Half-Year Financial Statements

BayWa Group 2022

BayWa

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

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).

Interim Management Report

Overview of Business Performance of the BayWa Group

BayWa Group exceeds earnings expectations and sets new records

Consolidated revenues stood at roughly €12.9 billion after six months of the current financial year, up 39% year on year. Earnings before interest and tax (EBIT) improved by €183.9 million to a total of €328.5 million. The BayWa Group managed to pick up on the strong first quarter and generated EBIT of around €183.6 million in the second quarter of 2022.

All three business units – energy, agriculture and building materials – recorded a significant year-on-year increase in earnings (EBIT) in the first half of 2022. The agriculture business unit posted the greatest improvement in earnings. EBIT rose by €134.0 million year on year to stand at €222.3 million thanks in no small part to grain and agricultural input trade in the Cefetra Group and Agri Trade & Service Segments. This positive development is primarily attributable to increasing product and agricultural input prices, which rose to new highs at times during the reporting period. The extreme increases in prices were caused by tight grain stocks, which grew even tighter due to the economic consequences of the war in Ukraine, as well as higher energy costs. The agriculture business unit's Global Produce and Agricultural Equipment Segments also recorded gains year on year. Earnings from trade involving agricultural equipment more than doubled. The increase resulted from the high order volume from the previous year and the good ability to deliver.

The energy business unit benefited from the unabated strong demand for photovoltaic (PV) components, as well as from energy trading and the marketing of electricity, including electricity from own plants as an independent power producer (IPP). Another earnings driver was the stable development of demand in the heating business paired with rising prices. As a result, EBIT in the energy business unit increased by around 84% year on year. The building materials business unit also once again exceeded the previous year's good earnings by just under 30%. This increase was due to BayWa's ability to deliver products almost without interruption during the reporting period, despite disrupted supply chains, thanks to its inventories and established and stable network of suppliers.

Overall, BayWa – as an essential business – once again managed to hold its ground in the coronavirus pandemic despite the macroeconomic uncertainties, especially those resulting from the war in Ukraine. The Group took advantage of its diversified portfolio that meets basic human needs and has a relatively low share of energy-intensive activities. In addition, all segments benefited from their role in reliably ensuring the ability to make deliveries in a market environment characterised by scarcity of resources and disruptions in global supply chains. The increasing geopolitical tensions probably led to anticipatory effects and stockpiling on the part of customers in some of BayWa's segments. The tremendous growth momentum is unlikely to continue at this speed in the second half of the year. However, the increase in earnings achieved in the first half of the year can be expected to lead to earnings above the previous expectations for the financial year 2022 as a whole. In its planning to date, the Board of Management had forecast a significant year-on-year increase in EBIT (10% to 20%) for 2022 as a whole (EBIT full-year 2021: €266.6 million). The Board of Management now anticipates EBIT of €400 million to €450 million for the full year.

In € million	**Q2/2022**	Q2/2021 adjusted [1]	Change in %	**Q1–2/2022**	Q1–2/2021 adjusted [1]	Change in %
Revenues	**6,656.9**	5,227.0	27.4	**12,913.9**	9,293.6	39.0
EBIT	**183.6**	99.5	84.5	**328.5**	144.6	> 100.0

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Further details are available in Note A.7 of the Notes to the Consolidated Financial Statements for 2021.

The energy business unit experienced a strong first half of 2022. EBIT rose by €48.3 million year on year to a total of €105.6 million (H1/2021: €57.3 million). Both segments, Renewable Energies and Energy, contributed to this increase. In the Renewable Energies Segment, energy trading activities outperformed expectations due to the sharp rise in electricity prices. Furthermore, the total output of PV modules sold rose by around 77%. Sales of inverters also rose accordingly and were up 52% on the previous year's figure. Project business is likely to continue picking up steam in the second half of the year. Total sold output stands at around 350 megawatts (MW; without project rights), and so is already higher than the previous year's figure of 137 MW. In the Energy Segment, nearly all product areas posted gains. Earnings performance benefited primarily from the price increases for all energy carriers and higher domestic demand for heating oil and fuels. The elevated energy prices were caused by higher industrial production following the coronavirus-related slump, higher prices for carbon credits and the impact of the Russian war against Ukraine.

In the agriculture business unit, EBIT improved by around €134.0 million in the reporting period to stand at €222.3 million (H1/2021: €88.3 million). The Cefetra Group and Agri Trade & Service Segments achieved significant earnings growth, with both international and domestic product trading benefiting from the price trend on grain markets. The war in Ukraine intensified concerns about global grain availability and led to high price volatility, which traders were able to take advantage of. In addition, higher energy costs and economic sanctions against Russia led to temporary scarcity and an extreme rise in prices for nitrogen fertilizers. The fear of being unable to obtain any fertilizer going forward led to a stable willingness to stockpile among farmers despite the high prices. Thanks to a broad supplier portfolio and active inventory management, domestic agricultural trade was able to supply its customers with agricultural inputs virtually without interruption. In the Agricultural Equipment Segment, farmers' propensity to invest remained high. Fuelled by the good product prices for farmers and high order volumes in the Agricultural Equipment Segment from the previous year, sales of new machinery – especially tractors – increased by around 18.6%. Moreover, the service business saw higher demand for spare parts.

The Global Produce Segment recorded mixed performance in the first half of 2022. Trade involving brand apples and exotic fruits was subdued in the northern hemisphere. The overall economic situation slowed consumer demand for premium products. In the southern hemisphere, on the other hand, apple marketing volumes were higher, with hail damage having negatively impacted the harvest in the previous year.

At €43.5 million, EBIT in the building materials business unit and the Building Materials Segment was significantly higher year on year (H1/2021: €33.6 million). This positive development was due to relatively mild weather conditions, which made it possible for construction activity to begin at the start of the calendar year, as well as high demand for building materials coupled with rising prices. The main earnings drivers in the Building Materials Segment were the wide range of products, the expansion of specialisations and digital solutions, along with the unimpaired ability to make deliveries.

Business Performance by Segment in the First Half of 2022

Energy business unit

Market and industry development

Development of renewable energies
At around USD171 billion, global investments in renewable solar energy and onshore wind energy were up nearly 14% year on year in the first half of 2022. Investments in solar energy increased by 29% year on year to roughly USD116 billion, whereas investments in onshore wind energy declined by approximately 10% to around USD55 billion. This deviation is likely to have been due in part to the time-related volatility of the project business. For 2022 as a whole, the global expansion of onshore wind turbine capacities is expected to reach just under 92 gigawatts (GW), which equates to a year-on-year increase of roughly 11%. Alongside China, the largest single market, the growth is likely to come mainly from the EMEA region. The main driver behind the increased construction of new wind turbines in Europe is the Russian war of aggression in Ukraine and the associated concerns regarding the supply risks due to the high level of dependency on energy imports from Russia at the present time. The current geopolitical tensions should also have an effect on the field of solar energy, where expansion of roughly 238 GW is forecast for the current year – an increase of just under 31% year on year. Alongside the growth drivers of China, India and the US, some 19% of PV capacity expansion will likely be attributable to the EMEA region.

In the first half of 2022, energy from renewable sources covered around 49% of energy consumption in Germany, which works out to an increase of about 6 percentage points year on year. The higher share of gross electricity consumption attributable to renewable energies is mainly the result of a windy start to the year in January and February, as well as the many hours of sunshine in May and June. In total, 139 terawatt-hours (TWh) of green electricity was fed into the grid in the first half of 2022, which translates to a nearly 14% increase year on year. Onshore wind energy accounted for the largest share of renewable energy (59 TWh), followed by solar energy (just under 33 TWh). At approximately 2.6 GW, solar energy capacity expansion in Germany surpassed the previous year's figure by 8% in the first five months of calendar year 2022. Capacity expansion of onshore wind turbines came to 849 megawatts (MW) in the same period and was therefore 2% higher than the previous-year period. Long planning and approval processes, as well as a shortage of designated land due to minimum distance standards, have impeded capacity expansion in wind energy so far. What is more, legal action against issued approvals can lead to delays or even the suspension of some projects. In future, a new package of measures – the Onshore Wind Energy Act – could help to promote the expansion of wind turbines by facilitating approval processes and the issuance of exceptions for the construction of new turbines in Germany. Under the act, German states will have to make 2% of all land available for wind turbines by 2032. However, energy industry associations fear that unspecific rules could slow down expansion

Since the middle of last year, natural energy prices have seen a nearly unabated rise. By June 2022, they had more than tripled, not least due to supply insecurity as a result of the war in Ukraine. The rise in natural gas prices on account of the war in Ukraine has also affected the prices on electricity exchanges. In Germany, gas accounts for roughly 15% of electricity generation. The average electricity price for Germany on the EPEX SPOT market nearly tripled year on year and stood at around €218 per megawatt-hour in June 2022. This development is likely to further fuel the expansion of renewable energy sources.

Development of energy
The crude oil price continued to rally at the start of 2022. Alongside robust demand and scarce supply, geopolitical tensions and speculative financial investors in particular are likely to have been among the factors driving prices in the first quarter. In March, the crude oil price reached its highest level since 2008, peaking at around USD139 per barrel for the day. This leap in price was primarily attributable to the Ukraine war and the mounting fears about its impact on global energy supply. After the announcement of a ban on Russian oil imports by the US, the European Union agreed on an oil embargo against Russia in a sixth package of sanctions at the end of May. The sanctions call for a ban on the import of more than two-thirds of Russian oil deliveries until the end of the year. In addition, concerns that some countries – such as Nigeria, Libya and Angola – will be unable to meet their oil production targets due to a lack of production capacities are likely to have led to sustained high prices. In the second quarter of 2022, the crude oil price ranged between USD98 and USD122 per barrel. The price of USD115 per barrel at the end of June was around 53% higher year on year. Heating oil prices in Germany saw similar development and doubled year on year to stand at 145 euro cents per litre in July. Here, panic buying as a result of the sharp rise in prices, as well as catch-up effects due to below-average stockpiling in the previous year, led to higher demand. In terms of fuels, the successive easing of the coronavirus measures in the first half of 2022 most likely led to a 7.8% rise in sales volumes. By contrast, sales of lubricants fell by a noticeable 12% on account of the scarce availability of base oils as a primary material. In June, the price of wood pellets was around 95% higher than in the previous-year period due to higher costs to produce and transport the compressed pellets on account of high energy and commodity prices, as well as a jump in demand, especially from other European countries. At the same time, the supply was severely limited due to interrupted supply chains and the sanctions against Russia and Belarus.

Business performance

The BayWa Group's energy business unit consists of the Renewable Energies and Energies Segments. The Renewable Energies Segment covers significant parts of the renewable energies value chain, in particular all project business involving wind farms and solar parks and trading with photovoltaic components. The portfolio of services is rounded off by technical and commercial plant management and energy trading. The Energy Segment comprises trading activities in fossil and renewable heating oil, fuels and lubricants, and also provides heating and mobility solutions.

