardless of whether part of the remuneration with a variable component will only be paid at a later date. The maximum remuneration is €5 million for the Chief Executive Officer and €2.5 million for a Board of Management member.

Compliance with the maximum remuneration requirements can, however, only be reviewed once the remuneration owed for the financial year has actually been paid. The maximum remuneration requirement first applied to the incumbent Board of Management members in the financial year 2021. In the financial year 2021, they received a three-year tranche with regard to long-term variable remuneration (tranche 2021 to 2023), with the last instalment to be made in the financial year 2024. Reporting on compliance with the specified maximum remuneration will therefore be possible for the first time in the financial year 2024. Correspondingly, reporting on compliance with the maximum remuneration for the 2022 reporting year will only be possible in 2025.

Outline of the Supervisory Board remuneration system

The current remuneration of the Supervisory Board members is determined in Article 19 of the Articles of Association of BayWa AG. The new remuneration system for the members of the Supervisory Board, including the definition of the new remuneration, was approved at the Annual General Meeting on 24 May 2022.

The remuneration of members of the Supervisory Board is determined by legal requirements in consideration of the German Corporate Governance Code (GCGC). Supervisory Board remuneration also takes into account other comparable listed companies (horizontal market comparison). The remuneration of company employees is considered as part of a vertical comparison when reviewing the Supervisory Board's remuneration. However, due to the special nature of the Supervisory Board's work, the vertical comparison plays a less important role than the horizontal comparison.

The remuneration of members of the Supervisory Board should be well-balanced and in proportion to members' level of responsibility and tasks, as well as the situation of the company. The amount of the fixed annual remuneration takes into account the specific function and responsibility of the Supervisory Board member. At the same time, the remuneration should be sufficient to ensure that membership on the Supervisory Board, or the position of Chairman of the Supervisory Board or of a committee, is appealing enough to attract and retain sufficiently qualified candidates for the Supervisory Board. This is also a requirement to ensure that the Board of Management is monitored and advised in the best possible manner, which itself makes a key contribution to a successful business strategy and the long-term success of the company.

Members of the Supervisory Board only receive fixed remuneration in accordance with Recommendation G.18 GCGC in order to strengthen the independence of the Supervisory Board so that it can perform its advisory and monitoring function in an objective and unbiased manner and make independent personnel- and remuneration-related decisions. The workload and liability risk of the members of the Supervisory Board does not increase or decrease in proportion to the success of the company or its earnings position. In fact, in difficult periods when variable remuneration can decline it is particularly important that members of the Supervisory Board perform their monitoring and advisory function. No performance-based remuneration or financial or non-financial performance indicators are planned.

The members of the Supervisory Board were granted fixed annual basic remuneration of €45,000 up to 30 June 2022 and fixed annual basic remuneration of €70,000 from 1 July 2022. The remuneration is due and payable in four equal amounts at the end of the quarter for the respective quarter just ended. The Chairman of the Supervisory Board receives three times the basic remuneration paid and the Vice Chairmen twice the amount. This takes into account the greater investment of time required by the Chairman and Vice Chairman of the Supervisory Board, in accordance with Recommendation G.17 GCGC.

Up to 30 June 2022, the members of the Supervisory Board also received an additional fixed annual remuneration of €3,000 for committee work. From 1 July 2022, fixed annual remuneration of €15,000 was granted for membership of the Audit Committee and €5,000 for each membership of another committee. The committee chairmen receive three times this amount and, since 1 July 2022, the Vice Chairman of the Audit Committee has received twice this amount. In accordance with Recommendation G.17 GCGC, this takes into sufficient account the greater investment of time required by committee chairmen.

Remuneration for the Mediation Committee is only granted if the committee actually meets in the financial year, which was not the case in the reporting period.

Supervisory Board members who serve on the Supervisory Board and/or its committees for only part of the financial year will receive remuneration on a proportionate basis. No further remuneration is paid if the member of the Supervisory Board leaves the Supervisory Board or a regulation is determined regarding remuneration after their term of office.

The general provisions of the German Stock Corporation Act (AktG) and the recommendations of the GCGC regarding conflicts of interest within the Supervisory Board are also taken into account in proceedings relating to the definition and implementation of the remuneration system.

Supervisory Board members are reimbursed for their expenses. In addition, members of the Supervisory Board are also included in BayWa AG's group accident insurance policy. BayWa AG also maintains an insurance policy against legal proceedings and pecuniary losses and a D&O insurance and legal protection policy on behalf of its Supervisory Board members and in its own interests. BayWa AG pays the insurance premiums.

In total, members of the Supervisory Board hold less than 0.01% of all BayWa AG shares.

E.9 Ratification of the consolidated financial statements and disclosure

The consolidated financial statements were released for publication by the Board of Management of BayWa AG on 27 March 2023.

In accordance with Section 264 para. 3 of the German Commercial Code (HGB), the following companies, as subsidiaries included in the consolidated financial statements of BayWa AG, do not apply the regulations governing preparation (Sections 242 et seq. of the German Commercial Code (HGB)), auditing (Sections 316 et seq. of the German Commercial Code (HGB)) and disclosure (Sections 325 et seq. of the German Commercial Code (HGB)):
- BayWa Agrar Beteiligungs GmbH, Munich, Germany
- BayWa Agrarhandel GmbH, Nienburg, Germany
- BayWa Bau Projekt GmbH, Munich, Germany
- BayWa EEH GmbH, Munich, Germany
- BayWa Energie Dienstleistungs GmbH, Munich, Germany
- BayWa Finanzservice GmbH, Munich, Germany
- BayWa Global Produce GmbH, Munich, Germany
- BayWa Handels-Systeme-Service GmbH, Munich, Germany
- BayWa Haustechnik GmbH, Kösching, Germany
- BayWa Mobility Solutions GmbH, Munich, Germany
- BayWa Obst Beteiligung GmbH, Munich, Germany
- BayWa Pensionsverwaltung GmbH, Munich, Germany
- BayWa Power Liquids GmbH, Munich, Germany
- BayWa Rent GmbH, Munich, Germany

- BTS 18 Projekt GmbH, Buchloe, Germany
- Diermeier Energie GmbH, Niederwinkling, Germany
- EUROGREEN GmbH, Betzdorf, Germany
- FarmFacts GmbH, Pfarrkirchen, Germany
- FarmFacts Holding GmbH, Munich, Germany
- Forster GmbH, Munich, Germany
- Fuels Services GmbH, Munich, Germany
- In&Out Ventures GmbH, Munich, Germany
- Interlubes GmbH, Würzburg, Germany
- Jannis Beteiligungsgesellschaft mbH, Munich, Germany
- Ketziner Beteiligungsgesellschaft mbH, Niederer Fläming, Germany
- LODUR Energieanlagen GmbH, Munich, Germany
- Pellog GmbH, Oelsnitz, Germany
- Peter Frey GmbH, Wartenberg, Germany

In accordance with Section 264b of the German Commercial Code (HGB), the following companies, as subsidiaries included in the consolidated financial statements of BayWa AG, do not apply the regulations governing preparation (Sections 242 et seq. of the German Commercial Code (HGB)), auditing (Sections 316 et seq. of the German Commercial Code (HGB)) and disclosure (Sections 325 et seq. of the German Commercial Code (HGB)):

- BayWa Obst GmbH & Co. KG, Kressbronn, Germany
- BayWa r.e. Solardächer II GmbH & Co. KG, Gräfelfing, Germany
- BayWa r.e. Windparkportfolio 1 GmbH & Co. KG, Gräfelfing, Germany
- Bellevue Bad Heilbrunn GmbH & Co. KG, Günzburg, Germany
- Brüderl Projekt Amalienstraße GmbH & Co. KG, Traunreut, Germany
- Brüderl Projekt Bad Endorf GmbH & Co. KG, Traunreut, Germany
- Brüderl Projekt GmbH & Co. KG, Traunreut, Germany
- Brüderl Projekt Kunigundenstraße GmbH & Co. KG, Traunreut, Germany
- Brüderl Projekt Lerchenweg GmbH & Co. KG, Traunreut, Germany
- Brüderl Projekt Traunstorfer Straße GmbH & Co. KG, Traunreut, Germany
- CLAAS Main-Donau GmbH & Co. KG, Gollhofen, Germany
- CLAAS Nordostbayern GmbH & Co. KG, Altenstadt, Germany
- Dörenhagen Windenergieanlagen GmbH & Co. KG, Gräfelfing, Germany
- G. Stranzinger Bauprojekt GmbH & Co. KG, Tann, Germany
- Grainli GmbH & Co. KG, Hamburg, Germany
- Plankenstein 8 GmbH & Co. KG, Munich, Germany
- Projekt Aichach S7 GmbH & Co. KG, Augsburg, Germany
- Renertech Rotorblattservice GmbH & Co.KG, Bad Wünnenberg, Germany
- Robert Decker Wohnbau München GmbH & Co. KG, Grünwald, Germany
- Solarpark Aquarius GmbH & Co. KG, Gräfelfing, Germany
- Solarpark Aries GmbH & Co. KG, Gräfelfing, Germany
- Solarpark Lupus GmbH & Co. KG, Gräfelfing, Germany
- Spitzlberg GmbH & Co. KG, Augsburg, Germany
- SPV Solarpark 103. GmbH & Co. KG, Gräfelfing, Germany
- SPV Solarpark 105. GmbH & Co. KG, Gräfelfing, Germany
- SPV Solarpark 112. GmbH & Co. KG, Gräfelfing, Germany
- SPV Solarpark 118. GmbH & Co. KG, Gräfelfing, Germany
- Umspannwerk Klein Bünsdorf GmbH & Co. KG, Gräfelfing, Germany
- Wilhelmshöhe Infrastruktur GmbH & Co. KG, Gräfelfing, Germany
- Windkraft Beteiligungsgesellschaft mbH & Co. Windpark Krummensee KG, Düsseldorf, Germany
- Windpark Freimersheim GmbH & Co. KG, Gräfelfing, Germany
- Windpark Hessenweiler GmbH & Co. KG, Gräfelfing, Germany
- Windpark Hettstadt GmbH & Co. KG, Gräfelfing, Germany
- Windpark Holle-Sillium GmbH & Co. KG, Gräfelfing, Germany
- Windpark Langenbrand GmbH & Co. KG, Gräfelfing, Germany
- Windpark Lindchen GmbH & Co. KG, Gräfelfing, Germany
- Windpark Pferdsfeld GmbH & Co. KG, Gräfelfing, Germany
- Windpark Wilhelmshöhe GmbH & Co. KG, Gräfelfing, Germany

- Windpark Wilhelmshöhe II GmbH & Co. KG, Gräfelfing, Germany
- Windpark Wilhelmshöhe III GmbH & Co. KG, Gräfelfing, Germany
- Wohnen am Lerchenberg GmbH & Co. KG, Borna, Germany

E.10 Proposal for the appropriation of profit

As the parent company of the BayWa Group, BayWa AG discloses profit available for distribution of €165,744,441.02 in its annual financial statements as at 31 December 2022, which were drawn up in accordance with German accounting standards (German Commercial Code (HGB)) and are to be adopted by the Supervisory Board on 29 March 2023. The Board of Management and the Supervisory Board will propose the following use of this amount to the Annual General Meeting on 6 June 2023:

In €	2022
Dividend of €1.10 per dividend-bearing share	39,209,069.90
Special dividend of €0.10 per dividend-bearing share to mark the 100th anniversary of BayWa AG	3,564,460.90
Carried forward to new account	122,970,910.22
Profit available for distribution	**165,744,441.02**

The amount distributed to the shareholders was reduced by the portion of the shares owned by BayWa AG at the time when the resolution on profit appropriation was made, as these shares are not entitled to dividends pursuant to Section 71b of the German Stock Corporation Act (AktG). This portion will be transferred to other revenue reserves.

E.11 Significant events after the reporting date

Cyclone Gabrielle in New Zealand
In mid-February 2023, Cyclone Gabrielle laid waste to large swathes of the North Island of New Zealand. Bringing strong rain and wind speeds of up to 165 km/h, the cyclone caused flooding, landslides and power outages in many parts of the country. Based on available information, the plantations of New Zealand subsidiary Turners & Growers New Zealand Limited, Auckland, were also affected. Given that the areas hit by the cyclone are still very difficult to access, it has still, even at the time of writing, not been possible to determine or quantify the damage caused to the spring 2023 harvest and to the plantations themselves.

Announcement of the planned sale of international solar trade business
By resolution dated 1 March 2023, the BayWa Group intends to sell its international solar trading business, which is part of BayWa r.e. AG. The planned transaction is the result of the strategic realignment of BayWa r.e. AG, which will focus on international project business and further expansion as an independent power producer (IPP) going forward. The planned sale will also make it possible to reallocate the invested capital. Due to the status and scope of the transaction, no sale is expected within the next 12 months.

E.12 German Corporate Governance Code

The Board of Management and the Supervisory Board of BayWa submitted the Declaration of Conformity to the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) on 9 November 2022 and have made it permanently accessible to the public on the company's website at: www.baywa.com

Munich, 27 March 2023

BayWa Aktiengesellschaft

The Board of Management
Prof. Klaus Josef Lutz
Andreas Helber
Marcus Pöllinger
Reinhard Wolf

Group Holdings of BayWa AG (Appendix to the Notes of the Consolidated Financial Statements) as at 31 December 2022

Name and principal place of business	Share in capital in %
Subsidiaries included in the group of consolidated companies	
"BIOCORE ORGANIC" LLC, Žytomyr, Ukraine	100.0
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria	51.1
Abemec B.V., Veghel, Netherlands	100.0
Acamba Renovables, S.L.U., Zaragoza, Spain	100.0
Accitana Solar, S.L., Barcelona, Spain	100.0
Agrimec Group B.V., Veghel, Netherlands	100.0
AGROMED AUSTRIA GMBH, Kremsmünster, Austria	90.0
Airies 2 Windfarm Ltd., Edinburgh, UK	100.0
Alcione Rinnovabili S.r.l., Milan, Italy	100.0
ALM Regio 1 B.V., Veghel, Netherlands	100.0
ALM Regio 10 B.V., Veghel, Netherlands	100.0
ALM Regio 11 B.V., Veghel, Netherlands	100.0
ALM Regio 12 B.V., Veghel, Netherlands	100.0
ALM Regio 13 B.V., Veghel, Netherlands	100.0
ALM Regio 14 B.V., Veghel, Netherlands	100.0
ALM Regio 15 B.V., Veghel, Netherlands	100.0
ALM Regio 2 B.V., Veghel, Netherlands	100.0
ALM Regio 3 B.V., Veghel, Netherlands	100.0
ALM Regio 4 B.V., Veghel, Netherlands	100.0
ALM Regio 5 B.V., Veghel, Netherlands	100.0
ALM Regio 6 B.V., Veghel, Netherlands	100.0
ALM Regio 7 B.V., Veghel, Netherlands	100.0
ALM Regio 8 B.V., Veghel, Netherlands	100.0
ALM Regio 9 B.V., Veghel, Netherlands	100.0
Almodovar Solar, Barcelona, Spain	70,0
Aludra Energies SARL, Paris, France	100.0
American Beech Solar 2 LLC, Irvine, USA	100.0
American Beech Solar LLC, Irvine, USA	100.0
Ampero GmbH, Munich, Germany	100.0
Åshults Kraft AB, Malmö, Sweden	100.0
Athena Solar Srl., Milan, Italy	100.0
Atlante S.r.l., Milan, Italy	100.0
Aufwind Schmack Első Biogáz Szolgáltató Kft., Szarvas, Hungary	100.0
Aurora Borealis Solar LLC, Irvine, USA	100.0
Aurora Solar Projects, LLC, Irvine, USA	100.0
Aurum HoldCo OY, Helsinki, Finland	100.0
Baltic Logistic Holding B.V., Rotterdam, Netherlands	100.0
BaSE Renewables Sdn Bhd, Kuala Lumpur, Malaysia	100.0
Bautechnik Gesellschaft m.b.H., Korneuburg, Austria	100.0
Bayerische Futtersaatbau Gesellschaft mit beschränkter Haftung, Ismaning, Germany	79.2
BayWa AG Centre Ltd., Vancouver, Canada	90.0
BayWa AG, Munich, Germany	100.0
BayWa Agrar Beteiligungs GmbH, Munich, Germany [1]	100.0
BayWa Agrarhandel GmbH, Nienburg, Germany	100.0
BayWa Agro Polska Sp. z o.o., Brwinów, Poland	100.0
BayWa Bau Projekt GmbH, Munich, Germany [1]	100.0
BayWa Canada Ltd., Vancouver, Canada	100.0
BayWa EEH GmbH, Munich, Germany [1]	100.0

