Group Annual Report 2023

AGRAVIS

Strong together. For success in a network.

Strong together. For success in the cooperative network.

Strong together. For success in the cooperative network. In the 2023 financial year, the cooperative network once again proved to be a constant in supplying agriculture and people in rural areas. This joint strength has resulted in successful action in the market. However, “success within the association“ was not only evident in the AGRAVIS Group‘s operating business, but also in various functional areas. We asked some AGRAVIS employees to describe their understanding of “success within the Group“. The quotes and photos can be found in this annual report.

In this annual report, the term ”AGRAVIS“ always refers to the AGRAVIS Group. If reference is made to the AG, this is indicated by the company name ”AGRAVIS Raiffeisen AG“.

_Content

There are opportunities in every challenge. Recognising them and resolutely developing business from them is something we accomplished while closely and successfully collabora-ting with the cooperative association in the past financial year.

Board of Directors of AGRAVIS Raiffeisen AG

1_Foreword by the Board of Directors

Dear Shareholders, Ladies and Gentlemen,

On the occasion of our Annual General Meeting 2024 in Münster, we present to you the current annual report of the AGRAVIS Group. Together, we look back on a financial year 2023 in which we once again had to deal with challenging conditions. The Russian war of aggression in Ukraine and its consequences for the agricultural and energy markets, the invasion of Israel, extreme weather events due to climate change, inflation and its effects, as well as a lack of attention for the interests of agriculture in politics once again prompted us to think and act in terms of realisable solutions. We firmly believe that every challenge also harbours opportunities. In close cooperation with the cooperative association, we succeeded in recognising these opportunities and in resolutely developing business from them in many areas in the past financial year.

The solid performance in the AGRAVIS operating segments is evidenced by a Group turnover of EUR 8.8 billion – the decline compared to 2022 is exclusively due to the falling prices for important product groups such as grain, rapeseed, fertilisers and energy. We were able to confirm our pre-tax profit of EUR 64.5 million, which is a solid figure compared to the previous year. The stable result also made it possible to pay an inflation compensation bonus to our employees throughout the year in order to cushion the impact of the inflation rate for them to some extend at least. After all, our employees, with their expertise, courage and commitment, are the basis and driving force behind the success of AGRAVIS. At the same time, we have succeeded in reducing our debt and strengthening our equity base. The extension of the syndicated loan until 2027 manifests the secure financial foundation for the coming years.

AGRAVIS stands for innovative and sustainable agriculture and is, alongside the cooperative network, a strong regional partner for supplying agriculture and the population. We secure food for people and animals and have demonstrated this systemic relevance in the 2023 financial year, which was characterised by multiple crises. We think and act in regional structures, as numerous milestones from the past year illustrate: tangible, innovative solutions for sustainable animal husbandry and resource-conserving crop cultivation, the future-proof positioning in general cargo logistics, the expansion of biomethane activities along the entire value chain. In our annual report, we provide information on these and other practical examples of joint success within the cooperative network. We do this in the knowledge that the 2024 financial year will also hold many challenges that need to be mastered. AGRAVIS is prepared for this.

The photo shows the AGRAVIS Group's Executive Board at the future distribution centre in Nottuln, which is scheduled to go into operation in autumn 2024.

Dr. Dirk Köckler (Chairman) | Jan Heinecke | Hermann Hesseler | Jörg Sudhoff

2_Executive bodies

Supervisory Board

Chairman	
Franz-Josef Holzenkamp	Farmer, President - Deutscher Raiffeisenverband e. V.
Deputy Chairwoman	
Friederike Brocks*	Chairwoman of the Works Council released of normal duties – AGRAVIS Raiffeisen AG
Georg Bergmann*	Commercial staff – AGRAVIS Technik Center GmbH (since 9 May 2023)
Birgit Buth	Managing Director – Deutscher Raiffeisenverband e. V.
Henning Haahr	Group CEO – Danish Agro a.m.b.a.
Frank-Michael Harder*	Commercial employee – New-Tec West Vertriebsgesellschaft für Agrartechnik mbH (since 9 May 2023)
Günter Hessing	Full-time member of the Executive Board – Raiffeisen Warengenossenschaft Haltern eG
Theresa Hukriede*	Controller – AGRAVIS Raiffeisen AG
Urban Jülich	Farmer
Detlef Lange*	Trade union secretary – ver.di-Bundesverwaltung, Trade department
Axel Lohse	Executive Member of the Managing Board – RAISA eG
Lutz Lüking*	Team Leader Asset Management – AGRAVIS Raiffeisen AG
Reinhard Mester*	Workshop manager – AGRAVIS Technik Lenne-Lippe GmbH
Martina Mörsdorf*	Speaker – ver.di Landesbezirk Berlin-Brandenburg – Trade department (since 9 May 2023)
Patrick Niehus*	Commercial employee – AGRAVIS Technik Raiffeisen GmbH (elected trade union trade union representative for DHV – Die Berufsgewerkschaft) (until 9 May 2023)
Jürgen Osteroth*	Silo manager – AGRAVIS Niedersachsen-Süd GmbH (elected trade union trade union representative for DHV – Die Berufsgewerkschaft) (until 9 May 2023)
Arno Schoppe	Executive Member of the Managing Board – Raiffeisen-Warengenossenschaft Niedersachsen Mitte eG
Manfred Schulze Baek*	Dispatcher – AGRAVIS Technik BvL GmbH (until 9 May 2023)
Susanne Schulze Bockeloh	Farmeress
Philipp Schulze Esking	Farmer
Thomas Simon*	Chairman of the Works Council released of normal duties – AGRAVIS Raiffeisen AG (until 9 May 2023)
Holger Terhalle	Managing Director – Raiffeisenbank Ems-Vechte eG
Conny Weißbach*	Trade union secretary – ver.di Landesbezirk Berlin-Brandenburg – Regional Head of Retail (since 9 May 2023)
Thomas Wiesner*	Head of Retailing Devision – AGRAVIS Raiffeisen AG

(Employee representatives)*

Advisory Board

Chairman	
Torsten Wojahn	Farmer, Chairman of the Supervisory Board – VR PLUS Altmark-Wendland
Deputy Chairman	
Folkert Groeneveld	Chairman of the Management Board – VR-Bank in Südniedersachsen eG
Friedrich Becker	Farmer, Chairman of the Supervisory Board – Raiffeisen Vital eG
Dr. Henning Behrens	Farmer
Hubertus Beringmeier	Farmer, President of Westfälisch-Lippischer Landwirtschaftsverband e. V.
Maik Bilke	Farmer, Chairman of the Supervisory Board – Raiffeisen Waren- und Dienstleistungsgenossenschaft eG
Dirk Breul	Executive Member of the Managing Board – Raiffeisen Hohe Mark Hamaland eG (since 9 May 2023)
Dr. Hauke Bronsema	Executive Member of the Managing Board – Raiffeisen Weser-Elbe eG
Hartmut Brunkhorst	Farmer, Chairman – Raiffeisen Landbund eG
Ronald Buchholz	Farmer
Ingo Busch	Executive Member of the Managing Board – Raiffeisen Lune eG
Moritz Ehle	Farmer, Member of the Supervisory Board – AGRAVIS Förderungs- und Beteiligungs eG (since 9 May 2023)
Karl-Heinz Eikenhorst	Executive Member of the Managing Board – Raiffeisen Ostwestfalen-Lippe AG
Johannes Freundlieb	Executive Member of the Managing Board – Genossenschaftsverband Weser-Ems e.V.
Peter Götz	Member of the Board – Genossenschaftsverband Verband der Regionen e. V.
Franziska Gravenhorst	Farmeress (since 9 May 2023)
Dr. Christina Große-Frericks	Farmeress (since 9 May 2023)
Ralf Gumpert	Farmer
Kasper Haller	Farmer, Member of the Supervisory Board – AGRAVIS Förderungs- und Beteiligungs eG
Karl-Theo Hamm	Managing Director – Raiffeisen Wittgenstein-Hallenberg eG
Christopher Hammann	Farmer, Chairman of the Supervisory Board – Raiffeisen Centralheide eG
Andreas Hansen	Farmer, Member of the Supervisory Board – Raiffeisen Waren- und Dienstleistungsgenossenschaft eG
Christoph Heer	Farmer, Member of the Supervisory Board – Raiffeisen Ostwestfalen-Lippe AG
Eckhard Hinrichs	Farmer, Chairman of the Board – Vereinigte Saatenzucht eG
Jan-Gerd Hoegen	Executive Member of the Managing Board – Raiffeisen Obergrafschaft eG
Dieter Hülstede	Farmer, Chairman – Raiffeisen-Warengenossenschaft Butjadingen-Seefeld eG
Ulrich Kemmer	Farmer, Chairman of the Supervisory Board – Raiffeisen-Warengenossenschaft Osthannover eG
Hugo Lohmann	Executive Member of the Managing Board – Raiffeisen Warengenossenschaft Hunte-Weser eG

Hermann Mammen	Executive Member of the Managing Board – Raiffeisen-Warengenossenschaft Ammerland-OstFriesland eG
Rolf Mansholt	Managing Director – RHG Raiffeisen-Handels-Gesellschaft mbH
Steffen Mogwitz	Farmer, Member of the Supervisory Board – AGRAVIS Förderungs- und Beteiligungs eG
Frank Niemer	Member of the Managing Board – Raiffeisenverband Westfalen-Lippe e. V.
Stefan Nießing	Executive Member of the Managing Board – AgriV Raiffeisen eG
Andreas Pape	Executive Member of the Managing Board – RAISA eG
Bernward Resing	Executive Member of the Managing Board – Raiffeisen Emscher-Lippe eG (until 9 May 2023)
Stephan Sander	Executive Member of the Managing Board – Landwirtschaftliche Bezugsgenossenschaft eG Damme
Hermann Schartmann	Managing Member of the Executive Board – Raiffeisen Warengenossenschaft Emsland-Süd eG
Karsten Schmal	Farmer, President – Hessischer Bauernverband e. V.
Hermann Schmidt	Farmer, Member of the Supervisory Board – VR Bank eG Osnabrücker Nordland (until 9 May 2023)
Maren Schröder-Meyer	Farmeress, Chairwoman of the Executive Board – Heidesand Raiffeisen Warengenossenschaft eG
Carsten Schruck	Executive Member of the Managing Board – Westfleisch SCE mbH
Kai Schubert	Member of the Managing Board – Raiffeisenbank Südstormarn Mölln eG
Jürgen Schulte-Schüren	Farmer, Chairman of the Managing Board – AGRAVIS Förderungs- und Beteiligungs eG
Johannes Schulze Höping	Farmer, Member of the Supervisory Board – Railand Raiffeisen AG
Gerhard Schwetje	Farmer, President – Landwirtschaftskammer Niedersachsen
Manfred Tannen	Farmer
Günter Teichmann	Farmer
Paul Uppenkamp	Managing Director – Raiffeisen Beckum eG
Frank Wagner	Chairman of the Managing Board – Raiffeisen Handels- und Dienstleistungsgenossenschaft Oder/Spree eG
Karl Werring	Farmer, President – Landwirtschaftskammer Nordrhein-Westfalen

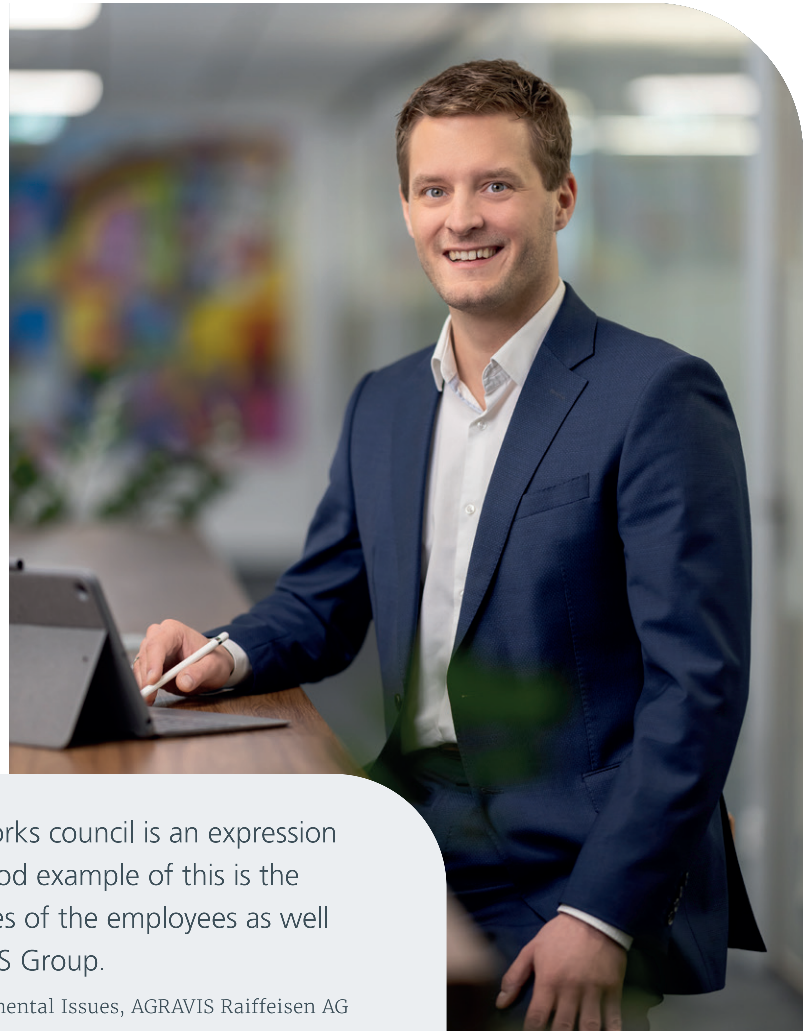
Board of Directors

Chairman:

Dr. Dirk Köckler

Members:

Hermann Hesseler, Jan Heinecke, Jörg Sudhoff



> For me, the constructive cooperation with the works council is an expression of success within the cooperative network. A good example of this is the agreement on "mobile working". It fulfils the wishes of the employees as well as the interests of the AGRAVIS Group.
>
> Markus Henzel, Head of Labour Law & Fundamental Issues, AGRAVIS Raiffeisen AG

(back row, from left) Susanne Schulze Bockeloh, Reinhard Mester, Holger Terhalle, Henning Haahr, Philipp Schulze Esking, Urban Jülich, Günter Hessing, Georg Bergmann
(centre row, from left) Frank-Michael Harder, Birgit Buth, Arno Schoppe, Martina Mörsdorf, Thomas Wiesner, Conny Weißbach, Detlef Lange
(front row, from left) Theresa Hukriede, Lutz Lüking, Franz-Josef Holzenkamp (Chairman), Friederike Brocks, Axel Lohse

3_Supervisory Board´s report

Dear shareholders,

I am very pleased to take this opportunity to inform you once again in detail in the Annual Report of the AGRAVIS Group about the work of the Supervisory Board in the 2023 financial year. At the same time, I look forward to meeting many of you at the Annual General Meeting at the Annual General Meeting in Münster on 14 May 2024 and talking to you in person. The fast-moving times we find ourselves in show that the coronavirus has almost been forgotten by many of us. Yet it was only a year ago that we were able to hold our Annual General Meeting in person again after three years of contact restrictions. I am sure we all enjoyed the time we spent together in Osnabrück. The fact that corona hardly plays a role in the public perception is not least due to the fact that this pandemic has been replaced by new global crises at a rapid pace. The simultaneity and speed with which new flashpoints such as the Middle East war are emerging once again remind us that stability and security are essential prerequisites for good, future-oriented economic development. I also say this with regard to to the 2024 election year, in which the political centre must fear the strengthening of populist forces. AGRAVIS has always stood for democratic values, and we must also stand up for them in society. As a cooperative company, we are firmly anchored in rural areas and there must be no pitting of town against country. The wars in Ukraine and the Middle East, highly volatile agricultural markets, the transformation of the energy markets, extreme weather events, persistently high food inflation and the faltering negotiations on the EU-Mercosur agreement to create an important free trade area, which are still unsatisfactory from the perspective of the German agricultural industry, describe the extremely challenging market environment in which AGRAVIS operated in 2023, as do political decisions in Brussels and Berlin. The EU Plant Protection Regulation failed for good reason, but at the same time an opportunity to harmonise the sustainable use of plant protection products was missed. The federal government has a duty to ensure that this does not result in any further competitive disadvantages for German agriculture. After all, domestic farms are already facing such disadvantages as a result of cuts in the federal budget and costly production requirements. Without the level playing field that has been repeatedly demanded by politicians, at least in the internal market, we run the risk of further relocations of production – which will result in an economic weakening of our rural areas and the loss of food sovereignty in our country. The impressive protests by the entire agricultural sector at the beginning of the year have provided the decisive impetus that political rethinking and action are urgently needed here so that farms finally have reliable framework conditions and stable prospects for future generations. After all, climate neutrality in Germany will only be achievable with sustainable regional agriculture. This also means that the mega future topic of sustainability for our economy must be organised and implemented in a practical way. This is simply not the case with the EU Supply Chain Act, for example – despite the improvements that have been made. Once again, politicians are failing to fulfil their promises to reduce bureaucracy and move our country forward. Instead, they are creating a bureaucratic monstrosity.

Despite the challenging and demanding conditions described above, AGRAVIS once again succeeded in 2023 in not only recognising new opportunities, but also turning them into business. The focus was once again on the core areas of plants, animals, technology, energy and markets with a tight focus on digital transformation and sustainability in the domestic market with a focus between the Netherlands and Poland. Practical solutions for innovative and sustainable agriculture were successfully launched on the market. Examples include the Ackerprofi farm management software and the commissioning of the EVITA plant at the Aschersleben site for the purely biological-physical treatment of seed. This investment in environmental sustainability and resource conservation was worthy of financial support from the state of Saxony-Anhalt. At the same time, there were further initiatives to reduce the carbon footprint – through the in-house production of green electricity and the introduction of climate-friendly diesel fuel under the "Bionergy" own brand. The successful expansion of biomethane activities is of considerable strategic importance. AGRAVIS can now serve the entire value chain here – a unique selling point in the market. You can see impressively from the excerpted examples: despite all the challenges, AGRAVIS believes in a profitable future for food production in Germany. In view of the high level of uncertainty and extreme price volatility, the Supervisory Board and the Board of Directors were unanimous in maintaining the course of utmost vigilance and consistent risk management in the past financial year. For many years now, the early risk detection system of the cooperation and Group has gone beyond the legal requirements – this benefits the solidity and stability of AGRAVIS.

An annual Group turnover of EUR 8.8 billion – the decline compared to the previous year is exclusively price-related – and a pre-tax profit of EUR 64.5 million, which confirms the company's future security and to which all core areas have made stable contributions, are proof that AGRAVIS has successfully managed the changes. The figures of the parent company, AGRAVIS Raiffeisen AG, also developed positively, so that you, dear shareholders, can once again participate reliably in the profits and in the increased share value. I would like to emphasise that an inflation compensation bonus was paid to all employees throughout the year, which was made possible by the result. At the same time, this contributes to a corporate culture that will be further developed in the current financial year with the implementation of the five cultural levers "learning", "performance", "customer focus", "cooperation" and "responsibility", formulated at the end of 2023. A pleasing process.