	Revenues			EBIT		
In € million	**Q1–2/2022**	Q1–2/2021	Change in %	**Q1–2/2022**	Q1–2/2021	Change in %
Renewable Energies Segment	2,733.8	1,351.3	> 100.0	85.0	50.8	67.3
Energy Segment	1,477.2	892.4	65.5	20.6	6.5	> 100
Energy business unit	**4,211.0**	**2,243.7**	**87.7**	**105.6**	**57.3**	**84.3**

Renewable Energies Segment
In the Renewable Energies Segment, the first half of 2022 was characterised by the planning and start of construction on a wide range of wind and solar energy projects, particularly in the first quarter. Project sales with a total output of around 1.2 GW are planned for the financial year 2022, with a portion of those projects to be transferred to the in-house Independent Power Producer (IPP) business entity rather than sold. Of that total amount, the following projects were sold in the first half of the year: two wind farms in Italy and Germany with a total output of 22.5 MW, as well as six solar parks in France, the Netherlands and the US with a total of 327.5 MW. Among them was Corazon I, one of the largest solar projects in the US state of Texas. By providing an output of 266 MW, Corazon I is capable of providing roughly 38,000 households with electricity while saving 250,000 tonnes of CO_2 emissions a year. The adjoining battery storage system, Guajillo, has a capacity of 200 MW. In future, it will absorb excess electricity from Corazon I and support the grid in times of peak consumption. The battery storage system is scheduled to go online by the end of 2023. However, BayWa r.e. AG sold the project rights in the first quarter of 2022.

Sales of PV components increased significantly once again in the first six months of 2022. Compared to the same period in the previous year, total output of PV modules sold rose by 77%. Sales of inverters also rose accordingly and were up 52% on the previous year's figure.

This positive development was due to the increased efficiency of PV components, the resulting improvement in competitiveness compared to conventional energy carriers and the consistent supply capacity for PV trading activities throughout the reporting period. In addition, business is likely to have benefited from increasing sustainability obligations in light of climate change and the associated rise in expectations among customers and investors. The higher European capacity expansion targets for the period leading up to 2030 in the fields of renewable energies as a result of the continued energy crisis in Europe are also likely to have had an effect. The IPP business entity, which includes the Energy Trading division, likewise recorded positive development in the first half of 2022. Business benefited from the high energy prices and a high level of production by the plants and systems. Energy Trading was able to make a good earnings contribution thanks to new products in the field of power purchase agreements. Overall, EBIT in the Renewable Energies Segment increased from €50.8 million in the previous year to €85.0 million in the current year as at 30 June 2022. Energy trading and trade involving PV components made a particularly strong contribution to this significant increase in earnings.

Energy Segment

In the Energy Segment, EBIT was up significantly on the previous-year figure as at 30 June 2022. This development is primarily attributable to strong demand for fuels and heat energy carriers despite the higher price level. The war in Ukraine led to great uncertainty on global commodity and raw materials markets, as well as clear increases in prices. In this tense market situation, consumers feared supply bottlenecks or further price hikes, which is likely to have led to stockpiling of heat energy carriers in some cases in the first half of 2022. In addition, wood pellets saw global supply bottlenecks on account of the war and the associated economic sanctions, further fuelling demand and prices. While the domestic heat energy carrier business benefited from strong inventories and was capable of making deliveries virtually without restrictions in the reporting period, business in Austria fell short of the previous year’s sales level due to the scarcity of materials. All in all, sales volumes of heating oil and solid fuels such as wood pellets were up slightly year on year despite a challenging supply situation. Sales volumes were also up in the fuels business thanks to the successive easing of coronavirus measures and the associated normalisation of transport and travel activities, resulting in an increase of just under 9% year on year. By contrast, sales of lubricants fell by around 9% during the same period. The main reason for the decline was the limited availability of primary materials and products such as base oils, since most of them come from Russia. However, better trade margins more than compensated for the decline in sales. All told, the Energy Segment was able to increase its EBIT by €14.1 million year on year to €20.6 million.

Agriculture business unit

Market and industry development

Development of grain and oilseed

According to a forecast by the US Department of Agriculture (USDA), global grain production (excluding rice) is expected to decline slightly by just under 1.5% year on year to around 2.25 billion tonnes in grain year 2022/23. Wheat production is set to decrease by 1%, while coarse grain production (mainly corn) is forecast to fall by 1.8%. The anticipated drop in production is primarily attributable to Europe and can be compensated for to a certain extent by larger harvests in Canada, the US and Russia. On the one hand, Europe is seeing a decline in supply as a result of the war in Ukraine, with the USDA forecasts predicting that the Ukrainian grain harvest will fall short of last year’s levels by around 35 million tonnes (2021: 87 million tonnes). On the other hand, the harvest forecasts for Europe are also lower on account of the dry weather, particularly in France, Spain and Italy. Due to the lower yield forecast, a slight drop in global inventory stocks is currently expected in grain year 2022/23 to just under 605 million tonnes (2021: 619 million tonnes). By contrast, the USDA is forecasting global oilseed harvest volume of 643 million tonnes, which equates to an increase of around 7% compared to the previous year. This growth is primarily attributable to the increase in land under cultivation for rapeseed as a result of brisk demand and substantial increases in prices. The European Union’s grain harvest is likely to fall by almost 3% to roughly 284 million tonnes. In Germany, experts anticipate a slightly below-average grain harvest along with marked regional differences due to extended periods of dryness and hot weather in June, with individual regions in central Germany being particularly affected. Overall, the harvest should stand at 43.2 million tonnes, according to the German Raiffeisen Federation (Deutscher Raiffeisenverband). That would place it at around 2% below the average for the years 2015 to 2020, but approximately 1 million tonnes over the previous year’s poor harvest. At 3.8 million tonnes, the rapeseed harvest should be roughly 6% higher than in 2021, having benefited from an increase in land under cultivation. All in all, grain prices were clearly higher in the reporting period than the previous year Alongside the war in Ukraine and the associated supply insecurity, this development is mainly attributable to heat waves in parts of Europe and the US. As a result, prices were up noticeably year on year at the end of the first half of 2022, with wheat up 68%, soya meal up 41%, rapeseed up 30% and corn up 18%. Global markets started to see a trend reversal in June, which picked up steam in July. Prices came under pressure in some cases due to the announcement of a potential agreement between Russia, Ukraine, Turkey and the UN regarding the safe export of Ukrainian grain.

Development in fruit trading

In fruit trading, the European apple market has seen a roughly 11% year-on-year increase in harvest volume in the 2021/22 season following two years of below-average harvests. Higher yields from Poland, Spain and Hungary more than compensated for the frost-related losses, particularly in Italy and France. In June 2022, apple stocks in Europe were 19% higher than in the previous year, with Germany seeing a 43% year-on-year rise. Along with the higher harvest volumes, the Belarussian embargo on western food also led to the excess stock in Europe. As a consequence of the current geopolitical developments and the associated uncertainty, as well as the noticeable increase in prices in many aspects of day-to-day life, consumer demand for apples, and for fruit and vegetables in general, has fallen. On account of the high inventory levels coupled with lower demand, apple prices in Germany were down clearly on the five-year average and stood at 55 cents per kilogramme in June – roughly 30% lower than in the previous year. In New Zealand, the apple harvest was clearly higher than in the previous year thanks to the good growing conditions in 2022. By contrast, the previous year saw hail damage. However, the start to the harvest was delayed or made more difficult in the second quarter of the current year by heavy rainfall, resulting in poorer-than-expected quality and fruit sizes in some regions of New Zealand.

Development of agricultural inputs

The agricultural input sector was influenced in the first half of the year by external factors, such as limited product availability, and higher energy prices as a result of the war in Ukraine and the energy crisis. These tensions led to tremendous uncertainty among customers, which is why willingness to buy was stable despite the high prices at the present time. In addition to high energy and transport costs, the sanctions against Russia, which is one of the main exporters of certain types of fertilizer, were probably also responsible for the limited supply situation and the development of prices. As a result, the prices of potash fertilizer, nitrogen fertilizer and phosphate fertilizer were up 235%, 147% and 102%, respectively, year on year as the first half of 2022 drew to a close. Crop protection also saw stable demand. However, the availability of crop protection products remained limited due to the lack of key primary products and packaging as a result of interrupted supply chains.

Development of agricultural equipment

Sentiment among German farmers has changed little since spring 2022 and remains at a low level. The agricultural industry's economic barometer stood at 11.1 in June 2022, down 3.6 points on the same period of the previous year, due primarily to below-average harvest expectations, uncertainty over political and legal frameworks, a lack of planning security and sharp rises in the price of agricultural inputs. In the second half of the year, farmers in Germany plan to increase their investments by €0.6 billion year on year to €4.9 billion despite mounting uncertainty. Investments in renewable energies and land purchases in particular are likely to see a clear increase. By contrast, investments in farm buildings are set to decline. Additional incentives to invest in machinery and equipment are likely to have come from the Bauernmilliarde (farmers' billion) stimulus package, the second round of which started in mid-July. The number of newly registered tractors in Germany decreased year on year between January and June 2022 by some 7.4% to 15,729 vehicles. The main reason behind this development was probably delayed delivery by manufacturers due to a lack of parts.

Business performance

The agriculture business unit is divided into four segments: Cefetra Group, Global Produce, Agri Trade & Service and Agricultural Equipment. The Cefetra Group and Agri Trade & Service Segments cover international and national trade in agricultural products and agricultural inputs. The Global Produce Segment encompasses global trade with fruit and vegetables. The Agricultural Equipment Segment trades in agricultural machinery and plants and offers a wide range of services.

	Revenues			EBIT		
In € million	**Q1–2/2022**	Q1–2/2021	Change in %	**Q1–2/2022**	Q1–2/2021	Change in %
Cefetra Group Segment [1]	3,054.6	2,573.0	18.7	36.6	20.1	82.1
Global Produce Segment	458.8	461.0	- 0.5	16.4	14.5	13.1
Agri Trade & Service Segment [1]	2,982.3	2,128.5	40.1	134.2	39.0	> 100
Agricultural Equipment Segment	1,033.9	880.8	17.4	35.1	14.7	> 100
Agriculture business unit	**7,529.6**	**6,043.3**	**24.6**	**222.3**	**88.3**	**> 100**

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Further details are available in Note A.7 of the Notes to the Consolidated Financial Statements for 2021.