Name and principal place of business	Share in capital in %
BayWa Energie Dienstleistungs GmbH, Munich, Germany [1]	100.0
BayWa Finanzservice GmbH, Munich, Germany	100.0
BayWa Global Produce GmbH, Munich, Germany [1]	100.0
BayWa Handels-Systeme-Service GmbH, Munich, Germany [1]	100.0
BayWa Haustechnik GmbH, Kösching, Germany	100.0
BayWa Marketing & Trading International B.V., Rotterdam, Netherlands	100.0
BayWa Mobility Solutions GmbH, Munich, Germany [1]	100.0
BayWa Obst Beteiligung GmbH, Munich, Germany	100.0
BayWa Obst GmbH & Co. KG, Kressbronn, Germany	100.0
BayWa Pensionsverwaltung GmbH, Munich, Germany [1]	100.0
BayWa Power Liquids GmbH, Munich, Germany	100.0
BayWa r.e. (Thailand) Co., Ltd., Bangkok, Thailand	100.0
BayWa r.e. AG, Munich, Germany	51.0
BayWa r.e. Asia Pacific Pte. Ltd., Singapore, Singapore	100.0
BayWa r.e. Asset Holdings Japan 2 Pte. Ltd., Singapore, Singapore	100.0
BayWa r.e. Asset Holdings Japan Pte. Ltd., Singapore, Singapore	100.0
BayWa r.e. Asset Management GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Asset Verwaltungs GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Australia Pty Ltd, Melbourne, Australia	100.0
BayWa r.e. Benelux SRL, Eupen, Belgium	100.0
BayWa r.e. Data Services GmbH, Munich, Germany	100.0
BayWa r.e. Desarrollos Solares S. de R.L. de C.V., Mexico City, Mexico	100.0
BayWa r.e. Development Land Holdco, LLC, Irvine, USA	100.0
BayWa r.e. Development, LLC, Irvine, USA	100.0
BayWa r.e. EMEA IPP Holding GmbH, Munich, Germany	100.0
BayWa r.e. Energy Solutions Asset Holdings Vietnam Pte. Ltd., Singapore, Singapore	100.0
BayWa r.e. Energy Solutions Pte. Ltd., Singapore, Singapore	100.0
BayWa r.e. Energy Trading GmbH, Munich, Germany	100.0
BayWa r.e. Energy Trading S.r.l., Milan, Italy	100.0
BayWa r.e. Energy Ventures GmbH, Gräfelfing, Germany	100.0
BayWa r.e. EPC, LLC, Irvine, USA	100.0
BayWa r.e. EPC, S. de R.L. de C.V., Mexico City, Mexico	100.0
BayWa r.e. España S.L.U., Barcelona, Spain	100.0
BayWa r.e. France SAS, Paris, France	100.0
BayWa r.e. Green Energy Products GmbH, Munich, Germany	100.0
BayWa r.e. Hellas MEPE, Athens, Greece	100.0
BayWa r.e. Ireland Limited, Dublin, Ireland	100.0
BayWa r.e. Italia Assets GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Italia S.r.l., Milan, Italy	100.0
BayWa r.e. Japan K.K., Tokyo, Japan	100.0
BayWa r.e. Korea Co., Ltd., Seoul, South Korea	100.0
BayWa r.e. Mexico, LLC, Irvine, USA	100.0
BayWa r.e. Nordic 1 AB, Malmö, Sweden	100.0
BayWa r.e. Nordic AB, Malmö, Sweden	100.0
BayWa r.e. O&M Services, S. de R.L. de C.V., Mexico City, Mexico	95.0
BayWa r.e. Offshore Wind GmbH, Munich, Germany	100.0
BayWa r.e. Operation Services GmbH, Munich, Germany	100.0
BayWa r.e. Operation Services LLC, Irvine, USA	100.0
BayWa r.e. Operation Services Ltd., Milton Keynes, UK	100.0
BayWa r.e. Operation Services Pty Ltd, Richmond, Australia	100.0
BayWa r.e. Operation Services S.r.l., Milan, Italy	100.0
BayWa r.e. Operation Services, Mexico City, Mexico	100.0
BayWa r.e. Polska Sp. z o.o., Warsaw, Poland	100.0
BayWa r.e. Power Solutions GmbH, Munich, Germany	100.0
BayWa r.e. Power Solutions S.r.l., Verona, Italy	100.0
BayWa r.e. Power Solutions, Inc. dba Enable Energy, Sacramento, USA	100.0

Name and principal place of business	Share in capital in %
BayWa r.e. Progetti S.r.l., Milan, Italy	100.0
BayWa r.e. Projects Australia Pty Ltd, Richmond, Australia	100.0
BayWa r.e. Projects España S.L.U., Madrid, Spain	100.0
BayWa r.e. Projects Greece Single Member P.C., Chalandri, Greece	100.0
BayWa r.e. Romania S.r.l., Sibiu, Romania	100.0
BayWa r.e. Rotor Service GmbH, Basdahl, Germany	100.0
BayWa r.e. Rotor Service Vermögensverwaltungs GmbH, Basdahl, Germany	100.0
BayWa r.e. Scandinavia AB, Malmö, Sweden	100.0
BayWa r.e. Solar Asset Holding Korea Co., Ltd., Seoul, South Korea	100.0
BayWa r.e. Solar Asset Holdings LLC, Irvine, USA	100.0
BayWa r.e. Solar B.V., Heerenveen, Netherlands	100.0
BayWa r.e. Solar Energy Systems GmbH, Tübingen, Germany	100.0
BayWa r.e. Solar Projects GmbH, Munich, Germany	100.0
BayWa r.e. Solar Projects LLC, Irvine, USA	100.0
BayWa r.e. Solar Projects Pty Ltd, Melbourne, Australia	100.0
BayWa r.e. Solar Pte. Ltd., Singapore, Singapore	100.0
BayWa r.e. Solar Systems (Vietnam) Co., Ltd., Ho Chi Minh City, Vietnam	100.0
BayWa r.e. Solar Systems Co., Ltd., Bangkok, Thailand	100.0
BayWa r.e. Solar Systems Corporation, Makati, Philippines	100.0
BayWa r.e. Solar Systems Inc., Edmonton, Canada	100.0
BayWa r.e. Solar Systems LLC, Wilmington, USA	100.0
BayWa r.e. Solar Systems Pty Ltd, Adelaide, Australia	100.0
BayWa r.e. Solar Systems S. de R.L. de C.V., Zapopan, Mexico	100.0
BayWa r.e. Solar Systems S.à r.l., Wemperhardt, Luxembourg	100.0
BayWa r.e. Solar Systems S.L.U., Barcelona, Spain	100.0
BayWa r.e. Solar Systems S.r.l., Colognola ai Colli, Italy	100.0
BayWa r.e. Solar Systems s.r.o., Prague, Czechia	100.0
BayWa r.e. Solar Systems SAS, Bordeaux, France	100.0
BayWa r.e. Solar Systems sp. z o. o., Zabierzów, Poland	100.0
BayWa r.e. Solardächer II GmbH & Co. KG, Gräfelfing, Germany	100.0
BayWa r.e. UK (Developments) Limited, London, UK	100.0
BayWa r.e. UK Limited, London, UK	100.0
BayWa r.e. USA, LLC, Wilmington, USA	100.0
BayWa r.e. Vietnam Co., Ltd., Ho Chi Minh City, Vietnam	100.0
BayWa r.e. Wind 20+ GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Wind Asset Holding Korea Co., Ltd., Seoul, South Korea	100.0
BayWa r.e. Wind Asset Holdings Vietnam Pte. Ltd., Singapore, Singapore	100.0
BayWa r.e. Wind GmbH, Munich, Germany	100.0
BayWa r.e. Wind Projects Vietnam Co., Ltd., Ho Chi Minh City, Vietnam	100.0
BayWa r.e. Wind Pte. Ltd., Singapore, Singapore	100.0
BayWa r.e. Wind Verwaltungs GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Wind, LLC, Wilmington, USA	95.0
BayWa r.e. Windpark Arlena GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Windparkportfolio 1 GmbH & Co. KG, Gräfelfing, Germany	100.0
BayWa r.e. Zambia Ltd., Lusaka, Zambia	100.0
BayWa re (Malaysia) Sdn. Bhd., Kuala Lumpur, Malaysia	100.0
BayWa re Energy Solutions Sdn. Bhd., Kuala Lumpur, Malaysia	100.0
BayWa Rent GmbH, Munich, Germany	100.0
BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	51.0
Becon Project Management & Consultancy Ltd., Edinburgh, UK	100.0
Bellevue Bad Heilbrunn GmbH & Co. KG, Günzburg, Germany	51.0
Bendigo Solar Farm HoldCo Pty Ltd, Richmond, Australia	100.0
Bendigo Solar Farm Pty Ltd, Richmond, Australia	100.0
Bielstein S.L.U., Barcelona, Spain	100.0
Bierstadt Energy Storage LLC, Irvine, USA	100.0
Big Creek Solar 1 LLC, Irvine, USA	100.0

Name and principal place of business	Share in capital in %
Big Creek Solar 2 LLC, Irvine, USA	100.0
Big Creek Solar 3 LLC, Irvine, USA	100.0
BioCore B.V., Oosterhout, Netherlands	100.0
Black Rock Solar II LLC, Irvine, USA	100.0
Black Rock Solar LLC, Irvine, USA	100.0
Blue Solar LLC, Irvine, USA	100.0
Bluebird Solar LLC, Irvine, USA	100.0
Bölke Handel GmbH, Landsberg, Germany	90.0
Botsay Energie SAS, Paris, France	100.0
brandpower P1 GmbH, Kilb, Austria	100.0
brandpower S1 GmbH, Kilb, Austria	100.0
brandpower S2 GmbH, Kilb, Austria	100.0
BRE/GE Solar Developments Limited, Edinburgh, UK	51.0
Broken Cross Wind Farm Limited, Edinburgh, UK	100.0
Bronco Energy Storage LLC, Irvine, USA	100.0
Brüderl Immobilien Holding GmbH, Traunreut, Germany	51.0
Brüderl Projekt Amalienstraße GmbH & Co. KG, Traunreut, Germany	100.0
Brüderl Projekt Bad Endorf GmbH & Co. KG, Traunreut, Germany	51.0
Brüderl Projekt GmbH & Co. KG, Traunreut, Germany	51.0
Brüderl Projekt Kunigundenstraße GmbH & Co. KG, Traunreut, Germany	51.0
Brüderl Projekt Lerchenweg GmbH & Co. KG, Traunreut, Germany	51.0
Brüderl Projekt Traunstorfer Straße GmbH & Co. KG, Traunreut, Germany	51.0
Brushy Creek Solar LLC, Irvine, USA	100.0
BTS 18 Projekt GmbH, Buchloe, Germany	100.0
Bullawah Wind Farm Pty Ltd, Richmond, Australia	100.0
Burkes Agencies Limited, Paisley, UK	100.0
Camden Solar Class B LLC, Irvine, USA	100.0
Camden Solar LLC, Irvine, USA	100.0
Camden Tax Equity Partnership LLC, Irvine, USA	100.0
Carazon Energy II, LLC, Irvine, USA	100.0
Caverna Energy Storage LLC, Irvine, USA	100.0
Cefetra B.V., Rotterdam, Netherlands	100.0
Cefetra Dairy B.V., Rotterdam, Netherlands	100.0
Cefetra Feed Service B.V., Rotterdam, Netherlands	100.0
Cefetra Group B.V., Rotterdam, Netherlands	100.0
Cefetra Ibérica S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Limited, Paisley, UK	100.0
Cefetra Polska Sp. z o.o., Gdynia, Poland	100.0
Cefetra S.p.A., Rome, Italy	100.0
Cefetra Shipping B.V., Rotterdam, Netherlands	100.0
Chopin Wind, LLC, Wilmington, USA	100.0
CITYGREEN Gartengestaltungs GmbH, Vienna, Austria	100.0
CLAAS Main-Donau GmbH & Co. KG, Gollhofen, Germany	90.0
CLAAS Nordostbayern GmbH & Co. KG, Altenstadt, Germany	90.0
CLAAS Südostbayern GmbH, Töging am Inn, Germany	90.0
CLAAS Württemberg GmbH, Langenau, Germany	80.0
Clos Neuf Energies SAS, Paris, France	51.0
Clump Farm Limited, London, UK	100.0
Cornucopia Hybrid LLC, Irvine, USA	100.0
Corriegarth 2 Windfarm Ltd., London, UK	100.0
Crookedstane Windfarm Ltd., Edinburgh, UK	100.0
Dalquhandy Wind Farm Ltd., Edinburgh, UK	100.0
Dedun Solar, S.L., Barcelona, Spain	100.0
Delica (Shanghai) Fruit Trading Company Limited, Shanghai, China	100.0
Delica Australia Pty Ltd, Tullamarine, Australia	100.0
Delica Domestic Pty Ltd, Tullamarine, Australia	100.0

Name and principal place of business	Share in capital in %
Delica Limited, Auckland, New Zealand	100.0
Delica North America, Inc., Torrance, USA	50.0
Desarrollo Proyecto Fotovoltaico VIII S.L., Barcelona, Spain	100.0
Diapur HoldCo Pty Ltd, Richmond, Australia	100.0
Diermeier Energie GmbH, Niederwinkling, Germany	100.0
Dionisio S.r.l., Milan, Italy	100.0
DMA Lucera S.r.l., Rome, Italy	100.0
Dörenhagen Windenergieanlagen GmbH & Co. KG, Gräfelfing, Germany	100.0
Driffield Solar and Storage Limited, London, UK	100.0
Druim Leathann Windfarm Ltd., Edinburgh, UK	100.0
DRWZ-Beteiligungsgesellschaft mbH, Munich, Germany	64.3
ECOwind d.o.o., Zagreb, Croatia	100.0
ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria	100.0
Edom Hills Projects 1, LLC, New Castle, USA	100.0
Eko-En Skibno 2 Sp. z o.o., Warsaw, Poland	100.0
Emera S.r.l., Milan, Italy	100.0
Energía Diodos, S.L.U., Barcelona, Spain	100.0
Energia Solar SLP I S. DE R.L. DE C.V, Mexico City, Mexico	100.0
Energy Solutions 1 Holdings Co., Ltd., Ho Chi Minh City, Vietnam	100.0
Energy System Services S.r.l., Milan, Italy	100.0
ENZAFRUIT New Zealand (Continent) NV, Sint-Truiden, Belgium	100.0
ENZAFRUIT New Zealand (U.K.) Ltd., London, UK	100.0
ENZAFRUIT New Zealand International Limited, Auckland, New Zealand	100.0
ENZAFRUIT Peru S.A.C., Lima, Peru	100.0
ENZAFRUIT Products Inc., Wernatchee, USA	100.0
Eolica Aragon S.r.l., Milan, Italy	100.0
EUROGREEN AUSTRIA GmbH, Mondsee, Austria	100.0
EUROGREEN CZ s.r.o., Jiřetín pod Jedlovou, Czechia	100.0
EUROGREEN GmbH, Betzdorf, Germany	100.0
EVN-ECOWIND Sonnenstromerzeugungs GmbH, Maria Enzersdorf, Austria	50.0
F. Url & Co. Gesellschaft m.b.H., Korneuburg, Austria	100.0
Fairgrow Limited, Auckland, New Zealand	100.0
FarmFacts GmbH, Pfarrkirchen, Germany	100.0
FarmFacts Holding GmbH, Munich, Germany	100.0
Febe Rinnovabili S.r.l., Milan, Italy	100.0
Ferguson HoldCo Pty Ltd, Richmond, Australia	100.0
Fern Solar Class B LLC, Irvine, USA	100.0
Fern Solar Development LLC, Irvine, USA	100.0
Fern Solar LLC, Irvine, USA	100.0
Fern Tax Equity Partnership LLC, Irvine, USA	100.0
Fern Solar Class B Holdings LLC, Irvine, USA	100.0
Fontenet Energies SAS, Paris, France	100.0
Forster GmbH, Munich, Germany	100.0
Freshmax New Zealand Ltd, Auckland, New Zealand	100.0
Fruit Distributors Limited, Auckland, New Zealand	100.0
Fruitmark Pty Ltd, Mulgrave, Australia	100.0
Fuels Services GmbH, Munich, Germany	100.0
FW Kamionka Sp. z o.o., Kamionka, Poland	100.0
G. Stranzinger Bauprojekt GmbH & Co. KG, Tann, Germany	60.0
Garant - Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria	100.0
Gea Rinnovabili S.r.l., Milan, Italy	100.0
GENOL Gesellschaft m.b.H., Korneuburg, Austria	71.0
GK Alpha Mega Solar Project No. 1, Tokyo, Japan	100.0
GK Alpha Mega Solar Project No. 2, Tokyo, Japan	100.0
Gold Rush Energy Storage LLC, Irvine, USA	100.0
Gourvillette Energies SARL, Paris, France	100.0

