Independent Auditor's Report

To BayWa Aktiengesellschaft, Munich

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of BayWa Aktiengesellschaft, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of BayWa Aktiengesellschaft for the financial year from January 1 to December 31, 2022. In accordance with the German legal requirements, we have not audited the content of the sections of the group management report entitled "Key features of the internal control and risk management system" and "Sustainability at BayWa".

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the sections named above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:
❶ Accounting treatment of goods and contracts acquired and sold exclusively for trading purposes
❷ Revenue recognition of project business for wind and solar parks

Our presentation of these key audit matters has been structured in each case as follows:
① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matters:

❶ Accounting treatment of goods and contracts acquired and sold exclusively for trading purposes

① In the Cefetra Group Segment and in parts of the Agri Trade & Service Segment, BayWa AG acts as a broker or trader and sells goods as a commodity trader. Inventories are primarily acquired with the intention of selling them in the near future and generating a profit from fluctuations in price or traders’ margin. The purchase and sales contracts entered into in this connection are measured at fair value through profit or loss in accordance with the requirements of IFRS 9 in conjunction with IFRS 13. The inventories acquired in this connection are measured at fair value through profit or loss less costs to sell in accordance with IAS 2.5 and IAS 2.3(b) in conjunction with IFRS 13 if the requirements are met in certain subunits. Areas within the Agri Trade & Service Segment apply cash flow hedge accounting. In this case, the effects from the measurement of the physical contracts enter into are recognized directly in other comprehensive income and are recognized in profit or loss when the hedged transactions are realized. In the case of physical settlement of sales contracts, revenue is recognized at fair value in accordance with IFRS 15. In certain circumstances, contracts are not settled physically and instead the purchase and sales contracts are offset with the same business partner without physical settlement. The gain/loss of these “washouts” is presented as a net figure under cost of materials at the BayWa AG Group’s trading companies (when applying IAS 2.5 and IAS 2.3(b) in conjunction with IFRS 13) or under other operating expenses/other operating income at the other companies.

The measurement of contracts and inventories at fair value in accordance with the requirements of IFRS 13 is complex and involves judgments to be made about the recognition and measurement of the resulting effects. In light of this, the recognition of revenue relating to trading contracts was of particular significance for our audit.

② For the purposes of our audit, we first familiarized ourselves with the instructions and accounting policies as well as the processes, systems and control measures relating to the management and accounting of the trading business. We then assessed the design and effectiveness of the accounting-related internal control system in relation to the trading business. We also assessed the price curves used to measure the contracts, in particular by using liquid market data, confirmations from brokers or external service providers, and internal plausibility checks. In a next step, we verified that the price curves were correctly used and that the measurements were mathematically accurate. Furthermore, for the subunits concerned, we also assessed whether the requirements for the application of hedge accounting in accordance with IFRS 9 and the recognition of inventories at fair value less costs to sell in accordance with IAS 2.5 and IAS 2.3(b) were met and whether the principles were applied properly. We were able to satisfy ourselves that the estimates and assumptions made by the executive directors in connection with the measurement of trading transactions were appropriately made and documented. Furthermore, we verified that the requirements for applying hedge accounting in accordance with IFRS 9 and for the measurement of inventories at fair value less costs to sell in accordance with IAS 2.5 and IAS 2.3(b) in conjunction with IFRS 13 had been met at the subunits concerned.

③ The Company’s disclosures relating to the accounting treatment of goods and contracts acquired and sold exclusively for trading purposes are contained in the sections A.3. and A.5 of the notes to the consolidated financial statements.