Cefetra Group Segment

In the Cefetra Group Segment, trade involving specialities saw particularly high growth and was the primary factor in the overall earnings. The main drivers of earnings here were Royal Ingredients and Tracomex, where demand for proteins and starch products rose by a particularly high margin. At the same time, growing concern around global grain availability due to the war in Ukraine and the already scarce grain resources triggered significant price volatility on agricultural commodities markets and a further rise in prices year on year. The trade opportunities created in the reporting period by these underlying conditions benefited the segment. In the second quarter, Cefetra Group acquired a majority stake in the nut and dried fruit trader Heinrich Brüning GmbH – registered in Hamburg, Germany – allowing it to further expand its specialities business. All in all, the Cefetra Group Segment increased its EBIT by €16.5 million year on year to €36.6 million in the first six months of the current financial year.

Agri Trade & Service Segment

The Agri Trade & Service Segment performed extremely well in the first half of 2022. Revenues climbed by 40% year on year to just under €3 billion, primarily as a result of sharp increases in prices in domestic product and agricultural input trading. The dynamic price development was mainly triggered by the war in Ukraine and the resulting potential economic consequences. Alongside a further deterioration in the already low grain availability, the overall situation pushed prices for some grain types to record highs at times. In product trading, it was possible to market grain inventories at above-average trade margins in the first half of 2022. Trade in agricultural inputs experienced similar development. Many farmers feared shortages in the supply of fertilizers due to the economic sanctions imposed against Russia. As a result, willingness to stockpile was stable despite high prices, with BayWa's extensive storage capacities ensuring that supplies were practically uninterrupted. Anticipatory effects also materialised in the crop protection business. Hot and humid weather in southern Germany also led to increased demand for fungicides, with BayWa benefiting from its sound inventory management and improved trade margins. The expansion of BayWa's private brand strategy, shifts towards higher-margin product ranges and the broad portfolio had a positive impact on margins in seed business. Overall, EBIT improved significantly compared to the previous year, rising from €39.0 million to €134.2 million.

Global Produce Segment

The performance of the Global Produce Segment was varied in the first half of 2022. High rates of inflation and general macroeconomic tension as a result of the war in Ukraine and the energy crisis saw consumer spending in Europe fall by a clear margin. Brand apples and exotic fruits were particularly affected by this trend, and the performance of the subsidiary TFC Holland B.V. (TFC) also suffered as a result. In addition, higher costs for air and sea freight curtailed trade margins, with the price rises not being able to be passed on to customers in full due to good product availability in the market. In the New Zealand apple business, harvest volume was increased by a clear margin compared to the previous year, when hail damage and pandemic-related shortages of seasonal workers impacted the harvest. However, volumes and quality were nevertheless lower than originally expected in some cases due to the weather, with torrential rainfall in northern New Zealand delaying the start of the harvest and generally leading to challenging harvest conditions. The issuing of additional cultivation licences for the Envy apple variety also helped to improve earnings in the second quarter. Exchange rate effects had a positive impact on the earnings of the climate-controlled greenhouse in the United Arab Emirates (UAE). All told, the Global Produce Segment was able to increase its EBIT by €1.9 million year on year to €16.4 million.

Agricultural Equipment Segment

The Agricultural Equipment Segment experienced a strong first half of 2022. The segment benefited in particular from a solid order buffer and a consistently high willingness to invest among farmers. Good availability of new machinery opened up additional opportunities to supply customers at short notice. Sales of new machinery increased by just under 19% year on year in the first half of 2022. Above-average product prices and numerous subsidy programmes are likely to have given trade with agricultural equipment additional momentum. The service business saw stable capacity utilisation due to high demand for maintenance services and spare parts. Against this backdrop, earnings in the Agricultural Equipment Segment climbed by €20.4 million year on year to €35.1 million.

Building materials business unit

Market and industry development

Development of building materials
The German construction industry began 2022 on the front foot thanks to favourable weather conditions and stable construction activity, before taking a downturn in April. This was due in particular to the scarce supply of building materials and a resulting further increase in prices. Faced by rising energy costs, some building materials manufacturers scaled back or, in some cases, completely ceased their production activities. A lack of transport capacity and personnel shortages continued to cause disruption in supply chains. Increased panic buying was also observed, which further drove up demand and prices. In May, building materials prices were in some cases 80% higher than the previous year, resulting in some construction projects becoming too expensive and having to be postponed or even abandoned entirely. Between January and April 2022, revenues in the German construction industry were some 14% higher than the previous year in nominal terms, but only increased by a marginal 1% year on year in real terms. At 123,659 units, the number of residential building permits issued declined by 1.5% year on year in the first four months of 2022 (2021: 125,553 units). Building permits for multi-family homes increased year on year, whereas permits for single-family homes in particular decreased by a clear margin. At the start of 2022, the Confederation of the German Construction Industry (HDB – Hauptverband der Deutschen Bauindustrie) had forecast a nominal increase in revenues in the construction industry of 5.5%, or 1.5% when adjusted for price changes. However, at the end of the first half of 2022, the forecast was for revenues to stagnate or decline by roughly 2% in real terms in 2022.

Business performance

	Revenues			EBIT		
In € million	**Q1–2/2022**	Q1–2/2021	Change in %	**Q1–2/2022**	Q1–2/2021	Change in %
Building Materials Segment	1,160.7	994.6	16.7	43.5	33.6	29.5

Building Materials Segment
The Building Materials Segment mainly comprises Group trading activities involving building materials in Germany and Austria. In the reporting period, stable construction activity and favourable weather conditions in the spring months led to an early start of the season and high demand for building materials. The building construction and roofing segments in particular posted strong growth. The dynamic development of building materials prices continued in the second quarter of 2022 as a result of the energy crisis and the low availability of goods. The Building Materials Segment benefited from high inventories as well as a diversified and stable network of suppliers. As a result, BayWa's Building Materials Segment was able to deliver products almost without interruption and successfully generated higher trade margins in the process. The successful implementation of the multi-specialist strategy and the associated expansion of speciality ranges also had a positive impact on growth. BayWa Bau Projekt GmbH likewise made a positive contribution to business performance by marketing additional residential units from the projects in Schrobenhausen and Traunstein. Against this backdrop, EBIT improved significantly year on year in the first six months of the current financial year to stand at €43.5 million. In addition, BayWa increased its investment in the wood bathroom modules manufacturer Tjiko GmbH to 67%, becoming the majority shareholder and gaining the ability to fully consolidate Tjiko's business going forward.

Innovation & Digitalisation Segment

Market and industry development

Digital applications are now an integral part of agriculture, as they provide support for daily work processes, not to mention operational planning and management. According to a 2020 study on behalf of the digital association Bitkom, the German Farmers' Association (Deutscher Bauernverband – DBV) and Landwirtschaftliche Rentenbank (Germany's development agency for agribusiness and rural areas), some 82% of German farmers are already using digital technologies or applications. A further 10% of the farmers are discussing their implementation or already have set plans for the implementation of digital applications on their farms. Digitalisation in the farming industry largely comprises precision farming and smart farming. While precision farming focuses on the automation of agricultural processes, smart farming goes one step further with the aim of digitally connecting all aspects of farming operations, from the barn and field work to harvest marketing. Here, machines and systems often process information independently and make decisions with at least some degree of autonomy. Satellites increasingly play a role as sources of data. The combination of satellite data with plant growth models makes it possible to determine the yield potential of every field, estimate the economic benefits of working specific parts of fields and come up with concrete recommendations for field operations. If this information is linked with the technology in the tractor and attached implement by way of relevant control software, farmers have the possibility of sowing or fertilizing specific parts of fields, for example. Greater use is being made of farm management systems to connect all these work steps, which not only make administrative tasks easier for farmers but also provide opportunities for analysis. Given the tougher requirements regarding documentation obligations and data protection as a result of new laws, such as the European General Data Protection Regulation, experts expect to see double-digit percentage growth rates in the years ahead, particularly for software solutions concerning these issues.

Business performance

	Revenues			EBIT		
In € million	**Q1–2/2022**	Q1–2/2021	Change in %	**Q1–2/2022**	Q1–2/2021	Change in %
Innovation & Digitalisation Segment	4.8	5.7	- 15.8	- 5.0	- 4.8	- 4.2

The Innovation & Digitalisation Segment pools all activities of the BayWa Group in its Digital Farming and eBusiness areas. In the reporting period, revenues were not quite able to match the level of the previous year. This was mainly due to reticence among farmers to invest in new software given the volatility and uncertainty on the agricultural markets. Soil analysis was also only possible to a limited extent, especially in the first quarter of 2022, due to poor weather and staff shortages. By contrast, demand for geodata increased in the same period. The area of eBusiness benefited overall from persistently high demand in online trade. In B2C business, the reopening of retail and rising consumer prices saw consumer spending return to normal, while significant growth across almost all ranges was recorded in B2B business. Revenues generated through the BayWa Portal climbed by some 21% in total year on year. However, the corresponding revenues and income are attributed to the segment responsible for the respective sold product. As predicted, the segment's earnings before interest and tax (EBIT) were negative and stood at minus €5.0 million in the reporting period.

Other Activities

EBIT resulting from Other Activities encompasses, in addition to earnings contributions from peripheral activities, a major part of the Group's administrative costs and consolidation effects and amounted to minus €37.9 million as at 30 June 2022 (H1/2021: minus €29.8 million). The decline compared to the previous-year period was predominantly due to an increase in D&O insurance premiums and foreign exchange differences. Additional costs were also incurred for the Group-wide renewal of the digital inventory management system and the expansion of IT security. Personnel costs were also higher due to increased bonuses and commission compared to the previous year.

Assets, Financial Position and Earnings Position of the BayWa Group

Asset position as at 30 June 2022

At the end of the first half of 2022, the BayWa Group had total assets of €12,722.9 million, corresponding to an increase compared to the end of the financial year 2021 (€11,771.4 million). Non-current assets increased by €257.0 million since the start of the year and stood at €4,028.3 million as at 30 June 2022. This development was mainly due to the rise in intangible assets (up €45.1 million), property, plant and equipment (up €97.9 million) and non-current assets from derivatives (up €39.4 million). By contrast, investments declined by €43.0 million to €211.9 million compared to the end of the financial year 2021. The BayWa Group's current assets stood at €8,635.8 million as at 30 June 2022, an increase compared to the figure reported as at 31 December 2021 (€7,978.7 million). This development was due mainly to the typical seasonal rise in trade receivables by €851.7 million to €2,193.5 million, as well as the €126.8 million increase in other current financial assets to €532.3 million. This stands in contrast to the decline in current assets from derivatives of €215.5 million to €833.6 million.

In the first half of 2022, the BayWa Group's equity rose by €156.7 million compared to the end of the financial year 2021 to €1,972.8 million. This increase was predominantly due to actuarial gains from pensions and severance pay caused by the increase in the rate of interest, as well as the consolidated net result for the period ended 30 June 2022.