Name and principal place of business	Share in capital in %
Grainli GmbH & Co. KG, Hamburg, Germany	100.0
Greenberry SAS, Paris, France	100.0
GroenLeven B.V., Heerenveen, Netherlands	100.0
GroenLeven Invest B.V., Heerenveen, Netherlands	100.0
Heinrich Brüning GmbH, Hamburg, Germany	60.0
High Constellation Windfarm Limited, London, UK	100.0
Hill Farm Solar Limited, London, UK	100.0
Hughenden Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0
Hughenden Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0
Hughenden Solar Trust, Richmond, Australia	100.0
Immobilienvermietung Gesellschaft m.b.H., Traun, Austria	100.0
In&Out Ventures GmbH, Munich, Germany	100.0
Interlubes GmbH, Würzburg, Germany	100.0
Iraak Sun Farm Pty Ltd, Melbourne, Australia	100.0
Jacumba Land HoldCo LLC, Irvine, USA	100.0
Jannis Beteiligungsgesellschaft mbH, Munich, Germany	100.0
JBM Solar Projects 1 Limited, London, UK	100.0
Jung HoldCo Pty Ltd, Richmond, Australia	100.0
Jung Renewable Energy Facility Pty Ltd, Richmond, Australia	100.0
Juno Solar S.r.l., Milan, Italy	100.0
JVR Energy Park LLC, Irvine, USA	100.0
K'IIN, S.A.P.I. de C.V., Mexico City, Mexico	100.0
KALPIS, S.A.P.I. de C.V., Mexico City, Mexico	100.0
Karadoc Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0
Karadoc Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0
Kariboe Wind Farm Pty Ltd, Richmond, Australia	100.0
Kelsey Creek Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0
Kelsey Creek Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0
Ketziner Beteiligungsgesellschaft mbH, Niederer Fläming, Germany	100.0
Knickerbocker Solar LLC, Irvine, USA	100.0
Kobe Yamada PV Plant G.K., Kobe, Japan	100.0
Korea Solar 1 Co., Ltd., Seoul, South Korea	100.0
Korea Solar 2 Co., Ltd., Seoul, South Korea	100.0
Korea Solar 3 Co., Ltd., Seoul, South Korea	100.0
Korea Solar 4 Co., Ltd., Seoul, South Korea	100.0
Korea Solar 5 Co., Ltd., Seoul, South Korea	100.0
Korea Solar 6 Co., Ltd., Seoul, South Korea	100.0
Korea Solar 7 Co., Ltd., Seoul, South Korea	100.0
La Redonda Solar SL, Barcelona, Spain	70,0
Lagerhaus Franchise GmbH, Korneuburg, Austria	100.0
Lagerhaus Technik-Center GmbH & Co KG, Korneuburg, Austria	98.4
Little Gala Windfarm Ltd., Edinburgh, UK	100.0
Little Prairie Solar LLC, Irvine, USA	100.0
LODUR Energieanlagen GmbH, Munich, Germany	100.0
LTZ Chemnitz GmbH, Hartmannsdorf, Germany	90.0
Maestro Wind, LLC, Wilmington, USA	100.0
Matahari 1 Holdings Pte. Ltd., Singapore, Singapore	100.0
Mid West SF No1 Pty Ltd, Melbourne, Australia	100.0
Mineral Point Energy Storage LLC, Irvine, USA	100.0
Mozart Wind, LLC, Wilmington, USA	100.0
NLEI Ltd., Edinburgh, UK	100.0
Notch Peak Solar, LLC, Irvine, USA	100.0
novotegra GmbH, Tübingen, Germany	100.0
Nuevos Parques Eólicos La Muela A.I.E., Zaragoza, Spain	100.0
NWind GmbH, Hanover, Germany	100.0
NWind Windparkbetriebsgesellschaft Oedelum mbH, Oedelum, Germany	100.0

Name and principal place of business	Share in capital in %
Oak Green Solar LLC, Irvine, USA	100.0
Opal Energy Storage LLC, Irvine, USA	100.0
Parco Solare Smeraldo S.r.l., Brixen, Italy	100.0
PARGA Park- und Gartentechnik Gesellschaft m.b.H., Aderklaa, Austria	100.0
Park Eolian Limanu S.r.l., Sibiu, Romania	99.0
Parque Eólico La Carracha S.L., Zaragoza, Spain	74.0
Parque Eólico Plana de Jarreta S.L., Zaragoza, Spain	74.0
Parque Solar Kukuul, S. de R.L. de C.V., Mexico City, Mexico	100.0
Parque Solar La Paloma, S. de R.L. de C.V., Mexico City, Mexico	70.0
Parque Solar Los Potros, S. de R.L. de C.V., Mexico City, Mexico	100.0
PATENT CO. DOO LAKTASI, Laktaši, Bosnia and Herzegovina	100.0
Patent Co. DOO Misicevo, Mišićevo, Serbia	90.0
Pellog GmbH, Oelsnitz, Germany	100.0
Perinnpitt Road Solar Ltd., London, UK	100.0
Peter Frey GmbH, Wartenberg, Germany [1]	100.0
Pine Lake Solar LLC, Irvine, USA	100.0
Pinscher Energy Storage LLC, Irvine, USA	100.0
Plankenstein 8 GmbH & Co. KG, Munich, Germany	51.0
Plapperer Projekt GmbH, Schrobenhausen, Germany	51.0
PowerHub Inc., Toronto, Canada	100.0
Prairie Solar 1, LLC, Irvine, USA	100.0
Prairie Solar Holdings LLC, Irvine, USA	100.0
Primrose Hybrid LLC, Irvine, USA	100.0
Projekt Aichach S7 GmbH & Co. KG, Augsburg, Germany	51.0
Projekt Zirndorf W21 GmbH, Augsburg, Germany	51.0
PV Integ AG, Ebikon, Switzerland	100.0
Quilly Guenrouet Energies SAS, Paris, France	100.0
Rag Lane Solar Ltd., London, UK	100.0
Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria	89.9
Raiffeisen-Lagerhaus Investitionsholding GmbH, Korneuburg, Austria	100.0
Raschdorffstraße Grundbesitz GmbH, Kemnath, Germany	51.0
Regeneratives Land GmbH, Gräfelfing, Germany	100.0
RENAM S.r.l., Milan, Italy	100.0
renerco plan consult GmbH, Munich, Germany	100.0
Renertech Rotorblattservice GmbH & Co. KG, Bad Wünnenberg, Germany	100.0
Rinnovabili Melfi S.r.l., Milan, Italy	100.0
RI-Solution Data GmbH, Korneuburg, Austria	100.0
RIVEKA BVBA, Boom, Belgium	100.0
Robert Decker Wohnbau München GmbH & Co. KG, Grünwald, Germany	51.0
Rownal Farm Solar Ltd., London, UK	100.0
Royal Ingredients Group B.V., Alkmaar, Netherlands	100.0
Royal Ingredients Group Holding USA Inc., Chicago, USA	100.0
Royal Ingredients Group India Pvt. Ltd., Navi Mumbai, India	99.9
Royal Ingredients Group International B.V., Alkmaar, Netherlands	100.0
Royal Ingredients Group USA Inc., Chicago, USA	100.0
Royal Ingredients Nigeria Ltd., Lagos, Nigeria	80.0
RoyBalt Ingredients S.A. de C.V., Santiago de Querétaro, Mexico	70.0
Rueda Sur Solar 2, S.L.U., Zaragoza, Spain	100.0
Rueda Sur Solar 1, S.L.U., Zaragoza, Spain	100.0
Rueda Sur Wind 1, S.L.U., Zaragoza, Spain	100.0
Rueda Sur Wind 2, S.L.U., Zaragoza, Spain	100.0
Rueda Sur Wind 3, S.L.U., Zaragoza, Spain	100.0
RUG Raiffeisen Umweltgesellschaft m.b.H., Korneuburg, Austria	75.0
RWA Czechia s.r.o., Unhost, Czechia	100.0
RWA Hrvatska d.o.o., Osijek, Croatia	100.0
RWA Immobilien GmbH, Korneuburg, Austria	100.0

Name and principal place of business	Share in capital in %
RWA International Holding GmbH, Korneuburg, Austria	100.0
RWA Invest GmbH, Korneuburg, Austria	100.0
RWA Magyarország Kft., Ikrény, Hungary	100.0
RWA Raiffeisen Agro Romnia S.r.l., Timișoara, Romania	100.0
RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria	50.0
RWA SLOVAKIA, spol. s r.o., Bratislava, Slovakia	100.0
RWA Slovenija d.o.o., Škofljika, Slovenia	100.0
RWA Srbija d.o.o., Belgrad, Serbia	100.0
Ryfors Vindkraft AB, Malmö, Sweden	100.0
SAH Class B Borrower LLC, Irvine, USA	100.0
SAH Portfolio I LLC, Irvine, USA	100.0
Samsonwind Wirtsnock GmbH, Kilb, Austria	100.0
Santa Fe BESS LLC, Irvine, USA	100.0
SBU Power Holdings Pte. Ltd., Singapore, Singapore	100.0
Scorpion Energy Storage LLC, Irvine, USA	100.0
SDK Power Sdn. Bhd., Kuala Lumpur, Malaysia	48.0
Searchlight Energy Storage LLC, Irvine, USA	100.0
Sedaco Agro Commodities LTD, Lagos, Nigeria	100.0
Sedaco Agro Tanzania LTD, Dar es-Salaam, Tanzania	100.0
Sedaco DMCC, Dubai, United Arab Emirates	100.0
Sedaco Mozambique Limitada, Beira, Mozambique	100.0
Serralonga Energia S.r.l., Turin, Italy	52.0
Shieldhall Logistics Ltd., Paisley, UK	100.0
Sickingenstraße Grundbesitz GmbH, Kemnath, Germany	51.0
Sinclair Logistics Ltd., Paisley, UK	100.0
Sjönnebol Kraft AB, Malmö, Sweden	100.0
Snow Mountain Energy Storage LLC, Irvine, USA	100.0
Sol in one GmbH, Kaiserslautern, Germany	80.0
Solar Sud S.r.l., Milan, Italy	100.0
Solare Italia S.r.l., Milan, Italy	100.0
Solaris Industrial sp.z o.o., Warsaw, Poland	100.0
Solarmarkt GmbH, Aarau, Switzerland	100.0
Solarna elektrana Bisko d.o.o. za proizvodnju električne energije, Zagreb, Croatia	100.0
Solarna elektrana Proložac d.o.o., Zagreb, Croatia	100.0
Solarpark Aquarius GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Aries GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Kobe GmbH, Munich, Germany	100.0
Solarpark Lupus GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Samas GmbH, Gräfelfing, Germany	100.0
Solitude Hybrid LLC, Irvine, USA	100.0
South Fambridge Hall Solar Park Limited, London, UK	100.0
Spitzlberg GmbH & Co. KG, Augsburg, Germany	51.0
SPV Solarpark 103. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 105. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 112. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 118. GmbH & Co. KG, Gräfelfing, Germany	100.0
Status Produce Favona Road Limited, Auckland, New Zealand	100.0
Stormon Energi AB, Malmö, Sweden	100.0
Strauss Wind, LLC, San Diego, USA	100.0
Studios Solar 2, LLC, Irvine, USA	100.0
Studios Solar 3, LLC, Irvine, USA	100.0
Studios Solar 4, LLC, Irvine, USA	100.0
Studios Solar 5, LLC, Irvine, USA	100.0
Studios Solar, LLC, Irvine, USA	100.0
Sud Energy s.r.l., Milan, Italy	100.0
Sun Power Sicilia S.r.l., Milan, Italy	100.0

Name and principal place of business	Share in capital in %
Sunfish Solar, Irvine, USA	100.0
Suntree GmbH, Hamburg, Germany	100.0
T&G Berries Australia PTY Limited, Melbourne, Australia	85.0
T&G CarSol Asia PTE. Ltd, Singapore, Singapore	50.0
T&G Chile SpA, Santiago de Chile, Chile	100.0
T&G Europe SAS, Lafrançaise, France	100.0
T&G Fresh Produce PTE. Ltd, Singapore, Singapore	100.0
T&G Fruitmark HK Limited, Hong Kong, China	100.0
T&G Global Limited, Auckland, New Zealand	74.0
T&G Global Vietnam Company Ltd, Ho Chi Minh City, Vietnam	100.0
T&G Insurance Limited, Auckland, New Zealand	100.0
T&G Japan Ltd., Tokyo, Japan	100.0
T&G Orchard Services Limited, Auckland, New Zealand	100.0
T&G Processed Food Limited, Auckland, New Zealand	100.0
T&G South East Asia Ltd., Bangkok, Thailand	100.0
T&G Vizzarri Farms Pty Ltd, Tullamarine, Australia	50.0
Taga Solar, LLC, Irvine, USA	100.0
Taipa Water Supply Limited, Kerikeri, New Zealand	65.0
TechnikCenter Grimma GmbH, Mutzschen, Germany	70.0
TFC Holland B.V., Maasdijk, Netherlands	89.5
Thenergy B.V., Oosterhout, Netherlands	100.0
Titus Canyon Solar LLC, Irvine, USA	100.0
Tracomex B.V., Oosterhout, Netherlands	100.0
Trédias Energies SAS, Paris, France	100.0
Trinity Holding B.V., Heerenveen, Netherlands	100.0
Turners & Growers (Fiji) Limited, Auckland, New Zealand	70.0
Turners & Growers Fresh Limited, Auckland, New Zealand	100.0
Turners & Growers New Zealand Limited, Auckland, New Zealand	100.0
Twilight Energy Storage LLC, Irvine, USA	100.0
Tyche Solar, S.L., Barcelona, Spain	100.0
Tyre Bridge Solar LLC, Irvine, USA	100.0
Umspannwerk Klein Bünsdorf GmbH & Co. KG, Gräfelfing, Germany	100.0
Unearthed Produce Limited, Mount Wellington, New Zealand	51.0
Unterstützungseinrichtung der BayWa Aktiengesellschaft in München GmbH, Munich, Germany	100.0
URL AGRAR GmbH, Premstätten, Austria	100.0
Val de Moine Energies SARL, Paris, France	100.0
Venosa S.r.l., Milan, Italy	100.0
VentureFruit Australia Pty Limited, Melbourne, Australia	100.0
VentureFruit Global Limited, Auckland, New Zealand	100.0
VentureFruit International Limited, Auckland, New Zealand	100.0
VentureFruit NZ Limited, Auckland, New Zealand	100.0
Venturefruit USA Inc., Dover, USA	100.0
VISTA Geowissenschaftliche Fernerkundung GmbH, Munich, Germany	51.0
Watt Development SPV 2 S.L.U., Barcelona, Spain	100.0
Watt Development SPV 9 S.L.U., Barcelona, Spain	100.0
WAV Wärme Austria VertriebsgmbH, Korneuburg, Austria	89.0
Wessex Grain Ltd., Manchester, UK	100.0
Whitelaw Brae Windfarm Ltd., Edinburgh, UK	100.0
Wild Stallion Energy Storage LLC, Irvine, USA	100.0
Wilhelmshöhe Infrastruktur GmbH & Co. KG, Gräfelfing, Germany	87.5
Wimmera Plains Energy Facility Holdco Pty Ltd, Richmond, Australia	100.0
Wimmera Plains Energy Facility Pty Ltd, Richmond, Australia	100.0
Windenergie Sallingberg GmbH, Kilb, Austria	100.0
Windkraft Beteiligungsgesellschaft mbH & Co. Windpark Krummensee KG, Düsseldorf, Germany	54.8
Windpark Bärofen GmbH, Kilb, Austria	100.0
Windpark Bella GmbH, Gräfelfing, Germany	100.0

Name and principal place of business	Share in capital in %
Windpark Freimersheim GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Grüntal GmbH, Sydower Fließ, Germany	100.0
Windpark Hessenweiler GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Hettstadt GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Hiesberg GmbH, Kilb, Austria	100.0
Windpark Holle-Sillium GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Kamionka GmbH, Gräfelfing, Germany	100.0
Windpark Kraubatheck GmbH, Kilb, Austria	100.0
Windpark Langenbrand GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Lindchen GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Pferdsfeld GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Polanów 1 Sp. z o.o., Warsaw, Poland	100.0
Windpark Polanow 2 Sp. z o.o., Warsaw, Poland	100.0
Windpark Quelkhorn GmbH, Ottersberg, Germany	100.0
Windpark Schnellwettern GmbH, Sommerland, Germany	100.0
Windpark Velgen-Bornsen GmbH, Bienenbüttel, Germany	100.0
Windpark Wilhelmshöhe GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Wilhelmshöhe II GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Wilhelmshöhe III GmbH & Co. KG, Gräfelfing, Germany	100.0
Wohnen am Lerchenberg GmbH & Co. KG, Borna, Germany	100.0
Wooyoung Solar Power Co., Ltd, Seoul, South Korea	100.0
Worldwide Fruit Limited, Spalding, UK	50.0
Yanel farm solar Ltd., London, UK	100.0
Yatpool Solar Farm FinCo Pty Ltd, Melbourne, Australia	100.0
Yatpool Solar Farm HoldCo Pty Ltd, Melbourne, Australia	100.0
Yatpool Sun Farm Pty Ltd, Melbourne, Australia	100.0
zebotec GmbH, Konstanz, Germany	100.0
Zonlocatie 1 B.V., Heerenveen, Netherlands	100.0
Zonlocatie 2 B.V., Leeuwarden, Netherlands	100.0
Zonlocatie 3 B.V., Leeuwarden, Netherlands	100.0
Zonlocaties Nederland B.V., Heerenveen, Netherlands	100.0
Zonnedak A1 B.V., Heerenveen, Netherlands	100.0
Zonnedak F1 B.V., Heerenveen, Netherlands	100.0
Zonnedak F2 B.V., Heerenveen, Netherlands	100.0
Zonnedak O1 B.V., Heerenveen, Netherlands	100.0
Zonnepark Albrandswaard B.V., Heerenveen, Netherlands	100.0
Zonnepark Friesland B.V., Heerenveen, Netherlands	100.0
Zonnepark PV22 B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV26 B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV4 B.V., Heerenveen, Netherlands	100.0
Zonnepark Skulenboarch B.V., Leeuwarden, Netherlands	100.0
Zonnepark Weperpolder B.V., Heerenveen, Netherlands	100.0
Zonnepark Woldjerspoor B.V., Heerenveen, Netherlands	100.0
Zonnepark XXL B.V., Leeuwarden, Netherlands	87.5
Zonneparken Nederland B.V., Leeuwarden, Netherlands	100.0
Subsidiaries not included in the group of consolidated companies	
"BayWa CS Polska" Sp. z o.o., Grodzisk Mazowieck, Poland	100.0
"Danufert" Handelsgesellschaft m.b.H., Korneuburg, Austria	60.0
ab bauen wohnen Verwaltungs GmbH, Augsburg, Germany	51.0
ABATIS Beteiligungsgesellschaft mbH, Düsseldorf, Germany	100.0
Absolute Trading Systems, S.L.U., Barcelona, Spain	100.0
Actual Propaganda Systems, S.L.U., Barcelona, Spain	100.0
Advanced Tax Systems S.L.U., Barcelona, Spain	100.0
Agrar- und Transportservice Kölleda GmbH, Kölleda, Germany	62.3
AgrarCommander GesmbH, Korneuburg, Austria	95.3