"Strong together. For success in the cooperative network": In my opinion, the headline of this annual report also aptly summarises various projects that further strengthen cooperation with our cooperative partners. The Supervisory Board cleared the way for the start of construction of the new distribution centre in Nottuln. This significant increase in performance in general cargo logistics also marks a milestone for the further networking of stationary and digital retail in the Raiffeisen markets and in the agricultural business. The fact that the realisation of this project is being financed by regional cooperative banks also strengthens the solidarity. And the operational launch of a collaboration in eastern Lower Saxony also symbolises a close alliance between Raiffeisen partners. Four regional cooperatives there have invested in AGRAVIS Niedersachsen-Süd GmbH. The merger of the energy business in Raiffeisen Enovia GmbH & Co. KG marks the next step. In addition to setting the course in the national market, which remains the clear focus, the moderate international activities are of considerable strategic importance for AGRAVIS. The many years of trusting cooperation in the joint ventures with our Danish partner Danish Agro a.m.b.a. was also an important anchor point in the past financial year. We also succeeded in further expanding our agricultural machinery business in Poland. The extension of the syndicated loan until 2027 in conjunction with the other financing components provides security and room for manoeuvre for the coming years. This puts the Group in a solid position for growth, but also against inflation risks, price distortions and other crises. The reorganisation of the Isernhagen site, with its prominent regional role in general cargo logistics and seed processing, also has the full backing of the Supervisory Board. Following the start of construction in 2023, the company units will relocate from Hanover to the new, modern working environment of the three-storey office building in Isernhagen in the current financial year. Thoroughness before speed: true to this motto, the AGRAVIS Technik Group succeeded in transferring further large companies to SAP merchandise management in 2023. This programme, combined with high investments, is fundamental to the vision of the digitalisation driver and consistent process optimisation. It therefore contributes significantly to the future-proofing, long-term cost leadership and efficiency of the AGRAVIS Group. In my view, all these pieces of the mosaic speak a clear language: AGRAVIS has continued to develop on a stable foundation in financial year 2023. All decisions that were necessary for this were made prudently, but also decisively. The composition of the Supervisory Board was largely characterised by continuity in the financial year. There were no changes on the capital side: following his re-election by the Annual General Meeting, I am delighted to have Urban Jülich from Oschersleben on our Board, who will continue to represent the interests of eastern German agriculture in particular with his expertise.

AGRAVIS employees had previously expressed their confidence in Friederike Brocks, Theresa Hukriede, Reinhard Mester, Lutz Lüking and Thomas Wiesner as well as Detlef Lange as trade union representatives. Georg Bergmann and Frank-Michael Harder as well as the trade unionists Martina Mörsdorf and Conny Weißbach (both ver.di) were elected to the Supervisory Board for five years as the newly elected employee representatives. At the constituent meeting of the Supervisory Board directly following the 2023 Annual General Meeting, Friederike Brocks was confirmed as my deputy. In challenging times, I also see this as a positive sign for the continued objective, constructive work on our Supervisory Board. As the Supervisory Board, we continued to maintain a close, trusting dialogue with the AGRAVIS Advisory Board in the 2023 financial year and carefully weighed up the sound advice from this group in our decisions.

Meetings of the Supervisory Board

In the past financial year, the Supervisory Board held seven regular meetings. At these meetings, all measures requiring approval were discussed and the necessary resolutions were passed. It was not necessary to adopt resolutions by written procedure. At a closed meeting on 23 February 2023, the Supervisory Board defined its strategic direction for the then still young financial year. Due to the complex market challenges posed by the Ukraine war, inflation and strong price volatility, as well as considerable uncertainty in the agricultural sector due to the lack of reliable framework conditions on the part of politicians, the AGRAVIS Group had to remain extremely vigilant and cautious. For this reason, the focus was once again primarily on liquidity and financing management. In addition, the Supervisory Board dealt with the topic of "compliance" in a full-day training event. Just as it is important throughout AGRAVIS that employees take "acting appropriately" to heart without any compromises, we have once again looked specifically at the guidelines and rules for supervisory boards. At its meeting on 29 March 2023, the Supervisory Board adopted the 2022 annual financial statements on the recommendation of the Audit Committee and following its own review, and approved the agenda and the proposed resolutions for the 2023 Annual General Meeting. This included the annual regularities such as the appropriation of the 2022 net profit and elections to the Supervisory Board and Advisory Board, as well as resolutions on a possible increase in the share capital by EUR 12 million by 2025 and on various editorial and legally required amendments to the Articles of Association. The Supervisory Board diligently performed all tasks for which it is responsible in accordance with the law, the Articles of Association and the rules of procedure. It fulfilled its duties as a supervisory body by regularly discussing the business policy, business development, economic conditions, personnel development, corporate and financial planning, opportunity and risk management as well as the investments and acquisitions of AGRAVIS. The Supervisory Board also advised the Board of Directors on the management and control of the company. The Supervisory Board was involved at an early stage in all decisions of fundamental importance to AGRAVIS. As Chairman of the Supervisory Board, I liaised closely with all members of the Board of Directors, especially the Chairman of the Board of Directors – even outside of meetings.

Committees of the Supervisory Board

As in previous years, the Supervisory Board formed specialised committees in the financial year in order to efficiently handle the wide range of tasks: the Personnel Committee, the Accounting and Audit Committee and the Investment Committee. Once again, the Mediation Committee did not need to be convened in 2023. According to the rules of procedure, all committees are chaired by the Chairman of the Supervisory Board. The Personnel Committee met twice in the reporting year. In March 2023, the Accounting and Audit Committee examined the 2022 annual and consolidated financial statements of

AGRAVIS Raiffeisen AG, the respective management reports and the Executive Board's proposal for the appropriation of earnings. Another meeting of the committee focused on receivables management, analysing the key financing performance indicators and preparing for the audit. The Investment Committee also met twice. It discussed the investment plan for 2024 and recommended a resolution totalling EUR 101.3 million to the Supervisory Board. The Supervisory Board approved the investment plan at its meeting on 18 October 2023. In addition, the Investment Committee was informed about the status of investment projects in the 2023 financial year and subsequent calculations for investments from previous years. The Valuation Committee met once last year to discuss the share value. Due to the continued positive development of AGRAVIS Raiffeisen AG, the commission recommended increasing the trading value of the AGRAVIS share from share from EUR 61.50 to EUR 62.00. The Board of Directors and Supervisory Board followed this recommendation. The Supervisory Board receives regular reports on the work of the committees and the valuation commission.

2023 annual and consolidated financial statements

Deloitte GmbH Wirtschaftsprüfungsgesellschaft audited the annual financial statements of the corporation and the Group for the 2023 financial year prepared by the Executive Board as well as the management reports of the AG and the Group, including the accounting and management (in accordance with section 53 GenG). The focal points of the audit were cyber security, financing structure, analysis of individual companies with conspicuous performance deviations from the plan agreed with the Supervisory Board. Following the final results of the audit, unqualified audit opinions were issued in each case. The auditors reported in detail on the audit to the Accounts and Audit Committee on 9 April 2024. The committee then recommended that the full Supervisory Board approve the financial statements. The annual financial statement documents, the management reports of the corporation and the Group, the audit reports by Deloitte and the proposal for the appropriation of net profit were submitted to the Supervisory Board in good time. They were discussed with the auditor at a meeting on 10 April 2024. The annual financial statements of AGRAVIS Raiffeisen AG and the AGRAVIS Group were approved by the Supervisory Board on the recommendation of the Accounting and Audit Committee. The annual financial statements of AGRAVIS Raiffeisen AG have thus been adopted. The proposal for the appropriation of profits was also reviewed and found to be balanced. The Board of Directors and Supervisory Board propose to the Annual General Meeting that the net profit of AGRAVIS Raiffeisen AG totalling EUR 14,787,131.48 be appropriated as follows: Payment of a dividend of EUR 1.54 per share. This results in a total distribution of EUR 12,364,308.88. The Executive Board and Supervisory Board propose that EUR 2,000,000.00 be transferred to other revenue reserves and the remaining amount of EUR 422,822.60 be carried forward to new account. The Supervisory Board would like to express its sincere thanks to the Board of Directors, the management team and management circle as well as all employees of AGRAVIS Raiffeisen AG and the Group. The entire AGRAVIS family once again demonstrated its enormous strength in financial year 2023 and did a great job.

Münster, 10 April 2024
Franz-Josef Holzenkamp, Chairman of the Supervisory Board

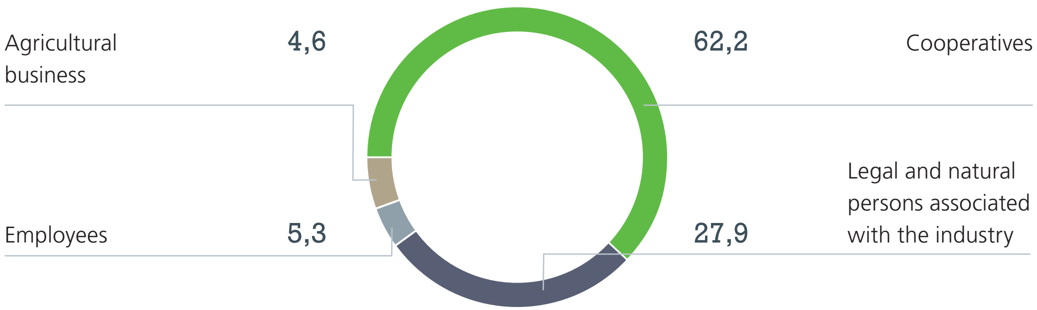
> As a cooperative company, we are firmly anchored in rural areas and there must be no pitting of town against country.
>
> *Franz-Josef Holzenkamp, Chairman of the Supervisory Board, AGRAVIS Raiffeisen AG*

4_AGRAVIS shares

The subscribed capital of AGRAVIS Raiffeisen AG as the parent company of the AGRAVIS Group remained unchanged at EUR 205.5 million at the end of financial year 2023. It is divided into 8.03 million registered shares with restricted transferability. In accordance with a resolution passed at the Annual General Meeting in May 2023, the Board of Directors may increase the share capital by up to EUR 12 million until May 2025 with the approval of the Supervisory Board. The notional value of the AGRAVIS share is EUR 25.60. However, the trading value is considerably higher and was increased again at the end of the 2023 Annual General Meeting. It now amounts to EUR 62.00. This also reflects the positive development of the AGRAVIS Group in its entirety. Being profitable and capable of paying dividends and reinvesting profits in the long term is part of AGRAVIS Raiffeisen AG's basic philosophy. This was once again achieved in the 2023 financial year. The Board of Directors and Supervisory Board will propose to the Annual General Meeting that a dividend of EUR 1.54 per share be paid to shareholders for the 2023 financial year (previous year: EUR 1.28). In relation to the notional value of the share, this corresponds to a dividend yield of 6.0 per cent (previous year: 5.0 per cent). If the Annual General Meeting approves the proposal, around EUR 12.4 million (previous year: EUR 10.3 million) or 31.3 per cent of the consolidated net profit for the year would be paid out as a dividend to shareholders.

Shareholder structure

(in per cent)



(31 December 2023)

"Without decentrally generated energy from farm manure or renewable raw materials, climate neutrality will not be achieved. Together with the cooperatives and plant operators, AGRAVIS Group and associated companies are focussing on biogas – for sustainable success.

Andre Frenzel,
Specialist Consultant Biogas, TerraVis GmbH

5_Corporate governance

Corporate culture

The corporate culture of the AGRAVIS Group is based on clear values and behaviours. In order to improve orientation for employees in the ongoing change process, a process was launched in financial year 2023 to specify cultural development in the AGRAVIS Group. The target image of the AGRAVIS corporate culture developed jointly by the Board of Directors and managers contains core statements on the cultural levers of "responsibility", "learning", "cooperation", "customer focus" and "performance". From 2024 onwards, specific measures will make the target culture tangible and practically usable in everyday Group life. All divisions and companies are called upon to implement the cultural levers so that the Group's attitude is lived out by employees through their everyday behaviour. This cultural development process thus also becomes a success factor for the future viability and competitiveness of the Group. Employee development also remains an important building block for achieving the company's goals. Accordingly, this is a focus of the HR (Human Resources) department. Binding compliance rules continue to apply to all managers and employees of the Group. Digital training courses are held regularly for this purpose.

Executive bodies and how they interact

The management body of the AGRAVIS Group is the Board of Directors; the Supervisory Board monitors and controls the work of the Board of Directors. The Annual General Meeting is the decision-making body. This is where the shareholders of AGRAVIS Raiffeisen AG exercise their rights. The AGRAVIS Advisory Board advises the Board of Directors and Supervisory Board. The executive bodies are committed to both the interests of the owners and the good of the company. The powers of the executive bodies are governed by the German Stock Corporation Act, the company's articles of association and the rules of procedure for the Board of Directors and Supervisory Board.

Board of directors

The Board of directors manages the company's business on its own responsibility, taking into account the resolutions of the Annual General Meeting, the Supervisory Board and a schedule of responsibilities. It represents the company in dealings with third parties. The Executive Board is bound by the interests of the company and is committed to the cooperative idea (Section 2 (1) of the Articles of Association) and to increasing the sustainable value of the company. The Executive Board of the corporation and the Group consisted of four members in the 2023 financial year: Dr. Dirk Köckler (Chairman), Hermann Hesseler (Chief Financial Officer), Jörg Sudhoff and Jan Heinecke. The tasks of the Executive Board are divided into divisions. The Executive Board develops the corporate goals. It also determines the Group's strategic direction and coordinates this with the Supervisory Board. The Executive Board manages the Group, is responsible for corporate planning for subsequent years, the preparation of the annual and consolidated financial statements and Group financing. The Executive Board is also responsible for risk management and controlling as well as for compliance with legal requirements and internal company guidelines. The Management Board reports to the Supervisory Board regularly, promptly and comprehensively on all issues of importance to the Group. The members of the Executive Board disclose any potential conflicts of interest to the Supervisory Board in accordance with compliance requirements. The Executive Board meetings are generally held weekly and are convened and chaired by the Chairman of the Executive Board.

Supervisory Board

The Supervisory Board appoints and advises the Executive Board and monitors its management on the basis of the law, the articles of association and the rules of procedure. For decisions of particular importance, the approval of the Supervisory Board is required by law and the rules of procedure for the Board of Directors. The AGRAVIS Supervisory Board has 20 members, half from the shareholder side and half from the employee side. At the 2023 Annual General Meeting, Urban Jülich, a farmer from Oschersleben, was confirmed as a member of the Supervisory Board. In April 2023, AGRAVIS employees elected Georg Bergmann and Frank-Michael Harder as well as trade unionists Martina Mörsdorf and Conny Weißbach (both from ver.di) as new employee representatives on the Supervisory Board. Friederike Brocks, Theresa Hukriede, Reinhard Mester, Lutz Lüking specific and Thomas Wiesner as well as Detlef Lange as trade union representative were re-elected for the employee side. Patrick Niehus, Jürgen Osteroth, Manfred Schulze Baek and Thomas Simon resigned from the Supervisory Board. Franz-Josef Holzenkamp has been Chairman of the AGRAVIS Supervisory Board since 2012. 14 Supervisory Board members are older than 50, six are between 30 and 50 years old.

Advisory Board

The AGRAVIS Advisory Board is made up of farmers, managing directors of Raiffeisen cooperatives and members of cooperative companies, cooperative associations and agricultural organisations. The Advisory Board advises the Board of Directors on corporate policy principles and decisions, taking particular account of regional interests. At the end of the financial year, the Advisory Board had 48 members, 40 of whom were elected by the Annual General Meeting and eight of whom were appointed as co-opted members by the Supervisory Board. Eleven members are between 30 and 50 years old, 37 are older than 50.

Annual General Meeting

The Annual General Meeting of AGRAVIS Raiffeisen AG takes place within the first eight months of each financial year in accordance with the Articles of Association. The Annual General Meeting passes resolutions on the topics on the agenda published in advance. Among other things, it decides on the appropriation of the balance sheet profit, the discharge of the Board of Directors and Supervisory Board and the appointment of the auditor. The shareholders present elect members to the Supervisory Board and the Advisory Board, resolve amendments to the Articles of Association as well as measures to change the structure and capital. The Annual General Meeting is convened by publication in the company register. The Chairman of the Supervisory Board chairs the meeting.

6_Group management report

6_Group management report

Foundations of the Group

Business activities

The AGRAVIS Group ("AGRAVIS") sees itself as a national agricultural trader and service provider for agriculture and people in rural areas. It is firmly anchored in the cooperative network and operates primarily in Germany – in an area between the Netherlands in the west and Poland in the east of Europe. The company headquarter is in Münster. Along with the cooperative partners, the AGRAVIS Group is present in rural areas and serves "the last meter" to agricultural businesses. The entrepreneurial activity is consistently aligned with customer needs with a 360-degree offering. With committed, qualified employees and future- and needs-oriented products and services, the group wants to operate successfully in the market on the basis of efficient and powerful internal processes.

The AGRAVIS Group aims to develop practical solutions for innovative, sustainable agriculture. This is linked to a commitment to livestock farming and intensive crop production in the spirit of a sustainable circular economy. With partners in the cooperative network, the AGRAVIS Group is making a significant contribution to people's food security. The group is driving digitalization forward and uses the opportunities of digital transformation to put innovations that bring specific added value to customers into practical implementation and to develop additional sustainable business models. In the 2023 financial year, specific activities to reduce the carbon footprint supplemented the framework for action.

The AGRAVIS Group continues to see itself as a customer-centric bridge builder between the players in agribusiness. The partnership business with the cooperatives is continually being expanded. Through its value-oriented, responsible actions, the AGRAVIS Group sees itself as a supporting pillar for the development of society in the rural areas in its area of work, in accordance with the generational contract in agriculture.

The AGRAVIS Group wants to secure its position as a market-relevant company in German agricultural trade through structures that are as lean as possible and operational excellence in the sense of economic orientation. Profitable growth within the cooperative association creates the basis for a permanent dividend. AGRAVIS Raiffeisen AG is the parent company of the AGRAVIS Group and is owned by a majority of around 100 regional primary cooperatives. It was founded in 2004 following the merger of Raiffeisen Hauptgenossenschaft Nord AG in Hannover and Raiffeisen Central-Genossenschaft in Münster.

Sustainability

As a national agricultural trading and service group, AGRAVIS supports the development of innovative, sustainable agriculture. Sustainability has therefore already become an integral part of the Group's strategy. It is important to achieve a balance between economic efficiency, appreciation and resource conservation. One focus of sustainability activities is on implementable and marketable, holistic concepts, for example for feeding livestock or for resource-saving use of land. But sustainability issues are also becoming increasingly important in the agricultural technology and energy sectors. During the financial year, the AGRAVIS Group achieved concrete successes in various areas. Examples include the market launch of the climate-friendly fertilizer Entec Evo, which massively reduces nitrous oxide emissions, the purely physical-biological electron treatment of seeds at AGRAVIS Ost GmbH & Co. KG, the greatly expanded biomethane activities and the CO_2 compensation of the "Landleben" feed.

The AGRAVIS Service & Sustainability division also drives the sustainable orientation of processes in the group, for example with regard to energy efficiency and climate neutrality. Approximately 4.4 million kWh of solar power is generated annually at various locations within the AGRAVIS Group. Further expansion stages will follow by 2025, meaning the group will then be able to produce 20 per cent of its electricity needs itself. Through all of these own activities, the AGRAVIS Group becomes part of the solution on the path to climate neutrality.

Group structure

As of December 31, 2023, 82 subsidiaries (previous year: 86) as well as 97 associated and affiliated companies according to the list of shareholdings (previous year: 95) belonged to the AGRAVIS Group. Agribusiness in the narrower sense is served with the agricultural wholesale and agricultural as well as technology divisions. The markets and energy divisions are also parts of the core business. The fact that business activities are shown in divisions corresponds to the management and holding structure of the group and is derived from internal reporting. Sales generated externally are shown. The divisions of the AGRAVIS Group:

Agricultural wholesale

The agricultural wholesale division includes the areas of crop production, agricultural products and animals. The crop production division wholesales supplies in the product areas of crop protection (including films, nets and yarns), fertilizers and seeds, as well as providing comprehensive production technology advice to trading partners and agricultural businesses. For this purpose, the Group maintains its own trial plots with more than 20 locations in the department of crop production and sales consulting.

