Quarterly Statement

BayWa Group 1/2023

Contents

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.

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).

Quarterly Statement [1]

Overview of Business Performance of the BayWa Group

Strong first quarter – BayWa on track to achieve its targets

- **BayWa Group:** achieves above-average earnings before interest and tax (EBIT)
- **Energy business unit**
  Renewable Energies Segment: solar demand remains high; energy trading flourishes
  Energy Segment: slowdown in market for heat energy carriers
- **Agriculture business unit**
  Cefetra Group Segment: achieves same high level of earnings as in previous year
  Agri Trade & Service Segment: subdued demand for agricultural inputs despite lower fertilizer prices
  Agricultural Equipment Segment: high order backlog from previous year ensures record earnings figures
  Global Produce Segment: storm damage in New Zealand impacts earnings
- **Building materials business unit**
  Building Materials Segment: typical EBIT level for Q1; noticeable restraint in construction industry

The BayWa Group is reporting revenues of around €6.3 billion for the first three months of the financial year 2023, a slight increase of 0.4% compared to the first quarter of the record year 2022. As expected, EBIT (earnings before interest and tax) declined from €144.9 million to €91.8 million. The previous year was buoyed by anticipatory effects and external one-off factors. Product prices started gradually falling in the second half of the financial year 2022. In the reporting quarter, some of them returned to the level seen before the outbreak of the war of aggression in Ukraine. In addition, logistics bottlenecks eased for a time thanks to the grain agreement with Russia, and uncertainty relating to the energy crisis is slowly abating. Against this backdrop, the quarterly results in 2022 should be viewed as part of an exceptional period that provided tremendous trade opportunities for BayWa. The positive Group EBIT in the first quarter of 2023 was primarily driven by strong demand for solar modules in the Renewable Energies Segment and the ongoing high willingness to invest among farmers in the Agricultural Equipment Segment.

Product trading also showed a positive trend, particularly in the Cefetra Group Segment. As in the previous year, trade involving specialities was instrumental in the continued strong development of earnings. In the Agri Trade & Service Segment, product trading was able to build on the good performance from the previous year. However, the agricultural input business was dominated by a reduced willingness to spend, especially in the fertilizer trade, despite falling prices. In the Global Produce Segment, fruit and vegetable trading saw a sharp decline in earnings due to the considerable impact of clean-up costs in New Zealand associated with Cyclone Gabrielle. The Building Materials and Energy Segments developed in line with expectations.

Highlights in the first quarter of 2023

- Changes on the Board of Management of BayWa AG as at 1 April 2023: Marcus Pöllinger becomes Chief Executive Officer and Dr. Marlen Wienert is appointed a new member
- Strategic realignment of BayWa r.e. AG: BayWa Group plans to sell international business entity Solar Trade
- BayWa Mobility Solutions and Vattenfall sign master agreement to build fast-charging infrastructure in Germany
- Subsidiary TFC Holland B.V. (TFC) completes relocation in January 2023 and continues verticalisation strategy
- Decarbonisation: internal CO_2 price introduced in the BayWa Group as at 1 January 2023

1 This quarterly statement was prepared in accordance with IFRS principles. It is not an interim financial report in accordance with IAS 34 or a financial statement in accordance with IAS 1.

Asset Development from 1 January to 31 March 2023

The BayWa Group's total assets stood at €13,471.0 million as at the end of the first quarter of 2023 and were therefore €494.6 million, or 3.8%, higher than at the end of the financial year 2022. This development was due mainly to the typical seasonal rise in trade receivables, higher prepayments and assets under construction, as well as increased current assets from derivatives. The rise in prepayments and assets under construction related primarily to wind farms and solar parks that are being built for the IPP business entity in the Renewable Energies Segment. In contrast, unfinished goods are below the figure reported at the end of the financial year 2022 due to the completion of projects in the Renewable Energies Segment.

Equity amounted to €1,917.7 million at the end of March 2023, a rise of €8.7 million, or 0.5%, compared to 31 December 2022. This growth is attributable not only to the positive consolidated net result of €10.4 million for the first quarter of 2023, but also to several, partly opposing, effects.

Non-current liabilities stood at €5,487.1 million as at 31 March 2023 and were therefore roughly on a par with the end of the financial year 2022. Current liabilities increased by €495.9 million, or 8.9%, to €6,066.2 million in the first quarter of 2023. The rise resulted in particular from higher trade payables, which increased in line with trade receivables and are usually subject to seasonal fluctuations, as well as from other current provisions and short-term debt.

