Consolidated Financial Statements **2021**

of BayWa AG

Consolidated Management Report of BayWa AG for the Financial Year 2021

Note about these consolidated financial statements

- The segment report has been changed since the previous year. The previous business units now constitute the reportable segments within the meaning of IFRS 8. Consequently, the BayWa Group's business activities are divided into the Renewable Energies, Energy (formerly: Conventional Energy), Cefetra Group (formerly: BayWa Agri Supply & Trade, BAST), Global Produce, Agri Trade & Service, Agricultural Equipment and Building Materials Segments. In the management report, these segments are assigned to the energy, agriculture and building materials business units. Please see Note E.2 of the Notes to the Consolidated Financial Statements for further details.
- Error corrections pursuant to IAS 8 were applied in the financial year 2021. The previous year's figures have been adjusted accordingly. Please see Note A.7 of the Notes to the Consolidated Financial Statements for further details.
- 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%
- 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).

Overview

The BayWa Group developed very positively in 2021, despite the ongoing coronavirus pandemic. In nearly all business units and segments, the corporate goals for the reporting year were met or exceeded.

Overall, the development of the energy business unit exceeded expectations by a clear margin. The Renewable Energies Segment, which continued to benefit from the trend towards greater sustainability and set new records in terms of revenues and earnings before interest and tax (EBIT), was the main driver of this performance. As expected, operating earnings fell by nearly 50% in the Energy Segment due to lower demand for heating oil and fuels.

In the agriculture business unit, the international Cefetra Group and Global Produce Segments saw positive development and clear increases in revenues and EBIT in some cases, primarily due to higher prices. The Agri Trade & Service Segment also achieved revenue growth year on year and once again generated a positive EBIT contribution following a loss in the previous year. The Agricultural Equipment Segment succeeded in beating its revenue record from the previous year, even though EBIT fell, as expected.

The building materials business unit, with the segment of the same name, exceeded the development expectations by a clear margin. Continued strong construction activity helped the segment to set new revenue and EBIT records.

The BayWa Group's revenues grew by 20.5% to €19,839.1 million in the financial year 2021. At €266.6 million, EBIT climbed to its highest level in the company's history. In 2021, the BayWa Group again benefited from its heavily diversified business activities and its strategic international orientation, which went a long way to limiting the impact of the coronavirus pandemic on the BayWa Group, as in the previous year.

Revenues in the Renewable Energies Segment rose by 61.1% to €3,560.0 million in the financial year 2021. Plant sales achieved a total output of 612.8 megawatts (MW) in the reporting year, with turnkey energy plants accounting for a share of roughly 74%. At €135.0 million, BayWa r.e. set a new record in terms of EBIT and saw a significant increase compared to the previous record of €110.9 million, which was set in the previous year. The improvement in both revenues and EBIT exceeded the high expectations and was primarily attributable to project sales and growth in solar trading. In trade activities involving photovoltaic (PV) modules, the total output of PV modules sold rose by some 73% to more than 2 gigawatt-peak (GWp). A capital increase of €530 million and the addition of a new partner helped set the course for the segment's strategic development going forward. As part of the capital increase, BayWa r.e. renewable energy GmbH was converted into an Aktiengesellschaft (stock corporation) under German law and started trading as BayWa r.e. AG on 31 March 2021. In the Energy Segment, EBIT was down on the previous-year figure in 2021, as expected. This was due in particular to a significant decline in demand for heating oil and fuels on account of the sharp rise in oil prices and additional price increases caused by the introduction of carbon pricing. Thanks to the sharp rise in heating oil and fuel prices, revenues increased by 21.9% to €2,128.2 million, following €1,745.2 million in the previous year. EBIT fell by 45.3% from last year's record of €31.8 million to €17.4 million in 2021, primarily due to the lower demand for heating oil and fuels. However, business involving wood pellets saw clear gains, helping to compensate for part of the drop in earnings from heating oil and fuel.

The Cefetra Group Segment comprises international grain and oilseed trade activities. The Cefetra Group Segment's grain and oilseed handling volume fell by 4.8% to 21.8 million tonnes in the financial year 2021. This decline was caused by the strategic decision in 2020 to close the Cefetra Hungary Kft. trading office in Hungary and the discontinuation of the export business in some regions of the Middle East. By contrast, the specialities business – and Royal Ingredients in particular – developed very positively. In addition, the range of specialities was expanded to include dairy products and alternatives for the food industry (through Cefetra Dairy B.V.) and special crops of African origin (through the new Sedaco DMCC trading centre in Dubai). The Cefetra Group Segment's revenues increased by 18.8% to €4,996.3 million in the reporting year, mainly due to price effects. EBIT rose by 79.6% to €38.8 million in the reporting year. High volatility enabled improved profit margins from product trade activities. The expansion of the higher-margin specialities business and further product diversification in sustainable products also contributed to the increase in earnings.

The Global Produce Segment recorded a considerable 11% decrease in marketing volume to 444,337 tonnes in the financial year 2021, with figures down year on year in all product categories. Marketing volume was a good 10% lower year on year in dessert pome fruit, the largest category by volume. In particular, lower apple marketing volume, revenue losses in New Zealand on account of local lockdown measures and the rise in logistics costs for all imported goods had a negative impact. Tropical fruit, soft and stone fruit, and vegetable fruits also saw weather-related declines in sales. Overall, the Global Produce Segment generated revenues of €960.7 million in the reporting year, following €938.5 million in the previous year. The lower sales volumes were largely balanced out by higher product prices on the markets. EBIT increased by €0.8 million year on year to stand at €42.6 million in 2021, following €41.8 million in the previous year. The year-on-year improvement in earnings is primarily attributable to one-off income from the sale of properties no longer required for business purposes of €13.0 million and the awarding of additional cultivation rights for Envy premium apples.

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. The trade in agricultural inputs and the collection and marketing of agricultural products in eastern Germany were pooled in BayWa Agrarhandel GmbH in 2021, allowing BayWa to optimise logistics and the efficiency of its activities while strengthening its marketing position. In the agricultural input business, sales of fertilizer benefited in the first half of 2021 from optimum weather conditions and higher prices. Crop protection product trade also expanded thanks to more favourable weather conditions, as the wet and warm weather necessitated greater use of fungicides in particular compared to the dry previous years. Seed demand was on a par with the previous year. BayWa benefited from its wide product range and higher demand for its private brands in all main product groups. In terms of feedstuff, BayWa managed to keep its sales volume on a par with the previous year. Grain and oilseed trading volume decreased in the Agri Trade & Service Segment by 2.4% year on year to just under 8.4 million tonnes in 2021. Overall, revenues in the Agri Trade & Service Segment increased by 16.9% to

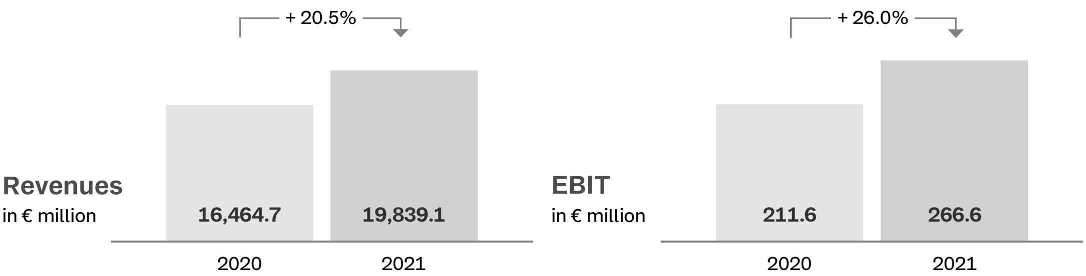
€4,178.7 million, primarily on account of the clear year-on-year rise in grain prices. EBIT stood at €12.3 million in 2021, following a negative EBIT of €14.3 million in the previous year.

In the Agricultural Equipment Segment, the boom seen in 2020 did not continue in 2021. The reduction in the value added tax rate, which expired on 31 December 2020, led to anticipatory effects. In the reporting year, however, invoicing was shifted into the following year in some cases on account of the tense supply situation. With new machinery sales of 4,973 units in 2021, the Agricultural Equipment Segment sold 909 fewer tractors than in the previous year. Still, that figure was considerably higher than the average for the past five years – including the record-setting year of 2020. In the Agricultural Equipment Segment's service business and spare parts sales, the above-average registration figures in past years led to an increase in capacity utilisation, with workshops benefiting from their substantial stocks and inventories in a market environment plagued by supply bottlenecks for spare parts. In the international business, the Dutch Group company Agrimec Group B.V. performed roughly on a par with the previous year. All in all, the Agricultural Equipment Segment surpassed its record revenues from 2020 by 2.1% in the reporting year, with revenues of €1,909.0 million. By contrast, EBIT fell to €48.6 million in 2021, following €54.4 million in the previous year. The decline was mainly attributable to lower new machinery sales and cost increases under collective wage agreements.

The Building Materials Segment saw a very positive financial year 2021. Alongside the high-revenue structural engineering segment, the civil engineering, roofing, gardening and landscaping, dry construction, construction equipment and tool product ranges recorded very high demand. The marked growth was attributable to strong construction activity and the successful implementation of the multi-specialist strategy. The sale and product range specialisations in wooden construction, formwork equipment, prefabricated components, metal roofing, flat roofing and pallets, which were introduced in 2020, continued to be an important success factor in 2021. In addition, the Building Materials Segment benefited from the fact that, as a key part of the economy, the building materials locations in Germany was unaffected by the temporary closures to stop the spread of the coronavirus in the first half of 2021. BayWa Bau Projekt GmbH was also able to make a positive contribution to business development and is becoming an important pillar of BayWa's building materials trade activities. Overall, the Building Materials Segment's revenues increased by 9.8% to €2,084.2 million in the financial year 2021, with EBIT increasing by 56.1% to €73.2 million, following €46.9 million in the previous year.

The Innovation & Digitalisation Segment's revenues increased to €11.1 million in 2021, following €10.2 million in the previous year. At a good 42%, the largest share of revenues came from software licences and software maintenance contracts, followed by services such as satellite-based products for site-specific cultivation, including analyses and advice, and soil sampling, with a share of just over 36%. Sensors, measurement systems for soil analysis programmes and other hardware accounted for just under 22% of revenues. As predicted, the Innovation & Digitalisation Segment recorded negative EBIT. However, the segment also carries out a service role for the operating segments by hosting and further developing the BayWa Portal, which does not generate any direct income. Negative EBIT of €20.2 million was reported in the reporting year, following minus €10.9 million in the previous year. The higher loss was caused by impairments on property, plant and equipment and intangible assets, such as discontinued IT applications and obsolete software.

BayWa Group



Total revenues at the BayWa Group increased by 20.5% to €19,839.1 million in the reporting year. EBIT improved by 26.0% to €266.6 million. Earnings before tax also saw a clear increase to €160.6 million – a rise of 49.3% year on year. At €128.8 million, the consolidated net result for the year was up significantly year on year following tax expenses of €31.8 million. The share of the consolidated net result for the year attributable to BayWa's shareholders increased by 96.9% to €70.0 million. Earnings per share stood at €1.63 following

66 cents 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 €1.05 per share.

Background to the Group

Group structure and business activities

The BayWa Group

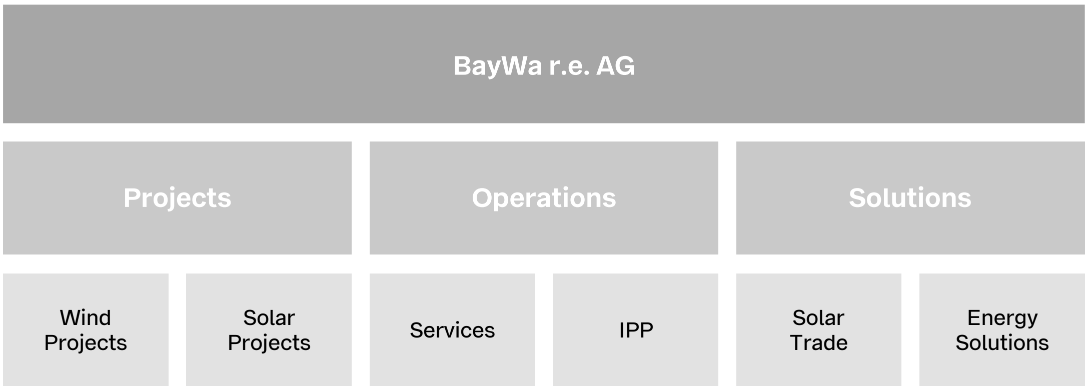
2021	Revenues (In € million)	Employees (annual average)
Renewable Energies	3,560.0	2,821
Energy	2,128.2	1,359
Cefetra Group	4,996.3	496
Global Produce	960.7	3,650
Agri Trade & Service	4,178.7	3,408
Agricultural Equipment	1,909.0	3,805
Building Materials	2,084.2	4,454
Innovation & Digitalisation	11.1	240
Other Activities	10.9	952
Total	**19,839.1**	**21,185**

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 a provider of integrated solutions and a project developer in the business units energy, agriculture and building materials. The BayWa Group's business activities encompass 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. The BayWa Group has registered places of business in 50 countries, either through itself or through Group companies.

BayWa AG conducts its business in seven operating segments and the development-focused Innovation & Digitalisation Segment, both directly and through its subsidiaries, which are included in the group of consolidated companies. Besides the parent company, BayWa AG, the BayWa Group comprises 521 fully consolidated Group companies. Furthermore, 25 companies were included at equity in the consolidated financial statements of BayWa AG.

Renewable Energies Segment

The Group pools material aspects of the renewable energy value chain in BayWa r.e. AG. 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. Going forward, BayWa r.e. also plans to expand its activities to include offshore wind turbines. 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 and South East Asia make it possible to provide customers of BayWa r.e. with 24-hour service around the globe. A control room in Irvine, California, USA, was set up in 2021 to increase global coverage and strengthen the growing service business in North America. In the service business, the company currently oversees facilities with a total installed output of approximately 9.7 gigawatts (GW) worldwide. In energy trade activities, which is part of the IPP business entity, BayWa r.e. markets electricity, gas and heat 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 reduce reliance on individual national markets. BayWa r.e. is now represented in Europe, in North America, in the Asia-Pacific region and in Africa, amounting to a total of 29 countries.

Energy Segment

In its Energy Segment, BayWa predominantly sells heating oil, fuels, lubricants and wood pellets, mainly in Bavaria, Baden-Württemberg, Hesse, Saxony and Austria. The Energy Segment's activities are divided into the fields of lubricants, heating oil, diesel and Otto fuels, wood pellets, contracting and BayWa Mobility Solutions GmbH. BayWa sells lubricants to commercial and industrial customers, as well as to farmers and operators of combined heat and power plants. 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 14 locations. The spectrum of services ranges from oil, gas, wood and pellet heating technology to heat pumps, solar systems, residential ventilation and sanitation technology. The field of heating oil and diesel and Otto fuels supplies farmers and commercial customers – including construction sites and farms – with fuels. Heating materials are primarily sold through in-house offices. Diesel and Otto fuels, as well as AdBlue, are sold through a total of 120 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. In addition to its filling station operations, BayWa also offers a fleet filling station card. This means that users of the BayWa filling station card can now take advantage of some 3,500 filling stations all over Germany. 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. 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 is divided into the fields Light Vehicle, Heavy Vehicle and Digital Mobility. The Light Vehicle field comprises electromobility and drives forward the planning and expansion of the charging infrastructure. The

Heavy Vehicle field establishes a network of filling stations for liquefied natural gas (LNG) as a lower greenhouse gas emissions alternative to conventional fuels. 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. Through the www.chargemondo.de platform, BayWa Mobility Solutions GmbH offers consumers the chance to configure a custom-tailored package solution for a private charging station from a single source, from planning to assembly and set-up – including registration with the grid operator and applying for funding.

Cefetra Group Segment

The Cefetra Group Segment acts as a supply chain manager 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. Through targeted acquisitions, the segment is expanding its business involving goods such as starch products, rice, legumes and organic products as part of its specialities strategy. In doing so, Cefetra 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.

Global Produce Segment

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. BayWa 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. BayWa is active in the international trade of fresh products through its New Zealand subsidiary T&G Global Limited (T&G Global). T&G Global maintains international trade relationships in the Americas, Asia, Australia and Europe. 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 existing sales structures of T&G Global and its affiliated companies offer the potential to open up additional sales markets, particularly in Asia. BayWa has expanded its portfolio to include exotic speciality fruits, particularly in the fast-growing “ready-to-eat” market, through the majority interest in the Dutch supplier TFC Holland B.V. (TFC), significantly strengthening its position as a leading international supplier of fruit and pome fruit. TFC has long-standing international trade relations in all procurement markets for tropical fruits – mainly for avocado and mango – as well as with the European food retail industry. The BayWa subsidiary Al Dahra BayWa Agriculture LLC also produces vegetable fruits in climate-controlled greenhouses in the United Arab Emirates for the local market. Through acquisitions and investments, the Global Produce Segment is oriented internationally and offers a broad product range from pome fruit through to exotic fruits. Due to the increasing concentration in food wholesale and retail, setting the company apart from the competition through an attractive diversified product portfolio featuring specialities plays an increasingly important role.

Agri Trade & Service Segment

The Agri Trade & Service Segment covers in particular the collecting, sales and service stages of the value chain of for farms. It supplies farmers 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 168 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. Alongside its services for conventional agriculture, BayWa is gradually expanding its range of products and services for organic farming and the marketing structures for organically grown products on a regional basis. In addition, 118 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.

Due to historically evolved structures, the agricultural business is concentrated in Germany primarily in southern parts of the country. In addition, BayWa Foundation is also active in parts of northern and eastern Germany. The focal point when it comes to developing BayWa's agribusiness in Germany is site modernisation, process optimisation in the logistics chain, the expansion of e-commerce activities and employee development. By expanding its digital services, such as the BayWa Portal for agriculture, BayWa is also gaining new customers beyond its traditional regions. BayWa is represented throughout Austria through its subsidiary RWA Raiffeisen Ware Austria Aktiengesellschaft (RWA), which maintains close business relations with 442 cooperative warehouses. Numerous privately owned medium-sized trading enterprises, mainly operating locally, make up the competitive environment for agricultural products. By contrast, there are also a number of wholesalers operating nationwide that offer agricultural inputs. All told, BayWa is the agricultural company that generates the highest sales in Germany.

Agricultural Equipment Segment

The Agricultural Equipment Segment offers a full line of machinery, equipment and systems for all areas of agriculture. Important customer groups are also those in forestry, municipal services and commercial customers. Aside from tractors and combine harvesters, the range of machinery also includes versatile municipal vehicles, road-sweeping vehicles, mobile systems for wood shredding and forklift trucks for municipal services and commercial operations. The range on offer for forestry extends from large machinery and equipment such as forestry tractors, wood splitting and chipping machinery, forest milling cutters and mulchers, cable winches and road and path construction machinery through to small appliances such as chainsaws and brush cutters and the necessary protective clothing. In addition, a workshop network with 278 locations and 780 mobile service vehicles provide maintenance and repair services for machinery and equipment.

The Agricultural Equipment business sector comprises product management for new machinery, especially AGCO-brand machinery (Fendt, Massey Ferguson, Challenger and Valtra), as well as international activities. CLAAS sales and service through the joint affiliated companies are equally positioned form an organisational perspective. The Agricultural Equipment special business sector is divided into the product categories municipal services, forestry, indoor equipment and irrigation technologies. For products made by AGCO and CLAAS, BayWa operates a specialised network of in-house workshops in southern and eastern Germany and in the Netherlands that are tailored to manufacturer brands. The sale of products is complemented by trade in spare parts and the provision of mobile service vehicles for maintenance and repair services. BayWa also sells used machinery via its sites and online platforms.

In BayWa's traditional core regions, the market for agricultural equipment is focused primarily on replacement investments and the modernisation of machinery and systems. Against this backdrop, developing international markets with above-average growth potential is becoming increasingly more important. BayWa is currently represented with subsidiaries or joint ventures in the Netherlands, Canada and South Africa.

Building Materials Segment

The Building Materials Segment primarily comprises building materials trade activities in southern and eastern Germany and Austria. 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 BayWa Group is one of Germany's market leaders in the building materials trade, with a total of 127 sites, and also ranks among the leading suppliers in Austria, with 28 sites. The number of franchise locations currently totals 985.

In the building materials trade, BayWa mainly caters to the needs of small and medium-sized construction companies, tradesmen, commercial enterprises and municipalities. Private developers and homeowners are also important customers. The key success factors in this business are physical proximity to the customer, the product mix, advisory services and close relations with commercial customers. BayWa takes these factors into account with a targeted focus on its customer groups when it comes to sales and customer consulting services. One example of this is the BayWa Building Materials Online portal, which business customers can use to place orders 24/7. When it comes to preparing offers, BayWa makes optimised processes possible through a GAEB interface, which uses the file format developed by Germany's Gemeinsamer Ausschuss Elektronik im Bauwesen (joint committee on electronics in the construction sector). A further focal point lies in offering specialities in fields such as wooden construction and construction timber, formwork equipment and precast concrete elements, as well as flat roofs. In addition, BayWa AG provides bathroom modules made from wood through its stake in the start-up Tjiko GmbH. These bathrooms are individually designed using a digitally controlled process and configurator and are manufactured in series with complete interior fittings. The Tjiko bathroom module system is chiefly aimed at property developers and general contractors of large residential construction projects who want to realise an economical and highly individualised bathroom design in the properties. 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.

Further areas of focus in the Building Materials Segment include healthy construction and energy efficiency. BayWa 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. In the case of conventional construction materials, being close to the customer is a significant competitive advantage. At the same time, the cost of transporting heavy or bulky construction materials with relatively low added value necessitates excellent location structures and optimum logistics.

Innovation & Digitalisation Segment

BayWa has plotted a clear course into the digital future through the Innovation & Digitalisation Segment, which is responsible for developing and marketing digital products and services for enhancing productivity in agriculture. It also pools the BayWa Group’s e-commerce activities. With its software product NEXT Farming OFFICE, 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. BayWa is also driving forward the use of satellite data in agriculture in its partnership with the European Space Agency (ESA). 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 distribution and marketing of the resulting data is carried out by the Group subsidiary VISTA Geowissenschaftliche Fernerkundung GmbH.

In e-commerce, BayWa is active through multiple platforms, such as the BayWa Portal for agriculture and the BayWa Building Materials Online portal, alongside digital farm shop marketplaces and the Regio-Portal.

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 2021, 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). Matthias Taft, who was a member of the Board of Management until 31 March 2021 and was responsible for the Renewable Energies and Energy Segments, stepped down from the BayWa AG Board of Management and became the CEO of BayWa r.e. AG with effect from 1 April 2021. Responsibility for the Renewable Energies Segment was consequently handed over to Chief Executive Officer Prof. Klaus Josef Lutz, with responsibility for the Energy Segment going to Board of Management member Marcus Pöllinger.

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. These are publicly available at www.baywa.com/en/group/corporate-governance/corporate-governance.

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, customs and export control, and combating money laundering. Comprehensive frameworks that act as Group-wide rules have been developed on these issues.

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. 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 Social Compliance division was recently established to oversee the implementation of the requirements under the German Act on Corporate Due Diligence in Supply Chains (LkSG).

Corporate goals and strategy

BayWa's corporate strategy for 2025, Sustainable Solutions for Life, acts as the foundation for strategic development. At its heart is the goal of increasing earnings before interest and tax (EBIT) to between €400 million and €450 million. Over 70% of that amount will be attributable to multinational business, and over 50% will stem from sustainable business activities. At the same time, the company plans to reduce its greenhouse gas emissions by 22%. The strategy focuses on multiple objectives, such as the further internationalisation of the Group's business; expanding and deepening the range of products and services; the digitalisation of the Group's processes, the product portfolio 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. The Group's growth ambitions focus on the Renewable Energies, Cefetra Group and Global Produce Segments.

The strategic pursuits at a functional level are fourfold: Within business models and the organisation, the objective is to press ahead with digitalisation. In operating business, the plan is to optimise management and expand the points of customer contact to strengthen Group brands. Particular focus is being placed at Group level on strengthening the BayWa umbrella brand across all segments. An organisational set-up marked by close collaboration across divisions and high-performing employees and managers will improve corporate performance. Finally, BayWa plans to continuously analyse 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.

The objective in the Renewable Energies Segment is to further advance the expansion of renewable energies. Another focus is on scale, continued internationalisation and expanding the service business, as well as on the provision of integrated energy solutions. Examples include the combination of installations for renewable energy with efficient energy storage systems, as well as the cross-segment development of innovative products and services, for example with regard to electromobility. BayWa r.e. Energy Ventures GmbH invests in fledgling start-ups offering innovative solutions in the energy industry as a lead investor or co-investor. The addition of a strategic partner in the first quarter of 2021 set the course for accelerated growth at BayWa r.e. In exchange for a contribution of €530 million, funds advised by Energy Infrastructure Partners AG (EIP) acquired a 49% stake in the BayWa subsidiary by way of a capital increase. As part of the capital increase, BayWa r.e. renewable energy GmbH was converted into an Aktiengesellschaft (stock corporation) under German law and started trading as BayWa r.e. AG on 31 March 2021. Plans are in place to expand the project business to an annual volume of 3 GW in the medium term by scaling up offshore wind energy business, among other things. The plans also envisage the development of a portfolio of own solar parks and wind farms with a capacity of 2.5 GW to allow the company to market electricity as an independent power producer (IPP) for the generation of stable cash flows.

The Energy Segment is positioning itself as a logistics provider. In the fields of conventional fuels, lubricants and heat energy carriers, BayWa performs a basic supply function, especially in rural regions. In the heating business, the segment is focused on expanding its business involving climate-neutral wood pellets. As part of the strategy, 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. The Energy Segment also continuously promotes the expansion of mobility solutions in the fields of charging infrastructure for electromobility (e-mobility), LNG filling stations and digital mobility. Furthermore, BayWa also offers e-mobility solutions created on the basis of comprehensive fleet analysis and targeted at fleet operators. Contracting services in the fields of cooling and power consumption for multi-family homes – along with the installation, maintenance and operation of charging infrastructure for external customers – round out the range of offerings.

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. 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 becoming integral aspects of supply chains. By taking these steps, BayWa will be further developing its core business on a functional and cost-efficient basis. 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. For instance, Cefetra Group has entered the milk and dairy products market, offering its customers a broad range of dairy products such as cheese, butter and milk powder, as well as milk alternatives. In addition, Cefetra Group has established a new trading centre in Dubai. Sedaco DMCC trades in special crops such as oilseed, nuts and legumes of African origin. Sedaco DMCC also operates additional trading offices in Tanzania and Nigeria, as well as collection points in various African regions. For Cefetra Group, one of Europe's largest importers of grain and oilseed, the new activities mark another important step in the expansion of its specialities strategy. In addition, BayWa is boosting its position as supply chain manager and diversifying its portfolio through international partnerships.

In the collecting and agricultural input business, the location structure is undergoing continuous review and optimisation, and digital services are being added to the business model. At the same time, a network of efficient central warehouses and a logistics concept that secures the ability to deliver goods for agriculture is being established to support the mission of helping people to meet their basic needs. To this end, transport logistics were centralised in 2021, with the SAP module TM & Organisation being introduced in transport scheduling. In terms of process digitalisation, BayWa enhanced the functionality of the BayWa Portal in 2021. The introduction of an agent login function strengthens the link between online and offline sales activities by allowing sellers to market products to customers directly through the company-owned online channel baywa-landwirtschaft.de. Moreover, the extensive use of a CRM system in sales and marketing helps to optimise customer service and support. The pressure to change resulting from the structural transition of agriculture is very high in northern and eastern Germany, as large sections of farmland in this important agricultural region are concentrated in the hands of an ever decreasing number of farms that are building up their own storage and logistics capacities. This development has led to excess capacities for all agricultural traders. In order to increase its competitiveness, BayWa restructured its eastern German agricultural business effective 1 January 2021. The trade in agricultural inputs and the collection and marketing of agricultural products in Saxony, Saxony-Anhalt, Thuringia, Brandenburg and Mecklenburg-West Pomerania have been pooled in BayWa Agrarhandel GmbH, a wholly owned subsidiary of BayWa AG. The restructuring allows BayWa to optimise logistics and the efficiency of its local activities while strengthening its marketing position in agricultural trade in Germany. These measures are aimed at significantly reducing the capital tied up in the Agri Trade & Service Segment.

Sales are being geared 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. BayWa has therefore combined the services of the Agricultural Equipment Segment with the agricultural input business of the Agri Trade & Service Segment in order to offer farmers a one-stop service. The range of e-commerce activities is also being constantly expanded, and BayWa is driving forward digital processing in logistics in its German agricultural trade business. The digitalisation of the value chain supports the successful management of the increasing complexity and dynamics of logistics processes in the "physical Internet" – i.e. in the storage, transport and delivery of goods – with the aim of increasing customer benefits while reducing costs. Targeted diversification of the product portfolio and the expansion of the private brand business are also helping to stabilise profitability.

In the Global Produce Segment, the goal is to develop new, attractive core product categories and ensure supply and delivery security in important areas through vertical integration. To this end, BayWa AG pooled its fresh products business in the fruit sector in the wholly owned subsidiary BayWa Global Produce GmbH in 2021. Based on a new company structure featuring a central management team, BayWa will strategically advance its trade activities in the field of fruit and vegetables in order to leverage the potential of the globally growing demand for fresh products through investments and partnerships. At the same time, the newly established company underscores the significance of the fruit and vegetable trade by creating a separate brand with a unique image on the market. As a result of the new organisational structure, the holdings in the Group companies BayWa Obst GmbH & Co. KG, Germany; T&G Global Limited (T&G Global), New Zealand; TFC Holland B.V. (TFC), Netherlands; and Al Dahra BayWa Agriculture LLC, United Arab Emirates, will be transferred to BayWa Global Produce GmbH. The goal is to leverage synergies and attract new customers on the basis of an overarching strategy through the international marketing of the Global Produce Segment's full range of agricultural products. TFC will move to a new location with increased capacities over the course of the year, allowing the Dutch company that specialises in exotic fruit and vegetables to build a foundation for the further expansion of its business activities. 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. By establishing VentureFruit, a new company specialising in plant genetics and variety management, T&G Global aims to serve producers, traders and consumers worldwide with new premium fruits. Upon founding, VentureFruit also became a partner of the research institute Plant & Food Research with the aim of investing in the development of new soft fruit varieties and catering to the growing global demand.

In the Agricultural Equipment Segment, BayWa is further strengthening the brand-specific sales organisations. In order to increase efficiency, it has been split into agricultural equipment on the one hand and special technology for municipalities, industry and forestry operations on the other. In addition, the focus is on the development of cross-vendor digital interfaces and the development of the water management business division.

In the Building Materials Segment, the focus 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 additional resources such as second-level support. Process efficiency will be enhanced through systems for automatic inventory management. To ensure the ability to deliver goods at all times, a network of central warehouse locations that will be complemented by efficient logistics is being set up. Bau Projekt GmbH is active in property development through joint ventures as part of alliances with property developers and contractors in Germany.

The Innovation & Digitalisation Segment encompasses the fields of Digital Farming and eBusiness. In terms of Digital Farming, BayWa's goal is to assume a leading role as a professional partner for agriculture. With its software products NEXT Farming OFFICE and NEXT Farming LIVE, the subsidiary FarmFacts GmbH is the market leader in Germany and the driving force behind smart farming at the BayWa Group. Through the open trading platform NEXT Marketplace, FarmFacts offers farmers the option of obtaining offers for agricultural inputs from different providers and concluding purchase and delivery agreements directly from the NEXT Farming software that they already use. In addition, FarmFacts is generating opportunities for growth on the international markets. Smart farming solutions go beyond the bounds of precision agriculture such as site-specific farm management. Together with its subsidiary VISTA Geowissenschaftliche Fernerkundung GmbH, BayWa is overseeing a pilot project that uses data provided by Sentinel 2 satellites in the ESA's Corpernicus programme to calculate yield potential for crops such as wheat, corn and rapeseed.

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. By developing regional, digital farm shop marketplaces for local producers, BayWa is also opening up new higher-margin sales channels that enable end customers to buy local products from trusted regional producers.

BayWa Venture GmbH is BayWa's open innovation platform. Its goal is to find and roll out new business models 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. Investments usually take the form of a minority stake. The capital is primarily used 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. 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.

The investment portfolio of BayWa Venture GmbH consists of eight minority stakes. The BayWa Protein Challenge took place in June 2021. As part of the challenge, BayWa Venture screened roughly 300 start-ups by way of a global start-up scouting process and took a closer look at 30 of these start-ups through the standardised BayWa Venture start-up selection and evaluation process. In the end, three start-ups were chosen for addition to the BayWa Venture GmbH investment portfolio.

From 2022, BayWa AG will pool the existing activities in the field of protein into two divisions, Protein Trade and Protein Ventures, for successive expansion. Protein Trade will cover the customer-centric speciality trade in healthy, regional and sustainable products with the food industry. Protein Ventures will pool investment and development activities related to protein technology start-ups.

With its corporate financing, BayWa puts its faith in tried-and-tested, reliable partners in the cooperative federation. Furthermore, 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 a €350 million ESG-linked bonded loan, a €1.7 billion ESG-linked syndicated financing agreement and a €500 million green bond. Efficient management of working capital is vital at the BayWa Group, as it represents a net figure for current assets less current liabilities. BayWa aims to maintain a balanced capital structure. The capital increase at BayWa r.e. in 2021 also contributes to meeting this goal. The financing of the BayWa Group was ensured at all times in the financial year 2021, despite the influence of the coronavirus pandemic. Furthermore, it was not necessary to make use of any government aid.

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 2021 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.

Sustainability at BayWa

Sustainability strategy

BayWa enhanced its sustainability strategy in the reporting year in order to rise to the global challenges and set 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 been a member of the United Nations (UN) Global Compact since December 2021. By joining, BayWa has underlined its commitment to upholding and promoting the ten principles set out by the UN initiative in the areas of human rights, labour, the environment and anti-corruption.

Climate strategy

The core sustainability strategy topic of climate and energy is heavily influenced by the Group-wide climate strategy. With its climate strategy, BayWa aims to help keep global warming to well below 2 degrees Celsius as part of its ambitious goal of being climate neutral by 2030. 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 more electricity from renewable energy sources; and compensate for remaining greenhouse gas emissions by purchasing high-quality carbon credits.

BayWa’s climate targets and progress

- Cover 100% of its electricity needs with renewable energies by the end of 2020; this goal was achieved once again
- Reduce energy consumption by 22% by 2025 (base year 2017, in terms of EBITDA); this goal was achieved once again in 2021 (minus 43%)
- Reduce greenhouse gas emissions by 22% by 2025 (base year 2017); by 10% in 2021
- Build and provide 10 GW in generation capacities from renewable energies by 2025; 7.8 GW achieved in 2021
- Climate neutrality in own operations from 2030 onwards (Scope 1 and 2)

BayWa is aware of its responsibility for greenhouse gas emissions that occur in the upstream and downstream value chain (Scope 3). As a result, the collection of Scope 3 emissions data was further refined and expanded in 2021. The Group plans to define Scope 3 targets in the future.

The Carbon Disclosure Project (CDP) awarded BayWa AG a climate rating of B for 2021 for its coordinated measures in response to environmental and climate action issues. The company therefore maintained its good score from the previous year and improved its performance in certain areas. This means that BayWa’s commitment to environmental sustainability remains above the average for both Europe and the industry.

Protecting human rights

The BayWa Group is committed to upholding human rights. It therefore plans to implement the due diligence requirements defined in the German Act on Corporate Due Diligence in Supply Chains (LkSG), which was adopted in Germany in 2021. BayWa is also subject to other national regulations, such as the UK Modern Slavery Act. In September 2021, the new Corporate Social Compliance department was set up to ensure compliance with statutory regulations.

Additional sustainability targets and measures at the BayWa Group are detailed in the combined non-financial report, which is part of the separate Sustainability Report 2021 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 2021. By the end of the year, the BayWa Group employed 21,468 employees (2020: 21,207). In terms of an annual average, the number of employees rose by 468, or 2.3% year on year, to 21,185. The increase was fuelled by the Renewable Energies Segment (549 additional employees) and the Energy Segment (342 additional employees). In the Energy Segment, the development was attributable primarily to the reassignment of BayWa Haustechnik GmbH, which was still allocated to the Building Materials Segment in 2020. Nevertheless, the Building Materials Segment recorded strong organic growth in the financial year 2021, helping to keep the number of employees on a par with the previous year. The number of employees fell in the Global Produce Segment (347 fewer employees) and the Agri Trade & Service Segment (94 fewer employees). In the other segments and business units, the number of employees remained roughly unchanged year on year.

BayWa is one of the largest companies in Germany to offer trainee programmes. In 2021, 464 trainees started their career at BayWa. All in all, the BayWa Group employs 1,395 trainees. With a trainee ratio of approximately 6%, BayWa provides training to young people that goes beyond the needs of the company.

Development of the average number of employees at the BayWa Group

	2017	2018	2019	2020	**2021**	Change 2021/20	
Renewable Energies	1,101	1,449	1,826	2,272	2,821	549	24.2%
Energy	978	958	986	1,017	1,359	342	33.6%
Cefetra Group	563	438	487	477	496	19	4.0%
Global Produce	2,925	2,768	2,788	3,997	3,650	- 347	- 8.7%
Agri Trade & Service	3,496	3,543	3,533	3,502	3,408	- 94	- 2.7%
Agricultural Equipment	3,629	3,679	3,772	3,786	3,805	19	0.5%
Building Materials	4,113	4,211	4,371	4,528	4,454	- 74	- 1.6%
Innovation & Digitalisation	158	183	198	225	240	15	6.7%
Other Activities	587	775	870	913	952	39	4.3%
BayWa Group	**17,550**	**18,004**	**18,831**	**20,717**	**21,185**	**468**	**2.3%**

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 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. Development pertains mainly to eBusiness solutions and new digital applications for digital farming. In eBusiness, the focus is on further advancing digital service offerings such as online purchasing while enhancing and optimising advice apps. 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. NEXT Marketplace, which was launched by FarmFacts in 2020, has also been available in the German state of Hesse since June 2021. Hesse is now the sixth German state after Saxony, Thuringia, Saxony-Anhalt, Brandenburg and Mecklenburg-West Pomerania in which NEXT Farming OFFICE customers can access this free digital marketplace for enquiries and comparing offers. NEXT Marketplace makes it possible to buy and sell agricultural inputs and agricultural products quickly and transparently. In light of the rising pressure on margins in agriculture, these features make NEXT Marketplace a clear competitive advantage for customers.

FarmFacts gave its NEXT Farming platform an extensive upgrade last year by launching a professional version. 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 web application NEXT Farming LIVE has also been comprehensively enhanced. In mid-August 2021, FarmFacts launched the Climate Farmer Initiative (CFI), in which it offers future-focused project partnerships on a regional level. The CFI enables companies and local governments to honour farmers’ regional climate protection measures.

The BayWa subsidiary VISTA has already developed a variety of 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.

In the past financial year, VISTA and FarmFacts joined forces to make an important contribution to digitalising grassland management. Together with BayWa, the two partners launched an optimised grassland management system based on satellite maps and process documentation in NEXT Farming LIVE. The launch at selected pilot farms marked the final step in the SattGrün project, which began in early 2018. The system offers farmers new options for yield monitoring and detecting pest infestation, especially cockchafer larvae (white grubs).

As at 31 December 2021, 77 employees worked in research and development (2020: 77 employees). The BayWa Group's research and development expenses totalled €1.3 million in the financial year 2021 (2020: €0.5 million). Own work capitalised with regard to new digital farming products amounted to some €4.4 million (2020: €4.5 million).

Financial Report

Operative business development

Energy business unit

Market and industry development 2021/22

Development of renewable energies
A major topic for the global renewable energies industry in 2021 was the tense situation in supply chains (particularly for solar modules) and the resulting price increases and delivery delays. Experts expect the situation to ease over the course of 2022. Moreover, European markets in particular have seen an extreme rise in electricity prices that has been driven by a scarcity of natural gas and the resulting increase in gas prices (BNEF Signposts, 4Q 2021, p. 10). Due to the higher need for capital for hedging (futures) and higher costs to balance out deviations from forecasts and projections, the increases are a major challenge not only for consumers of electricity, who face higher costs, but also for electricity traders and marketers of electricity from renewable energy plants. At the same time, the higher electricity prices have had a positive impact on current income from renewable energy plants that market their electricity in intraday trading and on the prices attainable for long-term power purchase agreements (PPAs) between renewable energy power plants and (industrial) electricity customers.

Global photovoltaic (PV) installation capacities increased by some 173 gigawatts (GW) in 2021 – a new record for the industry despite difficult conditions due to global supply chain problems. Of the expansion, approximately 101 GW was attributable to free-standing solar parks, with roof systems accounting for roughly 72 GW. On a regional level, the Asia-Pacific region recorded the largest share of total expansion (56%), followed by the Americas (24%) and Europe, the Middle East and Africa (19%). Spain (3 GW), France and Germany (both approximately 1.5 GW) were the most important markets for the expansion of free-standing plants in Europe. In the Asia-Pacific region, China was the main driver of growth (30 GW), followed by India (10 GW) and Japan (5 GW). In the Americas, the US remains the largest market, with an expansion of 23 GW. In the roof-system segment, China (32 GW) and the US (6 GW) also saw the strongest growth in their regions, with Germany (4 GW), the Netherlands (3 GW) and Poland (2 GW) accounting for the largest share of growth in Europe. The overall photovoltaic market is forecast to expand by more than 200 GW in 2022, which would constitute a continuation of the global solar market's strong growth (BNEF, Global PV Market Outlook, 4Q 2021; BNEF solar database).

In the field of onshore wind energy, 79 GW of capacity was added worldwide in 2021, with Asia accounting for the lion's share as in previous years (50%), followed by the Americas (26%) and Europe, the Middle East and Africa (24%) (BNEF, Global Wind Market Outlook, 4Q 2021). The leading European countries in terms of expansion in 2021 were Sweden, with more than 3 GW, and Germany, with just under 3 GW – a clear increase compared with the previous year. In North and South America, new installations were primarily driven by the US (13 GW), with growth in Asia mainly attributable to China (25 GW). For 2022, BNEF forecasts global expansion of roughly 76 GW for onshore wind energy (BNEF, Global Wind Market Outlook, 4Q 2021). A new record was set in the field of offshore wind energy in 2021, with global installation of 13 GW, double the figure seen in the previous year. The lion's share, more than 10 GW, was added in China. At more than 1 GW, the Netherlands was the second-strongest market. Offshore wind turbine expansion is expected to stand at 11 GW in 2022, with China, the UK and Taiwan leading the pack.

The global climate change conference (COP 26) in Glasgow in November 2021 sent positive signals for the renewable energies industry – through greater efforts to achieve the 1.5-degree goal under the Paris climate agreement, through a declaration on reducing and ending reliance on coal power and through the creation of structures for global carbon trading (BNEF Signposts, 4Q 2021, p. 4 et seq.).

Development of energy
In the field of energy, the price of crude oil plays a key role in the development of demand and the prices of various fossil energy carriers. At the start of 2021, the crude oil price stood at around USD50 per barrel. As hopes of overcoming the coronavirus pandemic rose and the expectations of an economic recovery grew, the

price of crude oil increased over the course of the year to stand at just under USD86 per barrel at the end of October. In late autumn, a renewed increase in the number of infections fuelled fears of new restrictions. As a result, the price of oil fell back to around USD70 per barrel by the start of December (TECSON, Rohölpreis, 2021). Overall, the oil price in 2021 averaged at USD71 per barrel, clearly above the forecast average of USD49 per barrel. Forecasts made by the US Energy Information Administration (EIA) about the development of crude oil prices in 2022 predict that the oil price will hover at USD83 per barrel on average. In the first quarter of 2022, the price of oil continued to rise due to anticipated supply bottlenecks in connection with the escalation of the Ukraine crisis (EIA, Short-Term Energy Outlook, 8 February 2022, p. 1). In the heating sector, demand for fossil fuels is generally subject on the one hand to fluctuations in consumption determined by weather conditions. On the other hand, purchasing behaviour is influenced by price trends. The price of heating oil largely follows the development of crude oil prices and was substantially higher year on year throughout 2021. Heating oil prices have seen a nearly uninterrupted rise since their multi-year low in October 2020 and had more than tripled by March 2022 (TECSON, Heizölpreise, 2022). Sales of heating oil in Germany decreased by 28.1% year on year in 2021 (BAFA, Amtliche Mineralöldaten, 2021). The most likely cause of the decrease is that consumers took advantage of the noticeably lower prices in the previous year – in part due to the introduction of carbon pricing and the end of the reduced value added tax rate in 2021 – to stock up before the end of the financial year 2020. Factors such as the rise of renewable energies, the increased use of gas, and cuts to consumption due to modern technologies and energy-efficient building renovations have resulted in a long-term structural decline in heating oil consumption in Germany. This trend is also likely to continue going forward and may be strengthened by the continuous rise in carbon pricing. The consumption of wood pellets increased by 29.5% in Germany in 2021. Thanks to attractive subsidy programmes, the number of newly installed pellet-fired systems continued to increase in 2021. Accelerated consumption of pellets is therefore expected for 2022 (DEPV, Pelletproduktion und -verbrauch in Deutschland, Zubau von Pelletfeuerungen in Deutschland).

Total fuel sales in Germany rose by 0.8% in 2021. Sales of Otto fuels increased by 1.6%, while sales of diesel increased by 0.4%. Total lubricant sales grew by 7.1% in 2021 (BAFA, Amtliche Mineralöldaten, 2021). In general, demand for fuels and lubricants is primarily dependent on factors such as vehicle stock, mileage and the development of the economy as a whole. In light of the anticipated overall economic growth of 3.8% in Germany, a moderate increase in demand is expected in 2022 (IMF, World Economic Outlook, January 2022). However, the reduction in mileage as a result of potential coronavirus-related mobility restrictions and the trend towards mobile working are likely to have the opposite effect. In addition, policymakers have set a target of having 7 to 10 million electric cars on the road by 2030. As a result, a structural reduction in demand for fuels and lubricants can be expected (BayWa, own market analysis).

Business performance

Renewable Energies Segment

The Renewable Energies Segment saw positive development in 2021. Plant sales achieved a total output of 612.8 megawatts (MW) in the reporting year, with turnkey energy plants accounting for a share of roughly 74%. In 2020, that figure stood at around 94% of a total sold project output of 667.0 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.

Three wind turbines and project rights for the construction of a wind farm with a total output of 119.8 MW (2020: 364.6 MW) were sold in the national markets of Sweden (62.0 MW), France (29.0 MW) and Germany (28.8 MW). BayWa r.e. will assume responsibility for the commercial and technical management of the lion's share of these turbines and wind farms. In addition, the pipeline was further strengthened through the acquisition of two project development companies in Germany and France.

In the field of solar energy, seven free-standing solar parks and a floating solar park (floating PV) with a total output of 394.0 MW were sold, as were the project rights for the construction of a battery storage system (99.0 MW, 396 MWh). Of the total solar output, 203.0 MW was attributable to Spain, 90.5 MW to the Netherlands, 64.6 MW to Poland and 35.0 MW to Japan. The sales in Poland and Japan demonstrate that BayWa r.e. has successfully gained a foothold in new markets. In the Netherlands, the Group completed the full takeover of the project development company GroenLeven by acquiring the remaining minority interest.

The IPP division (independent power producer) operates selected solar parks and wind farms and successfully completed its first full financial year in 2021. As at the end of the year, the area had 19 wind farms and solar parks in Europe, North America and Australia with a total output of roughly 0.7 GW. The IPP division's first financial year was positive overall. Some of the European wind farms were able to benefit from the high electricity prices. Early in the year, however, a winter storm in the US state of Texas led to significant negative effects for the wind farms located there. Alongside the portfolio of its own wind farms and solar parks, the Energy Trading division was incorporated into IPP. Here, the sharp rise in electricity prices led to higher revenues and higher structuring costs, which were also attributable to the increase in volatility.

BayWa r.e.'s service business recorded a rise in total plant capacity under its management around the world of over 7% to more than 9.7 GW in 2021 (2020: 9.0 GW). This growth was rounded out by successful sales of additional services in PV Repowering in Germany, Italy, France and the UK. The opening of the Remote Operational Control Center (ROCC) in Irvine, California, USA, enhances the global coverage of the international 24/7 control-room network (with additional locations in Munich and Bangkok) and strengthens the growing service business in North America.

In trade activities involving photovoltaic (PV) modules, the total output of PV modules sold rose by roughly 73% to more than 2 gigawatt-peak (GWp). The inverter and assembly system product groups saw an increase of around 40% and 50%, respectively. Business involving storage products grew by roughly 206% year on year. The growth is primarily attributable to the continued high demand for renewable energies and the unabated ability of solar trading companies to deliver. Revenues of more than €240 million have already been processed in these product areas through the web stores established in national markets. Overall, the lion's share of solar trade revenues were generated in Europe, the Middle East and Africa (68%), followed by the Americas (28%) and Asia (4%). The activities in Poland and the Novotegra private brand have been continued as independent companies since the start of 2021 in order to enable further growth. In October 2021, Novotegra further expanded its substructures portfolio by acquiring PV Integ. Trade in eastern Europe also expanded following an acquisition in the Czech Republic in May 2021. In late 2021, the acquisition of Beacon Solar helped to further strengthen the Group's business in North America.

In 2021, the Energy Solutions division expanded its project pipeline through successful sales activities and completed existing projects, allowing it to further cement its position as an international developer of integrated solutions for companies in the fields of renewable energies.

Revenues in the Renewable Energies Segment rose by 61.1% to €3,560.0 million in the financial year 2021. At €135.0 million, EBIT climbed to a new record and exceeded the previous record of €110.9 million, which was set in 2020, by a significant margin. The improvement in the operating result is primarily attributable to strong growth in solar trade activities. The IPP business division also exceeded the previous year's result by a clear margin. Alongside the improvement in the operating result from energy trade activities, a significant portion of the earnings improvement in IPP came from power plants that were allocated to other business divisions in the financial year 2020.