The focus is on supplying AGRAVIS's own and cooperative feed mills as well as mills and industry with raw materials.

In the animal sector, the AGRAVIS Group produces and sells products in the areas of compound feed, special feed (including animal and stable hygiene), specialty feed products and animal health. All types of livestock as well as the "Horse & Hobby" product group are served in feed production. The high requirements of the most important quality management systems (DIN EN ISO 9001, GMP+, QS and VLOG) are met. The AGRAVIS group company Livisto Group GmbH and its subsidiaries produce animal health products worldwide and sell them in more than 100 countries.

Agricultural/farming

The agricultural division brings together the business activities of AGRAVIS Ost* and the regional agricultural centers in the western and central working areas of the group. These operating companies have always conducted direct business with agriculture in sub-regions of the AGRAVIS operating area. At their high-performance agricultural sites, they harvest around 3 million tons of grain and oilseeds every year. In addition, the group companies supply the agricultural operations in the respective regions with the necessary operating resources, including energy. More than 810 employees at the 50 operating locations of AGRAVIS Ost ensure a service package tailored to customer needs. The regional agricultural centers of AGRAVIS Agrarholding GmbH with around 620 employees and other affiliated companies are mainly located in the central and western working areas of the group. Some of them also operate retail through their Raiffeisen markets as well as gas stations and the energy business.

** Denotes the agricultural trading companies of the AGRAVIS Group operating in the new federal states.*

Machinery

In the technology division, the group sells new and used agricultural machines – stationary and online. 21 regional companies (including investments) are operational at more than 110 locations under the umbrella of AGRAVIS Technik Holding GmbH. Around 2,500 employees serve customers with a comprehensive product and service portfolio relating to agricultural technology, especially with a high-performance spare parts and workshop service. The group also sells smart farming innovations through its technology companies and is pleased about the strong interest in the GPS-controlled sowing and care unit Farmdroid and the camera-supported field sprayer ARA from Ecorobotics. There is also a contract for the distribution of the autonomous AgXeed vehicle.

Retailing

The retailing division represents the Raiffeisen market business in wholesale and retail. There are 30 of Raiffeisen's own stationary stores directly assigned to this division, and a further 44 in the agricultural division. The AGRAVIS Group also sells the range of goods for the garden, home and farm, pets, equestrian sports as well as textiles and shoes via a franchise system with 485 cooperative stores in rural areas. In total, the group supplies around 1,000 Raiffeisen stores in various regions with an extensive range of services and a wide range of products, including well-positioned own brands. The online shop "raiffeisenmarkt.de" complements the stationary sales business and is successfully operated in conjunction with 39 regional Raiffeisen cooperatives. Activities in the building materials trade, especially the purchasing group Regio Baustoffe GmbH, also belong to the markets division.

Energy

The Energy division includes the extensive energy business of the parent company AGRAVIS Raiffeisen AG and AGRAVIS Energie Holding GmbH. As an independent energy trader, the AGRAVIS Group supplies customers with fuels and lubricants. The group acts as a wholesaler and, through subsidiaries and affiliated companies, is also active for private and commercial end consumers, for example in grid-based energy or in the wood pellet business. The petrol station segment is also strong: AGRAVIS operates its own stations in the Group company AGRAVIS Raiffeisen Tankstellen GmbH and coordinates a nationwide station network. Furthermore, gas station partners are offered comprehensive services – from modernization to the construction of new stations. The "New Energy" sub-area was rebuilt in the 2023 financial year. In addition to the production of biogas in the subsidiary TerraSol Wirtschaftsdünger GmbH, the trading business with biomethane was rebuilt. Along with the services of the subsidiary TerraVis GmbH and the sale of climate-friendly diesel under the Bionergy brand, AGRAVIS makes an active contribution to the transformation on the energy markets..

Economic

Macroeconomic conditions

Economic output in Germany fell slightly in the 2023 financial year. The gross domestic product fell by 0.3 per cent compared to the previous year. The reasons for this are manifold: In addition to the geopolitical uncertainties such as the consequences of the war in Ukraine and the Middle East crisis, the shortage of skilled workers combined with high levels of sick leave, high energy costs, too slow and untargeted digitalization, especially in public administrations, and a lower level of impact foreign demand. The European Central Bank responded to high inflation with massive interest rate increases. The resulting increase in loan interest rates led to a significant decline in the private construction sector. The cost of living also had a slowing effect on private consumption. Relatively high collective agreements, tax-free inflation compensation bonuses – such as those granted by the AGRAVIS Group – and the increase in the minimum wage indicated a stabilization of private consumption and a domestic economic recovery in the second half of the year. In addition, increasing investments in machines and systems provided positive impulses in certain areas. The global economic environment remained weak overall. The lack of economic momentum increasingly had an impact on the labor market. The annual average unemployment rate was 5.7 per cent, which is 0.4 per centage points higher than the previous year's average. In the financial year, the labor market continued to be dominated by the demographically-related shortage of skilled workers. The challenge for the AGRAVIS Group remained to attract and retain highly qualified employees.

The exchange rate of the euro against the US dollar rose again compared to the previous year, which was also reflected in the AGRAVIS Group's procurement of raw materials that are purchased in US dollars.

Sectoral conditions

The AGRAVIS Group and its divisions operate in an area of conflict between food and supply security, climate change and resource protection. Global crises, market and price volatility, extreme weather events, political restrictions and social values influence business, as do structural changes in agriculture and advancing mechanization and digitalization. The mood in German agriculture was depressed at the end of the year and the future prospects were considered bleak. The assessment of the future economic situation remained at a low level. The federal government's gradual removal of the agricultural diesel subsidy caused massive protests. The economic key figures for the 2022/23 financial year show above-average and therefore satisfactory to good results for many companies. Upcoming investments in technology could be implemented on a broad scale. Furthermore, income from renewable energies stabilized company income in many companies. Over the course of 2023, companies were confronted with high operating costs and falling producer prices, rising interest rates and inflation, as well as new requirements and unchanged restrictive tax or building regulations. At the same time, EU premiums fell and the risks from climate change grew. The federal government's agricultural policy report, which was presented in November 2023, underlines the indispensable importance of German agriculture as a food producer and economic factor.

The prices for important product groups and operating resources fell significantly in the 2023 financial year compared to the previous year. Grain prices came under increasing pressure as the year progressed.

In almost all of the world's important export countries, there were no major weather-related yield losses. At the same time, high surplus stocks in Russia from the 2022 harvest put pressure on the global market. Russia's export volumes reached a new record level by the end of the 2023 calendar year. The grain harvest in Ukraine also reached the previous year's good level. Ukraine's free access to the EU market prevented grain and oilseed prices from stabilizing.

The price of wheat was around 220 euros at the end of the year compared to around 310 euros per ton at the end of 2022. The global grain harvest in the current marketing year is expected to be around 2 per cent above the previous year. Production slightly exceeds forecast consumption, meaning global stocks will increase by 600 million tonnes by the end of the marketing year. Feed grain seems to be available in abundance worldwide and is looking for buyers.

Grain production in the EU reached 268.5 million tons, 1.2 per cent more than in 2022. Despite the smaller cultivated area, the higher yields per hectare contributed to the improvement. However, compared to previous years, the 2023 harvest remains well below average.

As an employer, the AGRAVIS Group has has a lot to offer. Teamwork is the basis of our strong position in the market. We are happy to welcome new colleagues to continue to write our success story with them.

Melanie Komossa,
Head of Recruiting & Employer Brand,
AGRAVIS Raiffeisen AG

German farmers harvested around 38 million tons of grain, 4.1 per cent less than in the previous year. Due to the weather, there were significant regional differences in yield and quality. The organic grain harvest was dis-appointing in terms of quantity and quality. The harvest results also presented the mills with challenges in procuring the right batches.

The corn harvest in Germany brought a harvest volume significantly higher than the previous year, as did the hectare yields of silage and grain corn. The farms are sufficiently supplied with basic feed. Worldwide and in the EU 27, there are also signs of a harvest above the previous year's level in the current marketing year. Corn prices fell by around a third over the course of the year.

A world harvest of soybeans is expected to be well above last year's level. With an adequate supply situation, prices fell overall in the 2023 financial year. Rapeseed prices remained very volatile. The rapeseed harvest in Germany and the EU did not reach the previous year's level in terms of quantity and yield. Eastern Europe and Ukraine, however, reported larger quantities of rapeseed. Therefore, there was an early ex-harvest supply for the local mills. The GHG quota obligation increased from 7 to 8 per cent consolidated demand for biodiesel and hydrogenated vegetable oil. The large imports of biodiesel from used cooking oils from China with dubious sustainability credentials were problematic for the German biodiesel market.

After the sharp price increase at the end of 2022, fertilizer prices fell continuously in spring 2023. The reasons were the subdued demand worldwide due to the high prices for all nutrients and the lower energy prices, especially for gas. For the new storage in autumn 2023, prices had reached the average level from 2010 to 2015. This increased the willingness in agriculture and retail to store or pre-purchase goods. The volatility of prices has increased again, especially for nitrogen. In addition, not all production sites in Europe were competitive; urea and the nitrogen-containing liquid fertilizer AHL in particular could often be imported more cheaply.

In crop protection there were significant price increases for the first time in several years – well into the double-digit per centage range for individual products/active ingredients. Industry sales fell slightly compared to the previous year, and wholesale inventories have built up. Regulatory requirements, political trends and the lack of higher-quality, innovative products slowed down the overall potential.

Regarding the seed markets: The area under cultivation for winter grain for the 2023 harvest remained almost constant, with wheat again making up the largest share. Summer cereals once again only played a minor role, with the area under cultivation declining by 11 per cent. For seed grain, the creation of propagation areas for the 2023 harvest declined. An increase of 8 per cent was recorded for winter rapeseed and around 2 per cent for silage maize. For the autumn sowing of 2023, the obligation from the "Common Agricultural Policy 2023" (CAP) to set aside 4 per cent of the arable land applied for the first time. The weather conditions during autumn sowing were very challenging in the region due to long periods of rain, and some areas remained uncultivated. The requirements for minimum land cover according to "GLÖZ 6" (good agricultural and ecological standard) could not be achieved everywhere.

Production volumes for compound feed continued to decline in Germany. The background is the declining animal populations. In the cattle sector, both the number of dairy cows and dairy farmers declined. The decline was most noticeable in pig populations. Many companies lacked planning security for the necessary investments in stable buildings, even though their economic situation was significantly better than in previous years. There was no increase in the number of laying hens. The revenue situation in laying hen farming was satisfactory as the cost situation eased and egg prices were reasonable. The poultry farms were also able to operate economically successfully.

In late autumn 2023, the topic of animal diseases came into greater focus again: a first suspected case of bluetongue was confirmed. The development of African swine fever (ASF) and bird flu infections also remained to be followed up.

The agricultural technology industry continued to be at a top level in 2023. The sales volume from German production once again reached more than 12 billion euros. The industry benefited from the continued solid income situation in agriculture. The long-interrupted supply chains were no longer an issue early in the year. Well-filled dealer warehouses led to a decline in incoming orders from manufacturers from autumn onwards.

The Ifo consumer climate index remained at a low level throughout the 2023 financial year. Retailers felt this.

Adjusted for inflation, sales fell, according to the trade association. DIY sales were also below the previous year, and sales in online retail also fell. Only the pet industry had reason to be optimistic because the number of pets continued to rise. In the construction industry, orders collapsed and sales fell significantly. The private new construction sector practically came to a standstill. The focus in the small remaining business was on renovation and refurbishment.

After the extreme price increase in 2022 triggered by the Russian war of aggression on Ukraine, energy prices have normalized somewhat in the 2023 financial year. After a slight decline in oil prices in the first half of 2023 to a level of around 65 euros per barrel of Brent, there was a further increase to around 80 euros by October, largely triggered by reduced oil production in the OPEC countries. The impact of the Middle East conflict on the price of oil remained moderate. High storage levels of almost 100 per cent, the commissioning of the first LNG terminals as an alternative to Russian gas and consumption savings in private households, combined with a mild winter, led to a price decline. In addition, there were temporary government support measures. The federal government capped electricity prices in Germany, which are high compared to other European countries, at 40 cents per kilowatt hour. The biogas industry experienced extensive stagnation due to a lack of long-term regulatory security. The number of systems has only increased marginally. The installed capacity rose slightly to around 5,900 megawatts. The processing of biogas into biomethane increased, as evidenced by new plants and an increasing number of feed-in requests. The AGRAVIS Group significantly expanded its business activities in this segment in the reporting year.

Significant events in the financial year

Syndicated loan extended

The financing of the AGRAVIS Group continues to be secured in the long term: the current syndicated loan has been extended until 2027. This means the group is prepared for inflation risks, price distortions and other crises. Key points in the updated syndicated loan have been changed in order to expand the financing scope. In this way, the long-term liabilities can be increased from 150 million euros to 200 million euros, which is important, among other things, for financing the new distribution center in Nottuln. Furthermore, the repurchase agreements can be expanded from 200 million euros to 225 million euros and with the important ABS financing there is the possibility of expanding it from 95 million euros to 150 million euros if necessary.

Milestones for sustainable logistics

In the 2023 financial year, various milestones for sustainable logistics were achieved in terms of digital transformation. A distribution center has been under construction in Nottuln/Coesfeld district since April 2023. It is expected to replace the existing storage capacities at the Münster location from autumn 2024. Given consistent process orientation, the move will significantly improve the speed, availability of goods and efficiency in general cargo logistics. The new building meets high sustainability standards and allows truck trips to be significantly reduced by bundling logistics capacities at one location. General cargo logistics in the cooperative network is also being strengthened by the expansion of the Isernhagen warehouse location and the new building in Cloppenburg, both of which were officially put into operation in the first quarter of the financial year. A further building block will be a general cargo warehouse in 2025, which will be implemented at the Apensen location together with Raiffeisen Weser-Elbe eG and RAISA eG. The three partners agreed on this project in the 2023 financial year. Further cooperative location concepts in the piece logistics segment within the AGRAVIS catchment area will round off this strategic step in the coming years.

Commitment to biomethane expanded

As part of a consortium, AGRAVIS is participating in Bioenergie Velen GmbH. From the end of 2024, up to 200,000 tons of manure will be fermented annually in the biogas plant in Nordvelen. The biogas produced is to be processed into biomethane and then primarily used in the fuel market. The plant in Velen, which has been expanded for future use since spring 2023, will be a further component of the AGRAVIS Group's biomethane activities. They were significantly expanded in the 2023 financial year, with the result that the AGRAVIS Group now offers all services along the biomethane value chain - including trading in biomethane.

Collaboration with Krone on a new foundation

In the 2023 financial year, the AGRAVIS-Technik Group reached an agreement with Maschinenfabrik Bernard Krone GmbH & Co. KG in Spelle that the long-standing successful cooperation will be continued and placed on an even more stable foundation. As one of the core brands in the AGRAVIS Technik program, Krone's complete sales and service activities will be gradually integrated into the two AGRAVIS group companies New-Tec West and East by the end of 2024. The step is being taken in close coordination with their main suppliers and represents an important milestone for the New Tec companies in their growth strategy.

Progress in the "Dock" program

In 2023, the AGRAVIS internal "Dock" program reached further milestones. The project aims to introduce a uniform process and data landscape across the group and thus create a basis for the further digitalization of AGRAVIS. The tools for this include: the SAP S/4 HANA software. As planned, two further technology companies, AGRAVIS Technik BvL and AGRAVIS Technik Saltenbrock, with a total of 17 locations and 415 employees, were converted to SAP. Furthermore, increasing the quality of the master data of the units converted to SAP is a decisive factor. Since the beginning of 2023, the central system for maintaining material master data has been the SAP-MDG-M (Masterdata Governance Material) software. Artificial intelligence now also supports data maintenance and quality. A centrally applicable governance for the handling of article master data across all trading areas of AGRAVIS is developed and introduced under the responsibility of the digitalization department. Another important task is the preparation of the material master data of those areas and companies that have so far been in the AGRAVIS system.

Group uses the merchandise management system IRIS for use in SAP and the introduction of roles with clear responsibilities for sustainable master data management. In 2024, the main focus of "Dock" will be on the continuation of the SAP rollout in other technology companies as well as on the intensive preparation of the IRIS-using units for the changeover.

Research and Development

The AGRAVIS Group invested a total of around 7.7 million euros in research and product development in the 2023 financial year (previous year: 7.7 million euros). Of this, 8.5 per cent was activated in 2023. The Livisto Group received new approvals for 82 animal health products worldwide in the financial year.

Overview of business development

The geopolitical uncertainties, volatile markets and increasing weather extremes, in addition to a weak economy with continued high inflation and rising interest rates, created a very challenging environment in the 2023 financial year. The AGRAVIS Group therefore stayed true to its line and countered these complex issues with strict risk management. and liquidity management. Against the backdrop of borrowing costs, liabilities to credit institutions were significantly reduced compared to the previous year. With annual sales of 8.8 billion euros (previous year: 9.4 billion euros), the planned value (8.5 billion euros) was certainly achieved.

The decline compared to the previous year results from the lower price level for important product groups such as grain, rapeseed, fertilizer and energy. Operationally, the AGRAVIS Group has thus confirmed its position as a relevant player in the market. The technology division was a strong sales driver. It benefited from the willingness to invest in agriculture and the catch-up effects due to disrupted delivery chains from the previous year.

The wheat harvest suffered from the wet weather conditions, especially in the west of the work area. This led to losses in quantity and quality. With regard to grain and rapeseed overall, around 3.25 million tons were recorded directly in the harvest across the group (previous year: 3 million tons).

At 10.3 million tonnes, volume sales of feed, fertilizers, agricultural products and energy were stable overall compared to the previous year (10.4 million tonnes) and shows that the AGRAVIS Group and its network partners were able to assert themselves in the highly competitive agricultural market.

The earnings situation was once again solid. Earnings before taxes amounted to EUR 64.5 million. The group has thus confirmed the previous year's result of 61.5 million euros and secured the future and significantly exceeded the forecast of 45.1 million euros. This was achieved despite increased personnel costs due to tariff adjustments and the voluntary payment of an inflation compensation premium as well as the challenges in the animal health business. The return on sales increased to 0.74 per cent. The group has thus taken another step closer to the target value of 1 per cent.

With its cooperative partners, the AGRAVIS Group developed solutions for customer-focused, innovative, sustainable agriculture. The interaction of customer-oriented action in the market, sustained cost discipline, consistent risk prevention and further process optimization through digitalization and streamlining of the organization made it possible to make the group more resilient to the ongoing transformation. The investments made also contributions to this. A large part of the investment sum of 97.0 million euros flowed into the construction of a new cooperative distribution center in Nottuln and into the AGRAVIS internal "Dock" program in the financial year. At the same time, targeted investments were made in the location structure.

The joint companies with Danish Agro a.m.b.a. are considered associated companies. led: DV AGRAVIS International Holding A/S, DA AGRAVIS Machinery Holding A/S and Vilomix Holding A/S. In the 2023 financial year, they generated total sales of EUR 3.7 billion (previous year: EUR 4.4 billion). With a return on sales of 1.0 per cent (previous year: 2.6 per cent) and a profit share before taxes for AGRAVIS of 9.3 million euros (previous year: 28.7 million euros), they ended up slightly below the planning corridor.

Development of the divisions *

Agricultural wholesale

The significantly lower price level for important operating resources and raw materials compared to the previous year is reflected in the wholesale business. The annual turnover in the financial year in this division was 2,986 million euros. That is 11.8 per cent less than in the previous year, when 3,385 million euros were achieved. Due to price reasons, sales remained below plan, whereas the result in total and in many areas met the planned figures.