Earnings Development from 1 January to 31 March 2023

The BayWa Group's revenues grew by €23.4 million, or 0.4%, year on year to €6,280.4 million in the first quarter of 2023. This increase was driven in particular by the Agri Trade & Service Segment (up €86.9 million to €1,484.8 million), the Agricultural Equipment Segment (up €63.9 million to €539.9 million) and the Global Produce Segment (up €32.8 million to €257.1 million). An offsetting effect came from the development of revenues in the Renewable Energies Segment (down €94.0 million to €1,499.5 million), the Energy Segment (down €16.0 million to €633.2 million) and the Building Materials Segment (down €63.0 million to €414.4 million). Taking into account other operating income (down €12.3 million to €84.9 million) and changes in inventories (up €159.0 million to €37.4 million), the BayWa Group's gross revenues amounted to €6,406.1 million in the first quarter of 2023, a rise of €169.7 million year on year.

Cost of materials climbed by €173.5 million, or 3.2%, to €5,664.5 million. The resulting gross profit amounts to €741.6 million and is therefore €3.8 million, or 0.5%, lower than in the previous year.

The €35.7 million increase in personnel expenses to €373.7 million is primarily attributable to the growth in the number of employees, especially in the Agri Trade & Service Segment and the Renewable Energies Segment.

At €210.6 million, other operating expenses are €8.3 million higher than in the first quarter of 2022. Depreciation and amortisation of property, plant and equipment and intangible assets rose slightly by €5.4 million to €67.0 million in the first quarter of 2023.

The result of operating activities stood at €90.3 million in the first quarter of 2023, a decline of €53.2 million, or 37.1%, compared to the same period of the previous year.

Income from participating interests was on a par with the first three months of 2022, at €1.5 million.

The BayWa Group's earnings before interest and tax (EBIT) amounted to €91.8 million at the end of the first quarter of 2023. Despite being €53.1 million, or 36.6%, lower than the EBIT in the same period of 2022, the 2023 figure exceeds the EBIT in the first three months of 2021 by €45.1 million, or 103.6%.

Compared to the same period of last year, net interest in the first three months of the financial year 2023 fell by €39.4 million to minus €77.2 million due to the higher interest rate level.

Taking into account tax expenses of €4.2 million, this resulted in a positive consolidated net result of €10.4 million for the first quarter of 2023, which was €66.2 million below the equivalent quarter in 2022.

Business Performance of the Segments from 1 January to 31 March 2023

Energy business unit

	Revenues			EBIT		
In € million	**Q1/2023**	Q1/2022	Change in %	**Q1/2023**	Q1/2022	Change in %
Renewable Energies Segment	1,499.5	1,593.5	- 5.9	53.0	63.9	- 17.1
Energy Segment	633.2	649.2	- 2.5	4.5	8.4	- 46.4
Energy business unit	**2,132.7**	**2,242.7**	**- 4.9**	**57.5**	**72.3**	**- 20.5**

The BayWa Group's energy business unit consists of the Renewable Energies and Energy Segments. The **Renewable Energies Segment** covers significant parts of the renewable energies value chain. The **Energy Segment** comprises trading activities in fossil and renewable heating oil, fuels and lubricants, and provides heating and mobility solutions.

The **Renewable Energies Segment** recorded a good start in the first three months of the current financial year. With EBIT of €53.0 million, earnings fell nearly €11 million short of the previous year. However, no wind farms or solar parks of any considerable output were sold in this reporting period. The lion's share of project sales are scheduled for the second half of the year and will make a substantial contribution to earnings performance. In the first quarter of 2023, photovoltaic and energy trading were the biggest drivers of earnings in the Renewable Energies Segment. Trade involving solar modules and inverters helped to lift sales by nearly 24% and 83%, respectively, in comparison to the strong previous year. Meanwhile, energy trading benefited from the electricity contracts entered into in the previous year and from electricity income from proprietary energy generation plants. Demand for solar modules is likely to remain high in subsequent quarters, with the year-on-year gap in earnings increasingly closing as project sales get under way. At the very start of the second quarter, BayWa r.e. sold a wind farm in Scotland with a total output of 42 megawatts.