The coronavirus pandemic once again had an effect on BayWa r.e. in the reporting year. Some projects were affected by delays in approval processes, restricted mobility among workers and supply bottlenecks. Protecting the health of staff was the top priority at the project sites and in the offices. The risk of infection was minimised through targeted measures, such as adapting hygiene standards, mask mandates and (wherever possible) mobile working.

Energy Segment

In the Energy Segment, the operating result was down on the high previous-year figure in 2021, as expected. This was due in particular to a 21.5% decline in demand for heating oil on account of the sharp rise in oil prices and additional price increases caused by the introduction of carbon pricing. However, the introduction of carbon pricing also means that wood pellets are becoming an increasingly attractive carbon-neutral energy carrier in the heating business. Sales of wood pellets climbed by 23.1% in 2021. Production capacity expansion at the two pellet plants in Wunsiedel in the previous year also had a positive effect. Storage capacities and the vehicle fleet were also expanded in 2021. External demand for logistics services related to wood pellets increased sharply in 2021. In the fuel business, sales volumes were down by a marginal 2.1% on the previous year due to coronavirus-related restrictions, particularly in the first half of 2021. The decline was caused by mobility restrictions and lower demand among large-scale consumers as a result of the coronavirus-related lockdowns. Sales of lubricants and operating resources such as AdBlue increased by 5.0% year on year thanks to efforts to ensure the ongoing ability to make deliveries in a fragile market environment characterised by scarcity of resources and disruptions in global supply chains. Biodegradable lubricants also saw positive development year on year. In Regensburg, Karlsruhe, Freiberg am Neckar, Sinsheim and Erlensee, BayWa Mobility Solutions GmbH opened five further liquefied natural gas (LNG) filling stations, expanding its range of CO_2-optimised solutions. A total of nine LNG filling stations were in operation as at the end of 2021. BayWa Mobility Solutions received an attractive follow-up order for the expansion of e-mobility charging infrastructure following the construction of 250 fast charging stations at 80 Hellweg DIY and garden centres in 2020. The follow-up order calls for the construction of 36 charging points per location for an energy utility company in Petersberg (North Rhine-Westphalia), Zwickau (Saxony) and Meerane (Saxony). In addition, 75 charging parks at car parks belonging to the retail chains Rewe, Penny, Lidl, Toom and Hagebau will be constructed on behalf of the client. Thanks to the sharp rise in heating oil and fuel prices, the Energy Segment’s revenues increased by 21.9% to €2,128.2 million in the reporting year, following €1,745.2 million in the previous year. EBIT fell by 45.3% from last year’s record of €31.8 million to €17.4 in 2021, primarily due to the lower demand for heating oil and fuels.

Agriculture business unit

Market and industry development 2021/22

Development of grain and oilseed

Global balance of grain (excluding rice) In millions of tonnes	Grain year			Change	
	2019/20	2020/21	**2021/22**	2021/22 compared to 2020/21	
Production					
World	2,179.4	2,209.8	2,278.6	68.8	3.1%
thereof: wheat	762.2	775.9	778.6	2.7	0.3%
thereof: coarse grain	1,417.2	1,433.9	1,500.0	66.1	4.6%
Consumption					
World	2,179.3	2,231.6	2,281.5	49.9	2.2%
thereof: wheat	746.9	783.0	787.5	4.5	0.6%
thereof: coarse grain	1,432.4	1,448.6	1,494.0	45.4	3.1%
Inventory changes					
World	0.1	- 21.8	- 2.9		
thereof: wheat	15.3	- 7.1	- 8.9		
thereof: coarse grain	- 15.2	- 14.7	6.0		

Sources: USDA, Grain: World Markets and Trade, January 2022, pp. 23, 29; DRV, Jahresbericht Agrarwirtschaft 2021, p. 11; BLE, Getreideverbrauch Deutschland, Inlandsverwendung insgesamt

European balance of grain (excluding rice) In millions of tonnes	Grain year			Change	
	2019/20	2020/21	**2021/22**	2021/22 compared to 2020/21	
Production					
EU	291.5	282.0	293.7	11.7	4.1%
thereof: Germany	44.2	43.3	42.3	- 1.0	- 2.3%
Consumption					
EU	266.0	264.3	266.2	1.9	0.7%
thereof: Germany	42.8	42.9	42.0	- 0.9	- 2.1%
Inventory changes					
EU	25.5	17.7	27.5		
thereof: Germany	1.4	0.4	0.3		

Sources: USDA, Grain: World Markets and Trade, January 2022, pp. 23, 29; DRV, Jahresbericht Agrarwirtschaft 2021, p. 11; BLE, Getreideverbrauch Deutschland, Inlandsverwendung insgesamt

Global grain harvest yields were 1.4% higher in the grain year 2020/21 than in the previous year. At the same time, global consumption increased by 2.4%, whereas inventories decreased by 3.5%, or 21.8 million tonnes. The European Union harvested 4.1% more grain in the grain year 2021/22 than in the previous year (USDA, Grain: World Markets and Trade, January 2022, pp. 23, 29). The rise, which materialised despite virtually no change in land available for cultivation, is attributable to higher hectare yields (DBV, Situationsbericht 2021/22, p. 185). The German grain harvest decreased by 2.3% compared to the already weak level seen in the previous year and was therefore a good 5% lower than the average for 2015 to 2020; the development is primarily attributable to lower hectare yields (DBV, Situationsbericht 2021/22, p. 186, DRV, Jahresbericht Agrarwirtschaft 2021, p. 11). Grain prices rose noticeably throughout 2021 against the backdrop of the generally tenser supply situation. The main reasons for this development were a scarcer supply of wheat due to poorer harvests in important exporting countries such as Canada, Russia and the US. Additionally, exports were restricted on account of logistical bottlenecks in the supply chain (DBV, Situationsbericht 2021/22, p. 186 et seq.). The grain price index of the Food and Agriculture Organization of the United Nations (FAO) amounted to 140.5 points in December 2021, which was approximately 21% above the value of 116.4 points recorded in December 2020 (www.fao.org/worldfoodsituation/foodpricesindex/en). On the MATIF commodity futures exchange, wheat prices initially rose in 2021 from €214 per tonne at the start of the year to €250 per tonne in early March. Prices were highly volatile between March and early July, ranging from just under €258 per tonne in late April to a low for the year of around €197 per tonne in early July. From this level, prices rose continuously until the end of November to stand at €311 per tonne. At the end of the year, wheat was trading on the MATIF for €280 per tonne. According to the latest forecasts from the US Department of Agriculture (USDA), global grain production in 2021/22 – excluding rice – is likely to be up on the previous year's volume by 3.1%. Global consumption is expected to rise by 2.2%. Global wheat consumption outpaced production by around 9 million tonnes, leading to a reduction of inventories. By contrast, the current harvest season is likely to result in enough coarse grain to cover consumption. In the medium term, the FAO and OECD expect to see a moderate rise in nominal grain prices accompanied by sustained marked price volatility. Factoring in inflation, however, they anticipate a decline in real prices (DBV, Situationsbericht 2021/22, p. 187).

Soya meal, which accounts for over 70% of all oilseed meal, was harvested globally in the marketing year 2020/21 at around 248 million tonnes, up 1% on the previous year (USDA, Oilseeds: World Markets and Trade, January 2022, p. 10). The price of soya meal stood at around €400 per tonne at the start of 2021. On account of favourable weather conditions, harvest expectations were raised continuously between January and July, leading to a decline in soya meal prices to around €300 per tonne on the Chicago Board of Trade (CBoT) commodity futures exchange by mid-October. By the end of the summer, however, it started to become apparent that the dry weather in many global cultivation regions could result in lower harvest volumes than previously forecast. Consequently, prices rose back to around €400 per tonne between then and the end of the year. Global production is expected to rise by around 3.1% to 256 million tonnes in marketing year 2021/22 (USDA, Oilseeds: World Markets and Trade, January 2022, p. 10).

Development of fruit cultivation
At 1.22 million tonnes, the fruit harvest was 8% lower in Germany in 2021 than in the previous year (1.33 million tonnes). Most types of fruit fell short of the previous year's yields due to late frosts and unfavourable weather conditions, with apples, pears, strawberries, cherries, plums, prune plums and most soft fruit seeing the greatest impact (DBV, Situationsbericht 2021/22, p. 199). At 1.0 million tonnes in 2021, the apple harvest volume fell short of the previous year's figure by 1.8% but still exceeded the multi-year average for 2011 to 2020 by 4.6% (Destatis, press release 10 January 2022, Apple yields again at a high level, plum yields down by 14% in 2021). Following a weak EU apple harvest in 2020, the 2021 harvest in the EU rose by a good 11% year on year to stand at around 11.7 million tonnes (WAPA, EU 27 apple production by country, 2021). Due to the tighter supply from the previous year's harvest, apple prices remained above their five-year average in Germany throughout 2021. Nevertheless, prices fell by around 24% prior to the start of marketing for the new harvest in August due to excess market inventory attributable to stocks from the previous harvest and from overseas that arrived in Europe with a delay due to logistics bottlenecks. By contrast, average apple prices in the EU remained relatively stable and clearly met or exceeded the five-year average (EU apple dashboard, 2022). At 11.7 million tonnes, the new European apple harvest was slightly above the amount needed for market equilibrium (WAPA, Northern Hemisphere Apple and Pear Crop Forecast, December 2021). Moreover, inventories in the EU at the start of the year were roughly 5% higher than in 2020 (WAPA, Northern Hemisphere Apple and Pear Stocks, January 2022). Against this backdrop, prices were able to return to a normal level in the new marketing year following two years of below-average harvest volumes and relatively high prices.

In the southern hemisphere, the harvest volume of apples increased by 7.3% year on year to approximately 5.2 million tonnes in 2021, a level which was above expectations. In New Zealand, however, the harvest volume was down 10.4% year on year, primarily due to hail damage. 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 decrease by just under 7% to 4.9 million tonnes in 2022. The decline is largely attributable to lower harvest volumes in Brazil and Argentina. By contrast, the harvest volume is expected to increase by just under 15% in New Zealand (WAPA, Southern Hemisphere Apple and Pear Crop Forecast, February 2022, pp. 9, 11). The rise is due first and foremost to more favourable weather conditions than in the previous year and an increase in land available for cultivation.

Development of agricultural inputs

Demand for agricultural inputs is highly dependent on the weather, among other factors. In addition, the use of fertilizers and crop protection products is subject to increasing restrictions due to ever-stricter regulations. As a result, sales of fertilizers fell by around 7.3% in the reporting year despite optimum weather conditions (Destatis, Domestic sales of fertilisers, Genesis 42321-0003). In addition to political regulations such as the German Fertiliser Application Ordinance (DüV), high fertilizer prices saw farmers exercise restraint in terms of their purchasing activities and not stock up as much for the new season. Fertilizer prices increased by 10.3% on average year on year in 2021, primarily due to higher energy prices, bringing them to multi-year highs in some cases (Destatis, Index of purchase prices of the means of agricultural production, Genesis 61221-0001). The sharp rise in natural gas prices in Europe caused the price of nitrogen fertilizers to triple over the course of 2021, as their production is particularly energy intensive. In some cases, this extreme increase in prices led manufacturers to scale back production, resulting in a scarcer supply. The Ukraine conflict also had a negative impact due to severe restrictions on local fertilizer production and continued high natural gas prices on account of the conflict. Fertilizer prices are expected to remain high in the first half of 2022 as a consequence of the sustained high energy prices. In 2022, sales of nitrogen and phosphate fertilizers in particular are expected to fall due to the continued tightening of requirements under the German Fertiliser Application Ordinance (DüV), especially the blanket reduction of fertilizer needs by 20% in areas marked red and their expansion. At the same time, the high purchase prices are leading farmers to exercise considerable restraint in their plans for the new fertilizer season. Sales of crop protection products increased by around 2% in 2021. The crop protection trade benefited from the damper and milder weather conditions compared to the previous year, which resulted in a higher need for fungicides in particular. Prices for crop protection products climbed by 3.6% year on year in 2021 (Destatis, Index of purchase prices of the means of agricultural production, Genesis 61221-0001). The demand for crop protection depends crucially on the weather, which determines the growing conditions for weeds, fungal diseases and animal pests, and is subject to considerable fluctuations. Assuming largely unchanged cultivation structure, normal weather conditions and stable prices, the use of crop protection is expected to decrease again structurally in 2022 due to the social and political factors. 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 on a par with the previous year in 2021 (Destatis, Field crops and grassland, acreage, 2021, 20 January 2022). As a result, seed sales in the industry are likely to have also seen stable development in 2021. Seed prices increased by 8.2% year on year in 2021 (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 2022 should be on a par with the previous year. At 23.91 million tonnes of mixed feed, feedstuff production was approximately as high as in the previous year nationwide in the marketing year 2020/21 (2019/20: 23.95 million). By animal species, roughly 9.81 million tonnes was attributable to pigfeed, 7.13 million tonnes to cattle feed, 6.36 million tonnes to poultry feed and 0.61 million tonnes to horse feed and other mixed feed (DRV, Jahresbericht Agrarwirtschaft 2021, p. 29). Feedstuff prices were 16.9% higher than the previous year's level at the end of 2021 (Destatis, Index of purchase prices of the means of agricultural production, Genesis 61221-0001). In pig farming, African swine fever and lower consumer demand are expected to lead to a significant reduction in animal stocks in the short to medium term. Cattle stocks are likely to remain relatively constant in the near future, with a slight increase forecast for poultry. However, the latest outbreak of avian influenza and the associated bans on the reintroduction of poultry will probably lead to a decline in feedstuff sales. Against this backdrop, slightly negative market development can be expected in 2022 (DRV, Jahresbericht Agrarwirtschaft 2021, p. 30).

Development of agricultural equipment

The economic situation of German farmers saw clear deterioration in the marketing year 2020/21 compared to the previous year. Earnings were roughly 15% lower on average at professionally run farms. It remains to be seen whether farms' earnings will recover in the marketing year 2021/22, as the price increases for many crops and products are offset by substantial rises in the cost of agricultural inputs (DBV, Situationsbericht 2021/22, p. 167 et seq.). Accordingly, the economic barometer for agriculture, which measures sentiment in the agricultural sector, posted clear declines in the second half of the year after rising to an interim high in the middle of 2021 (DBV, Konjunktur- und Investitionsbarometer Agrar, first and second quarter of 2022, p. 1). Agricultural equipment manufacturers' revenues, however, remained unaffected. According to estimates by the VDMA (German Mechanical Engineering Industry Association), the industry's revenues increased by 16% to €10.5 billion in 2021, thereby setting a new record. Tractors, digital system solutions and crop protection equipment saw the strongest growth. The sustained uptrend on agricultural commodities markets is considered to be the main driver of this positive business development (VDMA Agricultural Machinery

Association, press release 4 February 2022, Trotz Rekordergebnis: Landtechnikindustrie kann Umsatzpotential nicht voll ausschöpfen). At 37%, the general propensity of farmers to make investments was still noticeably higher in the first half of 2022 than in the previous year (30%). At €5.0 billion, the planned investment volume for the first six months of 2022 is also clearly higher than in the same period of the previous year 2021 (€3.6 billion). Investments were up year on year in all areas, with the exception of investments in farm buildings (DBV, Konjunktur- und Investitionsbarometer Agrar, first and second quarter of 2022, pp. 5–6). The subsidy programmes as part of the Bauernmilliarde (farmers' billion) are likely to have played a key role in raising investment propensity.

Business performance

Cefetra Group Segment

The Cefetra Group Segment comprises international grain, oilseed and specialities trading activities, covering the stages of the value chain from purchasing and logistics to distribution. The trading environment was marked by higher price volatility in 2021 due to overall tighter supply and fluctuating market expectations for harvests. As a result, forecasts for wheat harvest volumes and quality levels were revised downwards by a clear margin in the second quarter of 2021 due to a lack of precipitation in key growing regions. This led to a noticeable price increase on commodities exchanges in the second half of the year. The price of corn rose at the start of May due to unexpectedly strong demand for feedstuff grain from China, before easing again as the year went on. The trend in soya meal prices was less volatile. However, rising demand in the fourth quarter led to higher prices. The Cefetra Group Segment's grain and oilseed handling volume fell by 4.8% to 21.8 million tonnes in the financial year 2021. This decline was caused by the strategic decision in 2020 to close the Cefetra Hungary Kft. trading office in Hungary and the discontinuation of the export business in some regions of the Middle East. The remaining trading contracts expired at the beginning of 2021. By contrast, the specialities business – and Royal Ingredients B.V. in particular – developed very positively. New customer groups were acquired in this area, and trade with the US was expanded. In addition, the range of specialities was expanded to include dairy products and alternatives for the food industry (through Cefetra Dairy) and special crops of African origin (through the new Sedaco trading centre in Dubai). The Cefetra Group Segment's revenues increased by 18.8% to €4,996.3 million in the reporting year, up from €4,205.6 million in the previous year, mainly due to price effects. EBIT rose by 79.6% from €21.6 million in the previous year to €38.8 million in the reporting year, thanks primarily to the expansion of the higher-margin specialities business and further product diversification in sustainable products, as well as increased volatility in the commodities business. The Cefetra Group Segment also benefited from the optimisation of its supply chains in a challenging market environment. In addition, restructuring expenses that had weighed on earnings in 2020 no longer applied.

Global Produce Segment

The Global Produce Segment's marketing volume declined by a clear margin in the financial year 2021, with figures down year on year in all product categories. The strongest decline in sales was recorded in tropical fruit, with a drop of 13%, followed by soft and stone fruit and vegetable fruits; in this case, the volume was almost 12% lower than in the previous year. Marketing volume was a good 10% lower year on year in dessert pome fruit, the largest category by volume. All in all, the marketing volume of the Global Produce Segment decreased by 11% to 444,337 tonnes in the financial year 2021, down from 499,259 tonnes in the previous year. In the segment's domestic business, 2020's EU-wide smaller apple harvest initially led to rising prices. The increased price level was reflected in purchasing restraint in almost all European countries, following a strong rise in demand in the previous year due to the coronavirus pandemic. In addition, late deliveries from the southern hemisphere due to a lack of available containers created a temporary stock overhang in the second half of the year, which triggered a noticeable drop in prices when it coincided with the new harvest in the northern hemisphere. The summer fruit season was marked by frost damage and unsettled weather. The unusually cool month of May significantly delayed the start of harvesting for many fruit varieties. The wet weather affected the quality and quantity of strawberries and cherries in particular. Due to the reduced supply from both domestic harvests and southern Europe, the prices for most summer fruits were higher than in the previous year. In its international business, T&G Global recorded a nearly 12% decline in marketing volume. New Zealand's apple harvest volume was down significantly on the previous year as a result of hail damage during the blossom period. In addition, a percentage of the apples grown could not be harvested owing to the shortage of fruit pickers and seasonal workers resulting from coronavirus-related border closures. As a result, exports also shrank noticeably. Marketing volume for vegetable fruits at T&G Global in New Zealand was almost 17% lower year on year due to the shortage of harvesters. By contrast, Al Dahra BayWa Agriculture LLC was able to resume production of premium tomatoes in the United Arab Emirates in the reporting year. Overall, the Global Produce Segment generated revenues of €960.7 million in the reporting year, following €938.5 million in the previous year. The lower sales volumes were largely balanced out by higher product prices on the markets. EBIT increased by €0.8 million year on year to stand at €42.6 million in 2021, following €41.8 million in the previous year. Lower marketing volumes (especially for apples), revenue losses in New Zealand on account of local lockdown measures and the rise in logistics costs for all imported goods had a negative impact on earnings. The year-on-year improvement in earnings is primarily attributable to one-off income from the sale of properties no longer required for business purposes of €13.0 million and the awarding of additional cultivation rights for Envy premium apples.

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. As at 1 January 2021, BayWa restructured its agricultural business in eastern Germany in order to increase its competitiveness. The trade in agricultural inputs and the collection and marketing of agricultural products in Saxony, Saxony-Anhalt, Thuringia, Brandenburg and Mecklenburg-West Pomerania have been combined under the management of BayWa Agrarhandel GmbH, a wholly owned subsidiary of BayWa AG. The restructuring has allowed BayWa to optimise logistics and the efficiency of its local activities while strengthening its marketing position in agricultural trade in Germany.

In the agricultural input business, sales of fertilizer benefited in the first half of 2021 from optimum weather conditions and higher prices. However, the sharp rise in fertilizer prices over the entire year, largely due to higher energy prices, meant that farmers exercised marked restraint in stocking up for the new season from autumn onwards. In addition, the stricter requirements of the German Fertiliser Application Ordinance (DüV) continued to have a dampening effect on demand. At 2.3 million tonnes, sales volumes for the BayWa Group were 3.6% lower year on year. BayWa benefited from fertilizers stored at more favourable conditions, which it was able to sell at better margins in the reporting year due to the consistent increase in prices. Crop protection product trade also benefited from more favourable weather conditions, as the wet and warm weather necessitated greater use of fungicides in particular compared to the dry previous years. All in all, prices for crop protection products increased, due especially to a shortage of various active agents. BayWa succeeded in expanding its revenues at a higher rate than the price increases on the market. Seed sales increased slightly by 0.5% in the reporting year. BayWa benefited from its wide product range and higher demand for its private brands in all main product groups. BayWa recorded strong growth in rapeseed, as high commodity prices and favourable weather conditions made for a positive market environment. 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. Grain and oilseed trading volume in the Agri Trade & Service Segment fell by 2.4% year on year to just under 8.4 million tonnes in 2021, which was somewhat lower than expected. Although grain volume was down 4.6% year on year on account of the smaller harvest in Germany, there was a 15.5% increase in oilseed volume. Grain market price developments were very positive in 2021, with prices reaching multi-year highs due to tighter grain stocks. Fluctuating and generally higher price levels gave rise to market opportunities that were exploited in product trading. Overall, revenues in the Agri Trade & Service Segment increased by 16.9% to €4,178.7 million, primarily on account of the clear year-on-year rise in grain and agricultural input prices. EBIT stood at €12.3 million in the reporting year, following a negative EBIT of €14.3 million in the previous year.

Agricultural Equipment Segment

As expected, the boom seen in 2020 in the Agricultural Equipment Segment did not continue in 2021. The reduction in the value added tax rate, which expired on 31 December 2020, led to anticipatory effects. With new machinery sales of 4,973 units in 2021, the Agricultural Equipment Segment also sold 909 fewer tractors than in the previous year. Still, that figure was considerably higher than the average for the past five years – including the record-setting year of 2020. Sales figures in the used equipment business were also lower in 2021 at 2,119 tractors, compared to 2,215 in the previous year, yet remained at an above-average level. On the whole, the agricultural equipment business performed noticeably better than had been anticipated, given the exceptional year in 2020. Inflation fears, high product prices and comparatively good revenues for arable farmers boosted willingness to buy. In parallel, supply chain disruptions and logistical bottlenecks caused constraints on manufacturers' ability to deliver. Since manufacturers were unable to provide any binding commitments for machinery and equipment deliveries, the volume of orders in the Agricultural Equipment Segment at the end of

2021 was significantly higher than the previous year's record level. In addition, there were no anticipatory effects in the final quarter due to the reduction in value added tax, unlike in the previous year. Instead, invoicing was shifted into the following year in some cases on account of the tense supply situation. In the Agricultural Equipment Segment's service business and spare parts sales, the above-average registration figures in past years led to an increase in capacity utilisation. By maintaining good stock levels, the central warehouse for spare parts succeeded in handling the at times tense supply situation within the specialised product ranges and was able to meet the demand of workshop customers for spare parts and accessories to a large extent. In international business, the Dutch Group company Agrimec Group B.V. largely held firm at the previous year's level, although investment restraint persisted due to strict legal regulations regarding phosphate, nitrate and particulate matter. In addition, pressure was exerted by the growing shortage of skilled workers and, on the customer side, the reduction in the number of customers due to a lack of successors at farms. The EBIT of Agrimec Group B.V. was primarily impacted by integration costs for the acquisition of two operations in 2021. All in all, the Agricultural Equipment Segment surpassed the previous year's record revenues of €1,869.8 million by 2.1% to achieve €1,909.0 million in 2021. By contrast, EBIT dropped to €48.6 million in the reporting year, down from €54.4 million in the previous year, due mainly to reduced new machinery sales and cost increases under collective wage agreements.

Building materials business unit

Market and industry development 2021/22

Development of building materials

Overall, the German construction sector stagnated in 2021 due to the effects of the coronavirus pandemic. Revenues in the construction industry increased marginally by 0.5% compared to the previous year's figure. In this context, demand for construction services rose once again over the course of 2021. However, that rise was counteracted by mounting difficulties in sourcing materials and the resulting clear increase in purchasing prices. As in previous years, residential construction remained the mainstay of the construction industry in 2021, with an increase of around 2% (Argumentationslinie der Präsidenten des ZDB und des HDB, 16 December 2021, pp. 2–3, ZDB/HDB revenue forecast). Growth was primarily attributable to construction of new multi-storey residential properties, where building completions rose by 4.3% year on year in 2021 (Heinze, Monatspräsentation January 2022, p. 26). The high demand on residential markets continued to act as the main driver of this growth. In the commercial construction sector, revenues increased by around 1%, which was an improvement on the forecast at the beginning of the year. This is primarily due to an increase in demand for warehousing facilities for online retail, whereas investments by industry and the hotel and restaurant sector continued to shrink. The drop in revenues of 3% in the public-sector construction industry was more pronounced than expected at the beginning of the year. The decrease was primarily attributable to higher spending on personnel and social welfare by municipalities, which limited the amount investment in construction projects. In public-sector civil engineering, the change in highway construction from contract administration by the federal states to direct administration by the federal government led to a decline in the flow of orders in 2021 compared to previous years (Argumentationslinie der Präsidenten des ZDB und des HDB, 16 December 2021, pp. 3–5).

The German construction sector expects growth to increase again by a total of 5.5% in 2022. The main contributor to this will once again be residential construction, which is expected to grow by around 7% (ZDB/HDB revenue forecast). Multi-storey residential construction remains the main factor driving growth in this area, with the number of residential units completed expected to increase by a good 6% to 179,000 units. (Heinze, Monatspräsentation January 2022, p. 25 et seq.) Commercial construction is also projected to develop in a much more expansive manner again. Following two weak years marked by the coronavirus pandemic, investment is expected to grow by around 6%, driven mainly by sizeable order volumes in the major manufacturing and services sectors. However, the initial signs of slower growth will be seen as the year progresses. Commercial civil engineering should benefit from increasing investments in railways. Moderate growth in revenues of around 2% is also expected in public-sector construction. However, this growth is purely price-driven, and the real level of public-sector investment in construction is likely to continue to decline. At the municipal level, for example, a decline in investment in construction of almost 9% is expected for 2022 based on the current financial situation, which will lead to a further increase in the backlog of investments (Argumentationslinie der Präsidenten des ZDB und des HDB, 16 December 2021, pp. 4–5).

Following the downward trend in the Austrian construction industry in 2020 brought about by the coronavirus pandemic, the industry once again reported significant growth of 5.4% in 2021. All areas of the construction sector contributed to growth in 2021. Nevertheless, the positive order situation was in many cases counteracted by difficulties in the pace of construction due to record prices for raw materials and supply chain problems that limited the availability of materials. The favourable development of the industry should continue in 2022, with investment in construction expected to increase by 2.6% (WIFO, Euroconstruct at www.wko.at).

Business performance

Building Materials Segment

The Building Materials Segment saw a very strong financial year 2021. The dry and mild spring months and the continued high demand for housing led to an increase in sales across the entire product range. Alongside the high-revenue structural engineering segment, the civil engineering, roofing, gardening and landscaping, dry construction, construction equipment and tool product ranges recorded very high demand. The strong growth was attributable to strong construction activity and the successful implementation of the multi-specialist strategy. The sale and product range specialisations in wooden construction, formwork equipment, prefabricated components, metal roofing, flat roofing, construction components and pallets, which were introduced in 2020, therefore continued to be an important success factor in 2021. Thanks to its specialisation and geographical diversity, the Building Materials Segment was able to anticipate market developments at an early stage and secure corresponding quotas, allowing its ability to deliver to exceed that of its competitors by a clear margin in most areas. This was particularly beneficial for the warehouse business in the reporting year. In addition, the Building Materials Segment is likely to have benefited from the fact that, as a key part of the economy, the building materials locations in Germany remained unaffected by the temporary closures to stop the spread of the coronavirus in the first half of 2021. BayWa Bau Projekt GmbH was also able to make a positive contribution to business development. All in all, four times as many units were sold from projects currently in the marketing phase as in the previous year. Demand was high, and selling prices either remained stable or increased slightly. Eight new projects were acquired for the project pipeline in 2021. Tjiko GmbH's bathroom modules made from wood also saw very positive development in the reporting year. Against this backdrop, BayWa increased its stake in Tjiko from 20% to 46.3%. Overall, the Building Materials Segment's revenues increased by 9.8% to €2,084.2 million in 2021 due to volume and price effects. The Building Materials Segment's EBIT rose by 56.1% to €73.2 million. As in the previous year, the positive sales development contributed to this improvement, as did the expansion of the specialisation concept and integrated services in addition to the linking of online and stationary sales channels as part of efforts to position the company as an integrated multi-specialist.

Innovation & Digitalisation Segment

Market and industry development 2021/22

There is a wide range of statements being made about the global market volume for digital farming. These differences between these statements are due to the fact that market observers have differing opinions about how to define the market. Growth of over 12% a year is expected between now and 2026 (www.globenewswire.com/news-release/2020/10/07/2104753/0/en/Global-Smart-Farming-Market-to-2026-Market-is-Estimated-to-Grow-at-a-CAGR-of-12-36.html). The European smart farming market is expected to grow from USD586 million in 2018 to up to USD1.2 billion in 2023, corresponding to an average growth rate of more than 15% a year (BIS Research, Europe Farm Management Software and Services Market Analysis & Forecast (2018–2023), p. 23). This growth is being driven by the increases in productivity of up to 30% achievable through smart farming (www.handelsblatt.com/technik/digitale-revolution/digitale-revolution-big-data-auf-dem-acker-wie-die-landwirtschaft-mit-ki-den-welthunger-bekaempft/25190588.html).

In Germany, overall market volume in interactive retail (online and mail-order retail) and e-commerce grew significantly by 15.8% in 2021, reaching €107.1 billion in total for all goods and services (2020: €92.5 billion). Although gross revenues generated with products in e-commerce increased by 19% to €99.1 billion in 2021, up from €83.3 billion in the previous year, services suffered a further decline of 12.8% to €8.0 billion. As in the previous year, the decline was due to the lower booking figures in the event ticket, mobility and travel segments as a result of the restrictions related to the coronavirus pandemic. All in all, e-commerce therefore saw stronger growth than anticipated at the start of 2021, according to estimates by Bundesverband

E-Commerce und Versandhandel Deutschland e.V. (German e-commerce and distance selling trade association – bevh). Online marketplaces recorded growth of 19.9%; at €50.5 billion in revenues, they remained by far the largest sales channel in the German e-commerce sector. Online pure players – companies without bricks-and-mortar stores – grew by 18.4% to €29.5 billion, whereas multi-channel retailers recorded an 16.7% increase in revenues to €14.7 billion (bevh, Präsentation Jahrespressegespräch 2022, pp. 2, 5, 6). bevh expects the share of revenues in overall retail generated by e-commerce to increase further in 2022. Currently, the association expects gross revenues generated by goods to increase by a further 12.0% to over €110 billion in 2022 (bevh, press release 26 January 2022, E-Commerce ist das neue „Normal" – Branchenumsatz wächst 2021 auf mehr als 100 Mrd. Euro). The market volume for agricultural goods sold via e-commerce currently remains low at €0.5 billion, but is expected to grow to €4.1 billion by 2025.

Business performance

The Innovation & Digitalisation Segment pools all activities of the BayWa Group in its Digital Farming and eBusiness areas. The eBusiness area covers nearly all of the BayWa Group's online sales activities. However, the revenues and income from the activities are attributed to the segment responsible for the respective sold product. The offerings in Digital Farming mainly include the NEXT Farming OFFICE 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. At a good 42%, the largest share of revenues came from software licences and software maintenance contracts, followed by services (36%) 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 accounted for just under 22% of revenues. Online revenues at BayWa via eBusiness channels grew by 42% in 2021 thanks to the continuous expansion of online systems and technical developments, as well as an extended product range. The focus for the BayWa farm shop marketplace and the Radimundi regional portal is on expanding the product portfolio and tapping into new regions. All in all, revenues in the Innovation & Digitalisation Segment rose to €11.1 million in 2021 (2020: €10.2 million), excluding online revenues through eBusiness channels, which are attributed to the corresponding segment. As predicted, the Innovation & Digitalisation Segment recorded negative EBIT. However, the segment also carries out a service role for the operating segments by hosting and further developing the BayWa Portal, which does not generate any direct income. Negative EBIT of €20.2 million was reported in the reporting year, following minus €10.9 million in the previous year. The higher loss was caused by impairments on property, plant and equipment and intangible assets, such as discontinued IT applications and obsolete software.

Development of Other Activities in 2021

At €10.9 million, the Other Activities Segment's revenues in the reporting year were essentially on a similarly low par with the previous year (2020: €12.4 million). EBIT resulting from Other Activities consists of the Group's administration costs, as well as consolidation effects; in 2021, it came to minus €81.1 million, following minus €70.6 million in the previous year. The decline in earnings compared to the previous year is primarily due to higher expenditures in connection with the coronavirus pandemic for hygiene and protection measures for employees and customers, as well as additional IT equipment. Furthermore, employees were paid a coronavirus bonus. Moreover, write-downs were recognised on a subsidiary in Hungary and on receivables.

Assets, financial position and earnings position of the BayWa Group

Assets position

Composition of assets [1]

In € million	2017	2018	2019	2020 adjusted	2021	Change 2021/20
Non-current assets	2,396.9	2,476.9	3,090.5	3,538.9	3,771.3	6.6%
thereof: land and buildings	854.6	827.2	1,377.1	1,456.4	1,481.3	1.7%
thereof: technical facilities and machinery	372.0	342.9	411.3	642.4	753.4	17.3%
thereof: investments	232.6	204.5	218.3	194.0	254.9	31.4%
Non-current asset ratio (in %)	36.9	33.0	35.2	39.5	32.0	–
Current assets [2]	4,091.1	5,034.6	5,691.4	5,411.1	8,000.1	47.8%
thereof: inventories	2,322.7	2,909.5	3,286.4	2,939.2	4,213.0	43.3%
thereof: assets from derivatives	139.7	220.1	145.7	457.4	1,049.1	> 100%
Current asset ratio (in %)	63.1	67.0	64.8	60.5	68.0	–
Total assets	**6,488.0**	**7,511.5**	**8,781.9**	**8,950.0**	**11,771.4**	**31.5%**

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Please see Note A.7 of the Notes to the Consolidated Financial Statements for further details.

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

The BayWa Group's total assets stood at €11,771.4 million on 31 December 2021 and were therefore €2.821.4 million, or 31.5%, higher than the previous year's figure. Aside from non-current assets, the increase relates in particular current assets.

Non-current assets grew by €232.4 million, or 6.6%, year on year to amount to €3,771.3 million as at 31 December 2021 (2020: €3,538.9 million).

Apart from land and buildings (plus €24.9 million), the increase is mainly due to repair and maintenance investments in technical facilities and machinery, which rose by €111.0 million, or 17.3%, to €753.4 million. Offsetting this are prepayments and assets under construction, which decreased by €59.0 million to €89.8 million (2020: €148.8 million).

At €254.9 million, investments were also €60.9 million, or 31.4%, higher than at the close of the previous year. The increase resulted chiefly from the fair value measurement of the shares in Raiffeisen Bank International, Vienna, Austria; the book value stood at €99.5 million as at the end of the financial year 2021 (2020: €64.6 million).

Current assets grew by €2,589.0 million, or 47.8%, year on year, totalling €8,000.1 million as at 31 December 2021. The main factors responsible for the increase are inventories and assets from derivatives. Inventories rose by €1,273.8 million, or 43.3%, to €4,213.0 million. This is attributable to the €562.3 million year-on-year increase in unfinished goods to €1,528.9 million, which is due primarily to the projects in the Renewable Energies Segment that had not been fully completed by the end of the year. Furthermore, the Cefetra Group and Agri Trade & Service Segments in particular registered higher inventories; at €2,615.7 million, the goods recognised under inventories were €678.2 million higher than in the previous year.

Current assets from derivatives increased by €591.7 million to €1,049.1 million (2020: €457.4 million). This increase results primarily from the Renewable Energies Segment, specifically energy trading. Here, assets from derivatives increased by more than €600 million year on year, particularly on account of the sharp rise in energy prices in the second half of 2021 and higher trading volume.

The BayWa Group places an emphasis on ensuring matching maturities in the financing of assets. Current liabilities of €5,323.9 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 €8,000.1 million. There was roughly 171.0% coverage for non-current assets amounting to €3,771.3 million through equity and long-term borrowing of

€6,447.5 million. Ensuring matched maturities in financing is an important quality criterion for the financing partners of BayWa in the context of raising short-term 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 form 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 and the same-day provision of liquidity. 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.

In 2021, the BayWa Group changed its financing strategy with a view to significantly strengthening its financial profile. In September 2021, an agreement for sustainable syndicated loan in the amount of €1.7 billion was signed with ten partner banks. 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. 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.16 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) and a hybrid bond issued in October 2017 (coupon of 4.25% pa, listed on the Luxembourg Stock Exchange, ISIN XS1695284114, denomination per unit of €1,000, no fixed term with unilateral right of termination by the issuer 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 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 [1]

In € million	2017	2018	2019	2020 adjusted	**2021**	Change 2021/20
Equity	1,435.5	1,389.1	1,339.0	1,153.6	1,816.1	57.4%
Equity ratio (in %)	22.1	18.5	15.1	12.9	15.4	–
Short-term borrowing [2]	2,986.8	4,047.7	4,377.1	4,865.7	5,323.9	9.4%
Long-term borrowing	2,065.7	2,074.7	3,131.5	2,930.7	4,631.4	58.0%
Debt	5,052.5	6,122.4	7,508.6	7,796.4	9,955.3	27.7%
Debt ratio (in %)	77.9	81.5	84.9	87.1	84.6	–
Total capital (equity plus debt)	**6,488.0**	**7,511.5**	**8,847.6**	**8,950.0**	**11,771.4**	**31.5%**

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Please see Note A.7 of the Notes to the Consolidated Financial Statements for further details.

2 Including liabilities from disposal groups

The BayWa Group's total assets stood at €11,771.4 million on 31 December 2021 and were therefore €2.821.4 million, or 31.5%, higher than the previous year's figure. This increase is attributable to the €662.5 million rise in Group equity to €1,816.1 million, which is chiefly the result of the equity contribution at BayWa r.e. AG, Munich, Germany, in the amount of €530.0 million from funds advised by the Swiss investor Energy Infrastructure Partners AG (EIP). Conversely, both short-term borrowing increased by €458.2 million to €5,323.9 million and long-term borrowing by €1,700.7 million to €4,631.4 million.

Capital management

The capital structure of the Group is made up of debt and equity. The equity ratio was 15.4% (2020: 12.9%) 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 €284.5 million (2020: minus €295.3 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 17.8% (2020: 16.2%). 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 in the fields of renewable energies, 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 2021, the equity-to-fixed-assets ratio was 171.0%.

The debt ratio fell to 84.6% in the financial year (2020: 87.1%). 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 agricultural commodities and/or unfinished products in the Renewable Energies Segment. The increase in short-term borrowing by €458.2 million to €5,323.9 million mainly pertains to liabilities from derivatives, especially from commodity futures, FX and interest rate hedging transactions (up €643.3 million to €1,152.3 million) and is chiefly the result of energy trading in the Renewable Energies Segment following the sharp rise in energy prices in the second half of 2021, as well as an increase in trading volume. Growth in liabilities from derivatives is offset by a similar increase in assets from derivatives. This was counteracted by declines in short-term debt (down €749.8 million to €1,467.31 million) and other current financial liabilities (down €18.4 million to €113.4 million).

Long-term borrowing increased by €1,700.7 million in the financial year 2021 and amounted to €4,631.4 million as at 31 December 2021. The increase in short-term debt (up €1,603.1 million) – due primarily to the drawing down of the sustainable syndicated loan in the amount of €935 million signed in September 2021 – is offset by decreases in non-current pension provisions, which declined by €64.7 million to €704.8 million as a result of 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 €33.0 million (2020: €17.9 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	31/12/2021	31/12/2020 adjusted
Long-term and short-term debt at banks	4,184.6	3,331.3
Less cash and cash equivalents	- 399.1	- 168.4
Net debt	**3,785.5**	**3,162.9**
Less non-recourse financing	- 396.2	- 101.1
Less inventories for immediate use	- 1,099.1	- 799.9
Adjusted net debt	**2,290.1**	**2,261.9**
EBITDA	552.8	464.8
Adjusted equity	2,100.6	1,449.0
Net debt (adjusted)/equity (adjusted) (in %)	**109.0**	**156.1**
Net debt (adjusted)/EBITDA	**4.1**	**4.9**

Given the different business models (trade and project development), gearing is subject to differences in recognition, reporting and review. The use of the borrowed funds for project financing in the Renewable Energies Segment is different from the traditional trade-related business units. 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. This is taken into account in the calculation of adjusted net debt for the trading 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 “Net debt (adjusted)/EBITDA” should lie between 3.0 and 4.5 and is determined using the following approach:

In € million	**31/12/2021**	31/12/2020
Long-term and short-term debt at banks	2,469.8	1,857.1
Less cash and cash equivalents	- 238.6	- 116.0
Net debt	**2,231.2**	**1,741.1**
Less non-recourse financing	–	–
Less inventories for immediate use	- 1,099.1	- 799.9
Adjusted net debt	**1,132.1**	**941.2**
EBITDA	353.8	300.9
Net debt (adjusted)/EBITDA	**3.2**	**3.1**

Cash flow statement and development of cash and cash equivalents[1]

In € million	2017	2018	2019	2020 adjusted	**2021**
Cash flow from operating activities	- 170.2	- 452.2	- 24.9	675.9	- 583.6
Cash flow from investment activities	- 60.5	- 243.0	- 149.4	- 251.5	- 197.2
Cash flow from financing activities	235.9	710.8	282.6	- 482.6	1,009.0
Cash and cash equivalents at the end of the period[2]	105.5	120.6	229.7	168.4	399.1

1 The previous year’s figures have been adjusted in accordance with IAS 8.42. Please see Note A.7 of the Notes to the Consolidated Financial Statements for further details.

2 Including inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates in the amount of €2.5 million

The cash flow from operating activities came to minus €583.6 million in the financial year 2021, a year-on-year decline of €1,259.5 million. Based on cash earnings that were €91.5 million higher than in the previous year, this decline was mainly due to a clear increase in inventories, trade receivables and other assets not allocable to investment and financing activities in the amount of €2,198.1 million. The increase in inventories is due to projects in the Renewable Energies Segment that have not yet been completed and are recognised as unfinished goods, as well as a rise in inventories in the Cefetra Group and Agri Trade & Service Segments. Offsetting this is higher cash inflow of €1,042.0 million as a result of the increase in trade payables and other liabilities not allocable to investment and financing activities.

Cash flow from investment activities saw a cash outflow of €197.2 million for the reporting year. As a result, cash outflows for investment activities decreased year on year by €54.3 million. Payments for company acquisitions came to €70.8 million (2020: €18.2 million). In the financial year 2021, investments of €239.0 million were made in intangible assets, property, plant and equipment, and investments (2020: €332.0 million), which were offset by incoming payments from the disposal of intangible assets, property, plant and equipment, and investments of €108.6 million (2020: €81.6 million).

The cash flow from financing activities came to €1,009.0 million in the financial year 2021, a year-on-year increase of €1,491.6 million. Cash inflows resulted from the raising of loans in the amount of €868.5 million and from the capital increase at BayWa r.e. AG in the amount of €530 million via funds managed by the Swiss investor Energy Infrastructure Partners AG (EIP). By contrast, dividend payments at BayWa AG and its subsidiaries totalling €67.6 million, as well as interest payments of €117.1 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 outflow from operating and investment activities was more than compensated for by cash inflow from financing activities. As a result, cash and cash equivalents at the end of the reporting period came to €399.1 million, which was €230.7 million higher 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 €720.0 million (2020: €990.0 million) with an average weighted residual term of 86 days (2020: 55 days). At the end of the reporting period, €129.7 million (2020: €130.6 million) in receivables had been financed at their nominal value from the ongoing Asset-Backed Securitisation Programme.

In December 2021, BayWa AG issued a sustainable bonded loan in the amount of €350.0 million. The purpose of this bonded loan is to refinance bonded loans due in 2021 and the pre-financing of bonded loans maturing 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 bonded loan has an average term of 6.3 years.

Investments

In the financial year 2021, the BayWa Group invested a total of €375.8 million (2020: €464.7 million) in intangible assets (€60.3 million) and property, plant and equipment (€315.5 million), in addition to 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.

Real estate no longer used for operations was sold off wherever appropriate in the financial year 2021. The proceeds accruing from these transactions are used to reduce debt or to finance the Group's growth.

Excluding company acquisitions, roughly 22.1% of total investments in non-current assets at the BayWa Group were accounted for by the Renewable Energies Segment. In addition, the Building Materials Segment accounted for 21.3% of the investments, the Global Produce Segment for 15.1% and the Other Activities Segment for 13.6%. The remaining 27.8% of the investments were distributed among the Agri Trade & Service, Agricultural Equipment, Energy, Innovation & Digitalisation and Cefetra Group Segments.

Earnings position[1]

In € million	2017	2018	2019	2020 adjusted	**2021**	Change 2021/20
Revenues	16,055.1	16,625.7	17,059.0	16,464.7	19,839.1	20.5%
EBITDA	318.4	315.3	403.0	464.8	552.8	18.9%
EBITDA margin (in %)	2.0	1.9	2.3	2.8	2.8	–
EBIT	171.3	172.4	188.4	211.6	266.6	26.0%
EBIT margin (in %)	1.1	1.0	1.1	1.3	1.3	–
EBT	102.4	92.6	79.2	107.6	160.6	49.3%
Consolidated net result for the year	**67.2**	**54.9**	**65.1**	**59.5**	**128.8**	**> 100.0%**

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Please see Note A.7. of the Notes to the Consolidated Financial Statements for further details.

The revenues of the BayWa Group rose by 20.5%, or €3,374.4 million, to €19,839.1 million in the financial year 2021 thanks to clear revenue growth in all operating segments. The Renewable Energies Segment recorded the greatest increase in revenues, rising from €1,350.3 million to €3,560.0 million, followed by the Agri Trade & Service Segment with an increase from €604.4 million to €4,178.7 million. Increased revenues were also achieved in the Cefetra Group (up €790.7 million to €4,996.3 million), Energy (up €383.0 million to €2,128.2 million), Building Materials (up €185.2 million to €2,084.2 million), Agricultural Equipment (up €39.2 million to €1,909.0 million) and Global Produce (up €22.2 million to €960.7 million) Segments. In the Innovation & Digitalisation (up €0.9 million to €11.1 million) and in Other Activities Segments (down €1.5 million to €10.9 million), revenues were on a par with the previous year.

Other operating income increased year on year by €50.5 million to €404.2 million. The key drivers of this development were higher income from foreign exchange gains of €178.9 million (2020: €161.3 million), which was offset by foreign exchange losses of €182.8 million (recognised under other operating expenses). At €96.9 million, other income was also higher than the figure of €77.3 million seen in the previous year.

In the financial year 2021, the BayWa Group reported an increase in inventories of €928.8 million (2020: €446.6 million), which was chiefly attributable to incomplete wind farms and solar parks in the fields of renewable energy.

In spite of an increase in the cost of materials of €3,517.8 million, or 23.5%, to €18,457.1 million, gross profit increased by €389.2 million, or 16.6%, to €2,731.3 million in the reporting year.

Personnel expenses climbed year on year by 11.4%, or €135.6 million, to €1,320.5 million. The main drivers of this development were the company acquisitions in the financial year 2021 and the sustained growth in the Renewable Energies Segment.

At €855.0 million, other operating expenses were up by €159.4 million, or 22.9%, on the previous year's figure of €695.6 million in the financial year 2021. Other operating expenses primarily consisted of expenses due to foreign exchange losses of €182.8 million (2020: €174.1 million), maintenance expenses of €79.0 million (2020: €71.3 million) and other expenses due to general sales and other costs of €129.5 million (2020: €50.4 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) rose by €88.0 million, or 18.9%, to €552.8 million in the financial year 2021 (2020: €464.8 million).

Depreciation and amortisation at the BayWa Group rose by €33.0 million, or 13.0%, to €286.2 million in the reporting year. The increase was largely due to impairment losses necessitated by two biogas plants in the Renewable Energies Segment.

All in all, the BayWa Group's earnings before interest and tax (EBIT) rose by €55.0 million, or 26%, to €266.6 million in the financial year 2021.

The financial result comprises income from participating interests, which is allocated to EBITDA and EBIT, and net interest. At minus €3.0 million, income from participating interests was lower in the reporting year than the €3.2 million seen in the previous year. This development is mainly due to the decline in the equity result by €7.0 million to minus €10.3 million. The decline is attributable in particular to Amadeus Wind Holdings, LLC, Wilmington, USA, which has been included under the equity method since the financial year 2020. In February 2021, extreme weather conditions with heavy snowfall and freezing led to outages of the wind turbines operated by the entity, resulting in compensation payments in connection with fixed power purchase agreements. Other income from participating interests increased by €0.8 million year on year to €7.3 million. Net interest fell by €2.0 million, or 1.9%, to minus €106.0 million in the financial year 2021. This development is primarily due to the increase in interest expenses by €3.2 million, or 2.7%, to minus €121.7 million.

The BayWa Group's earnings before tax (EBT) increased by €53.0 million year on year to €160.6 million, equating to a rise of 49.3% thanks to improvements in earnings in the operating segments Agri Trade & Service (up €26.6 million), Renewable Energies (up €25.1 million), Building Materials (up €22.8 million) and Cefetra Group (up €17.6 million). This was offset by declining earnings in the operating segments Energy (down €15.9 million), Agricultural Equipment (down €5.8 million), Global Produce (down €1.6 million) and Innovation & Digitalisation (down €9.8 million). In addition, Other Activities, along with the consolidation effects presented in the transition, saw a fall in earnings totalling €6.0 million.

