Quarterly Statement

BayWa Group 1/2021

Contents

Notes

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 improved 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 start to the year – operating segments confirm growth trajectory

- Operating consolidated result (EBIT) well into positive territory after the first three months
- Improvement in earnings carried by all three core operating segments
- Energy Segment: BayWa r.e. renewable energy AG (BayWa r.e.) sells second solar park in Japan; Conventional Energy benefits from high demand for pellets
- Agriculture Segment: positive momentum thanks to “Bauernmilliarde” stimulus package; the Cefetra Group (formerly: BayWa Agri Supply & Trade) able to leverage product price rally
- Building Materials Segment: domestic building materials business flourishes despite temporary price increases for building materials

BayWa AG is reporting a substantial year-on-year rise in revenues of 10.4% to roughly €4.3 billion for the first three months of the current financial year 2021 (Q1/2020: €3.9 billion). Earnings before interest and tax (EBIT) rose significantly in the reporting period, increasing from minus €27.8 million in the comparable period in the previous year to €45.1 million. The positive business development was reflected in all three core operating segments: Energy Segment, Agriculture Segment and Building Materials Segment.

The Renewable Energies business unit in the Energy Segment was instrumental in the strong development of earnings, with the sale of a 35-megawatt (MW) solar park in Japan playing a particularly important role in the significant rise in earnings year on year. The Conventional Energy business unit recorded a sharp increase in sales of solid fuels. In the Agriculture Segment, the Cefetra Group was able to take advantage of brisk trade and the rally on international grain exchanges, helping it to also record a considerable increase in earnings year on year. In the domestic agricultural sector, farmers’ propensity to invest recovered. Higher producer prices and certainty regarding the German federal government’s support package, known as the “Bauernmilliarde” (farmers’ billion), led to a recovery in agricultural inputs, among other things. In addition, the Agri Trade & Service business unit benefited from higher fertilizer prices. Earnings were also considerably higher than the record level seen in the previous year in the agricultural machinery business.

The Global Produce business unit was able to largely compensate for the slight decline in market volume for apples through the above-average development of prices for dessert fruit. The Building Materials Segment succeeded in considerably reducing the usual seasonal loss at the start of the year. BayWa’s building materials trade activities benefited from rising prices for building materials and from relatively mild weather conditions, which permitted virtually unrestricted construction activity in the reporting quarter.

The Group was able to deal with the uncertainty on the market sparked by the infectious disease COVID-19 and the associated challenges in the reporting quarter. In light of the coronavirus pandemic and the resulting negative impact on the global economy, forecasts for the business development of BayWa AG in the financial year 2021 are associated with increased uncertainty. Nevertheless, the prospects for the BayWa Group are likely to remain positive on account of the broad business portfolio of essential goods and services.

Highlights in the first quarter of 2021

- Regulatory authorities approved the execution of the capital increase at BayWa r.e. GmbH on 17 March 2021
- BayWa r.e. GmbH converted into a stock corporation under German law (Aktiengesellschaft)
- BayWa Agri Supply & Trade (BAST) business unit renamed Cefetra Group on 1 January 2021
- United Nations and Bloomberg honour BayWa AG for exemplary climate commitment
- Annual General Meeting moved forward to 11 May 2021

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 2021

The BayWa Group's total assets stood at €9,908.0 million as at the end of the first quarter and were therefore €863.6 million, or 9.5%, higher than at the end of the financial year 2020. This development was due mainly to the typical seasonal rise in inventories.

In the first quarter of 2021, equity rose by €566.6 million compared to the end of the financial year 2020, or 45.1%, to €1,822.7 million. The rise was primarily attributable to the capital increase at BayWa r.e. renewable energy GmbH (BayWa r.e.), Munich, Germany. By way of an equity contribution of €530 million, funds advised by the Swiss investor Energy Infrastructure Partners AG have taken over 49% of the shares in BayWa r.e. The positive consolidated net result for the first quarter of 2021 also contributed to this development.