As expected, EBIT in the **Energy Segment** fell short of the figure for the same period in 2022. Sales volumes of heat energy carriers declined in the reporting period on account of crisis-related anticipatory effects in 2022. In addition, business customers put off orders in response to the market speculating on falling prices. This trend was reflected particularly strongly in trade involving wood pellets, with prices at the end of the reporting period nearly half of what they were at their peak in September 2022. The combination of influences had a negative effect on sales volumes and trade margins alike. Due to seasonal factors, trade involving heating oil accounted for the largest earnings contribution in the Energy Segment, where traders also faced price reductions of around 20% in the reporting period. The months ahead should offer good opportunities, however, with the heating period continuing despite moderate temperatures. Business involving fuels is likely to pick up, as the weather conditions in the first few months of the year, including April, discouraged many customers in the agricultural and construction sectors from deploying their machinery.

Agriculture business unit

	Revenues			EBIT		
In € million	**Q1/2023**	Q1/2022	Change in %	**Q1/2023**	Q1/2022	Change in %
Cefetra Group Segment	1,445.9	1,434.1	0.8	17.1	17.1	0.0
Agri Trade & Service Segment	1,484.8	1,397.9	6.2	31.0	58.7	- 47.2
Agricultural Equipment Segment	539.9	476.0	13.4	22.4	11.3	98.2
Global Produce Segment	257.1	224.3	14.6	- 12.6	7.3	> - 100
Agriculture business unit	**3,727.7**	**3,532.3**	**5.5**	**57.9**	**94.4**	**- 38.7**

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

At €17.1 million, the **Cefetra Group Segment** recorded the exact same result in the first quarter of 2023 as in the previous year. Earnings in the same quarter of 2022 were hit hard by the price rally on grain markets stemming from Russia's attack on Ukraine. By the end of the financial year 2022, grain prices had started to occasionally fall below the level seen before the outbreak of the war. All in all, supply and demand are once again more balanced than they were in the previous year, leading to a steady decline in prices on the market of roughly 15% to 20% since the start of 2023. The logistical bottlenecks in grain transport have largely dissipated, accompanied by falling freight costs. This improvement in the general logistical conditions boosted the Cefetra Group's trade and business activity in the reporting period. Last year, the segment experienced a default on its Ukrainian grain contracts and had to buy grain at higher prices on the spot market in order to meet its delivery obligations. The Cefetra Group did not have to deal with one-off expenses like these in the reporting period. The specialities business, which made a substantial contribution to earnings in the reporting period, continued to develop positively. Alongside trade involving starch and proteins, business involving special crops such as nuts and legumes also saw strong growth year on year. Despite the political uncertainties, especially with regard to the Black Sea Grain Initiative, the segment is confident that it will be possible to sustain this above-average earnings performance in the financial year 2023.

The **Agri Trade & Service Segment** recorded mixed development in the first quarter of 2023. While product trading succeeded in generating above-average earnings margins due to a variety of factors, particularly grain contracts from the previous year, agricultural input trade had to contend with subdued willingness to buy despite decreasing prices. Sales of fertilizers declined by around 20% year on year. Falling production costs and oversupply on the market resulted in marked pressure on prices for nitrogen and urea fertilizer. By the end of the first quarter, prices had fallen by more than half compared to the same period in the previous year. The poor buying interest among farmers is probably attributable to expectations of a further fall in prices. In addition, production margins in crop farming decreased due to the decline in prices for grain and oilseed, which is likely to have led to increased uncertainty among farmers regarding the use and procurement of agricultural inputs. The drop in seed sales was largely attributable to weather-related factors, with heavy spring rains and the resulting poor accessibility of fields continuing to discourage the ordering of summer grain in some of BayWa's core regions. The weather also delayed the application of crop protection products. Given the underlying conditions, demand for certain product groups should increase by a clear margin in the second quarter. Producer prices are likely to remain volatile on account of the geopolitical tensions and falling harvest forecasts, resulting in promising trading opportunities. Nevertheless, prices are expected to fall short of the level seen in the previous year.

In the **Agricultural Equipment Segment**, signs that the high order backlog would lift business performance to new heights in the first quarter of 2023 started to emerge towards the end of the financial year 2022. It was possible to pass producer price increases on to customers. Although tractor sales were on a par with the previous year, the passing on of price increases resulted in better profit margins. The ability of manufacturers to make deliveries also improved in comparison to the previous year, which is fuelling expectations of constant sales development in the quarters ahead. High capacity utilisation at BayWa's workshops, coupled with fewer sick days than in the previous year, helped to increase productivity and improve earnings to a considerable extent. While the strong willingness to invest among farmers is likely to continue, demand may shift to other product ranges, such as attachments. Overall, the first quarter of 2023 was a strong start to the year for the Agricultural Equipment Segment and provides a good foundation for the quarters ahead.