Name and principal place of business	Share in capital in %
Agrarproduktenhandel Gesellschaft m.b.H., Klagenfurt, Austria	100.0
Agrimec B.V., Apeldoorn, Netherlands	100.0
Agrimec Parts B.V., Veghel, Netherlands	100.0
Agro Innovation Lab GmbH, Korneuburg, Austria	100.0
Agromed Asia Limited, Hong Kong, China	100.0
Air Purification Systems, S.L., Barcelona, Spain	100.0
Alga Solar Energy UAB, Vilnius, Lithuania	100.0
Alvar Energipark ApS, Copenhagen, Denmark	100.0
Amance Energies SAS, Paris, France	100.0
ASC Solar Epona S.L.U., Barcelona, Spain	100.0
Autels Villevillon Energies SAS, Paris, France	100.0
Automatic Recovery Systems, S.L.U, Barcelona, Spain	100.0
B L E, Bau- und Land-Entwicklungsgesellschaft Bayern GmbH, Munich, Germany	100.0
BayWa ARA 2 GmbH, Munich, Germany	100.0
BayWa CS GmbH, Munich, Germany	100.0
BayWa Dienstleistung Ost GmbH, Munich, Germany	100.0
BayWa Forderungsmanagement GmbH, Munich, Germany [1]	100.0
BayWa Greenhouse Development GmbH, Munich, Germany	100.0
BayWa Obst Verwaltungsgesellschaft mbH, Munich, Germany	100.0
BayWa Power 01 GK, Tokyo, Japan	100.0
BayWa r.e. Class B Holdings LLC, Irvine, USA	100.0
BayWa r.e. Energy Solutions Asset Holdings Indonesia Pte Ltd, Singapore, Singapore	100.0
BayWa r.e. IPP Verwaltungs GmbH, Munich, Germany	100.0
BayWa r.e. Projects Portugal, Unipessoal, Lisbon, Portugal	100.0
BayWa r.e. Shanghai Co., Ltd., Shanghai, China	100.0
BayWa r.e. Solar Projects Holding Vietnam 1 Pte. Ltd., Funan, Singapore	100.0
BayWa r.e. Solar Projects Verwaltungs GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Solar Systems GmbH, Poggersdorf, Austria	100.0
BayWa Venture GmbH, Munich, Germany	100.0
BayWa R.E. Development Portfolio I LLC, Irvine, USA	100.0
BBP Projekt 2 GmbH, Munich, Germany	100.0
BBP Projekt 3 GmbH, Munich, Germany	100.0
BHT Projekt GmbH & Co. KG, Traunreut, Germany	51.0
biohelp – biologischer Pflanzenschutz-Nützlingsproduktions-, Handels- und Beratungs GmbH, Vienna, Austria	89.9
biohelp international GmbH, Korneuburg, Austria	74.9
Biotech-Enterprises-Lizenzverwertungs-Gmbh, Fischamend, Austria	93.9
Black Hill Energy Storage LLC, Irvine, USA	100.0
BLUEBIRD CLASS B LLC, Irvine, USA	100.0
Bons Fruits Energies SAS, Paris, France	100.0
Boreads Wind II Single Member Private Company, Chalandri, Greece	100.0
Boreads Wind Single Member P.C., Chalandri, Greece	100.0
Brahms Wind Holdings, LLC, Wilmington, USA	100.0
Brizay Energies SAS, Paris, France	100.0
Brüderl Projekt Dachau Hochstraße GmbH & Co. KG, Traunreut, Germany	100.0
Brüderl Projekt Verwaltungs GmbH, Traunreut, Germany	51.0
Brumath Energies SAS, Paris, France	100.0
Business Sufficiency Systems, S.L.U., Barcelona, Spain	100.0
BW DSG, LLC, Wilmington, USA	100.0
Calla Rinnovabili S.R.L., Milan, Italy	100.0
Camden Solar Development LLC, Irvine, USA	100.0
Camelia Rinnovabili Srl, Milan, Italy	100.0
Campagne Cazaubon Energies SAS, Paris, France	100.0
Cassiopea Rinnovabili S.r.l., Milan, Italy	100.0
Castets Energies, Paris, France	100.0
Cavaillon Energies SAS, Paris, France	100.0
Cefetra Digital Services S.L., Pozuelo de Alarcón, Spain	100.0

Name and principal place of business	Share in capital in %
Cefetra Este S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Oeste S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Sur S.L.U., Pozuelo de Alarcón, Spain	100.0
CENTRO AGRICOLO FRIULANO S.R.L., Rivolto, Italy	85.0
Chancellorstown Solar Limited, Dublin, Ireland	100.0
Chulpan Solar Energy SRL, Bucharest, Romania	100.0
Cloud Hill Windfarm Limited, London, UK	100.0
Col des 3 Soeurs SARL, Paris, France	100.0
Common Logic Systems, S.L., Barcelona, Spain	100.0
Copper Dream Solar Hybrid LLC, Irvine, USA	100.0
Corazon Energy Development LLC, Irvine, USA	100.0
Corporate Creation Systems, S.L.U., Barcelona, Spain	100.0
Corporate Reelection S.L., Barcelona, Spain	100.0
Crono Rinnovabili S.r.l., Milan, Italy	100.0
Crossbuck Energy Storage LLC, Irvine, USA	100.0
Dalia Rinnovabili S.R.L., Milan, Italy	100.0
Danugrain Lagerei GmbH, Krems an der Donau, Austria	60.0
Dinara Solar Energy S.R.L., Bucharest, Romania	100.0
Dordives Energies SAS, Paris, France	100.0
Easy Above Systems, S.L.U., Barcelona, Spain	100.0
EBY2 Verwaltungs GmbH, Munich, Germany	51.0
Economic Intention Systems, S.L., Barcelona, Spain	100.0
Eguzon-Chantôme Energies SAS, Paris, France	100.0
Enable Energy Labs, LLC, Sacramento, USA	100.0
Energy Storage System Holding B.V., Leeuwarden, Netherlands	100.0
Energy Solutions 1 Pte. Ltd., Singapore, Singapore	100.0
Engage Intelligenty, S.L.U., Barcelona, Spain	100.0
ENP Windpark Reichenbach GmbH & Co. KG, Gräfelfing, Germany	100.0
Eoliennes de Haute Voie SAS, Paris, France	51.0
Equestrian Energy Storage LLC, Irvine, USA	100.0
Erste Onshore Windkraft Beteiligungsgesellschaft mbH, Oldenburg, Germany	100.0
ESS 1 B.V., Leeuwarden, Netherlands	100.0
ESS 2 B.V., Leeuwarden, Netherlands	100.0
ESS 3 B.V., Leeuwarden, Netherlands	100.0
ESS 4 B.V., Leeuwarden, Netherlands	100.0
ESS 5 B.V., Leeuwarden, Netherlands	100.0
Estruplund Energi Park Aps, Copenhagen, Denmark	100.0
Exeter Main Battery Limited, London, UK	100.0
Eyliac Energies SAS, Paris, France	100.0
Fairview Reliability Project LLC, Irvine, USA	100.0
FarmFacts Hungary Kft., Kaposvár, Hungary	100.0
Ferme solaire du Savonet SAS, Paris, France	100.0
Fleet Solar Limited, London, UK	100.0
Fraissé Energies, Paris, France	100.0
G. Stranzinger Verwaltungs GmbH, Tann, Germany	60.0
Garein Energies SAS, Paris, France	90.0
Genol Vertriebssysteme GmbH, Korneuburg, Austria	100.0
Gievres Energies SAS, Paris, France	100.0
Giglio Rinnovabili Srl, Milan, Italy	100.0
Grainli Verwaltungs GmbH, Hamburg, Germany	100.0
Grainvest B.V., Almere, Netherlands	100.0
Green Answers GmbH & Co. WP Vahlbruch KG, Gräfelfing, Germany	100.0
Green Hill Energy Storage LLC, Irvine, USA	100.0
Green Ventures 1 Single Member P.C., Marousi, Greece	100.0
Green Ventures 2 Monoprosopi I.K.E., Marousi, Greece	100.0
Green Wind Deutschland GmbH, Munich, Germany	50.0

Name and principal place of business	Share in capital in %
Grey Wolf Solar LLC, Irvine, USA	100.0
H2X GmbH, Munich, Germany	75.1
HaePung1 Co., Ltd., Ulsan, South Korea	100.0
HaePung2 Co., Ltd., Ulsan, South Korea	100.0
HaePung3 Co., Ltd., Ulsan, South Korea	100.0
Hankook Baram Co., Ltd., Seoul, South Korea	100.0
Herlufmagle Energi- & Naturpark ApS, Copenhagen, Denmark	100.0
Higher Winds Systems, S.L., Barcelona, Spain	100.0
Hübnerstraße Grundbesitz GmbH, Kemnath, Germany	100.0
High-Rise Building Systems, S.L., Barcelona, Spain	100.0
Hughenden Solar Pty Ltd, Richmond, Australia	100.0
Iliako Power I Single Member Private Company (IKE), Marousi, Greece	100.0
Iliako Power II Single Member Private Company (IKE), Marousi, Greece	100.0
Iliako Power III Single Member Private Company (IKE), Marousi, Greece	100.0
Iliako Power IV Single Member Private Company (IKE), Marousi, Greece	100.0
ILIAKO POWER IX SINGLE MEMBER PRIVATE COMPANY (IKE), Marousi, Greece	100.0
Iliako Power V Single Member Private Company (IKE), Marousi, Greece	100.0
Iliako Power VI Single Member Private Company (IKE), Marousi, Greece	100.0
Iliako Power VII Monoprosopi I.K.E., Marousi, Greece	100.0
ILIAKO POWER VIII SINGLE MEMBER PRIVATE COMPANY (IKE), Marousi, Greece	100.0
IMMOBILIARE AGRICOLA RIVOLTO S.R.L., Rivolto, Italy	100.0
Infraestructuras Comunes Gerenas, S.L., Barcelona, Spain	100.0
Infraestructuras de Íllora, S.L., Barcelona, Spain	40.0
Intelligent Challenge, S.L.U., Barcelona, Spain	100.0
Iris Rinnovabili S.r.l., Milan, Italy	100.0
Javelina Energy Storage LLC, Irvine, USA	100.0
JPB Holding GmbH, Kemnath, Germany	51.0
Keranna Energies SARL, Paris, France	100.0
Koyash Solar Energy S.R.L., Bucharest, Romania	100.0
Kushiro Kitazono PV Plant G.K., Tokyo, Japan	100.0
La Couture Energies SARL, Paris, France	100.0
Lagerhaus Solar Solutions GmbH, Korneuburg, Austria	100.0
Les Éoliennes Citoyennes de Botsay SAS, Paris, France	100.0
Les Grangéoles Energies, Paris, France	100.0
Les Platayres Energies SARL, Paris, France	100.0
Les Vastres Energies SAS, Paris, France	100.0
Londigny Energies SARL, Paris, France	100.0
Loto Rinnovabili S.R.L., Milan, Italy	100.0
Luenga Solar, S.L.U., Barcelona, Spain	100.0
Magyar "Agrár-Ház" Kft., Ikrény, Hungary	100.0
Mailley Chazelot Energies SAS, Paris, France	100.0
Maine Anjou Energies SAS, Paris, France	100.0
Maqueda Solar, S.L.U., Barcelona, Spain	100.0
Marugame Taiike Floating Solar GK, Tokyo, Japan	100.0
Marugame Tamuraike Floating Solar GK, Tokyo, Japan	100.0
Matur Solar Energy UAB, Vilnius, Lithuania	100.0
MD-Betriebs-GmbH, Munich, Germany	90.0
Meadow Farm Battery Limited, London, UK	100.0
Megaone Solar Energy Kft., Budapest, Hungary	100.0
Meyra Energipark ApS, Copenhagen, Denmark	100.0
Montmorillon Energies SAS, Paris, France	100.0
MTP Projekt Verwaltung Oberland GmbH, Günzburg, Germany	51.0
Natural Wind Energy Co., Ltd., Bangkok, Thailand	100.0
Natural Wind Energy Holding Co., Ltd., Bangkok, Thailand	30.0
New Universeline Systems S.L., Barcelona, Spain	70.0
Newone Solar Energy Kft., Budapest, Hungary	100.0

Name and principal place of business	Share in capital in %
Ninfea Rinnovabili Srl, Milan, Italy	100.0
NOB-Betriebs-GmbH, Munich, Germany	90.0
North Farm Mannington Solar Limited, London, UK	100.0
Nurlat Solar Energy S.R.L., Bucharest, Romania	100.0
Oaklands Farm Solar Limited, London, UK	100.0
Oceano Rinnovabili S.r.l., Milan, Italy	100.0
Olivine Energy Storage LLC, Irvine USA	100.0
PATIS Beteiligungsgesellschaft mbH, Düsseldorf, Germany	100.0
Pèle Joue Energies SAS, Paris, France	100.0
Piccola ma carina Projekt GmbH, Munich, Germany	51.0
Pié Desgroies Energies SAS, Paris, France	100.0
Potential Calculation Systems, S.L., Barcelona, Spain	100.0
POWER SOLUTIONS – WHF 01S.R.L., Verona, Italy	100.0
Power Ventures 2 Single Member P.C., Kifisia, Greece	100.0
PowerHub GmbH, Munich, Germany	100.0
Prairie Energies SAS, Paris, France	100.0
Prechac Energies SAS, Paris, France	100.0
Preferred Organizational Systems, S.L., Barcelona, Spain	100.0
Projekt Baierbrunn W13 GmbH, Augsburg, Germany	51.0
Protectionist Galleries Systems, S.L.U., Barcelona, Spain	100.0
PT. Bumiraya Suria Abadi, Jakarta, Indonesia	49.0
Putlitzstraße Grundbesitz GmbH, Kemnath, Germany	100.0
Quick Opening Systems, S.L.U., Barcelona, Spain	100.0
Radiant Burst Systems S.L., Barcelona, Spain	100.0
Raiffeisen Trgovina d.o.o., Lenart, Slovenia	100.0
Rapid Reaction Systems, S.L.U., Barcelona, Spain	100.0
Referenced Productive Systems, S.L., Barcelona, Spain	100.0
Regolo Rinnovabili S.r.l., Milan, Italy	100.0
Renertech Management GmbH, Gräfelfing, Germany	100.0
Renton Sistemas Aplicados, S.L., Barcelona, Spain	100.0
Robert Decker Wohnbau Verwaltungs GmbH, Grünwald, Germany	51.0
Rochetaillée Energies SAS, Paris, France	100.0
Rosa Rinnovabili Srl, Milan, Italy	100.0
Royal Natural Foods B.V., Alkmaar, Netherlands	100.0
Royal Organic Ingredients USA Inc., Chicago, USA	100.0
RWA Solar Solutions, Korneuburg, Austria	100.0
RWA Ukrajina, Kyiv, Ukraine	100.0
Saatzucht Edelhof GmbH, Zwettl, Austria	100.0
Saatzucht Gleisdorf Gesellschaft m.b.H., Gleisdorf, Austria	66.7
Saint Jory Energies SAS, Paris, France	100.0
Saint-Bonnet-de-Bellac Energies SAS, Paris, France	100.0
Saintonge Energies SAS, Paris, France	80.0
Saints Geosmes Energies SAS, Paris, France	100.0
Salavat Solar Energy UAB, Vilnius, Lithuania	100.0
Salm Energies SARL, Paris, France	100.0
Salsigne Villardonnel Energies SAS, Paris, France	100.0
SanHae Green Energy Co., Ltd., Seoul, South Korea	95.0
Saubens Energies SAS, Paris, France	100.0
Sea Breeze Huge, S.L., Barcelona, Spain	100.0
Senita Energy Storage LLC, Irvine, USA	100.0
Seosan Iljo Bit Solar Co., Ltd., Seoul, South Korea	100.0
Side Recovery Systems, S.L.U., Barcelona, Spain	100.0
Silverchain Gestión, S.L., Barcelona, Spain	100.0
Sirio Rinnovabili S.r.l., Milan, Italy	100.0
Sofie-Amaliegaard Energi- og Naturpark ApS, Copenhagen, Denmark	100.0
Solaire de Haute Voie SAS, Paris, France	100.0