Non-current liabilities amounted to €3,091.0 million as at 31 March 2021 and were therefore up slightly on the figure of €3,036.0 million reported at the end of the financial year 2020. Current liabilities increased by 5.1% to €4,994.3 million in the first quarter of 2021. The rise resulted in particular from trade payables, which increased by €601.6 million. The development was due to seasonal factors and reflects the growth in inventories and receivables. The decline in debt and the negative market values by a total of €426.3 million had a contradictory effect.

Earnings Development from 1 January to 31 March 2021

The BayWa Group's revenues increased by €402.0 million, or 10.4%, year on year to €4,272.1 million in the first quarter of 2021. By contrast, both inventory changes and other operating income were down on the value seen in the first quarter of 2020, at €126.3 million (minus €99.0 million) and €75.0 million (minus €43.7 million, primarily due to foreign exchange effects) respectively. At €4,476.9 million, the overall performance of the BayWa Group was up year on year.

Cost of materials rose by €184.9 million, or 5.0%, to €3,919.2 million in line with the increase in revenues. As a result, gross profit climbed by €75.3 million year on year, or 15.6%, to €557.7 million in the first quarter of 2021.

The increase in personnel expenses by €24.1 million, or 8.9%, to €295.5 million was primarily due to the rise in the number of employees, particularly in the Renewable Energies business unit.

Other operating expenses fell by €29.1 million, or 15.7%, to €156.6 million, mainly as a result of foreign exchange effects. At €57.9 million, depreciation and amortisation of property, plant and equipment and intangible assets were up slightly on the previous year (Q1/2020: €52.9 million).

The result of operating activities amounted to a gain of €47.7 million and was therefore €75.3 million higher than the level seen in the first quarter of 2020.

Income from participating interests of minus €2.6 million was €2.4 million lower than the previous-year figure of minus €0.2 million, largely due to falling income from participating interests recognised at equity in the previous year.

The BayWa Group's earnings before interest and tax (EBIT) stood at €45.1 million in the first quarter of 2021 and were €72.9 million higher than the negative EBIT in the first quarter of 2020.

At minus €24.2 million, net interest in the first three months of the financial year 2021 was on a par with the previous year (Q1/2020: minus €24.7 million).

Including tax expenses of €6.2 million, this resulted in net income of €14.7 million for the first quarter of 2021, which was €54.2 million higher than the previous-year figure.

Business Performance of the Segments from 1 January to 31 March 2021

Energy Segment

	Revenues			EBIT		
In € million	Q1/2021	Q1/2020	Change in %	Q1/2021	Q1/2020	Change in %
Renewable Energies	662.1	383.5	72.6	33.7	- 8.9	> 100
Conventional Energy	377.3	486.2	- 22.4	3.3	4.9	- 32.7
Energy Segment	**1,039.4**	**869.7**	**19.5**	**37.0**	**- 4.0**	**> 100**

The Energy Segment comprises the BayWa Group's trading activities in fossil and renewable heating materials, fuels and lubricants, as well as its business in renewable energies, which is pooled in BayWa r.e.

At BayWa r.e., two major renewable energy projects were completed and sold in the reporting quarter. BayWa r.e. was able to follow up the successful sale of the 11.9-MW Izumi solar park in December 2020 with the sale of the 35-MW Isohara solar park in Kita-Ibaraki City, Japan. Measuring 57.8 hectares, the Isohara project, which was made fully operational in January 2021, is capable of covering the average annual consumption of roughly 15,000 Japanese households. In addition, BayWa r.e. sold a wind farm in France with a total output of 11 MW. As in previous years, the number of renewable energy plant sales is expected to increase sharply in the second half of 2021. Solar module trade also saw brisk demand for the season, especially from Europe, resulting in a year-on-year increase in sales. Overall, the Renewable Energies business unit achieved a significant increase in EBIT year on year.