The BayWa Group's non-current liabilities amounted to €4,799.7 million as at the end of the first half of 2022 and were therefore €168.3 million higher than they were as at the end of the financial year 2021 (€4,631.4 million). Long-term debt (up €213.1 million to €2,930.4 million) and non-current liabilities from derivatives (up €64.9 million to €115.1 million) increased, whereas obligations from pension provisions declined by €191.9 million to €512.9 million.

The BayWa Group's current liabilities climbed by €635.7 million compared to 31 December 2021 to €5,949.5 million. This was due to a number of contrasting developments: current liabilities from derivatives were down by €193.1 million to €959.2 million in the first half of 2022, whereas trade payables increased due to seasonal effects by €389.2 million to €1,745.5 million, short-term debt was up by €153.8 million to €1,621.1 million and other non-financial liabilities climbed by €140.8 million to €803.8 million.

Financial position in the first half of 2022

Based on a €177.6 million net result for the period as at 30 June 2022, cash earnings rose year on year by €164.0 million to €386.7 million. The rise in inventory levels, trade receivables and other assets not allocable to investment and financing activities resulted in cash outflows of €1,484.2 million in the first half of 2022. This was only partially compensated for by the increase in trade payables and other liabilities not allocable to investing and financing activities amounting to €951.3 million. Cash flow from operating activities therefore stood at minus €57.7 million after the first six months of the financial year 2022, a year-on-year uptick of €118.4 million.

In the first six months of the financial year 2022, the BayWa Group's investment activity resulted in cash outflows of €183.4 million. Of this amount, €69.4 million was attributable to the acquisition of Patent Co. DOO Misicevo, Subotica, Serbia, and its wholly owned subsidiary PATENT CO. DOO LAKTASI, Laktaši, Bosnia and Herzegovina, as part of a share deal. Funds of €153.8 million were also used for the acquisition of intangible assets and property, plant and equipment. By contrast, cash inflows of €39.4 million resulted from the disposal of intangible assets and property, plant and equipment. The disposal of investments resulted in cash inflows of €1.5 million in the first half of the year, whereas the addition of investments led to cash outflows of €9.6 million.

Cash flow from financing activities amounted to €76.9 million and was attributable primarily to new debt arrangements. Dividend payments by BayWa AG and other Group companies of €59.8 million had the opposite effect, as did payments for lease obligations and interest payments. In the previous year, cash flow from financing activities amounted to €284.2 million, with the entry of the Swiss investor Energy Infrastructure Partners AG (EIP) into BayWa r.e. AG having a particularly positive effect.

Total cash and cash equivalents decreased by €165.6 million since 31 December 2021 to €233.4 million due to the incoming and outgoing cash payments from operating, investment and financing activities.

Earnings position in the first half of 2022

In the first half of 2022, the BayWa Group's revenues came to €12,913.9 million, marking a year-on-year increase of €3,620.3 million. In the Renewable Energies Segment, revenues climbed by €1,382.5 million to €2,733.8 million, while the Agri Trade & Service Segment recorded a €853.8 million increase in revenues to €2,982.3 million. Revenues also increased in the Energy Segment (up €584.8 million to €1,477.2 million), the Cefetra Group Segment (up €481.6 million to €3,054.6 million), the Building Materials Segment (up €166.1 million to €1,160.7 million) and the Agricultural Equipment Segment (up €153.1 million to €1,033.9 million). Revenues in the Global Produce Segment (down €2.2 million to €458.8 million), the Innovation & Digitalisation Segment (down €0.9 million to €4.8 million) and from Other Activities (up €1.5 million to €7.8 million) were roughly on a par with the previous year.

The BayWa Group's other operating income, at €235.6 million, was up on the previous year's figure of €160.0 million. This increase was primarily due to the measurement of foreign currency transactions. Taking into account a change in inventories of €62.7 million and other own work capitalised of €7.8 million, the overall performance of the BayWa Group climbed by €3,608.6 million to €13,220.0 million in the first half of 2022.

Cost of materials did not climb as sharply as revenues, rising from €3,231.3 million to €11,608.5 million. As a result, the gross profit of the BayWa Group improved by €377.3 million to €1,611.5 million. Personnel expenses climbed by €87.1 million to €701.7 million in the first half of 2022, in particular as a result of the increase in the number of employees in the Renewable Energies Segment. At €126.5 million, depreciation and amortisation of property, plant and equipment and intangible assets was up by €8.2 million year on year. Other operating expenses increased by €115.5 million in the first half of 2022 to stand at €466.3 million. In particular, the execution of foreign currency transactions – along with the increase in other expenses – contributed to the rise in other operating expenses.

These changes raised the result of operating activities by €166.5 million to €317.0 million in the first half of 2022.

At €11.5 million, income from participating interests was up year on year by €17.4 million, predominantly as a result of the €17.9 million increase in earnings from participating interests recognised at equity measured to €9.4 million.

The BayWa Group's earnings before interest and tax (EBIT) stood at €328.5 million in the first six months of the financial year 2022 and were therefore up by €183.9 million year on year.

Net interest in the first half of 2022 declined by €27.3 million to minus €77.9 million. Including tax expenses of €73.0 million, this resulted in a consolidated net result for the first half of financial year 2022 of €177.6 million, up from €66.8 million in the first half of 2021.

Employees

The BayWa Group recorded an increase in the number of employees in nearly all business units in the first half of 2022. As at the reporting date, the number of employees had increased by 1,354 people to 22,250. This growth is mainly due to the increase in the average number of employees by 787 to 3,461 in the Renewable Energies Segment.

Outlook

The BayWa Group developed very positively in the first half of 2022, despite the difficult macroeconomic situation. Growth momentum is likely to abate in some segments in the second half of the year. However, the increase in earnings generated in the first half of the year is expected to result in full-year earnings exceeding expectations in the financial year 2022. In its planning to date, the Board of Management had forecast a significant year-on-year increase in EBIT (10% to 20%) for 2022 as a whole (EBIT full-year 2021: €266.6 million). The Board of Management now anticipates EBIT of €400 million to €450 million for the full year.

In the energy business unit, the extremely positive business performance looks set to continue in the second half of 2022. The global trend towards reducing dependency on fossil energies will gain further momentum in light of the current energy crisis. All business divisions in the Renewable Energies Segment should benefit from this trend and generate the highest levels of growth across the Group in the second half of the year. Project sales with a total output of up to 1.2 gigawatts (GW) are planned around the world for 2022 as a whole, with some projects being assumed into BayWa's own IPP business instead of being sold. For most of the wind farms and solar parks intended for disposal, the sales process should be completed in the fourth quarter of 2022. The core regions in which the majority of projects are built or sold are in Europe. Major solar energy projects with a total output of more than 180 megawatts (MW) are available for sale, particularly in Spain. In South Lanarkshire, Scotland, BayWa r.e. plans to sell the Dalquhandy wind farm, which has an output of approximately 45 MW, in the fourth quarter. A number of projects went online in the second quarter of 2022, including the Spitalhöfe solar park and battery storage system in Villingen-Schwenningen, Germany. The solar park with an output of 7.5 megawatt-peak (MWp) is capable of producing 8 million kilowatt-hours of green electricity per year, the equivalent of the amount consumed by 2,500 average households in Germany. BayWa r.e.'s solar trade business picked up a major order in Germany's southern Eifel Mountains region at the end of the second quarter. Over 380,000 solar modules will be purchased from BayWa r.e. AG for the eleven solar parks with an envisioned total output of 214 MWp. In the second half of the year, sales from trading in PV components should be able to match the strong development seen in the first six months of the current financial year. This trend is expected to remain robust. Supply bottlenecks in Asia may prove problematic if further lockdowns are imposed there.

In the Energy Segment, growth is expected to continue at a lower level in the second half of 2022, with trade in heating business gaining further momentum. Reliance on Russian gas deliveries and the associated uncertainty is causing increased stockpiling of all heat energy carriers, such as wood pellets and heating oil, among private consumers and commercial customers alike. However, materials – particularly wood pellets – remain in short supply, as imports from Russia are not possible despite an increase in the number of pellet heating systems. Heating business may see added impetus from in the upcoming winter months. The temporary fuel tax cut is due to expire on 31 August 2022, which could boost demand further. Demand for fuel is likely to be up on the previous year due to the easing of pandemic restrictions and the associated normalisation of transport and travel. The expansion of e-mobility charging infrastructure is developing positively. Through its cooperation with SMATRICS EnBW, BayWa Mobility Solutions GmbH (BMS) is expanding the reach of its charging cards in Austria with the addition of 250 quick charging points. Trading in lubricants is likely to remain tense due to the scarce supply situation, but should also create opportunities for higher trade margins.

Opportunities in international trade involving grain and oilseed were characterised in the first half of 2022 by rising prices on the markets. The price trend had already reversed by the end of the first half of the year. A number of factors put pressure on product prices, particularly hope of an imminent end to the blockade of sea freight in the Black Sea. The ongoing wheat harvest has also led to additional downward pressure on prices. However, the forecasts for the grain harvest in the European Union (EU) are being successively lowered due to the extremely hot and dry weather. Against this background, high price volatility, which tends to have a positive effect on product trading, is expected to continue. Nevertheless, increasing bottlenecks in logistics and rising gas prices could have an adverse effect on product trade. The specialities business has proven to be relatively crisis-proof in the past few months. The acquisition of a majority stake in the nut and dried fruit trader Heinrich Brüning GmbH – registered in Hamburg, Germany – should represent a further step towards increasing the share of earnings generated by specialities in the Cefetra Group Segment.

In Germany, the outlook for the grain harvest has improved slightly compared to the previous year, although the dryness that settled in at the beginning of the summer has led to a successive lowering of harvest forecasts. The German Raiffeisen Federation (Deutscher Raiffeisenverband) forecasts a harvest of 43.2 million tonnes, corresponding to a rise of around 2% year on year. However, there are growing fears about the quality of the harvest, with significant variations expected from region to region. Higher energy and logistics costs are likely to be a dominating factor in the second half of the year. Grain contracts that will not be recorded in profit or loss until next year will also be concluded. All of these factors offer risks and opportunities for domestic product trading activities. The current dryness may create additional challenges for the corn harvest and wet corn, as the necessary drying processes will lead to high energy costs.
Sales in the agricultural input business are expected to fall. The dryness experienced over the past few weeks should kerb demand for crop protection and fertilizers. As a result, BayWa is not expecting any substantial sales volumes at the current high price level. Prices for nitrogen, phosphorous and potash fertilizer are set to remain high due to the scarcity in supply on the global market caused by the war in

Ukraine. This will have an adverse effect on the BayWa warehousing strategy. Procurement is being managed through back-to-back contracts in order to minimise risk. In back-to-back contracts, the materials are procured on the date the contract is concluded with the farmer, which is why trade margins are likely to be lower.