Name and principal place of business	Share in capital in %
SOLAR CASTUERA, S.L., Madrid, Spain	80.0
Solar Plant Energ- og Naturpark ApS, Copenhagen, Denmark	100.0
Solarna elektrana Končanica d.o.o., Zagreb, Croatia	100.0
Solarpark 11 sp. z o.o., Warsaw, Poland	100.0
Solarpark 12 sp. z o.o., Warsaw, Poland	100.0
Solarpark 13 sp. z o.o., Warsaw, Poland	100.0
Solarpark 14 sp. z o.o., Warsaw, Poland	100.0
Solarpark 15 sp. z o.o., Warsaw, Poland	100.0
Solarpark 16 sp. z o.o., Warsaw, Poland	99.0
Solarpark 17 sp. z o.o., Warsaw, Poland	100.0
Solarpark 2 sp. z o.o., Warsaw, Poland	99.0
Solarpark 4 sp. z o.o., Warsaw, Poland	100.0
Solarpark 6 sp. z o.o., Warsaw, Poland	100.0
Solarpark 9 sp. z o.o., Warsaw, Poland	100.0
Solarpark Białokury sp. z o.o., Warsaw, Poland	100.0
Solarpark Brojce sp. z o.o., Warsaw, Poland	100.0
Solarpark Czarnów sp. z o.o., Warsaw, Poland	100.0
Solarpark Dobrich Limited EOOD, Sofia, Bulgaria	100.0
Solarpark Horus GmbH, Gräfelfing, Germany	100.0
Solarpark Horus Sp. z o.o., Warsaw, Poland	100.0
Solarpark Libra GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Lugh GmbH, Gräfelfing, Germany	100.0
Solarpark Lugh Sp. z o.o., Warsaw, Poland	100.0
Solarpark Malina GmbH, Gräfelfing, Germany	100.0
Solarpark Malina Sp. z o.o., Warsaw, Poland	100.0
Solarpark Mitra GmbH, Gräfelfing, Germany	100.0
Solarpark Mitra Sp. z o.o., Warsaw, Poland	100.0
Solarpark Pałck sp. z o.o., Warsaw, Poland	100.0
Solarpark Perseus GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Polanów sp. z o.o., Warsaw, Poland	100.0
Solarpark Sunna GmbH, Gräfelfing, Germany	100.0
Solarpark Sunna Sp. z o.o., Warsaw, Poland	100.0
Solarpark Tucana GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Tuchola sp. z o.o., Warsaw, Poland	100.0
Solarpark Wega GmbH & Co. KG, Gräfelfing, Germany	100.0
Solar-Planit Software GmbH, Tübingen, Germany	100.0
SolarSolutions 1 GmbH & Co. KG, Gräfelfing, Germany	100.0
Soulanges Energies SAS, Paris, France	51.0
Sourdough Energy Storage LLC, Irvine, USA	100.0
SPV Solarpark 102. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 104. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 107. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 108. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 109. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 110. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 111. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 113. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 114. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 115. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 116. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 117. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 119. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 120. GmbH & Co. KG, Gräfelfing, Germany	100.0
St Johns Reliability Project LLC, Irvine, USA	100.0
St. Frederikslund Energi Park Aps, Copenhagen, Denmark	100.0
Stabilizers and Developments, S.L.U., Barcelona, Spain	100.0

Name and principal place of business	Share in capital in %
Smakkerup Energi- og Naturpark ApS, Copenhagen, Denmark	100.0
Süd-Treber GmbH, Stuttgart, Germany [1]	100.0
Sunny Peninsula Energi Park ApS, Copenhagen, Denmark	100.0
Sunshine Latin GmbH & Co. KG, Munich, Germany	100.0
Taiwan I Solar Project Co., Ltd., Taipei, Taiwan	100.0
Taiwan II Solar Project Co., Ltd., Taipei, Taiwan	100.0
Takamatsu Odaike Floating Solar GK, Tokyo, Japan	100.0
Talgat Solar Energy S.R.L., Bucharest, Romania	100.0
Tazaca Energy Storage LLC, Irvine, USA	100.0
Temi Rinnovabili S.r.l., Milan, Italy	100.0
Ténarèze Energies SAS, Paris, France	100.0
TFC ME General Trading LLC, Dubai, United Arab Emirates	49.0
Time Clever Entertainment S.L.U., Barcelona, Spain	100.0
Tithini Aiolika Parka Single Member P.C., Marousi, Greece	100.0
Traditional Mechanism Systems S.L.U., Barcelona, Spain	100.0
Troutdale Reliability Project LLC, Irvine, USA	100.0
Villamayor Solar, S.L., Barcelona, Spain	100.0
Viola Rinnovabili S.R.L., Milan, Italy	100.0
Wasigny Mesmont Energies SAS, Paris, France	100.0
Watt Development Solar 2, S.L., Barcelona, Spain	100.0
WHG LIEGENSCHAFTSVERWALTUNG BETRIEBS GMBH, Klagenfurt, Austria	100.0
Whispering Bells Solar Hybrid LLC, Irvine, USA	100.0
WILD WORLD CLOUDS, S.L., Barcelona, Spain	100.0
Windkraft Beteiligungsgesellschaft mbH, Düsseldorf, Germany	100.0
Windpark Achtmaal B.V., Leeuwarden, Netherlands	100.0
Windpark Altenglan GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Bad Berleburg GmbH & Co. KG, Gräfelfing, Germany	50.0
Windpark Berka GmbH & Co. KG, Gräfelfing, Germany	50.0
Windpark Desloch GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Dollenkamp GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Gillersheim GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Gronau Leine GmbH & Co. KG, Eime, Germany	100.0
Windpark Großer Riese GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Hesselertal GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Immensen GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Jembke GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Körner GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Kortgene B.V., Leeuwarden, Netherlands	100.0
Windpark Kotla Sp. z o.o., Warsaw, Poland	100.0
Windpark Langenbrand II GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Langenlonsheim GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Moringen Nord GmbH & Co. KG, Gräfelfing, Germany	50.0
Windpark Olsberg GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Perscheid GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Prezelle GmbH & Co. KG, Gräfelfing, Germany	50.0
Windpark Prüm GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Rucphen B.V., Leeuwarden, Netherlands	100.0
Windpark SBG V GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Seershausen GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Sexau GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Sint-Antoinedijk B.V., Leeuwarden, Netherlands	100.0
Windpark Vorbeck-Kambs GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Wimmelburg 3 GmbH & Co. KG, Gräfelfing, Germany	100.0
Wohnen am Lerchenberg Verwaltungs GmbH, Borna, Germany	100.0
Woodlands Mannington Solar Limited, London, UK	100.0
WP Seershausen Infrastruktur GmbH & Co. KG, Gräfelfing, Germany	100.0

Name and principal place of business	Share in capital in %
Ygos Energies SAS, Paris, France	100.0
ZL Holding B.V., Leeuwarden, Netherlands	100.0
Zonlocatie 4 B.V., Leeuwarden, Netherlands	100.0
Zonlocatie 5 B.V., Leeuwarden, Netherlands	100.0
Zonlocatie 6 B.V., Leeuwarden, Netherlands	100.0
Zonnedak F3 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV23 B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV24 B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV25 B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV27 B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV28 B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV30 B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV31 B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV32 B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV33 B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV34 B.V., Leeuwarden, Netherlands	100.0
Zonnepark ZL 1 B.V., Leeuwarden, Netherlands	100.0
Zonnepark ZL 2 B.V., Leeuwarden, Netherlands	100.0
Zonnepark ZL 3 B.V., Leeuwarden, Netherlands	100.0
Zonnepark ZL 4 B.V., Leeuwarden, Netherlands	100.0
Zonnepark ZL 5 B.V., Leeuwarden, Netherlands	100.0
Zonneparken Nederland IPP B.V., Leeuwarden, Netherlands	100.0
Joint ventures included under the equity method	
act renewable GmbH, Munich, Germany	50.0
Amadeus Wind Holdings, LLC, Wilmington, USA	33.3
Baltanás Cereales y Abonos, S.L., Baltanás, Spain	50.0
Baltic Terminal Sp. z o.o., Gdynia, Poland	50.0
BHBW Holdings (Pty) Ltd, Lynnwood Manor, South Africa	50.0
Dagan Protech, SL, Ciudad Real, Spain	50.0
Floating Energy Allyance 1 Limited, Glasgow, UK	33.3
Growers Direct Limited, Wakefield, UK	50.0
Hafen Vierow - Gesellschaft mit beschränkter Haftung, Brünzow, Germany	50.0
ShelCo 236 Oy, Helsinki, Finland	50.0
Tornio Karhakkamaa Tuuli Ky, Helsinki, Finland	50.0
Transhispania Agraria, S.L., Torquemada, Spain	28.3
VIELA Export GmbH, Vierow, Germany	50.0
Wawata General Partner Limited, Nelson, New Zealand	50.0
Wind + Mehr GmbH, Hanover, Germany	50.0
Associated companies included under the equity method	
AUSTRIA JUICE GmbH, Allhartsberg, Austria	50.0
BRB Holding GmbH, Munich, Germany	45.3
Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main, Germany	37.8
Gestión Rueda Promotores, SL, Zaragoza, Spain	33.7
Grandview Brokerage LLC, Seattle, USA	39.4
LWM Austria GmbH, Hollabrunn, Austria	25.0
MoSagri B.V., Breda, Netherlands	25.0
MoSagri LDA, Bairro Namalungo, Lumbo, Mozambique	25.0
OLF Deutschland GmbH, Hamburg, Germany	25.0
Tjiko GmbH, Rosenheim, Germany	67,1
Zimmermann PV-TRACKER GmbH, Eberhardzell, Germany	33.3
Associates and joint ventures of secondary importance not included under the equity method	
AC1 ASOA LLC, Chicago, USA	50.0
Afrupro Investments LTD, Tzaneen, South Africa	60.0

Name and principal place of business	Share in capital in %
Agromed Biological (Xuzhou) Co. Ltd., Jiangsu, China	20.0
Agrosen Holding GmbH, Kremsmünster, Austria	30.0
ARGE WWS Obst GbR, Markdorf, Germany	50.0
BAS Steinbau GmbH, Ravensburg, Germany	50.0
BayWa Hochhaus Verwaltung GmbH, München, Germany	50.0
BHBW Ltd., Maidenhead, UK	50.0
Bonus Holsystem für Verpackungen GmbH & Co.KG, Kufstein, Austria	26.0
Bonus Holsystem für Verpackungen GmbH, Kufstein, Austria	26.0
Braumarkt GmbH, Hamburg, Germany	41.0
BRVG Bayerische Raiffeisen- und Volksbanken Verlag GmbH, Munich, Germany	25.0
Ceraflex Bayern GmbH, Dorfen, Germany	24.9
Chemag Agrarchemikalien GmbH, Frankfurt am Main, Germany	33.3
Cross Cargo Logistics GmbH, Ardagger Stift, Austria	25.1
DANUOIL Mineralöllager und Umschlags-Gesellschaft m.b.H. i. L., Korneuburg, Austria	50.0
DRWZ Marken GmbH i. L., Karlsruhe, Germany	32.8
EBULUM GmbH & Co. Objekt Baunatal KG, Pullach im Isartal, Germany	94.0
eFriends Energy GmbH, Nappersdorf, Austria	25.0
FLOATING ENERGY Allyance 2 Limited, Edinburgh, UK	33.3
FTW Bayreuth GmbH, Weidenberg, Germany	50.0
HGD Haus und Garten Deutschland Handelskooperation GmbH, Karlsruhe, Germany	50.0
InterSaatzucht GmbH, Hohenkammer, Germany	36.0
ISTROPOL SOLARY a.s., Horné Mýto, Slovakia	29.8
Kärntner Saatbau e.Gen., Klagenfurt, Austria	27.9
Kerifresh Growers Trust, Kerikeri, New Zealand	31.0
LLT - Lannacher Lager- und Transport GesmbH, Korneuburg, Austria	50.0
Logistikzentrum Röthlein GmbH & Co. KG, Gräfelfing, Germany	94.0
Obst vom Bodensee Vertriebsgesellschaft mbH, Friedrichshafen, Germany	47.5
OÖ Lagerhaus Solidaritäts GmbH, Traun, Austria	50.0
REMABO Ressourcen Management GmbH, Innsbruck, Austria	26.0
RLH Agrar GmbH, Emskirchen, Germany	18.9
Röthlein Logistik GmbH, Röthlein, Germany	50.0
Seccionadora Almodovar Renovables, S.L., Málaga, Spain	38.0
Vetroline Handels GmbH, Göttlesbrunn-Arbesthal, Austria	50.0
Windpark A73-Heumen B.V., Utrecht, Netherlands	50.0
WUN Pellets GmbH, Wunsiedel, Germany	30.0
Participations in large corporations	
Südstärke Gesellschaft mit beschränkter Haftung, Schrobenhausen, Germany (Equity in € thousand: 134,181; Annual net income/loss in € thousand: 12)	6.5

1 Profit and loss transfer agreement

Affirmation by the Legally Authorised Representatives

We hereby affirm that, to the best of our knowledge and in accordance with the generally accepted accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and the result of operations of the Group, and the consolidated management report on the Group presents a true and fair description of the development of the Group's business, including its performance, and of the material risks and opportunities inherent in the prospective development of the Group.

Munich, 27 March 2023

BayWa Aktiengesellschaft

The Board of Management
Prof. Klaus Josef Lutz
Andreas Helber
Marcus Pöllinger
Reinhard Wolf

Independent Auditor's Report

To BayWa Aktiengesellschaft, Munich

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of BayWa Aktiengesellschaft, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of BayWa Aktiengesellschaft for the financial year from January 1 to December 31, 2022. In accordance with the German legal requirements, we have not audited the content of the sections of the group management report entitled "Key features of the internal control and risk management system" and "Sustainability at BayWa".

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the sections named above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:
❶ Accounting treatment of goods and contracts acquired and sold exclusively for trading purposes
❷ Revenue recognition of project business for wind and solar parks

Our presentation of these key audit matters has been structured in each case as follows:
① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matters:

❶ Accounting treatment of goods and contracts acquired and sold exclusively for trading purposes

① In the Cefetra Group Segment and in parts of the Agri Trade & Service Segment, BayWa AG acts as a broker or trader and sells goods as a commodity trader. Inventories are primarily acquired with the intention of selling them in the near future and generating a profit from fluctuations in price or traders' margin. The purchase and sales contracts entered into in this connection are measured at fair value through profit or loss in accordance with the requirements of IFRS 9 in conjunction with IFRS 13. The inventories acquired in this connection are measured at fair value through profit or loss less costs to sell in accordance with IAS 2.5 and IAS 2.3(b) in conjunction with IFRS 13 if the requirements are met in certain subunits. Areas within the Agri Trade & Service Segment apply cash flow hedge accounting. In this case, the effects from the measurement of the physical contracts enter into are recognized directly in other comprehensive income and are recognized in profit or loss when the hedged transactions are realized. In the case of physical settlement of sales contracts, revenue is recognized at fair value in accordance with IFRS 15. In certain circumstances, contracts are not settled physically and instead the purchase and sales contracts are offset with the same business partner without physical settlement. The gain/loss of these "washouts" is presented as a net figure under cost of materials at the BayWa AG Group's trading companies (when applying IAS 2.5 and IAS 2.3(b) in conjunction with IFRS 13) or under other operating expenses/other operating income at the other companies.

The measurement of contracts and inventories at fair value in accordance with the requirements of IFRS 13 is complex and involves judgments to be made about the recognition and measurement of the resulting effects. In light of this, the recognition of revenue relating to trading contracts was of particular significance for our audit.

② For the purposes of our audit, we first familiarized ourselves with the instructions and accounting policies as well as the processes, systems and control measures relating to the management and accounting of the trading business. We then assessed the design and effectiveness of the accounting-related internal control system in relation to the trading business. We also assessed the price curves used to measure the contracts, in particular by using liquid market data, confirmations from brokers or external service providers, and internal plausibility checks. In a next step, we verified that the price curves were correctly used and that the measurements were mathematically accurate. Furthermore, for the subunits concerned, we also assessed whether the requirements for the application of hedge accounting in accordance with IFRS 9 and the recognition of inventories at fair value less costs to sell in accordance with IAS 2.5 and IAS 2.3(b) were met and whether the principles were applied properly. We were able to satisfy ourselves that the estimates and assumptions made by the executive directors in connection with the measurement of trading transactions were appropriately made and documented. Furthermore, we verified that the requirements for applying hedge accounting in accordance with IFRS 9 and for the measurement of inventories at fair value less costs to sell in accordance with IAS 2.5 and IAS 2.3(b) in conjunction with IFRS 13 had been met at the subunits concerned.

③ The Company's disclosures relating to the accounting treatment of goods and contracts acquired and sold exclusively for trading purposes are contained in the sections A.3. and A.5 of the notes to the consolidated financial statements.