Crop production sector: The financial year was characterized by weather events ranging from a cold spring to a long dry phase in May and June to a lot of rainfall during the harvest and autumn tilling. The smart farming products of the "Raiffeisen NetFarming" brand were organizationally assigned to the crop production area in the 2023 financial year and the capacities were adjusted to demand. As a further step on the path to digital transformation, these modules can already be used in the new farm management tool Ackerprofi. The division made a good contribution to earnings despite a significant decline in sales due to price reasons.

In the fertilizer product area, the reduced demand in the second half of the year was offset by the good first half of the year. In the first half of the year, lower prices for nitrogen and basic fertilizers combined with favorable storage conditions fueled demand. As a result, new sales weakened again – on the one hand due to the weather and on the other hand because of lower grain and rapeseed prices. Orders were often only placed on sight. With our partners OCI and Dossche Mills, a pilot project was successfully implemented in the financial year: a sustainable wheat flour was produced by using a CO2-reduced nitrogen fertilizer from OCI. It aims to help reducing the environmental impact of bread and other staple foods. The fertilizer used meets the "Plus" standard of the international sustainability certification system ISCC (International Sustainability & Carbon Certification).

Sales in the fertilizer product area remained well below the previous year and also below plan due to prices, while volume sales were just at the previous year's level. The product area achieved results that were on target, but below the previous year.

There were also weather-related postponements of treatment appointments and thus delayed inquiries in the plant protection product area. The high amounts of rainfall led to significantly more infections in the stocks that needed to be treated. This resulted in strong seasonal demand for fungicides and insecticides. Business with herbicides, especially in autumn, was below the previous year due to the weather. Demand for films initially remained subdued in the financial year due to customer inventories from the previous year.

The volume is 51 million euros in sales from the energy division and 12 million euros in sales from the agricultural wholesale division, which have been transferred to the agricultural division.

Demand increased in the third quarter, resulting in an overall satisfactory year. Sales in the crop protection product area benefited from temporarily high market prices and remained at a high level, but below the very strong previous year. Volume sales fell slightly. The result was well above plan and also above the previous year.

The seed business was also significantly affected by the weather. Spring sowing and grassland maintenance work could be carried out to a relatively normal extent. This was reflected in a comparable total turnover of summer crops as in previous years. Particular attention should be paid to the positive development of own brands; starting with Plantinum in the grassland through to the exclusive seed corn products. As the year progressed, demand for the newly established catch crop brand Circonium developed very positively. The harvest of rye, triticale and wheat was harvested under very challenging weather conditions, which also meant a difficult harvest of the propagation stocks in the AGRAVIS work area. This meant that a late harvest with a normal sowing timing significantly reduced the time available for harvesting, cleaning, recognition and marketing. Nevertheless, sales were at the level of previous years. Overall, the seed product area achieved a result above plan and the previous year, despite a slight decline in sales.

The crop production sales consultancy was on track with its external service revenue in the 2023 financial year. It will continue to make important contributions to the desired innovation leadership in the sense of sustainable crop production in the future.

Agricultural products sector: Against the background of volatile markets and global uncertainties, the agricultural products sector achieved good results in the financial year with slightly declining volumes. The close management of contracts and inventories at a lower level in order to ensure the balancing act between profitability and security of supply contributed to this. Volume sales were below the previous year and plan.

In the 2023 financial year, in order to focus business activities, Enovia was transferred from the energy division to the agricultural division and TerraVis GmbH was transferred from the agricultural wholesale division to the agricultural division. To improve comparability, this change was also made in the previous year's data.

Sales in the oilseed product area exceeded plan, while the opposite was true for grain and feed raw materials. For grain, bread wheat sales were above plan, but for corn and wheat they were not achieved. Sales of feed raw materials were below plan and in the previous year. Falling animal numbers, especially in pig fattening, weakening demand from the domestic starch industry and the agricultural sector's reluctance to sell were the most important reasons for the decline in sales. Sales were below plan and below the previous year, and the result was clearly below plan.

Animals sector: In the product group "compound feed for farm animals", a production tonnage of 3.0 million tons was achieved in the 17 plants of the national group companies in the 2023 financial year. This means that the volume level remained stable compared to the previous year despite the continued decline in animal numbers. While the tonnage of pig feed fell compared to 2022, it remained stable for cattle feed. The previous year's volume of poultry feed was slightly exceeded. It was possible to regain market share in this segment. The breakdown of the compound feed produced by the livestock species: pigs 0.8 million tonnes, cattle 1.1 million tonnes, poultry 0.8 million tonnes.

Including the affiliated companies, a production tonnage of 4.5 million tons was achieved in the 2023 financial year (previous year: also 4.5 million tons). Overall, the compound feed business was characterized by continued high cost and competitive pressure.

The AGRAVIS Group therefore continued to operate with market-driven, predominantly short contract terms and maintained consistent receivables management. Stable raw material purchases had a positive effect on the result.

The product group "Special feed for farm animals" recorded volume sales of milk replacers above the previous year. However, the quantities of mineral feed for cattle and pigs declined. Supplementary feed, in turn, developed positively, while there was a decline in sales of hygiene products compared to 2022. The forecast sales were also not fully achieved. The contribution to earnings in the specialty feed segment increased significantly compared to the previous year, but remained slightly below plan.

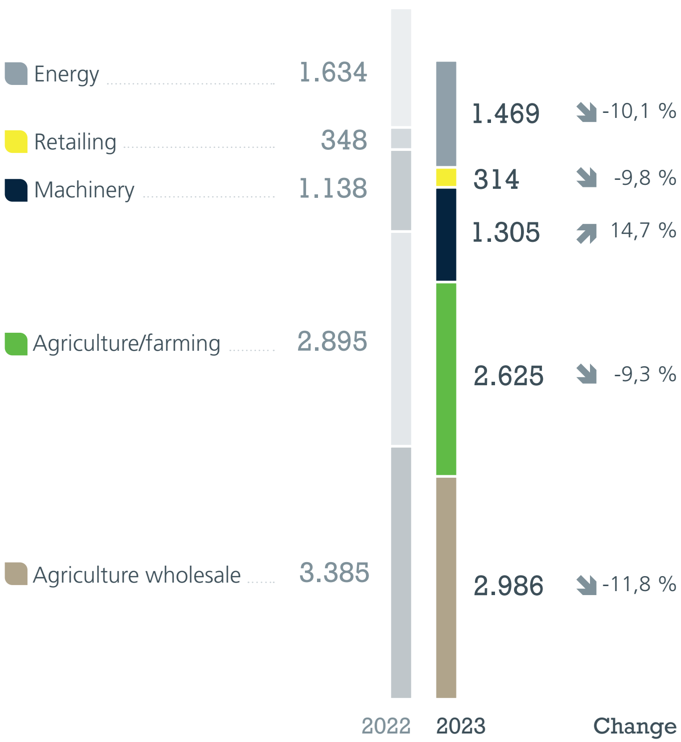
In terms of sales, the "Horse & Hobby" product group developed slightly below plan in the financial year and significantly below the previous year. In the horse feed business of the group company Equovis GmbH, good gross profits were achieved with a further slight increase in sales. The share of earnings from the "Horse & Hobby" product group remained noticeably below the previous year, but exceeded the forecast.

When it comes to specialty feed products, the AGRAVIS Group withstood the challenging market conditions. Stable quantities in the trading sector were achieved for feed materials, feed additives, premixes as well as secondary and by-products. However, sales remained below plan and the previous year, the earnings contribution developed at a high level, above planning, but below the very strong previous year.

In the animal health product group, consolidated sales in the financial year were below plan, but almost at the previous year's level. Production stoppages at our own locations and a lack of external product availability led to delivery bottlenecks and reduced gross profit. Exchange rate effects also weighed on earnings. The planned value was clearly missed and the result was negative at the end of the year.

Sales development by divisions

(in EUR million)



(31 December 2023)

Agriculture/farming

AGRAVIS Ost and the agricultural centers of AGRAVIS Agrarholding GmbH achieved annual sales of 2,625 million euros in direct business with agriculture (previous year: 2,895 million euros). This is a price-related decline of 9.3 per cent. The result in this division was also characterized by stability and exceeded planning. In the agricultural holding company, there was an extraordinary effect on earnings due to the financial investment of Raiffeisen Landbund eG, RWG Niedersachsen Mitte eG, VR-Bank in Südniedersachsen eG and RWG Osthannover eG in AGRAVIS Niedersachsen-Süd GmbH, which took effect on January 1, 2023.

At AGRAVIS Ost, the grain/oilseed business was solid, but was heavily influenced by high freight costs. The weather-related long harvest over around eight weeks was reflected in increased operating costs. However, the significantly increased turnover of various goods, particularly at the Bülstringen location, as well as storage and drying revenues and other warehousing for third parties led to increased service income. AGRAVIS Ost put an E-Vita system into operation at its seed processing site in Aschersleben in July of the financial year. With the use of the E-Vita PLUS technology, a purely physical-biological process of seed treatment without chemical agents, strengthens the AGRAVIS Ost promotes sustainable crop production. Additional market shares were generated in the feed sector. The energy business remained below the previous year. In terms of results, AGRAVIS Ost was at a decent level at the end of the year, but below plan.

The agricultural centers in the Central-West region achieved an operating result that certainly met the planning. In the grain/oil crops product group, sales contracts concluded on time compensated for declining sales volumes and lower prices. Due to the weather, both the collection quantities and the qualities (feed wheat instead of bread wheat, frequent overgrowth) were only partially satisfactory in the 2023 harvest. However, just like at AGRAVIS Ost, increased drying revenue was generated. In addition, due to falling grain prices, the agricultural centers were able to benefit from a comparatively high storage rate on farms and the resulting storage fees. There were positive deviations from plan in the fertilizer and energy business. In the Raiffeisen stores, the reduced sales level resulted from the ongoing inflation-related reluctance to buy on the part of consumers and from the delayed start of spring business.

Parallel to the operational business in the agricultural centers, AGRAVIS Agrarholding GmbH made and supported important strategic decisions in the 2023 financial year that strengthen the cooperative network in Westphalia and southern Lower Saxony as a whole. These include the takeover of the country dealer Willenbrink with the resale of the Herzfeld location to Raiffeisen Westfalen-Mitte GmbH as well as the participation of Raiffeisen Hohe Mark Hamaland eG and GS agri eG in biovis Agrar GmbH. In return, the agricultural holding company acquired shares in Agriprotein GmbH from GS agri. The cooperative energy business in southern Lower Saxony has been carried out by Raiffeisen Enovia GmbH & Co. KG since mid-2023. And with the mergers of Raiffeisen Lippe-Weser AG and Raiffeisen Lübbecker Land AG to form Raiffeisen Ostwestfalen-Lippe AG and of Raiffeisen Steverland eG, Raiffeisen Coesfeld-Ahaus eG and Raiffeisen Münsterland West GmbH to form Railand Raiffeisen AG, the cooperative market position in the respective regions secured with AGRAVIS participation in a future-oriented manner.

Machinery

The agricultural technology division was once again able to significantly increase sales from the already very strong previous year. It rose by 14.7 per cent to 1,305 million euros (2022: 1,138 million euros). In the first half of the year in particular, the AGRAVIS Group's technology group experienced a high level of investment in agriculture, which was particularly due to machine deliveries that were delayed in 2022 due to disrupted supply chains. The order backlog remained at a high level as of December 31, 2023. When it comes to workshop utilization, the operating companies also continued the strong previous year. Externally generated income increased again by around 12 per cent. Another after-sales branch, the spare parts business, significantly exceeded the previous year's level, based on the high workshop utilization. The inventory level was above the previous year and required full attention, as did the dynamic price situation due to internal cost pressure and price adjustments by the manufacturers. In terms of results, the technology division performed very well. The previous year's and planned figures were significantly exceeded.

In the smart farming segment, a new partnership was created with the robotics manufacturer AgXeed in the 2023 financial year. In addition, the AGRAVIS Technik Parts Shop was introduced to the market as a further development of the ATStore24. An additional location was opened in Lemgo (AGRAVIS Technik Lenne-Lippe GmbH) and a new building in Oschersleben (AGRAVIS Technik Sachsen-Anhalt/Brandenburg GmbH). AGRAVIS Technik has further streamlined its corporate structures. For example, AGRAVIS Technik Heide-Altmark GmbH with its seven locations in Lower Saxony was merged into AGRAVIS Technik Raiffeisen GmbH. The two Saxony-Anhalt locations of AGRAVIS Technik Heide-Altmark GmbH went to AGRAVIS Technik Sachsen-Anhalt/Brandenburg GmbH.

Retailing

Consumer reluctance and uncertainty impacted the financial year in the Markets division. Compared to the previous year, sales fell by 9.8 per cent to 314 million euros (previous year: 348 million euros). The planned value was also undercut, particularly due to the poor construction economy. Nevertheless, the development was significantly more positive than in the industry as a whole. The delayed start of the gardening season and weather-related delays in autumn business were noticeable in wholesale sales. The pet product range developed particularly strongly. The number of Raiffeisen stores in the cooperation with Terres Marketing & Consulting GmbH was expanded by five to 485. The cooperation markets managed to increase their like-for-like sales compared to the previous year. The group company AGRAVIS Raiffeisen Markt GmbH with its 30 stationary stores was also able to decouple itself from the industry trend and exceeded the plan and the previous year in terms of sales. Given that the industry as a whole reported double-digit sales losses compared to the previous year, this is to be viewed as very positive. The product range design of the Raiffeisen stores for people in rural areas, the presence of the stationary stores in the area and the consistent implementation of the omnichannel strategy led to competitive advantages. The operation of the Raiffeisen stores once again proved to be a crisis-proof business model.

The cross-industry lull in the building materials sector also affected the cooperative building materials trade. Nevertheless, Regio Baustoffe GmbH and AGRAVIS Bauservice GmbH performed better than the competition. From October onwards the negative trend weakened somewhat. The competition was increasingly based on price.

In the online business of Raiffeisen Webshop GmbH & Co. KG, sales growth was achieved compared to the previous year. The consistent implementation of the omnichannel strategy to combined with intensive work on the sales floors once again paid off for the Raiffeisen stores.

Stringent cost management ensured the result remained at the previous year's level and the planned value was also achieved. Consistent receivables and credit management as well as a successful inventory reduction had a positive effect on working capital.

Energy

In view of the geopolitical and macroeconomic uncertainties on the energy market, the AGRAVIS Group had conservatively planned the 2023 financial year for this division. The annual turnover of 1,469 million euros remained - due to price reasons - below the previous year, when 1,634 million euros were achieved. The decline compared to 2022 was 10.1 per cent. The planned sales figure was nevertheless clearly exceeded; the result also exceeded the forecast, but remained behind the previous year, which was characterized by extraordinary effects. In the wholesale trade of fuels and fuels, the sales volume developed positively above expectations in a difficult market. Liquidity-creating effects were achieved through a package of measures. As an alternative to conventional diesel fuel, the AGRAVIS Group introduced its own brands "Bionergy Diesel 25" and "Bionergy Diesel 90" in the financial year. They reduce CO_2 emissions by 25 or 90 per cent. For the diesel additive AdBlue, the AGRAVIS Group established a price index as an additional billing basis in the financial year. Trade in lubricants met expectations. A new sustainable product line ("re:source") was introduced at the Agritechnica agricultural technology trade fair in November. As a reliable service provider for the cooperative partners for investments in the gas station business, the gas station service center of the AGRAVIS Group consolidated its market position – the "R-Wash" car wash concept has been marketed since the 2023 financial year. Business with grid-based electricity and gas in the holding company Raiffeisen Energie GmbH & Co. KG developed as expected. The legally stipulated price caps placed a great deal of strain on the industry and its service providers during implementation. Raiffeisen Energie GmbH & Co. KG also entered the marketing of electricity from renewable sources as a direct marketer in the financial year.

The associated investment company Raiffeisen Bio-Brennstoffe GmbH has been selling its own brand "R-Pellets" for ten years. Sales declined compared to the previous year due to price and volume factors.

In order to be able to actively shape the energy transition as a modern and high-performance energy trader for business and private customers, the AGRAVIS Group further optimized its structures in the energy division over the course of the financial year. Since then, all biogas and biomethane activities have been bundled in the new "New Energy" sub-area in order to specifically develop new business models. A first milestone was achieved in the first few months. With its entry into biomethane trading, the AGRAVIS Group has been able to cover the entire value chain in this segment since autumn 2023. A position paper for agriculture, which was created in the financial year with the significant participation of the AGRAVIS Group, shows prospects for future business areas in connection with hydrogen.

Financial performance indicators

The following key financial figures are used to manage the AGRAVIS Group:

Turnover

As already shown and as expected due to the lower price level, consolidated sales fell to 8.8 billion euros in the 2023 financial year (previous year: 9.4 billion euros, plan: 8.5 billion euros). The annual sales achieved nevertheless underline the solid market position of the AGRAVIS Group in German agricultural trade.

Earnings before tax

Earnings before taxes amounted to 64.5 million euros. Here, the conservatively formulated target was clearly exceeded due to stable earnings contributions in the divisions and despite cost pressure, for example due to high personnel expenses (plan: 45.1 million euros, previous year: 61.5 million euros).

Operating EBIT

For several years now, the AGRAVIS Group has been using operating EBIT as another financial performance indicator to better reflect its operating profitability. The operating EBIT is an EBIT used in financial reporting, which has been adjusted for the neutral result and other one-off, non-recurring expenses and income. This particularly includes one-off restructuring expenses. Operating EBIT in the past financial year amounted to 103.9 million euros (previous year: 133.6 million euros) and is therefore below the previous year and, analogous to earnings before taxes, above the planned value of 86.6 million euros.

Equity ratio

The equity ratio reached 29.0 per cent and exceeded the target value of 28.1 per cent, as well as the previous year's level of 26.8* per cent. This was achieved through active working capital management, so that liabilities to banks fell significantly.

The financial performance indicators are continuously monitored and optimized.

Non-financial performance indicators

In its labor-intensive business model, the AGRAVIS Group takes into account the importance of employees through the following non-financial performance indicators:

Trainee quota

As an attractive and broad-based employer, the AGRAVIS Group provided young people in rural areas with sound in-company training. It is an integral part of promoting young talent and includes commercial, industrial-technical, chemical-pharmaceutical and information technology training occupations, and dual study programs are also offered. The aim of the training is to develop qualified young talent for our own needs and to offer them longer-term prospects within the group or its operating companies. As of December 31, 2023, there were 649 trainees across the group in 17 job profiles. The training rate of 9.5 per cent thus reached the forecast level and remained stable at a high level compared to the previous year.

Turnover rate

During the ongoing change process, the AGRAVIS Group succeeded in retaining employees to a high degree in the 2023 financial year. The fluctuation rate was around 4.9 per cent and developed within the expected range. It fell again compared to the previous year (5.7 per cent). The AGRAVIS Group sees the low fluctuation rate as evidence of the employees' high level of motivation and identification with their employer, as well as their strong willingness to actively shape the ongoing change process.

Occupational safety

The group company Veravis GmbH is constantly working to improve occupational safety for employees in all divisions and companies. A wide range of e-learning courses are available to employees on the internal "Veravis Training Manager" platform. The instructions address various professional groups at both AGRAVIS and the cooperatives. Topics include, among other things, handling hazardous substances, working on machines, lifting and carrying, and transport work. Many of these instructions are required by law and are mandatory on the training schedule of many employees. The development in the 2023 financial year shows how important it is to continually raise employees' awareness of occupational safety in order to avoid accidents at work. After a significant decline in 2022, the number of reportable accidents rose again to the level of previous years. Most of the 157 reportable accidents (previous year: 119) occurred in agricultural engineering workshops (98, previous year: 76), followed by agricultural trading locations (29, previous year: 25).