Income tax expense for the BayWa Group came to €31.8 million in the financial year 2021 (2020: €48.1 million), which corresponds to a tax rate of 19.8% (2020: 44.7%). After deducting income tax expense, the BayWa Group generated a consolidated net result of €128.8 million for the financial year 2021, equivalent to an increase of €69.3 million, or more than 100.0% on the previous year.

The share of profit due to shareholders of the parent company stood at €70.7 million (2020: €35.9 million). Earnings per share (EPS), which is 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 35,418,709 (dividend-bearing shares less treasury shares), therefore stood at €1.63 in the financial year 2021 (2020: 66 cents).

As the end of the reporting period, BayWa AG had significant order volumes that had yet to be fulfilled in the Agricultural Equipment Segment. On 31 December 2021, order volumes amounted to €378.0 million (2020: €177.6 million). Of this total, €309.6 million (2020: €134.7 million) was attributable to new machinery, and €56.4 million (2020: €36.7 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.

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 2021:

Key financial earnings figures

	Earnings before interest, tax, depreciation and amortisation (EBITDA)			Earnings before interest and tax (EBIT)			Earnings before tax (EBT)		
In € million **2021**		change (absolute)	change (in %)		change (absolute)	change (in %)		change (absolute)	change (in %)
Renewable Energies	198.9	31.5	18.8	135.0	24.1	21.7	95.1	25.1	35.9
Energy	32.9	- 12.0	- 26.7	17.4	- 14.4	- 45.3	16.6	- 15.9	- 48.9
Cefetra Group	48.5	17.4	55.9	38.8	17.2	79.6	33.7	17.6	> 100.0
Global Produce	76.5	4.4	6.1	42.6	0.8	1.9	33.3	- 1.6	- 4.6
Agri Trade & Service	59.3	31.3	> 100.0	12.3	26.6	100.0	- 4.9	26.6	84.4
Agricultural Equipment	72.2	- 3.5	- 4.6	48.6	- 5.8	- 10.7	38.3	- 5.8	- 13.2
Building Materials	104.0	28.3	37.4	73.2	26.3	56.1	59.3	22.8	62.5
Innovation & Digitalisation	- 3.4	2.0	37.0	- 20.2	- 9.3	- 85.3	- 20.9	- 9.8	- 88.3

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 **2021**	Renewable Energies	Energy	Cefetra Group	Global Produce	Agri Trade & Service	Agricultural Equipment	Building Materials
Net operating profit	135.0	17.4	38.8	42.6	12.3	48.6	73.2
Average invested capital[1]	2,421.3	79.6	525.8	412.4	1,171.5	653.5	624.5
ROIC (in %)	5.58	21.83	7.38	10.33	1.05	7.43	11.73
Weighted average cost of capital (WACC) (in %)	4.40	5.50	5.10	5.70	4.80	6.50	5.50
Difference (ROIC less WACC) (in %)	1.18	16.33	2.28	4.63	- 3.75	0.93	6.23
Economic profit by segment	**28.5**	**13.0**	**12.0**	**19.1**	**- 43.9**	**6.1**	**38.9**

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

In the financial year 2021, the Building Materials, Renewable Energies, Cefetra Group, Energy, Agricultural Equipment and Global Produce Segments achieved positive economic profit (in other words, positive net result after respective capital costs). Due to positive business development, the Building Materials Segment succeeded in increasing its economic profit by a clear margin to €38.9 million in the financial year 2021 (2020: €18.7 million). The Cefetra Group Segment likewise registered an increase in its economic profit to €12.0 million (2020 adjusted: minus €0.7 million). The Renewable Energies Segment also saw an increase in its economic profit to €28.5 million, up from €22.4 million in the previous year, as a result of its strong international project business and favourable development in solar trading. By contrast, the Energy (€13.0 million, 2020: €29.8 million), Agricultural Equipment (€6.1 million, 2020: €19.5 million) and Global

Produce (€19.1 million, 2020: €19.8 million) Segments reported a decline in economic profit. In the Energy and Agricultural Equipment Segments, the decreases were due to a weaker result after the exceptional economic situation in the previous year. The increase in the cost of capital also contributed to the decline. In spite of a substantial improvement, the Agri Trade & Service Segment recorded a negative economic profit of minus €43.9 million in the reporting year (2020: minus €65.1 million).

Comparison of forecast business development with actual business development

Segment	Indicator	Forecast [1]	Actual [1]
Renewable Energies	revenues	significant increase	significant increase
	EBIT	substantial increase	significant increase
Energy	revenues	significant decrease	significant increase
	EBIT	significant decrease	significant decrease
Cefetra Group	revenues	substantial increase	substantial increase
	EBIT	substantial increase	significant increase
Global Produce	revenues	no change	slight increase
	EBIT	no change	slight increase
Agri Trade & Service	revenues	moderate increase	substantial increase
	EBIT	significant increase	significant increase
Agricultural Equipment	revenues	significant decrease	slight increase
	EBIT	significant decrease	substantial decrease
Building Materials	revenues	slight increase	clear increase
	EBIT	significant decrease	significant increase

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

General statement on the business situation of the Group

In 2021, BayWa performed superbly in a market environment that became more and more challenging for many companies. In certain business areas, the corporate goals for the reporting year were exceeded by a clear margin. All in all, the Renewable Energies Segment developed well beyond expectations and achieved new records in both revenues and earnings before interest and tax (EBIT). By contrast, EBIT fell by nearly 50% in the Energy Segment, as expected, due to lower demand for heating oil and fuels. In the agricultural business, the international Cefetra Group and Global Produce Segments saw positive development and clear increases in revenues and earnings in some cases, primarily due to higher prices. The Agri Trade & Service Segment also achieved revenue growth year on year and once again generated a positive EBIT contribution following a loss in the previous year. The Agricultural Equipment Segment succeeded in beating its revenue record from the previous year, even though EBIT fell, as expected. Likewise, the Building Materials Segment developed clearly better than anticipated in the reporting year. Continued strong construction activity helped the segment to set new revenue and EBIT records. In 2021, the BayWa Group again benefited from its heavily diversified business activities and its strategic international orientation, which went a long way to limiting the impact of the coronavirus pandemic on the BayWa Group, as in the previous year.

Outlook

Outlook for the BayWa Group

The financial year 2021 at the BayWa Group was the most successful year in the company's history to date, thanks in part by a number of positive market factors. These developments are expected to return to normal in a number of areas in 2022. Prospects for the BayWa Group continue to be generally positive overall for 2022. BayWa's diversified business model is characterised by a high degree of resilience. Against this backdrop, the BayWa Group's EBIT is likely to be substantially higher in 2022 than the record level achieved in 2021. Significant increases in EBIT are expected, especially in renewable energies and in international trade in agricultural products. In addition, the restructuring process within the Agri Trade & Service Segment is likely to have a positive effect on earnings. The negative impacts on Innovation & Digitalisation and Other Activities should also decrease significantly compared to the previous year. This outlook is based on the assumption that the coronavirus pandemic will not trigger any new negative economic effects during the rest of the year. Political uncertainty concerning a further escalation of the Ukraine conflict, with the possible result of distortions on the markets for commodities and agricultural products, also remains high.

Outlook for the Renewable Energies Segment

The Renewable Energies Segment will continue on its growth course in the international markets in 2022. Projects with a total capacity of 1.2 gigawatts (GW) are planned in the solar and wind energy sectors for the financial year 2022. Some of these projects will be assumed by the IPP division (independent power producer).

New projects with a volume of approximately 0.4 GW are to be implemented in the Wind Projects business entity in the financial year 2022. The majority of them will be realised in the US, followed by Europe – especially in the national markets in the UK, Germany and Italy – and in the Asia-Pacific region. Higher positive earnings contributions from project sales are additionally expected in the years ahead thanks to the recent entry into the Greek market and the further expansion of activities in Spain. In addition to the sale of projects to third parties, power plants will be transferred to the IPP division in the years ahead. A first milestone for embarking on offshore project planning was reached at the beginning of January 2022: together with two partners, BayWa r.e. was awarded the contract for a floating offshore wind farm with a capacity of 960 megawatts (MW) as part of a tender procedure by Crown Estate Scotland. The 18 MW Arlena/Tessennano wind farm in Italy was sold in February 2022.

The Solar Projects business entity aims to implement projects with a total output of around 0.8 GW in the financial year 2022. The focus will most likely be on the markets in the US, Spain and the Netherlands. 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 division's portfolio will expand further and is expected to achieve 2.5 GW in the medium term. The portfolio is composed exclusively of projects that are developed and constructed in the Wind 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). The Energy Trading division aims to improve the risk-return ratio of its direct marketing portfolio in the medium term and plans to press ahead with activities in selected European markets, in particular by applying PPA and hedging solutions for internal and external customers.

By acquiring the assets of Kaiserwetter Energy Asset Management GmbH, Hamburg, Germany, the Services business entity has expanded the range of solutions it can offer in the area of operational management for renewable energy plants to include expertise in the field of data science, software development and software-related intellectual property for asset management. While the primary focus is on the Group's internal portfolio management in IPP, the software service offering resulting from this will also be marketed externally in the medium term, thereby expanding the global service business.

In the Solar Trade business entity, trading in photovoltaic components should continue to benefit from rising demand for new system solutions and attractive prices for photovoltaic modules. In Germany, high prices for electricity and ambitious PV expansion targets set by the new government, along with strong incentives including the mandatory use of photovoltaic systems in new buildings from 2022 onwards, suggest encouraging business development. Neighbouring countries in Europe have also launched subsidy programmes that will bring about increased demand. The expansion of charging infrastructure through charging points in commercial and residential areas for example, as well as a generally higher demand for electricity coupled with rising prices, will generate further opportunities for growth. The effects of climate change once again highlight the need for a transformation of the energy sector, which could further drive the 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. The acquisition of Beacon Solar in the financial year 2021 strengthens the Group's market presence in the US, while the purchase of PV Integ and the Czech section consolidates its business in Europe.

Energy Solutions will continue to support companies with a focus on the core markets of Germany, Spain and Italy, as well as northern and eastern Europe, 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 e-mobility concepts in European core markets, as well as floating PV for Germany.

Earnings before interest and tax (EBIT) in the financial year 2022 are expected to increase significantly year on year. This positive earnings estimate is based on completed projects that are already scheduled to be sold in the first half of 2022. In addition, solar trading should benefit from the planned acceleration of the expansion of renewable energies. The expansion of the IPP division will further diversify the BayWa r.e. Group's revenue streams, thus making them more stable. The sharp rise in energy prices is expected to boost demand across all of BayWa r.e.'s business entities.

Outlook for the Energy Segment

In the Energy Segment, BayWa Mobility Solutions GmbH continues driving forward the expansion of the charging infrastructure for electric light vehicles. Project business is benefiting in particular, as market growth in e-mobility is being fuelled to a great extent by government subsidies. In heavy vehicles, the LNG business will be transferred from BayWa Mobility Solutions GmbH to BayWa Power Liquids GmbH with effect from 1 April 2022. The construction of three additional LNG filling stations and the introduction of bio-LNG are scheduled for 2022. In addition, the nine existing LNG filling stations will contribute to revenues and earnings throughout the year in 2022. In the heating business, the constant rise in carbon pricing in Germany is helping to make wood pellets, a climate-neutral energy carrier, more attractive. Sales of wood pellets are likely to see a double-digit percentage rise in 2022, as the number of installed pellet heating systems has grown considerably in recent years and the production capacities at WUN Pellets GmbH has been expanded. Moreover, plans are in place to establish new sales outlets with regional warehouses in our core market and throughout Germany. The pellet-related logistics and service activities offered under the Pellog brand, which were strengthened further in January 2022 with the acquisition of the haulage company Heyne & Naumann, will also help to drive growth. The start-up company hello:Heat will ultimately act as another sales channel for the distribution of pellets and services via e-commerce. Sales are expected to increase in the area of heat contracting, thanks in part to the anticipated recovery of the market for public-sector tenders. Given the investment backlog affecting many buildings, pressure is also growing on customers to take action with regard to the transformation of heating systems. Sales of heating oil are strongly influenced by price trends. In light of extremely high price levels, the market is expected to decline overall in 2022. Fuels Services GmbH will expand its market share, since it has competitive advantages in terms of logistics over smaller and medium-sized mineral oil dealers. This will enable Fuels Services GmbH to expand its service offering for third parties. Stable development or slight growth in sales is expected in the fuels trade, since the agricultural business is stable and the construction site business is growing due to long-term infrastructure projects. A permanent easing of the supply situation in the commodities sector is not expected in the lubricants and agricultural input business in 2022. In addition, the temporary reduced availability and development of prices of AdBlue in the previous year have led to very high demand and a sharp increase in stockpiling by customers. Demand is expected to rise moderately in the first half of 2022, should producers be able to deliver a sufficient supply of goods. The Energy Segment's EBIT is expected to be below the previous year's level by a clear margin, as persistently high price levels for fuels and heating oil are likely to have a dampening effect on demand. These negative effects on earnings in volume business will not be offset by the anticipated growth in earnings at Mobility Solutions and from higher sales of wood pellets.

Outlook for the Cefetra Group Segment

In the Cefetra Group Segment, the handling volume of grain and oilseed is expected to increase slightly in 2022. The trading volume of standard products should be on a par with the previous year. In specialities and sustainable products, growth is expected to be slower in 2022 than in 2021. Further diversification and the expansion of specialities in 2021 will create new potential, with Cefetra expanding its product range to include dairy products and alternatives for the food industry from Cefetra Dairy. In addition, special crops such as oilseed, nuts and legumes of African origin are being distributed through the new Sedaco trading centre. Logistics bottlenecks caused by the coronavirus pandemic and the resulting higher freight costs will also persist initially in 2022. As a supply chain manager, additional business potential will emerge for the Cefetra Group through the coordination and optimisation of supply chains, thus ensuring the procurement of products even in the event of potential supply shortages. Price volatility is expected to remain very high on account of the Ukraine conflict, which will result in corresponding marketing opportunities. However, the risk of default by counterparties will also increase, leading to higher hedging costs. In the specialities business, Cefetra will benefit from stocks built up during the reporting year, which will be marketed in 2022. All in all, EBIT in the Cefetra Group Segment is expected to see a significant year-on-year rise in 2022.

Outlook for the Global Produce Segment

The BayWa Group's total marketing volume of pome fruit, soft and stone fruit, tropical fruit and vegetable fruit is expected to rise slightly year on year in 2022, thanks in part to the anticipated higher apple harvest volume in New Zealand, where last year's harvest was adversely affected by hail damage. Quality levels are also high for all varieties, and fruit sizes have improved in comparison to in the previous year. The shortage of seasonal workers caused by the coronavirus pandemic meant that fewer apples were harvested in 2021. As a result of these lower volumes, the quantity exported in the marketing year 2020/21 fell by around 12% compared to the previous year. An increase in exports from New Zealand of around 7% is expected for the upcoming season, given that there have been no adverse weather events and greater numbers of seasonal workers will probably be available than in the previous year (USDA Gain Report Fresh Deciduous Fruit Annual NZ2021-0022). However, the ongoing rapid spread of the omicron variant in New Zealand could have a negative effect on the current harvest season. In addition, high sea freight rates could weigh on the result. Against this backdrop, marketing prices are expected to at least match the previous year's level. In Germany, marketing volume in 2022 will be slightly lower than in the previous year. In addition, the higher percentage of smaller fruit sizes will lead to lower domestic sales volumes and poorer margins. Moreover, excess stock remained from the last harvest and from late deliveries from the southern hemisphere at the start of the season. Marketing and the resulting stock reduction were rather modest in the first few months of the new financial year. Given this situation, a downward trend in prices is to be expected. In the tropical fruit business, sales volumes at TFC Holland B.V. (TFC) will increase in the medium term following its change of location in 2022 and the resulting increase in capacity. The new, state-of-the-art site in Waddinxveen, which is more favourable from the point of view of logistics, allows it to significantly expand its storage, ripening and processing capacities over an area of more than 26,000 square metres, thus providing scope for modern and efficient production processes. In parallel, TFC is moving ahead with its verticalisation strategy. Through a long-term partnership with producers in southern Africa, TFC is ensuring direct access to products and further expanding its year-round avocado offerings. EBIT will also benefit from the increased sales across the entire product range. However, it should be noted that the 2021 earnings included one-off income from the sale of properties no longer required for business purposes in the amount of €13.0 million, and that it will most likely not be possible to fully compensate for this effect with higher earnings from ongoing business activities in 2022. All in all, EBIT will therefore fall short of the previous year's figure by a clear margin.

Outlook for the Agri Trade & Service Segment

The Agri Trade & Service Segment is in a positive position going into 2022 thanks to the clearly increased value of trading portfolios in the grain and oilseed business. Assuming normal weather conditions, an average grain and oilseed harvest can be expected in product trading in Germany in 2022. The global supply balance should remain limited in calendar year 2022. Against this backdrop, there is an expectation that it will be possible to market the inventories from the 2021 harvest at higher prices in the first half of 2022. As both Ukraine and Russia are major grain producer countries, the escalation of the Ukraine crisis may also lead to supply bottlenecks, meaning that prices will at least remain stable at a high level and may rise further. BayWa solidifies its market share through continuous optimisation, increased efficiency and diversification. One of its strategic objectives is to expand the flow of goods in organic farming and to establish a leading market position in its core regions. The entry into force of the new EU agricultural policy on 1 January 2023 is expected to have a positive impact on the business with alternative fuels and trade in organic products. As a result, increased demand for these product groups could already start to emerge in 2022. In the agricultural input business, sales of fertilizers are likely to fall a further 5% to 10%, as limits on the use of nitrogen and phosphate fertilizers are having an increasingly marked impact over time. In addition, high fertilizer prices saw farmers exercise restraint in planning their quantities for use in 2022. Moreover, the amount of land under cultivation for organic farming is constantly rising. Crop protection sales are expected to decline moderately, with the growth of organic farming also having an impact in this area. In addition, societal pressure is also leading to restraint in application. Sales of seed are expected to remain stable on the whole. Environmental regulations, such as greening requirements, are having a positive effect on sale of seed for catch crops and resulting in higher demand for higher-margin speciality products. However, shifts in land available for main crops are having an opposite effect. One such example is corn, which is expected to see a decline of 5% to 20% in 2022, depending on the region. The market situation for feedstuff is likely to remain tense. Declining animal stocks in the medium to long term, fewer export opportunities (particularly for pork producers due to closure measures to halt the spread of animal diseases) and high prices for feedstuff grain are likely to continue having a negative effect on demand for compound feedstuff in Germany. It was against this backdrop that BayWa sold its 51% majority holding in the agricultural input and feedstuff trader Landhandel Knaup GmbH with effect from 1 January 2022. While declining animal stocks are expected in northern European countries, animal stocks in south eastern Europe are growing. In order to participate in this market growth, the Austrian RWA Raiffeisen Ware Austria AG acquired the mixed feed company Patent Co. DOO Misicevo, Subotica, Serbia, with effect from 31 January 2022. Patent Co. complements the RWA portfolio in the animal feed and feedstuff additives segments. Overall, a further significant year-on-year increase in EBIT is expected for the Agri Trade & Service Segment in 2022 as a result of the operating improvements.

Outlook for the Agricultural Equipment Segment

The underlying conditions for the Agricultural Equipment Segment are positive overall for 2022. Farmers' propensity to invest remains at a high level as a result of good milk and grain prices. The Bauernmilliarde (farmers' billion) subsidy measures, which will provide around €1 billion in additional federal funding by 2024 for adapting agriculture to the new fertilizer ordinances, should also provide additional positive momentum. In addition, the Agricultural Equipment Segment began 2022 with a very high order backlog. New machinery business is therefore likely to remain at an above-average level in Germany in particular. Stable demand is expected in the service business as a result of the large number of new tractors and machines registered in recent years. At the same time, an increased shortage of skilled workers and the continuing bottlenecks in the provision of spare parts 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, the Forchheim location saw €8.1 million invested in a technical service centre and agricultural buildings, as well as in a filling station with a transshipment facility and an e-charging station. In international business, the Dutch Group subsidiary Agrimec B.V. is expected to continue down its growth path, as the two agricultural equipment trading companies acquired in the first quarter of 2021 will contribute to full-year revenues and earnings and the integration costs of the previous year will no longer apply. As a result of the expansion of the CLAAS market share and the aftersales business, the Canadian CLAAS International subsidiary expects further growth at its five existing branches as well as at the new location in Medicine Hat, Alberta, which opened in the first quarter of 2022. By contrast, the Austrian market is likely to see a clear decline. Lower demand combined with increasingly fierce competition could result in narrower trade margins. Overall, sales of machinery – particularly tractors – in the Agricultural Equipment Segment should once again reach the above-average level of the previous year, provided that manufacturer production and delivery capabilities are guaranteed. However, the current high order backlogs in Europe and the material bottlenecks at manufacturers are leading to exceptionally long waiting times for deliveries. Throughout the course of the year, manufacturers can be expected to pass on their upstream cost increases to retailers and end customers as price increases. As a result, farmers may temporarily exercise restraint in terms of their purchasing activities, especially as their existing machinery is very modern following years of high-level investments. The Agricultural Equipment Segment's EBIT is expected to see a significant year-on-year decrease from the previous year's high level as a result of the expected normalisation in demand for new machinery. Opportunities to match the previous year's high earnings level could still be possible if the supply chain bottlenecks ease over the course of the year.

Outlook for the Building Materials Segment

The Building Materials Segment expects to see slower growth in 2022 than in the previous year due to a shortage of skilled workers and capacity constraint, as well as supply bottlenecks in some product ranges. Against this backdrop, the Building Materials Segment anticipates sales volume on a par with the previous year, with the development of prices expected to see a slight increase of roughly 3%. The residential construction segment should expect a shift away from new building activities to modernisation and renovation of existing properties, along with a growing number of complete redevelopment projects as part of the generational change in property owners. The focus for the further development of the Building Materials Segment in 2022 will continue to be on expanding the range of specialisations and digital solutions, as well as the expansion of sustainable, more climate-neutral solutions. One focus of attention will be the digitalisation of the professional customer interface, among other things, in order to make the calculation and offer process far more efficient for both parties. Further growth is also expected through the BayWa Building Materials Online portal. BayWa Bau Projekt GmbH will launch a large number of new projects in 2022, the income from which will not accrue until during the execution phase in the years to come. As such, revenues for BayWa Bau Projekt GmbH will be on a par with the previous year. The Building Materials Segment's EBIT for 2022 is expected to be substantially below the previous year's high level, as year-on-year cost increases will lead to clearly narrower margins.

Outlook for the Innovation & Digitalisation Segment

The activities in the Innovation & Digitalisation Segment are mainly based on investments and development costs for future digital product and service offerings. The Innovation & Digitalisation Segment develops and test solutions for precision agriculture, and integrates them into various sales channels such as agricultural and equipment sales, including training and customer events. Developed solutions usually consist of components from FarmFacts, VISTA, agricultural equipment and the agricultural input business, including the services offered there, making it possible to offer customers one-stop package solutions. Market-ready products are then incorporated into the product range of the Agri Trade & Service and Agricultural Equipment Segments, such as an improved digitalised acreage index including an app, site-specific fertilisation, variable rain or drone services. In 2022, FarmFacts will focus on refining the product portfolio and concentrating on the two software products NEXT Farming LIVE and NEXT Farming OFFICE. 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. Sales in BayWa's eBusiness activities are expected to continue to grow through the further development of the BayWa portal for agriculture and the expansion of NEXT Marketplace. The creation of Mein Konto (my account) in 2021, which provides a central point of entry (single sign-on) for all eBusiness sections and the full range of e-commerce offerings of the Agri Trade & Service, Agricultural Equipment and Energy Segments, will be followed up with the incorporation of the Building Materials Segments and the FarmFacts activities in 2022. This will allow the customer to transition between the different applications more smoothly. In addition, user-friendliness will be improved with the scope of functions being expanded as well.

Within the scope of the further development of its eBusiness, the Innovation & Digitalisation Segment will assume a service-oriented function. All revenues and income generated in eBusiness are attributed to the respective operating segment responsible for the individual product sold. The Innovation & Digitalisation Segment's negative EBIT, which ranges in the negative lower double-digit millions, is expected to improve significantly. The elimination of extraordinary depreciation, in particular, will have a positive effect.

Other Activities

EBIT development in Other Activities in 2022 is expected to benefit from rising income from participating investments and dividends consolidated at equity as well as lower coronavirus-related expenses. Overall, the negative EBIT from Other Activities is likely to improve substantially in 2022.

Opportunity and Risk Report

Principles of opportunity and risk management

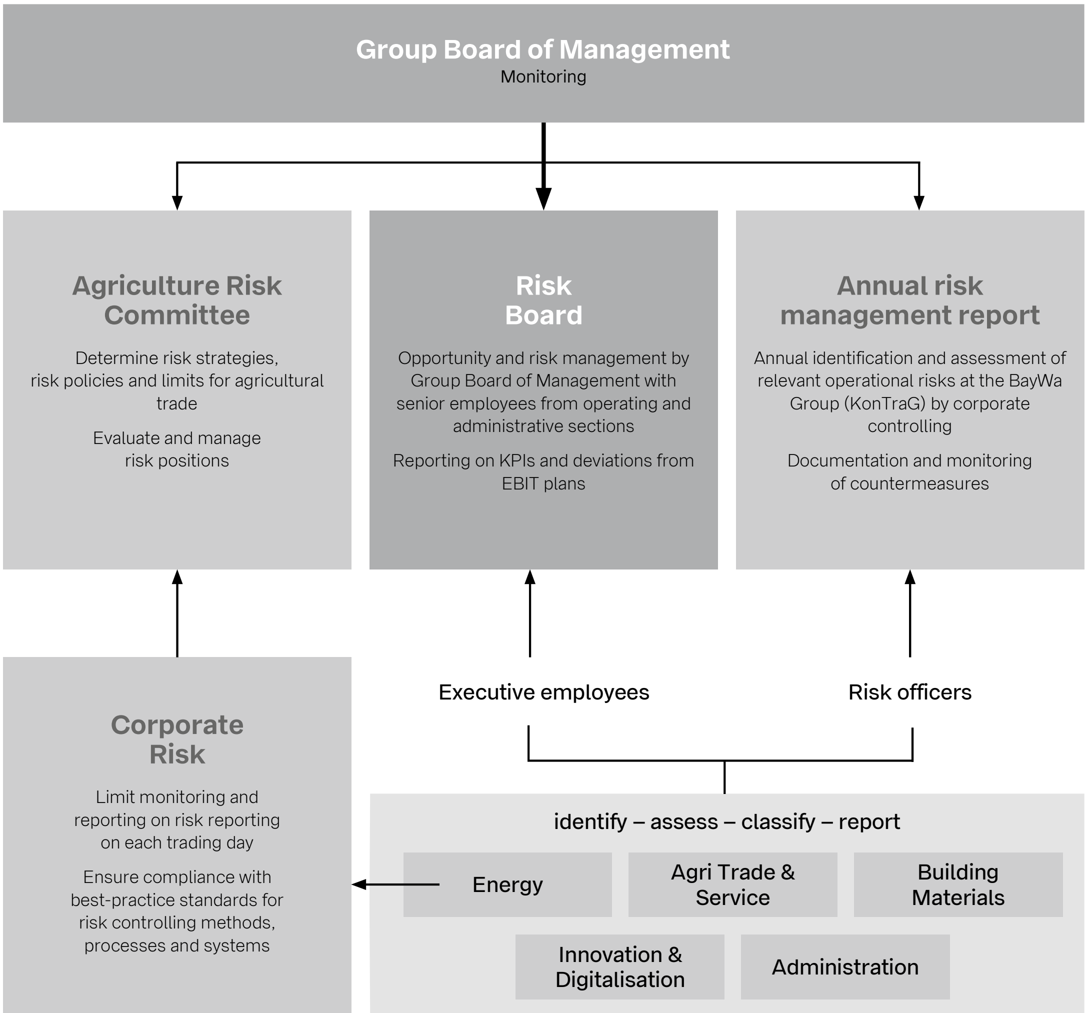
The management of opportunities and risks is an ongoing area of entrepreneurial activity which is necessary to ensure the long-term success of the company and is closely aligned with the long-term strategy and medium-term planning of the BayWa Group. BayWa makes use of opportunities that arise in the 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.

A process for the integration of sustainability risks into risk management was launched in 2021. The Corporate Risk, Corporate Sustainability and Corporate Controlling departments are working across divisions to integrate sustainability topics into risk management. Sustainability-related risks were systematically presented in the risk management system for the first time within the scope of updating the risk management report in the autumn of 2021. Risk officers were made aware of the relevance of the corresponding risks and received guidance prepared by Corporate Sustainability and Corporate Risk, and a new 10- to 15-year long-term assessment period was also introduced. Guidance and methodology will be developed for the financial year 2022 so as to provide expert support for the risk officers and to standardise the Group-wide identification and assessment of climate-related risks. This methodology will be expanded in the next few years to include other sustainability risks.

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 guarantee 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 the opportunity and risk management set-up is the Risk Board, which has been in place since the financial year 2009. 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. It is composed of members of the Board of Management and others and meets regularly and when warranted. 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 controlling 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 officer’s responsibility in the trading companies covers all risk processes within the company, including limit monitoring and reporting.

The Corporate Risk organisational unit’s tasks are to execute risk controlling for the trading activities with agricultural commodities 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.

A further risk management system is in place for the trade activities with agricultural commodities, including the associated hedging transactions, which encompasses the relevant business activities of BayWa AG, BayWa Agrarhandel GmbH, Evergrain GmbH & Co. KG (since 1 January 2022, Grainli GmbH & Co. KG) and Cefetra Group. The Minimum Requirements for Risk Management (MaRisk) published by the German Federal 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, including counterparty risks as well as operating risks, such as quality and logistics risks. 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. In addition, scheduled and ad hoc stress tests are performed to recognise the effect that extraordinary market price changes have on earnings and, where necessary, implement measures to reduce risks. The trading positions, as well as the risks they pose, are reported to the operating business sections and the local risk management officer 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.

The Global Book System (GBS) is used to coordinate trade management activities; it is responsible for the overarching coordination and optimisation of the trading and risk positions of the individual product lines in the trading of grain, oilseed and co-products for the national and international divisions. 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 the markets for agricultural products, 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.

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 2022.

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

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 2021 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

Key individual risks 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 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.

In March 2015, the Bundeskartellamt (German federal antitrust authority) initiated administrative offence proceedings. 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 out of court, all of which have been refuted by BayWa. No further claims have been asserted or announced so far. It is BayWa AG's belief that the alleged misconduct did not result in any buyers suffering any financial damages whatsoever.

We assume, supported by the assessment of our legal advisers, that it is very unlikely 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.

BayWa's data protection risk relates to the incorrect handling of personal or customer-related data as well as the unlawful disclosure or use of said data. This risk is increasing due to the digital transformation of many business activities and increased awareness of the issue due to new legislation and case law. Advice and awareness programmes, as well as process controls, are in place to ensure compliance with data protection regulations within the Group. In general, BayWa ensures that customers retain sovereignty over their data.

The issuing of what are known as preference certificates represent 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.

BayWa makes use of various tools to identify risks, including audits and risk analyses, newsletters and BayWa Live, a tip-off system, an ombudsman and a compliance hotline, as well as the aforementioned training of employees and compliance officers and the compliance officers as additional internal contacts.

Operating risks and opportunities

In the energy business, the Renewable Energies Segment is particularly affected by changes in subsidy measures and political frameworks. In this context, positive signals such as ambitious targets as part of the

European Commission’s “green deal” and US President Biden’s proposed “Build Back Better” agenda have a positive impact on business prospects. However, the European Commission’s decision to classify nuclear energy and natural gas as sustainable under the EU taxonomy could potentially slow the expansion of renewable energies in Europe in the medium term. These effects are long-term in nature and have not influenced business to a material extent at the current time.

By contrast, the tense situation in the trade conflict between the US and China, which has continued under the Biden administration, and the sanctions due to the human rights abuse allegations being levelled at China may have a negative impact on the availability of system components and price trends. A task force was established to assess the risks to operational processes and initiate the appropriate countermeasures. Close cooperation with trade associations was also further expanded. Against the backdrop of mainly country-specific risks, revenue and earnings development is stabilised by means of geographic diversification at BayWa r.e. Diversification across multiple energy carriers – particularly wind energy and solar energy – reduces risk such as the loss of individual technology providers. Increased volatility in energy prices as well as climatic risks (wind, sunshine) also play a role for BayWa’s electricity-generating Group companies in the Renewable Energies Segment and in energy trading. Long-term surveys mean that average wind and sunshine are relatively easy to forecast in the medium term on the basis of expert opinions, although both positive and negative deviations can occur at short notice that result in corresponding increases or decreases in revenue. The issue of grid connection is becoming increasingly important in countries such as Spain and Australia and may lead to unscheduled delays in project realisation or the full utilisation of the installed capacity. Such developments can be avoided if they are taken into account at an early stage during planning or by retrofitting storage systems or taking other measures to increase flexibility.

The Energy Segment largely comprises trading in crude oil-based products such as fuels and lubricants as well as heating oil. In general, the development of demand for heat energy carriers such as heating oil also depends on the level of consumption, weather conditions and the price trend. In the medium to long term, there is a risk that sales will decline as a result of the energy and mobility transition toward carbon-free renewable drive and heating concepts. However, new growth opportunities are also arising because of the trend towards electro-mobility. Apart from the default risk on trade receivables, these business activities are subject to little risk.

In the agricultural sector, changes in the political framework, such as changes to the regulation of markets for individual agricultural products and agricultural inputs, new regulations relating to protecting the environment or tax-related government subsidies of energy carriers, in addition to volatile markets, create risks. At the same time, however, they also open up new prospects and opportunities such as those in the areas of organic product ranges and digital farming. Extreme weather conditions can have a direct impact on offerings, quality, pricing and trading in agricultural products as well as downstream on the agricultural input business. In addition, trade conflicts and the resulting government-imposed economic sanctions can restrict the availability of and sales opportunities for agricultural products. This is offset by the rise in product and geographical presence diversification in the Agri Trade & Service Segment, as this has reduced the dependence on individual markets and increased procurement and marketing flexibility. In addition, BayWa also combats quality risks through standardised monitoring processes. Risks posed by a deterioration in the quality of inventories are reduced by corresponding warehousing standards. Logistics risks resulting from a lack of transport capacities due to weather conditions, pandemics or strikes are identified and managed early on by the early warning systems and mitigated to the greatest extent possible through flexible transport routes, for example. Coronavirus or similar pandemics could reduce demand for agricultural commodities and negatively impact the operation of locations. Structured, central and early crisis management is geared towards minimising such effects. Global climate change and increasing extreme weather conditions will also have a long-term effect on agriculture. 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 conditions 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 development of income in the agriculture sector filters through directly to investment capacity and propensity and therefore to the sale of agricultural inputs and high-end agricultural equipment.

Political and economic factors exert the main influence on demand in the construction sector. The key factors behind economic demand are private consumption and public-sector demand, which depends directly on the development of public finances. Political factors of influence include, for instance, special depreciation for listed buildings, measures to promote improved energy efficiency and the construction of social housing. In general terms, ageing housing stock in Germany will encourage growing demand for modernisation and renovation. As the importance of digital sales channels for the development of business rises, so too do the requirements in terms of implemented processes and the availability of the technical systems. The online offerings will be successively optimised and expanded to include additional resources such as IT networking and professional customer portals. The shortage of skilled workers will increasingly influence market volume and necessitate industrial pre-fabrication solutions.

Infectious diseases, such as the recent COVID-19 pandemic, can have both regional and global effects. They can lead to illness-related absences of employees, as well as restrictions among suppliers and customers, to such an extent that production lines, or even whole sites, need to be shut down. Infectious diseases of this nature are also associated with state rules concerning physical distancing and hygiene measures, which can impair operating processes and cause high additional costs. Animal diseases, such as bird flu or swine fever, can also create additional operating costs due to the corresponding countermeasures ordered by the state. The unexpected discovery of contamination due to the use of pesticides in organic products, for example, is another situation that can lead to additional financial burdens from the destruction of huge batches of products and potential compensation claims.

The quality risks affecting agricultural commodities and products include genetic risks, heating and exudation, spontaneous combustion, contamination and deviations from the product specification. Cefetra Group also faces such risks and has taken a series of measures to counteract them, including the conclusion of back-to-back agreements, where quality is contractually agreed and symmetry is ensured; certifications such as GMP+ and GTP, as well as audits to ensure compliance; the conclusion of insurance policies against quality losses; efforts to maintain knowledge through quality training; monitoring programmes with the aim of better quality control; appointment of responsible persons for environmental, health and safety procedures for terminals and silos operated by Cefetra employees; and the introduction of a quality manual with clear guidelines for quality standards and procedures. Quality controls by independent laboratories are carried out when goods leave a port or arrive at their destination, for example. All parties are informed as soon as a harmful substance is discovered. The monitoring data is stored centrally. Customer complaints always result in the filing of a damages report, and all suppliers must declare goods that contain harmful substances.

Acts of sabotage, an airplane crash on a crop protection warehouse or the failure of fire extinguishing systems can all cause fires. BayWa has taken a number of measures to minimise the corresponding risk. These measures include the obligation of employees to adhere to maintenance regimes, ensuring sufficiently trained personnel are available to address bottlenecks caused by sickness, holidays or harvesting operations, as well as regular control and technical inspections and field work for trained and instructed warehouse and responsible commercial staff. Risk identification is based on the assessment of official complaints, statements in audit reports and a quarterly individual inspection by the occupational health and safety department. In the event of a risk situation, the site manager files a report to the responsible member of the Board of Management and (if applicable) to the Board of Management as a whole, as well as to the company controlling. Maintenance reports and plans, own inspection protocols and expert reports are all used for documentation.

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, mobility, the supply of energy and shelter. 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.

BayWa trades in merchandise that displays very high price volatility, such as grain, oilseeds, fertilizers, mineral oil, biomethane, electricity, gas and solar components, especially in its Agri Trade & Service and Energy Segments. The warehousing of the corresponding merchandise and the conclusion of supply contracts governing the acquisition of goods in future means that the BayWa Group is also exposed to the risks and opportunities of price fluctuations. These price volatilities are likely to increase due to the conflict in Ukraine, seeing as Ukraine is the “breadbasket of Europe” and the fourth largest external food supplier, according to the European farmers’ association. Whereas the risk inherent in mineral oils and biomethane is relatively low due to BayWa’s pure distribution function, fluctuations in the price of grain, oilseed, fertilizers, electricity, gas or solar components may incur greater risks if there is no matching in the agreements on the buying and selling of merchandise. Furthermore, activities by financial investors, extreme weather conditions and technical market mechanisms can sometimes exacerbate price volatility considerably. In addition to absolute price risks, business developments may be influenced by various developments in local mark-ups, for example concerning logistics services, in forward rates as well as different quality grades. If no hedging transactions exist at the time when agreements are signed, the ensuing risk is monitored on an ongoing basis by the respective executive bodies, such as the Risk Board.

The BayWa Group uses a portfolio-based value-at-risk method to measure and control risks from commodity futures, which are treated as financial instruments as defined under IFRS 9 (International Financial Reporting Standard). The value-at-risk used by BayWa aims to quantify the negative changes in the value of a portfolio, which – with a certain degree of probability (95%) – will not be exceeded during a defined period of time (five trading days). The value-at-risk calculated as at 31 December 2021 amounted to €5.4 million and indicates that the potential loss from the commodity futures considered will, with a probability of 95%, not exceed €5.4 million within the next five trading days.

BayWa r.e. AG uses a cash-flow-at-risk method to measure and control risk from foreign currency transactions. The cash-flow-at-risk used by the BayWa r.e. aims to quantify the maximum loss from foreign currency transactions, which – with a certain degree of probability (95%) – will not be exceeded during a defined period of time. The cash-flow-at-risk calculated as at 31 December 2021 stands at €2.9 million for the following financial year, meaning that the potential losses from foreign currency transactions in the financial year 2022 will not exceed the value of €2.9 million with a level of probability of 95%.

Following the United Kingdom’s exit from the European Union on 1 January 2021, the EU parliament voted in favour of the agreement that outlines the rules for future relations between Brussels and the United Kingdom by a large majority at the end of April 2021. The agreement entered into force on 1 May 2021 and contains numerous provisions, including on economic partnership. The provisions are based on a free trade agreement featuring neither quotas nor tariffs. Nevertheless, the new approach to the relationship creates non-tariff trade barriers, as there have been changes in many areas, such as travel, customs regulations, data protection law, industrial products and chemicals. Many products have become more expensive in the United Kingdom as a consequence of Brexit, and logistical challenges have resulted in some delivery interruptions. The Centre for European Reform think tank researched the effects of Brexit and came to the conclusion that the UK’s trade of goods was 11% to 16% lower in many months during 2021 than it would have been without Brexit. BayWa generated around 7% of Group revenue in the United Kingdom in 2020, the year before Brexit took effect. This revenue was generated by the Cefetra Group, Global Produce and Renewable Energies Segments. In the past financial year, the share of revenue accounted for in the United Kingdom was also around 7%. As yet, Brexit has not had any significant negative impact on the BayWa Group so far due to the scope of business and the Group structure.

Political instability or changes of government in Germany, as in other countries, harbour risks for companies operating in these markets. Changes in market access conditions, such as higher tariffs, quota restrictions or stricter environmental or health and safety restrictions, can hamper the exchange of goods or make it more expensive.

The global economy began 2022 weaker than expected. Many countries, including Germany, once again imposed mobility restrictions due to the spread of the new coronavirus omicron variant. The manufacturing and service industries, as well as retail, were all affected by access restrictions and temporary work-at-home obligations. At the same time, stricter hygiene regulations and the demand for increased digitalisation have companies incurring additional, sometimes considerable costs. The sharp increase in online retail as a result of the coronavirus pandemic has led to drastic losses in conventional trade in some cases. One inherent risk at the present moment, is the emergence of new coronavirus variants that would prolong the pandemic and lead to new economic disruptions that are difficult to assess. One example here are rising energy prices and supply disruptions that have already led to significantly higher inflation. Should this development persist, it will also pose risks for companies, not to mention the increased geopolitical tensions and the ongoing climate emergency.

The BayWa Group also carries a portion of these risks. BayWa performs an essential function for society in the food and energy sectors. As a result, these business sectors – along with building materials markets, as suppliers and outfitters for the skilled trades and the commercial sector – have so far not been affected by coronavirus-related closures in Germany. Isolated restrictions on business activity resulted primarily in the Cefetra Group and Global Produce Segments due to the international links in supply chains, transport capacity bottlenecks and the resulting reduction in the availability of primary materials and products. There was also a partial shortage of seasonal workers in New Zealand due to restrictions on entry into the country. Some projects in the Renewable Energies Segment were affected by delays in approval processes, restricted mobility among workers and supply bottlenecks, which led to delays in construction in certain cases. The BayWa Group also incurred additional expenditures for measures to protect the health of employees and customers once again in the past financial year. On the other hand, the impact of the measures to combat the coronavirus pandemic led to dynamic growth in product sales through the Group’s various online platforms. On the basis of the previous experience in 2020 and 2021, BayWa expects to also be able to counter future restrictions through appropriate measures.

A portion of the margins is also generated at Cefetra Group through pure position trading and spreads, such as inter-product spreads and time spreads. Cefetra is inherently exposed to commodity risks, such as spread/premium risk, inter-commodity risk and time-spread risk. The company usually hedges its positions through futures, which entails a risk 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 flat rate risks being taken and monitored centrally at the head office in Rotterdam, Netherlands. Risk officers carry out daily checks to see whether traders’ positions (including currency transactions) are within the specified position limits. Managing directors, trade managers and the risk officers also monitor spreads such as time spreads and intra-commodity risks on a daily basis in order to be able to respond quickly to changes. A market-to-market calculation of the gains and losses and the performance of the main risk centre is conducted every two weeks by Controlling, the risk officer, the managing director and the trade manager. A trading meeting is held on a weekly basis with the management board, traders and external market researchers, as well as internal and external market analysts, to discuss the market situation and position. Trade Management – made up of managing directors, trade managers and risk officers – also meets on a weekly basis to discuss the most important positions, spreads and risks for the week ahead. The risk officer sends a summary of the meeting to Cefetra Group’s risk CFO. Controlling sends out an overview of all transactions recorded in the system for review by the traders. The managing directors, trade managers, Controlling and the risk officer monitor the positions on a daily basis and regularly re-evaluate the current positions to ensure awareness of the current risk potential. Flat rate and premium limits are continuously reviewed and approved as required by Cefetra management. The risk officer checks the limits 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. The risk officer prepares risk analyses on a daily basis and monitors the positions. These analyses are discussed with the management and the traders before being submitted to the Cefetra Group risk control committee. Data analytics is 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.

Inventory risks due to drop in prices (long risk) lead to a reduction in gross profit and sales deductions. BayWa is exposed to this risk through its fertilizer business. This risk is reduced by actively decreasing inventories as well as monitoring and taking volatile market parameters, such as energy prices, into consideration when making assumptions. Additional measures to reduce risk include a weekly risk exposure report, the limitation on warehouse storage and a Risk Board at 14-day intervals which monitors inventories and decides on measures where necessary. In the event of a risk situation, the product area manager reports up to the Board of Management. Bilateral agreements with the industry serve as documentation.

Dependency on a small number of suppliers poses a risk to BayWa's business in crop protection products, especially due to the increase in competition over the long term due to direct sales through new communication channels. In order to avoid associated risks, such as poorer purchasing conditions, BayWa pursues a targeted purchasing management and strategy based on close monitoring of markets and an annual supplier evaluation in accordance with ISO within the scope of strategic planning, as well as media analysis and assessment of rumours or indiscretions. Communication in the event of risk situations takes place from the product area manager up to the Board of Management.

Dependence on procurement monopolies or oligopolies also harbours risks, including a possible drop in procurement prices or the lack of certain product alternative in specific quantities and qualities. BayWa is exposed to this risk in the feedstuff business in southern Germany, where there is a mixed feedstuff oligopoly of Deutsche Tiernahrung Cremer GmbH with Süfu+Deuka. In order to reduce this risk, BayWa relies on the diversification of suppliers, a multiple-supplier strategy when creating its product portfolio and the ongoing search for alternatives. BayWa also places a focus on its own Bonimal brand, which facilitates the exchange of suppliers where necessary and minimises dependence on manufacturers. Observations in day-to-day business, annual supplier assessments and target agreements with suppliers are also used to identify risks.

In today's globalised economy, companies face particular procurement risks in supply chains. 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. 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.

Insolvencies in upstream or downstream sectors can cause additional costs through negative effects on work and production processes as well as the supply of raw materials and products or primary materials. In order to minimise this risk, BayWa maintains business relationships with a large number of suppliers so that sufficient supplies are always ensured.

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. All of the corresponding findings flow into preliminary planning discussions and the building materials strategy.

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.

Opportunities and risks from financial instruments

In addition to fixed- and variable-rate financial instruments, which are subject to varying degrees of interest rate risks, BayWa Group also uses derivative hedging instruments such as options and futures contracts to hedge its trading business. In addition to interest rate risk, these derivative hedging instruments are also subject to risks posed by changes to the prices of underlying transactions as well as, depending on the base currency in which the derivative instrument is denominated, currency risks. Transactions that were not conducted via a stock exchange are also subject to counterparty risk. However, due to the measures taken by BayWa described below, there is only a slight chance that these risks will materialise. By the same token, changes to interest rates, currency exchange rates or forward market prices can lead to unplanned opportunities.

Foreign currency opportunities and 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. 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.

Interest rate opportunities and 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 2021, the average interest rate for variable-interest financial liabilities stood at 0.883% (2020: 0.869%).

Credit and counterparty risks and default risks

As part of its entrepreneurial activities, BayWa Group has an important function as a source of finance 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 considerable scope. Beyond this, there are the customary default risks inherent in trade receivables. Risks are managed and monitoring using the SAP Credit Management system, which allocates customers into different risk classes depending on their credit-worthiness. The minimum requirements for credit management at the BayWa Group are defined in the Corporate Policy on credit management.

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 financial institutions. In 2021, the BayWa Group changed its financing strategy with a view to significantly strengthening its financial profile. In September 2021, an agreement for sustainable syndicated loan in the amount of €1.7 billion was signed with ten partner banks. 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. In addition, financing instruments such as multicurrency commercial paper programmes or asset-backed securitisation (ABS), bonded loans or other long-term capital market instruments are used. Owing to the diversification of the sources of financing, the BayWa Group does not currently have any risk clusters concerning liquidity. The BayWa Group's financing structure, with its mostly matching maturities, ensures that interest-related opportunities are reflected within the Group.

Rating

Thanks to its good credit rating among banks, BayWa was again able to take corresponding financing measures in the reporting year. This achievement is due to the solidity as well as to the long and successful history of the company and its high enterprise value, underpinned by assets such as real estate. For reasons of cost effectiveness, BayWa AG deliberately dispenses with the use of external ratings.

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 financial penalties or being imposed with other civil or criminal sanctions. A Group-wide, risk-based compliance management system helps avoid breaches of legal requirements.

The Group's business activities in 50 countries means that its companies can also be exposed to political and legal risks to a small extent. Accordingly, legally existing claims of the Group could ultimately not be enforceable due to weak state structures or underdeveloped legal systems. These risks are continuously monitored by corresponding specialist areas of the Group and supported as necessary through appropriate risk management and compliance measures.

BayWa forms provisions for material legal and litigation risks if the occurrence of an obligation is probable and the amount can be adequately estimated. In individual cases, actual utilisation may exceed the amount of the provisions. The Board of Management believes that suitable provisions have been made.

Changes to the regulatory environment can influence Group development. In particular, this includes government intervention in the general framework conditions for the agricultural industry, for the implementation and saving of conventional energy and the renewable energies business. Negative impacts can result from the adjustment, reduction or abolition of funding measures. Conversely, new regulatory and legislative developments in the areas of renewable energies and environmental protection can also result in opportunities. In the construction sector, stricter building, energy efficiency or fiscal regulations may also have an impact on the development of business.