The positive trend in the Agricultural Equipment Segment should continue in the second half of 2022, but not at the level seen in the very strong first half of the year. In particular, demand for agricultural machinery is expected to normalise, after BayWa was able to benefit from a higher order backlog from the previous year in the first half of 2022. In addition, uncertainty remains regarding global supply issues. Service business should continue seeing stable development. The positive earnings expectations in this segment are based on a relatively stable development of cash and cash equivalents among farmers over the course of the year to date, due in part to higher product prices.

Estimates for the European apple harvest in 2022 are significantly higher than the relatively small harvest recorded in the previous year. The forecast is up by some 6% on the five-year average. Another factor at play here is that fruit inventories in the EU in the current season are relatively high compared to previous years. According to the latest reports (as at June 2022), volumes are up more than 50% on the five-year average. Products are in plentiful supply on the European fruit market. One of the reasons is that demand for many fruits is comparatively low, as the rising cost of living reduces consumption, particularly of regional products and premium brands. Consumers are increasingly turning to cheaper imported goods in many product areas. This underlying situation is proving to be particularly problematic in intercontinental tropical fruit trading. Besides the dip in consumption, higher freight costs that cannot be passed on to the food retail industry are also having an adverse effect. Against this backdrop, BayWa Obst GmbH & Co. KG’s business and trade involving tropical fruit at the subsidiary TFC Holland B.V. (TFC) will remain challenging through the remainder of the year. In the southern hemisphere, apple harvest volumes increased compared to the previous year. Despite being negatively affected by heavy rainfall, the harvest was around 15% larger than in the previous year, when hail and a lack of seasonal workers had a marked impact on the harvest. Apple trade within the southern hemisphere is likely to remain stable. Exports to the northern hemisphere may stutter due to the high inventories there, putting prices under pressure. The sale of the majority interest in the climate-controlled greenhouse in the United Arab Emirates (UAE) will have a positive effect on earnings in the Global Produce Segment. As planned, the climate-controlled greenhouse has been sold to the local fruit and vegetable producer Pure Harvest Smart Farms. The transaction is expected to be closed in the third quarter of 2022.

The Building Materials Segment should continue to develop positively given the high order backlog. However, the boom in construction activity observed over the past few years is beginning to abate. According to the Federal Statistical Office of Germany, the sole reason for the higher construction volume is the rise in prices. Higher prices, rising interest rates and supply bottlenecks are causing clients to become increasingly cautious. Uncertainty surrounding future government subsidies for energy-efficient construction from the KfW is another factor, too. That being said, housing – particularly in urban centres – remains in short supply. The Building Materials Segment should be able to absorb any temporary deterioration in the German construction industry well thanks to its broadly diversified portfolio. The increase in the interest in bathroom module producer Tjiko GmbH to 67% and earnings contributions from BayWa Bau Projekt GmbH construction projects should also help to stabilise the result.

The activities in the Innovation & Digitalisation Segment are mainly based on investments and development costs for future digital product and service offerings. As a result, and as planned, negative EBIT which will likely by slightly above the previous year’s level is expected.

More significant adverse effects are expected in Other Activities. Because the further development of the coronavirus pandemic remains difficult to predict, additional expenses for the occupational health and safety of the BayWa workforce are anticipated. Furthermore, the positive earnings forecast will lead to an increase in provisions for bonuses and commission. Another factor is the increase in energy and rental costs at headquarters, which will have a corresponding effect on earnings from Other Activities.

All operative business units at the BayWa Group are expected to generate a significant improvement in operating earnings. The Board of Management now anticipates earnings before interest and tax (EBIT) of between €400 million and €450 million for 2022 as a whole.

Please note: The statements and figures forecast in this document are based on assumptions and are subject to unforeseeable risk. In as much as the assumptions of the company should prove to be inaccurate, or should other unforeseeable risks occur, the possibility of the actual assets, financial position and earnings position of the Group diverging negatively from the forecast target figures cited in this report should not be discounted.

Condensed Interim Consolidated Financial Statements of BayWa AG as at 30 June 2022

Consolidated Balance Sheet

Assets

In € million		30/06/2022	31/12/2021
Non-current assets			
Intangible assets		479.6	434.5
Property, plant and equipment		2,650.5	2,552.6
Participating interests recognised at equity		258.2	242.6
Investments		211.9	254.9
Investment property		36.4	37.7
Income tax assets		3.4	0.5
Assets from derivatives		113.0	73.6
Other receivables and other financial assets		42.1	36.3
Other non-financial assets		7.0	19.0
Deferred tax assets		226.2	119.6
		4,028.3	**3,771.3**
Current assets			
Securities		1.1	1.1
Inventories		4,211.3	4,213.0
Biological assets		4.6	15.2
Income tax assets		18.6	36.0
Assets from derivatives		833.6	1,049.1
Other receivables and other financial assets		2,800.8	1,859.7
Other non-financial assets		532.3	405.5
Cash and cash equivalents		233.5	399.1
		8,635.8	**7,978.7**
Non-current assets held for sale/disposal groups		**58.8**	**21.4**
Total assets		**12,722.9**	**11,771.4**

Shareholders' equity and liabilities

In € million		30/06/2022	31/12/2021
Equity			
Subscribed capital		91.2	91.2
Capital reserve		129.5	129.5
Hybrid capital		296.3	296.3
Revenue reserves		570.5	485.1
Other reserves		117.9	12.3
Equity net of minority interest		**1,205.4**	**1,014.4**
Minority interest		767.4	801.7
		1,972.8	**1,816.1**
Non-current liabilities			
Pension provisions		512.9	704.8
Other non-current provisions		73.9	73.5
Long-term debt		2,930.4	2,717.3
Lease liabilities		874.6	861.4
Trade payables and liabilities from inter-group business relationships		6.3	5.0
Income tax liabilities		0.5	0.5
Liabilities from derivatives		115.1	50.2
Other liabilities		83.0	85.6
Deferred tax liabilities		203.0	133.1
		4,799.7	**4,631.4**
Current liabilities			
Pension provisions		29.6	30.7
Other current provisions		514.5	418.2
Short-term debt		1,621.1	1,467.3
Lease liabilities		76.7	76.9
Trade payables and liabilities from inter-group business relationships		1,745.5	1,356.3
Income tax liabilities		57.7	35.7
Liabilities from derivatives		959.2	1,152.3
Other liabilities		945.2	776.4
		5,949.5	**5,313.8**
Liabilities from disposal groups		**0.9**	**10.1**
Total shareholders' equity and liabilities		**12,722.9**	**11,771.4**

Consolidated Income Statement

Continued operations

In € million		Q1–2/2022	Q1–2/2021 adjusted [1]
Revenues		**12,913.9**	**9,293.6**
Inventory changes		62.7	149.7
Other own work capitalised		7.8	8.1
Other operating income		235.6	160.0
Cost of materials		- 11,608.5	- 8,377.2
Gross profit		**1,611.5**	**1,234.2**
Personnel expenses		- 701.7	- 614.6
Depreciation/amortisation		- 126.5	- 118.3
Other operating expenses		- 466.3	- 350.8
Result of operating activities		**317.0**	**150.5**
Income from participating interests recognised at equity		9.4	- 8.5
Other income from shareholdings		2.1	2.6
Interest income		5.7	6.8
Interest expenses		- 83.6	- 57.4
Financial result		**- 66.4**	**- 56.5**
Earnings before tax (EBT)		**250.6**	**94.0**
Income tax		- 73.0	- 27.2
Consolidated net result for the period		**177.6**	**66.8**
thereof: profit share of minority interest		53.2	25.2
thereof: due to shareholders of the parent company		124.4	41.5
Basic earnings per share (in €)		**3.33**	**1.00**
Diluted earnings per share (in €)		**3.33**	**1.00**

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Further details are available in Note A.7 of the Notes to the Consolidated Financial Statements for 2021.

Consolidated Income Statement by Quarter

Continued operations

In € million	**Q1/2022**	**Q2/2022**	Q1/2021 adjusted [1]	Q2/2021 adjusted [1]
Revenues	**6,257.0**	**6,656.9**	**4,066.6**	**5,227.0**
Inventory changes	- 121.6	184.3	126.3	23.4
Other own work capitalised	3.8	4.0	3.5	4.6
Other operating income	97.2	138.4	75.8	84.2
Cost of materials	- 5,491.0	- 6,117.5	- 3,713.9	- 4,663.3
Gross profit	**745.4**	**866.1**	**558.3**	**675.9**
Personnel expenses	- 338.0	- 363.7	- 295.5	- 319.1
Depreciation/amortisation	- 61.6	- 64.9	- 57.9	- 60.4
Other operating expenses	- 202.3	- 264.0	- 157.2	- 193.6
Result of operating activities	**143.5**	**173.5**	**47.7**	**102.8**
Income from participating interests recognised at equity	1.2	8.2	- 2.8	- 5.7
Other income from shareholdings	0.2	1.9	0.2	2.4
Interest income	3.1	2.6	5.3	1.5
Interest expenses	- 40.9	- 42.7	- 29.5	- 27.9
Financial result	**- 36.4**	**- 30.0**	**- 26.8**	**- 29.7**
Earnings before tax (EBT)	**107.1**	**143.5**	**20.9**	**73.1**
Income tax	- 30.5	- 42.5	- 6.2	- 21.0
Consolidated net result for the period	**76.6**	**101.0**	**14.7**	**52.1**
thereof: profit share of minority interest	34.8	18.4	4.7	20.5
thereof: due to shareholders of the parent company	41.7	82.7	10.0	31.5

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Further details are available in Note A.7 of the Notes to the Consolidated Financial Statements for 2021.