Earnings situation

Due to the lower price level for grain, fertilizer and energy as well as for compound feed, group sales were around 8.8 billion euros, below the previous year's level but still slightly above plan. Other operating income increased by EUR 16.3 million to EUR 58.4 million. The main reason lies in the realization of income from asset sales and the reversal of individual value adjustments. The gross profit generated of EUR 784.3 million is above the previous year's figure of EUR 759.7 million, which led to an increased gross profit margin. Personnel costs rose by EUR 9.3 million to a total of EUR 395.3 million due to a higher number of employees and wage increases. Depreciation on intangible and tangible assets amounting to EUR 63.1 million was above the previous year's level due to increased investment activity. The planned investment volume will lead to a further increase in depreciation value in the next few years. Other operating expenses increased by around EUR 2.6 million to EUR 252.3 million. In addition to the overall increase in price levels compared to the previous year, there were higher expenses for consulting, restructuring and higher expenses for travel and trade fair costs. This was offset by a decrease in expenses from receivables valuation due to the impairment of the Russian activities in 2022 amounting to EUR 24.4 million. A stable interest result and lower depreciation on financial assets were offset by lower income from associated companies, which could only be partially compensated for by increased interest income. This then led to a financial result that deteriorated by EUR 2.8 million. Income taxes of EUR 25.0 million were above the previous year's figure of EUR 19.3 million. The group recorded an annual profit of EUR 39.5 million (previous year: EUR 42.2 million). The return on sales reached 0.74 per cent (previous year: 0.65 per cent), the return on equity reached 9.7 per cent (previous year: 9.8 per cent).

Financial position

Capital composition

The subscribed capital of AGRAVIS Raiffeisen AG, as the parent company of the group, remained unchanged at EUR 205.5 million at the end of 2023. The capital contributed by the shareholders is divided into 8.03 million registered shares with restricted transferability. Through a resolution at the 2023 Annual General Meeting, additional authorized share capital of EUR 12 million is available until May 2025.

** Equity ratio 2022 taking into account the change in the reporting of advance payments received. Before the change in the reporting of the advance payments received, it was 26.6 per cent in 2022.*

No further shares were issued in the 2023 financial year or after the balance sheet date. The AGRAVIS share has a calculated value of 25.60 euros. Since May 10, 2023, new shares have been issued at a price of EUR 62.00 each. The slightly increased issue price once again underlines the value of the AGRAVIS share. At the end of the 2023 financial year, 62.2 per cent of the subscribed capital was owned by cooperatives or cooperative companies. Natural and legal persons close to the industry accounted for a total share share of 27.9 per cent (including 0.4 per cent trading portfolio). In addition, at this time, agricultural businesses held a 4.6 per cent stake in AGRAVIS Raiffeisen AG. Employee shares accounted for 5.3 per cent.

Cash flow

The cash flow for the financial year shows a significant inflow from current business activities, increased investing activities and a significantly reduced cash flow from financing activities. The increased cash flow from ongoing activities results primarily from significantly improved working capital. Here, active working capital management combined with a price-induced decline in inventories, receivables and trade payables. The AGRAVIS Group invested EUR 11.0 million (previous year: EUR 16.8 million) in intangible assets, particularly in digital products. At EUR 86.0 million, expenditure on property, plant and equipment was significantly higher than the level of EUR 41.3 million in the previous year. Proceeds from the divestment of property, plant and equipment have fallen again and amount to EUR 2.4 million. The lower cash flow from financing activities compared to the previous year results primarily from lower utilization of financial loans. At EUR 30.3 million, interest payments were slightly above the previous year's level.

Liquidity and financing

AGRAVIS financial management provides the necessary financial resources for the group at all times. Interest rate, currency and price risks are limited using suitable hedging instruments. The financial sector never builds up speculative positions. Rather, its task is to optimize financial flows through the use of group-wide measures such as "cash pooling". Compliance with deadlines is an essential principle of AGRAVIS' financial management. The long-term loans to finance investments in fixed assets are designed as repayment loans with no interest rate risk. The funds are raised almost exclusively in euros; for foreign companies, smaller amounts are raised in local currency (CHF). Another important source of financing for the group is the syndicated loan for EUR 650 million, which was concluded at the end of 2019 and extended in the reporting year until 2027. Interest rate risks are limited exclusively through simple derivative so-called plain vanilla instruments. As a result, the syndicated loan agreement is almost completely protected against interest rate risks in the amount of its average utilization.

As in the previous year, the liabilities from promissory note loans amount to EUR 94.5 million. The asset backed securities sales program of EUR 95 million also remains unchanged. The possibility of making use of spurious repurchase agreements in the goods sector was expanded to 225 million euros. The financing structure is continuously reviewed, solvency was ensured at all times and the available liquidity flexibility was never fully utilized during the financial year.

Asset situation

In 2023, the AGRAVIS Group invested around 97.0 million euros (previous year: 58.1 million euros) in intangible assets and property, plant and equipment. 11.0 million euros were attributable to intangible assets, 14.5 million euros to land, property rights and buildings, 28.9 million euros to technical systems, machines and operating and office equipment and 42.6 million euros to down payments and facilities under construction. The construction of a new cooperative distribution center in Nottuln/Münsterland was by far the largest investment project in the 2023 financial year. In the business divisions, the focus was on locations in the agricultural trade and the technology companies. With the investments in 2023, the group has further strengthened its core business and developed digital solutions. Depreciation reached 63.1 million euros and was therefore higher than in the previous year. The balance sheet structure in 2023 was particularly characterized by a decline in current assets of 7.8 per cent to 1,463.2 million euros (previous year: 1,587.8 million euros). The biggest decline was in inventories, which fell due to lower stocks and lower price levels. Equity increased by EUR 32.7 million to EUR 663.4 million in 2023 (previous year: EUR 630.7 million). The reason for this was the positive annual result. The equity ratio was therefore 29.0 per cent, with a permanent target of 30 per cent. Provisions increased by a good 4.3 per cent or around 12.4 million euros to 301.8 million euros (previous year: 289.4 million euros). The other provisions, particularly restructuring provisions, were the main reason for this. Liabilities to banks fell by around EUR 92.0 million to EUR 661.2 million (previous year: EUR 753.2 million).

Board of Directors' overall statement regarding the development of the business and the Group's position

The AGRAVIS Group has shown itself to be resilient in what was once again a very challenging 2023 financial year and has positioned itself as a solution provider for innovative, sustainable agriculture with clarity, competence, customer proximity and reliability. Together with the cooperative association, the group also underlined its systemic relevance for supply and food security for people. Direct access to agricultural businesses once again proved to be a strong competitive advantage for the AGRAVIS Group in conjunction with its cooperative partners. The relevant market position was further consolidated in the 2023 financial year. Sales and earnings prove this. Here, the AGRAVIS Group was able to confirm the positive figures from the previous year after adjusting for prices, so that profits were once again retained and shareholders can participate in the profits. The AGRAVIS Group countered the price volatility and the pronounced cost pressure with stringent risk management, close position management in the trading areas and consistent receivables management. In addition, the Group's significant efforts to create lean, stable internal processes continued. It was possible to further strengthen the equity base and significantly reduce liabilities to banks compared to the previous year. Thanks to its broad range of financial instruments, the AGRAVIS Group remains solidly financed and has a consistently stable shareholder structure.

HR report

Employees

As of December 31, 2023, the AGRAVIS Group had a total of 6,853 employees, 209 more than at the same time last year. The biggest change was in the technology division, with an increase of around 130 employees. The employees work in different professional fields at more than 400 locations. As a modern agricultural trading and service company, the group offers secure jobs and individual development opportunities in various positions. Qualifications, motivation, customer and team orientation are important attributes. Modern working environments such as mobile working are now part of everyday life, provided the respective activity allows it. In view of demographic developments and the shortage of skilled workers, the group sees itself in an environment in which it is important to be an attractive and trustworthy employer for both applicants and the current workforce. As a relevant employer in rural areas, the AGRAVIS Group also assumes an important social function. This is also part of the AGRAVIS understanding of sustainability. It is important to proactively communicate this employer brand both externally and internally in order to achieve a high level of identification with the AGRAVIS Group. In the 2023 financial year, the HR department therefore developed a recruiting campaign with the motto “AGRAVIS is more than…”, which will be launched in spring 2024. More than 70 AGRAVIS employees give the campaign a face and represent the diverse professional opportunities that the AGRAVIS Group offers its employees.

Risk report

The AGRAVIS Group distinguishes between the following types of risks:

- External risks
  - Macroeconomic risks
  - Foreign currency risks
- Sector and market price risks
- Financial sector risks
  - Liquidity and financial risks
  - Credit risks
  - Interest rate risks
- Legal and regulatory risks
- Other risks
  - IT risks
  - HR risks
  - Political risks

Principles of risk management

Risk management is a central component of AGRAVIS corporate management. Uniform guidelines apply to all trading areas and the financial sector in accordance with the defined risk-bearing capacity. They contain maximum limits for the risks to be taken. The individual areas report regularly on these risks. In addition, Group managers are obliged to immediately inform the Board of Directors and the Controlling & Corporate Development department about any new risks that arise.

Risk management

Risk management is organized centrally in the AGRAVIS Group. Given the differentiated risk profiles, the responsibilities are regulated at all group levels and in all functional areas, regardless of value limits. Risk management includes the following process steps:

Risk identification

The Group continually monitors macroeconomic and industry developments as well as internal processes that could have an impact on its overall situation. In order to identify individual risks, AGRAVIS management uses a risk catalog.

Risk analysis and assessment

The risks are assessed for their possible extent of damage and the probability of their occurrence. The extent of potential damage is, if possible, measured in cost statements. Possible effects are being examined with a focus on the financial situation of the AGRAVIS Group.

Risk management

AGRAVIS management uses the assessment of the identified risks as a basis for decision-making for risk control. The main thing that is assessed is whether risks can be avoided or reduced through appropriate measures. It is examined whether risks can be transferred by concluding certain contracts or whether they ultimately have to be accepted.

Reporting and risk monitoring

Using the risk reports from the trading areas as well as the Controlling & Corporate Development and Finance areas, AGRAVIS management documents the risk-relevant processes and continuously monitors the existing risk potential in the group. The European regulation “EMIR” (European Market Infrastructure Regulation) results in far-reaching requirements for strategy, organization, processes and IT technology in the area of derivatives management. AGRAVIS Raiffeisen AG is subject to audit as a non-financial counterparty (Art. 2 No. 9 EMIR) and is audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. AGRAVIS Raiffeisen AG has taken relevant procedures and precautions when dealing with currency and interest rate derivatives in order to effectively manage operational risks and default risks. The reporting obligations of new transactions, changes and early terminations of derivative contracts to the transaction repositories were delegated to the banks or financial counterparties and checked by the responsible departments.

Risks

External risks

Macroeconomic risks

The fragile geopolitical situation involving the wars in Ukraine and the Middle East also poses risks for the economy in 2024, which are difficult to predict and may occur all the more likely the more the crises escalate. The attacks by the Houthi rebels on container ships in the Red Sea since the beginning of 2024 suddenly put global supply chains in danger again. Many logistics companies then avoided the Suez Canal, the most important connection for importing goods from Asia to Europe, for security reasons. In addition, the weak economy, possible inflation risks and the excessive and erratic regulation of policy provisions at the federal and EU level remain as risk factors. The crisis in public budgets in Germany is also slowing down the climate-friendly and digital transformation of society and the economy. A lack of employees, slow and uncoordinated digitalization and high energy costs with inadequate incentive systems in the spirit of a socially sustainable market economy place additional strain on the competitiveness of German companies and can have a negative impact on the AGRAVIS Group. Cost increases across the board have already influenced the AGRAVIS business in recent financialyears. This is also is also becoming apparent for the 2024 financial year - with a wide range of possible consequences such as more intense competition based on price, purchasing reluctance on the part of customers or increasing personnel costs due to high collective bargaining agreements. In addition, a sustained loss of prosperity or even just uncertainty in agriculture and among consumers in view of the various crises can lead to a decrease in the willingness to invest in new machines or digital products or to pay an appropriate price for high-quality food and consumer goods. The AGRAVIS Group views the systemic relevance of the food industry as well as the international demand pull caused by population growth and climate change as future-proof framework conditions for its business model.

Foreign currency risks

As a national agricultural trader, the AGRAVIS Group operates primarily in Germany, which is why the majority of manufacturing and purchasing costs are incurred in euros. In addition, however, raw materials (e.g. soybean meal, vitamins) and, if necessary, trading goods (e.g. items for the Raiffeisen markets) are also purchased on the international market or from foreign producers and therefore primarily in US dollars. The resulting transaction risk is limited by suitable hedging instruments when the transaction is concluded. Nevertheless, exchange rate fluctuations in this area can have a negative impact on the AGRAVIS Group’s earnings situation if these exchange rate fluctuations on the sales markets cannot be compensated for by price adjustments. Currency risks arise from the fact that the AGRAVIS Group’s sales revenues amounting to a double-digit million euro amount are generated in other currencies. An increase in the exchange rate of the euro against these currencies therefore has a negative impact on the sales revenue reported in euros and thus on the result. Seven consolidated subsidiaries of the AGRAVIS Group report in foreign currencies.

For consolidation purposes, the annual financial statements of these subsidiaries must be converted into euros. The exchange rate fluctuations between the euro and these currencies affect the equity of the AGRAVIS Group.

Industry and market price risks

Fossil and renewable energy, mineral fertilizers, agricultural raw materials and microcomponents such as vitamins and amino acids are subject to significant, sometimes unpredictable price fluctuations. On the one hand, the AGRAVIS Group uses energy and agricultural raw materials for the production of animal feed, and on the other hand, they are trading goods of the AGRAVIS Group. The price development of these assets is therefore particularly important for the purchasing and sales of the AGRAVIS Group. If the AGRAVIS Group could not pass on any increases in the price of agricultural raw materials or operating resources to its customers or compensate them in any other way, this would reduce its profitability.

The products sold by the AGRAVIS Group are subject to seasonally fluctuating demand, particularly in crop production and agricultural technology. In particular, increasing periods of extreme weather can make growing and harvesting conditions more difficult and thus have a negative impact on demand for seeds, fertilizers and crop protection products. Mild winters, on the other hand, can lead to a decline in sales of fuels. A further change in consumer behavior of the population towards less meat consumption could also have an indirect impact on the sales markets of the AGRAVIS Group, for example by reducing the demand for animal feed due to a further reduction in livestock numbers. Demand in the agricultural technology sector also depends on the general economic situation of agricultural businesses.

When trading, particularly with Raiffeisen cooperatives, the AGRAVIS Group often assumes the risk of price changes through hedged contracts. In addition to conventional hedging transactions, common hedging instruments on commodity futures exchanges are also used. The risks from these transactions are limited by upper limits and continuously reported to the committees. If necessary, risk positions will also be closed within the approved limits. The different markets continue to be continuously monitored and analyzed.

The infection process in livestock herds remains a risk for the AGRAVIS business. At the end of the past financial year, cases of bird flu increased again in Lower Saxony, a core work area of the AGRAVIS Group. Above all, losses in compound feed sales are to be expected in the event that livestock has to be killed. The consequences for individual regional plants could be short-time work or even temporary shutdowns. In order to keep the risks as low as possible, close-knit, cross-departmental crisis management takes effect.

Financial-sector risks

Liquidity and financial risks

In addition to the syndicated loan and long-term loans, the AGRAVIS Group secures its liquidity needs through the use of an asset-backed securities program (ABS program), a trading line for (spurious) repurchase agreements in the agricultural commodities sector, and through promissory note loans. As part of the ABS program, trade and service receivables are sold to a credit institution as structured financing to strengthen liquidity. In this way, the group can refinance itself at money market conditions. The AGRAVIS Group remains responsible for managing the receivables transferred to the credit institution. The syndicated loan regulations, the promissory note loans, the ABS program and the agricultural commodity line define a stable financing structure. The contractual structure takes seasonal fluctuations in liquidity requirements into account and guarantees the necessary planning security. There are no significant liquidity and financial risks identified.

Credit risks

In its business activities, the AGRAVIS Group assumes an important financing function for its agricultural trading partners. In the agricultural sector, the group faces a financing risk, particularly from the pre-financing of agricultural resources, which are repaid through the takeover and marketing of the harvest. In addition, the group grants commercial customers supplier credit by granting appropriate payment terms. Centrally installed credit management monitors and controls these risks. The central component here is the system-supported creditworthiness analysis, combined with ongoing monitoring of credit limits with documented approval procedures. On a weekly basis, credit management informs the risk management committees about the total claims as well as the main individual claims. In addition, existing normal default risks for trade receivables are hedged through individual and general value adjustments. No particular credit risks are identified. The receivables terms are closely monitored. There is also trade credit insurance with a deductible.

Interest rate risks

In order to limit interest rate risks in variable-interest financing, AGRAVIS Raiffeisen AG, as the parent company of the group, concludes interest rate hedging transactions. Only interest rate swaps are used for hedging purposes for future payment flows. At the same time as long-term loans are taken out, micro-hedges are concluded in the form of interest rate swaps with matching maturities, creating synthetic fixed-rate financing. Interest rate swaps are also concluded to hedge the interest rate risks from borrowings under the syndicated loan. The swaps represent a portfolio hedge in relation to the Group's working capital financing. The Group maintains a risk management system for interest rate risks. Control in this area is now carried out via the so-called fair value or its change. The fair value of the various sources of external financing is determined on a monthly basis.

Legal and regulatory risks

The companies of the AGRAVIS Group are exposed to risks in connection with legal disputes in which they are currently involved or may be involved in the future. Such legal disputes arise in the ordinary course of business, for example from the assertion of claims for incorrect services and deliveries or from payment disputes. In principle, legal risks can also arise from violations of compliance regulations by individual employees. As a result, group companies could be subject to fines, compensation payments or other sanctions based on official orders or as a result of civil or criminal proceedings. Corresponding legal risks are continuously monitored by the corporate divisions and the AGRAVIS internal compliance organization. The AGRAVIS Group creates provisions for litigation risks if it is probable that an obligation will arise and the extent of the economic burden can be properly estimated. In individual cases, actual use may exceed the amount set aside. According to the Management Board's assessment, adequate provisions were made for the legal and regulatory risks known at the time of preparation by allocating provisions. Changes in the regulatory environment can influence the Group's development. In particular, interventions in the framework conditions for the agricultural sector should be mentioned. Negative influences can arise in particular from the redesign, withdrawal or abolition of support measures or fundamental changes in agricultural policy, which can put a strain on trading business with customers.

Other risks

IT risks

The AGRAVIS Group relies on functioning IT systems for its business operations. The group's own "Information Technology" division currently provides reliable service provision in two of its own, redundant data centers and through the use of appropriate cloud services. Based on a cloud-first strategy, a clear questioning of our own billing center capacities through the appropriate choice of professional partners, for example in hosting the systems, as well as the strategically chosen use of standard solutions, the complexity is continually and significantly reduced. In order to continuously guarantee the services of the IT department, various security mechanisms have been installed. These include, for example, access controls, building monitoring, a permanent energy supply for central systems, ongoing monitoring and mirrored data storage. The group uses comprehensive security solutions to effectively secure IT services against unauthorized access and protect them from external attacks. Through constantly updated emergency planning, the effects of possible failure scenarios should be kept as low as possible. There are also regular emergency drills and ongoing training and awareness programs for employees on internet security and cyber risks. Taking into account the constantly changing threat situation, regular checks are carried out in collaboration with external experts and measures are taken to increase IT security. This is also necessary for the extension of the cyber risk insurance in the financial year.