The cost-effectiveness of renewable energy generation facilities is often dependent on regulations and government subsidies. Politically motivated changes to subsidy parameters – in particular retroactive cuts to or abolition of feed-in tariffs – can significantly impact the value of such facilities, either in the form of lower future disposal prices or lower cash inflows from the operation of the facilities. BayWa combats the potential implications of such risks on earnings by pursuing a threefold diversification strategy in its Renewable Energies Segment. The portfolio is diversified in terms of countries, energy carriers and business sectors.

As a result of the financial crisis, the financial market is regulated by a wide range of laws. Derivative markets were a particular focal point of these measures, mainly to limit speculative trading involving commodities, especially in the agricultural sector. Of this large number of significant regulations, the European Market Infrastructure Regulation (EMIR) and the Markets in Financial Instruments Directive (MiFID II) are particularly relevant to BayWa's business activities. Trading on the Chicago Board of Trade (CBoT) is also subject to the US regulations of the Commodity Exchange Act (CEA), which are monitored by the Commodity Futures Trading Commission (CFTC). Besides additional costs, these new regulations also increase the risk of prosecution resulting from violations. Compliance with applicable financial regulatory measures is guaranteed by the use of a Group-wide risk management software program.

BayWa may also be exposed to risks through attacks on its IT infrastructure by hackers. At businesses, external attackers often use security gaps in software to collect client data or damage the company in some other way. Plans to standardise programming and eliminate in-house programming are aimed at minimising this risk. However, even standardised software can also be prone to security gaps, making hacker attacks possible. As such, websites are conceived and built in close collaboration with IT security, with pages being regularly reviewed and firewall settings and monitoring continuously being increased. Employee training on IT security topics is expanded on an ongoing basis.

Changes in agriculture policy, such as in the EU, can have a direct effect 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.

Cefetra Group is also exposed to risks from changes to agriculture policy, particularly in the UK. A project group monitors current developments very closely. 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 Cefetra 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

Through its strategic development into a provider of integrated solutions, the BayWa Group is expanding its role in the value chain and entering the project business more strongly. The resources necessary for the design and development of such solutions vary significantly in type and scope depending on the segment. In the Renewable Energies Segment, BayWa operates primarily as a project developer. This business activity also harbours certain risks, for instance that the planning and building of solar parks and wind farms are delayed and that they may be connected to the grid later than originally planned. If the deadline for the further reduction in feed-in tariffs is not adhered to, or if a contractually agreed date of delivery is missed, there is a risk that the low feed-in and electricity income could result in the profitability of the projects being lower than planned. The development of a larger asset portfolio of own electricity generation plants (IPP) reduces the risk of lost income due to delayed projects sales, as an increasing share of earnings comes from long-term electricity sales. The Group's strategic development also encompasses acquiring companies and financing start-ups. Here there is a risk that the investments made prove to be irrecoverable or only partially recoverable in the medium term compared to original expectations.

Changes in demand development on account of technological and societal trends pose a strategic risk for BayWa's building materials business. These include new construction methods or other sales channels, industrial pre-fabrication and increased online sales, among other things. 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 also poses the risk of declining construction activity and falling revenue in building materials for BayWa. 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.

Opportunities and risks associated with personnel: 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. Excessively high employee turnover, brain drain and failure to win junior staff loyalty 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, offering its employees extensive training and continuous professional development opportunities – both vertical and horizontal – and offering a modern and future-oriented working environment. Management based on trust, the tasking of employees in line with their natural talents and abilities, as well as the definition and adherence to our ethical guiding principles, are geared towards creating a positive working environment. At the same time, BayWa AG promotes the ongoing vocational training and development of its employees. With 1,395 trainees at the end of 2021, the Group ranks among the largest companies offering training specifically 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 helps create an environment of stability as well as continuity and simultaneously secures the transfer of expertise down the generations.

Organisational changes within the company or the reallocation of responsibilities can result in the responsible manager receiving important information too late or not at all, or situations such as necessary maintenance work not being ordered on time. This can have serious legal and financial consequences for a company. BayWa addresses this challenge through appropriate internal communication measures and thorough briefings of everyone involved.

Cefetra usually sells goods under the terms "free on board (FOB)", "free on truck (FOT)" and "cost, insurance, freight (CIF)", and governs the transfer of risks between sellers and buyers. As a result, the company is responsible for the logistics for a considerable amount 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. An algorithm has been developed to monitor the water levels of the Danube, Rhine and Moselle rivers in order to forecast low and high water levels.

IT opportunities and risks: 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. The implementation of new IT systems entails the risk of additional time and personnel costs as well as initially limited functionalities, which may make it necessary to operate legacy systems longer than planned. Extensive precautionary measures such as firewalls, virus protection updated on a daily basis and penetration tests serve to safeguard data processing. Furthermore, data protection and IT security training sessions are organised for employees, with emergency plans and exercises in place. Operating IT was reintegrated at BayWa in 2021 to organisationally underpin the close collaboration with the specialist area. Segregated in organisational terms, a data protection officer monitors compliance with security and data protection standards.

Quality risks: 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. 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.

Consultation errors in sales and any possible resulting damage for the customer, such as traces of crop protection products in grain from organic farmers, constitute a further risk that BayWa is exposed to. The company focuses on intensive product training to counter this risk.

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 which could endanger the Group as a going concern. 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.

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

As of the financial year 2021, the remuneration report is no longer part of the management report. It is published as a separate document and made permanently accessible on 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

The subscribed capital of BayWa AG amounted to €91,250,199.04 as at the reporting date and is divided up into 35,644,609 registered shares with an arithmetical portion of €2.56 each in the share capital. Of the shares issued, 34,175,458 are registered shares with restricted transferability and 225,900 recently registered shares with restricted transferability (dividend-bearing employee shares from 1 January 2022 onwards). A total of 1,243,251 shares are registered shares not subject to restricted transferability. 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 on or before 10 May 2026 by up to a nominal amount of €12,500,000 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 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 €4,064,199.68 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 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 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, 21 March 2022

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 2021

Consolidated Balance Sheet

Assets

In € million	Note	**31/12/2021**	31/12/2020 adjusted [1]	01/01/2020 adjusted [1]
Non-current assets				
Intangible assets	C.1	434.5	436.7	403.7
Property, plant and equipment	C.2	2,552.6	2,468.5	2,066.3
Participating interests recognised at equity	C.3	242.6	244.3	208.0
Investments	C.3	254.9	194.0	218.3
Investment property	C.4	37.7	51.0	46.7
Income tax assets	C.5	0.5	0.0	0.0
Assets from derivatives	C.10	73.6	30.7	5.0
Other receivables and other assets	C.6	36.3	22.7	17.5
Other non-financial assets	C.6	19.0	5.3	18.4
Deferred tax assets	C.7	119.6	85.7	106.6
		3,771.3	**3,538.9**	**3.090,5**
Current assets				
Securities	C.3	1.1	1.2	1.3
Inventories	C.8	4,213.0	2,939.2	3,286.4
Biological assets	C.9	15.2	12.8	13.6
Income tax assets	C.5	36.0	58.4	59.8
Assets from derivatives	C.10	1,049.1	457.4	145.7
Other receivables and other assets	C.6	1,859.7	1,524.8	1,619.8
Other non-financial assets	C.6	405.5	243.8	330.4
Cash and cash equivalents	C.11	399.1	168.4	229.7
		7,978.7	**5,406.0**	**5,686.7**
Non-current assets held for sale/disposal groups	C.12	**21.4**	**5.1**	**4.7**
Total assets		**11,771.4**	**8,950.0**	**8,781.9**

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Please see Note A.7 for further details.

Shareholders’ equity and liabilities

In € million	Note	31/12/2021	31/12/2020 adjusted [1]	01/01/2020 adjusted [1]
Equity	C.13			
Subscribed capital		91.2	90.6	90.3
Capital reserve		129.5	121.7	118.2
Hybrid capital		296.3	296.3	296.3
Revenue reserves		485.1	270.4	364.4
Other reserves		12.3	49.8	51.1
Equity net of minority interest		**1,014.4**	**828.8**	**920.3**
Minority interest		801.7	324.8	333.1
		1,816.1	**1,153.6**	**1,253.4**
Non-current liabilities				
Pension provisions	C.14	704.8	769.5	735.5
Other non-current provisions	C.15	73.5	69.5	59.5
Long-term debt	C.16	2,717.3	1,114.2	1,301.1
Lease liabilities	C.17	861.4	761.8	706.5
Trade payables and liabilities from inter-group business relationships	C.18	5.0	7.4	7.2
Income tax liabilities	C.19	0.5	0.1	0.0
Liabilities from derivatives	C.20	50.2	17.2	8.3
Other liabilities	C.21	85.6	88.6	84.3
Deferred tax liabilities	C.22	133.1	102.4	138.6
		4,631.4	**2,930.7**	**3,041.0**
Current liabilities				
Pension provisions	C.14	30.7	31.4	31.0
Other current provisions	C.15	418.2	300.0	258.4
Short-term debt	C.16	1,467.3	2,217.1	2,313.6
Lease liabilities	C.17	76.9	72.3	68.2
Trade payables and liabilities from inter-group business relationships	C.18	1,356.3	964.4	1,048.7
Income tax liabilities	C.19	35.7	38.1	16.1
Liabilities from derivatives	C.20	1,152.3	509.0	121.3
Other liabilities	C.21	776.4	733.4	630.2
		5,313.8	**4,865.7**	**4,487.5**
Liabilities from disposal groups		**10.1**	**–**	**–**
Total shareholders’ equity and liabilities		**11,771.4**	**8,950.0**	**8,781.9**

1 The previous year’s figures have been adjusted in accordance with IAS 8.42. Please see Note A.7 for further details.

Consolidated Income Statement

Continued operations

In € million	Note	2021	2020 adjusted [1]
Revenues	D.1	**19,839.1**	**16,464.7**
Inventory changes		928.8	446.6
Other own work capitalised		16.3	16.4
Other operating income	D.2	404.2	353.7
Cost of materials	D.3	- 18,457.1	- 14,939.3
Cross profit		**2,731.3**	**2,342.1**
Personnel expenses	D.4	- 1,320.5	- 1,184.9
Depreciation/amortisation		- 286.2	- 253.2
Other operating expenses	D.5	- 855.0	- 695.6
Result of operating activities		**269.6**	**208.4**
Income from participating interests recognised at equity	D.6	- 10.3	- 3.3
Other income from shareholdings	D.6	7.3	6.5
Interest income	D.7	15.7	14.5
Interest expenses	D.7	- 121.7	- 118.5
Financial result		**- 109.0**	**- 100.8**
Earnings before tax (EBT)		**160.6**	**107.6**
Income tax	D.8	- 31.8	- 48.1
Consolidated net result for the year		**128.8**	**59.5**
thereof: profit share of minority interest	D.9	58.2	23.6
thereof: due to shareholders of the parent company		70.7	35.9
Basic earnings per share (in €)	D.10	**1.63**	**0.66**
Diluted earnings per share (in €)	D.10	**1.63**	**0.66**

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Please see Note A.7 for further details.

Consolidated Statement of Comprehensive Income – Transition

In € million	2021	2020 adjusted [1]
Consolidated net result for the year	**128.8**	**59.5**
Other income from participating interests recognised at equity that is not reclassified retroactively to profit and loss	0.1	0.0
Reclassification of measurement effects recognised in OCI to revenue reserves (without recycling)	0.0	–
Net gain/loss from other current financial assets attributed to the fair value through other comprehensive income category (OCI option – without recycling)	25.0	- 16.8
Actuarial gains/losses from pension obligations and provisions for severance pay	26.0	- 40.3
Other gains/losses measured directly in equity through other comprehensive income	–	- 4.9
Sum of items not subsequently reclassified in the income statement	**51.0**	**- 62.0**
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	11.0	- 13.9
Reclassifications of differences from currency translation in the income statement	- 0.2	- 0.1
Cash flow hedges	- 40.4	9.5
Reclassifications of net gains/losses from cash flow hedges to the income statement	- 2.1	- 0.4
Sum of items not subsequently reclassified in the income statement	**- 31.7**	**- 5.0**
Gains and losses recognised directly in equity	**19.3**	**- 66.9**
thereof: due to minority interest	- 4.4	- 10.4
thereof: due to shareholders of the parent company	23.7	- 56.5
Consolidated total result for the year	**148.1**	**- 7.4**
thereof: due to minority interest	53.8	13.1
thereof: due to shareholders of the parent company	94.3	- 20.6

1 **The previous year's figures have been adjusted in accordance with IAS 8.42. Please see Note A.7 for further details.**

Consolidated Cash Flow Statement

Note E.1

In € million	2021	2020 adjusted[1]
Consolidated net result for the year	**128.8**	**59.5**
Income tax expenses	31.8	48.1
Financial result	105.8	99.3
Write-downs/write-ups of non-current assets		
Intangible assets	67.6	48.4
Property; plant and equipment	217.8	203.4
Investments	0.8	0.1
Investment property	0.8	1.4
Other non-cash related expenses/income		
Expenses relating to share-based payment through profit and loss	3.3	1.6
Other	- 0.2	1.9
Increase/decrease in non-current provisions	- 22.8	- 20.5
Cash effective expenses/income from special items		
Gain/loss from the disposal of investments	0.0	0.0
Income tax paid	- 42.7	- 43.7
Other financial result	–	–
Cash earnings	**491.0**	**399.5**
Increase/decrease in current and medium-term provisions	112.3	34.5
Gain/loss from assets disposals	- 30.7	- 33.2
Increase/decrease in inventories; trade receivables and other assets not allocable to investing or financing activities	- 2,198.1	- 230.4
Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	1,042.0	505.5
Cash flow from operating activities	**- 583.6**	**675.9**
Outgoing payments for company acquisitions (see Note B.1 of the Notes to the Consolidated Financial Statements)	- 70.8	- 18.2
Incoming payments from the divestiture of companies	0.5	4.1
Incoming payments from the disposal of intangible assets; property, plant and equipment and investment property	108.6	81.6
Outgoing payments for investments in intangible assets; property, plant and equipment and investment property	- 239.0	- 332.0
Incoming payments from the disposal of investments	3.1	3.0
Outgoing payments for investment in investments	- 21.7	- 15.1
Incoming payments from lease receivables	6.4	5.5
Interest received	12.0	17.8
Dividends received and other income assumed	3.7	1.9
thereof: dividends from participating interests in joint ventures and associated companies recognised at equity	3.7	1.9
thereof: other income from holdings	–	–
Cash flow from investment activities	**- 197.2**	**- 251.5**

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Please see Note A.7 for further details. Additional adjustments have also been made, particularly with regard to the assignment of individual items to cash flows. Please see Note A.8 of the Notes to the Consolidated Financial Statements.

In € million	2021	2020 adjusted [1]
Incoming payments from equity contributions	592.9	4.8
Dividend payments	- 67.6	- 59.5
Hybrid capital contributions	–	–
Incoming payments from borrowing of (financing) loans	868.5	116.9
Outgoing payments from redemption of (financing) loans	- 202.1	- 363.5
Outgoing payments for lease liabilities	- 65.6	- 72.3
Interest paid	- 117.1	- 109.0
Cash flow from financing activities	**1,009.0**	**- 482.6**
Payment-related changes in cash and cash equivalents	228.2	- 58.2
Cash and cash equivalents at the start of the period	168.4	229.7
Inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates	2.5	- 3.1
Cash and cash equivalents at the end of the period	**399.1**	**168.4**
Outgoing payments for company acquisitions included in the cash flow from investing activities:		
Purchase price of company acquisitions	- 82.6	- 25.5
Purchase prices paid in the financial year (including contingent purchase price components from company acquisitions in previous years)	- 72.5	- 19.9
Cash and cash equivalents assumed from the acquisition of companies	1.7	1.7
Net cash flow from the acquisition of companies	- 70.8	- 18.2

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; incoming payments from the disposal of project companies 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 E.1

In € million	Subscribed capital	Capital reserve
As at 01/01/2020 (as reported)	**90.3**	**118.2**
Adjustments pursuant to IAS 8 (see Note A.7 of the Notes to the Consolidated Financial Statements)	–	–
As at 01/01/2020	**90.3**	**118.2**
Differences resulting from changes in the group of consolidated companies and other effects	–	–
Capital increase against cash contribution/share-based payments	0.4	3.5
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	–	–
Other gains/losses measured directly in equity through other comprehensive income	–	–
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 31/12/2020 [1]	**90.6**	**121.7**
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	–	–
Other gains/losses measured directly in equity through other comprehensive income	–	–
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**

1 **The previous year's figures have been adjusted in accordance with IAS 8.42. Please see Note A.7 for further details.**

Hybrid capital	Valuation reserve	Other revenue reserves[1]	Other reserves[1]	Equity net of minority interest[1]	Minority interest[1]	Equity[1]
296.3	**18.6**	**429.7**	**51.1**	**1,004.2**	**334.8**	**1,339.0**
–	–	- 83.8	–	- 83.8	- 1.8	- 85.6
296.3	**18.6**	**345.9**	**51.1**	**920.3**	**333.1**	**1,253.4**
–	0.2	- 22.5	- 6.3	- 28.6	- 8.9	- 37.5
–	–	- 0.0	–	3.8	1.0	4.8
–	- 8.1	- 0.0	0.0	- 8.2	- 8.6	- 16.8
–	–	- 40.0	–	- 40.0	- 0.3	- 40.3
–	–	- 4.9	–	- 4.9	–	- 4.9
–	–	–	- 33.4	- 33.4	- 13.4	- 46.8
–	–	–	- 10.8	- 10.8	- 3.2	- 14.0
–	7.3	–	–	7.3	1.7	9.0
–	–	–	- 12.8	- 12.8	–	- 12.8
–	–	- 26.0	26.0	0.0	0.0	0.0
–	–	–	35.9	35.9	23.6	59.5
296.3	**17.9**	**252.5**	**49.8**	**828.8**	**324.8**	**1,153.6**
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**

Notes to the Consolidated Financial Statements [1]

A Background to the BayWa Consolidated Financial Statements

A.1 General information, accounting and valuation methods

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 (formerly: Conventional Energy), Cefetra Group, Global Produce, Agri Trade & Service, Agricultural Equipment 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 2020, with the exception of the adjustments outlined in Note A.7.

The consolidated financial statements as at 31 December 2021 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; Transhispania AGraria, S.L., Torquemada, Spain; and PURE Applikationen GmbH & Co. KG, Regensburg, Germany, 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 Notes C and D of the notes to the balance sheet and the income statement. 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

Standards applied for the first time, newly issued or revised in the financial year 2021

In the financial year 2021, the following standards and interpretations revised or issued by the International Accounting Standards Board (IASB) were applicable for the first time for the BayWa Group:
- Covid-19-Related Rent Concessions – Amendment to IFRS 16;
- Interest Rate Benchmark Reform (Phase 2) – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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.

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 2021 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 2022 to determine the exact impact.

A.3 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.4 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. 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 (diversity in practice), both the IFRS IC and the 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 was ever 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. If project sales had been recognised in accordance with IFRS 10, revenues and changes in inventories would have been lower in the financial year 2021 at €392.2 million (2020: €407.3 million). The net disposal proceeds for sold subsidiaries identified as projects amounted to €114.0 million as at 31 December 2021.

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 this context, it also concludes long-term contracts regarding the supply of the energy generated by these solar parks and wind farms (known as power purchase agreements, PPAs for short). Upon completion, the projects, including the PPAs that have been concluded, are sold to investors. 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 under IFRS 9 should generally only be considered if the own-use exemption cannot be applied due to a contractual cash settlement. In addition, embedded derivatives that must be recognised separately under IFRS 9 (such as options, floors or caps) may exist 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, as well as BayWa Agrarhandel GmbH, Nienburg, 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.

A.5 Impact of the coronavirus pandemic on the BayWa Group

General assessment of the impact on the BayWa Group

The coronavirus pandemic once again had no material impact on the BayWa Group's business activities in the financial year 2021. BayWa performs an essential function for society in the food and energy sectors. As a result, these business sectors – along with building materials markets, as suppliers and outfitters for the skilled trades and the commercial sector – have so far not been affected by coronavirus-related closures in Germany. Isolated restrictions on business activity resulted primarily in the Cefetra Group and Global Produce Segments due to the international links in supply chains, transport capacity bottlenecks and the resulting reduction in the availability of primary materials and products. There was also a partial shortage of seasonal workers in New Zealand due to restrictions on entry into the country. The Renewable Energies Segment saw delays in a small number projects, with approval processes taking longer than usual due to limited processing capacities at the competent authorities. The BayWa Group incurred additional expenditures for measures to protect the health of employees and customers once again in the past financial year. However, the impact of the measures to combat the coronavirus pandemic led to dynamic growth in product sales through the Group's various online platforms.

Balance sheet impact on the BayWa Group

IAS 36.12 contains indications that are intended to help determine whether a triggering event for a potential impairment of assets has occurred. One of these indications is based on a comparison of the carrying amount of equity with the market capitalisation of the company. A fundamental impairment test of all cash-generating units is necessary if the carrying value of equity exceeds market capitalisation. With regard to the BayWa Group, a comparison between the carrying value of equity and market capitalisation for 2021 and for the period from 2018 to 2020 has revealed that there are no indications of potential impairment.

In addition, the following balance sheet items and financial reporting areas were investigated again in the financial year 2021 to determine potential effects of the coronavirus pandemic within the BayWa Group. Taken as a whole, there appear to be no indications of material effects across all areas:

Financial reporting area	Description of potential effects	Impact on the BayWa Group
Intangible assets; property, plant and equipment; investment property	Against the backdrop of coronavirus, it is conceivable that there could be increased indications of impairment of non-current assets. Potential effects of the coronavirus pandemic are therefore to be considered when determining a potential impairment need and when determining the recoverable amount.	There were no indications of any material impact on the consolidated financial statements for 2021.
Investments	The effects of the coronavirus pandemic may make it necessary to test long-term interests in affiliated and other companies for impairment. Previous forecasts must be adjusted accordingly as a result of the expected influence of the coronavirus pandemic if the fair value of investments, particularly those attributable to non-listed companies, is determined using the German income approach or discounted cash flow method.	There were no indications of any material impact on the consolidated financial statements for 2021.
Inventories	In connection with the coronavirus pandemic, potentially lower selling prices of finished goods and/or increased costs for completion, or costs incurred for unfinished goods until the time of sale, must be considered when assessing inventories.	There were no indications of any material impact on the consolidated financial statements for 2021.
Trade receivables	Potential effects of the coronavirus pandemic may be reflected in trade receivables, particularly in risk provisions for stage 2 expected credit losses, for example due to a “coronavirus mark-up” on the probability of default determined pursuant to the simplified approach for current trade receivables.	There were no indications of any material impact on the consolidated financial statements for 2021.
Provisions	Excess liabilities resulting from supply and service agreements that have become onerous for the company as a result of the coronavirus pandemic must be recognised as a provision (e.g. as an onerous contract provision from uncompleted transactions).	There were no indications of any material impact on the consolidated financial statements for 2021.
Liabilities	Due to the coronavirus pandemic, it may no longer be possible to comply with contractual covenants related to loans. Non-current financial liabilities may need to be classified as current if such covenants allow the lender to immediately call in financial liabilities.	There were no indications of any material impact on the consolidated financial statements for 2021.
Revenue recognition	Supply and/or service agreements must be re-evaluated if the solvency of a customer has deteriorated significantly as a result of the coronavirus pandemic. Revenue recognition may not be possible if a customer is not (or no longer) able to provide the contractually stipulated consideration.	There were no indications of any material impact on the consolidated financial statements for 2021.
Fair value measurement	As a consequence of the coronavirus pandemic, increased volatilities and the drop in prices on capital markets may have a direct impact on the fair values of all assets. Such developments must be taken into account, especially when measuring fair value in accordance with IFRS 13 (e.g. for financial instruments measured at fair value).	There were no indications of any material impact on the consolidated financial statements for 2021.
Hedge accounting	With regard to hedge accounting (especially cash flow hedges), it is necessary to assess whether the occurrence of transactions can still be expected with a high degree of probability as a result of the coronavirus pandemic. The hedging relationship must be terminated prospectively if the occurrence of the expected transaction is no longer highly probable, resulting in recognition of the gains or losses through profit or loss.	There were no indications of any material impact on the consolidated financial statements for 2021.
Leases	The coronavirus pandemic may lead to concessions by lessors with regard to lease payments. For such events, IFRS 16 contains a practical expedient for recognising rent deferrals and gives the lessor the option not to present coronavirus-related rent concessions as a modification.	There were no indications of any material impact on the consolidated financial statements for 2021.

A.6 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 (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.

Against this backdrop, the BayWa Group performed an analysis for the financial year 2021 to ascertain the extent to which material information from ESG sustainability factors could influence business activity, if at all, and therefore might also affect the BayWa Group’s cash flow and assets, financial position and earnings position – which would ultimately have a lasting impact on decisions made by the main readers of BayWa’s consolidated financial statements as well. BayWa believes that ESG sustainability factors could fundamentally have the following implications 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 2021 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 2021.

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 Segment. 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. 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.7 Error corrections pursuant to IAS 8.42

The following error corrections pursuant to IAS 8.42 were applied retroactively in the financial year 2021. The financial impact on the primary components of the financial statements is presented at the end of this section in summarised form for all adjustments.

1 Recognising washouts

The BayWa Group concludes purchase and sale agreements including physical commitments, particularly in the Cefetra Group and Agri Trade & Service Segments. If purchase and sale agreements for the same item exist with the same contractual party, the parties can agree on what are known as washouts or net settlements. In a washout, the contractual parties will agree to fulfil the contract through settlement rather than through the physical transfer of goods; no deliveries are made.

Up to and including the financial year 2020, washouts were reported as gross amounts in the income statement. As a result, revenues were reported for the sale contract and cost of materials for the purchase contract.

Generally, (purchase and sale) contracts are recognised as derivative financial instruments and therefore fall under the scope of IFRS 9. However, these contracts also constitute contracts with customers for the sale of physical goods within the framework of ordinary activities. Appendix A to IFRS 15 defines a customer as “a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration”. Accordingly, in the case of the (physical) fulfilment of the contract, the resulting gross income would result in revenues as per IFRS 15, and correspondingly in cost of materials. As a result, two transactions take place: the settlement of a derivative on the settlement date and the delivery of goods.

Given that there is no physical delivery of goods in washouts at the BayWa Group, only the derivative part of the contract is settled. Reporting revenues is therefore often not appropriate. For this reason, profit and loss from washouts have been reported as other operating income or other operating expenses since the financial year 2021.

An exception applies to those companies that apply the broker-trader exemption pursuant to IAS 2.3 (b) and measure inventories at fair value less costs of disposal. The companies classified as traders – which, in the BayWa Group, are BayWa Agrarhandel GmbH, Nienburg, Germany, and mostly companies of the Cefetra Group Segment – also recognise profit and loss from washouts net, but report these amounts under cost of materials.

The adjustment was made retroactively in the financial year 2021; previous-year figures were adjusted pursuant to IAS 8.43.

2 Recognition of spot prices

The BayWa Group concludes purchase and sale agreements including physical commitments, particularly in the Cefetra Group and Agri Trade & Service Segments. When the contracts are settled, revenues and cost of materials are recognised in the income statement.

Up to and including the financial year 2020, revenues were recognised on the basis of the contract prices agreed in the contracts.

In its Physical Settlement of Contracts to Buy or Sell a Non-financial Item agenda decision, the International Financial Reporting Standards Interpretations Committee (IFRS IC) clarified in March 2019 that recognising the contract price in accordance with the provisions of IFRS 15 in conjunction with IFRS 9 was not appropriate. Instead of the contractually agreed purchase price, it is the market or spot price valid at the point of sale that should be recognised as revenue. Apart from BayWa AG itself, BayWa Agrarhandel GmbH, Nienburg, Germany, and companies of the Cefetra Group Segment are affected by this change.

The adjustment was made retroactively in the financial year 2021; previous-year figures were adjusted pursuant to IAS 8.43.

3 Recognition of revenue from the sale of shares in Amadeus Wind Holdings, LLC, Wilmington, USA

Effective 18 December 2020, BayWa r.e. Wind, LLC, Wilmington, USA, sold 66.7% of the shares in Amadeus Wind Holdings, LLC Wilmington, USA, which in turn held 100% of the shares in Amadeus Wind, LLC, Wilmington, USA. As a result, both project companies were no longer included in BayWa AG's consolidated financial statements within the scope of full consolidation from this date. Only the remaining stake of 33.3% in Amadeus Wind Holdings, LLC, Wilmington, USA, has since been included in the consolidated financial statements using the equity method. As explained in Note A.4, the BayWa Group has chosen as a general rule to recognise and report the sale of project companies in accordance with the provisions of IFRS 15 insofar as the sale is a revenue-like transaction akin to the sale of goods at Group level. Given that, from a Group perspective, this transaction only involves the sale of parts of a wind farm and does not constitute the sale of all shares in Amadeus Wind Holdings, LLC, Wilmington, USA, in retrospect it is not appropriate to recognise this sale of shares as a revenue-like transaction pursuant to IFRS 15. The sale of the shares therefore falls under the scope of IFRS 10, meaning that the revenues and expenses of €290.9 million resulting from this transaction and reported in the previous year were too high.

The adjustment was made retroactively in the financial year 2021; previous-year figures were adjusted pursuant to IAS 8.43.

4 Recognition of the asset-backed securitisation (ABS) measure

Within the BayWa Group, BayWa AG has sold its trade receivables to an external special purpose vehicle by way of an asset-backed securitisation (ABS) measure since 2002. No shares in this special purpose vehicle are held. The total volume from the ABS measure amounted to €140.0 million. Utilisation is adjusted in line with the variable and seasonal circumstances and stood at €130.6 million in nominal terms as at 31 December 2020.

Up to and including the financial year 2020, sold receivables were removed from the balance sheet.

In the financial year 2021, this accounting policy was re-evaluated, and it was found that the receivables should not be removed from the balance sheet. The main reasons for this finding were that, due to the contractual structure, there are no realistic scenarios leading to a transfer of risk and reward from the risk of default, and that the time-of-payment risk remains with BayWa. As a result, all risks and opportunities associated with the sold receivables remain primarily with BayWa AG.

The adjustment was made retroactively in the financial year 2021; previous-year figures were adjusted pursuant to IAS 8.43.

5 Recognition of deferred tax assets

Within the scope of consolidation at BayWa AG, the balance sheets under IFRS and tax laws contain both taxable and deductible temporary differences on which deferred taxes were formed in accordance with IAS 12. In particular, the differences attributable to actuarial gains and loss from the measurement of pension obligations – and, correspondingly, the resulting deferred tax assets – are recognised in other comprehensive income. Deferred tax assets are also recognised on tax loss carryforwards at BayWa AG that were written off in previous years.

According to IAS 12.27, deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available in future against which the deductible temporary difference can be utilised. IAS 12.28 states that this is probable when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity in the same period as the reversal of the deductible temporary difference. Any remaining excess amount is generally deemed to be recoverable insofar as it is likely that the profit or loss pursuant to IFRS, adjusted for income tax effects from permanent differences, is utilised in the planning period (IAS 12.29).
The excess deferred tax assets following the recognition of the valuation allowance for deferred tax assets on tax loss carryforwards remaining with BayWa AG and BayWa Pensionsverwaltung GmbH are the result of temporary differences on pension provisions. The effects that cause these differences originate primarily from actuarial losses recognised through other comprehensive income in equity; they are therefore also recognised in other comprehensive income as they occur. Given that the development of pensions always has a profit or loss effect in tax accounting – unlike recognition according to IFRS – the expected reversals from changes in discounting rates are always assumed to have full profit or loss effects in tax planning. Insofar as reversal effects were expected to lead to positive taxable income instead of simply an increase in loss carryforwards, it was assumed until the financial year 2020 that the positive reversal effects on temporary differences in other comprehensive income resulting from the anticipated rate increase were recoverable. The recoverability of the entire excess was derived on the basis of the considerations already described, as the deferred taxes on temporary differences in other comprehensive income would fully cover the remaining excess deferred tax assets. Strictly speaking, this purely economical approach is not covered by IAS 12. Furthermore, it does not provide for an order in which the recoverable amounts for the deferred taxes formed in other comprehensive income and through profit or loss are to be used. In the precise application of the standard, a valuation allowance should accordingly have been recognised on the remaining excess deferred tax assets after consideration of the tax forecasts within the scope of consolidation at BayWa AG.

The adjustment was made retroactively in the financial year 2021; previous-year figures were adjusted pursuant to IAS 8.43. A division of the value adjustment to be presented at the start of the financial year 2020 into partial amounts formed in OCI and through profit or loss was waived for this purpose, as said amounts are reported under other reserves regardless of any subdivision. The current tax expenses were corrected accordingly in the financial year 2020.

6 Netting deferred taxes

Deferred tax assets and liabilities must be netted according to their maturity if the company has an enforceable right to net them and they relate to income tax levied by the same tax authority for the same taxable entity or different taxable entities that intend to realise the assets and service the debt at the same time (on a net basis, if permissible). Within BayWa AG's scope of consolidation, only deferred tax assets and liabilities from standardised transactions (finance leases) were netted in previous years.

The adjustments were made retroactively in the financial year 2021; previous-year figures were adjusted pursuant to IAS 8.43.

7 Accounting adjustments at Royal Ingredients Group

An adjustment to the accounting policies was made in the Cefetra Group Segment in the financial year 2021; the adjustment primarily affected Royal Ingredients Group companies. Royal Ingredients Group is a global supplier of raw materials such as starches, proteins, fibres, quinoa and chia seeds. It concludes "contracts to buy or sell non-financial items". Up to the financial year 2020, the Royal Ingredients Group had recognised these contracts as derivatives and measured them at fair value upon initial recognition. A change in the business model in recent years has necessitated a review of the accounting and recognition procedures. The change in the business model means that the aim of the contracts since 2020 has been physical fulfilment. The net settlement of the contracts within the meaning of IFRS 9.2.6 no longer plays a role in the business model. The review therefore finds that it is necessary to adjust the accounting methods for the aforementioned contracts.

They are now recognised as settlement contracts within the meaning of IFRS 9.2.4 rather than as derivatives, with the revenues only being recognised once the contract is settled and the goods have been physically delivered.

The adjustment was made retroactively in the financial year 2021; previous-year figures for the previous year were adjusted pursuant to IAS 8.43.

8 Separate disclosure of non-current assets from derivatives

Up to and including the financial year 2020, non-current assets from derivatives were disclosed together with current assets from derivatives in the balance sheet. Due to the increase in the volume of non-current assets from derivatives, they are now disclosed in a separate item under non-current assets.

To ensure comparability with the previous year, the previous-year figures have been adjusted retroactively in accordance with IAS 8.43.

Financial impact on the primary components of the financial statements

The adjustments described above resulted in the following effects on the consolidated balance sheet as at 31 December 2019 and/or 1 January 2020 and on the consolidated balance sheet as at 31 December 2020 (for the sake of clarity, only the items affected by the correction are shown):

Effects on the consolidated balance sheets 2019 and 2020

		Adjustments in 2020					
In € million	**31/12/2020 adjusted**	non-current derivatives	Royal Ingredients	netting of deferred taxes [1]	deferred tax assets	ABS measure [1]	Amadeus
Assets							
Non-current assets							
Assets from derivatives	30.7	30.7	–	–	–	–	–
Deferred tax assets	85.7	–	–	- 104.0	- 14.2	–	–
[Total non-current assets]	**3,538.9**	**30.7**	**–**	**- 104.0**	**- 14.2**	**–**	**–**
Current assets							
Assets from derivatives	457.4	- 30.7	- 8.3	–	–	–	–
Other receivables and other financial assets	1,524.8	–	–	–	–	112.9	–
Other non-financial assets	243.8	–	6.5	–	–	–	–
[Total current assets]	**5,406.0**	**- 30.7**	**- 1.8**	**–**	**–**	**112.9**	**–**
Total assets	**8,950.0**	**0.0**	**- 1.8**	**- 104.0**	**- 14.2**	**112.9**	**–**
Shareholders' equity and liabilities							
Equity							
Revenue reserves	270.4	–	–	–	- 15.1	–	–
Other reserves	49.8	–	- 1.6	–	0.9	–	–
Equity net of minority interest	**828.8**	**–**	**- 1.6**	**–**	**- 14.2**	**–**	**–**
Minority interest	324.8	–	- 1.1	**–**	–	–	–
[Total equity]	**1,153.6**	**–**	**- 2.7**	**–**	**- 14.2**	**–**	**–**
Non-current liabilities							
Deferred tax liabilities	102,4	–	- 1.1	- 104.0	–	–	–
[Total non-current liabilities]	**2,930.7**	**–**	**- 1.1**	**- 104.0**	**–**	**–**	**–**
Current liabilities							
Liabilities from derivatives	509.0	–	1.7	–	–	–	–
Other liabilities	733.4	–	0.3	–	–	112.9	–
[Total current liabilities]	**4,865.7**	**–**	**2.0**	**–**	**–**	**112.9**	**–**
Total shareholders' equity and liabilities	**8,950.0**	**–**	**- 1.8**	**- 104.0**	**- 14.2**	**112.9**	**–**

1 The changes regarding the ABS measure, the netting of deferred taxes in 2019 and the non-current assets from derivatives did not have any impact on the year-end balance in 2020 and are therefore not included in the changes from the previous year column.

	Adjustments in 2020					Adjustments in 2019					
	spot prices	washouts	**Adjustments from the previous year [1]**	**31/12/2020 unadjusted**	**31/12/2019 adjusted**	non-current derivatives	Royal Ingredients	netting of deferred taxes	deferred tax assets	ABS measure	**31/12/2019 as reported in 2020**
	–	–	0.0	0.0	5.0	5.0	–	–	–	–	0.0
	–	–	- 81.2	285.1	106.6	–	–	- 90.3	- 81.2	–	278.1
	–	**–**	**- 81.2**	**3,707.6**	**3,090.5**	**5.0**	**–**	**- 90.3**	**- 81.2**	**–**	**3,257.0**
	–	–	0.4	496.0	145.7	- 5.0	0.4	–	–	–	150.3
	–	–	–	1,411.9	1,619.8	–	–	–	–	111.9	1,507.9
	–	–	- 6.5	243.8	330.4	–	- 6.5	–	–	–	336.9
	–	**–**	**- 6.1**	**5,331.7**	**5,686.7**	**- 5.0**	**- 6.1**	**–**	**–**	**111.9**	**5,585.9**
	–	**–**	**- 87.3**	**9,044.4**	**8,781.9**	**0.0**	**- 6.1**	**- 90.3**	**- 81.2**	**111.9**	**8,847.6**
	–	–	- 83.8	369.3	364.4	–	- 2.6	–	- 81.2	–	448.3
	–	–	–	50.5	51.1	–	–	–	–	–	51.1
	–	**–**	**- 83.8**	**928.4**	**920.3**	**–**	**- 2.6**	**–**	**- 81.2**	**–**	**1,004.2**
	–	–	- 1.8	327.7	333.1	–	- 1.8	–	–	–	334.8
	–	**–**	**- 85.6**	**1,256.1**	**1,253.4**	**–**	**- 4.4**	**–**	**- 81.2**	**–**	**1,339.0**
	–	–	- 0.2	207.7	138.6	–	- 0.2	- 90.3	–	–	229.1
	–	**–**	**- 0.2**	**3,036.0**	**3,041.0**	**–**	**- 0.2**	**- 90.3**	**–**	**–**	**3,131.5**
	–	–	–	507.3	121.3	–	–	–	–	–	121.3
	–	–	- 1.5	621.7	630.2	–	- 1.5	–	–	111.9	519.9
	–	**–**	**- 1.5**	**4,752.3**	**4,487.5**	**–**	**- 1.5**	**–**	**–**	**111.9**	**4,377.1**
	–	**–**	**- 87.3**	**9,044.4**	**8,781.9**	**–**	**- 6.1**	**- 90.3**	**- 81.2**	**111.9**	**8,847.6**

The impact of the adjustments on the consolidated income statement and on two of the BayWa Group's key performance indicators, EBIT and EBITDA, was as follows (for the sake of clarity, only the items affected by the correction are shown):

Impact on the consolidated income statement 2020

		Adjustments in 2020					
In € million	**2020 adjusted**	Royal Ingredients	deferred tax assets	Amadeus	spot prices	washouts	**2020 unadjusted**
Revenues	**16,464.7**	**–**	**–**	**- 290.9**	**214.2**	**- 614.0**	**17,155.4**
Inventory changes	446.6	–	–	290.9	–	–	155.7
Other operating income	353.7	–	–	–	–	0.7	353.0
Cost of materials	- 14,939.3	- 3.8	–	–	- 214.2	614.4	- 15,335.7
Gross profit	**2,342.1**	**- 3.8**	**–**	**–**	**–**	**1.1**	**2,344.8**
Other operating expenses	- 695.6	0.2	–	–	–	**- 1.1**	- 694.7
Result of operating activities	**208.4**	**- 3.6**	**–**	**–**	**–**	**–**	**212.0**
Earnings before tax (EBT)	**107.6**	**- 3.6**	**–**	**–**	**–**	**–**	**111.2**
Income tax	- 48.1	0.9	0.9	–	–	–	- 49.9
Consolidated net result for the year	**59.5**	**- 2.7**	**0.9**	**–**	**–**	**–**	**61.3**
thereof: profit share of minority interest	23.6	- 1.1	–	–	–	–	24.7
thereof: due to shareholders of the parent company	35.9	- 1.6	0.9	–	–	–	36.6
Basic earnings per share (in €)	**0.66**	**–**	**–**	**–**	**–**	**–**	**0.68**
Diluted earnings per share (in €)	**0.66**	**–**	**–**	**–**	**–**	**–**	**0.68**

Impact on the key performance indicators EBIT and EBITDA

		Adjustments in 2020					
In € million	**2020 adjusted**	Royal Ingredients	deferred tax assets	Amadeus	spot prices	washouts	**2020 unadjusted**
EBIT	**211.6**	**- 3.6**	**–**	**–**	**–**	**–**	**215.2**
EBITDA	**464.8**	**- 3.3**	**–**	**–**	**–**	**–**	**468.4**

Based on the adjusted consolidated net result for the year, the following adjustments are applied to the consolidated statement of comprehensive income – transition for the financial year 2020 (for the sake of clarity, only the items affected by the correction are shown):

Impact on the consolidated statement of comprehensive income – transition for the financial year 2020

In € million	2020 adjusted	Adjustments in 2020: Royal Ingredients	Adjustments in 2020: deferred tax assets	2020 unadjusted
Consolidated net result for the year	**59.5**	**- 2.7**	**0.9**	**61.3**
Gains and losses recognised directly in equity	**- 66.9**	**–**	**–**	**- 66.9**
Consolidated total result for the year	**- 7.4**	**- 2.7**	**0.9**	**- 5.7**
thereof: due to minority interest	13.1	- 1.1	–	14.2
thereof: due to shareholders of the parent company	- 20.6	- 1.6	0.9	- 19.9

The impact of the corrections on the consolidated cash flow statement for the financial year 2020 is summarised in the following table (for the sake of clarity, only the items affected by the correction and totals lines are shown):

Impact on the consolidated cash flow statement for the financial year 2020

In € million	2020 adjusted	Adjustments in 2020: Royal Ingredients	Adjustments in 2020: deferred tax assets	Adjustments in 2020: ABS measure	Adjustments in 2020: Change in presentation (see A.8)	2020 unadjusted
Consolidated net result for the year	**59.5**	**- 2.7**	**0.9**	**–**	**–**	**61.3**
Income tax	- 48.1	- 0.9	- 0.9	–	–	- 49.9
Income tax paid	- 43.7	- 0.2	–	–	–	- 43.5
Cash earnings	**399.5**	**- 3.8**	**–**	**–**	**1.1**	**402.2**
Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	- 230.4	1.8	–	- 112.9	–	- 119.3
Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	505.5	2.0	–	112.9	–	390.6
Cash flow from operating activities	**675.9**	**–**	**–**	**–**	**1.1**	**674.8**
Cash flow from investment activities	**- 251.5**	**–**	**–**	**–**	**23.3**	**- 274.8**
Incoming payments from borrowing of (financing) loans	116.9	–	–	106.6	–	10.3
Outgoing payments from redemption of (financing) loans	- 363.5	–	–	- 106.6	–	- 256.8
Cash flow from financing activities	**- 482.6**	**–**	**–**	**–**	**- 24.4**	**- 458.2**
Payment-related changes in cash and cash equivalents	- 58.2	–	–	–	–	- 58.2
Cash and cash equivalents at the start of the period	229.7	–	–	–	–	229.7
Inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates	- 3.1	–	–	–	–	- 3.1
Cash and cash equivalents at the end of the period	**168.4**	**–**	**–**	**–**	**–**	**168.4**

The adjustments have the following effect on the consolidated statement of changes in equity (for the sake of clarity, only the rows and columns affected by the correction are shown):

Impact on the consolidated statement of changes in equity for the financial year 2020

In € million	Other revenue reserves	Other reserves	Equity net of minority interest	Minority interest	Equity
As at 01/01/2020 (as reported)	**429.7**	**51.1**	**1,004.2**	**334.8**	**1,339.0**
Adjustments pursuant to IAS 8 – deferred taxes	- 81.2	–	- 81.2	–	- 81.2
Adjustments pursuant to IAS 8 – Royal Ingredients	- 2.6	–	- 2.6	- 1.8	- 4.4
As at 01/01/2020 (adjusted)	**345.9**	**51.1**	**920.3**	**333.1**	**1,253.4**
Differences resulting from changes in the group of consolidated companies and other effects (as reported)	**- 7.4**	**- 6.3**	**- 13.5**	**- 8.9**	**- 22.4**
Adjustments pursuant to IAS 8 – deferred taxes	- 15.1	–	- 15.1	–	- 15.1
Differences resulting from changes in the group of consolidated companies and other effects (adjusted)	**- 22.5**	**- 6.3**	**- 28.6**	**- 8.9**	**- 37.5**
Consolidated net result for 2020 (as reported)	**–**	**36.6**	**36.6**	**24.7**	**61.3**
Adjustments pursuant to IAS 8 – deferred taxes	–	0.9	0.9	–	0.9
Adjustments pursuant to IAS 8 – Royal Ingredients	–	- 1.6	- 1.6	- 1.1	- 2.4
Consolidated net result for 2020 (adjusted)	**–**	**35.9**	**35.9**	**23.6**	**59.5**
As at 31/12/2020 (as reported)	351.5	50.5	928.4	327.7	1,256.1
As at 31/12/2020 (adjusted)	**252.6**	**49.7**	**828.8**	**324.8**	**1,153.6**

A.8 Additional adjustments to primary components of the financial statements in the financial year 2021

Consolidated balance sheet

Up until the financial year 2020, the “Other receivables and other assets” item was reported under non-current and current assets. In order to provide greater clarity and more understanding of financial and non-financial components in accordance with IAS 1.54, this item is now divided into “Other receivables and financial assets” and “Other non-financial assets”.

In accordance with IAS 1.41, financial information for the previous year has also been reported in line with the form of presentation selected for the first time for the financial year 2021; adjustments to previous-year figures are summarised in consideration of the adjustments presented in Note A.7 in accordance with IAS 8 in the following table:

Pervious presentation in the consolidated balance sheet	In € million	Adjusted presentation in the consolidated balance sheet	In € million
Non-current assets		**Non-current assets**	
Other receivables and other assets	28.0	Other receivables and other financial assets	22.7
		Other non-financial assets	5.3
Current assets		**Current assets**	
Other receivables and other assets [1]	1,768.6	Other receivables and other financial assets	1,524.8
		Other non-financial assets	243.8

1 The previous year’s figures have been adjusted in accordance with IAS 8.42. Please see Note A.7 for further details.

In addition, the following editorial changes have been made to the consolidated balance sheet:
- Current assets: “Other current financial assets” renamed “Derivative assets”.
- Non-current and current liabilities: “Financial lease obligations” renamed “Lease liabilities”.
- Non-current and current liabilities: “Financial liabilities” renamed “Derivative liabilities”.

Consolidated income statement

The two key performance indicators EBIT and EBITDA have been removed from the income statement.

Consolidated cash flow statement

In the financial year 2021, interest paid and interest received was adjusted so that interest received is only reported in cash flow from investment activities and interest paid is only reported in cash flow from financing activities. The reason for the reclassification was the adjustment to the requirements in IAS 7.

In addition, incoming payments from lease receivables were reclassified from cash flow from financing activities to cash flow from investment activities to meet the requirements of IAS 7.16.

In accordance with IAS 1.41, the financial information for the previous year has also been reported in line with the form of presentation selected for the first time for the financial year 2021; adjustments to the previous-year figures are summarised in the following table:

Previous presentation in the consolidated cash flow statement	In € million	Adjusted presentation in the consolidated cash flow statement	In € million
Interest received	- 0.1	–	–
Interest paid	1.2	–	–
Cash flow from operating activities	**674.8**	**Cash flow from operating activities**	**675.9**
		Incoming payments from lease receivables	5.5
Interest received	–	–	
Interest paid	–	Interest received	17.8
Cash flow from investment activities	**- 274.8**	**Cash flow from investment activities**	**- 251.5**
Incoming payments from lease receivables	5.5	–	–
Interest received	17.7	–	–
Interest paid	- 107.8	Interest paid	- 109.0
Cash flow from financing activities	**- 458.2**	**Cash flow from financing activities**	**- 482.6**
Payment-related changes in cash and cash equivalents	- 58.2	Payment-related changes in cash and cash equivalents	- 58.2

Consolidated statement of changes in equity

The item in the consolidated statement of changes in equity entitled “differences resulting from changes in the group of consolidated companies” was renamed “differences resulting from changes in the group of consolidated companies and other effects”.

B Information on Consolidation

B.1 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 2021 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 2021.