Performance in the **Global Produce Segment** was influenced in the first quarter of the year by multiple negative effects. Cyclone Gabrielle led to flooding in key fruit-growing regions of the New Zealand-based BayWa subsidiary T&G Global in mid-February 2023. Hawke's Bay was particularly severely affected. The storm damaged orchards and had a negative impact on harvests. It is not yet possible to estimate the added expense of clean-up efforts at the affected orchards and the loss of income from the partial harvest failure for 2023 as a whole. Higher apple prices should help to partially make up for the decline in marketing volumes. In addition, harvest failure insurance will provide compensation for the losses. The exact amount of compensation is still being clarified. In the trade with exotic fruits, unfavourable weather conditions in key BayWa procurement regions also led to poorer harvests and quality issues for avocados and mangoes. As a result, the Dutch BayWa subsidiary TFC Holland B.V. (TFC) was forced in some cases to stock up at higher prices on the spot market in order to meet delivery obligations towards retailers. Buying is expected to stabilise in the next quarter. The planned sale of a property, the former TFC headquarters, is also likely to have a positive effect. Furthermore, the domestic fruit business developed better than in the previous year thanks to numerous discount campaigns among retailers, which lifted dessert pome fruit sales. Higher income from packaging business had an additional positive effect. The financial year 2023 will remain challenging for the Global Produce Segment on account of the overall conditions described above.

Building materials business unit

In € million	Revenues			EBIT		
	Q1/2023	Q1/2022	Change in %	**Q1/2023**	Q1/2022	Change in %
Building Materials Segment	**414.4**	**477.4**	**- 13.2**	**- 9.1**	**- 1.2**	**> - 100**

The **Building Materials Segment** mainly comprises the BayWa Group's trading activities involving building materials in Germany and Austria. EBIT in the Building Materials Segment was negative after the first three months of the financial year 2023, as is customary for the season. The building materials supply situation has eased somewhat compared to the previous year, causing prices to fall. As a result, it was not possible to repeat the high mark-ups achieved in the previous year. In addition, higher mortgage rates, as well as the announcement and introduction of political reforms related to heating systems and building regulations in the first quarter of 2023, resulted in many market participants biding their time. The Building Materials Segment is being buoyed by sizeable order volumes and is likely to benefit from rising demand for materials used in energy-efficient modernisation work to existing buildings and the energy-efficient design of new builds. The Climate-friendly new construction subsidy programme from KfW called "Klimafreundlicher Neubau", which is part of the Federal Funding for Efficient Buildings (Bundesförderung für effiziente Gebäude – BEG) and has been available since 1 March 2023, may also generate additional momentum. Unlike in the previous year, no larger residential units have yet been sold as part of BayWa Bau Projekt GmbH project business. However, with reservations having already been received, the start of the marketing phase for projects in Bad Endorf and Munich should have a positive impact on business performance over the remainder of the year.

Innovation & Digitalisation Segment

In € million	Revenues			EBIT		
	Q1/2023	Q1/2022	Change in %	**Q1/2023**	Q1/2022	Change in %
Innovation & Digitalisation Segment	**2.7**	**2.4**	**12.5**	**- 1.1**	**- 2.8**	**60.7**

The **Innovation & Digitalisation Segment** pools all activities of the BayWa Group in its Digital Farming division. The year-on-year revenue growth in the reporting period was mainly due to the expansion of the core software business. Earnings (EBIT) were negative due to investments in the development of Digital Farming solutions, but still improved strongly compared to the previous-year period. This uptick came primarily as a result of the direct allocation of material costs from the eBusiness division to the respective operating segments, which began on 1 January 2023.

Other Activities

EBIT resulting from **Other Activities**, including transition, primarily comprises Group administration costs as well as consolidation effects and stood at minus €13.4 million as at 31 March 2023 (Q1/2022: minus €17.8 million). The year-on-year improvement was primarily due to the increase in income from Austria Juice GmbH and earnings from the sale of properties.

Outlook

Developments are expected to return to normal in a number of areas in the current business period.

Quarterly performance in the previous years is more suitable as a benchmark than the previous financial year, which was extremely successful due to one-off external effects. Looking at quarterly comparison figures shows how strongly BayWa has started the current financial year. This is a good starting point to achieve the earnings targets for the financial year 2023.

For the current financial year, 2023, the management anticipates Group EBIT in the range of €320 million to €370 million. In view of the company's exceptionally good performance in the past financial year, the anticipated earnings development remains clearly higher than the average figures of the previous years.