HR risks

In order to be successful in the future, the AGRAVIS Group needs the right employees in the right place at the right time. Both young talent and career changers with professional experience in specialist and management positions continue to be the target groups for all personnel marketing and recruiting activities in order to effectively address the shortage of skilled workers. At the same time, the importance of internally promoting young talent is growing in order to specifically develop employees into specialist and management functions. The AGRAVIS Group relies on highly committed employees who identify with their employer in order to shape the future with them. Investments in systematic succession management and personnel development measures will continue in 2024.

Political risks

The political risks of the Russian war of aggression in Ukraine remain for the time being. The hope for a stable peace order with an end to hostilities, preservation of human rights and state sovereignty as a prerequisite for plannable economic action is not yet foreseeable. The right investment by Germany and the EU in Ukraine's defense will put a strain on its economic ability to act. Furthermore, energy purchases from Russia and corresponding cost reductions are not to be expected. Regarding the corporate units operating in Russia: The feed factory in Novoalexandrovsk is currently continuing to produce despite the fragile overall situation. The supply of raw materials from the regional market is currently ensured. Since September 1, 2023, pharmaceutical products have only been imported into Russia from manufacturing companies that are appropriately certified by the Russian authorities (Russian GMP), the Livisto sales company OOO Lirus can no longer be supplied with veterinary products from the group's own European production sites . In view of the risks and the unforeseeable further development, the valuations of the companies based or operating in Russia were already fully written down in the 2022 financial year, so that a possible worsening of the situation in the future would not result in any significant impairment risks for the AGRAVIS Group. The AGRAVIS Group acts exclusively within the framework of the applicable sanctions, constantly checks this through its legal department and reports on this to the Supervisory Board.

If the war in the Middle East were to spread, it could have an impact on the energy markets, which would also affect AGRAVIS' business. Another potential trouble spot is the conflict between China and Taiwan. An escalation could bring the global flow of goods to a standstill again, here too with conceivable consequences for areas and companies of the AGRAVIS Group.

National and European agricultural policy can also continue to affect the business of the AGRAVIS Group. Although the Plant Protection Ordinance (SUR) failed in the European Parliament in November 2023 and innovative, sustainable crop production remains possible in Germany, the use of crop protection products will continue to decline. Individual federal states have already set reduction targets. However, the AGRAVIS Group only sees the plans of the Minister of Agriculture, Özdemir, to increase the proportion of organic farming to 30 percent by 2030 in the political debate. The real business does not feel any increase in organic grain or rapeseed. The crisis in the federal budget and the decided cuts in agricultural diesel have further shaken the trust of the agriculture sector in the federal government's reliable agricultural policy.

2024 is an election year. Populist parties could gain a significant share of the vote both in the state elections in Thuringia, Brandenburg and Saxony and in the European elections. This can damage political stability and undermine confidence in the reliability of politics. In accordance with the basic cooperative understanding, the AGRAVIS Group relies on the basic democratic order of parliamentary democracy and supports this through entrepreneurial activity. Political decision-makers are called upon to assume their constitutional responsibility and to distance themselves from dogmatism and ideology. With a view to the presidential election in the USA, the AGRAVIS Group trusts in the strength and unity within the European Union, which has a more important role than ever in terms of security, economy and defense of the basic democratic order. Democratic developments in Poland show the legitimate chances of this expectation.

Board of Directors statement on the Group's risk situation

Aware of the risks described and based on the medium-term planning, the Management Board currently does not expect any serious threats to future development that, individually or in interaction with other risks, would lead to a permanent and endangering impairment of the asset, financial and earnings position of the AGRAVIS Group.

Opportunities report

Macroeconomic opportunities

Like many other economic sectors, agriculture and thus also the upstream and downstream areas are subject to constant structural change. Nevertheless, there will continue to be comprehensive, innovative, sustainable agriculture in Germany in the future. The overall interesting career profile of agricultural entrepreneurs, an excellent and well-demanded dual training structure and integration into the generational contract of family and multi-family businesses in western and eastern Germany secure the economic basis of the AGRAVIS Group in the majority of regions and business sectors. Although the effects of climate change can also be felt here, favorable locations in Germany and Europe and technical progress are needed to sustainably supply a growing global population of more than eight billion people with increasingly scarce land resources with high-quality, affordable food. The AGRAVIS Group sees its role here as an innovative service provider and solution provider for this resource conservation as well as economically and socially responsible agriculture. As a hub in a network with the cooperative association and other partners from agribusiness, the AGRAVIS Group wants to supplement digital sales channels and sustainably develop business models based on the foundation of classic agricultural trade. It is based on the criteria of materiality, economic efficiency and feasibility. The AGRAVIS Group faces these challenges with a consistent customer focus, standardized and lean processes and high-performance offerings. The market changes, including digital transformation and the reduction of CO2 emissions, are creating opportunities that the Group will consistently take up and convert into business. Through a clear focus on market and customer requirements, the group sees good opportunities for sustainable, profitable growth in the cooperative network and in creating added value for agriculture and other customer groups.

Strategic opportunities

Digitalisation

The AGRAVIS Group sees considerable potential in digital transformation and, in accordance with its mission as a driver of digitalization, a task for itself to establish tailor-made digital building components for customers within the cooperative network. The general conditions remain challenging - among other things due to the still insufficient network coverage in rural areas. Nevertheless, considerable successes were achieved in the 2023 financial year. The previously separate Raiffeisen field files Acker24 and Delos were merged into a digital farm management software called “Ackerprofi”, a leading software solution for farmers in Germany. The AGRAVIS investment company Land24 GmbH sells them nationwide through around 100 cooperatives. The software was developed by OVIS IT GmbH. Both investment companies were already responsible for the previous applications. The wholesale portal myfarmvis-b2b and the farmers‘ portal myfarmvis.com was further expanded, and the RSilo digital level meter for external feed silos was placed on the market with the first pilot customers. The AGRAVIS Group will continue to actively shape the ongoing market consolidation for existing applications through its digitalization department in the financial year and at the same time continue to develop its own products with a clear focus on customer benefits within the cooperative network. In addition to the further development of software solutions, the digitalization area will in future coordinate and control the topic of e-commerce via a central unit, which is seen as a further growth area for the AGRAVIS Group and the cooperative network.

Cooperative collaboration

The AGRAVIS Group is firmly rooted in the cooperative organization. Over 60 per cent of the subscribed capital is in the hands of the regional cooperative owners. The group sees the cooperative network as a model of success with the constant common goal of strengthening the cooperatives regionally in sales and in contact with agricultural businesses. To do this, the AGRAVIS Group must actively position its own services in wholesale, consulting and administrative tasks and thus make itself the preferred strategic and operational partner for the cooperatives. It is therefore important to consistently expand cooperation with the cooperatives and to jointly develop new network building components for agriculture and people in rural areas. The group has estimated that around a third of all agricultural businesses and two out of three processing businesses in Germany are already served by AGRAVIS and its own cooperative wholesale customers.

The ongoing structural change in the low-margin agricultural sector and the tough cut-throat competition at the trading level offer the cooperative association the opportunity to secure market shares through market access, lean processes and innovation and to position itself even better in a market that is tending to shrink. In order to strengthen strategic cooperation within the Raiffeisen network and secure cooperative market shares for the future, structural decisions were made in Münsterland and Lower Saxony in the 2023 financial year. At the beginning of 2023, Raiffeisen Landbund eG, RWG Niedersachsen Mitte eG, RWG Osthannover eG and VR-Bank in Südniedersachsen eG had already made an extensive financial investment in AGRAVIS Niedersachsen-Süd GmbH.

Now it is important to implement synergies in the processes from logistics to merchandise management to digitalization by using and developing specialist knowledge in the organizations for mutual progress.

Internationalization

As a national agricultural trader, the AGRAVIS Group focuses its business activities on the German agricultural market and in particular on the regions between the Netherlands in the west and Poland in the east. In addition, the group continues to pursue selected internationalization modules in a targeted and judicious manner. For several years now, the focus has been on joint activities in joint ventures with the Danish Danish Agro a.m.b.a. Opportunities for additional international business are also actively exploited in animal health, special feed and agricultural technology with our involvement in Poland. The sales area of AGRAVIS Technik Polska was significantly expanded in 2023. Investments are only made if the know-how and network of the company required for foreign business are available locally. The AGRAVIS risk management guidelines also apply to international business.

Flexibility and diversification

As a 360-degree service provider in agribusiness as well as in the markets and energy divisions, the AGRAVIS Group is able to absorb volatility and thus prevent one-sided economic dependence on one division. The extensive product and service portfolio and the customer-oriented sales structure within the cooperative network also offer the opportunity for networking when developing services and innovative value-added solutions. In this way, synergies can be leveraged from which the AGRAVIS Group and the cooperative partners can benefit in the long term. The willingness to form strategic alliances with partners from industry and mills also remains. The aim is to secure and expand shares in existing markets with the core business and to stabilize value creation. Further expansion via products or new markets should primarily be implemented where there are above-average growth opportunities in relation to the core business.

Business development and innovation

With the M&A and project management office areas of activity, the Controlling & Corporate Development department supports the AGRAVIS Group in its future-oriented orientation. It accompanies strategy development and regularly reviews the strategic orientation with the divisions and group companies. The department also coordinates and supports the diverse innovation activities within the group. In 2023, contact with the start-up scene in the agricultural and food industry was further intensified through its participation in Seedhouse Accelerator GmbH. The project management office accompanies the project initiation and the implementation of selected group-relevant projects and is responsible for regular reporting on the group’s project portfolio. Company investments as well as acquisitions and divestments are supported by the M&A team throughout all process steps. In the operational divisions of animals, crop production, technology and markets, project-oriented service areas complement and combine the practical implementation of growth, restructuring and innovation.

Forecasting report

Future Group direction

The AGRAVIS Group continues to stand by its supply mandate in rural areas and focuses its activities on the areas of livestock nutrition, crop production, agricultural technology, fossil and renewable energy as well as Raiffeisen markets - as a process-oriented digitalization

> As a trainee, I notice success in the network in many places. Not least because of the sympathetic ear I find among my superiors. They give me the feeling that I am an important part of the team even during my training. This is how collaboration works on equal terms.
>
> Lena Schulze Höping Pellengahr, trainee
> Wholesale and foreign trade, AGRAVIS Raiffeisen AG

driver and bridge builder to the upstream and downstream areas and with the proviso that that reducing the carbon footprint is part of the business model. The strategic orientation of the AGRAVIS Group's focus is on the areas of growth, employer brand, customer focus, sustainability and digital integration.

The group will continue the ongoing change process in all divisions and, along with the cooperative network, position itself as a customer-oriented solution provider for innovative, sustainable agriculture. In order to exploit market potential, future-oriented business models and concepts that cover customer needs and lean internal processes are required. With the internal "Dock" program, the previous merchandise management systems will be gradually transferred to a needs-based and future-proof system landscape in 2024 and subsequent years.

The group wants to grow sustainably, qualitatively and solidly in its core business. To achieve this, all business areas must be consistently profitable. The AGRAVIS Group draws its strength from working together in a strong network. Alongside with the regional Raiffeisen cooperatives, the group wants to be economically successful in the German agricultural market and gain market share through maximum customer orientation. The AGRAVIS Group will continue to shape structures in a targeted manner and strengthen the position of the cooperative network along the entire value chain.

Economic framework conditions

General economic situation

After a decline in gross domestic product in 2023, the German economy will only grow slightly in 2024. The federal government last revised its forecast significantly downwards in February 2024 and only expects an increase of 0.2 per cent. Various economic institutes also see slight growth, but Commerzbank assumes that the German economy will shrink again by 0.3 per cent in 2024. Economists are convinced that the key factors for the continued slowdown in economic development are interest rate policy and weak foreign trade. Globally, the economy is growing slowly, especially in China. The export-oriented German economy feels this particularly strongly. Private consumption is expected to pick up again in 2024. The significant decline in inflation, which is expected to average 2.6 per cent for the year, is probably having an impact here. Financial market experts therefore expect that the central banks in the USA and Europe will cautiously lower key interest rates again in several stages in 2024. The value of the US dollar is expected to weaken slightly to an exchange rate of 1.12 against the euro.

The shortage of skilled workers remains the dominant issue in the labor market. This situation is exacerbated by the fact that the first cohorts of the baby boomer generation are about to retire. However, the labor market is still robust. Employment is expected to increase moderately in 2024.

Industry development

The structural supply deficit for wheat will continue on the grain markets in the second half of the 2023/2024 marketing year. In addition to the availability of Russian and Ukrainian wheat, further demand developments will influence the markets. In the wheat market, mostly only short-term needs are met. This not only affects the German wheat market, but also reflects international market behavior. A similar market situation is also observed in the rapeseed market. Despite El Niño weather, Australia's rapeseed production was better than expected in late autumn 2023. This means that the global rapeseed supply situation remains more comfortable than it was two years ago. The high demand for rapeseed in this country is therefore likely to meet with sufficient supply. The supply balances for corn and soy are comparatively comfortable. In addition to the fundamental data, politics, tariffs, sanctions, wars, central banks and currencies will continue to have a high influence on price formation. The Chambers of Agriculture predict a significant decline in profits for the main commercial enterprises in German agriculture for the current marketing year due to falling producer prices and the further deteriorating economic conditions in advance.

When it comes to fertilizers, the high demand for lime in agriculture will continue. Sales of phosphate and potash are also expected to be higher than in the 2023 calendar year. A further decline of around 5 per cent is to be expected for nitrogen after the expansion of the red areas. Fertilizer prices are likely to rise moderately again as more and more production is converted to renewable energy. Quantity availability problems are not expected.

No changes in crop protection area intensity are expected for 2024. Price developments are likely to be moderate. In addition, providers of generic products are expanding their portfolios. In the technical products segment, such as silage, stretch and cling film, sales are expected to remain stable in 2024.

The seed markets will shift towards summer due to the requirements of the “Common Agricultural Policy (CAP)” with the current one-off abolition of set-aside for 2024 and the expected increase in spring sowing due to the wet weather in the autumn/winter of 2023. The division between arable land and grassland is almost fixed due to political regulations. The specification of crop rotation is taken into account, which leads to higher sown areas with hybrid rye, winter barley and spring seed cereals.

If meat consumption among consumers continues to be low, compound feed production in Germany will not experience any growth impulses. The industry expects that compound feed capacities will be withdrawn from the market. Against this background, competition is likely to continue to be very tough. Concept leadership for each animal species and the ability to map integration modules increase the demands on market participants. Due to the lack of a reliable framework from politicians for investments in animal husbandry, more businesses are likely to give up. Fundamentally, no supply problem is expected for the feed raw materials soy and rapeseed meal.

In the specialty feed products segment, business continues to be influenced by China‘s strong market position. European producers continue to relocate to Asia or leave the business sector.

Group activities in the “Horse & Hobby” segment will take place in a market with a stable horse population. Good sales opportunities are still seen, particularly for premium products. Hobby farming is also a persistent trend.

Global market growth in animal health is expected to be between 3 and 5 per cent. Increasing regulatory requirements as well as political and economic volatility are impacting the market.

In the agricultural technology sector, investment behavior is expected to be more cautious and cautious compared to 2023. The member companies in the European Association of Agricultural Machinery Dealers see a saturated market and a reluctance to buy among customers. According to AGRAVIS estimates, the tractor and combine harvester market is likely to decline by 5 to 10 per cent.

Demand for large balers and shredders is expected to remain at the same level as last year. The market for round balers, on the other hand, is likely to shrink significantly. A decline of 3 to 5 per cent is expected for grassland technology. Since the investment program by the federal government, the so-called “farmer‘s billion“, is no longer available, the markets for machines and equipment for the precise application of fertilizer and pesticides as well as for mechanical weed control will decline. Sales are likely to increase in the service sector and spare parts trade.

The AGRAVIS Group expects challenging industry developments for the retail sector, which will continue the trends of 2023.

The transformation of the energy markets will continue to take place in a complex environment in 2024. Global crises, the secure supply of affordable energy and an increasing regulatory environment define the guard rails. The German gas storage facilities were 100 per cent full at the end of 2023. The increase in network fees and the remaining political uncertainties in the Middle East and Ukraine are price risks for energy procurement.

According to experts, heating oil sales will decline by 3 per cent in the overall German market in 2024. Behind this are structural issues such as improved technology, greater house insulation and the switch to alternative energy sources through the Building Energy Act (GEG). The consumer uncertainty associated with this law will lead to weaker market growth for wood pellets. Fuel sales (diesel and gasoline) are also expected to decline slightly in 2024 (minus 2 per cent), partly due to changes in mobility behavior. The willingness to invest in the gas station segment is likely to decrease due to high material costs and increased interest rates.

The trading market for biomethane will be reorganized. This opens up new opportunities for the AGRAVIS Group.

Domestic sales of lubricants are expected to grow by 5 per cent in 2024. Sales of gas engine oils are forecast to continue to decline.

Expected sales, assets, financial and earnings situation

Group sales of around 8.1 billion euros are expected for 2024. This assumes a price level that will consistently be around the same level as the second half of 2023. Sales impulses from the operational business are expected, among other things, in the product areas of fertilizer, special feed for livestock, animal health, horse & hobby as well as in direct business with agriculture via the agricultural centers and AGRAVIS Ost. The result before taxes should be maintained at the level of the two previous years; the planned value is set at 60.1 million euros. The aim is also to further strengthen the equity base and increase it to 693 million euros. The equity ratio should exceed the 30 per cent mark. Both the liabilities to credit institutions and the other liabilities are to be reduced again compared to the previous year. At the same time AGRAVIS Group is doing everything it can to consistently reduce operational debt (working capital, inventories). Other costs are expected to remain significantly below the previous year. The Group‘s strong performance in the market is reflected in the operating EBIT, which is expected to reach EUR 101.1 million in 2024.

Risk management will continue to be applied consistently, not least in view of the geopolitical challenges, and the portfolio will be regularly checked for the performance of the areas.

From today‘s perspective, the AGRAVIS Group expects the following development in the divisions:

Agricultural wholesale

In the agricultural wholesale division, the AGRAVIS Group would like to further expand its business with regional cooperatives in 2024. Due to an assumed lower price level, sales are expected to be lower than in the previous year; earnings are forecast to be at the level of previous years. After the negative result, the group expects a slightly positive value contribution for the animal health sector in 2023. Market share reserves in the areas or product groups of seeds, fertilizers, agricultural products and animal feed must be mobilized through efficient offerings.

Plant production division: The plant cultivation division wants to continue to position itself as the first point of contact and sustainable partner for plant cultivation solutions in the market. To this end, the sales approach at the cooperatives will be further developed in a potential-oriented manner and suppliers will be tied to the AGRAVIS Group. The focus and exclusive products or own brands in the product groups are to be expanded. The ambitious planning includes stabilization of sales and earnings at a sustainable level.

The AGRAVIS Group wants to increase market share in the fertilizer product area. An important tool is the CO2-reduced fertilizer Entec EVO, which will be available for the first time in the new season. A sub-root fertilizer for corn will be added in the fall. Sales expectations are slightly higher than the previous year with the results largely confirmed.

The crop protection product area wants to keep sales at least stable, as well as earnings. Growth is expected from expanding the product portfolio to include biostimulants. By reducing inventories and streamlining the product range, work is also being done in this segment to improve working capital.

In the seed business, the focus is on implementing the priority programs in close cooperation with the cooperatives. Reserves in the settlement and processing of the portfolio are the focus of the activities. Subject to the approval of the EU antitrust authorities, which is expected for 2024, the Nordic Seed Germany joint venture with its breeding activities is to be established in the market and converted into sales. With a slight increase in sales, the result should be further stabilized.