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
BayWa EEH GmbH, Munich, Germany	100.0	100.0	Initial consolidation on 01/01/2021
BayWa Global Produce GmbH, Munich, Germany	100.0	100.0	Initial consolidation on 01/01/2021
BayWa r.e. Data Services GmbH, Munich, Germany	100.0	100.0	Initial consolidation on 01/01/2021
BayWa r.e. Energy Solutions Asset Holdings Vietnam Pte. Ltd., Singapore, Republic of Singapore	100.0	100.0	Initial consolidation on 01/01/2021
BayWa r.e. Energy Solutions Pte. Ltd., Singapore, Republic of Singapore	100.0	100.0	Initial consolidation on 01/01/2021
BayWa r.e. Ireland Limited, Dublin, Ireland	100.0	100.0	Initial consolidation on 01/01/2021
BayWa r.e. Solar Systems sp. z o. o., Zabierzów, Poland	100.0	100.0	Initial consolidation on 01/01/2021
BayWa r.e. Vietnam Co., Ltd., Ho Chi Minh City, Socialist Republic of Vietnam	100.0	100.0	Initial consolidation on 01/01/2021
BayWa r.e. Wind Asset Holdings Vietnam Pte. Ltd., Singapore, Republic of Singapore	100.0	100.0	Initial consolidation on 01/01/2021
BayWa r.e. Wind Projects Vietnam Co., Ltd., Ho Chi Minh City, Socialist Republic of Vietnam	100.0	100.0	Initial consolidation on 01/01/2021
BayWa Rent GmbH, Munich, Germany	100.0	100.0	Initial consolidation on 01/01/2021
Bielstein S.L.U., Barcelona, Spain	100.0	100.0	Initial consolidation on 01/01/2021
Brüderl Projekt Bad Endorf GmbH & Co. KG, Traunreut, Germany	51.0	51.0	Initial consolidation on 01/01/2021
Brüderl Projekt Traunstorfer Straße GmbH & Co. KG, Traunreut, Germany	51.0	51.0	Initial consolidation on 01/01/2021
Clump Farm Limited, London, UK	100.0	100.0	Initial consolidation on 01/01/2021
Corazon Energy Class B LLC, Irvine, USA	100.0	100.0	Initial consolidation on 01/01/2021
Corazon Tax Equity Partnership LLC, Irvine, USA	100.0	100.0	Initial consolidation on 01/01/2021
Dionisio S.r.l., Milan, Italy	100.0	100.0	Initial consolidation on 01/01/2021
Energy Solutions 1 Holdings Co., Ltd., Ho Chi Minh City, Socialist Republic of Vietnam	100.0	100.0	Initial consolidation on 01/01/2021
Febe Rinnovabili S.r.l., Milan, Italy	100.0	100.0	Initial consolidation on 01/01/2021
Fontenet Energies SAS, Paris, France	100.0	100.0	Initial consolidation on 01/01/2021
Grande Lande Energies SAS, Paris, France	100.0	100.0	Initial consolidation on 01/01/2021
Hill Farm Solar Limited, London, UK	100.0	100.0	Initial consolidation on 01/01/2021
novotegra GmbH, Tübingen, Germany	100.0	100.0	Initial consolidation on 01/01/2021
RoyBalt Ingredients S.A. de C.V., Santiago de Querétaro, Mexico	70.0	70.0	Initial consolidation on 01/01/2021
Solaris Industrial sp.z o.o., Warsaw, Poland	100.0	100.0	Initial consolidation on 01/01/2021
SPV Solarpark 103. GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2021
T&G Chile SpA, Santiago de Chile, Chile	100.0	100.0	Initial consolidation on 01/01/2021
Ubon Saeng Arthid Co., Ltd., Bangkok, Thailand	97.0	97.0	Initial consolidation on 01/01/2021
VentureFruit Australia Pty Limited, Melbourne, Australia	100.0	100.0	Initial consolidation on 01/01/2021
VentureFruit Global Limited, Auckland, New Zealand	100.0	100.0	Initial consolidation on 01/01/2021
VentureFruit International Limited, Auckland, New Zealand	100.0	100.0	Initial consolidation on 01/01/2021
VentureFruit NZ Limited, Auckland, New Zealand	100.0	100.0	Initial consolidation on 01/01/2021
Wilhelmshöhe Infrastruktur GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2021
Windpark Freimersheim GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2021
Windpark Hessenweiler GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2021

In %	Share in capital	Previous year's share in capital	Comment
Windpark Wilhelmshöhe II GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2021
Windpark Wilhelmshöhe III GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2021
Windpark Wilhelmshöhe IV GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2021
Zonlocatie 1 B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2021
Zonlocaties Nederland B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2021
Zonnepark PV2 B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2021
Zonnepark PV9 B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2021
Zonnepark PV10 B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2021
Zonnepark PV15 B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2021
Zonnepark PV16 B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2021
Zonnepark PV17 B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2021
Zonnepark PV18 B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2021

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

In %	Share in capital	Comment
Accitana Solar, S.L., Barcelona, Spain [2]	100.0	Initial consolidation on 05/02/2021
BayWa r.e. Solar Systems s.r.o., Prague, Czech Republic	100.0	Initial consolidation on 17/05/2021
Bracks Farm Solar Park Limited, London, UK [2]	100.0	Initial consolidation on 08/02/2021
Broken Cross Wind Farm Limited, Edinburgh, UK [2]	100.0	Initial consolidation on 13/10/2021
Camden Solar Class B LLC, Irvine, USA [2]	100.0	Initial consolidation on 13/07/2021
Camden Tax Equity Partnership LLC, Irvine, USA [2]	100.0	Initial consolidation on 13/07/2021
Dedun Solar, S.L., Barcelona, Spain [2]	100.0	Initial consolidation on 05/02/2021
DMA Lucera S.r.l., Milan, Italy [2]	100.0	Initial consolidation on 12/03/2021
EE Biogasanlage Brandis GmbH & Co. KG, Regensburg, Germany	100.0	Initial consolidation on 05/05/2021
Enerpole SAS, Carcassonne, France	100.0	Initial consolidation on 19/05/2021
High Constellation Windfarm Limited, London, UK [2]	100.0	Initial consolidation on 16/02/2021
NWind GmbH, Hanover, Germany	100.0	Initial consolidation on 01/07/2021
NWind Windparkbetriebsgesellschaft Oedelum mbH, Oedelum, Germany	100.0	Initial consolidation on 01/07/2021
PV Integ AG, Ebikon, Switzerland	100.0	Initial consolidation on 06/10/2021
Raschdorffstraße Grundbesitz GmbH, Kemnath, Germany [2]	51.0	Initial consolidation on 23/09/2021
Renertech Rotorblattservice GmbH & Co. KG, Bad Wünnenberg, Germany	100.0	Initial consolidation on 06/08/2021
Scurf Dyke Solar Limited, London, UK [2]	100.0	Initial consolidation on 16/07/2021
Sickingenstraße Grundbesitz GmbH, Munich, Germany [2]	51.0	Initial consolidation on 16/04/2021
Tyche Solar, S.L., Barcelona, Spain [2]	100.0	Initial consolidation on 05/02/2021
Windenergie Sallingberg GmbH, Kilb, Austria [2]	100.0	Initial consolidation on 17/02/2021
Windpark Grüntal GmbH, Sydower Fließ, Germany	100.0	Initial consolidation on 01/07/2021
Windpark Quelkhorn GmbH, Ottersberg, Germany	100.0	Initial consolidation on 01/07/2021
Windpark Schnellwettern GmbH, Sommerland, Germany	100.0	Initial consolidation on 10/08/2021
Windpark Velgen-Bornsen GmbH, Bienenbüttel, Germany	100.0	Initial consolidation on 01/07/2021

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

2 These companies 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 [1]

In %	Share in capital	Comment
Alcione Rinnovabili S.r.l., Milan, Italy	100.0	Initial consolidation on 11/02/2021
BayWa r.e. Asset Holdings Japan 2 Pte. Ltd., Singapore, Republic of Singapore	100.0	Initial consolidation on 12/11/2021
BayWa r.e. Benelux SRL, Eupen, Belgium	100.0	Initial consolidation on 01/02/2021
BayWa r.e. O&M Services, S. de R.L. de C.V., Mexico City, Mexico	95.0	Initial consolidation on 18/03/2021
BayWa r.e. Operation Services, S. de R.L. de C.V., Irvine, USA	100.0	Initial consolidation on 14/01/2021
BayWa r.e. Projects Greece Single Member P.C., Chalandri, Greece	100.0	Initial consolidation on 02/06/2021
BayWa r.e. Solar Systems (Vietnam) Co., Ltd., Ho Chi Minh City, Socialist Republic of Vietnam	100.0	Initial consolidation on 17/11/2021
Bierstadt Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 08/04/2021
Bronco Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 03/09/2021
Brüderl Projekt Kunigundenstraße GmbH & Co. KG, Traunreut, Germany	51.0	Initial consolidation on 01/07/2021
Caverna Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 27/09/2021
Cefetra Dairy B.V., Rotterdam, Netherlands	100.0	Initial consolidation on 15/07/2021
Cornucopia Hybrid LLC, Irvine, USA	100.0	Initial consolidation on 08/04/2021
Cotopaxi Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 14/06/2021
Fairgrow Limited, Auckland, New Zealand	100.0	Initial consolidation on 01/01/2021
Gold Rush Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 27/09/2021
Guajillo Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 14/04/2021
Mineral Point Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 03/09/2021
Northshore Solar 1 LLC, Irvine, USA	100.0	Initial consolidation on 08/07/2021
Opal Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 03/09/2021
Pinscher Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 08/04/2021
Primrose Hybrid LLC, Irvine, USA	100.0	Initial consolidation on 08/04/2021
Santa Fe BESS LLC, Irvine, USA	100.0	Initial consolidation on 14/06/2021
Scorpion Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 27/09/2021
Searchlight Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 03/09/2021
Sedaco Agro Commodities LTD, Lagos, Nigeria	100.0	Initial consolidation on 06/05/2021
Sedaco Agro Tanzania LTD, Dar es Salaam, Tanzania	100.0	Initial consolidation on 01/04/2021
Sedaco DMCC, Dubai, United Arab Emirates	100.0	Initial consolidation on 10/02/2021
Snow Mountain Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 03/09/2021
Solarna elektrana Bisko d.o.o. za proizvodnju električne energije, Zagreb, Croatia	100.0	Initial consolidation on 29/03/2021
Solitude Hybrid LLC, Irvine, USA	100.0	Initial consolidation on 08/04/2021
Spitzlberg GmbH & Co. KG, Augsburg, Germany	51.0	Initial consolidation on 12/07/2021
T&G Orchard Services Limited, Auckland, New Zealand	100.0	Initial consolidation on 21/05/2021
Twilight Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 19/10/2021
Venturefruit USA Inc., Dover, USA	100.0	Initial consolidation on 25/05/2021
Wild Stallion Energy Storage LLC, Irvine, USA	100.0	Initial consolidation on 27/09/2021
Zonnepark PV26 B.V., Leeuwarden, Netherlands	100.0	Initial consolidation on 24/02/2021

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

Affiliated companies no longer included in the consolidated financial statements for reasons of materiality

In %	Share in capital	Previous year's share in capital	Comment
Agrar- und Transportservice Kölleda GmbH, Kölleda, Germany	62.3	62.3	Deconsolidation on 01/06/2021
Corazon Energy Development LLC, Irvine, USA	100.0	100.0	Deconsolidation on 01/01/2021

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

In %	Previous year's share in capital	Comment
BayWa r.e. Asset Holding GmbH, Gräfelfing, Germany	100.0	Merged with BayWa r.e. AG, Munich, Germany, as at 01/01/2021
Enerpole SAS, Carcassonne, France	100.0	Merged with BayWa r.e. France SAS, Paris, France, as at 25/07/2021
LHD Landhandel Drebkau Import- und Export GmbH, Drebkau, Germany	100.0	Merged with Landhandel Knaup GmbH, Borchen, Germany, as at 01/01/2021
Raiffeisen Waren GmbH Nürnberger Land, Hersbruck, Germany	100.0	Merged with BayWa AG, Munich, Germany, as at 01/01/2021
WealthCap Portfolio Finanzierungs-GmbH & Co. KG, Grünwald, Germany	100.0	Merged with BayWa Pensionsverwaltung GmbH, Munich, Germany, as at 01/01/2021

1 No shares were held in these companies as at the end of the financial year 2021 on account of their merger.

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

In %	Share in capital	Previous year's share in capital	Comment
BayWa r.e. UK (Renewables Services) Ltd., London, UK	–	100.0	Liquidated on 14/12/2021
BayWa Ukraine LLC, Kyiv, Ukraine	–	100.0	Sold on 14/09/2021
Furukraft AB, Malmö, Sweden[1]	–	100.0	Sold on 10/05/2021
Gilston Hill Windfarm Ltd., Edinburgh, UK	–	100.0	Liquidated on 07/12/2021
Great Blue Heron Solar LLC, Irvine, USA	–	100.0	Liquidated on 11/03/2021
InterSaatzucht GmbH, Hohenkammer, Germany	36.0	100.0	Sold on 17/03/2021
Kita-Ibaragi City PV Plant G.K., Tokyo, Japan[1]	–	100.0	Sold on 02/02/2021
Noosa Energy Storage LLC, Irvine, USA[1]	–	100.0	Sold on 30/12/2021
Plésidy Energies SAS, Paris, France[1]	–	100.0	Sold on 02/02/2021
Ravel Wind, LLC, Wilmington, USA	–	100.0	Liquidated on 06/10/2021
Solarpark Samas Sp. z o.o., Warsaw, Poland[1]	–	100.0	Sold on 31/08/2021
Tout Vent Energies SAS, Paris, France[1]	–	100.0	Sold on 04/11/2021
Watt Development SPV 10 S.L.U., Barcelona, Spain[1]	–	100.0	Sold on 22/12/2021
Watt Development SPV 3 S.L.U., Barcelona, Spain[1]	–	100.0	Sold on 22/12/2021
Watt Development SPV 5 S.L.U., Barcelona, Spain[1]	–	100.0	Sold on 26/11/2021
Watt Development SPV 6 S.L.U., Barcelona, Spain[1]	–	100.0	Sold on 26/11/2021
Watt Development SPV 7 S.L.U., Barcelona, Spain[1]	–	100.0	Sold on 26/11/2021
Windpark Berschweiler GmbH & Co. KG, Gräfelfing, Germany	–	100.0	Liquidated on 16/08/2021
Windpark Immenberg 2 GmbH & Co. KG, Gräfelfing, Germany[1]	–	100.0	Sold on 23/06/2021
Windpark Immenberg GmbH & Co. KG, Gräfelfing, Germany[1]	–	100.0	Sold on 23/06/2021
Zonnepark PV17 B.V., Heerenveen, Netherlands[1]	–	100.0	Sold on 23/11/2021
Zonnepark PV9 B.V., Heerenveen, Netherlands[1]	–	100.0	Sold on 30/11/2021

1 These companies are project companies whose sale is recognised and reported in the income statement according to IFRS 15 (see also Note A.3).

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
Al Dahra BayWa AGriculture LLC, Abu Dhabi, United Arab Emirates	49.0	49.0	Majority of voting rights
Delica North America, Inc., Torrance, USA	50.0	50.0	With 60% majority of voting rights and rights to the returns
RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria	50.0	50.0	Majority of voting rights
T&G CarSol Asia PTE. Ltd, Singapore, Republic of Singapore	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

Additions due to acquisitions in the financial year 2021

Addition: NWind GmbH, Hanover, Germany

BayWa AG acquired 100% of the shares in NWind GmbH, a wind project developer registered in Hanover, Germany, through BayWa r.e. Wind GmbH, Munich, Germany, by way of a share deal. NWind GmbH is the ultimate parent company of the NWind Group, which also includes the wholly owned subsidiaries NWind Windparkbetriebsgesellschaft Oedelum mbH, Oedelum, Germany; Windpark Grüntal GmbH, Sydower Fließ, Germany; Windpark Quelkhorn GmbH, Ottersberg, Germany; and Windpark Velgen-Bornsen GmbH, Bienenbüttel, Germany. A controlling influence has existed since 1 July 2021. Since that date, NWind GmbH has been included in the consolidated financial statements of BayWa AG within the scope of full consolidation. NWind GmbH also holds a 50% stake in Wind + Mehr GmbH, Hanover, Germany, which has been included in the consolidated financial statements using the equity method since 1 July 2021. The purpose of the acquisition is to further expand wind business and strengthen the company's position in the German wind market. The cost of the shares comes to €34.8 million and includes the contractually agreed purchase price component of €30.0 million paid in July 2021 and a contingent purchase price component that may total up to €9.3 million depending on the number of wind turbines brought into operation between 2022 and 2026. A contingent purchase price component of €4.8 million was recognised in view of the anticipated project sales of NWIND GmbH and its subsidiaries at the time of acquisition. According to the preliminary purchase price allocation, goodwill amounted to €14.1 million. The transaction costs incurred in relation to the acquisition amounted to €0.9 million.

Other additions of secondary importance

Furthermore, the following additions were made to the group of consolidated companies, which, taken individually, do not have a material effect on the assessment of the assets, financial position and earnings position of the BayWa Group:

- **BayWa r.e. Solar Systems s.r.o., Prague, Czech Republic**
  BayWa AG acquired 100% of the shares in Solid Power Distribution s.r.o., registered in Prague, Czech Republic, which now trades as BayWa r.e. Solar Systems s.r.o., Prague, Czech Republic, through BayWa r.e. AG, Munich, Germany, by way of a share deal. The company distributes photovoltaic system components to private and industrial customers. It aims to further expand its business activities in the solar sector in eastern Europe. A controlling influence has existed since 17 May 2021. The initial consolidation of the company within the scope of full consolidation also took place on this date. The cost of the acquisition, including a conditional purchase price component, amounted to €3.4 million. The preliminary purchase price allocation resulted in a negative difference of €0.3 million.
- **EE Biogasanlage Brandis GmbH & Co. KG, Regensburg, Germany**
  BayWa AG acquired 100% of the shares in EE Biogasanlage Brandis GmbH & Co. KG, Regensburg, Germany, through PAF Projects for Advanced Fuels GmbH, Regensburg, Germany, by way of a share deal. The aim of this acquisition is to expand the portfolio in the area of biogas plants and re-align biogas plant operations structurally and technically with the market requirements in Europe. A controlling influence has existed since 5 May 2021. For practical reasons, the initial consolidation of the company in the consolidated financial statements within the scope of full consolidation took place as at 1 May 2021. At a purchase price of €2.7 million, the purchase price allocation – which is still preliminary – resulted in negative goodwill of €1.2 million.

- **Enerpole SAS, Carcassonne, France**
  BayWa AG acquired 100% of the shares in Enerpole SAS, Carcassonne, France, a wind and solar project developer, through BayWa r.e. France SAS, Paris, France, by way of a share deal. The purpose of this acquisition is to expand wind and solar business activities in France. A controlling influence has existed since 19 May 2021; this was also the date on which the company was included for the first time in BayWa AG's consolidated financial statements. The cost of the acquisition, including a conditional purchase price component, amounted to €3.4 million. According to the purchase price allocation, goodwill amounted to €2.0 million. The company was merged with BayWa r.e. France SAS, Paris, France, effective as at 25 July 2021.
- **PV Integ AG, Ebikon, Switzerland**
  BayWa AG acquired 100% of the shares in the Swiss assembly system manufacturer PV Integ AG, registered in Ebikon, Switzerland, through novotegra GmbH, Tübingen, Germany, by way of a share deal. The purpose of this acquisition is to add a new technology to the product portfolio. PV Integ AG specialises in the development and sale of solar plant assembly systems for green and gravel roofs. A controlling influence has existed since 6 October 2021. For practical reasons, the initial consolidation of the company in the consolidated financial statements within the scope of full consolidation took place as at 1 October 2021. The cost of the acquisition, including a conditional purchase price component, amounted to €2.1 million. Goodwill from the preliminary purchase price allocation amounted to €1.1 million.
- **Renertech Rotorblattservice GmbH & Co. KG, Bad Wünnenberg, Germany**
  BayWa AG acquired 100% of the shares in Renertech Rotorblattservice GmbH & Co. KG, Bad Wünnenberg, Germany, through BayWa r.e. Rotor Service GmbH, Basdahl, Germany, by way of a share deal. The purpose of this acquisition is to expand the range of rotor services, particularly in the area of assessing rotor blade damage, making rotor blade repairs and repairing structural damage. A controlling influence has existed since 6 August 2021. For practical reasons, the initial consolidation of the company in the consolidated financial statements within the scope of full consolidation took place as at 1 August 2021. The purchase price amounted to €1.3 million. Goodwill from the preliminary purchase price allocation amounted to €0.5 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 2021:

In € million	NWind GmbH	Other additions	**Total additions in 2021**
Assets			
Intangible assets	4.3	7.3	11.7
Property, plant and equipment	0.5	10.2	10.7
Investments	5.6	–	5.7
Inventories	15.2	4.0	19.2
Financial assets	2.9	–	2.9
Receivables and other assets	0.7	2.7	3.5
thereof: receivables (gross)	3.7	1.8	5.5
thereof: receivables considered recoverable	3.7	1.5	5.2
Deferred tax assets	1.2	–	1.2
Cash and cash equivalents	0.5	1.2	1.7
Shareholders' equity and liabilities			
Non-current liabilities	1.4	5.3	6.7
Short-term debt	3.2	2.1	5.3
Current trade payables and liabilities from inter-group business relationships	0.3	2.7	3.0
Current income tax liabilities	–	0.3	0.3
Other current liabilities	0.6	0.9	1.5
Deferred tax liabilities	4.8	1.1	6.0
Acquired net assets at the point of initial consolidation	**20.7**	**12.9**	**33.6**
Share attributable to shareholders of the parent company	20.7	12.9	33.6
Share attributable to minority shareholders	–	–	–

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

In € million	NWind GmbH	Other additions	**Total additions in 2021**
Contribution transferred in return for the acquisition of the shares	34.8	15.1	49.9
Non-controlling interests in the acquired companies	–	–	–
Acquired net assets at the point of initial consolidation	20.7	12.9	33.6
Goodwill	**14.1**	**2.1**	**16.2**

The goodwill of €2.1 million recognised under other additions includes goodwill from acquisitions of €3.6 million as well as the negative differences of €1.5 million relating to the acquisition of BayWa r.e. Solar Systems s.r.o. and EE Biogasanlage Brandis GmbH & Co. KG. These differences were recognised in full through profit or loss in the financial year 2021.

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	NWind GmbH	Other additions	**Total additions in 2021**
Revenues from the point of initial consolidation	0.8	19.5	20.3
Profit/loss from the point of initial consolidation	- 0.6	1.0	0.5
Pro forma revenues for the period from 01/01 to 31/12/2021	2.3	28.1	30.4
Pro forma profit/loss for the period from 01/01 to 31/12/2021	- 1.2	1.2	- 0.0

Additional information on company acquisitions in the previous year

In the previous year, the purchase price allocation relating to the acquisition of BayWa r.e. Power Solutions, Inc. dba Enable Energy, Sacramento, USA, was reported as preliminary. The final purchase price allocation did not result in any material changes compared to the preliminary allocation included in the Notes to the Consolidated Financial Statements.

Disposals from the group of consolidated companies in the financial year 2021

BayWa Ukraine LLC, Kyiv, Ukraine, and InterSaatzucht GmbH, Hohenkammer, Germany
In the financial year 2021, 100% of the shares in BayWa Ukraine LLC, Kyiv, Ukraine, were sold effective as at 14 September 2021 and 64% of shares in InterSaatzucht GmbH, Hohenkammer, Germany, were sold effective as at 17 March 2021. These sales resulted in the disposal of net assets of €0.6 million. The consideration came to a total of €1.2 million, resulting in disposal proceeds of €0.6 million. For reasons of materiality, no detailed presentation of the effects on the consolidated financial statements of the disposals is provided.

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 non-controlling interests are held is as follows:

In € million	T&G Global Limited, Auckland, New Zealand [1]		RWA AG, Korneuburg, Austria [1]	
	31/12/2021	31/12/2020	**31/12/2021**	31/12/2020
Share in the capital and voting rights held by the non-controlling interests (in %)	26.01	26.01	50.0	50.0
Share in the annual result attributable to non-controlling interests	2.8	3.2	1.6	2.1
Aggregated non-controlling interests	12.8	12.8	14.1	14.9
Dividends distributed to non-controlling interests	3.0	2.8	5.2	0.8
Financial information (prior to consolidation)				
Current assets	175.0	193.7	801.0	683.5
Non-current assets	329.1	319.9	479.1	421.0
Current liabilities	122.7	143.9	615.2	489.7
Non-current liabilities	118.2	126.6	163.1	150.1
Revenues	938.0	798.8	2,951.3	2,375.4
Net result for the year	26.2	22.0	22.8	16.0
Other earnings	31.7	24.7	25.6	- 20.3
Total earnings	**57.9**	**46.7**	**48.4**	**- 4.3**

1 In the previous year, only the financial information of the respective parent company was presented. As the data for the entire group was reported for the first time in the financial year 2021, the previous-year figures have been adjusted according to the same logic.

In € million	"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria		BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	
	31/12/2021	31/12/2020	**31/12/2021**	31/12/2020
Share in the capital and voting rights held by the non-controlling interests (in %)	48.94	48.94	49.00	49.00
Share in the annual result attributable to non-controlling interests	5.3	3.1	1.0	2.8
Aggregated non-controlling interests	38.2	35.0	6.5	8.1
Dividends distributed to non-controlling interests	2.0	2.0	3.5	1.5
Financial information (prior to consolidation)				
Current assets	120.3	105.3	21.2	17.5
Non-current assets	115.0	115.2	25.9	26.5
Current liabilities	116.8	106.4	19.7	11.3
Non-current liabilities	40.5	42.5	14.1	16.1
Revenues	559.5	492.8	84.3	74.0
Net result for the year	10.7	6.4	2.0	5.7
Other earnings	0.0	0.6	0.1	- 0.1
Total earnings	**10.7**	**7.0**	**2.2**	**5.6**

In € million	TFC Holland B.V., Maasdijk, Netherlands		Royal Ingredients Group International B.V., Alkmaar, Netherlands	
	31/12/2021	31/12/2020	**31/12/2021**	31/12/2020
Share in the capital and voting rights held by the non-controlling interests (in %)	10.53	15.79	40.00	40.00
Share in the annual result attributable to non-controlling interests	0.4	0.6	5.5	- 0.1
Aggregated non-controlling interests	1.3	2.0	4.3	0.8
Dividends distributed to non-controlling interests	0.5	1.0	2.0	1.2
Financial information (prior to consolidation)				
Current assets	18.2	21.3	4.3	0.2
Non-current assets	13.4	11.6	14.0	14.1
Current liabilities	18.7	15.5	7.5	12.3
Non-current liabilities	0.3	4.9	–	–
Revenues	77.7	81.2	–	–
Net result for the year	3.8	3.6	13.8	- 0.4
Other earnings	–	–	–	–
Total earnings	**3.8**	**3.6**	**13.8**	**- 0.4**

In € million	BayWa r.e. Solar B.V., Heerenveen, Netherlands		BayWa r.e. AG, Munich, Germany	
	31/12/2021	31/12/2020	**31/12/2021**	31/12/2020
Share in the capital and voting rights held by the non-controlling interests (in %)	–	30.00	49.00	–
Share in the annual result attributable to non-controlling interests	–	- 9.0	1.7	–
Aggregated non-controlling interests	–	12.6	9.4	–
Dividends distributed to non-controlling interests	–	–	2.8	–
Financial information (prior to consolidation)				
Current assets	13.5	14.5	3,360.1	–
Non-current assets	173.9	176.1	1,170.3	–
Current liabilities	100.8	64.9	1,770.6	–
Non-current liabilities	53.0	83.7	1,726.4	–
Revenues	–	–	3,553.6	–
Net result for the year	8.6	- 29.9	82.6	–
Other earnings	–	–	- 25.7	–
Total earnings	**8.6**	**- 29.9**	**56.9**	**–**

Companies of secondary importance

Owing to their generally secondary importance, 101 (2020: 96) domestic and 235 (2020: 165) 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 2021 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	- 2.8	- 0.4
Equity	12.0	0.2

B.2 Joint ventures pursuant to IFRS 11 in conjunction with IAS 28

A total of 12 (2020: 10) 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	
	31/12/2021	31/12/2020	**31/12/2021**	31/12/2020
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	1.9	1.6	3.4	2.6
Non-current assets	12.7	13.1	12.7	13.3
Current liabilities	0.8	0.8	2.9	3.3
Non-current liabilities	5.7	6.3	1.9	2.4
Cash and cash equivalents	1.3	1.1	1.9	1.4
Short-term debt	–	–	–	–
Long-term debt	4.7	5.3	0.9	1.2
Revenues	2.8	3.1	6.1	5.9
Amortisation	- 0.5	- 0.5	- 1.0	- 0.9
Interest expenses	- 0.1	- 0.2	- 0.1	- 0.1
Interest income	0.0	0.0	0.0	0.0
Income tax expense	- 0.2	- 0.3	- 0.5	- 0.4
Net result for the year from continued operations	0.3	0.8	1.2	1.2
Other earnings	0.0	0.0	–	–
Total earnings	**0.3**	**0.8**	**1.2**	**1.2**
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Joint venture's net assets	8.0	7.7	11.3	10.1
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	6.9	6.8	13.3	12.7

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

In € million	BHBW Holdings (Pty) Ltd, Lynnwood Manor, South Africa		Wind + Mehr GmbH, Hanover, Germany	
	31/12/2021	31/12/2020	**31/12/2021**	31/12/2020
Shareholding (in %)	50.00	50.00	50.00	–
Voting rights (in %)	50.00	50.00	50.00	–
Dividends received from joint ventures	–	–	–	–
Current assets	17.6	19.4	0.7	–
Non-current assets	17.7	24.5	9.6	–
Current liabilities	17.5	18.1	6.8	–
Non-current liabilities	0.7	3.0	1.1	–
Cash and cash equivalents	0.0	10.0	0.0	–
Short-term debt	–	–	–	–
Long-term debt	–	–	–	–
Revenues	80.4	74.1	–	–
Amortisation	- 1.1	- 1.8	–	–
Interest expenses	- 0.8	- 1.8	–	–
Interest income	0.0	0.0	–	–
Income tax expense	0.0	- 0.1	–	–
Net result for the year from continued operations	0.7	- 7.0	- 0.1	–
Other earnings	0.0	0.0	–	–
Total earnings	**0.7**	**- 7.0**	**- 0.1**	**–**
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Joint venture's net assets	22.9	22.8	2.4	–
Shareholding and voting rights (in %)	50.00	50.00	50.00	–
Goodwill	–	–	4.3	–
Other adjustments	–	–	0.2	–
Book value	11.5	11.4	5.6	–

BHBW Holdings (Pty) Ltd is responsible for trading and selling agricultural equipment and forklift trucks. Wind + Mehr GmbH plans, constructs and operates a variety of systems, in particular wind turbines.

In € million	Amadeus Wind Holdings, LLC, Wilmington, USA	
	31/12/2021	31/12/2020
Shareholding (in %)	33.3	33.3
Voting rights (in %)	33.3	33.3
Dividends received from joint ventures	–	–
Current assets	14.1	262.6
Non-current assets	295.4	19.4
Current liabilities	7.0	105.1
Non-current liabilities	302.5	176.8
Cash and cash equivalents	8.1	–
Short-term debt	–	–
Long-term debt	–	–
Revenues	23.8	0.0
Amortisation	- 9.5	- 0.4
Interest expenses	- 3.1	- 6.7
Interest income	–	–
Income tax expense	- 0.0	–
Net result for the year from continued operations	- 28.0	0.0
Other earnings	–	–
Total earnings	**- 28.0**	**0.0**
Losses not realised for the reporting period	–	–
Aggregated losses not realised	–	–
Transition		
Associate’s net assets	0.0	0.0
Shareholding and voting rights (in %)	33.3	33.3
Goodwill	46.5	46.5
Other adjustments	- 4.0	0.0
Book value	42.5	46.5

Amadeus Wind Holdings, LLC 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	**31/12/2021**	31/12/2020
Book value at the end of the reporting period	4.0	4.6
BayWa Group’s share in the net result for the year from continued operations	- 1.7	- 0.4
BayWa Group’s share in earnings from discontinued operations after tax	–	–
BayWa Group’s share in other earnings	0.8	0.0
BayWa Group’s share in total earnings	- 0.9	- 0.4
Losses not realised for the reporting period	- 0.0	- 0.9
Aggregated losses not realised	- 0.9	- 0.9

B.3 Associates pursuant to IAS 28

A total of 13 (2020: 15) 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	
	31/12/2021	31/12/2020	**30/11/2021**	30/11/2020
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	2.1	0.8	0.0	0.0
Current assets	0.2	0.2	244.1	197.3
Non-current assets	234.8	234.8	83.8	87.2
Current liabilities	0.0	0.0	282.6	228.9
Non-current liabilities	–	–	5.5	5.5
Revenues	–	–	213.7	222.9
Net result for the year from continued operations	4.7	1.8	- 9.5	- 3.9
Other earnings	–	–	- 0.8	- 4.6
Total earnings	**4.7**	**1.8**	**- 10.3**	**- 5.5**
Losses not realised for the reporting period	–	–	–	–
Aggregated losses not realised	–	–	–	–
Transition				
Associate's net assets	235.0	235.0	39.8	50.2
Shareholding and voting rights (in %)	45.26	45.26	49.99	49.99
Goodwill	–	–	22.4	22.4
Other adjustments	- 17.3	- 17.3	–	–
Book value	89.1	89.1	43.8	47.5

BRB Holding GmbH 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 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	
	31/12/2021	31/12/2020
Shareholding (in %)	39.39	39.39
Voting rights (in %)	39.39	39.39
Dividends received from associates	0.6	0.4
Current assets	101.0	84.7
Non-current assets	21.8	19.4
Current liabilities	104.6	86.6
Non-current liabilities	4.2	4.2
Revenues	640.3	608.8
Net result for the year from continued operations	4.9	5.0
Other earnings	–	–
Total earnings	**4.9**	**5.0**
Losses not realised for the reporting period	–	–
Aggregated losses not realised	–	–
Transition		
Associate’s net assets	14.1	13.4
Shareholding and voting rights (in %)	39.39	39.39
Goodwill	14.5	14.5
Other adjustments	- 0.2	0.0
Book value	19.8	19.8

Grandview Brokerage LLC 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	**31/12/2021**	31/12/2020
Book value at the end of the reporting period	5.7	6.1
BayWa Group’s share in the net result for the year from continued operations	0.7	- 0.8
BayWa Group’s share in earnings from discontinued operations after tax	–	–
BayWa Group’s share in other earnings	0.0	0.0
BayWa Group’s share in total earnings	0.7	- 0.8
Losses not realised for the reporting period	- 0.2	- 0.5
Unrecognised losses (aggregated)	- 0.9	- 0.7

A total of 36 (2020: 36) 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 associate in question is 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 2021 are set out below:

Associates and joint ventures not included under the equity method	In € million
Assets	192.6
Liabilities	150.2
Revenues	359.9
Net result for the year	4.4

B.4 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 31/12/2021	**122**	**425**	**547**
thereof: fully consolidated	113	409	522
thereof: recognised at equity	9	16	25
Included on 31/12/2020	**105**	**363**	**468**
thereof: fully consolidated	97	345	442
thereof: recognised at equity	8	18	26

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

B.5 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.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 increased by €10.7 million in the reporting year (2020: decreased by €14.0 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	**31/12/2021**	31/12/2020	**2021**	2020
Australia	AUD	1.562	1.590	1.575	1.655
Canada	CAD	1.439	1.563	1.483	1.530
Croatia	HRK	7.516	7.552	7.529	7.538
Czech Republic	CZK	24.858	26.242	25.640	26.455
Hungary	HUF	369.190	363.890	358.529	351.249
Japan	JPY	130.380	126.490	129.874	121.846
New Zealand	NZD	1.658	1.698	1.672	1.756
Poland	PLN	4.597	4.560	4.565	4.443
Serbia	RSD	117.579	117.560	117.579	117.585
Sweden	SEK	10.250	10.034	10.146	10.485
Switzerland	CHF	1.033	1.080	1.081	1.071
UK	GBP	0.840	0.899	0.860	0.890
USA	USD	1.133	1.227	1.183	1.142

C Notes to the Balance Sheet

C.1 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.

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

In € million	**2021**	2020
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H.	0.0	0.8
BayWa Agrarhandel Group	0.0	3.8
BayWa r.e. business entity “Holdings”, geographic single entity “Bioenergy”	1.8	1.8
BayWa r.e. business entity “Services”	14.9	12.5
thereof: added in the financial year 2021: BayWa r.e. Global Services GmbH	1.0	–
thereof: added in the financial year 2021: Renertech Rotorblattservice GmbH & Co. KG	0.5	–
BayWa r.e. business entity “Solar Projects”	102.0	101.6
thereof: added in the financial year 2021: BayWa r.e. France SAS	0.4	–
BayWa r.e. business entity “Solar Trade”	42.4	38.6
thereof: added in the financial year 2021: PV Integ AG	1.1	–
BayWa r.e. business entity “Wind Projects”	27.6	9.9
thereof: added in the financial year 2021: BayWa r.e. France SAS	1.7	–
thereof: added in the financial year 2021: NWind GmbH	14.1	–
Cefetra Group	12.2	12.2
Citygreen Gartengestaltungs GmbH	0.9	0.9
CLAAS Württemberg GmbH	0.0	1.2
EUROGREEN Group	2.1	2.1
Evergrain Germany GmbH & Co. KG [1]	2.6	2.8
FarmFacts Group	0.0	1.5
Peter Frey GmbH	1.0	1.0
Premium Crops Limited (goodwill from asset deal)	6.8	6.4
Royal Ingredients Group	3.4	3.4
Schradenbiogas GmbH & Co. KG	0.0	2.4
T&G Global Group	20.3	19.8
TFC Holland B.V.	15.7	15.7
Thegra Tracomex Group	8.7	8.7
VISTA Geowissenschaftliche Fernerkundung GmbH	0.6	0.9
WAV Wärme Austria VertriebsgmbH	4.2	4.2
Other	0.0	2.1
	267.2	**254.3**

1 Evergrain Germany GmbH & Co. KG has been trading as Grainli GmbH & Co. KG since 1 January 2022. In this report, the company is still listed under the company name valid until 31 December 2021.

Due to a year-on-year increase in discount factors and a year-on-year decrease in business-unit-specific growth rates, the impairment tests performed in the financial year 2021 for "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., the BayWa Agrarhandel Group, CLAAS Württemberg GmbH and the FarmFacts Group each resulted in an impairment need in the amount of the reported goodwill of these cash-generating units.

Owing to changes to basic assumptions and planning assumptions, the impairment test for Schradenbiogas GmbH & Co. KG resulted in an impairment need that exceeds the recognised goodwill. Consequently, the assets of Schradenbiogas GmbH & Co. KG were impaired by €6.6 million in addition to the amortisation of the goodwill.

A year-on-year adjustment of assumptions also led to a goodwill impairment need of €0.2 million at VISTA Geowissenschaftliche Fernerkundung GmbH.

The goodwill of Evergrain Germany GmbH & Co. KG additionally included €0.2 million for the “Evergrain” brand, which was not recognised separately in the purchase price allocation upon acquisition of the company. The goodwill of Evergrain Germany GmbH & Co. KG was reduced by the same amount following the brand’s sale in the financial year 2021.

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 2021		Basic assumptions in 2020	
In %	discount factor	growth rate	discount factor	growth rate
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H	5.4	1.0	5.4	2.5
BayWa Agrarhandel Group	5.2	1.0	5.1	2.0
CLAAS Württemberg GmbH	6.9	1.0	5.5	2.0
Evergrain Germany GmbH & Co. KG	5.6	1.0	5.1	2.0
FarmFacts Group	9.2	1.0	7.1	2.0
Schradenbiogas GmbH & Co. KG	5.1	1.0	5.0	2.0
VISTA Geowissenschaftliche Fernerkundung GmbH	7.0	1.0	7.1	2.0

The goodwill resulting 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.

Of the goodwill, an amount of €19.9 million (2020: €15.1 million) is tax deductible in subsequent years.

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 sections directly assignable to the reporting segments within the BayWa Group (see Note B.1). 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. Since the financial year 2020, impairment tests have been carried out within the BayWa r.e. Group 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.

The cash flows were based on business-unit-specific discount factors of between 4.3% and 9.2% (2020: 3.7% and 7.1%). 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% (2020: 0.0% and 3.0%) has been assumed for the periods thereafter.

The BayWa Group’s cash-generating units were not affected by the coronavirus pandemic in 2021, and no considerable negative effects as a result of coronavirus-related measures put in place throughout the year were recorded. Since the coronavirus pandemic has not had any material implications for the BayWa Group, the key assumptions of the impairment tests remain unchanged from the previous year. Please see Note A.5 for further details.

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%
Evergrain GmbH & Co. KG [1]	5.6	1.0	2.1	0.3	2.2
VISTA Geowissenschaftliche Fernerkundung GmbH [1]	7.0	1.0	0.1	0.1	0.2

1 The effects are presented after the impairment of goodwill.

The impairment test for Evergrain GmbH & Co. KG places the value in use €0.2 million higher than the book value in consideration of the impairment for the financial year 2021. The value in use would correspond to the book value in the event of an increase in the discount factor of 0.02 percentage points or a decrease in the growth rate of 0.22 percentage points.

In consideration of the impairment for the financial year 2021, the value in use of VISTA Geowissenschaftliche Fernerkundung GmbH corresponds to the book value.

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

In € million	**2021**	2020
Additions from developments within the company	7.7	8.5
Additions from separate acquisition	25.1	35.6
Additions from business combinations	27.5	25.6
	60.3	**69.7**

In the financial year 2021, research and development expenses of €1.4 million (2020: €0.7 million) were recognised under other operating expenses. Material research and development activities at the BayWa Group are performed by BayWa AG, Munich, Germany, BayWa IT GmbH, Munich, Germany, and FarmFacts GmbH, Pfarrkirchen, Germany.

C.2 Property, plant and equipment

All property, plant and equipment are used for operations. This item is 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 pattern in which the future economic benefits are expected to be consumed. 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. In the financial year 2021, material impairment losses had to be recognised in the Renewable Energies Segment on two biogas plants in the amount of €8.6 million in total.

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. In the financial year 2021, as in 2020, borrowing costs were not capitalised under property, plant and equipment to a material extent.

At the end of the reporting period, €37.4 million (2020: €36.9 million) of the total property, plant and equipment recognised served as collateral for liabilities.

C.3 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 and level 2 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 was only utilised in relation to 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. The utilisation of this option ensures consistency of measurement.

The fair value of the shares in Raiffeisen Bank International AG amounted to €99.5 million as at 31 December 2021 (2020: €64.6 million). Dividends of €4.7 million were generated from these shares in the financial year 2021. The fair value of the other shares in affiliated and other companies in Austria amounted to €0.2 million (2020: €0.1 million.).

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 2021 (2020: €0.1 million). No dividends resulted from these shares in the financial year 2021.

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.

C.4 Investment property

The "Investment property" item comprises 62 (2020: 70) pieces of land and buildings under lease and/or not essential to the operations of the Group. Allocation is made if the property 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. Properties in this category are mainly warehouses, market buildings, stores, halls, silos, farmland and other undeveloped land, as well as, to a minor extent, office and residential buildings.

In accordance with the option under IAS 40, investment property is recognised exclusively at amortised cost and depreciated over its period of useful life indicated under Note C.2. The book value at the end of the reporting period came to €37.7 million (2020: €51.0 million). In the financial year, depreciation of buildings came to €0.8 million (2020: €1.4 million). The expense in the same amount has been included under depreciation and amortisation in the income statement. As in the previous year, no impairment losses were recognised. In the year under review, buildings with a book value of €1.5 million were reclassified from investment property to property, plant and equipment and non-current assets held for sale. Land with a book value of €4.2 million was also reclassified from investment property to property, plant and equipment or non-current assets held for sale. By contrast, book values of €7.0 million relating to buildings and €2.2 million relating to land were classified to investment property in the previous year. Property, plant and equipment and property held for sale decreased by the same amount.

The fair value of these properties was set at €98.4 million (2020: €113.1 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 €6.0 million (2020: €6.2 million); operating expenses (excluding depreciation) for the properties for which rental income was realised came to €0.8 million (2020: €0.8 million). In regard to properties for which no rental income was generated, operating expenses amounted to €0.1 million (2020: €0.1 million).

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								
Industry 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 [1]	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**

1 The previous term "non-current biological assets" has been replaced with "bearer plants".

	Depreciation/amortisation									Book values	
	01/01/2021	currency translation differences	additions due to consolidation	current year	disposals	disposals due to consolidation	write-ups	reclassifi-cations	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**

Development of consolidated non-current assets for 2020

Notes C.1 – C.4

In € million	Cost							
	01/01/2020	currency translation differences	additions due to consolidation	additions	disposals	disposals due to consolidation	reclassifica-tions	31/12/2020
Intangible assets								
Industry property rights, similar rights and assets	396.0	- 2.2	11.6	33.1	- 24.3	- 2.6	31.7	443.4
Goodwill	267.9	- 2.7	13.9	1.1	0.0	- 0.9	1.5	280.8
Prepayments on account	7.0	- 0.1	0.0	9.9	- 1.1	0.0	- 3.6	12.1
	670.9	**- 4.9**	**25.6**	**44.1**	**- 25.4**	**- 3.5**	**29.6**	**736.3**
Property, plant and equipment								
Land, similar rights and buildings, including buildings on leasehold land	2,070.5	- 14.5	14.7	155.5	- 51.2	- 3.4	7.6	2,179.1
thereof: rights of use from leases	837.9	- 5.0	12.5	105.0	- 20.6	- 3.4	15.4	941.8
Technical facilities and machinery	1,012.7	- 17.6	4.6	130.2	- 21.9	- 45.7	223.1	1,285.4
thereof: rights of use from leases	6.2	- 0.1	0.2	2.1	- 1.0	0.0	- 0.8	6.7
Other facilities, fixtures and office equipment	435.4	- 1.7	2.5	80.4	- 36.0	- 4.6	7.1	483.0
thereof: rights of use from leases	74.0	- 0.1	0.9	27.4	- 9.5	0.0	0.0	92.8
Prepayments and assets under construction	81.3	3.0	0.1	54.5	- 6.2	- 4.0	20.1	148.8
Bearer plants [1]	22.7	- 0.6	0.0	0.1	- 0.6	0.0	8.4	29.9
	3,622.6	**- 31.4**	**21.8**	**420.6**	**- 116.0**	**- 57.7**	**266.3**	**4,126.3**
Participating interests recognised at equity	**208.0**	**- 8.3**	**0.1**	**0.0**	**- 5.2**	**0.0**	**49.8**	**244.3**
Investments								
Shareholdings in affiliated companies	40.7	- 0.1	- 4.1	51.4	- 5.6	- 48.0	- 1.2	33.2
Loans to affiliated companies	3.1	0.0	- 0.1	0.3	- 0.3	0.0	0.2	3.1
Participations in other companies	43.6	0.0	0.0	6.7	- 0.1	0.0	0.0	50.2
Loans to companies in which a participating interest is held	31.4	- 0.1	0.0	1.8	- 0.2	0.0	0.0	32.9
Non-current marketable securities	139.0	0.0	0.0	0.3	0.0	- 0.2	0.0	139.2
Other loans	11.3	- 0.2	0.0	0.5	- 2.2	0.0	0.0	9.5
	269.2	**- 0.4**	**- 4.2**	**61.0**	**- 8.3**	**- 48.1**	**- 1.0**	**268.1**
Investment property								
Land	34.8	0.1	0.0	0.0	- 2.8	0.0	2.2	34.4
Buildings	58.7	0.2	0.0	0.4	- 1.8	0.0	7.0	64.4
	93.6	**0.3**	**0.0**	**0.4**	**- 4.6**	**0.0**	**9.2**	**98.8**
Consolidated non-current assets	**4,864.2**	**- 44.8**	**43.3**	**526.1**	**- 159.5**	**- 109.4**	**353.9**	**5,473.8**

1 The previous term “non-current biological assets” has been replaced with “bearer plants”.

	Depreciation/amortisation									Book values	
	01/01/2020	currency translation differences	additions due to consolidation	current year	disposals	disposals due to consolidation	write-ups	reclassifi-cations	**31/12/2020**	**31/12/2020**	31/12/2019
	- 245.2	1.3	- 0.1	- 43.0	13.6	0.3	0.0	0.6	- 272.6	170.8	150.8
	- 21.0	0.0	0.0	- 5.4	0.0	0.0	0.0	- 0.1	- 26.5	254.3	246.9
	- 1.0	0.0	0.0	- 0.0	0.0	0.0	0.0	0.6	- 0.4	11.6	6.0
	- 267.2	**1.3**	**- 0.1**	**- 48.4**	**13.6**	**0.3**	**0.0**	**1.1**	**- 299.5**	**436.7**	**403.7**
	- 693.3	1.8	- 2.5	- 83.7	19.4	0.3	0.0	35.4	- 722.8	1,456.4	1,377.1
	- 102.9	0.1	- 1.0	- 56.9	3.2	0.3	0.0	- 4.3	- 161.5	780.3	734.9
	- 601.4	4.0	- 3.1	- 60.1	19.3	7.5	0.0	- 9.1	- 642.9	642.4	411.3
	- 1.2	0.0	0.0	- 1.4	0.3	0.0	0.0	0.1	- 2.1	4.6	5.0
	- 259.9	0.8	- 0.9	- 58.5	33.7	0.6	0.0	- 0.9	- 285.0	198.0	175.5
	- 23.3	0.0	- 0.2	- 21.6	7.4	0.0	0.0	0.1	- 37.7	55.1	50.8
	4.3	0.0	0.0	- 0.1	0.0	0.0	0.0	- 4.3	- 0.1	148.8	85.6
	- 5.9	0.2	0.0	- 1.0	0.2	0.0	0.0	- 0.4	- 7.0	22.9	16.8
	- 1,556.2	**6.6**	**- 6.4**	**- 203.4**	**72.6**	**8.4**	**0.0**	**20.6**	**- 1,657.8**	**2,468.5**	**2,066.3**
	0.0	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**244.3**	**208.0**
	- 17.6	0.1	0.0	0.0	0.0	- 0.9	0.0	- 0.3	- 18.8	14.5	23.1
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	3.1
	- 4.0	0.0	0.0	- 0.1	0.0	0.0	0.1	- 0.5	- 4.5	45.7	39.6
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32.9	31.4
	- 29.2	0.0	0.0	- 0.1	0.0	0.0	0.0	- 21.6	- 50.9	88.3	109.8
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.5	11.3
	- 50.9	**0.1**	**0.0**	**- 0.2**	**0.0**	**- 0.9**	**0.1**	**- 22.4**	**- 74.1**	**194.0**	**218.3**
	- 3.1	0.0	0.0	0.0	1.1	0.0	0.0	0.0	- 2.0	32.4	31.8
	- 43.8	- 0.1	0.0	- 1.4	1.6	0.0	0.0	- 2.2	- 45.8	18.6	14.9
	- 46.9	**- 0.1**	**0.0**	**- 1.4**	**2.8**	**0.0**	**0.0**	**- 2.2**	**- 47.8**	**51.0**	**46.7**
	- 1,921.2	**7.9**	**- 6.6**	**- 253.4**	**89.0**	**7.8**	**0.1**	**- 2.9**	**- 2,079.3**	**3,394.5**	**2,943.0**

C.5 Income tax assets

The table below shows a breakdown of income tax assets:

In € million	2021	2020
Non-current income tax assets (with a residual term of more than one year)	0.5	0.0
Current income tax assets (with a residual term of up to one year)	36.0	58.4
	36.5	**58.4**

C.6 Other receivables and other assets

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. 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	2021	2020 adjusted
Non-current receivables (with a residual term of more than one year)		
Trade receivables	13.4	3.1
Other financial assets	22.9	19.6
Other receivables and other non-current financial assets	**36.3**	**22.7**
Receivables from other taxes	0.2	0.2
Other non-financial assets including prepaid expenses	18.8	5.1
Other non-financial assets	**19.0**	**5.3**
	55.3	**28.0**
Current receivables (with a residual term of up to one year)		
Trade receivables	1,341.8	1,112.8
Receivables from affiliated companies	33.0	29.8
Receivables from companies in which a participating interest is held	59.2	37.4
Other financial assets	425.7	344.8
Other receivables and other financial assets	**1,859.7**	**1,524.8**
Receivables from other taxes	181.1	98.6
Other non-financial assets including prepaid expenses	224.4	145.2
Other non-financial assets	**405.5**	**243.8**
	2,265.2	**1,768.6**

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 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. Payments on account of inventories of €164.6 million (2020: €88.4 million) and assets of €157.8 million (2020: €115.3 million) are also included in this item.