Consolidated Statement of Comprehensive Income – Transition

In € million	Q1–2/2022	Q1–2/2021
Consolidated net result for the period	**177.6**	**66.8**
Other income from participating interests recognised at equity that is not reclassified retroactively to profit and loss	0.0	0.1
Reclassification of measurement effects recognised in OCI to revenue reserves (without recycling)	–	–
Net gain/loss from other current financial assets attributed to the fair value through other comprehensive income category (OCI option – without recycling)	- 44.8	6.9
Actuarial gains/losses from pension obligations and provisions for severance pay	182.2	29.6
Other gains/losses measured directly in equity through other comprehensive income	–	–
Sum of items not subsequently reclassified in the income statement	**137.4**	**36.5**
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	- 4.5	4.4
Reclassifications of differences from currency translation in the income statement	5.4	- 0.0
Cash flow hedges	- 75.3	24.4
Reclassifications of net gains/losses from cash flow hedges to the income statement	2.5	0.9
Sum of items subsequently reclassified in the income statement	**- 72.0**	**29.6**
Gains and losses recognised directly in equity	**65.4**	**66.1**
thereof: due to minority interest	- 73.2	10.1
thereof: due to shareholders of the parent company	138.6	56.0
Consolidated total result for the period	**243.0**	**132.9**
thereof: due to minority interest	- 20.0	35.4
thereof: due to shareholders of the parent company	263.0	97.5

Condensed Consolidated Cash Flow Statement

In € million	Q1–2/2022	Q1–2/2021
Cash earnings	**386.7**	**222.7**
Cash flow from operating activities	- 57.7	- 176.1
Cash flow from investment activities	- 183.4	- 80.5
Cash flow from financing activities	76.9	284.2
Payment-related changes in cash and cash equivalents	- 164.2	27.6
Cash and cash equivalents at the start of the period	**399.1**	**168.4**
Inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates	- 1.4	0.3
Cash and cash equivalents at the end of the period	**233.5**	**196.3**

Condensed Consolidated Statement of Changes in Equity

In € million	Subscribed capital	Capital reserve
As at 01/01/2022	**91.2**	**129.5**
Differences resulting from changes in the group of consolidated companies and other effects	–	–
Capital increase	–	–
Capital increase against cash contribution/share-based payments	–	–
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 period 01/01 – 30/06/2022	–	–
As at 30/06/2022	**91.2**	**129.5**
As at 01/01/2021 (adjusted) [1]	**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	–	–
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 period 01/01 – 30/06/2021	–	–
As at 30/06/2021	**90.6**	**121.7**

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Further details are available in Note A.7 of the Notes to the Consolidated Financial Statements for 2021.

	Hybrid capital	Valuation reserve	Other revenue reserves	Other reserves	Equity net of minority interest	Minority interest	Equity
	296.3	**2.7**	**482.4**	**12.3**	**1,014.4**	**801.7**	**1,816.1**
	–	0.2	- 48.5	13.4	- 34.9	- 8.1	- 43.0
	–	–	–	–	–	–	–
	–	–	–	–	–	16.5	16.5
	–	- 21.9	0.0	–	- 21.9	- 22.9	- 44.8
	–	–	182.2	–	182.2	- 0.0	182.2
	–	–	–	–	–	–	–
	–	–	–	- 37.2	- 37.2	- 22.6	- 59.8
	–	–	–	3.4	3.4	- 2.6	0.8
	–	- 25.1	–	–	- 25.1	- 47.7	- 72.8
	–	–	–	–	–	–	–
	–	–	- 1.6	1.6	0.0	–	0.0
	–	–	–	124.4	124.4	53.2	177.6
	296.3	**- 44.1**	**614.5**	**117.9**	**1,205.4**	**767.4**	**1,972.8**
	296.3	**17.9**	**252.5**	**49.8**	**828.8**	**324.8**	**1,153.6**
	–	- 3.2	- 132.0	- 9.9	- 145.1	141.0	- 4.2
	–	–	270.3	–	270.3	259.7	530.0
	–	–	–	–	–	–	–
	–	3.3	0.0	–	3.4	3.5	6.9
	–	–	29.6	–	29.6	–	29.6
	–	–	–	–	–	–	–
	–	–	–	- 35.3	- 35.3	- 7.1	- 42.4
	–	–	–	3.0	3.0	1.3	4.3
	–	20.0	–	–	20.0	5.3	25.3
	–	–	–	–	–	–	–
	–	–	28.2	- 28.2	0.0	0.0	0.0
	–	–	–	41.5	41.5	25.2	66.8
	296.3	**38.0**	**448.6**	**20.9**	**1,016.2**	**753.7**	**1,769.9**

Selected Explanatory Notes to the Consolidated Financial Statements

Accounting policies and valuation methods

This Half-Year Financial Statement of the BayWa Group as at 30 June 2022 was drawn up in compliance with the International Financial Reporting Standards (IFRS) as applicable within the European Union. In accordance with IAS 34, the interim consolidated financial statements are published in a condensed form compared to the annual consolidated financial statements and are therefore to be read together with the BayWa AG Consolidated Financial Statements for the financial year 2021. All new or amended IFRS and interpretations by the IFRS Interpretations Committee that were applicable for the BayWa Group for the first time as at 1 January 2021 were observed. For pre-existing or unamended IFRS, the accounting, measurement, consolidation and disclosure principles, with the exception of the changes listed below, comply with those that were applied when preparing the consolidated financial statements as at 31 December 2021. In this regard, reference is made to the consolidated financial statements of BayWa AG as at 31 December 2021. BayWa AG's reporting currency is the euro. Amounts are stated in millions of euros and rounded to one decimal place, unless otherwise stated. This may result in minor discrepancies in sum totals and when calculating percentages.

A country-specific analysis of existing financial instruments was carried out in the BayWa Group's Renewable Energies Segment in the first half of 2022 with the aim of clarifying whether the offsetting requirements under IAS 32.42 et seq. were met for financial assets and financial liabilities resulting from electricity trading. In particular, this entailed assessing whether the BayWa Group had a legally enforceable right to set off existing financial assets and financial liabilities with the same counterparty. As a consequence, financial assets and liabilities of the Renewable Energies Segment amounting to €702.8 million were set off in accordance with IAS 32 in the financial statements as at 30 June 2022.

Assumptions and estimates

In as much as assumptions and estimates were made in the context of reporting, they have remained unchanged as to the methodology used during the financial year and between financial years. There are no reportable changes which have had a material impact on the current reporting period.

Seasonal and economic influences on business activity

Seasonal influences typical to the business have an impact on almost all the core activities of the Group. Over the year, these lead to fluctuations in revenues and profit which partly offset one another. In the Global Produce and Agri Trade & Service Segments, the main activities take place in the first three quarters of the financial year, with the focus on the second quarter. The Energy Segment is impacted more by economic influences which cause fluctuations in business. The price trend exerts a major impact on consumer behaviour and therefore on the development of the business unit's revenues. Backlogs in demand subsequently even out over a number of years. The Renewable Energies Segment is subject to fluctuations depending on project sales. Business development may also be impacted by political factors as a result of changes in promotion measures. In the Building Materials Segment, business picks up after the first quarter and slows in the fourth quarter due to the weather.

Impact of the war in Ukraine on the BayWa Group

The impact of the war in Ukraine on the BayWa Group's assets, financial position and earnings position continues to be regarded as insignificant. Although the war led to a surge in commodity and energy prices in the first half of 2022, the Group can pass most of these increases on to third parties. As a result, the war in Ukraine did not have any material balance-sheet implications for the BayWa Group up to the time this Half-Year Financial Statement was prepared. Please see the statements in the interim management report for more on the impact on the BayWa Group's business, and in particular on the individual segments.

Changes in the group of consolidated companies

Along with BayWa AG, the consolidated financial statements include all major companies over which it can exercise direct or indirect control via subsidiaries.

As at 30 June 2022, a total of 541 companies were included in the consolidated financial statements in accordance with the standards applicable to full consolidation; as at 31 December 2021, 522 companies were included in the consolidated financial statements. In addition, 22 associated companies and joint ventures were included in the consolidated financial statements in accordance with the equity method set out under IAS 28 (31 December 2021: 25 companies).

The group of consolidated companies changed as follows in the first half of 2022:

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

In %	Share in capital	Previous year's share in capital	Comment
ALM Regio 12 B.V., Veghel, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
ALM Regio 13 B.V., Veghel, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
ALM Regio 14 B.V., Veghel, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
ALM Regio 15 B.V., Veghel, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
BayWa Power Liquids GmbH, Munich, Germany	100.0	100.0	Initial consolidation on 01/04/2022
Black Rock Solar II LLC, Irvine, USA	100.0	100.0	Initial consolidation on 01/01/2022
BTS 18 Projekt GmbH, Buchloe, Germany	100.0	100.0	Initial consolidation on 01/01/2022
Fuels Services GmbH, Munich, Germany	100.0	100.0	Initial consolidation on 01/01/2022
Gourvillette Energies SARL, Paris, France	100.0	100.0	Initial consolidation on 01/01/2022
Guajillo Energy Storage II LLC, Irvine, USA	100.0	100.0	Initial consolidation on 01/01/2022
LODUR Energieanlagen GmbH, Munich, Germany	100.0	100.0	Initial consolidation on 01/01/2022
Pellog GmbH, Oelsnitz, Germany	100.0	100.0	Initial consolidation on 01/01/2022
Plankenstein 8 GmbH & Co. KG, Munich, Germany	51.0	51.0	Initial consolidation on 01/01/2022
RENAM S.r.l., Rome, Italy	100.0	100.0	Initial consolidation on 01/01/2022
Solarpark Kobe GmbH, Munich, Germany	100.0	100.0	Initial consolidation on 01/01/2022
SPV Solarpark 106. GmbH & Co. KG, Gräfelfing, Germany	100.0	100.0	Initial consolidation on 01/01/2022
Titus Canyon Solar LLC, Irvine, USA	100.0	100.0	Initial consolidation on 01/01/2022
Unearthed Produce Limited, Mount Wellington, New Zealand	51.0	51.0	Initial consolidation on 01/01/2022
Zonlocatie 2 B.V., Leeuwarden, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
Zonlocatie 3 B.V., Leeuwarden, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
Zonnedak F2 B.V., Heerenveen, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
Zonnepark PV21 B.V., Leeuwarden, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
Zonnepark PV22 B.V., Leeuwarden, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022
Zonnepark PV29 B.V., Leeuwarden, Netherlands	100.0	100.0	Initial consolidation on 01/01/2022

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

In %	Share in capital	Comment
Driffield Solar and Storage Limited, London, United Kingdom[2]	100.0	Initial consolidation on 28/02/2022
Edom Hills Projects, LLC, New Castle, USA[1, 2]	100.0	Initial consolidation on 22/02/2022
JBM Solar Projects[1] Limited, London, United Kingdom[1, 2]	100.0	Initial consolidation on 02/02/2022
South Fambridge Hall Solar Park Limited, London, United Kingdom[2]	100.0	Initial consolidation on 13/05/2022
PATENT CO. DOO LAKTASI, Laktaši, Bosnia and Herzegovina	100.0	Initial consolidation on 01/02/2022
Patent Co. DOO Misicevo, Subotica, Serbia	90.0	Initial consolidation on 01/02/2022
Wooyoung Solar Power Co., Ltd, Seoul, Republic of Korea[2]	100.0	Initial consolidation on 04/05/2022
Zonnepark Skulenboarch B.V., Leeuwarden, Netherlands[2]	100.0	Initial consolidation on 08/02/2022

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

2 These companies are acquired project companies without business operations as defined by IFRS 3. A purchase price allocation is not performed.