EBIT in the Conventional Energy business unit was down on the figure for the same quarter in 2020, due in particular to considerably higher crude oil prices. The average crude oil price was around 20% higher year on year in the first quarter of 2021. The anticipated increase in prices, due in part to the introduction of carbon pricing at the start of the calendar year, led to stockpiling of heating oil in the previous year. As expected, heating oil sales in the Conventional Energy business unit were therefore down by almost half year on year. In the fuel business, sales volumes fell as a result of the lockdown. By contrast, sales of wood pellets increased by roughly 27% thanks to capacity expansion in the previous year. Trading in lubricants also posted a year-on-year increase of around 10%.

Earnings before interest and tax (EBIT) in the Energy Segment increased year on year by around €41.0 million to €37.0 million in total. The sharp rise was primarily due to the profitable sale of the solar park in Japan. In the months ahead, earnings will be influenced in particular by further project sales in the Renewable Energies business unit.

Agriculture Segment

	Revenues			EBIT		
In € million	Q1/2021	Q1/2020	Change in %	Q1/2021	Q1/2020	Change in %
Cefetra Group [1]	1,258.0	1,090.7	15.3	11.0	3.7	> 100
Global Produce	216.0	201.4	7.2	1.0	1.1	- 9.1
Agri Trade & Service	1,008.3	982.8	2.6	14.7	3.1	> 100
Agricultural Equipment	370.7	385.4	- 3.8	4.5	2.0	> 100
Agriculture Segment	**2,853.0**	**2,660.4**	**7.2**	**31.2**	**9.8**	**> 100**

1 **Formerly: BayWa Agri Supply & Trade (BAST)**

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

The Agriculture Segment saw a year-on-year increase in operating earnings (EBIT) of €21.3 million to €31.2 million in total in the first three months of the current financial year. The positive development of international product trading, which benefited from the marked increase in grain prices, made a significant contribution to this trend. Worldwide, prices for most types of grain were at least 20% higher year on year due to unfavourable weather conditions in some key cultivation regions and fears that the harvest in North America and Europe could be less bountiful than expected. Prices were also bolstered by continued high demand from China. The uncertainties on grain markets led to more pronounced price fluctuations, which resulted in trading opportunities for standard products, especially at the Cefetra Group. The specialities business likewise saw positive development.

The Agri Trade & Service business unit's domestic product trade activities also benefited from these market developments and grew year on year. In addition, the trade in agricultural inputs recovered from the difficult conditions in the previous year. Demand for seed and fertilizer increased, as rising grain prices led to an expansion of land under cultivation. Moreover, fertilizer prices have increased since the start of the year due to rising energy prices and short-term supply bottlenecks. The fertilizer stockpiled at lower prices last year was sold at better prices in the reporting quarter and played a significant role in the positive earnings development of the Agri Trade & Service business unit. Both business units were able to increase their operating earnings considerably year on year.

The Agricultural Equipment business unit benefited from farmers' continued high propensity to invest and was able to more than double EBIT year on year. In addition to higher sales of used machinery, workshops saw greater demand for maintenance and servicing in particular. The "Bauernmilliarde" most likely created incentives to buy that could gain further strength over the remaining course of the year. The new "Investitionsprogramm Landwirtschaft" (agricultural investment programme) is one of the largest modernisation programmes for the agricultural sector in German history. By way of the programme, Germany's Federal Ministry of Food and Agriculture (BMEL) is providing targeted support to agricultural operations that would like to invest in modern technology in order to make greater progress in protecting the climate, nature and the environment.

Earnings in the Global Produce business were virtually on a par with the previous year. As expected, apple prices have been consistently above the historical benchmark throughout the current season due to a below-average harvest. The harvest volume from New Zealand's cultivation regions will be of particular importance over the remaining course of the year and is expected to decline year on year due to hail damage. However, the supply shortage should lead to higher prices. In the trade with exotic fruits, the newly installed Softripe chambers for precision ripening of avocados and mangos at the Maasdijk location was brought into operation at the start of the year, which is likely to help TFC Holland B.V. secure a further competitive advantage. Moreover, the greenhouse in Al Ain, United Arab Emirates, reopened in the reporting quarter. The climate-controlled greenhouse had been forced to temporarily suspend operations due to flood damage. Initial deliveries of various types of tomatoes were made to local retail chains in April of the current financial year.