❷ Revenue recognition of project business for wind and solar parks

① A significant part of the business activities of the Renewable Energies Segment (revenue of EUR 6,489 million) relates to the planning, construction and sale of wind and solar parks. Project companies are generally formed for this purpose. The wind or solar parks are constructed in the project companies on the basis of a general contractor agreement between the project company and another Group subsidiary (the project developer). The sale of wind or solar parks is effected through the sale of all shares in the project companies. This is accounted for in accordance with the requirements of IFRS 15 because the sale of the project companies corresponds economically to the sale of the wind or solar parks constructed in the project companies. In certain cases, the project companies are sold before all obligations under the general contractor agreement have been met by the project developer. With the sale of the shares, the project company is transferred to a third party.

The sale of shares leads to a "catch-up effect", meaning that revenue is recognized based on the percentage of completion at that time under the general contractor agreement. With regard to the recognition of any outstanding performance obligation under the general contractor agreement, revenue is recognized from now on in accordance with the percentage of completion in accordance with the criteria of IFRS 15.35(b) and/or (c). BayWa uses the input-oriented cost-to-cost method to determine the percentage of completion.

The assessment of revenue recognition of project business for wind farms and solar parks has to be evaluated on the basis of complex contracts. In addition, the executive directors must make discretionary judgments when applying IFRS 15 to the sale of the project companies and the proper calculation of the percentage of completion (including the calculation of the costs still to be incurred and the risks that still need to be considered). In light of this, the recognition of revenue relating to project business for wind and solar parks was of particular significance for our audit.

② For the purposes of our audit, we first familiarized ourselves with the instructions, policies, memoranda and control measures relating to the management and accounting of project business in the Renewable Energies Segment. In addition, we obtained an understanding of the material contractual agreements underlying the sales of the project companies (in particular with regard to the general contractor agreements and the project companies' share disposal agreements) and how they are accounted for. We then assessed the design and effectiveness of the accounting-related internal control system in relation to project companies. We carried out tests of details of select sales of project companies. On the basis of the contractual agreements, the accounting memoranda prepared by the Company and other project documents and supporting documentation, we assessed whether the conditions for revenue recognition in accordance with IFRS 15 were met. In doing so, we analyzed and assessed the agreements in particular with regard to the five steps under IFRS 15: identifying the contract with the customer; identifying performance obligations; determining transaction price; allocating the transaction price to performance obligations; and satisfaction of performance obligations. With regard to the satisfaction of performance obligations, we assessed in particular the transfer of control of the wind or solar parks to the purchaser of the project company. In the event of a transfer of control, we then determined whether the input-oriented cost-to-cost method was used when recognizing revenue over time. In doing so, we paid particular attention to the correct measurement of the percentage of completion using the cost of sales and the calculation of planned costs and the monitoring of target/actual deviations. We were able to satisfy ourselves that the estimates and assumptions made by the executive directors in connection with the recognition of revenue from project business for wind and solar parks were sufficiently documented and substantiated.

③ The Company's disclosures relating to revenue recognition of project business for wind and solar parks are contained in the sections A.3 and A.5 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information contains the sections entitled "Key features of the internal control and risk management system" and "Sustainability at BayWa" as an unaudited part of the group management report.

The other information also comprises
- the group statement on corporate governance pursuant to § 315d HGB
- the separate non-financial statement to comply with §§ 289b to 289e HGB and §§ 315b to 315c HGB
- all other sections of the Group finance report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information
- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. accounting manipulation and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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 whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise 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 and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' 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 exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file BayWa AG_KA+KLB_ESEF-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional scepticism throughout the assurance work. We also

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 24, 2022. We were engaged by the supervisory board on November 11, 2022. We have been the group auditor of BayWa Aktiengesellschaft, Munich, without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Dietmar Eglauer.

Munich, 28 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dietmar Eglauer Wirtschaftsprüfer [German Public Auditor]	Christoph Tübbing Wirtschaftsprüfer [German Public Auditor]

Report of the Supervisory Board

The Supervisory Board of BayWa AG fulfilled the responsibility entrusted to it under the law, the Articles of Association and the bylaws. It regularly advised the Board of Management, coordinated the strategy with the Board of Management and supervised the latter in its management of the company. The common goal of the Board of Management and Supervisory Board is to raise the value of the company on a sustainable and long-term basis. The Board of Management always kept the Supervisory Board informed in a timely and comprehensive manner. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The measures requiring its approval were reviewed, and the respective resolutions passed both in meetings and in writing by way of a circulation procedure. Between the meetings, the Board of Management reported both in writing and in person on events of particular importance. After thorough deliberation and consultation, the Supervisory Board made its decisions on the reports and the resolutions put forward by the Board of Management.

The Chairman of the Supervisory Board was always informed about important decisions by the Board of Management and remained in close contact with the Chief Executive Officer. He was informed through regular detailed reports on the current business situation. The cooperation within the Supervisory Board and with the Board of Management in the reporting year 2022 was again constructive and based on trust.

Key points of consultation of the meetings of the Supervisory Board

Matters of consultation at the four regular meetings of the Supervisory Board in the financial year 2022 included, in particular, the business and financial development of the company, the performance of the individual business units, financial and investment planning, personnel-related decisions, the risk situation and questions of compliance, as well as IT security and the strategic development of the company. The Supervisory Board also deliberated on the participations entered into by BayWa AG during the period under review and previously. Moreover, the Supervisory Board addressed issues pertaining to accounting and the audit of the annual financial statements of the company, as well as BayWa AG's risk management and its risk position, on an ongoing basis. Special attention was paid to the compliance monitoring at the Group. The Board of Management reported regularly and extensively on these issues as well as on the Group's current situation.

In its first regular meeting on 23 March 2022, the Supervisory Board dealt mainly with the annual financial statements and the management report of BayWa AG and of the Group as at 31 December 2021, as well as with the reports of the audits performed on the separate financial statements and the consolidated financial statements, and on the Sustainability Report. Matters relating to the contracts of the members of the Board of Management were also addressed. In this context, the Supervisory Board adopted the recommendation of Bayerische Raiffeisen-Beteiligungs-AG and proposed Prof. Klaus Josef Lutz as a candidate for the election of shareholder representatives to the Supervisory Board at the 2023 Annual General Meeting. Prof. Klaus Josef Lutz then stepped down as Chief Executive Officer with effect from 31 March 2023. The Supervisory Board subsequently appointed Marcus Pöllinger as Chief Executive Officer with effect from 1 April 2023. The Supervisory Board also adopted a resolution to submit the Remuneration Report for the Board of Management and the Supervisory Board to the Annual General Meeting. In addition, the Supervisory Board determined the variable remuneration components of the members of the Board of Management for the financial year 2021 in accordance with the respective levels of target achievement. Furthermore, it resolved the target agreements for the short-term variable remuneration components of the members of the Board of Management for the financial year 2022 and redefined the long-term targets for the financial years 2022 to 2024. A resolution was also adopted to increase the remuneration of the Supervisory Board and to submit the corresponding remuneration system, which was due to enter into force from 1 June 2022, to the Annual General Meeting. Another topic of the meeting was the Supervisory Board election in 2023, including the corresponding report of the Nomination Committee. Moreover, the Supervisory Board consulted on the results of previous meetings held by the Lending and Investment Committee, the Strategy Committee, the Audit Committee and the Board of Management Committee. The meeting also concentrated on the agenda of the 2022 Annual General Meeting. Other topics addressed at the meeting were the Corporate Governance Report, the Statement on Corporate Governance and the Declaration of Conformity. In addition, the Supervisory Board approved the extension of the term of one member of the Cooperative Council. Finally, the Supervisory Board member Klaus Buchleitner stepped down as Vice Chairman of the Supervisory Board with effect from 31 March 2022. The Supervisory Board subsequently elected Wolfgang Altmüller as a new additional Vice Chairman of the Supervisory Board with effect from 1 April 2022. Klaus Buchleitner remains a member of the Supervisory Board.

In its meeting on 4 May 2022, the Supervisory Board consulted on the quarterly financial statements for the first quarter of 2022, as well as on an operational outlook for the current financial year 2022. Another item on the meeting's agenda was the presentation of selected projects to be implemented in the financial year 2022.

In the regular meeting on 3 August 2022, the agenda for the Supervisory Board included the interim report for the first half of 2022, among other items. The Board of Management also reported to the Supervisory Board on market development in the first half of 2022 and the development of the individual segments, as well as on the current risk situation in the Agri Trade & Service Segment and the project business of BayWa r.e. AG. The “Greenstone” project was also discussed, along with the gender quota for the first and second management tiers. In addition, the Supervisory Board approved the extension of the terms of two members of the Cooperative Council. Lastly, the Supervisory Board adopted the resolution concerning the approval of the terms and conditions for the issuing of employee shares in 2022 within the scope of the 2020 authorised capital.

An increase in share capital and a corresponding change to the Articles of Association on account of the issuing of employee shares from the 2020 authorised capital in 2022 was adopted by the Supervisory Board by way of a circulation procedure.

In the meeting on 9 November 2022, the Group’s business development in the first three quarters of 2022 was presented, outlined comprehensively in the individual business divisions and intensively discussed between the Supervisory Board and the Board of Management. Strategic issues within the BayWa Group were another focal point. The Supervisory Board also appointed Dr. Marlen Wienert to the Board of Management with effect from 1 April 2023. Moreover, the Supervisory Board consulted on the results of previous meetings held by the Lending and Investment Committee, the Strategy Committee, the Audit Committee, the Board of Management Committee and the Nomination Committee. The Supervisory Board approved the extension of the terms of four members of the Cooperative Council and discussed the annual Declaration of Conformity to the new German Corporate Governance Code 2022, which was accepted with a small number of amendments to the previous declaration. Finally, the Supervisory Board was informed about the amendment to the Articles of Association as a result of the capital increase arising from the 2022 Employee Share Scheme.

In its first regular meeting on 29 March 2023, the Supervisory Board mainly discussed the annual financial statements and the management report of BayWa AG and of the BayWa Group as at 31 December 2022, as well as the reports of the audits performed on the separate financial statements, the consolidated financial statements and the Sustainability Report. Preparations were also made for the 2023 Annual General Meeting. Furthermore, the Supervisory Board consulted on the results of previous meetings of the committees.

Committees of the Supervisory Board

The Supervisory Board has set up a total of six committees and, to the extent permitted by law, decision-making powers of the Supervisory Board were delegated to the committees. These committees prepare additional resolutions for the Supervisory Board and issues to be discussed by the entire Supervisory Board.

With the exception of the Audit Committee, the office of Chairman in respect of all committees is held by the Chairman of the Supervisory Board. The Supervisory Board was kept informed at its meetings about the work of the committees and their resolutions by the respective chairmen.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Wolfgang Altmüller, Klaus Buchleitner, Michael Kuffner, Wilhelm Oberhofer and Werner Waschbichler belong to the **Audit Committee**.

The Chairman of the Audit Committee is Wolfgang Altmüller. BayWa AG has therefore adopted the recommendation of the German Corporate Governance Code, which proposes that the Chairman of the Supervisory Board should not hold the office of Chairman of the Audit Committee. All members of the Audit Committee have expertise in accounting and auditing. Wolfgang Altmüller, Klaus Buchleitner, Manfred Nüssel and Wilhelm Oberhofer have gained such expertise through their work outside the Supervisory Board, with Michael Kuffner and Werner Waschbichler acquiring their skills by way of long-standing memberships on the Supervisory Board.

The Audit Committee held two regular meetings in the reporting year, in March and November.

In its meeting on 22 March 2022, it discussed the separate financial statements and the consolidated financial statements for the financial year 2021, the management report of BayWa AG and of the Group, and the related audit reports in the presence of the independent auditor, the Chief Executive Officer and the Chief Financial Officer. Resolutions on recommendations were drawn up for the Supervisory Board to approve and adopt the separate financial statements and the consolidated financial statements for 2021 and to propose to the Annual General Meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) be elected as the independent auditor for the financial year 2022. Furthermore, the work of Corporate Finance & Accounting, Corporate Controlling, Risk Management and Internal Audit in the financial year 2021 was presented. Wilhelm Oberhofer was also unanimously elected as Vice Chairman of the Audit Committee.

The regular meeting on 8 November 2022 dealt with the quarterly figures for the third quarter of 2022, the assignment of audit mandates and establishing the key audit areas in respect of the separate financial statements and the consolidated financial statements for 2022, as well as the audit fees, the discussion with the auditor PwC on 29 September 2022 and the EMIR audit report. Moreover, the statement declaring the independence of the independent auditor was submitted.

Outside the meetings, Supervisory Board members Altmüller, Oberhofer and Nüssel met with the auditor to discuss the process of the preliminary audit.

Supervisory Board Chairman Manfred Nüssel, Wolfgang Altmüller and Werner Waschbichler belong to the **Board of Management Committee**. The Board of Management Committee met twice in the reporting year, on 22 March and on 8 November.

In its meeting in March 2022, the Board of Management Committee focused in particular on its recommendations to the Supervisory Board. In this context, the committee drew up the following resolutions on recommendations to the Supervisory Board: it recommended the removal of Chief Executive Officer Prof. Klaus Josef Lutz with effect from 31 March 2023 and the appointment of Marcus Pöllinger with effect from 1 April 2023. It also recommended adopting the target achievements of the members of the Board of Management with regard to their variable remuneration components for the financial year 2021. Furthermore, the committee proposed resolving the new target agreements for the members of the Board of Management concerning their short-term variable remuneration for the financial year 2022 and redefining the long-term targets for the financial years 2022 to 2024. It also proposed increasing the Supervisory Board's remuneration and submitting the corresponding remuneration system to the Annual General Meeting. In addition, the committee approved the mandates of the members of the Board of Management and discussed the Remuneration Report for the financial year 2022.

The Board of Management Committee and the Nomination Committee held a joint meeting on 8 November 2022 to address succession planning for the Board of Management. The committees unanimously adopted a resolution to recommend to the Supervisory Board that Dr. Marlen Wienert be appointed to the Board of Management with effect from 1 April 2023.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Theo Bergmann, Michael Kuffner, Dr. Johann Lang, Wilhelm Oberhofer, Joachim Rukwied and Werner Waschbichler belong to the **Strategy Committee**. The Strategy Committee also met twice in the reporting year, on 22 March and on 8 November.

In its meeting on 22 March, the committee was informed about ongoing projects and focused primarily on the sale of the greenhouse in the United Arab Emirates. The committee also prepared the Supervisory Board meeting to be held the next day.

On 8 November, it received a report on the planned sale of Schradenbiogas GmbH & Co. KG. The agenda of the Supervisory Board meeting to be held the next day was also discussed.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Jürgen Hahnemann, Ingrid Halbritter, Monika Hohlmeier, Dr. Johann Lang, Bernhard Loy and Monique Surges belong to the **Lending and Investment Committee**. The Lending and Investment Committee held meetings in the reporting year on both 22 March and 8 November 2022.

In the meetings on 22 March and 8 November, it dealt with the financing and investment budgets for 2021 and 2022 respectively.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Dr. Johann Lang and Wilhelm Oberhofer belong to the **Nomination Committee**. The Nomination Committee also met on 22 March and 8 November in the reporting year.

At the meeting in March 2022, Supervisory Board Chairman Manfred Nüssel informed the committee that he would not be standing for re-election in 2023. The committee then proposed that the Supervisory Board adopt the recommendation of Bayerische Raiffeisen-Beteiligungs-AG and propose Prof. Klaus Josef Lutz as a candidate for the election of shareholder representatives to the Supervisory Board at the 2023 Annual General Meeting. Furthermore, Klaus Buchleitner announced that he would be stepping down as Vice Chairman of the Supervisory Board with effect from 31 March 2022 and would be succeeded by Wolfgang Altmüller.

As mentioned above, the Nomination Committee held a joint meeting with the Board of Management Committee on 8 November 2022.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Monika Hohlmeier, Michael Kuffner and Werner Waschbichler belong to the **Mediation Committee**, set up pursuant to Section 27 para. 3 of the German Codetermination Act (MitbestG). The Mediation Committee was not convened in the past financial year.

The attendance rate of the members at the meetings of the Supervisory Board and of its committees stood at 96.9% and 97.6% respectively.

Due to the exceptional circumstances in connection with the coronavirus pandemic, the committee meetings on 22 March 2022 and the Supervisory Board meetings on 23 March, 4 May and 3 August 2022 were held as in-person meetings with a virtual attendance option. The committee and Supervisory Board meetings on 8 and 9 November 2022 were held exclusively in person.