Agricultural products sector: When it comes to the supply of grain, oilseeds and feed raw materials, the AGRAVIS Group wants to be the first point of contact in the cooperative sector, grain and oil mills and the starch industry. The agricultural products sector wants to increase volume sales through further improved customer communication. Against the background of the persistently challenging market environment (geopolitical crises, inflation, relatively narrow supply balance and quality problems with wheat while at the same time a significant expansion of the global feed grain supply), the division will maintain strict risk management. Sales will decline compared to the previous year due to prices. The earnings contribution is targeted at above the 2023 level.

Animal sector: Against the background of the challenging conditions in declining markets, the AGRAVIS Group will continue to do everything in its power to maintain its customer base in the compound feed sector in 2024. In order to meet market requirements, the AGRAVIS Group will align its sales structure for compound feed with a lean, powerful, competent and motivated organization in the beef and pork segments, including animal species. As of July 1, 2024, the current six sales units – AGRAVIS Mischfutter Oldenburg/Ostfriesland GmbH, AGRAVIS Mischfutter West GmbH, Profuma Spezialfutterwerke GmbH & Co. KG, AGRAVIS Mischfutter Leine-Weser GmbH, GiG Gewickel GmbH, AGRAVIS Mischfutter Ostwestfalen-Lippe GmbH – a central sales company is founded. This is managed by business area management according to animal species and, for beef and pork, is segmented into sensible sales areas in the interests of customer proximity. For 2024, sales of compound feed are forecast to be slightly reduced compared to the previous year, with declining earnings. Sales and earnings for special feed for livestock are expected to be slightly above the previous year's level.

With unrestricted delivery of all products and good service, the AGRAVIS Group wants to score points with customers when it comes to specialty animal feed products. The consolidated sales are calculated to be higher than the previous year with the same contribution to earnings.

In the "Horse & Hobby" product area, a slightly improved result is also expected with a slight increase in sales. Further growth at Equovis GmbH is to be generated in foreign markets such as Sweden, Denmark and the USA.

The group company Livisto Group is again planning to improve sales and earnings contributions in animal health. The small animal business in Europe is to be strengthened and the market position for preparations for farm animals is to be expanded. In response to veterinary market developments, the Livisto Group is streamlining its European production location network. The production capacities in Senden, Cerdanyola des Valles (Spain) and Rio Saliceto (Italy) will be expanded in a future-oriented manner. The Horb location will be closed at the end of 2024, and production in Bern will be phased out at the same time.

Agricultural/farming

The AGRAVIS units active in direct business with agriculture want to confirm and further expand their operational strength in the market in the 2024 financial year. For the agricultural division, the AGRAVIS Group expects sales to be at at the levels as they were in previous years with a result that confirms the stable profitability of the operating units. The agricultural centers in the AGRAVIS holding expect the situation in agriculture to normalize.

The AGRAVIS Ost companies also expect stable results. On the cost side, high freight rates in logistics, energy expenditure and labor costs remain important factors due to the increase in the CO2 tax and tolls. The AGRAVIS units in this division see themselves as prepared for this through further increases in efficiency in the location structure, logistics concept and digital transformation combined with strict risk management and high team motivation.

Machinery

Since customers were already becoming reluctant to invest in the second half of 2023 and the machine market is expected to decline by between 5 and 10 per cent in 2024, the AGRAVIS Technik Group expects significant efforts from the industry to stimulate the market. The technology division would then benefit from this. The workshop and spare parts business is considered to be very robust, so slight increases in sales and earnings are expected. The used machine business will come under price pressure due to the dynamics of new machines. Overall, sales and earnings are expected to be slightly lower compared to the previous year.

Strategic decisions in the technology division that have already been initiated will be continued in 2024 and are aimed at counteracting declines in the classic agricultural technology business through structural and cost consolidation, streamlining the brand portfolio, geographical expansion and expansion of sales activities outside of the classic agricultural technology business. These strategic decisions are reflected, among other things, in the takeover of Thorsten Warnecke Kommunal- und Landtechnik GmbH in Scharbeutz. This meant that the AGRAVIS Technik Group also managed to enter the Schleswig-Holstein market. A realignment in the municipal and robotics business initiated in 2023 will continue to be implemented in 2024.

Retailing

Despite presumably ongoing consumer reluctance and a continued tense situation in the construction industry, the machinery has good opportunities in the markets division to grow in systems retail - for example through the acquisition of further cooperatives for the Terres cooperation or new shareholders for Regio Baustoffe GmbH. Investments are consistently directed towards digital processes and omnichannel. Online sales are expected to increase in the 2024 financial year according to the 2026 target. The new distribution center in Nottuln will create the spatial conditions to support the web shop growth strategy with product ranges. In the building materials segment, the opportunities that arise from from the focus on renovation within the industry and and redeveloping should be exploited. In the Markets division, the aim is to slightly increase sales again with a stable contribution to earnings.

Energy

With a package of measures, the Energy Division wants to further shape the role of the AGRAVIS Group on the energy markets in 2024 and strengthen the business models. The aim is to streamline trading activities in fuels and expand strategic partnerships with key customers. Significant growth opportunities are seen in biomethane trading for the fuel, EEG and heat markets. The group wants to leverage the synergies in GHG quota trading. The own brands for climate-friendly diesel fuel, Bionergy Diesel 25 and Bionergy Diesel 90, are to be rolled out on the market. The group wants to position itself as a strong partner in the gas station project business and support the station operators in the change. The market position for the additive AdBlue is to be strengthened and digital sales of Tectrol products in the lubricant segment are to be further promoted. With the own brand RPellets, the nationwide expansion in the end consumer business is being accelerated. The previous year's figures should be stabilized in terms of sales and earnings.

Planned investments

Investmant budget

The AGRAVIS Group is planning an investment volume of EUR 101.3 million for the 2024 financial year (previous year: EUR 55.6 million planned, EUR 97.0 million realized). The reason for the significant deviation from the planned value can be seen primarily in the fact that the group company RaiLog Beteiligungsgesellschaft Nottuln GmbH was included in the group of companies. This will increase the investment volume in 2023 and 2024 by a total of 60 million euros. A new central distribution center is being built in Nottuln for the AGRAVIS Group and the cooperative network. The 2024 investment plan also includes 20.0 million euros for implementation as part of the "Technology Network Plan 2030". In addition to RaiLog Nottuln and the technology division, large investments are being made in infrastructure projects at AGRAVIS Ost and agricultural centers, as well as in the continuation of the "Dock" program for the further rollout of the uniform ERP landscape based on SAP.

As in the past, the group differentiates between three investment categories:

- Strategic investments in locations and markets: 70.3 million euros (share: 69.4 per cent),
- Strategic investments in digitalization: 8.9 million euros (8.8 per cent),
- Replacement/wear and tear: 22.1 million euros (21.8 per cent).

Non-financial performance indicators

As already described, the AGRAVIS Group uses the following non-financial performance indicators:

- Trainee quota
- Staff turnover rate
- Work safety.

The training rate is to be kept stable at a high level of above 9 per cent in the 2024 financial year in line with the Group's recruiting activities. When it comes to the fluctuation rate, the AGRAVIS Group is aiming to repeat low figures as in the previous years. The various preventive measures are intended to help ensure that workplace accidents in the Group are noticeably reduced again in the current financial year and thus occupational safety is continuously increased.

Board of Directors' overall statement on the expected development of the Group

Due to the fragile geopolitical and macroeconomic conditions as well as the volatile markets and increasing weather extremes, the 2024 financial year will also be accompanied by various uncertainties. The AGRAVIS Group will therefore continue to "operate on sight", control risks and secure transactions directly. It has set itself the goal of further developing its core business with implementable solutions for innovative, sustainable agriculture in the cooperative network and of regionally managing the necessary climate- and resource-saving transformation via new business models. Customer-oriented, practical concepts, for example to reduce the carbon footprint in crop production and livestock farming, will continue to be consistently promoted. The potential of digitalization is also used in all divisions in the cooperative network to strengthen and secure business. In addition to functionality, the prerequisite for the use of digital applications is acceptance and economic feasibility among agricultural customers and cooperative sales units. An important building block for linking digital and stationary business will be the new cooperative distribution center in Nottuln, which will go into operation in the second half of 2024.

At the same time, the group will further optimize its internal processes in order to operate economically successfully in the market with an efficient structure, great cost discipline and strict risk management as well as quick decisions. In this way, your own claim to be able to pay dividends permanently and to retain profits can also be fulfilled in the future. The implementation of the framework for action and the ongoing change process is based essentially on the know-how, ambition and inventiveness of all AGRAVIS employees. For them, the AGRAVIS Group is a relevant, attractive employer in rural areas that imparts knowledge with appreciation and rewards performance.

The Management Board makes these statements on the basis of the Group's current scope of consolidation and the described assumptions regarding the political, macroeconomic and industry-specific conditions as well as all information currently available. Average harvests are also assumed. Should the market environment change or should risks – such as those described in the risk report – occur, the actual development of the Group may differ from the forecast presented here. The board will then take appropriate countermeasures. There is no obligation to update the statements made in the management report.

Münster, 10 April 2024
AGRAVIS Raiffeisen AG, Board of Directors

Dr. Dirk Köckler (Chairman)	Hermann Hesseler
Jan Heinecke	Jörg Sudhoff

7_Consolidated financial statements

7.1 – Consolidated balance sheet of AGRAVIS Raiffeisen AG as of 31 December 2023

Assets (in EUR thousand)		**Financial year**	Previous year
Fixed assets	**Intangible assets**		
	Internally generated industrial property rights and similar rights and assets	1,046	989
	Purchased concessions, industrial and similar rights and assets and licences to such	34,691	35,587
	Goodwill	5,776	7,170
	Advance payments	16,254	17,624
		57,768	**61,370**
	Property, plant and equipment		
	Land, land rights and buildings, including buildings on leased property	274,509	273,567
	Technical equipment and machinery	106,315	108,826
	Other equipment, factory and office equipment	33,661	27,887
	Advance payments and plants under construction	46,821	14,094
		461,306	**424,374**
	Financial assets		
	Shares in affiliated enterprises	20,740	20,388
	Loans to affiliated enterprises	10,720	8,943
	Shares in associated enterprises	232,248	218,785
	Holdings	17,943	16,687
	Loans to enterprises in which an interest is held	3,489	3,660
	Other loans	7,407	6,309
		292,547	**274,772**
	Total fixed assets	**811,621**	**760,516**
Current assets	**Inventories**		
	Raw, auxiliary and operating materials and supplies	55,005	71,120
	Work and services in progress	6,222	7,137
	Finished goods and merchandise	901,394	1,001,983
	Advance payments	17,770	13,875
	Prepayment received	-16,615	-18,901
		963,776	**1,075,214**
	Receivables and other assets		
	Trade accounts receivables	370,567	395,755
	Receivables from affiliated enterprises	18,220	13,826
	Receivables from enterprises in which an interest is held	32,287	36,271
	Other assets	69,173	55,944
		490,247	**501,796**
	Cash in hand, cash at banks and credit institutions and cheques	**9,160**	**10,749**
	Total current assets	**1,463,183**	**1,587,759**
Accrued and deferred items		**6,600**	**4,034**
Deferred tax assets		**2,252**	**2,048**
Total assets		**2,283,656**	**2,354,357**

7.1 – Consolidated balance sheet of AGRAVIS Raiffeisen AG as of 31 December 2023

Liabilities (in EUR thousand)		**Financial year**	Previous year
Equity capital	**Subscribed capital**		
	Registered capita	205,537	205,537
	Capital reserves	**73,658**	**73,658**
	Retained earnings		
	Reserves required by law	26,911	26,174
	- of which transferred from net income for the financial year	(737)	(598)
	Other retained earnings	190,171	163,568
	Sum of retained earnings	**217,082**	**189,742**
	Equity capital difference from currency conversion	**826**	**1,654**
	Non-dominant shares	**32,769**	**23,817**
	Consolidated balance sheet profit		
	Consolidated profit	39,546	42,176
	Non-dominant shares of entitled profits	-4,385	-4,387
	Amounts allocated to reserves	-737	-598
		34,424	**37,191**
	Profit participation capital	**99,095**	**99,095**
	Total equity capital	**663,391**	**630,694**
Special items for investment subsidies		**20**	**23**
Provisions	Provisions for pensions and similar obligations	131,578	132,990
	Tax provisions	19,887	20,367
	Other provisions	150,338	136,068
	Total provisions	**301,803**	**289,425**
Liabilities	Liabilities to banks	661,209	753,161
	Liabilities from deliveries and services	545,586	578,494
	Liabilities to affiliated enterprises	12,321	10,615
	Liabilities to enterprises in which an interest is held	40,537	27,357
	Other liabilities	57,009	62,967
	- of which from taxes	(32,087)	(23,349)
	- of which relating to social security	(413)	(461)
	Total liabilities	**1,316,662**	**1,432,594**
Accrued and deferred items		**1,780**	**1,621**
Total liabilities		**2,283,656**	**2,354,357**

7.2 – Consolidated profit and loss account from 1 January to 31 December 2023

(in EUR thousand)		Financial year	Previous year
1. Sales revenue		8,765,898	9,444,761
2. Increase/decrease in inventories of finished goods and work in progress		-5,245	2,215
3. Other own work capitalised		1,307	1,829
4. Other operating income		58,420	42,122
Subtotal (1 to 4)		**8,820,380**	**9,490,927**
5. Cost of materials	a) Cost of raw, auxiliary and operating materials and supplies and purchased goods	7,909,896	8,607,728
	b) Cost of purchased services	126,163	123,535
Total material expenses		**8,036,059**	**8,731,263**
Gross profit		**784,321**	**759,664**
6. Personnel costs	a) Wages and salaries	322,856	306,782
	b) Social security contributions and expenses for pensions and benefits	72,412	79,137
	- of which for pensions	(9,250)	(20,093)
Total personnel costs		**395,268**	**385,919**
7. Amortisation of intangible assets and depreciation of property, plant and equipment		63,142	56,446
8. Other operating expenses		252,314	249,716
Subtotal (1 to 8)		**73,597**	**67,583**
9. Income from investments		2,792	1,177
- of which from affiliated enterprises		(295)	(257)
10. Income from investments in associated enterprises		15,569	26,792
11. Income from other securities and loans of financial assets		475	393
- of which from affiliated enterprises		(225)	(154)
12. Other interest and similar income		13,641	9,893
- of which from discounting		(590)	(0)
- of which from affiliated enterprises		(1,383)	(1,281)
Subtotal (9 to 12)		**32,477**	**38,255**
13. Financial asset depreciation		1,513	5,705
14. Interest and similar expenses		36,913	35,739
- of which from discounting of loans		(2,360)	(3,891)
- of which to affiliated enterprises		(292)	(47)
- of which remuneration for participation rights capital		(2,510)	(2,508)
Subtotal (13 to 14)		**38,426**	**41,444**
Financial result		**-5,949**	**-3,189**
15. Taxes on income and earnings		24,977	19,369
16. Earnings after tax		42,671	45,026
17. Other taxes		3,125	2,849
18. Consolidated profit		39,546	42,176
19. Non-dominant shares of entitled profits		-4,385	-4,387
20. Amount allocated to statutory retained earnings		-737	-598
21. Consolidated balance sheet profit		**34,424**	**37,191**

7.3 – Cash flow statement (indirect method)

(in EUR thousand)				Financial year	Previous year
1.		Income over the period (consolidated net income including minority interests)		39,546	42,176
2.	+/-	Appreciation/depreciation on fixed assets		64,655	62,151
3.	+/-	Increase/decrease in provisions		10,674	38,580
4.	+/-	Group-specific and other non-cash expenses/income		-16,612	-26,342
5.	-/+	Increase/decrease in inventories, trade accounts receivables and other assets not attributable to investing or financing activities		120,097	-155,816
6.	+/-	Increase/decrease in trade payables and other liabilities that are not attributable to investing or financing activities		-23,275	144,251
7.	-/+	Profit/loss from the disposal of fixed assets		-81	1,404
8.	-	Book profit from the sale of consolidated companies		-11,420	-3,121
9.	+/-	Interest expenses/income		18,493	18,918
10.	-	Other investment income		-2,792	-1,177
11.	+/-	Income tax expenses/income		24,977	19,369
12.	-/+	Income tax payments		-25,082	-17,972
13.	**=**	**Cash flow from operating activities**	(sum of 1 to 12)	**199,180**	**122,422**
14.	+	Payments from the disposal of intangible fixed assets		184	382
15.	-	Payments for investments in intangible assets		-11,029	-16,823
16.	+	Payments from the disposal of fixed assets		2,366	4,291
17.	-	Payments from investments in tangible fixed assets		-85,974	-41,306
18.	+	Payments from disposal of financial assets		1,794	862
19.	-	Disbursements for investments in financial assets		-8,374	-12,490
20.	+	Payments from the disposal of consolidated companies		17,987	8,132
21.	+	Interest received		14,116	10,286
22.	+	Dividends received/loss assumption		2,792	1,177
23.	**=**	**Cash flow from investment activities**	(sum of 14 to 22)	**-66,138**	**-45,488**
24.	+	Payments from additions to capital made by shareholders		501	352
25.	+	Payments from the issue of bonds and the raising of (financial) loans		540,875	510,750
26.	-	Payments from the redemption of bonds and (financial) loans		-633,054	-548,337
27.	-	Interest paid		-30,250	-28,976
28.	-	Dividends paid to shareholders of the parent company		-10,277	-9,233
29.	-	Payments to other shareholders		-2,653	-2,544
30.	**=**	**Cash flow from financing activities**	(sum of 24 to 29)	**-134,858**	**-77,988**
31.	**=**	**Net changes in cash and cash equivalents**	(sum of 13, 23, 30)	**-1,816**	**-1,054**
32.	+/-	Currency-exchange and valuation-related changes in cash and cash equivalents		227	279
33.	+	Cash and cash equivalents at the beginning of the period		10,749	11,524
34.	**=**	**Cash and cash equivalents at the end of the period**	(sum of 31 to 33)	**9,160**	**10,749**

7.4 – Group statement of changes in equity

(in EUR thousand)	As of 31 December 2022	Other changes	Distribution	Consolidated annual profit	as of 31 December 2023
Registered capital	205,537	0	0	0	205,537
- Capital reserve	73,658	0	0	0	73,658
- Retained earnings					
- Statutory reserves	26,174	0	0	737	26,911
- Other retained earnings	163,568	26,603	0	0	190,171
Sum of retained earnings	**189,742**	**26,603**	**0**	**737**	**217,082**
Equity capital difference from currency conversion	**1,654**	-828	0	0	**826**
Profit carried forward	**0**	10,277	-10,277	0	**0**
Total	**470,591**	**36,052**	**-10,277**	**737**	**497,103**
Non-dominant shares	**23,817**	7,220	-2,653	4,385	**32,769**
Consolidated balance sheet profit	**37,191**	-37,191	0	32,424	**34,424**
Profit participation capital	**99,095**	0	0	0	**99,095**
Group equity capital	**630,694**	6,081	-12,930	39,546	**663,391**

7.5 – Explanatory notes to the consolidated financial statements

A. General information

AGRAVIS Raiffeisen AG, headquartered in Münster and entered in the commercial register B9692 at Münster Local Court, is the parent company of the AGRAVIS Group. The consolidated financial statements of AGRAVIS Raiffeisen AG for the financial year from 1 January to 31 December 2023 have been prepared on the basis of the German Commercial Code (HGB) and the supplementary provisions of the German Stock Corporation Act (AktG). They comprise the balance sheet, the income statement, the notes, the cash flow statement and the statement of changes in equity. The income statement follows the nature of expense method and complies with the requirements of Sections 275 and 312 (4) sentence 2 HGB. The consolidated financial statements are prepared in euros. The figures are stated in thousands of euros (EUR thousand) or millions of euros (EUR million). Due to these figures and the associated rounding differences, there may be insignificant differences in the reported values or totals of these values. The notes to be included in the consolidated balance sheet or in the consolidated income statement or, alternatively, in the notes to the consolidated financial statements are listed in part in the notes to the consolidated financial statements to improve the clarity and transparency of the information.