Building Materials Segment

	Revenues			EBIT		
In € million	Q1/2021	Q1/2020	Change in %	Q1/2021	Q1/2020	Change in %
Building Materials Segment	**373.0**	**333.7**	**11.8**	**- 5.7**	**- 12.0**	**52.5**

The Building Materials Segment mainly comprises Group trading activities involving building materials in Germany and Austria. The mild winter resulted in an early and dynamic start to the building materials trade season. As in the previous year, construction activities on sites recommenced as early as the start of the calendar in some regions. The favourable weather conditions and ongoing high capacity utilisation in the construction industry led to a rise in sales across the whole range of products. Thanks to the mild weather conditions, structural engineering and loft conversion in particular both saw unusually brisk demand for the season. In addition, the business unit is likely to have benefited from the fact that, as a key part of the economy, the building materials locations in Germany were not affected by the temporary closures to stop the spread of the coronavirus.

The dynamic price development of some building materials, such as wood, insulation materials and steel, is attributable to a variety of causes. On the one hand, the high demand for wood from the US and China is likely to have led to bottlenecks. Furthermore, the coronavirus pandemic has reduced production capacities for many building materials and disrupted supply chains. As a result, the current level of production is unable to meet the global rise in demand at the present time. On the other hand, energy and transport costs have risen on account of carbon pricing, among other factors. Taken together, these effects – in combination with high capacity utilisation in the construction sector in recent months – led to substantial price increases and supply bottlenecks.

Thanks to its inventories and a highly diversified and stable supplier network, the Building Materials Segment was able to take advantage of this unique situation and achieve higher trading margins. As a result, the negative EBIT that is typical for the season decreased year on year.

Innovation & Digitalisation Segment

	Revenues			EBIT		
In € million	Q1/2021	Q1/2020	Change in %	Q1/2021	Q1/2020	Change in %
Innovation & Digitalisation Segment	**3.0**	**2.4**	**25.0**	**- 3.2**	**- 3.5**	**8.6**

The Innovation & Digitalisation Segment pools all activities of the BayWa Group in its Digital Farming and eBusiness areas.
The segment's slight year-on-year rise in revenues in the reporting period is attributable to the continuous development of the product range, the international expansion of sales activities and new customer growth. In terms of the operating result, however, this growth is neutralised by investments, particularly in the development of digital farming solutions. Accordingly, the segment reported negative EBIT of minus €3.2 million in the reporting period, which was on a par with the previous year.

Other Activities

EBIT resulting from Other Activities, including transition, primarily comprises Group administration costs as well as consolidation effects and stood at minus €14.2 million as at 31 March 2021 (Q1/2020: minus €18.2 million). The improvement year on year is primarily due to lower expenses for hedging transactions for currency risks, as well as a reduction in travel costs, a lower number of training events and the cancellation of major events.

Outlook

Owing to seasonal factors, the first quarter is of limited informative value for revenues and earnings over the course of the year as a whole. In light of the coronavirus pandemic and the resulting negative impact on the global economy, forecasts for the business development of BayWa AG in the financial year 2021 are associated with increased uncertainty. Nevertheless, the prospects for the BayWa Group are likely to remain positive on account of the broad business portfolio of essential goods and services. The Board of Management is optimistic that the Group will be able to achieve its targets for the year.