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. 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. Either the simplified approach or the general model can be chosen in the case of lease receivables.

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 have been and continue to be formed if there is any objective evidence of impairment in relation to the aforementioned items.
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 **2021**	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	2,362.1	170.8	1,870.5	320.8	229.5	43.1	9.5	38.8

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:

					Thereof: stage 3 not impaired at reporting date and overdue in subsequent periods			
In € million	Total gross value 2020	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	1,717.9	143.9	1,240.0	334.0	229.3	32.8	22.9	49.1

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. An adjustment of the probability of default due to the coronavirus pandemic was not necessary to any material extent in the financial year 2021.

Risk provisions for stage 2 expected credit losses developed as follows in the financial year 2021 and in the previous year:

In € million	2021	2020
As at 01/01	**6.4**	**6.2**
Allocation	0.9	1.9
Release	- 1.3	- 0.7
Write-offs	- 0.3	- 0.9
Reclassifications	- 0.1	- 0.0
Adjustments due to changes in the group of consolidated companies	0.0	0.0
Currency translation differences	0.1	- 0.1
As at 31/12	**5.6**	**6.4**

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 2021:

			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

			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
01/01/2021	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

The following table shows the corresponding values for the previous year:

			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
01/01/2020	0.7	5.5	0.6	0.5	0.5	3.9
31/12/2020	0.3	6.1	0.6	0.7	0.4	4.5

			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
01/01/2020	up to 1.0	–	up to 12.2	up to 16.9	up to 53.0	up to 71.9
31/12/2020	up to 0.5	–	up to 3.6	up to 7.3	up to 51.2	up to 72.9

In addition, IFRS 9 requires at least two scenarios to be observed when calculating risk provisions for stage 2 expected losses, including the possibility of default and of non-default. This requirement is met by always adjusting the probabilities of default based on historical default rates by a particular percentage that has been set at 60%.

Risk provisions for stage 3 expected credit losses on other receivables and other assets developed as follows in the financial year 2021 and in the previous year:

In € million	2021	2020
As at 01/01	**27.9**	**28.9**
Allocation	17.5	9.0
Release	- 7.4	- 8.3
Write-offs	- 1.6	- 0.8
Adjustments due to changes in the group of consolidated companies	0.3	0.0
Reclassifications	- 0.7	- 0.5
Currency translation differences	0.2	- 0.3
As at 31/12	**36.0**	**27.9**

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 2021, the credit risk positions of 82 debtors (2020: 65) were more than €1 million respectively. The Group does not anticipate any material default risk in respect of these customers.

In order to enhance its financing structure, the Group has secured trade receivables by way of an asset-backed securitisation (ABS) measure. The total volume from the ABS measure amounted to €140.0 million (2020: €140.0 million). Utilisation will be adjusted in line with the variable and seasonal circumstances. At the end of the reporting period, trade receivables of €129.7 million (2020: €130.6 million) were secured by way of the ABS measure.

C.7 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 they arise from temporary differences in goodwill (separate consideration of tax-related goodwill) or from the initial recognition (except business combinations) of other assets and liabilities resulting 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.

C.8 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, the average-cost method is applied. In some cases, the first-in, first-out (FIFO) method was 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 (see Note C.9 for details on the fair value measurement of biological assets). 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.

Inventories break down as follows:

In € million	**2021**	2020
Raw materials, consumables and supplies	68.4	35.1
Unfinished goods/services	1,528.9	966.6
Finished goods/services and merchandise	2,615.7	1,937.5
	4,213.0	**2,939.2**

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. Impairments on inventories in the reporting year increased year on year, from €131.0 million in 2020 to €156.3 million in 2021.

The book value of the inventories reported at fair value less selling costs amounted to €684.9 million at the end of the reporting period (2020: €409.3 million). The fair value of inventories is derived from prices quoted for comparable inventories in active markets at the end of the reporting period. A total of €28.6 million of the inventories recognised at the end of the reporting period served as collateral for liabilities (2020: €23.5 million). In the reporting year, a total of €18.5 million in borrowing costs (2020: €20.7 million) were capitalised as part of the cost of unfinished goods. The calculation of inventories is carried out through a (brought forward) end-of-period inventory or through continuous inventory.

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 (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 remaining performance obligations under contracts to be fulfilled over time amounted to €211.4 million as at 31 December 2021. In general, revenue is expected to be realised from these remaining performance obligations in the financial year 2022, 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 €397.3 million as at the reporting date (2020: €433.3 million). The BayWa Group's revenues include income of €478.3 million (2020: €523.1 million) due to the realisation of revenues over time.

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. 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 €22.5 million at the end of the reporting period (2020: €74.6 million). Further, the total prepayments received amounted to €104.2 million (2020: €75.7 million). In the reporting period, €74.6 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 €36.8 million (2020: €37.1 million) and contract assets of €157.8 million (2020: €115.3 million). The increase in contract assets was primarily the result of the increase in project business volume in the fields of renewable energies. In general, the impairment model defined in accordance with IFRS 9 is also applicable to contract assets formed pursuant to IFRS 15. No such assets have been recognised, also for reasons of materiality.

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.

C.9 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 biological assets developed as follows:

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**

In € million 2020	Apples	Tomatoes	Citrus fruits	Grapes	Other fruits	**Total**
Biological assets						
Biological assets on 01/01	10.8	1.2	1.2	0.3	- 0.1	13.6
Capitalised costs	17.5	–	3.1	0.4	1.0	22.0
Change in fair value less selling costs	1.2	1.8	0.2	–	0.0	3.2
Disposals due to harvest	- 18.2	- 2.1	- 3.8	- 0.7	- 0.8	- 25.6
Currency translation differences	–	- 0.1	- 0.1	–	–	- 0.2
Biological assets on 31/12	**11.3**	**0.8**	**0.8**	**–**	**0.1**	**12.8**

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.

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 as at 31 December 2021. 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	
		2021	2020
Apples	tce[1] per hectare per year	270 tce[1] to 4,996 tce[1]	1,170 tce[1] to 5,500 tce[1]
	Weighted average tce[1] per hectare per year	1,931 tce[1]	2,335 tce[1]
	Export prices per tce[1]	€5.98 to €43.65	€5.69 to €40.43
	Weighted average export prices per tce[1]	€19.34	€20.15
	Risk-adjusted discount rate	25%	35%
Tomatoes	Tonnage per hectare per year	48 to 541 tonnes	159 to 582 tonnes
	Weighted average tonnage per hectare per year	359 tonnes	435 tonnes
	Price per kilogramme ex works per season	€0.87 to €11.34	€0.76 to €10.81
	Weighted average price per kilogramme ex works per season	€2.37	€2.01
	Risk-adjusted discount rate	25%	25%
Citrus fruits	Tonnage per hectare per year	35 tonnes	36 tonnes
	Weighted average tonnage per hectare per year	35 tonnes	36 tonnes
	Price per tonne ex works per season	€473.60 to €1,536.21	€427.08 to €1,463.47
	Weighted average price per tonne ex works per season	€1,288.05	€1,218.04
	Risk-adjusted discount rate	14%	14%
Blueberries	Tonnage per hectare per year	6.9 tonnes	6.3 tonnes
	Weighted average tonnage per hectare per year	6.9 tonnes	6.3 tonnes
	Price per kilogramme ex works per season	€4.87 to €10.73	€4.84 to €10.53
	Weighted average price per kilogramme ex works per season	€10.45	€10.06
	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 in the discount rate would reduce the fair value of the harvest by €0.2 million (2020: €0.2 million). A 5.0% reduction in the discount rate would increase the harvest's market value by €0.2 million (2020: €0.3 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.

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	**2021**	2020
Biological assets		
Apples	661	739
Tomatoes	28	28
Citrus fruits (lemons, mandarins, oranges)	90	90
Grapes	59	115
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:

	2021	2020	Production units
Biological assets			
Apples	1,270,035	1,603,147	tce[1]
Tomatoes	10,205,439	12,372,771	kg
Citrus fruits (lemons, mandarins, oranges)	3,150,426	3,223,001	kg
Grapes	202,326	340,000	kg
Blueberries	71,332	69,711	kg

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

C.10 Assets from derivatives

The BayWa Group's assets from derivatives comprise currency hedges and commodity futures classified as financial instruments pursuant to IFRS 9. These assets from derivatives are measured at fair value. In the case of FX 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).

The classification of the fair values of assets from derivatives in the fair value hierarchy breaks down as follows:

In € million **31/12/2021**	Fair values level 1	 level 2	 level 3	 total
Assets from derivatives				
Commodity futures	68.2	1,025.3	–	1,093.5
FX hedges	26.2	2.1	–	28.4
Interest rate hedges	–	0.8	–	0.8
	94,5	**1.028,2**	**–**	**1.122,7**

In € million 31/12/2020	Fair values level 1 adjusted[1]	 level 2	 level 3	 total adjusted[1]
Assets from derivatives				
Commodity futures	85.8	380.1	–	465.9
FX hedges	22.2	–	–	22.2
Interest rate hedges	–	–	–	–
	108.0	**380.1**	**–**	**488.1**

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Please see Note A.7 for further details.

A total of €1,049.1 million of the disclosed assets from derivatives had a residual term of a maximum of one year (2020: €457.4 million). The residual term for assets from derivatives of €42.3 million (2020: €10.8 million) was between one and a maximum of five years, whereas assets from derivatives of €31.3 million (2020: €19.9 million) had residual terms of over five years.

The rise in assets from derivatives results primarily from the Renewable Energies Segment, specifically energy trading. Here, assets from derivatives increased by more than €600 million year on year, particularly on account of the sharp rise in energy prices in the second half of the year and higher trading volume.

C.11 Cash and cash equivalents

Cash and cash equivalents worth €399.1 million (2020: €168.4 million) comprise cash in hand, cheques and deposits in banks with initial terms of no more than three months.

C.12 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 (2022).

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.

As at the end of the financial year 2021, the BayWa Group's assets held for sale included individual non-current assets and assets belonging to the disposal group Landhandel Knaup GmbH, Borchen, Germany.

The individual non-current assets relate to 7 (2020: 9) properties being held for sale that include undeveloped and developed land on which silos, offices, warehouses, halls, workshops, a building materials centre and a car dealership have been constructed. The book values of these assets stood at €6.8 million in total at the end of the reporting period (2020: €5.1 million). Their fair value less estimated costs to sell came to a total of €13.9 million (2020: €10.6 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 **2021**	Cefetra Group Segment	Agricultural Equipment 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**

In € million 2020	Cefetra Group Segment	Agricultural Equipment Segment	Building Materials Segment	Other Activities	Total
Non-current assets					
Property, plant and equipment	0.6	–	0.3	4.1	5.1
Non-current assets held for sale	**0.6**	**–**	**0.3**	**4.1**	**5.1**

The book values of the assets of the disposal group Landhandel Knaup GmbH, Borchen, Germany, which belong entirely to the Agri Trade & Service Segment, stood at €14.7 million at the end of the reporting period.

In € million	Landhandel Knaup GmbH, Borchen, Germany
Assets of the disposal group held for sale	
Property, plant and equipment	2.9
Other non-current assets	2.0
Investments	0.0
Inventories	1.9
Other current assets	7.9
	14.7
Liabilities from disposal groups	
Liabilities	10.1
	10.1

As at 31 December 2021, the assets of the disposal group indicated no need for impairment with regard to the expected disposal price. The BayWa Group derecognised the assets and liabilities in connection with the disposal group upon completion of the sale of the shares in Landhandel Knaup GmbH, Borchen, Germany, in January 2022.

In total, the BayWa Group's assets held for sale stood at €21.4 million as at the end of the financial year 2021. The BayWa Group's overall liabilities in connection with the assets held for sale amounted to €10.1 million at the end of the reporting period.

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

C.13 Equity

The consolidated statement of changes in equity shows the development of equity in detail.

Subscribed capital

On 31 December 2021, BayWa AG's subscribed capital of €91.2 million (2020: €90.6 million) was divided into 35,644,609 ordinary registered shares (2020: 35,418,709) with an arithmetical portion in the share capital of €2.56 per share (2020: €2.56). Of the shares issued, 34,175,458 are registered shares with restricted transferability (2020: 34,035,811) and 225,900 recently registered shares with restricted transferability (2020: 139,647) (dividend-bearing employee shares from 1 January 2022 onwards); 1,243,251 shares are registered shares not subject to restricted transferability (2020: 1,243,251).

In respect of subscribed capital disclosed 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 2021.

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 01/01/2021	**1,243,251**	**34,155,958**
Issuing of employee shares		225,900
As at 31/12/2021	**1,243,251**	**34,381,858**

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 €4,064,199.68 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 €129.5 million (2020: €121.7 million) is derived mainly from the premiums in an amount of €94.9 million (2020: €90.3 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 2020, 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 2021. In this context, 225,900 recent registered shares with restricted transferability (from 1 January 2022 dividend-bearing employee shares) (2020: 139,647 recently registered shares with restricted transferability, from 1 January 2021 dividend-bearing employee shares) were issued in the financial year 2021. The exercise price of employee shares came to €22.08 (2020: €16.95) and was thus 60% of the stock market price of registered BayWa shares with restricted transferability, which, on the preceding day, had stood at €36.80 (2020: €28.25); 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 (2020: at least €135.00 and not more than €540.00). The advantage granted of €3.3 million (2020: €1.6 million), which was the difference between the actual buying price and the stock market price, was posted to capital reserve in accordance with IFRS 2 and reported as an expense under personnel expenses. The vesting period for these shares will end on 31 December 2023. The shares issued to Austrian employees are also subject to a tax retention period, which will end on 31 December 2026.

Hybrid capital

BayWa AG issued a hybrid bond on 4 October 2017 with a total nominal amount of €300.0 million. Taking into account a discount of 0.551%, the issue price amounted to 99.449% of the total nominal amount. Net income from the issue amounted to €295.2 million. The remaining difference is attributable to bank fees and transaction costs incurred as part of the issue, including the deferred tax assets formed as a result.

The hybrid capital is an equity instrument as defined under IAS 32 and has no fixed term. It can only be terminated by BayWa by way of ordinary termination or, if certain circumstances arise, by way of extraordinary termination. The capital is repaid as at that date. In terms of interest in the period between the issue and repayment, there are two distinct phases: In the phase up to the first possible repayment date in 2022, the interest rate is at a fixed rate of 4.250%. In the second phase up to the repayment of the bond, the rate of interest is variable with the margin determined in advance. The discount, bank fees and transaction costs, as well as deferred tax assets on these costs, were deducted directly from equity in accordance with IAS 32.37 et seq.

In the financial year 2021, dividend-like payments of €12.8 million were made 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 €485.1 million at the end of the reporting period (2020 adjusted: €270.4 million). Of this amount, €5.6 million (2020: €5.2 million) was attributable to the statutory reserve, €2.7 million (2020: €17.9 million) to the valuation reserve, minus €276.1 million (2020: minus €320.8 million) to the reserves for actuarial gains and losses for provisions for pensions and severance pay and €752.8 million (2020 adjusted: €568.2 million) to other reserves. The rise in other revenue reserves relates in particular to the capital increase at BayWa r.e. AG, Munich, Germany. By way of an equity contribution of €530 million, funds advised by Energy Infrastructure Partners AG (EIP) took over 49% of the shares in BayWa r.e. AG. The item "differences resulting from changes in the group of consolidated companies and other effects" in the statement of changes in equity also results primarily from the capital increase at BayWa r.e. AG. 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 present the differences from the currency translation of foreign subsidiaries' financial statements in other comprehensive income. The aggregated result after income tax and dividend distribution is recognised within the other reserves in consolidated profit. Other reserves comprise consolidated profit available for distribution of €12.1 million (2020 adjusted: €60.2 million) and currency translation differences of €0.2 million (2020: minus €10.5 million) recognised through other comprehensive income.

The change in other comprehensive income after tax by reserve break down as follows:

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**

In € million 2020	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	- 0.0
Net gain/loss from other current financial assets attributed to the fair value through other comprehensive income category (OCI option – without recycling)	- 8.1	–	–	- 8.6	- 16.8
Change in actuarial gains/losses from pension and severance pay obligations	–	- 40.0	–	- 0.3	- 40.3
Other gains/losses measured directly in equity through other comprehensive income	–	- 4.9	–	–	- 4.9
Differences from currency translation	–	–	- 10.7	- 3.2	- 13.9
Reclassifications of differences from currency translation in the income statement	–	–	- 0.1	0.0	- 0.1
Cash flow hedges	7.6	–	–	1.8	9.5
Reclassifications of net gains/losses from cash flow hedges to the income statement	- 0.3	–	–	- 0.1	- 0.4
Other comprehensive income	**- 0.8**	**- 44.9**	**- 10.8**	**- 10.4**	**- 66.9**

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

Shares in equity attributable to other shareholders pertain primarily to the cooperatives invested in the Austrian subsidiaries, as well as to the minority shareholders in T&G Global Limited and their respective subsidiaries. The rise in minority interest is due in particular to the capital increase at BayWa r.e. AG. Funds advised by the Swiss investor Energy Infrastructure Partners AG (EIP) have acquired a 49% stake in BayWa r.e. through an equity contribution of €530 million. Details on the shares held by the non-controlling interests can be found in Note B.1 of the Notes to the Consolidated Financial Statements.

C.14 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.

Due to pension plans no longer being available to new participants, the risks for BayWa related to defined benefit plans – such as longevity or salary increases – have been clearly reduced. Prior commitments relate to 11,102 claimants. Of this number, 1,965 are active employees, 1,992 former employees with vested benefits and 7,145 are pensioners and surviving dependants. More details on the arrangement of the key defined benefit plans are provided below.

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 (defined benefit obligation) 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.

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 %	31/12/2021	31/12/2020
Discount factor	1.08	0.65
Salary trend	2.44	2.44
Pension trend	1.63	1.54

The amount of severance pay obligations (defined benefit obligation) 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 %	31/12/2021	31/12/2020
Discount factor	0.57	0.27
Salary trend	3.23	3.46

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 €43.0 million (2020: actuarial losses of €53.2 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 €400.0 million (2020: €441.4 million).

Total expenses from the BayWa Group’s benefit commitments amounted to €9.3 million (2020: €13.6 million) and comprise the following:

In € million	**2021**	2020
Current service cost	- 6.6	- 5.9
+ share of interest	- 2.7	- 7.7
= sum total recognised through profit or loss	**- 9.3**	**- 13.6**

Total expenses from the Austrian Group companies’ severance pay obligations amounted to €1.7 million (2020: €1.9 million) and comprised the following:

In € million	**2021**	2020
Current service cost	- 1.6	- 1.7
+ share of interest	- 0.1	- 0.2
= sum total recognised through profit or loss	**- 1.7**	**- 1.9**

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		**2021**	2020
DBO as at 01/01		762.4	725.5
+	changes in the group of consolidated companies	–	–
+	sum total through profit or loss	9.3	13.6
+/–	changes in actuarial gains (–)/losses (+)	- 42.5	53.2
–	pension payments during the reporting period	- 29.9	- 30.1
+/–	assumption of obligations	–	0.1
=	**DBO as at 31/12**	**699.3**	**762.4**

The actuarial gains calculated for the reporting year comprise actuarial gains from adjustments based on empirical experience of €1.5 million (2020: actuarial losses of €3.4 million) and actuarial gains of €40.9 million (2020: actuarial losses of €49.8 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		2021	2020
DBO as at 01/01		38.4	40.9
+	changes in the group of consolidated companies	–	–
+	sum total through profit or loss	1.7	1.9
+/–	changes in actuarial gains (–)/losses (+)	- 0.5	0.3
–	severance pay in the reporting period	- 3.4	- 4.6
+/–	assumption of obligations	–	–
=	**DBO as at 31/12**	**36.2**	**38.4**

The actuarial gains calculated for the reporting year comprise actuarial losses from adjustments based on empirical experience of €0.2 million (2020: actuarial gains of €0.6 million), actuarial gains from the change in demographic assumptions of €0.0 million (2020: actuarial losses of €0.0 million) and actuarial gains from the change in financial assumptions of €0.7 million (2020: actuarial losses of €0.9 million).

For the financial year 2022, it is expected that a probable amount of €10.9 million will be recognised through profit or loss for defined benefit plans and €1.4 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%	- 9.76%	13.71%	The higher the discount rate, the lower the DBO
Salary increase	± 0.50%	0.86%	- 0.48%	The higher the salary increase, the higher the DBO
Pension increase	± 0.50%	6.21%	- 5.32%	The higher the pension increase, the higher the DBO
Remaining life expectancy according to mortality tables	± 1 year	4.52%	- 4.09%	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%	- 5.85%	6.53%	The higher the discount rate, the lower the DBO
Salary increase	± 0.50%	4.10%	- 3.86%	The higher the salary increase, the higher the DBO

The weighted duration of pension obligations is 15 years (2020: 16 years). The weighted duration of severance pay obligations is 8 years (2020: 9 years).

The expected undiscounted payments from pension and severance pay obligations in subsequent years are as follows:

In € million	Total	2022	2023 – 2026	2027 – 2031	> 2031
Pension obligations	877.2	30.3	121.0	146.6	579.3
Severance pay obligations	42.1	1.9	10.5	12.6	17.1

C.15 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.

Other provisions are mainly attributable to:

In € million	**31/12/2021**	31/12/2020
Non-current provisions (with a maturity of more than one year)		
Obligations from personnel and employee benefits	40.8	38.3
Obligations from dismantling operations	26.1	26.3
Other provisions	6.6	4.9
	73.5	**69.5**
Current provisions (with a maturity of up to one year)		
Obligations from personnel and employee benefits	141.8	119.3
Provisions for outstanding invoices	142.8	77.8
Warranty obligations	8.3	6.7
Obligations from dismantling operations	26.8	15.2
Other provisions	98.5	81.0
	418.2	**300.0**

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. 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. Finally, other provisions also include expenses in connection with restructuring measures totalling €2.4 million relating to the restructuring of a Building Materials Segment location in southern Germany. In this case, the provisions are earmarked for severance pay and closure costs.

The provisions developed as follows:

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**

In € million 2020	As at 01/01/2020	Allocation	Reclassifica-tion	Compound interest/ discounting	Consumption	Release	Currency translation differences	As at 31/12/2020
Non-current provisions								
Obligations from personnel and employee benefits	34.3	9.7	- 1.5	- 0.6	- 3.4	- 0.1	0.0	38.3
Obligations from dismantling operations	20.4	5.1	1.8	0.4	- 0.2	- 0.9	- 0.4	26.3
Other provisions	4.8	1.1	0.2	0.0	- 0.9	- 0.3	- 0.2	4.9
	59.5	**15.9**	**0.5**	**- 0.2**	**- 4.5**	**- 1.2**	**- 0.5**	**69.5**
Current provisions								
Obligations from personnel and employee benefits	96.8	93.6	1.5	0.7	- 65.3	- 7.7	- 0.3	119.3
Provisions for outstanding invoices	69.6	42.4	- 1.1	0.0	- 27.7	- 4.0	- 1.5	77.8
Warranty obligations	6.4	2.2	- 0.2	0.0	- 1.1	- 0.6	0.0	6.7
Obligations from dismantling operations	7.9	10.0	- 1.8	0.1	- 0.1	- 0.1	- 0.7	15.2
Other provisions	77.8	31.2	1.0	0.0	- 22.0	- 4.9	- 2.1	81.0
	258.4	**179.4**	**- 0.5**	**0.8**	**- 116.2**	**- 17.3**	**- 4.6**	**300.0**

C.16 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 **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**

In € million 2020	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	1,225.7	474.4	141.4	1,841.5
Bonds	–	498.4	–	498.4
Commercial papers	990.0	–	–	990.0
Dormant equity holding	1.4	–	–	1.4
	2,217.1	**972.8**	**141.4**	**3,331.3**

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 are also used.

The BayWa Group took out a sustainable syndicated loan with a total volume of €1.7 billion in September 2021. The new credit line must be used by September 2024 and can be extended twice for one year in each instance. It 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 measured at amortised cost and reported 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, 2018 and 2021. Said capital market issues serve to diversify the Group's financing. The corporate bond is reported under bonds, whereas the bonded loan is recognised in the liabilities due to banks.

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 7-year fixed	23.5	09/11/2022	1.71%
Bonded loan 7-year variable	24.5	09/11/2022	6-month Euribor plus 1.15%
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%

The bonded loans were reported at the fair value corresponding to the nominal value at the time when they were recognised, less transaction costs. The bonded loans are measured at amortised cost.

Of the current liabilities due to banks, loans of €625.4 million (2020: €950.7 million) are due at any time. The difference of €120.6 million (2020: €275.0 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 0.88% per year as at the reporting date (2020: 0.87%).

Of the multicurrency commercial paper programme concluded by BayWa AG with a total volume of €1,000.0 million (2020: €1,000.0 million), there were €720.00 million (2020: €990.0 million) in commercial papers with an average weighted residual term of 86 days (2020: 55 days) and an average weighted effective interest rate of 0.64% (2020: 0.38%) at the end of the reporting period.

Of the liabilities due to banks, €32.2 million at Group level (2020: €32.2 million) have been secured by a charge over property. The fair value is presented in Note C.24. 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.17 Lease liabilities

The liabilities-side net present values of future lease payments are carried under lease liabilities.

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

In € million 2020	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Lease liabilities	72.3	209.4	552.3	834.1

C.18 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.

Liabilities due to affiliated companies and companies in which a participating interest is held primarily comprise trade payables.

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**

In € million 2020	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Trade payables	899.4	7.1	0.0	906.5
Liabilities due to affiliated companies	10.1	0.0	0.3	10.4
Liabilities due to companies in which a participating interest is held	55.0	–	–	55.0
	964.4	**7.1**	**0.3**	**971.8**

C.19 Income tax liabilities

Income tax liabilities according to residual terms break down as follows:

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**

In € million 2020	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	38.1	0.1	–	38.2
	38.1	**0.1**	**–**	**38.2**

C.20 Liabilities from derivatives

The BayWa Group's liabilities from derivatives comprise currency and interest rate hedges, as well as commodity futures classified as financial instruments pursuant to IFRS 9 and measured at fair value. Currency futures and interest rate hedges are measured at their 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 at 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).

The classification of the fair values of liabilities from derivatives in the fair value hierarchy breaks down as follows:

In € million **31/12/2021**	Fair values level 1	level 2	level 3	total
Liabilities from derivatives				
Commodity futures	44.0	1,131.6	–	1.175,6
FX hedges	20.4	0.0	–	20,4
Interest rate hedges	–	6.5	–	6.5
	64,4	**1,138.1**	**–**	**1,202.5**

In € million 31/12/2020	Fair values level 1 adjusted [1]	level 2	level 3	total adjusted [1]
Liabilities from derivatives				
Commodity futures	22.0	455.2	–	477.2
FX hedges	39.5	–	–	39.5
Interest rate hedges	–	9.4	–	9.4
	61.5	**464.6**	**–**	**526.2**

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Please see Note A.7 for further details.

A total of €1,152.3 million of the disclosed liabilities from derivatives had a residual term of a maximum of one year (2020: €507.3 million). The residual term for liabilities from derivatives of €44.9 million (2020: €12.1 million) was between one and a maximum of five years, whereas liabilities from derivatives of €5.3 million (2020: €5.0 million) had residual terms of over five years.

The rise in liabilities from derivatives results primarily from the Renewable Energies Segment, specifically energy trading. Here, liabilities from derivatives increased by more than €600 million year on year, particularly on account of the sharp rise in energy prices in the second half of the year and higher trading volume.

C.21 Other liabilities

The table below shows a breakdown of other liabilities:

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 financial liabilities	**113.4**	**0.6**	**–**	**114.1**
Other 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**

In € million 2020	Residual term of up to one year	Residual term of between one and five years	Residual term of over five years	Total
Other financial liabilities	**131.8**	**0.7**	**–**	**132.5**
Other non-financial liabilities				
Social security	6.3	–	–	6.3
Subsidies received	1.2	2.0	9.1	12.3
Liabilities from other taxes	98.5	0.2	0.0	98.7
Other liabilities including accruals	495.5	31.0	45.7	572.2
	601.5	**33.2**	**54.8**	**689.5**
Other liabilities	**733.3**	**33.9**	**54.8**	**822.1**

The fair values of the items disclosed do not diverge materially from the book values disclosed.

The other financial liabilities in the amount of €114.1 million are attributable primarily to the ABS measure, amounting to €112.0 million.

The other liabilities including accruals in the amount of €600.6 million include, in particular, contract liabilities from period-related revenue recognition, liabilities to contractors and other liabilities, as well as deferred income liabilities.

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. An amount of €0.8 million (2020: €0.5 million) was released in the financial year and recognised under other operating income.

The put option of the minority interest in the GroenLeven Group of €17.1 million, which was recognised in the balance sheet under other liabilities as at 31 December 2020, was released following the acquisition of all shares in the GroenLeven Group still held by outside shareholders in the financial year 2021.

C.22 Deferred tax liabilities

Tax liabilities are deferred in accordance with the temporary concept defined under IAS 12 using the valid or official and known tax rates at the end of the reporting period. Further explanations on deferred tax can be found under D.8 Income tax.

C.23 Contingent liabilities

In € million	**2021**	2020
Guarantees	7.7	8.5
thereof: to affiliated companies	–	–
thereof: to associates	6.9	8.0
Warranties	94.5	26.0
thereof: to affiliated companies	0.3	0.0
thereof: to associates	70.0	11.5
Collateral for liabilities of third parties	123.1	111.1
thereof: to affiliated companies	–	1.2
thereof: to associates	–	–
Other financial obligations	41.4	32.3
thereof: from buyback obligations	32.0	22.9
thereof: from amounts guaranteed for interests in cooperative companies	9.4	9.4

The BayWa Group's contingent liabilities primarily relate to warranties of €58.3 million issued by BayWa AG to the benefit of Amadeus Wind Holdings, LLC, Wilmington, USA. Amadeus Wind Holdings, LLC is a BayWa Group company in which 33.3% of the shares are held through BayWa r.e. Wind, LLC, Wilmington, USA. In turn, Amadeus Wind Holdings, LLC holds 100% of the shares in the wind farm Amadeus Wind LLC, Wilmington, USA. The holding company has signed an operation and maintenance contract for the wind farm. BayWa AG's guarantee has been assumed in the amount of the shares in Amadeus Wind Holdings, LLC for the tax equity credits so as to ensure the performance of the maintenance contract by the holding company in the long term. The guarantee also acts as collateral for the lender in the event that the wind farm's operations cease. As the BayWa Group takes steps to ensure the long-term operation of the wind farm, these warranties are not expected to result in cash outflows.

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 €10.0 million for the purchase of property, plant and equipment (real estate, vehicles) (2020: €12.8 million) and of €1,390.2 million for the purchase of inventories (2020: €899.6 million).

C.24 Financial instruments

The figures for the previous year have also been adjusted pursuant to IAS 8.42 in this section. Please refer to Note A.7 for further details.

Accounting policies and valuation methods

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. 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 a 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 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.
- 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 not included in hedge accounting.

The BayWa Group continues to have the option to recognise subsequent changes in the fair values of financial investments in equity instruments, which are usually recognised at fair value through profit or loss, in other comprehensive income. The BayWa Group exercises this option in particular in relation to the securities of Raiffeisen Bank International AG.

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 (FLTPL): Derivative financial instruments which are not included in an effective hedging strategy under IFRS 9 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. In addition, this category only includes the negative fair values of those commodity futures scheduled for trading, as well as currency and interest derivatives 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.

As presented in Note A.3 of the previous year's Notes to the Consolidated Financial Statements, the interest rate benchmark reform (phase 1) does 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 2021, there were currency futures denominated in US dollars, pound sterling, Polish złoty, Swedish krona, 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.

In order to enhance its financing structure, the Group has secured trade receivables by way of an asset-backed securitisation (ABS) measure. Please refer to Note A.7 of these Notes to the Consolidated Financial Statements for more information. 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. The trade receivables in the amount of €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 €112.0 million from the ABS measure has been recognised. Further explanations can be found in Notes C.6 and C.21.

Book and fair values of financial instruments

The following table shows the book values of the corresponding balance sheet items and their corresponding 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 column “Not a financial instrument”.

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.

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	 FVTOCI (option)	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	22.9	17.1	–	–	–	5.8	22.9
Other receivables and other non-financial 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	425.7	263.6	–	–	–	4.3	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	85.6	11.1	–	–	–	74.4	85.6
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	776.4	499.0	–	–	–	277.4	776.4
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						
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	146.3						
Financial liabilities attributed to the AC category	6,056.0						
Financial liabilities attributed to the FVTPL category	1,024.4						
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	178.1						

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 column “Not a financial instrument”.

The following table shows the book and fair values of financial instruments for the comparative period:

In € million **as at 31/12/2020**	Book value **31/12/2020** adjusted	Subsequent measurement in accordance with IFRS 9 measurement categories[1] AC adjusted	FVTPL adjusted	FVTOCI	FVTOCI (option)	Not a financial instrument	Fair value **31/12/2020** adjusted
Non-current financial assets							
Investments[2]	194.0	45.5	23.6	–	64.8	60.0	194.0
Assets from derivatives	5.3	–	5.3	–	–	–	5.3
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	25.4	–	25.4	–	–	–	25.4
Other receivables and other assets Trade receivables	3.1	3.1	–	–	–	–	3.1
Other receivables and other financial assets	19.6	14.0	–	–	–	5.7	19.6
Other receivables and other non-financial assets	5.3	1.3	–	–	–	4.0	5.3
Current financial assets							
Securities	1.2	–	1.2	–	–	–	1.2
Assets from derivatives	432.0	–	432.0	–	–	–	432.0
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	25.4	–	25.4	–	–	–	25.4
Other receivables and other assets Trade receivables and inter-Group business relationships	1,180	1,180	–	–	–	–	1,180
Other receivables and other financial assets	344.7	226.8	–	–	–	118.0	344.7
Other receivables and other non-financial assets	243.8	–	–	–	–	243.8	243.8
Cash and cash equivalents	168.4	168.4	–	–	–	–	168.4
Non-current financial liabilities							
Long-term debt	1,114.2	1,114.2	–	–	–	–	1,157.9
Trade payables and liabilities from inter-group business relationships	7.4	7.4	–	–	–	–	7.4
Liabilities from derivatives	7.2	–	7.2	–	–	–	7.2
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	10.0	–	10.0	–	–	–	10.0
Other liabilities	88.6	16.4	–	–	–	72.2	88.6
Current financial liabilities							
Short-term debt	2,217.1	2,217.1	–	–	–	–	2,217.1
Trade payables and liabilities from inter-group business relationships	964.4	964.4	–	–	–	–	964.4
Liabilities from derivatives	485.6	–	485.6	–	–	–	485.6
Derivatives designated as hedging instruments for cash flow hedge accounting (liabilities)	23.4	–	23.4	–	–	–	23.4
Other liabilities	733.4	450.1	–	–	–	284.4	733.4
IFRS 9 categories							
Financial assets attributed to the AC category	1,639.1						
Financial assets attributed to the FVTPL category[2]	512.9						
Financial assets attributed to the FVTOCI (option) category	64.8						
Derivatives designated as hedging instruments for cash flow hedge accounting (assets)	50.8						
Financial liabilities attributed to the AC category	4,769.6						
Financial liabilities attributed to the FVTPL category	526.2						
Derivatives designated as hedging instruments for cashflow hedge accounting (liabilities)	33.4						

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 column "Not a financial instrument"

A liability of €17.1 million resulting from the acquisition of the GroenLeven Group in the financial year 2018 was also recognised in other liabilities as at 31 December 2020. The contractually agreed put option of the minority interest was thereby recognised in the balance sheet. This liability was released through other comprehensive income following the acquisition of the remaining shares in the GroenLeven Group in the financial year 2021.

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 2021 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 closing price of the respective currency at the end of the reporting period.

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 daily prices on the 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.

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 **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)	94.5	1,028.2	–	1,122.7
Securities	24.7	–	–	24.7
Securities (OCI option)	99.7	–	–	99.7
	218.9	**1,028.2**	**–**	**1,247.1**
Financial liabilities				
Liabilities from derivatives, including derivatives designated as hedging instruments for cash flow hedge accounting (assets)	64.4	1,138.1	–	1,202.5
	64.4	**1,138.1**	**–**	**1,202.5**

In € million 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Assets from derivatives, including derivatives designated as hedging instruments for cash flow hedge accounting (assets)	115.9	380.1	–	496.0
Securities	24.8	–	–	24.8
Securities (FVTOCI option)	64.8	–	–	64.8
	205.5	**380.1**	**–**	**585.6**
Financial liabilities				
Liabilities from derivatives, including derivatives designated as hedging instruments for cash flow hedge accounting (assets)	59.8	464.6	–	524.5
	59.8	**464.6**	**–**	**524.5**

In the previous year, this table also included shareholdings in affiliated companies and Group companies. However, as such shareholdings are not financial instruments within the meaning of IFRS 9 but are merely accounted for in accordance with IFRS 9, it is not possible to assign them to any particular level. For this reason, both items were removed from the table in the previous year.

The fair value of the long-term debt recognised at cost is to be allocated to level 2 of the fair value hierarchy. Their fair value came to €2,764.5 million as at 31 December 2021 (2020: €1,157.9 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 **2021**	Assets [1]				Shareholders' equity and liabilities [1]				
Category	AC	FVTPL	FVTOCI	FVTOCI (option)	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	–	–	- 42.5	–	–	–	- 42.5	–	- 42.5
Currency translation	–	–	–	–	–	–	–	10.8	10.8
Sum total net gain/loss	**–**	**–**	**- 42.5**	**25.0**	**–**	**–**	**- 17.5**	**10.8**	**- 6.7**
Total net gain/loss	**- 1.4**	**218.0**	**- 42.5**	**25.0**	**- 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.

Income from participating interests also includes dividend payments.

The following table shows net gains and losses from financial instruments for comparative periods:

In € million 2020	Assets [1]				Shareholders' equity and liabilities [1]				
Category	AC	FVTPL	FVTOCI	FVTOCI (option)	AC	FVTPL	FI	No FI	Total
1. Net gain/loss in the financial result									
Equity valuation of participating interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**- 3.3**	**- 3.3**
Income from participating interests	–	1.5	–	–	–	–	1.5	–	1.5
Expenses from participating interests	–	- 0.3	–	–	–	–	- 0.3	–	- 0.3
Result from disposals	–	4.8	–	–	–	–	4.8	–	4.8
Result of participating interests	**–**	**6.0**	**–**	**–**	**–**	**–**	**6.0**	**–**	**6.0**
Income from investments	0.2	0.1	–	–	–	–	0.3	–	0.3
Result from disposals	–	0.2	–	–	–	–	0.2	–	0.2
Result from investments	**0.2**	**0.3**	**–**	**–**	**–**	**–**	**0.5**	**–**	**0.5**
Interest income	14.4	–	–		–	–	14.4	0.1	14.5
Interest income from fair value measurement	–	–	–	–	–	–	–	–	–
Sum total of interest income	**14.4**	**–**	**–**	**–**	**–**	**–**	**14.4**	**0.1**	**14.5**
Interest expenses	–	–	–	–	- 79.2	–	- 79.2	- 30.7	- 109.8
Interest portion in personnel provisions	–	–	–		–	–	–	- 8.1	- 8.1
Interest expenses from fair value measurement	–	–	–	–	–	- 0.6	- 0.6	–	- 0.6
Sum total of interest expenses	**–**	**–**	**–**	**–**	**- 79.2**	**- 0.6**	**- 79.8**	**- 38.8**	**- 118.5**
Net interest	**14.4**	**–**	**–**	**–**	**- 79.2**	**- 0.6**	**- 65.5**	**- 38.6**	**- 104.0**
Sum total net gain/loss	**14.6**	**6.3**	**–**	**–**	**- 79.2**	**- 0.6**	**- 58.8**	**- 41.9**	**- 100.8**
Financial result									**- 100.8**
2. Net gain/loss in the operating result									
Income from derivative financial instruments and commodity futures [2]	–	161.3	–	–	–	–	161.3	–	161.3
Income from the receipt of written-off receivables/release of receivables value adjustments	13.3	–	–	–	–	–	13.3	–	13.3
Expenses from derivative financial instruments and commodity futures [2]	–	–	–	–	–	- 227.6	- 227.6	–	- 227.6
Value adjustments/write-downs of receivables	- 25.4	–	–	–	–	–	- 25.4	–	- 25.4
Sum total net gain/loss	**- 12.1**	**161.3**	**–**	**–**	**–**	**- 227.6**	**- 78.4**	**–**	**- 78.4**
3. Net gain/loss in equity									
Change in the fair value from the market valuation of securities	–	–	–	- 16.8	–	–	- 16.8	–	- 16.8
Cash flow hedges	–	–	9.0	–	–	–	9.0	–	9.0
Currency translation	–	–	–	–	–	–	–	- 14.0	- 14.0
Sum total net gain/loss	**–**	**–**	**9.0**	**- 16.8**	**–**	**–**	**- 7.7**	**- 14.0**	**- 21.7**
Total net gain/loss	**2.5**	**167.7**	**9.0**	**- 16.8**	**- 79.2**	**- 228.2**	**- 145.0**	**- 55.9**	**- 200.9**

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.

Income from participating interests also includes dividend payments.

The following table shows an analysis of the maturity dates and undiscounted net cash flows of financial liabilities by IFRS 7 class, as well as the derivative financial instruments with negative and positive fair values of the BayWa Group.

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
Financial liabilities measured at cost	3,392.3	2,392.5	435.9	6,220.7
Financial liabilities measured at fair value through profit or loss	994.0	29.7	0.6	1,024.4
Derivatives designated as hedging instruments for cash flow hedge accounting	158.3	15.1	4.7	178.1
	4,544.6	**2,437,3**	**441.2**	**7,423.1**

In € million 2020	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities measured at cost	3,566.4	1,047.2	147.9	4,761.6
Financial liabilities measured at fair value through profit or loss	483.9	6.0	1.2	491.1
Derivatives designated as hedging instruments for cash flow hedge accounting	23.4	6.1	3.8	33.4
	4,073.7	**1,059.3**	**152.9**	**5,286.1**

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 Agriculture 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

Risk category	Hedging description	Hedging instrument
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 financial 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, which was explicitly included in the previous year's report, was excluded for reasons of materiality. Furthermore, some Cefetra Group companies recognise foreign currency transactions and their hedges as fair value hedges within the meaning of IFRS 9.6.5.2a. The term of the two instruments is usually short. The fair value fluctuations of the underlyings are measured through profit or loss. The fair value of the foreign currency contracts stood at minus €2.2 million at the end of the reporting period (2020: €2.7 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 hedge relationships presented were recognised in accordance with IFRS 9.

The resulting assets and liabilities are shown in the table below, broken down according to maturity and risk category. Recognition is carried out at fair value.

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 € million **31/12/2020**	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				
Commodity hedges				
Standalone derivatives	436.6	431.3	5.3	–
Derivatives designated as hedging instruments for cash flow hedge accounting	29.2	7.1	2.2	19.9
FX hedges				
Standalone derivatives	8.5	8.5	–	–
Derivatives designated as hedging instruments for cash flow hedge accounting	21.6	18.3	3.3	–
	496.0	**465.3**	**10.8**	**19.9**
Shareholders' equity and liabilities				
Interest rate hedges				
Standalone derivatives	1.2	–	–	1.2
Derivatives designated as hedging instruments for cash flow hedge accounting	8.2	1.1	3.3	3.8
Commodity hedges				
Standalone derivatives	459.7	453.7	6.0	–
Derivatives designated as hedging instruments for cash flow hedge accounting	17.5	14.7	2.8	–
FX hedges				
Standalone derivatives	30.2	30.2	–	–
Derivatives designated as hedging instruments for cash flow hedge accounting	7.6	7.6	–	–
	524.4	**507.3**	**12.1**	**5.0**

In the reporting year, income from derivative financial instruments of €209.8 million (2020: €161.3 million) and expenses of €200.9 million (2020: €227.6 million) were included in the income statement.

Notes on the individual risk categories

General refinancing risk

In the financial year 2021, the average interest rate for variable-interest financial liabilities stood at 0.8827% (2020: 0.8693%). A change in this interest rate of plus 1.0 percentage point to 1.8827% would cause interest expenses of €12.2 million, provided this could not at least be partially covered by revenues. A reduction in the interest rate of 1.0 percentage point would not be expected to have any material impact.

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	**31/12/2021**	31/12/2020
Long positions		
Grain/corn	9.4	8.9
Oilseed/oilseed meal	3.8	5.2
Other	2.1	1.6
Short positions		
Grain/corn	- 10.9	- 10.6
Oilseed/oilseed meal	- 4.4	- 5.6
Other	- 2.4	- 1.8

The fair values of the grain contracts recognised as financial assets constitute 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 the annual result as at 31 December 2021 in the manner displayed in the following table. The calculation includes all grain contracts valid as at the reporting date.

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	–

In € million 31/12/2020	Grain/corn	Oilseed/ oilseed meal	Other
Price rise (+ 10%)			
Effect on income	- 29.8	- 16.0	- 27.5
Equity effect	- 3.7	- 1.7	–
Price decline (– 10%)			
Effect on income	29.8	16.0	27.5
Equity effect	3.7	1.7	–

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 2021, 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 €194.2 million as at 31 December 2021 (2020: €163.9 million). These break down across the trading currencies as follows:

In € million **31/12/2021**	
US dollar	154.6
Pound sterling	13.4
Euro	18.2
Japanese yen	7.1

In € million 31/12/2020	
US dollar	120.8
Pound sterling	12.9
Euro	23.1
Japanese yen	4.7

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 **31/12/2021**	
Price rise (+ 10%)	
Effect on income	- 0.6
Equity effect	- 16.5
Price decline (– 10%)	
Effect on income	0.7
Equity effect	20.1

In € million 31/12/2020	
Price rise (+ 10%)	
Effect on income	- 0.6
Equity effect	- 12.4
Price decline (– 10%)	
Effect on income	0.7
Equity effect	14.9

Specific information on cash flow hedge accounting

At the BayWa Group, the terms of Section 6 of IFRS 9 were applied to 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 a 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 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 9.6.5.11d(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).

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:

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**

In € million	Agricultural trade	Energy trade	Foreign currency hedging	Interest rate hedging
As at 01/01/2020	**0.6**	**- 0.5**	**5.6**	**- 2.9**
Allocation	7.7	20.1	10.0	0.8
Release	- 9.9	- 9.7	- 6.9	- 4.3
Transfer to other current financial assets/financial liabilities	- 0.6	0.0	0.0	0.0
Reclassification in the income statement	0.0	0.0	0.9	0.9
As at 31/12/2020	**- 2.2**	**9.8**	**9.6**	**- 5.5**

The previous year's table has been adjusted accordingly to appropriately account for deferred taxes and non-controlling interests.

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.