Established companies included in the consolidated financial statements[1]

In %	Share in capital	Comment
BayWa r.e. Windparkportfolio[1] GmbH & Co. KG, Gräfelfing, Germany	100.0	Initial consolidation on 27/01/2022
Pine Lake Solar LLC, Irvine, USA	100.0	Initial consolidation on 26/04/2022
T&G Berries Australia PTY Limited, Melbourne, Australia	85.0	Initial consolidation on 27/01/2022

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

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

In %	Previous year's share in capital	Comment
Arlena Energy S.r.l., Milan, Italy	100.0	Sold on 04/02/2022
Corazon Energy Class B LLC, Irvine, USA	100.0	Sold on 18/02/2022
Corazon Energy LLC, Irvine, USA	100.0	Sold on 18/02/2022
Corazon Tax Equity Partnership LLC, Irvine, USA	100.0	Sold on 18/02/2022
Guajillo Energy Storage LLC, Irvine, USA	100.0	Sold on 18/02/2022
Landhandel Knaup GmbH, Borchen, Germany	51.0	Sold on 20/01/2022
Les Pierres Blanches Energies, Paris, France	100.0	Sold on 29/03/2022
Ouyen HoldCo Pty Ltd, Richmond, Australia	100.0	Liquidated on 25/02/2022
Ouyen Solar Farm Pty Ltd, Richmond, Australia	100.0	Liquidated on 25/02/2022
Tessennano Energy S.r.l., Milan, Italy	100.0	Sold on 04/02/2022
Varennes Energies SAS, Paris, France	100.0	Sold on 29/03/2022
Varennes Solaire 2 SAS, Paris, France	100.0	Sold on 29/03/2022
Windpark Wilhelmshöhe IV GmbH & Co. KG, Gräfelfing, Germany	100.0	Sold on 13/04/2022
Zonnepark PV15 B.V., Heerenveen, Netherlands	100.0	Sold on 14/02/2022
Zonnepark PV18 B.V., Heerenveen, Netherlands	100.0	Sold on 24/03/2022

1 No shares were held in these companies as at the end of the first half of 2022.

Additions due to acquisitions in the first half of 2022

Addition: 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. The wholly owned subsidiary PATENT CO. DOO LAKTASI, Laktaši, Bosnia and Herzegovina, was also taken over as part of the acquisition of Patent Co. 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 feedstuff and feedstuff additives. A controlling influence has existed since 31 January 2022. Since that date, Patent Co. and its subsidiary have 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. For the purpose of determining the total cost of acquisition, the call/put option was based on a one-year target achievement of 100%. This resulted in a total cost of acquisition of €80.8 million. According to the preliminary purchase price allocation, goodwill amounted to €40.5 million. The transaction costs incurred in relation to the acquisition amounted to €0.9 million.

In summary, additions to assets (excluding goodwill) and liabilities from the acquisition of Patent Co. DOO Misicevo, measured at fair value (broken down by major category), are as follows (preliminary amounts):

In € million	Patent Co. DOO Misicevo (preliminary amounts)
Assets	
Intangible assets	3.4
Property, plant and equipment	24.8
Investments	0.0
Inventories	18.3
Financial assets	0.0
Receivables and other assets	17.7
thereof: receivables (gross)	15.7
thereof: receivables considered recoverable	14.2
Deferred tax assets	4.2
Cash and cash equivalents	2.4
Shareholders' equity and liabilities	
Long-term debt	9.7
Other non-current liabilities	0.1
Short-term debt	12.9
Current trade payables and liabilities from inter-group business relationships	0.0
Current income tax liabilities	0.0
Other current liabilities	7.0
Deferred tax liabilities	0.7
Acquired net assets at the point of initial consolidation	**40.3**
Share attributable to shareholders of the parent company	40.3
Share attributable to minority shareholders	–

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

In € million	Patent Co. DOO Misicevo (preliminary amounts)
Contribution transferred in return for the acquisition of the shares	80.8
Non-controlling interests in the acquired companies	–
Acquired net assets at the point of initial consolidation	40.3
Goodwill	**40.5**

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	Patent Co. DOO Misicevo (preliminary amounts)
Revenues from the point of initial consolidation	52.9
Profit/loss from the point of initial consolidation	1.6
Pro forma revenues for the period from 01/01 to 30/06/2022	58.9
Pro forma profit/loss for the period from 01/01 to 30/06/2022	1.2

Other acquisitions in the first half of 2022

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

Financial instruments

The financial assets and liabilities measured at fair value assigned to the three levels of the fair value hierarchy as at the reporting date, 30 June 2022, are as follows:

In € million	Level 1	Level 2	Level 3	Total
Financial assets				
Assets from derivatives, including derivatives designated as hedging instruments for cash flow hedge accounting (assets)	125.2	821.4	–	946.6
Securities	24.7	–	–	24.7
Securities (OCI option)	39.9	–	–	39.9
	189.8	**821.4**	**–**	**1,011.2**
Financial liabilities				
Liabilities from derivatives, including derivatives designated as hedging instruments for cash flow hedge accounting (assets)	161.4	912.9	–	1,074.3
	161.4	**912.9**	**–**	**1,074.3**

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.

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).

Bonds/equity instruments

No bonded loans fell due in the first half of the financial year 2022. No issues, neither for bonds nor for other equity instruments, took place.

Appropriation of 2021 profit available for distribution

On 24 May 2022, the Annual General Meeting approved the following appropriation of BayWa AG's profit available for distribution in the financial year 2021:

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 dividend was paid on 27 May 2022. The amount distributed to the shareholders was reduced by the portion of the treasury 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 German Stock Corporation Act (AktG). This portion was transferred to other revenue reserves.

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, which means that diluted and basic earnings per share are the same.

Transactions and events to be reported

Interim reporting must contain information on transactions and events which affect the assets, debt, equity, result for the period under review or the cash flow, and which, due to their type, scope or frequency, are unusual.

There were no material transactions and events to be reported in the period from January to June 2022. In respect of effects from the acquisition and disposal of companies, reference is made to the explanations above.

Tax computation

Tax computation is carried out by using the weighted average annual income tax rate for each separate region. The deferred tax assets include tax-reducing claims which arise from the expected utilisation of loss carryforwards in the periods ahead, the realisation of which is assured with sufficient probability.

Contingent liabilities and contingent assets

There were no major changes in either contingent liabilities or contingent assets as against 31 December 2021.

Cash flow statement

The cash flow statement has been drawn up pursuant to IAS 7 by applying the indirect method, and broken down into cash flows from operating, investing and financing activities.

Other transactions and events to be reported after the reporting date

BayWa AG closed the sale of its 49% stake in Al Dahra BayWa Agriculture LLC, Abu Dhabi, United Arab Emirates, on 25 July 2022 as part of the portfolio optimisation measures in the Global Produce Segment. Al Dahra BayWa Agriculture LLC has been operating a climate-controlled greenhouse in the United Arab Emirates to produce vegetable fruit for the local market since 2018. The sale is part of BayWa's standard approach to project business, whereby facilities are sold to investors once completed and successfully commissioned.

Since the reporting date, 30 June 2022, there have been no other transactions or events to be reported that have had a material effect on the assets, financial position and earnings position of the BayWa Group.

Audit of the Half-Year Financial Statement

The Half-Year Financial Statement was not subject to any audit review.

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, 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 three areas: Projects, Operations and Solutions. Projects encompasses international project planning, management and the construction of wind farms and solar parks as well as the sale of finished plants. 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). Solutions involves selling photovoltaic systems and components and tailored energy solutions to supply energy to commercial and industrial customers.

The Energy Segment comprises an extensive network, which ensures the supply of heating oil, fuels and lubricants, as well as AdBlue, wood pellets and heating solutions, to commercial and private customers. The segment also provides solutions in the fields of electromobility, liquefied natural gas (LNG) and digital mobility.

The Cefetra Group Segment specialises in the international trade of grain and oilseed. As a supply chain manager, it covers the entire value chain from purchasing through to logistics and sales. Its customers include local and international grain and oil mills, breweries and malt houses, manufacturers of starch and feedstuff, and producers of biofuels and ethanol. The Cefetra Group Segment is also busy expanding its business involving goods such as starch products, rice and legumes, as well as organic products. In doing so, the Cefetra Group Segment is catering to the food and 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, it supplies its agricultural customers in Germany all year round with agricultural inputs that are necessary for agricultural production, such as seed, fertilizers and crop protection products, as well as feedstuff and hygiene products for livestock farming. In addition, the segment collects agricultural products such as grain, oilseed and hops after they are harvested and markets them to local and regional processors, as well as in export markets. It therefore maintains high warehousing and logistics capacities that include a connection to the Baltic Sea at two ports. The Agri Trade & Service Segment is also represented across the whole of Austria through the Group company RWA Raiffeisen Ware Austria AG, which maintains close business relations with over 400 cooperative warehouses.

The sale of machinery, equipment and systems for agriculture, forestry and the public sector in Germany and Austria is pooled in the Agricultural Equipment Segment. The segment is responsible for the sale of new and used machinery, as well as maintenance and repair services, including spare parts. Worldwide, BayWa is the largest sales partner for the AGCO Group, with its brands Fendt, Massey Ferguson, Challenger and Valtra. BayWa is also the leader in the global sale of CLAAS agricultural machinery. Its customers include farms and forestry operations, as well as vineyards, fruit farmers, municipalities and commercial enterprises. The product range also includes various brands of vehicles for sweeping, cleaning and winter services, as well as mowing and sporting venue technologies. Furthermore, the Agricultural Equipment Segment is expanding into international markets such as the Netherlands, South Africa and Canada.

The 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.

The transition primarily includes amortisation of the hidden reserves and intangible assets revealed in purchase price allocations in previous years.

Segment information by region

	External sales		Non-current assets	
In € million	**Q1–2/2022**	Q1–2/2021	**30/06/2022**	31/12/2021
Germany	4,695.7	3,462.7	1,803.2	1,666.8
Austria	1,965.1	1,363.5	524.5	565.1
Netherlands	1,273.3	750.6	260.5	240.7
New Zealand	167.7	124.7	300.7	280.5
USA	623.0	165.1	356.2	345.5
Other international operations	4,189.1	3,716.7	783.2	672.6
thereof: rest of Europe	3,819.8	2,848.7	438.1	323.5
Group	**12,913.9**	**9,283.4**	**4,028.3**	**3,771.3**

Condensed segment information by business unit (income statement) for the first half of 2022

In € million **Q1–2/2022**	Renewable Energies	Energy	Cefetra Group	Global Produce
Revenues generated through business with third parties	**2,733.8**	**1,477.2**	**3,054.6**	**458.8**
Intra-segment revenues	207.5	213.1	337.8	70.1
Inter-segment revenues	0.9	12.7	21.3	–
Total revenues	**2,942.2**	**1,703.0**	**3,413.7**	**528.9**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**115.0**	**28.3**	**40.5**	**34.3**
Depreciation/amortisation	- 30.0	- 7.7	- 3.9	- 17.9
Earnings before interest and tax (EBIT)	**85.0**	**20.6**	**36.6**	**16.4**
Earnings before tax (EBT)	**44.8**	**19.8**	**31.3**	**10.5**
Income tax				
Consolidated net result for the period				

Condensed segment information by business unit (income statement) for the first half of 2021 [1]

In € million Q1–2/2021	Renewable Energies	Energy	Cefetra Group	Global Produce
Revenues generated through business with third parties	**1,351.3**	**892.4**	**2,573.0**	**461.0**
Intra-segment revenues	431.0	85.9	309.1	54.9
Inter-segment revenues	0.6	3.4	7.9	–
Total revenues	**1,782.9**	**981.7**	**2,890.0**	**515.9**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**74.6**	**13.1**	**24.7**	**30.3**
Depreciation/amortisation	- 23.8	- 6.6	- 4.6	- 15.8
Earnings before interest and tax (EBIT)	**50.8**	**6.5**	**20.1**	**14.5**
Earnings before tax (EBT)	**27.7**	**6.0**	**17.4**	**9.3**
Income tax				
Consolidated net result for the period				

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Further details are available in Note A.7 of the Notes to the Consolidated Financial Statements for 2021.