Selected Financial Information

Consolidated Balance Sheet as at 31 March 2031

Assets

In € million		31/03/2021	31/12/2020
Non-current assets			
Intangible assets		439.4	436.7
Property, plant and equipment		2,542.7	2,468.5
Participating interests recognised at equity		245.9	244.3
Investments		208.1	194.0
Investment property		42.9	51.0
Income tax assets		0.0	0.0
Other receivables and other assets		29.1	28.0
Deferred tax assets		313.4	285.1
		3,821.5	**3,707.6**
Current assets			
Securities		1.2	1.2
Inventories		3,262.9	2,939.2
Biological assets		11.2	12.8
Income tax assets		67.7	58.4
Other current financial assets		372.9	496.0
Other receivables and other assets		2,171.0	1,655.7
Cash and cash equivalents		189.7	168.4
		6,076.6	**5,331.7**
Non-current assets held for sale/disposal groups		**9.9**	**5.1**
Total assets		**9,908.0**	**9,044.4**

Shareholders' equity and liabilities

In € million		31/03/2021	31/12/2020
Equity			
Subscribed capital		90.6	90.6
Capital reserve		121.7	121.7
Hybrid capital		296.3	296.3
Revenue reserves		529.1	369.3
Other reserves		44.1	50.5
Equity net of minority interest		**1,081.8**	**928.4**
Minority interest		740.9	327.7
		1,822.7	**1,256.1**
Non-current liabilities			
Pension provisions		764.9	769.5
Other non-current provisions		70.8	69.5
Long-term debt		1,124.7	1,114.2
Financial lease obligations		780.5	761.8
Trade payables and liabilities from inter-group business relationships		3.5	7.4
Income tax liabilities		0.1	0.1
Financial liabilities		20.3	17.2
Other liabilities		87.6	88.6
Deferred tax liabilities		238.6	207.7
		3,091.0	**3,036.0**
Current liabilities			
Pension provisions		30.2	31.4
Other current provisions		306.2	300.0
Short-term debt		1,935.4	2,217.1
Financial lease obligations		72.8	72.3
Trade payables and liabilities from inter-group business relationships		1,566.0	964.4
Income tax liabilities		40.0	38.1
Financial liabilities		362.7	507.3
Other liabilities		681.0	621.7
		4,994.3	**4,752.3**
Total shareholders' equity and liabilities		**9,908.0**	**9,044.4**

Consolidated Income Statement from 1 January to 31 March 2021

Continued operations

In € million		Q1/2021	Q1/2020
Revenues		**4,272.1**	**3,870.1**
Inventory changes		126.3	225.3
Other own work capitalised		3.5	2.6
Other operating income		75.0	118.7
Cost of materials		- 3,919.2	- 3,734.3
Gross profit		**557.7**	**482.4**
Personnel expenses		- 295.5	- 271.5
Depreciation/amortisation		- 57.9	- 52.9
Other operating expenses		- 156.6	- 185.7
Result of operating activities		**47.7**	**- 27.6**
Income from participating interests recognised at equity		- 2.8	- 1.4
Other income from shareholdings		0.2	1.2
Interest income		5.3	2.6
Interest expenses		- 29.5	- 27.3
Financial result		**- 26.8**	**- 24.9**
Earnings before tax (EBT)		**20.9**	**- 52.5**
Income tax		- 6.2	13.0
Consolidated net income/loss for the quarter		**14.7**	**- 39.5**
thereof: profit share of minority interest		4.7	0.1
thereof: due to shareholders of the parent company		10.0	- 39.6
EBIT		**45.1**	**- 27.8**
EBITDA		**103.0**	**25.1**
Basic earnings per share (in €)		**0.19**	**- 1.22**
Diluted earnings per share (in €)		**0.19**	**- 1.22**

Munich, 6 May 2021

BayWa Aktiengesellschaft

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

Financial Calendar

Dates in 2021

Virtual Annual General Meeting 2021
11 May 2021, 10.00 am

Publication of figures for the second quarter of 2021
5 August 2021, 8.30 am – Analysts' Conference Call
5 August 2021, 10.30 am – Press Conference Call

Publication of figures for the third quarter of 2021
11 November 2021, 8.30 am – Analysts' Conference Call
11 November 2021, 10.30 am – Press Conference Call

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