The attendance of the members at the meetings of the Supervisory Board and of its committees in 2022 is disclosed individually as follows:

	Supervisory Board meeting		Lending and Investment Committee		Strategy Committee		Audit Committee		Board of Management Committee		Nomination Committee	
Number of meetings/ attendance in %	number	in %	number	in %	number	in %	number	in %	number	in %	number	in %
Manfred Nüssel Chairman	4/4	100	2/2	100	2/2	100	2/2	100	2/2	100	2/2	100
Klaus Buchleitner Vice Chairman (until 31 March 2022)	4/4	100					2/2	100				
Werner Waschbichler Vice Chairman	4/4	100			2/2	100	2/2	100	2/2	100		
Wolfgang Altmüller Vice Chairman (since 1 April 2022)	3/4	75					2/2	100	2/2	100		
Theo Bergmann	4/4	100			2/2	100						
Andrea Busch	3/4	75										
Thomas Gürlebeck	4/4	100										
Jürgen Hahnemann	4/4	100	2/2	100								
Ingrid Halbritter	4/4	100	2/2	100								
Monika Hohlmeier	4/4	100	2/2	100								
Michael Kuffner	4/4	100			2/2	100	2/2	100				
Dr. Johann Lang	4/4	100	2/2	100	2/2	100					2/2	100
Bernhard Loy	4/4	100	2/2	100								
Wilhelm Oberhofer	4/4	100			2/2	100	2/2	100			2/2	100
Joachim Rukwied	4/4	100			1/2	50						
Monique Surges	4/4	100	2/2	100								
		97		**100**		**93**		**100**		**100**		**100**

Corporate Governance

Recognising the important contribution that Corporate Governance makes to the transparent and responsible management of the company, the Supervisory Board regularly deliberates on related matters. More information on corporate governance can be found in the Statement on Corporate Governance. Details concerning the amount and structure of remuneration received by the Supervisory Board and the Board of Management can be found in the Remuneration Report.

Regarding the recommendations of the German Corporate Governance Code in the version dated 28 April 2022 (published in the German Federal Gazette on 27 June 2022), the Board of Management and Supervisory Board adopted the recommendations of the German Corporate Governance Code in the aforementioned version in their meetings on 28 October 2022 (Board of Management) and 9 November 2022 (Supervisory Board) with exceptions, as in the past.

The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) is included in the Statement on Corporate Governance pursuant to Section 289f of the German Commercial Code (HGB). It has also been posted on the company's website at www.baywa.com/downloadcenter under the Corporate Governance heading.

The company supports the members of the Supervisory Board individually with training and continuous professional development events and upon taking office. Furthermore, the Supervisory Board has set up an annual conference for continuous professional development that involves discussing the latest changes in laws and accounting regulations, as well as strategy, sustainability and digitalisation, among other topics. The Supervisory Board held such a continuous professional development event on 20 January 2023, which focused on sustainability issues.

Members of the Board of Management and of the Supervisory Board report any conflicts of interest without delay to the Supervisory Board. No such case was reported in the financial year 2022.

Sustainability Report audit

At its meeting on 29 March 2023, the Supervisory Board carefully examined the Sustainability Report 2022 and discussed it in detail in the presence of the auditor and the Board of Management. Both the Sustainability Report and the auditor's report on the Sustainability Report were discussed extensively.

Based on the audit procedures performed and audit evidence obtained, nothing has come to the auditor's attention that causes them to believe that BayWa AG's consolidated non-financial report for the period from 1 January to 31 December 2022 has not been prepared, in all material aspects, in accordance with Sections 315b, 315c in connection with Sections 289c to 289e of the German Commercial Code (HGB) and the EU Taxonomy Regulation, as well as the enacted delegated acts, and the explanations by the executive directors made in the consolidated non-financial report in the "EU Taxonomy" subsection "Strategy and Governance". The auditor has not issued an audit opinion on the external document sources or expert opinions cited in the consolidated non-financial report.

The audit opinion covers only the sections and other disclosures listed in the overview of the consolidated non-financial report of BayWa AG. The audit opinion does not cover the other sections and other disclosures of the consolidated non-financial report and does not cover company websites to which reference is made.

Both reports were made available to all Supervisory Board members in good time prior to the meeting. The Supervisory Board concurred with the auditor's audit opinion at the meeting on 29 March 2023 and released the Sustainability Report 2022 for publication.

Audit of the separate financial statements and the consolidated financial statements

The separate financial statements of BayWa AG and the consolidated financial statements of the Group for the financial year 2022, as well as the related management reports, have been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, and both were issued an unqualified audit opinion.

At its meeting on 29 March 2023, the Supervisory Board carefully examined the financial statements and the management report of BayWa AG, drawn up by the Board of Management in accordance with the German Commercial Code, and the consolidated financial statements and the Group management report of BayWa AG for the financial year 2022 prepared in accordance with the IFRS and the additionally applicable standards set out under Section 315e of the German Commercial Code (HGB), and discussed them in detail in the presence of the external auditor and the Board of Management. The key points of the 2022 audits as defined by the Audit Committee were also discussed extensively. All audit reports and documentation pertaining to the financial statements were made available to all Supervisory Board members in good time. The Supervisory Board concurred with the findings of the financial statements audit at its meeting on 29 March 2023. The audit reports and the documentation on the financial statements were previously the subject of in-depth deliberation by the Audit Committee at its meeting on 28 March 2023. The Audit Committee discussed the separate financial statements and the consolidated financial statements, the management report on the company and the Group, the audit reports, as well as the proposal for the appropriation of profit in the presence of the external auditor at its meeting on 28 March 2023. In accordance with the conclusive findings of the review by the Audit Committee and Supervisory Board, no objections were raised against the financial statements. The Supervisory Board therefore ratified the separate financial statements of BayWa AG and the consolidated financial statements of the BayWa Group on 29 March 2023, and the financial statements were thereby adopted.

During the Supervisory Board meeting on 29 March 2023, the external auditor also reported that there were no substantial weaknesses in the internal control system and the risk management system in respect of the accounting process. The Board of Management has thus taken all the appropriate measures to fulfil its obligations in this regard.

The proposal of the Board of Management on the appropriation of profit available for distribution through paying a dividend of €1.10 per share and a special dividend of 10 cents per share to mark BayWa AG's 100th anniversary has been reviewed and approved by the Supervisory Board.

Changes to the Supervisory Board and to the Board of Management

There were no personnel changes to the Board of Management and the Supervisory Board in the financial year 2022.

The Supervisory Board thanks the members of the Board of Management, the employees as well as the employee representatives of BayWa AG and all Group companies for their work.

Munich, 29 March 2023
On behalf of the Supervisory Board

Manfred Nüssel
Chairman of the Supervisory Board

Corporate Governance Report

Statement on Corporate Governance pursuant to Section 289f of the German Commercial Code (HGB)

The Board of Management and the Supervisory Board of BayWa AG report on the management and supervision of the company in this declaration, drawn up pursuant to Section 289f of the German Commercial Code (HGB) and Principle 22 of the German Corporate Governance Code. The Declaration of Conformity has been made permanently available on www.baywa.com under the Corporate Governance heading.

The Board of Management and the Supervisory Board of BayWa AG are committed to good corporate governance. It is the conviction of the Board of Management and the Supervisory Board that responsible management of the company, geared to the long term, in accordance with good and transparent corporate governance, contributes to sustainably raising the company's value and fostering the trust of investors, financial markets, business partners, employees and the public at large.

Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Board of Management and the Supervisory Board of BayWa AG declared on 9 November 2022 that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 28 April 2022 (published in the German Federal Gazette on 27 June 2022; hereinafter referred to as the "GCGC") have been and will be complied with, with the exception of the following deviations. The declaration preceding this declaration was submitted by the Board of Management and Supervisory Board of BayWa AG on 9 November 2021.

1 **Recommendation B.5**
Contrary to the recommendations in Code Item B.5, the Supervisory Board has not set an age limit for members of the Board of Management and therefore makes no such disclosure in the Statement of Corporate Governance. BayWa AG reviews the ability to perform and the competence of its board members on an ongoing basis. Age, however, is not indicative of the ability of a current or potential member of said body to perform their duties. For this reason, BayWa AG does not consider fixed age limits expedient, also because such limits restrict flexibility in respect of personnel decisions and the number of potential candidates.

2 **Recommendation C.1 sentence 1, 4 and 5**
In Code Item C.1 sentence 1, the GCGC recommends the specification of concrete objectives and a profile of skills and expertise for the composition of the Supervisory Board as a whole. Pursuant to Code Item C.1 sentence 4, proposals by the Supervisory Board to the Annual General Meeting shall take these targets into account while simultaneously aiming at fulfilling the overall profile of required skills and expertise of the Supervisory Board. Code Item C.1 sentence 5 recommends disclosing the status of implementation in the form of a qualification matrix in the Statement on Corporate Governance. BayWa AG has not established concrete objectives and has not specified a profile of skills and expertise or a qualification matrix for the Board as a whole. BayWa AG believes that potential Supervisory Board members' professional, experience-based qualifications are the primary criteria for the assumption of a Supervisory Board mandate and therefore also for the composition of the Supervisory Board as a whole.

3 **Recommendation C.2**
Contrary to the recommendations in Code Item C.2, BayWa AG has also not set an age limit for members of the Supervisory Board and therefore makes no such disclosure in the Statement of Corporate Governance. BayWa AG reviews the ability to perform and the competence of its board members on an ongoing basis. Age is not indicative of the ability of a current or potential member of said body to perform their duties. Furthermore, the expertise of experienced and proven Supervisory Board members ought to be available to BayWa AG. For this reason, BayWa AG does not consider fixed age limits to be expedient.

4 **Recommendation C.4**
Pursuant to this recommendation, a Supervisory Board member shall not accept more than five Supervisory Board mandates at non-Group listed companies or comparable functions, with an appointment as Chairman of the Supervisory Board being counted twice.

In 2018, the Supervisory Board of BayWa AG had elected members who exceeded the standardised target. The company would not like to do without the expertise of these Supervisory Board members.

5 Recommendation C.10 sentence 1 1st and 3rd alternative

The Chairman of the Supervisory Board and the Chairman of the committee that addresses Board of Management remuneration shall be independent from the company and the Board of Management. Pursuant to Recommendation C.7 para. 2 item 4, independence is not granted if a Supervisory Board member has belonged to the body for more than 12 years.

The Supervisory Board Chairman of BayWa AG, who is also the Chairman of the committee that addresses Board of Management remuneration, has served on the Supervisory Board for more than 12 years. For BayWa AG, it is incomprehensible how length of service in and of itself is supposed to influence independence. BayWa AG remains fundamentally sceptical with regard to upper limits on terms of service on the Supervisory Board; the company should be able to take advantage of the expertise of experienced and proven Supervisory Board members.

6 Recommendation D.6

Code Item D.6 provides for regular Supervisory Board meetings without the Board of Management. For reasons of efficiency, BayWa AG does not consider it appropriate to require the Supervisory Board to meet without the Board of Management at periodic intervals. Instead, the Supervisory Board continues to comply with the rule allowing it to meet without the Board of Management as necessary in accordance with Code Item 3.6 para. 2 GCGC 2017.

7 Recommendation G.7 sentence 1

Pursuant to Recommendation G.7 sentence 1, the performance criteria covering all variable remuneration components for members of the Board of Management shall be geared mainly to strategic goals. The GCGC does not define the difference between strategic goals and operating targets. Ultimately, a clear differentiation is also not at all possible from BayWa AG's perspective. Furthermore, it is often not possible to unambiguously define clear strategic goals, leaving them largely open to interpretation. The Supervisory Board does not wish to be restricted in defining the goals and would like to avoid unnecessary debate regarding differentiation.

8 Recommendation G.10

Pursuant to Recommendation G.10, Board of Management members' long-term variable remuneration shall be predominantly invested in company shares by the respective Board of Management member or shall be granted predominantly as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Board of Management members only after a period of four years. BayWa AG does not believe that the share price is a direct indicator of a remuneration policy geared towards sustainable and long-term performance development. The administrative effort associated with the recommendation and the insider-trading risks imposed on the members of the Board of Management make this rule impracticable. All members of the BayWa AG Board of Management receive long-term variable remuneration components over a period of three years; BayWa AG considers this period of time to be customary and appropriate.

9 Recommendation G.12

If a Board of Management member's contract is terminated, the disbursement of any remaining variable remuneration components attributable to the period up until contract termination shall, pursuant to Recommendation G.12, be based on the originally agreed targets and comparison parameters, and on the due dates or holding periods stipulated in the contract. Upon stepping down, a member of the Board of Management loses the ability to influence the success of the business. The Board of Management and company are interested in settling the contract quickly. The Board of Management employment contracts of all Board of Management members contain clauses stipulating that claims are to be paid out in full or that repayments are to be made in full when a member steps down from the Board of Management. From BayWa AG's perspective, this rule is balanced in existing contracts.

10 Recommendation G.15

If Board of Management members are also members of intra-Group Supervisory Boards, then the remuneration shall, pursuant to Recommendation G.15, be taken into account. Fundamentally speaking, all activities on behalf of companies affiliated with the Group are remunerated with the fixed salary of the BayWa AG Board of Management members. Board of Management members receive additional remuneration only for individual mandates requiring a particularly large investment of time and effort.

Munich, 9 November 2022
BayWa Aktiengesellschaft

The Board of Management The Supervisory Board

Management and control structure of the company

The Board of Management and the Supervisory Board

As a company with its principal place of business in Munich, Germany, BayWa AG is subject to the provisions laid down under German law. The executive and supervisory bodies consisting of the Board of Management and the Supervisory Board form the dual-tier management and control structure in accordance with the provisions under German stock corporation law. The Board of Management and the Supervisory Board work closely together in the interest of the company. Their joint goal is to ensure the company's continued existence and sustained value.

The Board of Management's duties and practices

As at 31 December 2022, the Board of Management of BayWa AG consisted of four members. It is independently responsible for running the company, developing the corporate and sustainability strategies, agreeing them with the Supervisory Board and ensuring that they are implemented. On 31 March 2023, Prof. Klaus Josef Lutz will step down as Chief Executive Officer after having been involved in the operational management of BayWa AG for 15 years. In line with the succession planning, the Supervisory Board of BayWa AG appointed the Board of Management member Marcus Pöllinger as the new Chief Executive Officer of BayWa AG on 23 March 2022, and appointed Dr. Marlen Wienert as a member of the Board of Management on 9 November 2022, with effect from 1 April 2023.

The Board of Management is responsible for the company's annual and multi-year planning as well as for the preparation of the interim reports and the annual and consolidated financial statements. It ensures that legal provisions, official rules and regulations as well as the company's internal guidelines are observed, and it works towards the Group's compliance with them. In accordance with legal provisions, the Board of Management reports to the Supervisory Board regularly, promptly and comprehensively on all relevant issues pertaining to strategy and planning; the development of business; the assets, financial position and earnings; the risk situation; risk management and compliance. The Supervisory Board is directly involved in all decisions of fundamental importance for the company. Furthermore, such decisions are subject to approval by the Supervisory Board. The Board of Management ensures that there is open and transparent communication within the company.

The Board of Management manages the company's business under its own responsibility. The principle of joint responsibility applies, meaning that the members of the Board of Management jointly bear the responsibility for the managing of the company. Each Board member is assigned certain tasks to be specifically handled under the allocation of duties plan (Geschäftsverteilungsplan). Certain decisions, especially those requiring the Supervisory Board's approval or for which the Board of Management is responsible under the law or the Articles of Association, are reserved for the entire Board of Management under the bylaws. Moreover, a resolution must also be obtained from the entire Board of Management in respect of matters which have been submitted to the Board of Management by the Chairman or by a Board member.

Meetings of the Board of Management usually take place every two weeks, or at least once a month. They are convened by the Chairman of the Board of Management. The Chairman also sets the agenda and chairs the meetings. The Board of Management is quorate if all members have been invited and at least half of the Board members, including the Chairman, take part in deciding a resolution. The resolutions of the Board of Management are valid through a simple majority of votes cast. In the event of a tie vote, the Chairman shall have the casting vote. In the event of majority resolutions against the Chairman of the Board of Management, he shall have a right of veto. If this right of veto is exercised, the Supervisory Board Chairman must be notified by the Chairman of the Board of Management without delay. Upon instruction by the Chairman, resolutions can also be passed outside of meetings by way of votes cast in writing, by telephone or electronically.

The Board of Management members are subject to a comprehensive non-competition agreement during their work for the company. They are obliged to act in the interest of the company and may not pursue any personal interests in their decisions. In particular, they may not use business opportunities for the company to their own advantage. They may take on sideline activities, particularly Supervisory Board mandates outside the BayWa Group, only with the approval of the Supervisory Board's Board of Management Committee.

All members of the Board of Management are obliged to disclose any conflicts of interest without delay.

Information about the Board of Management members and curricula vitae of the Board of Management members are available on the company's website at www.baywa.com under Corporate Governance. The remuneration of the Board of Management members is presented in detail in the Remuneration Report. The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) also contains statements regarding the Board of Management.

The Supervisory Board's duties and practices

The Supervisory Board of BayWa AG appoints the members of the Board of Management and advises and supervises the Board of Management in its management of the company. The Supervisory Board is made up of 16 members. In accordance with the German Codetermination Act (MitbestG), it is composed in equal parts of representatives of the shareholders and of the employees. The shareholder representatives on the Supervisory Board reviewed the number of independent members on the Supervisory Board on 23 March 2022 and found it to be appropriate. More than half of the shareholder representatives are independent of the company and its Board of Management. The company considers at least Supervisory Board members Wolfgang Altmüller (Chairman of the Audit Committee), Klaus Buchleitner, Monika Hohlmeier, Dr. Johann Lang, Wilhelm Oberhofer, Joachim Rukwied and Monique Surges to be independent within the meaning of the German Corporate Governance Code (GCGC). Only Supervisory Board Chairman Manfred Nüssel has been a member of the Supervisory Board for more than 12 years, making him not independent within the meaning of recommendation C.7 GCGC. For BayWa AG, it is incomprehensible how length of service in and of itself is supposed to influence independence. It has made a statement to this effect in the Declaration of Conformity. In addition, the shareholder representatives on the Supervisory Board passed a resolution on 23 March 2023 stating that they regard all representatives of the shareholders as independent (recommendation C.8 GCGC). There is no controlling shareholder.