In € million **31/12/2021**	Book value	Balance sheet item	Nominal volume of contracts	Nominal volume of contracts in tonnes or TWh
Derivative assets	**146.3**		**851.6**	–
Commodity futures – grain trading	16.0		105.0	0.4
thereof: purchase	13.3	Other assets	71.3	0.3
thereof: sale	2.7	Other assets	33.7	0.2
Commodity futures – energy trade	127.3		512.4	7.4
thereof: purchase	63.3	Other assets	85.9	0.7
thereof: sale	64.0	Other assets	426.5	6.7
FX hedges	2.4	Other assets	190.3	n/a
Interest rate hedges	0.6	Other assets	43.9	n/a
Derivative liabilities	**177.2**		**672.6**	–
Commodity futures – grain trading	25.5		129.2	0.5
thereof: purchase	0.6	Other liabilities	15.5	0.1
thereof: sale	25.0	Other liabilities	113.7	0.4
Commodity futures – energy trade	143.5		370.2	2.2
thereof: purchase	32.9	Other liabilities	156.7	0.7
thereof: sale	110.6	Other liabilities	213.5	1.5
FX hedges	3.2	Other liabilities	5.2	n/a
Interest rate hedges	4.9	Other liabilities	168.0	n/a

In € million 31/12/2020	Book value	Balance sheet item	Nominal volume of contracts	Nominal volume of contracts in tonnes or TWh
Derivative assets	**50.7**		**817.5**	–
Commodity futures – grain trading	7.1		72.2	0.3
thereof: purchase	6.2	Other assets	61.8	0.3
thereof: sale	0.9	Other assets	10.4	0.0
Commodity futures – energy trade	22.1		363.7	8.8
thereof: purchase	1.5	Other assets	22.5	0.5
thereof: sale	20.6	Other assets	341.2	8.3
FX hedges	21.5	Other assets	381.6	n/a
Interest rate hedges	0.0	Other assets	–	–
Derivative liabilities	**28.7**		**401.6**	–
Commodity futures – grain trading	10.2		132.7	0.6
thereof: purchase	0.3	Other liabilities	15.3	0.1
thereof: sale	9.9	Other liabilities	117.4	0.5
Commodity futures – energy trade	6.6		63.1	1.6
thereof: purchase	1.6	Other liabilities	23.5	0.5
thereof: sale	5.0	Other liabilities	39.6	1.1
FX hedges	7.6	Other liabilities	166.4	n/a
Interest rate hedges	4.3	Other liabilities	39.4	n/a

The hedge relationships presented above 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. The following risks are particularly significant in relation to financial instruments.

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. 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.

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. The maximum credit risk exposure at the end of the reporting period corresponds to the book value of trade receivables. The expected default risk amounts to €25.5 million (2020: €17.3 million). More information on credit and counterparty risks, as well as default risks, can be found in C.6 Other receivables and other assets.

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 of financing, the BayWa Group does not currently have any risk clusters concerning liquidity.

C.25 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.

Lessee relationships are recognised at the net present value of the assets, from rights of use arising from the lease at the time they are made available, and lease liabilities, meaning 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 it will be exercised, are taken into account in the valuation.

Extension and termination options are included in many lease contracts throughout the Group. 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 option are taken into account unless the lessee is sufficiently certain that it will not exercise said option. Termination options are not taken into account if the lessee is sufficiently certain that it will not exercise said option. Extension and termination options can generally only be exercised by the lessee. 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 net present value of the lease.

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 simplification options. Short-term and low-value leases are accordingly 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 are not revalued as at the first-time application. Instead, they continue to be recognised according to IAS 17. Newly concluded contracts are recognised and valued according to IFRS 16.

Sub-leases classed as operating leases according to IAS 17 that still existed as at the first-time application are re-evaluated by the respective sub-lessor to determine whether the lease agreement meets the criteria of IFRS 16 and a right of use and a corresponding lease liability must be disclosed in the balance sheet. 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.

Material leases are concluded for the rights of use to land and buildings, construction land, rights of way and infrastructure, technical facilities, vehicles and forklift trucks.

Additional information regarding BayWa as lessee

In € million	**2021**	2020
Interest expenses	33.0	30.7
Expenses for short-term and low-value leases	10.0	10.0
Future payment obligations from short-term leases that fall due after the reporting date	4.2	7.4
Expenses for variable leases	0.5	0.4
Gains from sale-and-lease-back transactions	13.3	7.6
Total cash outflows from leases in the financial year	127.6	124.6
Income from sub-leases	0.5	0.6

Additional information regarding BayWa as lessor

In € million	2021	2020
Receivables from finance leases		
Due within one year	4.1	4.1
Due between one and two years	4.4	3.9
Due between two and three years	0.4	0.3
Due between three and four years	0.2	0.3
Due between four and five years	0.2	0.2
Due after more than five years	1.1	1.2
Sum total of future lease payments	**10.3**	**10.0**
Less unrealised interest income	- 0.2	- 0.4
Net investment of receivables from finance leases	**10.1**	**9.6**
Financial income from net investment of receivables from finance leases	0.1	0.1
Income from variable lease payments received from finance leases	0.3	0.4
Disposal gains/losses from finance leases	0.1	–

In € million	2021	2020
Lease payments from operating leases		
Due within one year	15.8	17.3
Due between one and two years	12.4	15.1
Due between two and three years	10.7	12.4
Due between three and four years	10.1	9.6
Due between four and five years	9.6	8.9
Due after more than five years	11.8	19.3
Sum total of future lease payments	**70.4**	**82.5**
Income from lease payments received from operating leases	18.1	18.7
Income from variable lease payments received from operating leases	2.3	0.8

As a result of strategic considerations by the T&G Global Group, one location was disposed of in the financial year 2021 and leased back for a period of fifteen years. The addition to the right of use for the land and the associated building recognised for this purpose in the current financial year amounts to €9.2 million. The lease agreement may be extended for a further 20 years upon the end of the basic term. The T&G Group currently does not expect the extension option to be used. Accordingly, the right of use and duration of depreciation is based on the basic term. Further information regarding leases is included in the statement of changes in assets and in C.17 Lease liabilities.

D Notes to the Income Statement

The layout of the income statement accords with total cost-type accounting. The previous year's figures have been adjusted in accordance with IAS 8. 42. Please see Note A.7 for further details.

D.1 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. 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. In some cases, revenue is recognised over time; for further information, see C.8 Inventories and the additional information regarding recognition of revenue over time.

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.4 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.

In € million	**2021**	2020 adjusted
Goods	19,192.9	16,026.0
Services	646.2	438.7
	19,839.1	**16,464.7**

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.

D.2 Other operating income

In € million	**2021**	2020 adjusted
Rental income	32.7	26.5
Gains from the disposal of assets	41.7	39.6
Income from the release of provisions	21.0	18.5
Reimbursement of expenses	20.9	20.8
Income from the reduction in risk provisions for expected credit losses	10.7	10.6
Other income from public subsidies	6.0	8.7
Staff placement	5.2	5.0
Foreign exchange gains	178.9	161.3
Other income	87.1	62.7
	404.2	**353.7**

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). The sale and lease back transactions of the T&G Group in the years 2020 and 2021 were also accounted for in other operating income in accordance with IFRS 16.100(a); the income from these disposals was recognised on a pro rata basis over the duration of the right of use. The rise in foreign exchange gains is mainly attributable to increasing 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 is therefore not included in a hedge relationship. In particular, other income includes 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	**2021**	2020 adjusted
Expenses for raw materials, consumables and supplies, and for goods sourced	- 17,362.6	- 14,210.9
Expenses for services outsourced	- 1,094.6	- 728.4
	- 18,457.2	**- 14,939.3**

D.4 Personnel expenses

In € million	**2021**	2020
Wages and salaries	- 1,073.3	- 983.9
Share-based payment	- 3.3	- 1.6
Expenses for pensions, support and severance pay	- 53.0	- 25.5
thereof: current service cost	- 7.9	- 7.5
Social insurance contributions	- 190.9	- 173.9
	- 1,320.5	**- 1,184.9**

After calculating the provisions for pension and severance pay pursuant to IAS 19, expenses for pension and severance pay total €11.0 million (2020: €15.5 million). Of this amount, a portion of €8.2 million (2020: €7.5 million) has been disclosed under personnel expenses, and a portion totalling €2.8 million (2020: €7.9 million) under interest expenses.

Number	**2021**	2020
Employees		
Annual average (Section 267 para. 5 German Commercial Code (HGB))	21,185	20,717
As at 31/12	21,468	21,207

D.5 Other operating expenses

In € million	2021	2020 adjusted
Maintenance	- 79.0	- 71.3
Cost of legal and professional advice, audit fees	- 73.3	- 61.6
Vehicle fleet	- 69.1	- 62.9
Advertising	- 51.1	- 47.3
Energy	- 39.0	- 32.5
Expenses for staff hired externally	- 36.7	- 33.7
Insurance	- 34.0	- 25.8
Rent	- 23.4	- 17.3
IT costs	- 22.6	- 10.5
Expenses from the increase in risk provisions for expected credit losses	- 18.3	- 10.8
Travel expenses	- 14.9	- 14.1
Office supplies	- 13.9	- 11.9
Information expenses	- 13.6	- 14.5
Commission	- 11.3	- 10.7
Losses from asset disposals	- 11.2	- 6.9
Decommissioning and disposal	- 11.0	- 12.1
Administrative expenses	- 10.9	- 8.9
Amortisation/value adjustments of receivables	- 10.3	- 14.6
Foreign exchange losses	- 182.8	- 174.1
Other expenses	- 128.6	- 54.1
	- 855.0	**- 695.6**

The €159.4 million increase in other operating expenses in the financial year 2021 is attributable to higher foreign exchange losses from increased business activity outside the European Economic Area and to foreign exchange losses from currency futures for which no clear hedging relationship with an underlying exists. The rise in the cost of legal and professional advice and audit fees is due to restructuring and M&A projects, as well as the capital increase at BayWa r.e. AG in the financial year 2021 and the acquisition of 49% of the shares in BayWa r.e. AG by funds advised by the Swiss investor Energy Infrastructure Partners AG (EIP). 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.

D.6 Income from participating interests recognised at equity and other income from shareholdings

In € million	2021	2020
Income from participating interests recognised at equity	**- 10.3**	**- 3.3**
Income/expenses from affiliated companies	0.0	0.0
Income/expenses from the disposal of affiliated companies	- 0.8	4.9
Other income from holdings and similar income	9.1	2.2
Write-downs and other expenses of investments	- 1.1	- 0.5
Other income from shareholdings	**7.3**	**6.5**
	- 3.0	**3.3**

Income from participating interests recognised at equity decreased by €7.0 million year on year. The decline is attributable in particular to Amadeus Wind Holdings, LLC, Wilmington, USA, which has been included under the equity method since the financial year 2020.
In February 2021, extreme weather conditions in Texas with heavy snowfall and freezing led to outages of the wind turbines operated by the entity, resulting in compensation payments in connection with fixed power purchase agreements. Other income from shareholdings was also up €0.8 million on the previous-year figure. Dividend income is generally recorded as and when a claim to payout arises.

D.7 Interest income and expenses

In € million	**2021**	2020
Interest and similar income	14.7	14.5
thereof: from affiliated companies	0.3	0.4
Interest from fair value measurement	1.0	–
Interest income	**15.7**	**14.5**
Interest and similar expenses	- 85.6	- 79.1
thereof: to affiliated companies	- 0.0	- 0.0
Interest from fair value measurement	- 0.0	- 0.6
Interest portion from leases	- 33.0	- 30.7
Interest portion of the allocation to pension provisions and other personnel provisions	- 3.1	- 8.1
Interest expenses	**- 121.7**	**- 118.5**
Net interest	**- 106.0**	**- 104.0**

D.8 Income tax

Income tax breaks down as follows (negative amounts are tax expenses, positive amounts are tax income):

In € million	**2021**	2020 adjusted
Actual taxes	- 59.0	- 66.6
Deferred taxes	27.2	18.5
	- 31.8	**- 48.1**

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 value and IFRS values as well as the consolidation measures. Equity includes deferred tax assets of €55.1 million (2020 adjusted: €53.0 million) that were offset against the reserve for actuarial gains and losses from provisions for pensions and severance pay. Moreover, deferred tax liabilities of €17.5 million (2020 adjusted: €15.4 million) were offset against the assessment reserve directly in equity through other comprehensive income. Deferred tax assets continued to exist in the amount of €3.8 million (2020: €3.8 million) and are also recognised in equity. Of this amount, €1.5 million (2020: €1.5 million) is attributable to deferred tax assets on 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 €73.6 million (2020: €49.7 million). As part of corporate planning, a time horizon of five years (maximum) has been assumed here. Deferred tax was not formed on loss carryforwards in an amount of €105.6 million (2020, adjusted: €89.3 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 are likely to expire. The deferred tax income from the origination and/or reversal of temporary differences amounts to €27.2 million (2020 adjusted: €18.5 million).

In 2021, net deferred tax assets from temporary differences and from loss carryforwards in the amount of €19.3 million (2020: €31.9 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 or sufficiently taxable temporary differences are expected in the future for these companies.

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 (2020: 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	**2021**	2020 adjusted	**2021**	2020 adjusted
Intangible assets and property, plant and equipment	16.1	8.0	314.5	312.2
Investments	3.7	2.3	47.5	35.4
Current assets	35.9	23.3	303.8	58.7
Other assets	14.7	7.7	19.8	7.0
Tax loss carryforwards	179.2	139.1	–	–
Provisions	433.6	203.4	18.6	19.3
Liabilities	233.2	228.6	2.8	13.2
Other liabilities	31.4	27.6	21.9	22.7
Value adjustments on deferred tax assets	- 211.8	- 188.3	–	–
Balance	- 599.5	- 358.5	- 599.5	- 358.5
Consolidation	- 16.8	- 7.6	3.6	- 7.3
	119.7	**85.6**	**133.0**	**102.7**

The actual tax expenses are €15.0 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 €30.7 million (2020: €17.7 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	**2021**	2020 adjusted
Consolidated result before income tax	**160.6**	**107.6**
Computational tax expenses based on a tax rate of 29.13%	- 46.8	- 31.3
Difference against foreign tax rates	- 13.9	6.0
Tax not relating to the period	22.1	- 4.9
Permanent difference changes	- 29.3	- 12.5
Tax effect due to non-tax-deductible expenses	- 14.4	- 20.3
Trade tax deductions and additions and effects from tax groups	- 1.6	0.7
Deconsolidation effects	- 0.3	- 3.8
Tax-exempt income	79.2	30.1
Changes in the value adjustment of deferred tax assets	- 25.9	- 16.1
Tax effect from equity results	- 0.2	- 1.3
Effects from changes in tax rates	- 0.5	- 0.8
Other tax effects	- 0.2	6.1
Income tax reported	**- 31.8**	**- 48.1**

D.9 Profit share of minority interest

The share of consolidated net result for the year due to the other shareholders of €58.2 million (2020 adjusted: €23.6 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.

		2021	2020 adjusted
Net result for the year adjusted for minority interest	In € million	70.7	35.9
Average number of shares issued	Units	35,418,709	35,279,062
Basic earnings per share	in €	1.63	0.66
Diluted earnings per share	in €	1.63	0.66
Proposed dividend per share	in €	1.05	1.00
Dividend per share paid out	in €	1.00	0.95

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 year under review. 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 not disclosed separately. 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 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				
	01/01/2021	payments during the period	interest expenses	company acquisitions and disposals	currency translation effects	fair value changes	other changes	**31/12/2021**
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 holdings	1.4	–	–	–	–	–	–	1.4
Lease liabilities	834.1	- 65.6	- 30.7	1.8	5.6		193.1	938.3
	4,165.4	**600.8**	**- 117.1**	**8.3**	**29.5**	**–**	**436.1**	**5,123.0**

In € million		Cash effective		Not cash effective				
	01/01/2020	payments during the period	interest expenses	company acquisitions and disposals	currency translation effects	fair value changes	other changes	31/12/2020
Due to banks	2,266.4	- 388.0	- 63.4	7.1	- 24.6	–	44.0	1,841.5
Bonds	497.9	0.5	–	–	–	–	–	498.4
Commercial papers	849.0	141.0	–	–	–	–	–	990.0
Dormant equity holding	1.4	–	–	–	–	–	–	1.4
Lease liabilities	774.7	- 66.8	- 26.7	12.4	- 4.6	–	145.0	834.1
	4,389.4	**- 313.3**	**- 90.1**	**19.5**	**- 29.2**	**–**	**189.1**	**4,165.4**

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 and 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.

The segment report has been changed since the previous year to reflect the fact that the Group has no longer been divided into segments and business units since the financial year 2021. The reportable segments within the meaning of IFRS 8 are the business units, which is why the columns with the totals have been removed. Consequently, the BayWa Group's business activities are divided into the Renewable Energies, Energy (formerly: Conventional Energy), Cefetra Group (formerly: BayWa Agri Supply & Trade, BAST), Global Produce, Agri Trade & Service, Agricultural Equipment and Building Materials Segments. The Innovation & Digitalisation and Other Activities Segments are still reported separately, as in the past. The presentation of the previous year has been adjusted accordingly to ensure better comparability.

The Renewable Energies Segment, pooled in BayWa r.e. AG, is split up into four areas: project development/implementation, services, photovoltaic trade and energy trade. Project development/implementation primarily encompasses worldwide project planning, management and the construction of wind farms and solar parks through to the sale of finished plants. The segment also includes the activities as a power producer at own plants for the generation and use of renewable energies.

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 feed industry's growing demand for these products.

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 focus of the Agri Trade & Service Segment is the direct trading business with farmers. To this end, its 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 Building Materials Segment 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 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 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.

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 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 2021

In € million **31/12/2021**	Renewable Energies	Energy	Cefetra Group	Global Produce
Revenues generated through business with third parties	3,560.0	2,128.2	4,996.3	960.7
Intra-business unit/segment revenues	233.1	221.6	708.4	201.5
Inter-business unit/segment revenues	1.1	10.5	27.1	–
Total revenues	**3,794.2**	**2,360.3**	**5,731.8**	**1,162.2**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**198.9**	**32.9**	**48.5**	**76.5**
Depreciation/amortisation	- 63.9	- 15.5	- 9.7	- 33.9
Earnings before interest and tax (EBIT)	**135.0**	**17.4**	**38.8**	**42.6**
thereof: income from participating interests recognised at equity	- 9.9	–	- 1.6	0.9
thereof: other income from shareholdings	0.7	–	–	–
Net interest	- 39.9	- 0.8	- 5.1	- 9.3
Earnings before tax (EBT)	**95.1**	**16.6**	**33.7**	**33.3**
Income tax				
Net result for the year				
Assets	4,536.8	410.2	1,300.9	667.3
thereof: participating interests recognised at equity	49.7	–	1.9	21.9
thereof: non-current assets held for sale	–	–	–	–
Inventories	1,781.1	57.3	592.8	35.0
thereof: non-current assets held for sale	–	–	–	–
Liabilities	3,503.3	417.5	1,121.0	370.0
thereof: liabilities from non-current assets held for sale	–	–	–	–
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	82.9	24.7	3.9	56.8
Employee annual average	2,821	1,359	496	3,650

	Agri Trade & Service	Agricultural Equipment	Building Materials	Innovation & Digitalisation	Other Activities*	Transition	**Group**
	4,178.7	1,909.0	2,084.2	11.1	10.9	–	19,839.1
	510.0	40.1	54.7	2.1	46.5	- 2,018.0	–
	30.9	1.3	1.1	0.4	2.7	- 75.1	–
	4,719.6	**1,950.4**	**2,140.0**	**13.6**	**60.1**	**- 2,093.1**	**19,839.1**
	59.3	**72.2**	**104.0**	**- 3.4**	**- 36.1**	**–**	**552.8**
	- 47.0	- 23.6	- 30.8	- 16.8	- 39.7	- 5.3	- 286.2
	12.3	**48.6**	**73.2**	**- 20.2**	**- 75.8**	**- 5.3**	**266.6**
	0.7	2.1	–	–	- 2.5	–	- 10.3
	0.8	–	0.1	0.9	4.8	–	7.3
	- 17.2	- 10.3	- 13.9	- 0.7	- 8.8	–	- 106.0
	- 4.9	**38.3**	**59.3**	**- 20.9**	**- 84.6**	**- 5.3**	**160.6**
							- 31.8
							128.8
	1,947.7	1,010.9	983.9	68.4	5,690.3	- 4,845.0	11,771.4
	20.2	11.5	–	–	137.4	–	242.6
	14.7	0.3	0.2	–	6.3	–	21.4
	892.0	554.2	301.7	1.7	0.4	- 3.2	4,213.0
	1.9	–	–	–	–	–	1.9
	1,760.5	1,095.8	999.7	100.0	3,221.5	- 2,634.0	9,955.3
	10.1	–	–	–	–	–	10.1
	36.3	32.3	80.2	7.5	51.2	–	375.8
	3,408	3,805	4,454	240	952	–	21,185

*** prior to consolidation**

Financial information by segment for the financial year 2020 [1]

In € million 31/12/2020	Renewable Energies	Energy	Cefetra Group	Global Produce
Revenues generated through business with third parties	2,209.7	1,745.2	4,205.6	938.5
Intra-business unit/segment revenues	170.3	151.4	742.4	93.6
Inter-business unit/segment revenues	1.1	5.6	24.8	–
Total revenues	**2,381.1**	**1,902.2**	**4,972.8**	**1,032.1**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**167.4**	**44.9**	**31.1**	**72.1**
Depreciation/amortisation	- 56.5	- 13.1	- 9.5	- 30.3
Earnings before interest and tax (EBIT)	**110.9**	**31.8**	**21.6**	**41.8**
thereof: income from participating interests recognised at equity	–	–	- 0.3	1.4
thereof: other income from shareholdings	4.4	–	–	0.1
Net interest	- 40.9	0.7	- 5.5	- 6.9
Earnings before tax (EBT)	**70.0**	**32.5**	**16.1**	**34.9**
Income tax				
Net result for the year				
Assets	2,638.7	249.7	1,168.4	676.7
thereof: participating interests recognised at equity	46.8	–	2.8	22.0
thereof: non-current assets held for sale	–	–	–	–
Inventories	1,052.9	44.0	408.7	32.0
thereof: non-current assets held for sale	–	–	–	–
Liabilities	2,293.4	229.8	997.9	397.2
thereof: liabilities from non-current assets held for sale	–	–	–	–
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	188.5	24.6	3.8	105.8
Employee annual average	2,272	1,017	477	3,997

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Please see Note A.7 for further details.

	Agri Trade & Service	Agricultural Equipment	Building Materials	Innovation & Digitalisation	Other Activities*	Transition	**Group**
	3,574.3	1,869.8	1,899.0	10.2	12.4	–	16,464.7
	366.6	38.5	47.1	1.1	75.2	- 1,686.2	–
	44.7	1.5	0.8	1.3	9.0	- 88.8	–
	3,985.6	**1,909.8**	**1,946.9**	**12.6**	**96.6**	**- 1,775.0**	**16,464.7**
	28.0	**75.7**	**75.7**	**- 5.4**	**- 24.7**	**–**	**464.8**
	- 42.3	- 21.3	- 28.8	- 5.5	- 36.3	- 9.6	- 253.2
	- 14.3	**54.4**	**46.9**	**- 10.9**	**- 61.0**	**- 9.6**	**211.6**
	1.0	- 3.7	–	–	- 1.7	–	- 3.3
	0.3	- 0.4	–	–	2.1	–	6.5
	- 17.2	- 10.3	- 10.4	- 0.2	- 13.3	–	- 104.0
	- 31.5	**44.1**	**36.5**	**- 11.1**	**- 74.3**	**- 9.6**	**107.6**
							- 48.1
							59.5
	1,547.6	880.5	822.2	90.3	4,910.7	- 4,034.8	8,950.0
	19.5	11.4	–	–	141.8	–	244.3
	0.6	–	0.3	–	4.2	–	5.1
	730.0	462.6	206.6	1.5	0.7	0.2	2,939.2
	–	–	–	–	–	–	–
	1,389.4	984.6	759.9	67.2	3,360.5	- 2,679.6	7,900.3
	–	–	–	–	–	–	–
	27.6	40.8	52.1	11.5	51.2	–	505.9
	3,502	3,786	4,528	225	913	–	20,717

*** 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 [1]

	External sales		Non-current assets	
In € million	**2021**	2020 adjusted	**2021**	2020 adjusted
Germany	7,317.9	6,699.4	1,685.6	1,678.3
Austria	3,013.5	2,154.1	565.1	517.8
Netherlands	1,645.1	1,261.0	240.8	207.2
New Zealand	197.9	218.0	280.3	264.6
USA	561.0	435.4	336.3	330.5
Other international operations	7,103.7	5,696.8	649.5	613.7
thereof: rest of Europe	6,180.9	4,761.0	323.0	300.5
Group	**19,839.1**	**16,464.7**	**3,757.7**	**3,612.2**

1 The previous year's figures for external sales have been adjusted in accordance with IAS 8.42. Please see Note A.7 for further details.

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 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 to individual Group companies having to pay compensation or financial penalties or being imposed with other civil or criminal sanctions.

In the financial year 2019, BayWa AG and the Bundeskartellamt (German federal antitrust authority) reached an agreement to end the administrative offence proceedings that had been ongoing since March 2015 relating to BayWa AG and other crop protection wholesalers. There is a general risk that customers will assert further claims for compensation against BayWa AG following the conclusion of these antitrust proceedings. At the time at which these financial statements were prepared, only isolated claims had been asserted against BayWa out of court, all of which have been refuted by BayWa. No further identified or significant claims have been asserted or announced so far. It is BayWa's belief that the alleged misconduct did not result in any buyers suffering any financial damages whatsoever.

We assume, supported by the assessment of our legal advisers, that it is very unlikely in this context that third parties will successfully be able to 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 a court case 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 (the proportion of voting rights relates to the time when notification was made and may therefore now be outdated):

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 came to 37.51% on 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 AG, 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 AG, 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 AG, 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 AG, 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 AG, 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 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 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), its share 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 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 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 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. 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 AG 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 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. 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 AG 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 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. 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 AG voting rights) pursuant to Section 22 para. 1 sentence 1 item 1 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 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. 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 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.

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

Under IAS 24, related parties are defined as companies and individuals where one of the parties has the possibility of controlling the other or of exerting a significant influence on the financial and business policies of the other.

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 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 €12.2 million (2020: €11.6 million) and to Raiffeisen Agrar Invest AG of €9.6 million (2020: €8.4 million), no business transactions within the meaning of IAS 24 which need to be reported here were carried out in the financial year 2021.

Transactions with related parties are shown in the table below. The table has been changed to reflect the fact that the non-consolidated companies in which a stake of more than 20% but less than 50% is held have been divided up into non-consolidated joint ventures and non-consolidated associates. In addition, the item “cost of materials” has been added to the table. The presentation of the previous year has been adjusted accordingly for better comparability.

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

In € million 2020	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	–	–	–	28.7	1.5	10.5
Liabilities	–	–	–	9.7	0.9	0.4
Interest income	0.0	0.0	–	0.3	0.0	0.0
Interest expenses	–	–	–	0.0	–	–
Revenues	–	–	–	12.7	2.1	56.5
Cost of materials	–	–	–	6.7	4.0	5.6

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	**2021**	2020
For audits performed	1.4	–
For other consultancy services	0.2	–
For tax consultancy services	–	–
For other services	0.1	–
	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 and the audit in connection with the European Market Infrastructure Regulation (EMIR). The fees for other services mainly include fees for project-related advisory services.

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
Honorary President of the German Raiffeisen Federation (Deutscher Raiffeisenverband e. V.)

Other mandates
- AGCO GmbH, Marktoberdorf, Germany (Member of the Supervisory Board)
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany (Chairman of the Supervisory Board) (until August 2021)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria (Vice Chairman of the Supervisory Board)

Klaus Buchleitner (since 17 June 2014)
Vice Chairman
Managing Director of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H and Raiffeisenlandesbank Niederösterreich-Wien AG

Other mandates
- AGRANA Beteiligungs-Aktiengesellschaft, Vienna, Austria (Second Vice Chairman)
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, Austria (First Vice Chairman)
- AUSTRIA JUICE GmbH, Allhartsberg, Austria (Chairman of the Shareholders Committee)
- LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna, Austria (Member of the Supervisory Board)
- Niederösterreichische Versicherung AG, St. Pölten, Austria (Member of the Supervisory Board)
- NÖM AG, Baden, Austria (Chairman of the Supervisory Board)
- Raiffeisen Bank International AG, Vienna, Austria (Member of the Supervisory Board)
- Raiffeisen Software GmbH, Vienna, Austria (Chairman of the Supervisory Board)

Werner Waschbichler (since 1 March 1999)
Vice Chairman
Chairman of the Works Council of BayWa Headquarters, Munich, Germany, and Chairman of the Main Works Council of BayWa Headquarters

Wolfgang Altmüller (since 17 June 2014)
MBA, 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) (until August 2021)
- Atruvia AG (formerly: Fiducia & GAD IT AG), Karlsruhe, Germany (Member of the Supervisory Board)
- FTI Touristik GmbH, Munich, Germany (Chairman of the Supervisory Board) (since 22 March 2021)

Theo Bergmann (since 4 June 2013)
Driver, Vice Chairman of the Main Works Council of BayWa Headquarters (until July 2021), Member of the Works Council

Andrea Busch (since 5 June 2018)
General Secretary of ver.di, Saxony West-East-South

Renate Glashauser (until 30 June 2021)
Member of the Works Council, Vice Chairwoman of the Main Works Council of BayWa Headquarters, Chairwoman of BayWa AG Works Council, Agricultural Equipment, Lower Bavaria region

Thomas Gürlebeck (since 7 January 2021)
Union Secretary, ver.di, Bavaria state region, trade section

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 Headquarters (since July 2021)

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 Agricultural Engineering, farmer and Managing Director of Landwirtschaftsbetrieb Lang, Baumgarten, Austria

Other mandates
- Niederösterreichische Versicherung AG, St. Pölten, Austria (Member of the Supervisory Board) (until 30 March 2021)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria (Chairman of the Supervisory Board)
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Korneuburg, Austria (Chairman of the Supervisory Board)

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 (since July 2021)

Wilhelm Oberhofer (since 6 August 2015)
Bachelor of Banking Services and Operations (CCI), Member of the Management Board of Raiffeisenbank Kempten-Oberallgäu eG

Other mandates
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany (member of the Management Board)
- 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)

Joachim Rukwied (since 4 June 2013)
MSc Agricultural Engineering (University of Applied Sciences), farmer and vintner
President of the German Farmers' Association (Deutscher Bauernverband e. V. – DBV) and 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., Auckland, New Zealand
Treasurer of the New Zealand Europe Business Council (NZEBC), Auckland, New Zealand

Cooperative Council

Karlheinz Kipke
Chairman
Chairman of the Board of Directors of VR-Bank Coburg eG

Members pursuant to Article 28 para. 5 of the Articles of Association

Manfred Nüssel
Master of Agriculture (University of Applied Sciences), Vice Chairman
Honorary President of the German Raiffeisen Federation (Deutscher Raiffeisenverband e. V.)

Dr. Johann Lang
Master of Agricultural Engineering, farmer and Managing Director of Landwirtschaftsbetrieb Lang, Baumgarten, Austria

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
MSc 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, President of the Central Franconia district of the Genossenschaftsverband Bayern e.V. district association for Bavaria (until 30 September 2021)

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

Joachim Hausner
Chairman of the Board of Directors of VR Bank Bamberg-Forchheim eG (since 1 February 2022)

Walter Heidl
President of the Bayerischer Bauernverband

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

Johann Kreitmeier
Chairman of Landeskuratorium für pflanzliche Erzeugung in Bayern e. V.

Franz Kustner
Honorary President of the Bayerischer Bauernverband

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 Bayerischer Bauernverband

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
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 HR, 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)
- Giesecke & Devrient GmbH, Munich, Germany (Chairman of the Supervisory Board and the Advisory Committee)
- IHK Industrie- und Handelskammer für München und Oberbayern (Chamber of Commerce and Industry for Munich and Upper Bavaria) (President) (since 30 June 2021)

Group mandates
- Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates (Member of the Board of Directors)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria (First Vice Chairman of the Supervisory Board)
- T&G Global Limited, Auckland, New Zealand (Chairman of the Board of Directors) (until 23 June 2021)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (Chairman of the Supervisory Board)
- BayWa r.e. AG, Munich, Germany (Chairman of the Supervisory Board) (since 25 March 2021)
- BayWa Global Produce GmbH, Munich, Germany (Chairman of the Supervisory Board) (since 17 June 2021)

Andreas Helber
Corporate Controlling, Corporate Finance & Accounting, Corporate Insurance, Corporate Real Estate Management, Investor Relations, Business 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)
- BayWa Global Produce GmbH, Munich, Germany (Member of the Supervisory Board) (since 17 June 2021)
- BayWa r.e. AG, Munich, Germany (Member of the Supervisory Board) (since 25 March 2021)
- 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)
- “UNSER LAGERHAUS” WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (Member of the Supervisory Board) (until 1 July 2021)

Marcus Pöllinger
Agri Trade & Service, Agricultural Equipment, Building Materials, Corporate IT, Digital Farming, Energy

External mandate
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany (Member of the Supervisory Board)

Group mandates
- BayWa Global Produce GmbH, Munich, Germany (Member of the Supervisory Board) (since 17 June 2021)
- BHBW Holdings (Pty) Ltd, Lynnwood Manor, Republic of South Africa (Member of the Board of Directors)
- 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) (since 23 June 2021)

Matthias Taft (until 31 March 2021)
Energy, Renewable Energies (BayWa r.e. renewable energy GmbH)

Group mandates
- BayWa r.e. Asia Pacific Pte. Ltd., Singapore, Republic of Singapore
(Chairman of the Board of Directors)
- BayWa r.e. Nordic AB, Malmö, Sweden (Chairman of the Board of Directors)
- BayWa r.e. renewable energy GmbH, Munich, Germany (Managing Director)
- BayWa r.e. Solar B.V., Heerenveen, Netherlands (Chairman of the Supervisory Board)
- BayWa r.e. USA, LLC, Wilmington, USA (Chairman of the Board of Directors)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Korneuburg, Austria (First Replacement Member of the Supervisory Board)

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 (Member of the Supervisory Board) (since 1 July 2021)

Allocation of departments as at 31 December 2021

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 €9.5 million (2020: €10.7 million). The total remuneration of the Supervisory Board came to €1.1 million (2020: €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 (2020: €0.5 million). The total remuneration of the Board of Management and Supervisory Board breaks down as follows:

In € million	2021	2020
Remuneration of the Board of Management		
payment due in the short term	6.0	6.7
transfers to pension provision	1.6	2.1
other long-term payments	1.9	1.9
Total remuneration of the Board of Management	**9.5**	**10.7**
Remuneration of the Supervisory Board		
payment due in the short term	1.1	1.1
Total remuneration of the Supervisory Board	**1.1**	**1.1**
Combined remuneration of the Board of Management and the Supervisory Board	**10.6**	**11.8**

A total of €1.9 million of the long-term variable component of the Board of Management remuneration was still outstanding (2020: €1.9 million).

An amount of €3.6 million (2020: €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 €41.3 million (2020: €47.2 million).

In addition, the Cooperative Council, which is not considered key management personnel pursuant to IAS 24, received €0.0 million in total (2020: €0.1 million).

Outline of the Board of Management remuneration system

The remuneration system is geared towards the sustainable and long-term development of BayWa AG. The Supervisory Board 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. The total target remuneration is made up of the sum total of all remuneration components, with the target amount for both short-term and long-term variable remuneration being based on the assumption of 100% target achievement.

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 if necessary. Both horizontal and vertical comparisons are used to determine whether remuneration is customary, as explained below in further detail.

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.

In addition, the Supervisory Board also determines whether the remuneration of the members of the Board of Management is customary within BayWa AG (vertical market comparison). This process involves comparing at least once per year the remuneration of the members of the Board of Management with the remuneration of senior management and the average wages and salaries of BayWa AG’s employees in Germany, while also taking into account progression over time. Most importantly, the remuneration system should offer incentives for sustainable corporate management and value enhancement Positive and negative developments alike are taken into account through multi-year assessment bases, adjustment rules for unusual events and policies on special bonuses and forced remuneration cuts.

The remuneration of the members of the BayWa AG Board of Management corresponds to the remuneration system approved by the Annual General Meeting on 11 May 2021 and resolved by the Supervisory Board with effect from 1 July 2021.

The total remuneration of the four 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 (dividend from what is known as the bonus bank), benefits, a company pension and, in some cases, remuneration for sideline activities.

Remuneration structure
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.

In the case of the Chief Executive Officer, the share of fixed remuneration (fixed salary, benefits and company pension) makes up 67% of the total target remuneration (= total of all remuneration components) while the share of variable remuneration accounts for 33% of total target remuneration. The fixed salary makes up 38.5% of the total target remuneration. Company pension benefits make up 26% and other benefits 2% of the total target remuneration. Short-term variable remuneration (target amount) accounts for 15% of total target remuneration, while long-term variable remuneration (target amount) amounts to 18% of total target remuneration.

For ordinary members of the Board of Management with an employment contract with BayWa AG, fixed remuneration accounts for 55% to 63% of total target remuneration and variable remuneration makes up a 35% to 47% share. The fixed salary makes up 46% to 47% of the total target remuneration. Company pension benefits make up 9% to 17% and other benefits 2% to 3% of the total target remuneration. Short-term variable remuneration (target amount) accounts for around 18% of total target remuneration, while long-term variable remuneration (target amount) amounts to 19% to 27% 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.

Target remuneration
The Supervisory Board of BayWa AG has defined the target remuneration for each Board of Management member for the financial year 2021, as presented in the following table. 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. The Supervisory Board has also paid particular attention to the economic situation, market environment, success and future prospects of the company and has placed a special focus on whether the total target remuneration is customary for the market.

The total target remuneration constitutes an intended level of remuneration that applies if all predefined targets are fully met, thereby providing incentives for strong corporate performance as well as collective and individual achievements. The failure to achieve the defined variable remuneration targets decreases total remuneration. By contrast, the overachievement of targets may lead to an increase in remuneration. However, such increases are limited to the contractually agreed maximum remuneration.

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, usually in the first meeting of the financial year.

In the financial year 2021, they were based on the success of the company (result of operating activities) or of a business segment (EBIT), or tied to individually agreed operating and strategic targets. When defining goals, the Supervisory Board takes into particular account the area of responsibility of the respective member of the Board of Management. If the targets are met, the level of target achievement is 100% and corresponds to 40% of fixed salary. If the targets are exceeded, the bonus will be increased, but only up to a maximum amount (cap) of 150%. 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. The relationship between the target value 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 awarded total for the annual bonus may exceed the maximum amount of 150%. Both negative and positive developments are therefore taken into account in calculating the annual bonus, promoting the long-term development of BayWa AG.

In the view of the Supervisory Board, the financial performance indicator for the annual bonus that supports the successful strategic and long-term development of the company, is the result of operating activities. Individual goals enable further differentiation depending on the specific strategic and operating challenges of each individual member of the Board of Management. A financial performance indicator for the annual bonus that is based on the success of the company and defined within the scope of individual goals is the EBIT of a business division or a business sub-division of BayWa AG under the stewardship of the respective Board of Management member. As the operating result before interest and tax, EBIT reflects the earnings capacity of the BayWa AG division and is a significant indicator of the Board of Management's performance. The weighting for any individual EBIT target cannot exceed 30%, ensuring that the divisions remain well-balanced. BayWa AG's strategic goal is to increase its EBIT across all divisions over the next few years and expand its competitive position.

In accordance with the remuneration system approved by the Annual General Meeting and resolved by the Supervisory Board, the Chief Executive Officer's target is wholly based on the result of operating activities. The member of the Board of Management responsible for financial operations has targets weighted 70% towards the result of operating activities and 30% towards individual goals, while the targets for the members of the Board of Management with more of an operating area of responsibility are wholly based on individual goals.

The targets or comparison parameters are not subsequently adjusted. The Supervisory Board reviews target achievements in the first quarter of the financial year following the financial year to be reviewed.

Long-term variable remuneration – bonus bank

The long-term variable component takes the form of what is known as a bonus bank. The bonus bank is topped up or charged on a yearly basis depending on the extent to which objectives, linked to the success of the Group (result of operating activities) and determined by the Supervisory Board for three years in advance, have been achieved, exceeded or undershot.

Long-term variable remuneration should include incentives to implement the company's strategic focus. The Supervisory Board believes that 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. As a result, the Supervisory Board defines a year-on-year improvement in the result of operating activities as a key performance criterion for long-term variable remuneration. Targets are set every three years for a three-year period and are monitored on an annual basis.

The payment factor for the result of operating activities is calculated on the basis of a comparison between the actual figure and the target figure. The actual result of operating activities at the end of each financial year is compared with the target value as defined by the Supervisory Board at the beginning of the three-year cycle. At the present time, 100% achievement will result in the payment of €1.4 million per year into a bonus bank. Upon 100% target achievement, the share of remuneration for the Board of Management member accounted for by the bonus bank should exceed the annual bonus upon 100% target achievement. If objectives are exceeded, the amount which can be transferred to the bonus bank is capped at approximately 135% of the target figure, or €1.9 million per year at the present time. At the same time, failure to achieve the targets results in a charge on the bonus bank of up to minus €1.9 million at the present time (negative bonus).

In the financial year 2021, 100% target achievement with regard to long-term variable remuneration corresponded to a result of operating activities of €170.0 million, with 135% (cap) being achieved for a result of operating activities of €190 million. The target of 135% was exceeded, as BayWa AG's result of operating activities stood at €271.4 million in the financial year 2021. A contribution of €1.9 million is therefore scheduled to be made to the bonus bank for the financial year 2021, in accordance with the remuneration system adopted by the Annual General Meeting and approved by the Supervisory Board.

In the reporting year, the Chief Executive Officer is entitled to 50% of the amount carried in the bonus bank. The ordinary members of the Board of Management with an employment contract with BayWa AG are each entitled to 25% of the amount. The shares attributable to each member of the Board of Management are posted to a separate bonus bank account. The amount is paid linearly, meaning that the amount carried in the bonus bank will be paid out on a preliminary basis to members of the Board of Management in equal instalments across three financial years, provided there is a sufficient credit balance in the bonus bank and after calculating negative bonuses. Given that the bonus bank is in credit, all members of the Board of Management will be paid on a preliminary basis one-third of their share of the set bonus bank amount for 2021, alongside credit balances from the financial years 2020 and 2019, in the second quarter of the financial year 2022 in accordance with the remuneration system. The remaining two-thirds of the credit balance will remain in the bonus bank and will be paid out in equal amounts in the second and third year following the financial year in question. If, owing to payments made in previous years or charges reducing the bonus bank, there is a negative balance in the bonus bank – which was not the case in the financial year 2021 – the respective Board of Management members are obliged to pay back the preliminary payments made in the two preceding years (so-called clawback). Both negative and positive developments are therefore also taken into account in calculating long-term variable remuneration.

Target achievement
Upon reaching the appropriate targets, the members of the Board of Management will each receive one-third of their respective long-term variable remuneration in the three subsequent financial years. The targets for the financial years 2018, 2019 and 2020 therefore determine the payments made in this reporting year.

In order to promote the long-term development of the company, all Board of Management employment contracts contain provisions that make it possible to reduce the remuneration of the Board of Management members (i.e. fixed salary, annual bonus and bonus bank) in the event of unusual developments and a deterioration in the company's situation. The bonus bank may even be clawed back in the event of negative economic development. The Supervisory Board is therefore able to account for unusual developments in appropriate instalments. No reductions in remuneration were made in the financial year 2021, nor were any claims made for amounts to be returned.

Shares do not form part of the remuneration structure. The members of the Board of Management also do not participate in the Employee Share Scheme. Members of the Board of Management may purchase shares, but these activities are restricted to a considerable extent due to insider trading regulations. Members of the Board of Management hold less than 0.01% of all BayWa AG shares.

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 are borne by BayWa AG. 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 discontinued in the financial year 2021. For 2021, members of the Board of Management either received a fixed amount or their existing commitments were 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. No new sideline activities outside of the Group were commenced in the financial year 2021. The individual non-Group mandates can be found in the Notes to 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 did not exercise this option in the financial year 2021.

The company also 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 the interests of the company. BayWa AG pays the insurance premiums. The policies provide for a deductible for the Board of Management members. The company also promises the Board of Management members insurance cover corresponding in key points to these insurance policies both for the term of this contract and for a period of twelve years after its 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.

With the exception of the contract with the Chief Executive Officer, there are no commitments in the employment contracts of the Board of Management members if service to the company is prematurely terminated. The arrangement for Prof. Lutz provides for a right of termination in his case if the Supervisory Board elects a new Chief Executive Officer as his successor after the 2023 Annual General Meeting. In such an event, BayWa AG will pay the contractually agreed compensation until the contract expires on 24 March 2025, with short- and long-term bonuses set at not under 100%. BayWa AG’s right to terminate the employment contract without notice for compelling reasons remains unaffected by this arrangement.

Maximum remuneration

The total remuneration to be granted to members of the Board of Management in a single financial year (total of all amounts of remuneration paid for the financial year, including the fixed salary, variable remuneration components, benefits, and company pension benefits) is capped (maximum remuneration), regardless of whether the amounts are paid in the financial year in question or at a later date. The maximum remuneration for each member of the Board of Management is €2.5 million; the maximum remuneration for the Chief Executive Officer is €5 million. Compliance with the guidelines regarding maximum remuneration can only be reviewed retrospectively, once the long-term remuneration components granted for the respective financial year have been paid. As the current members of the Board of Management received a three-year tranche of the long-term remuneration components for the first time in the reporting year (2021 to 2023 tranche) that was subject to the cap on maximum remuneration, with the final instalment to be paid in the financial year 2024, it will not be possible to report on compliance with the guidelines regarding maximum remuneration within the meaning of Section 162 para. 1 sentence 2 item 7 of the German Stock Corporation Act (AktG) until the remuneration report for the financial year 2024 is published.

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 Board of Management and the Supervisory Board of BayWa AG intend to submit to the Annual General Meeting on 24 May 2022 a resolution for the approval of a new remuneration system for the members of the Supervisory Board and the definition of new remuneration specifics for the members of the Supervisory Board.

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.

Supervisory Board members receive a fixed annual remuneration of €45,000 payable in four equal amounts after the end of the quarter for the respective quarter. In accordance with recommendation G.17 GCGC, the greater investment of time required by the Chairman and Vice Chairman of the Supervisory Board, as well as the chairs and members of committees, has been taken into sufficient account. The Chairman of the Supervisory Board therefore receives three times the basic remuneration paid and the Vice Chairmen twice the amount. The members of the Supervisory Board also receive an additional fixed annual remuneration of €3,000 for committee work. Remuneration for the Mediation Committee is paid only if the committee was actually convened in the financial year. The committee chairmen receive three times this amount.

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 German Corporate Governance Code (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.

Members of the Supervisory Board are reimbursed for their expenses and value added tax which falls due on account of their activities as members of the Supervisory Board or its committees. In addition, members of the Supervisory Board are also included in the company's group accident insurance policy. The company 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 the interests of the company. The company pays the insurance premiums.

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 21 March 2022.

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 IT GmbH, Munich, Germany
- BayWa Mobility Solutions GmbH, Munich, Germany
- BayWa Obst Beteiligung GmbH, Munich, Germany
- BayWa Pensionsverwaltung GmbH, Munich, Germany
- BayWa Rent GmbH, Munich, Germany
- Diermeier Energie GmbH, Niederwinkling, Germany
- EUROGREEN GmbH, Betzdorf, Germany
- FarmFacts GmbH, Pfarrkirchen, Germany
- FarmFacts Holding GmbH, Munich, Germany
- Forster GmbH, Munich, Germany
- In&Out Ventures GmbH, Munich, Germany
- Interlubes GmbH, Würzburg, Germany
- Jannis Beteiligungsgesellschaft mbH, Munich, Germany
- Ketziner Beteiligungsgesellschaft mbH, Niederer Fläming, 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)):

- Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany
- BayWa Obst GmbH & Co. KG, Munich, Germany
- BayWa r.e. Solardächer II GmbH & Co. KG, Gräfelfing, 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 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
- EE Biogasanlage Brandis GmbH & Co. KG, Regensburg, Germany
- Evergrain Germany GmbH & Co. KG, Hamburg, Germany
- G. Stranzinger Bauprojekt GmbH & Co. KG, Tann, Germany
- R&S ENERGY capital-GmbH & Co. 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
- Renertech Rotorblattservice GmbH & Co. KG, Bad Wünnenberg, Germany
- Robert Decker Wohnbau München GmbH & Co. KG, Grünwald, Germany
- Schradenbiogas GmbH & Co. KG, Gröden, 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
- 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 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
- Windpark Wilhelmshöhe IV 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 €156,185,243.58 in its annual financial statements as at 31 December 2021, which were drawn up in accordance with German accounting standards (German Commercial Code – HGB) and adopted by the Supervisory Board on 23 March 2022. The Board of Management and the Supervisory Board will propose the following use of this amount to the Annual General Meeting on 24 May 2022:

In €	2021
Dividend of €1.05 per dividend-bearing share	37,189,644.45
Carried forward to new account	118,995,599.13
Profit available for distribution	**156,185,243.58**

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

Floating Energy Allyance to develop a floating offshore wind farm in Scotland
On 17 January 2022, the Floating Energy Allyance secured the rights to develop a floating offshore wind farm with an approximate capacity of 1 gigawatt some 75 kilometres to the north-east of Fraserburgh on the Aberdeenshire coast in north-east Scotland through Crown Estate Scotland's ScotWind leasing round. The Floating Energy Allyance is a development partnership comprising BayWa r.e.; Elicio, an experienced Belgian offshore wind developer, owner and operator; and BW Ideol, a proven floating technology leader and international floating wind project co-developer.

Acquisition of 80% of the shares in Sol in one GmbH, Kaiserslautern, Germany
On 24 January 2022, BayWa r.e. AG acquired 80% of the shares in Sol in one GmbH, a company registered in Kaiserslautern, Germany. The business operations of Sol in One GmbH include the planning, installation, assembly, maintenance and monitoring of roof-mounted photovoltaic systems, carports and free-standing PV projects. The planned transaction will support the Energy Solutions business entity in implementing its strategy of expanding PV installation capacities to supplement the Energy Solutions value chain and the existing business sectors. A controlling influence has existed since 24 January 2022. BayWa r.e. AG paid a pro rata purchase price of €5.4 million following preliminary retention of €1.7 million. A variable purchase price component that is dependent on the achievement of operating targets has also been agreed for the years between 2021 and 2024. In addition, a call/put option agreement regarding the acquisition of the remaining 20% stake has been reached. On account of the available data, it is not yet possible to determine the fair value of the total consideration transferred as at the time of acquisition and the fair value of the main group of assets, liabilities and potential goodwill as at the time of acquisition. A purchase price allocation will be drafted by the end of the financial year 2022.