❷ Revenue recognition of project business for wind and solar parks

① A significant part of the business activities of the Renewable Energies Segment (revenue of EUR 6,489 million) relates to the planning, construction and sale of wind and solar parks. Project companies are generally formed for this purpose. The wind or solar parks are constructed in the project companies on the basis of a general contractor agreement between the project company and another Group subsidiary (the project developer). The sale of wind or solar parks is effected through the sale of all shares in the project companies. This is accounted for in accordance with the requirements of IFRS 15 because the sale of the project companies corresponds economically to the sale of the wind or solar parks constructed in the project companies. In certain cases, the project companies are sold before all obligations under the general contractor agreement have been met by the project developer. With the sale of the shares, the project company is transferred to a third party.

The sale of shares leads to a “catch-up effect”, meaning that revenue is recognized based on the percentage of completion at that time under the general contractor agreement. With regard to the recognition of any outstanding performance obligation under the general contractor agreement, revenue is recognized from now on in accordance with the percentage of completion in accordance with the criteria of IFRS 15.35(b) and/or (c). BayWa uses the input-oriented cost-to-cost method to determine the percentage of completion.

The assessment of revenue recognition of project business for wind farms and solar parks has to be evaluated on the basis of complex contracts. In addition, the executive directors must make discretionary judgments when applying IFRS 15 to the sale of the project companies and the proper calculation of the percentage of completion (including the calculation of the costs still to be incurred and the risks that still need to be considered). In light of this, the recognition of revenue relating to project business for wind and solar parks was of particular significance for our audit.

② For the purposes of our audit, we first familiarized ourselves with the instructions, policies, memoranda and control measures relating to the management and accounting of project business in the Renewable Energies Segment. In addition, we obtained an understanding of the material contractual agreements underlying the sales of the project companies (in particular with regard to the general contractor agreements and the project companies’ share disposal agreements) and how they are accounted for. We then assessed the design and effectiveness of the accounting-related internal control system in relation to project companies. We carried out tests of details of select sales of project companies. On the basis of the contractual agreements, the accounting memoranda prepared by the Company and other project documents and supporting documentation, we assessed whether the conditions for revenue recognition in accordance with IFRS 15 were met. In doing so, we analyzed and assessed the agreements in particular with regard to the five steps under IFRS 15: identifying the contract with the customer; identifying performance obligations; determining transaction price; allocating the transaction price to performance obligations; and satisfaction of performance obligations. With regard to the satisfaction of performance obligations, we assessed in particular the transfer of control of the wind or solar parks to the purchaser of the project company. In the event of a transfer of control, we then determined whether the input-oriented cost-to-cost method was used when recognizing revenue over time. In doing so, we paid particular attention to the correct measurement of the percentage of completion using the cost of sales and the calculation of planned costs and the monitoring of target/actual deviations. We were able to satisfy ourselves that the estimates and assumptions made by the executive directors in connection with the recognition of revenue from project business for wind and solar parks were sufficiently documented and substantiated.

③ The Company’s disclosures relating to revenue recognition of project business for wind and solar parks are contained in the sections A.3 and A.5 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information contains the sections entitled “Key features of the internal control and risk management system” and “Sustainability at BayWa” as an unaudited part of the group management report.

The other information also comprises
- the group statement on corporate governance pursuant to § 315d HGB
- the separate non-financial statement to comply with §§ 289b to 289e HGB and §§ 315b to 315c HGB
- all other sections of the Group finance report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor’s report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information
- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. accounting manipulation and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group’s position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor’s report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the “ESEF documents”) contained in the electronic file BayWa AG_KA+KLB_ESEF-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2022 contained in the “Report on the Audit of the Consolidated Financial Statements and on the Group Management Report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the “Group Auditor’s Responsibilities for the Assurance Work on the ESEF Documents” section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional scepticism throughout the assurance work. We also

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 24, 2022. We were engaged by the supervisory board on November 11, 2022. We have been the group auditor of BayWa Aktiengesellschaft, Munich, without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Dietmar Eglauer.

Munich, 28 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dietmar Eglauer
Wirtschaftsprüfer
[German Public Auditor]

Christoph Tübbing
Wirtschaftsprüfer
[German Public Auditor]