There were no personnel changes to the Supervisory Board of BayWa AG in the financial year 2022. Pursuant to Section 102 of the German Stock Corporation Act (AktG), the term of office of the current members of the Supervisory Board ends at the close of the next Annual General Meeting, which is scheduled to be held on 6 June 2023. As a result, the term of office of all employee and shareholder representatives to be elected to the Supervisory Board is therefore expected to begin on 6 June 2023. On 27 October 2022, the Central Election Committee initiated the process for electing the employee representatives to the Supervisory Board. The election of the employee representatives to the Supervisory Board will therefore take place by mid-May 2023 at the latest.

A set of bylaws regulates the tasks of the Supervisory Board, particularly the internal organisation, the activities of the committees and the regulations governing approval by the Supervisory Board for decisions of the Board of Management. The bylaws have been published on the company website at www.baywa.com under Corporate Governance. Meetings of the Supervisory Board take place at least once a quarter and, in addition, whenever necessary for business reasons. Meetings are convened by the Chairman or, if he is prevented from doing so, by the Vice Chairman.

The Supervisory Board must also be convened if one of its members or the Board of Management requests it, stating the reasons. The Supervisory Board only has a quorum if eight members – including the Chairman – or twelve members take part in the meeting and in deciding on the resolution. Resolutions of the Supervisory Board or one of its committees passed in writing, by telegraph, telephone, electronic media or telefax are permitted if the Chairman of the Supervisory Board or, if the resolution concerns one of the committees, the Chairman of that committee or, if he is prevented from doing so, the Vice Chairman has given the requisite instruction. Decisions generally require a simple majority. In the event of a tie vote, the Chairman of the Supervisory Board has a dual voting right in the second round if votes are cast equally again.

The Supervisory Board meets without members of the Board of Management to the extent that this is necessary for independent discussion and decision-making.

A standardised procedure exists for the regular review of how effectively the Supervisory Board as a whole and its committees are discharging their duties. At least every two years, a questionnaire is drawn up in consultation with the Chairman of the Supervisory Board and legal and (if applicable) personnel advisers. The questionnaire is initially evaluated and its findings discussed in detail during a Supervisory Board meeting. Alternatively, a list of questions is drawn up for immediate in-depth discussion during a Supervisory Board meeting. Any measures are adopted as part of this Supervisory Board meeting. To date, the review and assessment process has not revealed any fundamental need for change. Individual suggestions are also dealt with and implemented over the course of the year. All in all, the findings of the review and assessment process confirm that the working relationship is professional and constructive and that meetings are efficiently organised and held within the Supervisory Board and Board of Management.

BayWa AG has taken out D&O insurance for the members of the Board of Management and the Supervisory Board which covers the personal liability risk in the event that financial damages are asserted against board members in the exercising of their duties. There has so far been no deductible for members of the Supervisory Board. BayWa AG has provided for a reasonable deductible on the D&O insurance taken out for members of the Board of Management.

Committees of the Supervisory Board

BayWa AG's Supervisory Board has set up six committees of experts to enhance the efficiency of its work. The respective committee chairmen report regularly to the Supervisory Board on their committees' work. For full details of the composition of each individual committee, please also see the Report of the Supervisory Board.

The Audit Committee concentrates mainly on the documentation of the independent auditor in respect of auditing the annual and consolidated financial statements and prepares them for adoption by the Supervisory Board. The committee also supervises the accounting process, the annual audit and the effectiveness of the internal control, risk management and audit system, as well as the internal procedures for related party transactions. It checks the auditor's independence and agrees on the key points of the audit and on the fees with the auditor. The Annual General Meeting on 24 May 2022 appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the Group auditor for the financial year 2022. The committee is made up of the Chairman of the Supervisory Board, three shareholder representatives and two employee representatives. These are Wolfgang Altmüller (committee chairman), Klaus Buchleitner, Michael Kuffner, Manfred Nüssel, Wilhelm Oberhofer and Werner Waschbichler.

All members of the Audit Committee have expertise in accounting and auditing. Wolfgang Altmüller, Klaus Buchleitner, Manfred Nüssel and Wilhelm Oberhofer have gained such expertise through their work outside the Supervisory Board, with Michael Kuffner and Werner Waschbichler acquiring their skills by way of long-standing memberships on the Supervisory Board. In accordance with recommendation D.3 GCGC, the company names Wolfgang Altmüller as a member with special knowledge in the field of auditing and Wilhelm Oberhofer as a member with special knowledge in the field of accounting. Wolfgang Altmüller has an MBA and was additionally trained as an association auditor. His professional career includes several years auditing documents such as annual financial statements as a trained association auditor. Having also been Chairman of the Board of Directors of VR meine Raiffeisenbank eG and meine Volksbank Raiffeisenbank eG for many years, he is familiar with and experienced in applying special know-how associated with the application of audits, accounting rules and internal control and risk management systems, including sustainability reporting.

Wilhelm Oberhofer is an association auditor and tax advisor, and therefore has particular expertise in the field of accounting. As a long-serving member of the Board of Directors of Raiffeisenbank Kempten-Oberallgäu eG, he is not only responsible for the bank's internal audits, but is also generally familiar with and experienced in applying special know-how associated with the application of accounting rules, internal control and risk management systems, including sustainability reporting, as well as audits.

The Board of Management Committee concerns itself with personnel matters affecting the Board of Management, such as the content of Board member contracts and the approval of sideline activities. The Board of Management committee performs the preparatory work for the determination of the remuneration paid to the individual Board of Management members, as well as their short- and long-term targets. The committee regularly reviews the term of the contracts and prepares contract extensions and amendments if necessary. The committee discusses issues related to succession planning with the Chief Executive Officer on a regular basis, or at least once a year. The committee is composed of the Chairman of the Supervisory Board as well as one shareholder representative and one employee representative. These are Manfred Nüssel (committee chairman), Wolfgang Altmüller and Werner Waschbichler.

The Strategy Committee is concerned with the preparation of Supervisory Board meetings. Moreover, the committee monitors and supervises the company's strategic orientation as well as the implementation of current company projects. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives. These are Manfred Nüssel (committee chairman), Theo Bergmann, Michael Kuffner, Dr. Johann Lang, Wilhelm Oberhofer, Joachim Rukwied and Werner Waschbichler.

The Lending and Investment Committee deals with the financing measures requiring approval by the Supervisory Board and supervises the investment activities. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives. These are Manfred Nüssel (committee chairman), Ingrid Halbritter, Jürgen Hahnemann, Monika Hohlmeier, Dr. Johann Lang, Bernhard Loy and Monique Surges.

The Nomination Committee is tasked with preparing the proposals of the Supervisory Board for the election of shareholder representatives to the Supervisory Board by the Annual General Meeting. It is composed of the Chairman of the Supervisory Board and two shareholder representatives. These are Manfred Nüssel (committee chairman), Dr. Johann Lang and Wilhelm Oberhofer.

Under the German Codetermination Act (MitbestG), the Mediation Committee, anchored in the law, only meets if, during the voting process on the appointment or dismissal of a member of the Board of Management, the required two-thirds majority of the votes by the Supervisory Board is not attained in the first round of voting. It is composed of the Chairman of the Supervisory Board, one further shareholder representative and two employee representatives. These are Manfred Nüssel (committee chairman), Monika Hohlmeier, Michael Kuffner and Werner Waschbichler.

The committees' practices are set out in the Articles of Association and in the bylaws of the Supervisory Board. Furthermore, the Supervisory Board may entrust one or more of its members with special control functions.

More information on the activities of the Supervisory Board and its committees in the financial year 2022 can be found in the Report of the Supervisory Board.

Information about the Supervisory Board members and curricula vitae of the Supervisory Board members are also available on the company's website at www.baywa.com under Corporate Governance. The length of service on the Supervisory Board and further mandates are also disclosed in the curricula vitae. The remuneration of the Supervisory Board members is presented in detail in the Remuneration Report. The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) also contains statements regarding the Supervisory Board.

Shareholders and the Annual General Meeting

The organisation and execution of BayWa AG's Annual General Meeting of Shareholders is carried out with the aim of informing all shareholders swiftly and extensively before and during the event. All shareholders listed in the share register (Aktienregister) and who have registered in due time are entitled to participate. BayWa AG offers its shareholders the possibility of having their vote exercised in accordance with their personal instructions by a voting proxy appointed by the company. The Annual General Meeting decides, among other things, on the appropriation of profit, the approval of the actions of the Board of Management and Supervisory Board as well as the nomination of the auditor. Decisions on changes to the Articles of Association and on measures that may change the share capital are exclusively reserved for the Annual General Meeting, with the exception of the use of authorised capital by the administration. The share capital of BayWa AG is divided into registered shares with restricted transferability (approximately 97%) and registered shares (approximately 3%). Transferring registered shares with restricted transferability is formally subject to the Board of Management's consent. However, in the past, approval has never been withheld. Each share of BayWa AG carries equal voting rights and confers the same dividend entitlement. The company therefore applies the "one share, one vote, one dividend" principle.

Securities transactions by the Board of Management and the Supervisory Board (Directors' Dealings)

The members of the Board of Management and the Supervisory Board, and persons close to them, are required to disclose the acquisition and sale of shares in BayWa AG or financial instruments related thereto if the value of such transactions equals or exceeds an amount of €20,000 in a given calendar year. This also applies to certain employees with managerial functions (executive managers, for instance).

Transactions to be disclosed are published on the company website at www.baywa.com under Corporate Governance. No notifications had to be made in 2022.

Avoidance of conflicts of interest

Under the bylaws of the Board of Management, its members are obliged to disclose any conflicts of interest without delay. Under the bylaws of the Supervisory Board, its members must disclose any conflicts of interest – particularly those that could occur due to consultancy or board functions at customers, suppliers, lenders or other business partners – to the Supervisory Board without delay. Significant conflicts of interest in the person of a Supervisory Board member that are not of a temporary nature should lead to the termination of the mandate.

Remuneration of the Board of Management and the Supervisory Board

As regards the remuneration of the Board of Management and the Supervisory Board in the financial year 2022, we refer to the Remuneration Report, which can be found on the company's website at www.baywa.com/en/group/corporate-governance/corporate-governance.

Equal participation of women and men in leadership positions

BayWa AG is a publicly listed stock corporation (Aktiengesellschaft) subject to codetermination on the basis of parity. Pursuant to Section 96 para. 2 sentence 1 of the German Stock Corporation Act (AktG), at least 30% of the members of the Supervisory Board must be women and at least 30% of the members of the Supervisory Board must be men at listed companies subject to the German Codetermination Act (MitbestG). The Supervisory Board aims, by mutual agreement, for separate compliance with the gender quota by shareholder and employee representatives. Accordingly, the shareholder representatives objected to overall compliance by way of a unanimous resolution presented to the Chairman of the Supervisory Board pursuant to Section 96 para. 2 sentence 3 of the German Stock Corporation Act (AktG) on 30 March 2016. Pursuant to Article 13 of the Articles of Association and Section 96 para. 1 of the German Stock Corporation Act (AktG) in conjunction with Section 7 para. 1 sentence 1 item 2 of the German Codetermination Act (MitbestG), the Supervisory Board consists of eight shareholders and eight employees. Therefore, both the shareholders and the employees must each appoint at least two women and at least two men to the Supervisory Board to fulfil the minimum percentage of 30% stipulated under Section 96 para. 2 sentence 1 of the

German Stock Corporation Act (AktG). Since the Annual General Meeting on 5 June 2018, the Supervisory Board has a total of four female members, two of whom have been appointed by the shareholders, and two of whom have been appointed by the employees. The minimum percentage of 30% is therefore fulfilled by the shareholder representatives and the employee representatives.

In its meeting on 2 August 2017, the Supervisory Board of BayWa AG reviewed the legal requirement of setting a target for a gender quota for the Board of Management. The Supervisory Board defined a target for women on the Board of Management of 0% by 30 June 2022. At the time, no changes within the existing Board of Management were planned, nor was the creation of a new Board of Management remit.

The entry into force of the German Second Leadership Positions Act (FüPoG II) on 12 August 2021 means that listed stock corporations such as BayWa AG have had to comply with new rules on equal participation since August 2022. In accordance with the new law, which applies Section 76 para. 3a of the German Stock Corporation Act (AktG), boards of management consisting of more than three persons must contain at least one woman and at least one man when a new member is appointed.

By resolution dated 9 November 2022, the Supervisory Board appointed Dr. Marlen Wienert to the Board of Management of BayWa AG with effect from 1 April 2023. As a result, the Board of Management comprises three men and one woman.

As at 30 June 2022, women accounted for 23.3% of the top executive tier at BayWa AG (= 7 female managers) and 22.3% of the second executive tier (= 23 female managers). This means that BayWa AG has met or exceeded the targets it set in the Board of Management resolution dated 27 June 2017 on achieving a quota of 22% for women in the top and second executive tiers. On 27 July 2022, the Board of Management of BayWa AG subsequently set as targets a quota of 24% for women in the top executive tier and a quota of 23.5% for women in the second executive tier, which are scheduled to be met by 30 June 2027.

Diversity concept

In 2020, BayWa AG adopted an Inclusion & Diversity policy that also applies to the Board of Management and the Supervisory Board. BayWa AG does not pursue a detailed diversity concept strictly focusing on the Supervisory Board and Board of Management. BayWa AG does not believe that strict criteria, quotas or profiles of skills and expertise that restrict flexibility in respect of personnel decisions and the number of potential candidates are expedient with regard to the Supervisory Board and Board of Management. Instead, the Group focuses on professional qualifications and experience. However, BayWa AG does take age and gender – as well as cultural, educational and professional background – into consideration in the proposals on the composition of the Supervisory Board and Board of Management when electing potential Board of Management and Supervisory Board members and strives to achieve the most diverse composition possible. As stated, the professional qualifications and experience obtained through education or occupation are the decisive criteria for BayWa AG for current and potential members of the Board of Management and the Supervisory Board. The Group strives to achieve the greatest possible diversity with regard to further factors such as age and gender if these criteria are met.

Additional information on management practices

The Code of Conduct of BayWa AG forms the value system for BayWa AG. It is mandatory and applies across the Group to all employees. The Code of Conduct was updated in 2021 and is publicly available on the company’s website at www.baywa.com. In addition, an internal control system has been set in place to ensure compliance with the law, statutory provisions and internal guidelines, as well as to avoid actions detrimental to business, which includes prevention, monitoring and intervention. Employees have the option of turning to an anonymous whistle-blower system or applying to the external legal counsel mandated by BayWa AG to serve as an ombudsman in the event of occurrences within the company that do not comply with the law or grievances in cooperation with business partners and companies. Third parties also have the option of using the whistle-blower system.

In order to avoid breaches of regulations on the prohibition of insider trading pursuant to Article 14 of the Market Abuse Regulation, BayWa AG appropriately informs all persons who are deemed insiders under the legal provisions about all relevant statutory provisions governing trading in the shares of the company and, at the same time, requests in writing that they confirm in writing that they were informed about all relevant statutory provisions governing trading in the shares of the company. Those persons affiliated with the Group and external service providers that have access to insider information in accordance with their activities and authorisations are included in insider lists that comply with the provisions. In his or her capacity as the person in charge of dealings with insiders, the head of Corporate Legal Projects monitors the proper keeping of the insider lists.

Other aspects of good corporate governance

Communication and transparency

BayWa AG communicates regularly and promptly on the development of business, as well as on its assets, financial position and earnings. In order to guarantee an ongoing exchange of information with the capital market, the company holds regular events as part of its investor relations activities featuring the Chief Executive Officer and Chief Financial Officer for analysts and institutional investors in the form of roadshows and individual meetings. Press releases are published and press conferences and conference calls with analysts are held every quarter on business performance. The annual results are released at an Annual Results Press Conference and at an analysts' meeting. All new information disclosed to financial analysts and similar parties in the context of the aforementioned investor relations activities is also made available to the shareholders without delay. All relevant presentations and press releases are promptly published in the Investor Relations section on the website of BayWa AG. BayWa AG places great importance on ensuring that all shareholders are treated equally with regard to information.

The dates of the main recurring publications (inter alia the Consolidated Financial Statements) and the date of the Annual General Meeting are published in the financial calendar in good time. Current developments are reported in press releases and, if necessary, in ad hoc releases. All information is also made accessible on the company's website at www.baywa.com under Investor Relations.

Responsible action and risk management

The aim of risk management at BayWa AG is to identify the risks of entrepreneurial action at an early stage and evaluate them. Risk management is therefore an integral part of the company's planning and management and control processes. The internal control, risk management and audit system is developed by the Board of Management on an ongoing basis and adjusted to changes in the environment. Parts of the internal control and risk management system for the accounting processes are examined by the external auditor. More information on the structure and the processes of risk management in the context of accounting processes is included in the Group Management Report.

Munich, 27 March 2023
BayWa Aktiengesellschaft

The Board of Management
Prof. Klaus Josef Lutz
Andreas Helber
Marcus Pöllinger
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