Acquisition of 90% of the shares in Patent Co. DOO Misicevo, Subotica, Serbia
With effect from 31 January 2022, RWA AG acquired 90% of the shares in Patent Co. DOO Misicevo, a Serbian mixed feed company registered in Subotica, through RWA International Holding GmbH, Korneuburg, Austria. Patent Co. is an internationally established company with modern infrastructure and research activities, as well as extensive regional and international sales expertise. Patent Co. markets mixed feed, protein concentrates and pre-mixes in the Balkan region. The company also markets feedstuff additives in Europe, Asia, North America, Central America and Latin America. The goal of the acquisition is to strengthen the product portfolio and the geographical position in the field of feedstuffs and feedstuff additives. A controlling influence has existed since 31 January 2022. Since that date, Patent Co. has been included in the consolidated financial statements of BayWa AG within the scope of full consolidation. The cost of acquisition for 90% of the shares amounted to €72 million. In addition, a call/put option agreement regarding the acquisition of the remaining 10% stake has been reached, calling for two option periods from 1 March 2023 to 30 March 2023 and from 1 March 2024 to 30 March 2024. RWA International Holding GmbH is able to acquire the shares immediately in the event of the resignation or dismissal of the managing directors or former owners. On account of the available data, it is not yet possible to determine the fair value of the total consideration transferred as at the time of acquisition and the fair value of the main group of assets, liabilities and potential goodwill as at the time of acquisition. A purchase price allocation will be drafted by the end of the financial year 2022.

Sale of the Corazon and Guajillo projects, both Irvine, USA
On 18 February 2022, BayWa r.e. Solar Asset Holdings LLC, Wilmington, USA, sold all shares in the project company Corazon Energy LLC, Irvine, USA, to Eni New Energy US Inc. through the sale of all shares in Corazon Energy Class B LLC, Irvine, USA, and therefore also in Class B Corazon Tax Equity Partnership LLC, Irvine, USA. The sale price amounted to USD126.5 million. Corazon Energy LLC is the owner of a 200 alternate current megawatt-peak (MWac) solar power project in Webb County, Texas, that, with its production capacity of more than 500 GWh per year, can cover the electricity consumption of more than 38,000 households and therefore avoid approximately 250 kilotonnes of CO_2 emissions per year. Corazon is one of the largest solar projects in Texas. In addition, BayWa r.e. Development, LLC, Irvine, USA, also sold 100% of shares in Guajillo Energy Storage LLC, Irvine, USA, to Eni New Energy US-Holding, LLC. Guajillo Energy Storage LLC is the owner of a battery storage system project in Webb County, Texas, that is currently under development. This is an independent storage project with a storage capacity of 200 MWac (400 MWh), which is connected to the Corazon substation. The sales price for this battery storage system project stood at USD4.5 million at closing. Additional material purchase price elements were agreed depending on construction readiness and on the introduction of the "direct pay" legislation, which, if it enters into force, will regulate significant tax benefits and state subsidies for solar and energy storage projects in the US.

Outbreak of war between Russia and Ukraine
On 24 February 2022, Russian troops made incursions into Ukrainian territory and began waging war on the eastern European country. The European Union and the US, as well as many other countries, have imposed major sanctions against Russia in response to the invasion. At

the time of preparing the annual financial statements, it was not possible to provide a conclusive assessment on the long-term geopolitical, political and economic impact of the war and the sanctions. However, Europe's high level of dependency on fossil energy from the crisis region could have a direct influence on economic growth in the European Union. As a result, consumers' purchasing power could decline due to the high rate of inflation, which is expected to continue rising.

Nevertheless, the immediately foreseeable risks to the BayWa Group are manageable.

The impact on the Group's assets position is considered to be immaterial. The BayWa Group does not hold any material non-current assets in either Ukraine or Russia. Only a Ukrainian subsidiary of the Group company Austria Juice that is measured at equity is active in the crisis region. The greatest risk lies in the marketing of the goods in stock, which is currently restricted or impossible. Moreover, the two countries involved in the conflict are also not significant target markets for BayWa. As a result, neither declining sales nor default risk are expected.

The financial position of the BayWa Group is unlikely to be affected by the Ukraine crisis. Because the Group has no credit facilities with Russian banks, the sanctions imposed on Russian banks will not impact the BayWa Group's liquidity situation.

The impact on the Group's earnings position is also considered to be immaterial. The rise in prices of agricultural products observed since the start of the war does not increase the risk associated with stockpiled inventories. There are likely to be substantial harvest losses in Ukraine. However, given that the majority of the Ukrainian harvest is not marketed in Europe, this aspect is of secondary importance to BayWa and its subsidiaries. The rise in prices will likely lead to higher purchase prices and also higher sales prices in the harvest quarter. Particular attention is being paid to hedging risk positions related to agricultural products as a consequence of the higher and very volatile grain price.

Climbing energy prices coupled with a simultaneous decline in trading volumes should cause fertilizer prices to increase, which may result in a long-term decline in fertilizer demand. However, the earnings contribution here is immaterial in terms of the BayWa Group's total earnings.

Advance purchases are expected in the Group's heating oil and diesel business in the months ahead due to the threat of lower product availability.

At the moment it is not possible to determine the extent any potential logistics chain disruption due to lorry drivers from countries involved in the conflict not being available. Restrictions in the forwarding industry, particularly for the building materials and energy sites, are not anticipated. At the time of writing, this conflict is not expected to have any considerable negative impacts on the BayWa Group's business in the financial year 2022.

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 2021 and have made it permanently accessible to the public on the company's website at: www.baywa.com

Munich, 21 March 2022

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 2021

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
a.a.t. Substrathandel GmbH, Wittenburg, Germany	100.0
Abemec B.V., Veghel, Netherlands	100.0
Accitana Solar, S.L., Barcelona, Spain	100.0
Agrimec Group B.V., Apeldoorn, Netherlands	100.0
AGROMED AUSTRIA GMBH, Kremsmünster, Austria	80.0
Airies 2 Windfarm Ltd., Edinburgh, UK	100.0
Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates	49.0
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 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
Aludra Energies SARL, Paris, France	100.0
American Beech Solar 2 LLC, Irvine, USA	100.0
American Beech Solar LLC, Irvine, USA	100.0
AMUR S.L.U., Barcelona, Spain	100.0
Arlena Energy S.r.l., Milan, Italy	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 BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany	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
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	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	100.0
BayWa Canada Ltd., Vancouver, Canada	100.0
BayWa EEH GmbH, Munich, Germany	100.0
BayWa Energie Dienstleistungs GmbH, Munich, Germany	100.0
BayWa Finanzservice GmbH, Munich, Germany	100.0
BayWa Global Produce GmbH, Munich, Germany	100.0

Name and principal place of business	Share in capital in %
BayWa Handels-Systeme-Service GmbH, Munich, Germany [1]	100.0
BayWa Haustechnik GmbH, Kösching, Germany	100.0
BayWa IT GmbH, Munich, Germany	100.0
BayWa Marketing & Trading International B.V., Rotterdam, Netherlands	100.0
BayWa Mobility Solutions GmbH, Munich, Germany	100.0
BayWa Obst Beteiligung GmbH, Munich, Germany [1]	100.0
BayWa Obst GmbH & Co. KG, Munich, Germany	100.0
BayWa Pensionsverwaltung GmbH, Munich, Germany [1]	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, Republic of Singapore	100.0
BayWa r.e. Asset Holdings Japan 2 Pte. Ltd., Singapore, Republic of Singapore	100.0
BayWa r.e. Asset Holdings Japan Pte. Ltd., Singapore, Republic of 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. Bioenergy GmbH, Regensburg, Germany	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, Republic of Singapore	100.0
BayWa r.e. Energy Solutions Pte. Ltd., Singapore, Republic of 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. Global Services GmbH, Munich, Germany	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, Republic of Korea	100.0
BayWa r.e. Mexiko, LLC, Irvine, USA	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. Operation Services GmbH, Munich, Germany	100.0
BayWa r.e. Operation Services LLC, Irvine, USA	100.0
BayWa r.e. Operation Services Ltd., London, 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, S. de R.L. de C.V., Irvine, USA	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
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., Barcelona, Spain	100.0

Name and principal place of business	Share in capital in %
BayWa r.e. Projects Greece Single Member P.C., Chalandri, Greece	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, Republic of Korea	100.0
BayWa r.e. Solar Asset Holdings LLC, Wilmington, USA	100.0
BayWa r.e. Solar B.V., Leeuwarden, Netherlands	100.0
BayWa r.e. Solar Energy Systems GmbH, Tübingen, Germany	100.0
BayWa r.e. Solar Projects GmbH, Munich, Germany [1]	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, Republic of Singapore	100.0
BayWa r.e. Solar Systems (Vietnam) Co., Ltd., Ho Chi Minh City, Socialist Republic of Vietnam	100.0
BayWa r.e. Solar Systems Co., Ltd., Bangkok, Thailand	100.0
BayWa r.e. Solar Systems Corporation, Makati, Republic of the 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, Czech Republic	100.0
BayWa r.e. Solar Systems SAS, Lormont, 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, Socialist Republic of Vietnam	100.0
BayWa r.e. Wind 20+ GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Wind Asset Holdings Vietnam Pte. Ltd., Singapore, Republic of Singapore	100.0
BayWa r.e. Wind GmbH, Munich, Germany	100.0
BayWa r.e. Wind Projects Vietnam Co., Ltd., Ho Chi Minh City, Socialist Republic of Vietnam	100.0
BayWa r.e. Wind Pte. Ltd., Singapore, Republic of 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. 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
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
Big Creek Solar 2 LLC, Irvine, USA	100.0
BioCore B.V., Oosterhout, Netherlands	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

Name and principal place of business	Share in capital in %
Bracks Farm Solar Park Limited, London, UK	100.0
brandpower P1 GmbH, Salzburg, Austria	100.0
brandpower S1 GmbH, Salzburg, Austria	100.0
brandpower S2 GmbH, Salzburg, 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 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 Traunstorfer Straße GmbH & Co. KG, Traunreut, Germany	51.0
Brushy Creek Solar LLC, Irvine, USA	100.0
Burkes Agencies Limited, Glasgow, 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 Hungary Kft., Budapest, Hungary	100.0
Cefetra Ibérica S.L.U., Pozuelo de Alarcón, Spain	100.0
Cefetra Limited, Glasgow, 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	100.0
Clump Farm Limited, London, UK	100.0
Corazon Energy Class B LLC, Irvine, USA	100.0
Corazon Energy LLC, Irvine, USA	100.0
Corazon Tax Equity Partnership LLC, Irvine, USA	100.0
Cornucopia Hybrid LLC, Irvine, USA	100.0
Corriegarth 2 Windfarm Ltd., London, UK	100.0
Cotopaxi Energy Storage LLC, Irvine, USA	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, People's Republic of China	100.0
Delica Australia Pty Ltd, Tullamarine, Australia	100.0
Delica Domestic Pty Ltd, Tullamarine, Australia	100.0
Delica Limited, Auckland, New Zealand	100.0
Delica North America, Inc., Torrance, USA	50.0
Diapur HoldCo Pty Ltd, Richmond, Australia	100.0
Diapur Wind Farm 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., Milan, Italy	100.0
Dörenhagen Windenergieanlagen GmbH & Co. KG, Gräfelfing, Germany	100.0

Name and principal place of business	Share in capital in %
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
EE Biogasanlage Brandis GmbH & Co. KG, Regensburg, Germany	100.0
Eko-En Polanow 1 Sp. z o.o., Warsaw, Poland	100.0
Eko-En Polanow 2 Sp. z o.o., Warsaw, Poland	100.0
Eko-En Skibno 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, Socialist Republic of 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., Luton, 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., Seattle, USA	100.0
Eolica Aragon S.r.l., Milan, Italy	100.0
Euren Biogas Società Agricola a r.l., Naples, Italy	100.0
EUROGREEN AUSTRIA GmbH, Mondsee, Austria	100.0
EUROGREEN CZ s.r.o., Jiřetín pod Jedlovou, Czech Republic	100.0
EUROGREEN GmbH, Betzdorf, Germany	100.0
Evergrain Germany GmbH & Co. KG, Hamburg, Germany	100.0
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
Ferguson Wind Farm 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
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
Fruitmark USA Inc., Oceano, USA	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
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
Grande Lande Energies SAS, Paris, France	100.0
GroenLeven B.V., Heerenveen, Netherlands	100.0
GroenLeven Invest B.V., Heerenveen, Netherlands	100.0
Guajillo Energy Storage LLC, Irvine, USA	100.0
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

Name and principal place of business	Share in capital in %
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
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, Los Angeles, 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
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., Tokyo, Japan	100.0
Korea Solar 1 Co., Ltd., Seoul, Republic of Korea	100.0
Korea Solar 2 Co., Ltd., Seoul, Republic of Korea	100.0
Korea Solar 3 Co., Ltd., Seoul, Republic of Korea	100.0
Korea Solar 4 Co., Ltd., Seoul, Republic of Korea	100.0
Korea Solar 5 Co., Ltd., Seoul, Republic of Korea	100.0
Korea Solar 6 Co., Ltd., Seoul, Republic of Korea	100.0
Korea Solar 7 Co., Ltd., Seoul, Republic of Korea	100.0
Lagerhaus Franchise GmbH, Korneuburg, Austria	100.0
Lagerhaus Technik-Center GmbH & Co KG, Korneuburg, Austria	51.9
Landhandel Knaup GmbH, Borchen, Germany	51.0
Les Pierres Blanches Energies, Paris, France	100.0
Little Gala Windfarm Ltd., Edinburgh, UK	100.0
LTZ Chemnitz GmbH, Hartmannsdorf, Germany	90.0
Maestro Wind, LLC, Wilmington, USA	100.0
Matahari 1 Holdings Pte. Ltd., Singapore, Republic of 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
Northshore Solar 1 LLC, Irvine, USA	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
Oak Green Solar LLC, Irvine, USA	100.0
Opal Energy Storage LLC, Irvine, USA	100.0
Ouyen HoldCo Pty Ltd, Richmond, Australia	100.0
Ouyen Solar Farm Pty Ltd, Richmond, Australia	100.0
PAF Projects for Advanced Fuels GmbH, Regensburg, Germany	100.0
Parco Solare Smeraldo S.r.l., Bozen, 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

Name and principal place of business	Share in capital in %
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
Perinnpitt Road Solar Ltd., London, UK	100.0
Peter Frey GmbH, Wartenberg, Germany	100.0
Pinscher Energy Storage LLC, Irvine, USA	100.0
Plapperer Projekt GmbH, Schrobenhausen, Germany	51.0
PowerHub Inc., Toronto, Canada	100.0
Prairie Solar 1, LLC, Irvine, USA	100.0
Primrose Hybrid LLC, Irvine, USA	100.0
PV Integ AG, Ebikon, Switzerland	100.0
Quilly Guenrouet Energies SARL, Paris, France	100.0
R&S ENERGY capital-GmbH & Co. KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg, Germany	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
RENERCO GEM 1 GmbH, Gräfelfing, Germany	100.0
RENERCO GEM 2 GmbH, Gräfelfing, Germany	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
Rock Power S.L.U., Barcelona, Spain	100.0
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	60.0
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
RUG Raiffeisen Umweltgesellschaft m.b.H., Korneuburg, Austria	75.0
RWA Czechia s.r.o., Unhost, Czech Republic	100.0
RWA Hrvatska d.o.o., Zagreb, Croatia	100.0
RWA Immobilien GmbH, Korneuburg, Austria	100.0
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., Orţişoara, 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., Lavrica, Slovenia	100.0
RWA Srbija d.o.o., Belgrade, Serbia	100.0
Ryfors Vindkraft AB, Malmö, Sweden	100.0
Samsonwind Wirtsnock GmbH, Thomatal, Austria	100.0
Santa Fe BESS LLC, Irvine, USA	100.0
SBU Power Holdings Pte. Ltd., Singapore, Republic of Singapore	100.0
SC Puterea Verde S.r.l., Sibiu, Romania	75.3
Schradenbiogas GmbH & Co. KG, Gröden, Germany	94.5
Schumann Wind, LLC, Wilmington, USA	100.0
Scorpion Energy Storage LLC, Irvine, USA	100.0

Name and principal place of business	Share in capital in %
Scurf Dyke Solar Limited, London, UK	100.0
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
Serralonga Energia S.r.l., Turin, Italy	52.0
Shieldhall Logistics Ltd., Glasgow, UK	100.0
Sickingenstraße Grundbesitz GmbH, Munich, Germany	51.0
Sinclair Logistics Ltd., Glasgow, UK	100.0
Sjönnebol Kraft AB, Malmö, Sweden	100.0
Snow Mountain Energy Storage LLC, Irvine, USA	100.0
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
SolarPark 4a LLC, New York, USA	100.0
Solarpark Aquarius GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Aries GmbH & Co. KG, Gräfelfing, 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
Spitzlberg GmbH & Co. KG, Augsburg, Germany	51.0
SPV Solarpark 103. 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
Sunfish Solar, Irvine, USA	100.0
T&G CarSol Asia PTE. Ltd, Singapore, Republic of Singapore	50.0
T&G Chile SpA, Santiago de Chile, Chile	100.0
T&G Fresh Produce PTE. Ltd, Singapore, Republic of Singapore	100.0
T&G Fruitmark HK Limited, Hong Kong, People's Republic of China	100.0
T&G Global Limited, Auckland, New Zealand	74.0
T&G Global Vietnam Company Ltd, Ho Chi Minh City, Socialist Republic of 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
Tessennano Energy S.r.l., Milan, Italy	100.0
TFC Holland B.V., Maasdijk, Netherlands	89.5
Thenergy B.V., Oosterhout, Netherlands	100.0
Tracomex B.V., Oosterhout, Netherlands	100.0
Trédias Energies SAS, Paris, France	100.0
Trinity Holding B.V., Heerenveen, Netherlands	100.0

Name and principal place of business	Share in capital in %
Turners & Growers (Fiji) Limited, Suva, Republic of Fiji	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
Ubon Saeng Arthid Co., Ltd., Bangkok, Thailand	97.0
Umspannwerk Klein Bünsdorf GmbH & Co. KG, Gräfelfing, Germany	100.0
UNL 18 Solar B.V., Heerenveen, Netherlands	100.0
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
Valentine Peak Solar LLC, Irvine, USA	100.0
Varennes Energies SAS, Paris, France	100.0
Varennes Solaire 2 SAS, 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 1 S.L.U., Barcelona, Spain	100.0
Watt Development SPV 2 S.L.U., Barcelona, Spain	100.0
Watt Development SPV 4 S.L.U., Barcelona, Spain	100.0
Watt Development SPV 8 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., Templecombe, 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	100.0
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
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 Lindchen GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Pferdsfeld GmbH & Co. KG, Gräfelfing, Germany	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
Windpark Wilhelmshöhe IV GmbH & Co. KG, Gräfelfing, Germany	100.0
Wohnen am Lerchenberg GmbH & Co. KG, Borna, Germany	100.0

Name and principal place of business	Share in capital in %
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
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 O1 B.V., Heerenveen, Netherlands	100.0
Zonnepark Albrandswaard B.V., Heerenveen, Netherlands	100.0
Zonnepark B.V., Heerenveen, Netherlands	100.0
Zonnepark Friesland B.V., Heerenveen, Netherlands	100.0
Zonnepark PV10 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV12 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV15 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV16 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV18 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV2 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV26 B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV4 B.V., Heerenveen, Netherlands	100.0
Zonnepark Weperpolder B.V., Heerenveen, Netherlands	100.0
Zonnepark Woldjerspoor B.V., Heerenveen, Netherlands	100.0
Zonnepark XXL B.V., Heerenveen, 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
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, Hatzenbach, Austria	75.0
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, People's Republic of China	100.0
Agro-Property Kft., Kecskemét, Hungary	100.0
Air Purification Systems, S.L., Barcelona, Spain	100.0
Almodovar Solar, Barcelona, Spain	70.0
Amance Energies SAS, Paris, France	100.0
APIS FE1 Società Agricola S.R.L., Bozen, Italy	70.0
APIS MN1 Società Agricola S.R.L., Bozen, Italy	70.0
APIS MO1 Società Agricola S.R.L., Bozen, Italy	70.0
APIS RE1 Società Agricola S.R.L., Bozen, Italy	70.0
ASC Solar Epona S.L.U., Barcelona, Spain	100.0
Autels Villevillon Energies SAS, Paris, France	100.0
Automatic Recovery Systems, S.L.U, Madrid, 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

Name and principal place of business	Share in capital in %
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 Power Liquids GmbH, Munich, Germany	100.0
BayWa r.e. 148. Projektgesellschaft mbH, Gräfelfing, Germany	100.0
BayWa r.e. Bioenergy Betriebs GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Solar Projects Verwaltungs GmbH, Gräfelfing, Germany	100.0
BayWa r.e. Windpark Guasila GmbH, Gräfelfing, Germany	100.0
BayWa Venture GmbH, Munich, Germany	100.0
BHT Projekt GmbH & Co. KG, Traunreut, Germany	51.0
Biogasanlage Geislingen GmbH & Co. KG, Gröden, Germany	100.0
biohelp - biologischer Pflanzenschutz-Nützlingsproduktions-, Handels- und Beratungs GmbH, Vienna, Austria	69.9
biohelp international GmbH, Vienna, Austria	60.0
Biotech-Enterprises-Lizenzverwertungs-Gmbh, Fischamend, Austria	73.9
Black Rock Solar II LLC, Irvine, USA	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 Immobilien Holding GmbH, Traunreut, Germany	51.0
Brüderl Projekt Verwaltungs GmbH, Traunreut, Germany	51.0
BTS 18 Projekt GmbH, Buchloe, Germany	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
Cefetra Digital Services S.L., Pozuelo de Alarcón, Spain	100.0
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
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
Corazon Energy Development LLC, Irvine, USA	100.0
Corazon Energy Services 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
Dalia Rinnovabili S.R.L., Milan, Italy	100.0
Danugrain Lagerei GmbH, Krems an der Donau, Austria	60.0
Desarrollo Proyecto Fotovoltaico VIII, SL, Barcelona, Spain	100.0
EBY2 Verwaltungs GmbH, Munich, Germany	51.0
Economic Intention Systems, S.L., Barcelona, Spain	100.0
Eguzon-Chantôme Energies, Paris, France	100.0
Eko Energetika Croatia d.o.o., Rijeka, Croatia	100.0
Energy Solutions 1 Pte. Ltd., Singapore, Republic of Singapore	100.0
Engage Intelligenty, S.L.U., Barcelona, Spain	100.0
ENP Windpark Reichenbach GmbH & Co. KG, Osnabrück, Germany	100.0
Eoliennes de Haute Voie SAS, Paris, France	51.0

Name and principal place of business	Share in capital in %
Equestrian Energy Storage LLC, Irvine, USA	100.0
Erste Onshore Windkraft Beteiligungsgesellschaft mbH, Oldenburg, Germany	100.0
Estruplund Energi Park Aps, Copenhagen, Denmark	100.0
Evergrain Verwaltungs GmbH, Hamburg, Germany	100.0
Exeter Main Battery Limited, London, UK	100.0
Eyliac Energies SAS, Paris, France	100.0
FarmFacts Hungary Kft., Kaposvár, Hungary	100.0
Fleet Solar Limited, London, UK	100.0
Fraissé Energies, Paris, France	100.0
Fuels Services GmbH, Munich, Germany	100.0
G. Stranzinger Verwaltungs GmbH, Tann, Germany	60.0
Garein Energies SAS, Paris, France	90.0
Gea Rinnovabili S.r.l., Milan, Italy	100.0
Genol Vertriebssysteme GmbH, Korneuburg, Austria	100.0
Gievres Energies SAS, Paris, France	100.0
Giglio Rinnovabili Srl, Milan, Italy	100.0
Gourvillette Energies SARL, Paris, France	100.0
Green Answers GmbH & Co. WP Vahlbruch KG, Gräfelfing, Germany	100.0
Green Ventures 1 Single Member P.C., Kifisia, Greece	100.0
Green Ventures 2 Monoprosopi I.K.E., Kifisia, Greece	100.0
Green Wind Deutschland GmbH, Munich, Germany	50.0
Greenberry SAS, Paris, France	100.0
Guajillo Energy Storage II LLC, Irvine, USA	100.0
Hankook Baram Co., Ltd., Seoul, Republic of Korea	100.0
Herlufmagle Energi- & Naturpark ApS, Copenhagen, Denmark	100.0
Hexagone Energie 2 SAS, Paris, France	100.0
Higher Winds Systems, S.L., Barcelona, Spain	100.0
High-Rise Building Systems, S.L., Barcelona, Spain	100.0
Hughenden Solar Finance Pty Ltd, Richmond, Australia	100.0
Hughenden Solar Pty Ltd, Richmond, Australia	100.0
Iliako Power I Single Member Private Company (IKE), Chalandri, Greece	100.0
Iliako Power II Single Member Private Company (IKE), Chalandri, Greece	100.0
Iliako Power III Single Member Private Company (IKE), Chalandri, Greece	100.0
Iliako Power IV Single Member Private Company (IKE), Chalandri, Greece	100.0
ILIAKO POWER IX SINGLE MEMBER PRIVATE COMPANY (IKE), Chalandri, Greece	100.0
Iliako Power V Single Member Private Company (IKE), Chalandri, Greece	100.0
Iliako Power VI Single Member Private Company (IKE), Chalandri, Greece	100.0
Iliako Power VII Monoprosopi I.K.E., Chalandri, Greece	100.0
ILIAKO POWER VIII SINGLE MEMBER PRIVATE COMPANY (IKE), Chalandri, Greece	100.0
IMMOBILIARE AGRICOLA RIVOLTO S.R.L., Rivolto, Italy	100.0
Infraestructuras de Íllora, S.L., Barcelona, Spain	100.0
Intelligent Challenge, S.L.U., Barcelona, Spain	100.0
Iris Rinnovabili S.r.l., Milan, Italy	100.0
Keranna Energies SARL, Paris, France	100.0
Koyash Solar Energy S.R.L., Bucharest, Romania	100.0
La Couture Energies SARL, Paris, France	100.0
La Redonda Solar SL, Barcelona, Spain	70.0
Lagerhaus Solar Solutions GmbH, Korneuburg, Austria	100.0
Lagerhaus Technik-Center GmbH, Korneuburg, Austria	53.6
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
LODUR Energieanlagen GmbH, Munich, Germany	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

Name and principal place of business	Share in capital in %
Magyar "Agrár-Ház" Kft., Ikrény, Hungary	100.0
Mailley Chazelot Energies SAS, Paris, France	100.0
Maine Anjou Energies, 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
MD-Betriebs-GmbH, Munich, Germany	90.0
Meadow Farm Battery Limited, London, UK	100.0
Meyra Energipark ApS, Copenhagen, Denmark	100.0
New Universeline Systems S.L., Barcelona, Spain	70.0
Ninfea Rinnovabili Srl, Milan, Italy	100.0
NOB-Betriebs-GmbH, Munich, Germany	90.0
Nørre Alslev Energipark ApS, Copenhagen, Denmark	100.0
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
Patent Co. DOO Misicevo, Subotica, Serbia	90.0
PATIS Beteiligungsgesellschaft mbH, Düsseldorf, Germany	100.0
Pèle Joue Energies SAS, Paris, France	100.0
Pellog GmbH, Oelsnitz, Germany	100.0
Pié Desgroies Energies SAS, Paris, France	100.0
PKSA Power Sdn. Bhd., Kuala Lumpur, Malaysia	100.0
Plankenstein 8 GmbH & Co. KG, Munich, Germany	51.0
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
Prechac Energies SAS, Paris, France	100.0
Preferred Organizational Systems, S.L., Barcelona, Spain	100.0
Protectionist Galleries Systems, S.L.U., Barcelona, Spain	100.0
PT. Bumiraya Suria Abadi, Jakarta, Indonesia	49.0
r.e Bioenergie Betriebs GmbH & Co. Vierundzwanzigste Biogas KG, Regensburg, Germany	100.0
Radiant Burst Systems S.L., Barcelona, Spain	100.0
Raiffeisen Trgovina d.o.o., Lenart, Slovenia	100.0
Referenced Productive Systems, S.L., Barcelona, Spain	100.0
Regolo Rinnovabili S.r.l., Milan, Italy	100.0
RENAM S.r.l., Rome, Italy	100.0
Renertech Management GmbH, Munich, 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, Vienna, 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, Paris, France	100.0
Saintonge Energies SAS, Paris, France	80.0
Saints Geosmes Energies SAS, Paris, France	100.0
Salm Energies SARL, Paris, France	100.0
Salsigne Villardonnel Energies SAS, Paris, France	100.0
Saubens Energies SAS, Paris, France	100.0

Name and principal place of business	Share in capital in %
Schradenbiogas Betriebsgesellschaft mbH, Gröden, Germany	100.0
Sea Breeze Huge, S.L., 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
Solar Plant Energ- og Naturpark ApS, Copenhagen, Denmark	100.0
Solarna elektrana Proložac d.o.o., Zagreb, Croatia	100.0
Solarpark 1 sp. z o.o., Warsaw, Poland	100.0
Solarpark 10 sp. z o.o., Warsaw, Poland	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 2 sp. z o.o., Warsaw, Poland	99.0
Solarpark 3 sp. z o.o., Warsaw, Poland	100.0
Solarpark 4 sp. z o.o., Warsaw, Poland	100.0
Solarpark 5 sp. z o.o., Warsaw, Poland	100.0
Solarpark 6 sp. z o.o., Warsaw, Poland	100.0
Solarpark 7 sp. z o.o., Warsaw, Poland	100.0
Solarpark 8 sp. z o.o., Warsaw, Poland	100.0
Solarpark 9 sp. z o.o., Warsaw, Poland	100.0
Solarpark Homestead GmbH, Gräfelfing, Germany	100.0
Solarpark Horus GmbH, Gräfelfing, Germany	100.0
Solarpark Horus Sp. z o.o., Warsaw, Poland	100.0
Solarpark Kobe GmbH, Munich, Germany	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 Perseus GmbH & Co. KG, Gräfelfing, Germany	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 Wega GmbH & Co. KG, Gräfelfing, Germany	100.0
Solarpark Witnica 3 sp. z o.o., Warsaw, Poland	100.0
SolarSolutions 1 GmbH & Co. KG, Gräfelfing, Germany	100.0
Soulanges Energies SAS, Paris, France	51.0
SPV Solarpark 102. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 104. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 105. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 106. 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 112. 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

Name and principal place of business	Share in capital in %
SPV Solarpark 116. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 117. GmbH & Co. KG, Gräfelfing, Germany	100.0
SPV Solarpark 118. 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. Frederikslund Energi Park Aps, Copenhagen, Denmark	100.0
Stabilizers and Developments, S.L.U., Barcelona, Spain	100.0
Stigs Bjergby Energi- & 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
Sunshine Movement GmbH, 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
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
Titus Canyon Solar LLC, Irvine, USA	100.0
Traditional Mechanism Systems S.L.U., Barcelona, Spain	100.0
Villamayor Solar, S.L., Barcelona, Spain	100.0
Viola Rinnovabili S.R.L., Milan, Italy	100.0
Wasigny Mesmont Energies, Paris, France	100.0
Watt Development Solar 2, S.L., Barcelona, Spain	100.0
WHG LIEGENSCHAFTSVERWALTUNG BETRIEBS GMBH, Klagenfurt, Austria	100.0
Wind Park Kotla Sp. z o.o., Warsaw, Poland	100.0
Windkraft Beteiligungsgesellschaft mbH, Düsseldorf, Germany	100.0
Windpark A73-Heumen B.V., Utrecht, Netherlands	50.0
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, 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 Langenbrand GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Langenlonsheim GmbH & Co. KG, Gräfelfing, Germany	100.0
Windpark Melfi GmbH, 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 Reinsdorf 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

Name and principal place of business	Share in capital in %
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
Ygos Energies SAS, Paris, France	100.0
ZL Holding B.V., Leeuwarden, Netherlands	100.0
Zonlocatie 2 B.V., Leeuwarden, Netherlands	100.0
Zonlocatie 3 B.V., Leeuwarden, Netherlands	100.0
Zonnedak F2 B.V., Heerenveen, Netherlands	100.0
Zonnedak F3 B.V., Heerenveen, Netherlands	100.0
Zonnefatius B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV19 B.V., Heerenveen, Netherlands	100.0
Zonnepark PV21 B.V., Leeuwarden, Netherlands	100.0
Zonnepark PV22 B.V., Leeuwarden, 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 PV29 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
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
Growers Direct Limited, Wakefield, UK	50.0
Hafen Vierow - Gesellschaft mit beschränkter Haftung, Brünzow, Germany	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	
Aufwind BB GmbH & Co. Zwanzigste Biogas KG, Regensburg, Germany	100.0
AUSTRIA JUICE GmbH, Allhartsberg, Austria	50.0
BRB Holding GmbH, Munich, Germany	45.3
Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main, Germany	37.8
Grandview Brokerage LLC, Seattle, USA	39.4
Intelligent Fruit Vision Limited, Spalding, UK	24.0
LWM Austria GmbH, Hollabrunn, Austria	25.0
MoSagri B.V., Breda, Netherlands	25.0
MoSagri LDA, Bairro Namalungo, Lumbo, Mozambique	25.0
POP Worldwide Limited, Spalding, UK	24.0
PURE Applikationen GmbH & Co. KG, Regensburg, Germany	33.4
The Fruit Firm Limited, West Malling, UK	20.0
Zimmermann PV-TRACKER GmbH, Eberhardzell, Germany	33.3

Name and principal place of business	Share in capital in %
Associates and joint ventures of secondary importance not included under the equity method	
Afrupro Investments LTD, Tzaneen, South Africa	60.0
Agromed Biological (Xuzhou) Co. Ltd., Jiangsu, People's Republic of China	20.0
Agrosen Holding GmbH, Kremsmünster, Austria	30.0
Agro-Service-Gröden GmbH, Gröden, Germany	20.0
ARGE WWS Obst GbR, Markdorf, Germany	50.0
BayWa Hochhaus Verwaltung GmbH, Grünwald, 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
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
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
Raiffeisen Waren GmbH Hallertau-Jura, Pförring/Lobsing, Germany	16.5
Random Conbination Systems S.L.U., Barcelona, Spain	40.0
REMABO Ressourcen Management GmbH, Innsbruck, Austria	26.0
RLH Agrar GmbH, Emskirchen, Germany	18.9
Röthlein Logistik GmbH, Röthlein, Germany	50.0
SDK Power Sdn. Bhd., Kuala Lumpur, Malaysia	48.0
Tjiko GmbH, Rosenheim, Germany	46.3
Vetroline Handels GmbH, Göttlesbrunn-Arbesthal, Austria	50.0
VR erneuerbare Energien eG, Kitzingen, Germany	33.3
WUN Pellets GmbH, Wunsiedel, Germany	30.0
Participations in large corporations	
Südstärke Gesellschaft mit beschränkter Haftung, Schrobenhausen, Germany (Equity in € thousand: 134,319; Annual net income/loss in € thousand: 445)	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, 21 March 2022

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, 2021, 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, 2021, 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, 2021.

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 IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. 1 HGB 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, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, 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.

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, 2021. 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 Agriculture 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. The subunit BayWa AG within the Agriculture segment applies 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. BayWa AG's previous accounting policy of recognizing revenue at the contract price was corrected retrospectively in financial year 2021 in accordance with the requirements of IAS 8.

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. BayWa AG's previous policy of accounting washouts on a gross basis under revenue (offset sales contract) and under cost of materials (offset purchase contract) was corrected retrospectively in financial year 2021 in accordance with the requirements of IAS 8.

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 addition, the previous accounting policy needed to be adjusted during the financial year with regard to two aspects, which led to corrections in accordance with the requirements of IAS 8. 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.

With respect to the adjustment of the accounting policy concerning washouts and the recognition of revenue in the case of physical settlement at fair value, we first evaluated the process to determine the adjusting entries for 2020 and 2021. On this basis, we assessed the calculation of the restated amounts. Furthermore, we verified whether the retrospective correction in accordance with IAS 8 was disclosed in the notes to the financial statements as required.

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 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. With regard to the adjustments in accordance with IAS 8, we were able to satisfy ourselves that the adjustments were sufficiently documented and substantiated, that the restated amounts were calculated appropriately, and that the disclosures in the notes to the financial statements in accordance with IAS 8 were made in full.

③ The Company's disclosures relating to goods and contracts acquired and sold exclusively for trading purposes are contained in the sections A.4. and A.7. 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 3.560 Mio.) 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.4 and C.8 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information.

The other information comprises:
- the group statement on corporate governance pursuant to § 315d HGB
- the separate non-financial statement pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB

- 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 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 related safeguards.

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 our 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-2021-12-31.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, 2021 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 (10.2021)) 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. 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 11, 2021. We were engaged by the supervisory board on December 23, 2021. We have been the group auditor of the 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 published in the Federal Gazette – 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, 22 March 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Petra Justenhoven Wirtschaftsprüferin (German Public Auditor)	Dietmar Eglauer 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 2021 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 and one extraordinary meeting of the Supervisory Board in the financial year 2021 included the business and financial development of the company in particular, the performance of the individual business units, financial and investment planning, personnel-related decisions, the risk situation and questions of compliance and IT security, as well as 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 potential impact of the coronavirus pandemic on the company and staff were also discussed at every meeting. 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 24 March 2021, which was held primarily as a video conference, 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 2020, as well as with the reports of the audits performed on the annual financial statements and the sustainability report. A new remuneration system for the Board of Management and the Supervisory Board was adopted. Furthermore, the Supervisory Board consulted on the results of previous meetings held by the Audit Committee and the Board of Management Committee. The meeting also concentrated on the agenda of the Annual General Meeting. In its meeting, the Supervisory Board also discussed the variable salary components of Board of Management members for the financial year 2020 and decided on the respective targets for the short-term variable salary components for the financial year 2021.

In its meeting on 5 May 2021, the Supervisory Board consulted on the quarterly financial statements for the first quarter of 2021, as well as on an operational outlook for the current financial year 2021. Another item on the meeting's agenda was the presentation of selected projects to be implemented in 2021 and the resolution regarding the "Nordwind" project, which concerned the acquisition of 100% of the shares of NWind GmbH in Hanover, Germany, including a 50% stake in Wind + Mehr GmbH, Hanover, Germany.

On 18 June 2021, the Supervisory Board convened an extraordinary Supervisory Board meeting to consult on the restructuring of the Group's financing and the engagement of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft for the audit of the Sustainability Report 2021.

In the regular meeting on 4 August 2021, the agenda for the Supervisory Board included the interim report for the first half of 2021, among other items. The Board of Management also reported to the Supervisory Board on market development in the first half of 2021 and the development of the individual segments, as well as on the current risk situation at the BayWa agricultural group and the project business of BayWa r.e. AG. Lastly, the Supervisory Board adopted the resolution concerning the approval of the terms and conditions for the issuing of employee shares in 2021 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 2021 was decided by way of a circulation procedure in the period from 22 September to 6 October 2021.

In the meeting on 9 November 2021, the Group's business development in the first three quarters of 2021 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. Furthermore, the Supervisory Board consulted on the results of previous meetings held by the Lending and Investment Committee, the Strategy Committee and the Audit Committee. The Supervisory Board approved the extension of the terms of six members of the Cooperative Council and discussed the annual Declaration of Conformity to the German Corporate Governance Code, which was accepted without change in this meeting. During the meeting, the Supervisory Board also performed its self-assessment by way of an open discussion of pre-worded questions.

In its first regular meeting in 2022 on 23 March, 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 2021, as well as the reports of the audits performed on the annual financial statements and the sustainability report. Preparations were also made for the 2022 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 the presence of the independent auditor, the Chief Executive Officer and the Chief Financial Officer, the committee discussed the separate financial statements and the consolidated financial statements for the financial year 2020, the management report on BayWa AG and the Group, and the audit reports at its meeting on 23 March 2021. Moreover, the statement declaring the independence of the independent auditor was obtained. Resolutions on recommendations were drawn up for the Supervisory Board to approve and adopt the separate financial statements and the consolidated financial statements for 2020 and to propose to the Annual General Meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft be elected as the independent auditor for the financial year 2021. Furthermore, the work of Corporate Finance & Accounting, Corporate Controlling, Risk Management and Internal Audit in the financial year 2020 was presented.

The regular meeting on 9 November 2021 dealt with the quarterly figures for the third quarter of 2021, the assignment of audit mandates and establishing the key audit areas in respect of the 2021 annual financial statements, as well as the audit fees and review of other non-audit services by the auditor.

In addition, Supervisory Board members Altmüller and Nüssel met with the auditor on 20 December 2021 to discuss the process of the preliminary audit, among other topics.

Supervisory Board Chairman Manfred Nüssel, Wolfgang Altmüller and Werner Waschbichler belong to the Board of Management Committee. The Board of Management Committee met once in the reporting year, on 23 March 2021. In the meeting in March 2021, the Board of Management Committee's discussions focused on recommendations to the Supervisory Board on target achievement for the financial year 2020 and the associated remuneration of the Board of Management, the new target agreements and the Board of Management members' mandates. A new remuneration system for the Supervisory Board and Board of Management was adopted. The meeting dealt with the dissolution of the Board of Management employment contract with Matthias Taft, who stepped down from the Board of Management on 31 March 2021 to become CEO of BayWa r.e. AG. Lastly, the necessary adjustments to the long-term bonuses for all Board of Management members following the departure of Matthias Taft were prepared for the Supervisory Board.

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. Due to the difficulty of holding meetings on account of the coronavirus pandemic, the Strategy Committee met only on 9 November 2021 in the reporting year. At this meeting, the committee received information about ongoing projects, with a focus on project "Saber", which involved the acquisition of assets by BayWa r.e. AG's solar trading division in the United States of America. The committee also prepared the Supervisory Board meeting to be held the next day.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Renate Glashauser (until 30 June 2021), Jürgen Hahnemann, Ingrid Halbritter (from 1 July 2021), Monika Hohlmeier, Dr. Johann Lang, Bernhard Loy and Monique Surges belong to the Lending and Investment Committee. The Lending and Investment Committee met on 9 November 2021 in the reporting year. In March 2021, topics otherwise addressed by the committee were handled during the Supervisory Board meeting. In its meeting on 9 November 2021, the committee dealt with the investment budgets for 2021 and 2022.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Dr. Johann Lang and Wilhelm Oberhofer belong to the Nomination Committee. The Nomination Committee did not meet in the reporting year.

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 95%.

Due to the exceptional circumstances in connection with the coronavirus pandemic, the meetings were held as virtual meetings or as in-person meetings with a virtual attendance option in 2021.

The attendance of the members at the meetings of the Supervisory Board and of its committees in 2021 is disclosed individually as follows:

	Supervisory Board meeting		Lending and Investment Committee		Strategy Committee		Audit Committee		Board of Management Committee	
Number of meetings/ attendance in %	number	in %	number	in %	number	in %	number	in %	number	in %
Manfred Nüssel Chairman	5/5	100	1/1	100	1/1	100	2/2	100	1/1	100
Klaus Buchleitner Vice Chairman	5/5	100					2/2	100		
Werner Waschbichler Vice Chairman	5/5	100			1/1	100	2/2	100	1/1	100
Wolfgang Altmüller	4/5	80					1/2	50	1/1	100
Theo Bergmann	5/5	100			1/1	100				
Andrea Busch	4/5	80								
Renate Glashauser	3/3	100								
Thomas Gürlebeck	5/5	100								
Jürgen Hahnemann	5/5	100	1/1	100						
Ingrid Halbritter	2/2	100	1/1	100						
Monika Hohlmeier	5/5	100	1/1	100						
Michael Kuffner	5/5	100			1/1	100	2/2	100		
Dr. Johann Lang	5/5	100	1/1	100	1/1	100				
Bernhard Loy	5/5	100	1/1	100						
Wilhelm Oberhofer	5/5	100			1/1	100	2/2	100		
Joachim Rukwied	5/5	100			0/1	0				
Monique Surges	5/5	100	1/1	100						
		97		**100**		**86**		**92**		**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 16 December 2019 (published in the German Federal Gazette on 20 March 2020), the Board of Management and Supervisory Board adopted the recommendations of the German Corporate Governance Code in the version dated 16 December 2019 (published in the Federal Gazette on 20 March 2020) in their meetings on 8 November 2021 (Board of Management) and 9 November 2021 (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 under Investor Relations.

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.

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 2021.

Sustainability Report audit

At its meeting on 23 March 2022, the Supervisory Board carefully examined the Sustainability Report 2021 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 2021 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 of the section entitled "Sustainable Finance".

The audit opinion covers only the sections and other disclosures listed in the overview of the consolidated non-financial report of BayWa AG, Munich. 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 23 March 2022 and released the Sustainability Report 2021 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 2021, as well as the management report on BayWa AG and on the Group, have been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, and each was issued an unqualified audit opinion.

At its meeting on 23 March 2022, the Supervisory Board carefully examined the financial statements of BayWa AG, drawn up by the Board of Management in accordance with the German Commercial Code, and the consolidated financial statements prepared in accordance with the IFRS and the additionally applicable standards set out under Section 315e of the German Commercial Code (HGB), as well as the management report on BayWa AG and on the Group for the financial year 2021, and discussed them in detail in the presence of the external auditor and the Board of Management. The key points of the 2021 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 23 March 2022. 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 22 March 2022. 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 22 March 2022. 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 23 March 2022, and the financial statements were thereby adopted.

During the Supervisory Board meeting on 23 March 2022, 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 €1.05 per share has been reviewed and approved by the Supervisory Board.

Changes to the Supervisory Board and to the Board of Management

In the financial year 2021, Board of Management member Matthias Taft stepped down from the Board of Management on 31 March 2021 after being named CEO of BayWa r.e. AG.

Supervisory Board member Stefan Kraft (National Secretary of Vereinte Dienstleistungsgewerkschaft ver.di) stepped down from his position effective 31 December 2020. At the recommendation of Vereinte Dienstleistungsgewerkschaft ver.di, and at the request of the Board of Management, Thomas Gürlebeck, Union Secretary for the Bavaria state region in the trade section, was appointed by the Amtsgericht (local court) of Munich, Registergericht (registry court), as a new member of the Supervisory Board on 7 January 2021.

Supervisory Board member Renate Glashauser (Chairwoman of the BayWa AG Works Council, Agricultural Equipment) stepped down from her post with effect from 30 June 2021. Her replacement, Ingrid Halbritter (Senior Credit Risk Manager, BayWa AG), joined the Supervisory Board on 1 July 2021.

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, 23 March 2022
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 2021 that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 16 December 2019 (published in the German Federal Gazette on 20 March 2020; 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 11 November 2020.

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, 3 and 4**

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 3, 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 4 recommends publishing the status of implementation in the Statement on Corporate Governance. BayWa AG has not established concrete objectives and has not specified a profile of skills and expertise 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.7**

Code Item D.7 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 2021
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

The Board of Management is currently composed of four members. Matthias Taft stepped down from BayWa AG's Board of Management following the conversion of BayWa r.e. renewable energy GmbH into BayWa r.e. AG on 31 March 2021. The Board of Management is independently responsible for running the company, developing the corporate strategy, agreeing the strategy with the Supervisory Board and ensuring that it is implemented. It 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. The Board of Management 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 11

November 2020 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 the 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. There is no controlling shareholder.

There were two personnel changes to the Supervisory Board in the financial year 2021. After Supervisory Board member Stefan Kraft (National Secretary of Vereinte Dienstleistungsgewerkschaft ver.di) stepped down from his position effective 31 December 2020, Thomas Gürlebeck, Union Secretary of Vereinte Dienstleistungsgewerkschaft ver.di, was appointed by the Amtsgericht (local court) of Munich, Registergericht (registry court), as a new member of the Supervisory Board on 7 January 2021 at the recommendation of Vereinte Dienstleistungsgewerkschaft ver.di, and at the request of the Board of Management. Supervisory Board member Renate Glashauser (Chairwoman of the BayWa AG Works Council, Agricultural Equipment) stepped down from her post with effect from 30 June 2021. Her replacement, Ingrid Halbritter (Senior Credit Risk Manager, BayWa AG), joined the Supervisory Board on 1 July 2021.

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 11 May 2021 appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the Group auditor for the financial year 2021.

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.

The Supervisory Board ensures that the committee members can act independently and that they are familiar with and experienced in applying special know-how associated with the application of accounting rules and the internal controlling procedures. All members of the Audit Committee therefore 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 and Audit Committee.

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), Renate Glashauser (until June 2021), Ingrid Halbritter (since July 2021), 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 2021 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 duly registered in good 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 2021.

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 2021, we refer to the Remuneration Report.

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.

On 5 August 2015, the Supervisory Board complied with the additional legal requirement of setting a target for a gender quota and achieving said target no later than 30 June 2017 by setting a target of 0% for the percentage of women on the Board of Management. The Supervisory Board reviewed the target at the meeting on 2 August 2017. The Supervisory Board again defined a target for women on the Board of Management of 0% by 30 June 2022. No changes within the existing Board of Management were planned, nor was the creation of a new Board of Management remit. With just one employment contract between BayWa AG and a Board of Management member scheduled to end as planned on 31 December 2018, the stipulation of a target of greater than 0% would have compelled the Supervisory Board to appoint a woman the next time it filled a vacancy on the Board of Management, which would have limited the Supervisory Board's flexibility with regard to staffing decisions and the number of potential candidates.

In future, BayWa AG will also be subject to Section 76 para. 3a of the German Stock Corporation Act (AktG) when appointing Board of Management members. Accordingly, the Board of Management must have at least one female member and at least one male member if it consists of more than three persons.

On 23 September 2015, the Board of Management of BayWa AG also set as targets a quota of 18% for women in the top executive tier and a quota of 12% for women in the second executive tier, which were scheduled to be met by 30 June 2017. As at 30 June 2017, the target for women in the top executive tier had not only been met, but even exceeded by 1 percentage point, standing at 19%. At 18%, the target for women in the second executive tier had also been exceeded by 6 percentage points. On 27 June 2017, the Board of Management of BayWa AG subsequently set as targets a quota of 22% for women in the top executive tier and a quota of 22% for women in the second executive tier, which are scheduled to be met by 30 June 2022.

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 the Legal department 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, 21 March 2022

BayWa Aktiengesellschaft

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