Selected Financial Information

Consolidated Balance Sheet as at 31 March 2023

Assets

In € million		31/03/2023	31/12/2022
Non-current assets			
Intangible assets		480.5	459.3
Property, plant and equipment		3,255.2	3,058.1
Participating interests recognised at equity		292.1	278.7
Investments		243.7	229.0
Investment property		39.8	42.1
Income tax assets		3.5	4.7
Assets from derivatives		103.7	97.9
Other receivables and other non-current financial assets		47.6	51.7
Other non-current non-financial assets		8.0	7.5
Deferred tax assets		164.1	161.9
		4,638.2	**4,390.9**
Current assets			
Securities		0.9	0.9
Inventories		4,565.6	4,756.8
Biological assets		14.5	16.5
Income tax assets		63.4	63.3
Assets from derivatives		677.7	611.2
Other receivables and other current financial assets		2,698.4	2,341.1
Other current non-financial assets		498.5	557.5
Cash and cash equivalents		300.1	221.8
		8,819.1	**8,569.1**
Non-current assets held for sale/disposal groups		**13.7**	**16.4**
Total assets		**13,471.0**	**12,976.4**

Shareholders' equity and liabilities

In € million		31/03/2023	31/12/2022
Equity			
Subscribed capital		91.8	91.8
Capital reserve		138.2	138.2
Hybrid capital		–	–
Revenue reserves		762.7	735.9
Other reserves		22.7	33.8
Equity net of minority interest		**1,015.4**	**999.7**
Minority interest		902.3	909.3
		1,917.7	**1,909.0**
Non-current liabilities			
Pension provisions		517.3	519.8
Other non-current provisions		87.9	86.9
Long-term debt		3,520.3	3,560.1
Lease liabilities		962.3	926.3
Trade payables and liabilities from inter-group business relationships		5.3	4.6
Income tax liabilities		–	–
Liabilities from derivatives		91.5	107.4
Other liabilities		90.6	87.1
Deferred tax liabilities		211.9	204.9
		5,487.1	**5,497.1**
Current liabilities			
Pension provisions		32.2	32.4
Other current provisions		630.1	514.6
Short-term debt		1,777.2	1,718.7
Lease liabilities		81.4	75.6
Trade payables and liabilities from inter-group business relationships		2,080.9	1,835.7
Income tax liabilities		98.5	98.7
Liabilities from derivatives		392.7	364.2
Other liabilities		973.2	930.4
		6,066.2	**5,570.3**
Liabilities from disposal groups		–	**–**
Total shareholders' equity and liabilities		**13,471.0**	**12,976.4**

Consolidated Income Statement from 1 January to 31 March 2023

Continued operations

In € million		**Q1/2023**	Q1/2022
Revenues		**6,280.4**	**6,257.0**
Inventory changes		37.4	- 121.6
Other own work capitalised		3.4	3.8
Other operating income		84.9	97.2
Cost of materials		- 5,664.5	- 5,491.0
Gross profit		**741.6**	**745.4**
Personnel expenses		- 373.7	- 338.0
Depreciation/amortisation		- 67.0	- 61.6
Other operating expenses		- 210.6	- 202.3
Result of operating activities		**90.3**	**143.5**
Income from participating interests recognised at equity		1.6	1.2
Other income from shareholdings		- 0.1	0.2
Interest income		3.3	3.1
Interest expenses		- 80.5	- 40.9
Financial result		**- 75.7**	**- 36.4**
Earnings before tax (EBT)		**14.6**	**107.1**
Income tax		- 4.2	- 30.5
Consolidated net result for the period		**10.4**	**76.6**
thereof: profit share of minority interest		5.9	34.8
thereof: due to shareholders of the parent company		4.5	41.7
Basic earnings per share (in €)		**0.13**	**1.09**
Diluted earnings per share (in €)		**0.13**	**1.09**

Munich, 10 May 2023

BayWa Aktiengesellschaft

The Board of Management
Marcus Pöllinger
Andreas Helber
Dr. Marlen Wienert
Reinhard Wolf

Financial Calendar

Dates in 2023

Annual General Meeting 2023 (in person)
6 June 2023, 10.00 am – ICM, Munich, Germany

Publication of figures for the first half of 2023
3 August 2023, 8.30 am – Analysts' Conference Call
3 August 2023, 10.30 am – Half-Year Press Conference Call

Publication of figures for the third quarter of 2023
9 November 2023, 8.30 am – Analysts' Conference Call
9 November 2023, 10.30 am – Press Conference Call

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