	Agri Trade & Service	Agricultural Equipment	Building Materials	Innovation & Digitalisation	Other Activities	Transition	**Group**
	2,982.3	**1,033.9**	**1,160.7**	**4.8**	**7.8**	**–**	**12,913.9**
	339.8	23.7	32.4	0.6	9.1	–	1,234.1
	13.8	1.1	0.5	0.1	1.0	–	51.4
	3,335.9	**1,058.7**	**1,193.6**	**5.5**	**17.9**	**–**	**14,199.4**
	154.4	**46.5**	**59.7**	**- 2.4**	**- 21.3**	**–**	**455.0**
	- 20.2	- 11.4	- 16.2	- 2.6	- 15.4	- 1.2	- 126.5
	134.2	**35.1**	**43.5**	**- 5.0**	**- 36.7**	**- 1.2**	**328.5**
	120.6	**28.0**	**33.4**	**- 5.3**	**- 31.3**	**- 1.2**	**250.6**
							- 73.0
							177.6

	Agri Trade & Service	Agricultural Equipment	Building Materials	Innovation & Digitalisation	Other Activities	Transition	**Group**
	2,128.5	**880.8**	**994.6**	**5.7**	**6.3**	**–**	**9,293.6**
	280.6	19.5	27.3	0.5	29.3	–	1,238.1
	21.4	0.5	0.6	0.1	3.5	–	38.0
	2,430.5	**900.8**	**1,022.5**	**6.3**	**39.1**	**–**	**10,569.7**
	58.6	**25.5**	**47.7**	**- 1.4**	**- 10.2**	**–**	**262.9**
	- 19.6	- 10.8	- 14.1	- 3.4	- 16.8	- 2.8	- 118.3
	39.0	**14.7**	**33.6**	**- 4.8**	**- 27.0**	**- 2.8**	**144.6**
	27.6	**8.2**	**24.7**	**- 5.2**	**- 19.1**	**- 2.6**	**94.0**
							- 27.2
							66.8

Condensed segment information by business unit (balance sheet) as at 30 June 2022

In € million **30/06/2022**	Renewable Energies	Energy	Cefetra Group	Global Produce
Assets	4,534.8	565.2	1,593.1	841.1
thereof: participating interests recognised at equity	59.0	–	2.0	22.7
thereof: non-current assets held for sale	–	–	–	52.9
Inventories	1,800.9	74.2	649.5	113.9
thereof: non-current assets held for sale	–	–	–	1.0
Liabilities	3,601.5	522.2	1,429.8	538.8
thereof: liabilities from non-current assets held for sale/disposal groups	–	–	–	0.9
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	39.6	11.1	10.9	56.1
Employees (annual average)	3,461	1,412	587	3,560

Condensed segment information by business unit (balance sheet) as at 31 December 2021 [1]

In € million 31/12/2021	Renewable Energies	Energy	Cefetra Group	Global Produce
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/disposal groups	–	–	–	–
Investments in intangible assets, property, plant and equipment and investment property (including company acquisitions)	82.9	24.7	3.9	56.8
Employees (annual average)	2,821	1,359	496	3,650

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Further details are available in Note A.7 of the Notes to the Consolidated Financial Statements for 2021.

	Agri Trade & Service	Agricultural Equipment	Building Materials	Innovation & Digitalisation	Other Activities	Transition	**Group**
	2,168.4	1,062.6	1,162.1	49.0	6,014.8	- 5,268.2	12,722.9
	20.6	12.3	–	–	141.6	–	258.2
	–	–	0.2	–	5.7	–	58.8
	613.2	554.5	404.0	1.4	0.8	- 1.1	4,211.3
	–	–	–	–	–	–	1.0
	1,969.5	1,130.8	1,187.0	59.5	3,447.1	- 3,136.1	10,750.1
	–	–	–	–	–	–	0.9
	88.8	11.6	27.5	1.7	11.7	–	259.0
	3,500	3,841	4,653	223	1,013	–	22,250

	Agri Trade & Service	Agricultural Equipment	Building Materials	Innovation & Digitalisation	Other Activities	Transition	**Group**
	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

Condensed segment reporting by business unit (income statement) – by quarter[1]

In € million	Q1/2022	Q2/2022	Q1–2/2022	Q1/2021	Q2/2021	Q1–2/2021	Change Q1–2 in %
Revenues generated through business with third parties							
Renewable Energies	1,593.5	1,140.3	2,733.8	662.1	689.2	1,351.3	> 100.0
Energy	649.2	828.0	1,477.2	377.3	515.1	892.4	65.5
Cefetra Group	1,434.1	1,620.5	3,054.6	1,064.9	1,508.1	2,573.0	18.7
Global Produce	224.3	234.5	458.8	216.0	245.0	461.0	- 0.5
Agri Trade & Service	1,397.9	1,584.4	2,982.3	995.9	1,132.6	2,128.5	40.1
Agricultural Equipment	476.0	557.9	1,033.9	370.7	510.1	880.8	17.4
Building Materials	477.4	683.3	1,160.7	373.0	621.6	994.6	16.7
Innovation & Digitalisation	2.4	2.4	4.8	3.0	2.7	5.7	- 15.8
Other Activities	2.2	5.6	7.8	3.7	2.6	6.3	23.8
Total	**6,257.0**	**6,656.9**	**12,913.9**	**4,066.6**	**5,227.0**	**9,293.6**	**39.0**
Earnings before interest, tax, depreciation and amortisation (EBITDA)							
Renewable Energies	78.4	36.6	115.0	44.9	29.7	74.6	54.2
Energy	12.2	16.1	28.3	6.6	6.5	13.1	> 100.0
Cefetra Group	19.0	21.5	40.5	13.3	11.4	24.7	64.0
Global Produce	15.9	18.4	34.3	8.8	21.5	30.3	13.2
Agri Trade & Service	68.1	86.3	154.4	24.3	34.3	58.6	> 100.0
Agricultural Equipment	16.9	29.6	46.5	9.8	15.7	25.5	82.4
Building Materials	6.8	52.9	59.7	1.3	46.4	47.7	25.2
Innovation & Digitalisation	- 1.5	- 0.9	- 2.4	- 1.5	0.1	- 1.4	- 71.4
Other Activities	- 9.3	- 12.0	- 21.3	- 4.5	- 5.7	- 10.2	> - 100.0
Transition	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**206.5**	**248.5**	**455.0**	**103.0**	**159.9**	**262.9**	**73.1**
Earnings before interest and tax (EBIT)							
Renewable Energies	63.9	21.1	85.0	33.7	17.1	50.8	67.3
Energy	8.4	12.2	20.6	3.3	3.2	6.5	> 100.0
Cefetra Group	17.1	19.5	36.6	11.0	9.1	20.1	82.1
Global Produce	7.3	9.1	16.4	1.0	13.5	14.5	13.1
Agri Trade & Service	58.7	75.5	134.2	14.7	24.3	39.0	> 100.0
Agricultural Equipment	11.3	23.8	35.1	4.5	10.2	14.7	> 100.0
Building Materials	- 1.2	44.7	43.5	- 5.7	39.3	33.6	29.5
Innovation & Digitalisation	- 2.8	- 2.2	- 5.0	- 3.2	- 1.6	- 4.8	- 4.2
Other Activities	- 16.8	- 19.9	- 36.7	- 12.8	- 14.2	- 27.0	- 35.9
Transition	- 1.0	- 0.2	- 1.2	- 1.4	- 1.4	- 2.8	57.1
Total	**144.9**	**183.6**	**328.5**	**45.1**	**99.5**	**144.6**	**> 100.0**
Earnings before tax (EBT)							
Renewable Energies	45.1	- 0.3	44.8	24.3	3.4	27.7	61.7
Energy	7.9	11.9	19.8	3.7	2.3	6.0	> 100.0
Cefetra Group	14.2	17.1	31.3	9.7	7.7	17.4	79.9
Global Produce	4.8	5.7	10.5	- 1.4	10.7	9.3	12.9
Agri Trade & Service	51.8	68.8	120.6	7.9	19.7	27.6	> 100.0
Agricultural Equipment	7.6	20.4	28.0	- 0.2	8.4	8.2	> 100.0
Building Materials	- 6.6	40.0	33.4	- 9.8	34.5	24.7	35.2
Innovation & Digitalisation	- 3.0	- 2.3	- 5.3	- 3.3	- 1.9	- 5.2	- 1.9
Other Activities	- 13.9	- 17.4	- 31.3	- 8.6	- 10.5	- 19.1	- 63.9
Transition	- 0.8	- 0.4	- 1.2	- 1.4	- 1.2	- 2.6	53.8
Total	**107.1**	**143.5**	**250.6**	**20.9**	**73.1**	**94.0**	**> 100.0**

1 The previous year's figures have been adjusted in accordance with IAS 8.42. Further details are available in Note A.7 of the Notes to the Consolidated Financial Statements for 2021.

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 applicable to interim reporting, the Interim Consolidated Financial Statements for the first half of the year give a true and fair view of the assets, financial position and earnings position of the Group, and the Interim Management Report of the BayWa 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 over the remainder of the financial year.

Munich, 2 August 2022

BayWa Aktiengesellschaft

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

Financial Calendar

Dates in 2022

Publication of figures for the third quarter of 2022
10 November 2022, 8.30 am – Analysts' Conference Call
10 November 2022, 10.30 am – Press Conference Call

Dates in 2023

Consolidated Financial Statements for 2022
30 March 2023, 10.30 am – Annual Results Press Conference, Munich
30 March 2023, 2.00 pm – Analysts' Conference, Munich

Publication of figures for the first quarter of 2023
11 May 2023 – Press release
11 May 2023, 8.30 am – Analysts' Conference Call

Annual General Meeting 2023
6 June 2023, 10.00 am

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