B. Consolidated group

In accordance with the principles of full consolidation, the consolidated financial statements of AGRAVIS Raiffeisen AG include AGRAVIS Raiffeisen AG and all domestic and foreign subsidiaries pursuant to Section 290 of the German Commercial Code (HGB) that are not subsidiaries of subordinate importance. For subsidiaries that, both individually and collectively, are of material importance for the presentation of a true and fair view of the net assets, financial position and results of operations were not included in financial position and results of operations, they were not included in accordance with the provisions of Section 296 (2) HGB.

The consolidated group has changed as follows, compared to the previous year:

	Domestic	International	Total
Included as of 31 December 2022	94	13	107
Changes in the 2023 financial year			
Additions	1	0	1
Departures	5	0	5
Included as of 31 December 2023	90	13	103
of which fully consolidated	72	10	82
of which consolidated using the equity method	18	3	21

There have been no significant changes to the scope of consolidation that would limit the comparability of the previously reported figures. RaiLog Besitzgesellschaft Nottuln GmbH was included in the consolidated financial statements of AGRAVIS Raiffeisen AG for the first time on 1 January 2023.

In accordance with Section 264 (3) HGB and Section 264b HGB, the annual financial statements of several subsidiaries are not published in the company register, nor are the notes to the financial statements and, if applicable, the management report. The companies in question are marked with an "*".

Fully consolidated companies

Name		Head office	Share indirect (in %)	Share direct (in %)
Agriculture wholesale				
AGRAVIS Futtermittel GmbH	*	Münster		100
AGRAVIS Kraftfutterwerke Rhein-Main GmbH		Wiesbaden	75	
AGRAVIS Mischfutter Leine-Weser GmbH	*	Hannover	100	
AGRAVIS Mischfutter Oldenburg/Ostfriesland GmbH	*	Münster	100	
AGRAVIS Mischfutter Ostwestfalen-Lippe GmbH	*	Münster	100	
AGRAVIS Mischfutter West GmbH	*	Münster	100	
AGRAVIS Pflanzenbau Holding GmbH	*	Münster		100
Agrarrohstoff Beteiligungs GmbH	*	Hannover		100
aniMedica GmbH		Senden	100	
aniMedica Herstellungs GmbH		Senden	100	
aniMedica international GmbH		Frankfurt/Main		62
DoFu Donaufutter GmbH	*	Straubing	100	
Dr.E.Gräub AG		Bern (CH)	100	
EQUOVIS GmbH	*	Münster	100	
GiG Geflügel GmbH	*	Münster	100	
Graincom GmbH	*	Hannover	100	
HL Beteiligungs-GmbH & Co. KG	*	Hamburg	55	
HL Beteiligungs-Verwaltungs GmbH		Hamburg	55	
HL Hamburger Leistungsfutter GmbH		Hamburg	55	
Industrial Veterinaria S.A.		Barcelona (ES)	100	
Industria Italiana Integratori Trei S.p.A.		Rio Saliceto (IT)	100	
LIVISTO Dominicana S.R.L.		Santiago (DO)	100	
LIVISTO EXPORT, S.A. de C.V.		Santa Tecla (SV)	100	
LIVISTO Group GmbH		Senden		100
LIVISTO INT'L S.L.		Barcelona (ES)	100	
LIVISTO Panamá S.A.		Chiriquí (PA)	100	
LIVISTO S.A. de C.V.		Zaragoza (SV)	100	
LIVISTO Sp. z o.o.		Gdynia (PL)	100	
OOO Lirus		Moskau (RUS)	100	
PROFUMA Spezialfutterwerke GmbH & Co. KG	*	Dormagen	100	
Verwaltung HL Hamburger Leistungsfutter GmbH & Co. KG	*	Hamburg		55
Agriculture/farmers				
AGRAVIS Agrarholding GmbH	*	Münster		100
AGRAVIS Ems-Jade GmbH	*	Esens	100	
AGRAVIS Kornhaus Westfalen-Süd GmbH	*	Meschede	100	
AGRAVIS Niedersachsen-Süd GmbH		Wunstorf	51	
AGRAVIS Ost GmbH & Co. KG	*	Bülstringen	100	

Name		Head office	Share indirect (in %)	Share direct (in %)
AGRAVIS Westfalen-Hessen GmbH	*	Brakel	100	
Agrar Cargo Spedition GmbH		Riesa	100	
Baro Beteiligungs-GmbH & Co. KG	*	Münster		100
FGL Fürstenwalder Futtermittel-Getreide-Landhandel GmbH	*	Fürstenwalde	100	
FGL Holding GmbH	*	Fürstenwalde		100
Futura Agrarhandel GmbH		Erwitte	100	
RFG Raiffeisen Flüssigfutter GmbH		Lüdinghausen	100	
TEC GmbH		Bülstringen	100	
Machinery				
AGRAVIS Technik BvL GmbH	*	Meppen	100	
AGRAVIS Technik Center GmbH	*	Meppen	100	
AGRAVIS Technik Hessen-Pfalz GmbH	*	Fritzlar	100	
AGRAVIS Technik Holding GmbH	*	Münster		100
AGRAVIS Technik Lenne-Lippe GmbH		Lennestadt	76	
AGRAVIS Technik Münsterland-Ems GmbH	*	Borken	100	
AGRAVIS Technik Raiffeisen GmbH	*	Barsinghausen	100	
AGRAVIS Technik Sachsen-Anhalt/Brandenburg GmbH	*	Köthen	100	
AGRAVIS Technik Saltenbrock GmbH		Melle	73	
AGRAVIS Technik Service GmbH	*	Hannover	100	
Franz Schotte GmbH		Duderstadt	100	
Landtechnik Steigra GmbH		Steigra	85	
Menke Agrar GmbH	*	Soest	100	
New-Tec Ost Vertriebsgesellschaft für Agrartechnik mbH	*	Treuenbrietzen	100	
New-Tec West Vertriebsgesellschaft für Agrartechnik mbH	*	Harsum	100	
Technik Center Alpen GmbH	*	Alpen	100	
TecVis GmbH	*	Olfen	100	
Retailing				
AGRAVIS Bauservice GmbH		Münster	70	
AGRAVIS Raiffeisen-Markt Holding GmbH	*	Münster		100
AGRAVIS Raiffeisen-Markt GmbH	*	Münster	100	
Terres Agentur GmbH	*	Münster	100	
Terres Marketing- und Consulting GmbH	*	Münster	100	
Energy				
AGRAVIS Energie Holding GmbH	*	Münster		100
AGRAVIS Raiffeisen Tankstellen GmbH	*	Münster	100	
Georg Piening Haustechnik und Energieservice GmbH		Seesen	51	
Raiffeisen Enovia Verwaltungs GmbH (formerly: Georg Piening GmbH)		Seesen	51	
Raiffeisen Enovia GmbH & Co. KG (formerly: Georg Piening Mineralölhandel und Energieservice GmbH & Co. KG)		Seesen	51	
TerraSol Wirtschaftsdünger GmbH		Münster	84	

Name		Head office	Share indirect (in %)	Share direct (in %)
Other				
AGRAVIS Beteiligungsverwaltungs GmbH		Hannover		100
AGRAVIS Dienstleistungsholding GmbH	*	Münster		100
AGRAVIS Digital GmbH	*	Hannover		100
AGRAVIS International Holding GmbH		Münster		100
AGRAVIS Power GmbH		Münster	100	
FINVIS Business Services GmbH	*	Münster		100
RaiLog Besitzgesellschaft Nottuln GmbH		Münster		100
TerraVis GmbH	*	Münster	100	
VERAVIS GmbH	*	Münster	100	

Affiliated enterprises – not included

Name	Head office	Share indirect (in %)	Share direct (in %)
Agriculture wholesale			
AGRAVIS Raiffeisen Agro SRL	Bukarest (RO)	100	
AGRAVIS GUS Holding GmbH	Münster		100
ANIMEDICA LATINO AMERICA S.A. de C.V.	Lomas de las Palmas (MEX)	90	
biovis agrar GmbH	Münster	52	
DGO Agrar GmbH	Cloppenburg		100
HL Hamburger Leistungsfutter Polska Sp.z o.o.	Kwiatowa (PL)	55	
Hygiene Beteiligungsgesellschaft mbH	Münster	100	
LIVISTO Guatemala, S.A.	Cdad. de Guatemala (GUA)	100	
OOO Raiffeisen Agro	Nowoalexandrowsk (RUS)	100	
OOO Raiffeisen Agro Real Estate	Nowoalexandrowsk (RUS)	100	
OOO AGRAVIS Raiffeisen Agro	Krasnodar (RUS)	100	
Panto d.o.o.	Rijeka (HR)	55	
Panto Ecommerce GmbH	Hamburg	55	
Agriculture/Farmers			
AGRAVIS Ost-Verwaltungs-GmbH	Bülstringen	100	
GEKRA Produktionsgesellschaft mbH	Querfurt	100	
VR Agrar Center Wittelsbacher Land GmbH i.L.	Altomünster	51	
Machinery			
AGRAVIS Technik Polska Sp.z o.o.	Posen (PL)	100	
Handelshof GmbH Bismark	Bismark	80	
Lorenz Rubarth Landtechnik GmbH	Anröchte	74	
Menke Agrar Polska Sp.z o.o.	Komorniki (PL)	100	

Name	Head office	Share indirect (in %)	Share direct (in %)
Retailing/Energy			
Raiffeisen-Markt Ebstorf GmbH	Ebstorf	76	
Raiffeisen Webshop GmbH & Co. KG	Münster	2	50
Regio Baustoffe Geschäftsführungs GmbH	Münster		100
Terres Marken Geschäftsführungs GmbH	Münster	100	
Terres Marken GmbH & Co. KG	Münster	96	
Other			
HSZ Heinfelder Schweinezucht Besitz-Beteiligungs-GmbH	Friesoythe/Heinfelde	100	
IGS Immobiliengesellschaft Sachsen mbH	Trebsen	100	
Land24 Gesellschaft mit beschränkter Haftung	Münster		53
OVIS IT GmbH	Dorsten	88	
PROFUMA Geschäftsführungs GmbH	Dormagen	100	
Raiffeisen Planungsbüro GmbH	Münster		80
Raiffeisen Webshop Geschäftsführungs GmbH	Münster	52	
VERAVIS Energy GmbH	Münster	76	
VERAVIS Energy PV1 GmbH & Co. KG	Münster		51
VERAVIS Energy PV2 GmbH & Co. KG	Münster		51
VERAVIS Energy PV3 GmbH & Co. KG	Münster		68

Associated enterprises

Agriculture wholesale			
AGRAVIS Futtermittelwerke Emsland GmbH	Lingen	50	
AGRAVIS Kraftfutterwerke Münsterland GmbH	Münster	50	
AGRAVIS Kraftfutterwerk Oldenburg GmbH	Oldenburg	37	
Crystalyx Products GmbH	Münster	50	
Genossenschafts-Kraftfutterwerk GmbH	Hannover		50
H. Bögel GmbH & Co. KG	Hamburg	33	
Raiffeisen-Kraftfuttermittelwerk Dörpen GmbH	Dörpen	15	
Roland Mills United GmbH & Co. KG	Bremen		40
Agrculture/farmers			
Raiffeisen Lienen-Lengerich GmbH	Lienen	100	
Raiffeisen Ostwestfalen-Lippe AG (formerly: Raiffeisen Lippe-Weser AG)	Lage	23	
Raiffeisen Immobilien- und Beteiligungsgesellschaft mbH (formerly: Raiffeisen Warenhandel GmbH)	Rosdorf	32	
Raiffeisen Warenhandel GmbH & Co. KG	Halle		50
Machinery			
AFS Financial Service GmbH & Co. KG	Seevetal	40	

Other			
DA Agravis Machinery Holding A/S	Galten (DK)	25	
Deutsche Raiffeisen-Warenzentrale GmbH	Frankfurt/Main		34
DV Agravis International Holding A/S	Galten (DK)	25	
Natural Energy West GmbH	Neuss		25
Raiffeisen Anlagenbau GmbH	Lage		45
Raiffeisen Beteiligungs GmbH	Münster		100
Raiffeisen Bio-Brennstoffe GmbH	Münster	46	
Vilomix Holding A/S	Mørke (DK)	25	

Associated enterprises – not included

Agriculture wholesale			
Agriprotein GmbH	Cloppenburg	20	
BioMühle Hamaland GmbH	Gescher	49	
Fr.B. Janssen GmbH & Co. KG	Leer	50	
Geissler Agrartechnik GmbH	Delbrück	50	
Hafenbetriebsgesellschaft Schweringen GmbH	Schweringen	32	
Hauptsaat GmbH	Linsburg		20
HL-Top Mix Ltd.	Slive (BG)	22	
Raiffeisen Kraftfutterwerk Mittelweser Heide GmbH	Schweringen	25	
Agricultural/farmers			
Agroservice Landhandel GmbH Heudeber	Nordharz	50	
Agro-Service und Landhandel GmbH Eilsleben	Eilsleben	45	
Beddingen Agrar Service GbR	Salzgitter		25
Raiffeisen Lagerhaus Peine GmbH & Co. KG	Uetze		25
Raiffeisen Münsterland West GmbH	Ahaus	25	
Machinery			
Buchheister Technik GmbH	Coppenbrügge	24	
Retailing			
AGRAVIS Baustoffhandel GmbH & Co. KG	Münster	20	
Baustoffprofi Handels GmbH	Wettringen	28	
Raiffeisenmarkt-Emsdetten GmbH	Emsdetten	49	
Veland Raiffeisen H & G Markt GmbH	Vechta	50	
Energy			
Behrenswerth Energieservice GmbH	Hilter	30	
Bioenergie Velen GmbH	Velen	25	
ENIRA Energie Raiffeisen GmbH	Nottuln	37	

Name	Head office	Share indirect (in %)	Share direct (in %)
Gela Energie GmbH	Lünne	20	
Loos Mineralölhandel GmbH	Dortmund	25	
Raiffeisen Gas GmbH	Münster	25	
Other			
AGRI-System GmbH	Münster	50	
FRIA-Immobilien GmbH & Co. KG	Hannover		50
Fr.B. Janssen Verwaltungsgesellschaft mbH	Leer	50	
H.Bögel Beteiligungsgesellschaft mbH	Hamburg	33	
H. Schlötelburg GmbH	Hude		27
NFM Gesellschaft für nachhaltiges Flächenmanagement mbH	Greven	50	
ODAS GmbH	Dorsten	25	
Raiffeisen dig-IT-al GmbH	Stade	20	
Raiffeisen Lagerhaus Peine Beteiligungs GmbH	Uetze		25
Raiffeisen Portal GmbH	Münster	48	
Raiffeisen Transport GmbH	Lüdinghausen	7	20
Raiffeisen Transport Gesellschaft Minden GmbH	Minden	50	
RaiLog Cloppenburg GmbH	Cloppenburg		50
RaiLog Lüdinghausen GmbH	Lüdinghausen		33
Rolf Jäger Elektrotechnik GmbH	Twistetal-Berndorf	50	
Saaten Software GmbH	Rätzlingen	50	
Tacoss Software GmbH	Flensburg	33	

Deconsolidated (These companies were deconsolidated in 2023)

Name	Head office	Reason	Timing
AGRAVIS Technik Heide-Altmark GmbH	Uelzen	Merger to AGRAVIS Technik Raiffeisen GmbH, Barsinghausen	1 January 2023
AGRAVIS Ost Verwaltungs-GmbH	Bülstringen	According to Section 296 (2) HGB	1 January 2023
AGRAVIS Versicherungsservice GmbH & Co. KG	Hannover	Sale	1 January 2023
GEKRA Produktionsgesellschaft mbH	Querfurt	According to Section 296 (2) HGB	1 January 2023
Georg Piening GmbH & Co. KG	Seesen	Merger to Raiffeisen Enovia GmbH & Co. KG (formerly: Georg Piening Mineralölhandel und Energieservice GmbH & Co. KG), Seesen	1 January 2023

International country codes: BG- Bulgaria, CH - Switzerland, DK - Denmark, DO - Dominican Republic, ES - Spain, GUA - Guatemala, HR - Croatia, IT - Italy, MEX - Mexico, PA - Panama, PL - Poland, RO - Romania, RUS - Russia, SV - El Salvador

C. Principles of consolidation

The financial statements of the companies included in the consolidated financial statements are prepared uniformly in accordance with the existing accounting and valuation guidelines for the AGRAVIS Group. The reporting date for the preparation of the financial statements is always 31 December. Annual financial statements in foreign currencies are converted into euros in accordance with the provisions of Section 308a HGB. With the exception of equity, which is translated at the historical rate, assets and liabilities are translated at the mean spot exchange rate on the reporting date. The average exchange rate is used for items in the income statement. Any resulting translation differences are recognised in a separate item within equity. For acquisitions after 31 December 2009, capital consolidation and the calculation of the value of investments in associated companies are based on the fair values of the assets, liabilities, prepaid expenses and deferred income and special items of the companies to be consolidated at the time the company became a subsidiary or associated company (revaluation method).

Consolidations carried out in the past using the book value method are amortised. Any remaining differences on the assets side are capitalised as goodwill and amortised over their expected useful life. Depending on the nature of the item, negative goodwill is recognised under the item "difference from from capital consolidation“ below equity or offset against reserves. Investments in associated companies that are not insignificant for the presentation of a true and fair view of the net assets, financial position and results of operations of the Group are recognised at equity using the book value method. The books of the associated companies are regularly kept in accordance with generally accepted accounting principles under commercial law. The annual financial statements are not adjusted to the uniform Group valuation methods.

As part of debt consolidation, all receivables and liabilities between the consolidated companies are offset against each other. Differences resulting from debt consolidation are recognised under other operating expenses. Intercompany profits and losses are eliminated in accordance with Section 304 (1) HGB. Expenses and income between Group companies are offset against each other. Differences from the consolidation of income and expenses are recognised directly in equity. Deferred taxes are recognised on consolidation measures.

D. Notes on the accounting and valuation methods

The assets and liabilities are valued individually, with the exception of the assets, liabilities and financial instruments summarised in valuation units in accordance with Section 254 HGB. All foreseeable risks and losses have been taken into account. Risks that became known between the balance sheet date and the date of preparation of the consolidated financial statements were also taken into account. In accordance with the realisation principle, only profits realised by the balance sheet date are taken into account.

Expenses and income for the financial year were recognised on an accrual basis. If hedging transactions are concluded to offset opposing changes in value or cash flows in accordance with the risk management principles implemented throughout the Group, these are also partially combined with the underlying transactions to form valuation units in the balance sheet, provided the corresponding requirements under commercial law are met in individual cases. In this respect, the corresponding balance sheet items and the effect on profit or loss of expected future cash flows are not measured on an imparity basis. In detail, the following accounting and valuation methods were applied:

Intangible assets and plant, property and equipment

Internally generated intangible assets are capitalised at cost and amortised on a straight-line basis over their normal useful life (generally seven years). When determining the production costs for internally generated intangible assets, direct costs, appropriate portions of overheads and depreciation of fixed assets are taken into account, insofar as this is caused by production, as well as pro rata administrative and social costs. Interest on borrowed capital is not taken into account and intangible assets acquired against payment are valued at acquisition cost less scheduled straight-line amortisation. The expected useful lives of intangible assets are regularly determined on the basis of the industry-specific amortisation tables published by the tax authorities (minimum rate). Impairment losses are recognised in the event of expected permanent impairment.

Goodwill is amortised on a straight-line basis over its expected useful life, which is estimated individually in accordance with our specific expectations regarding the expected benefits of the acquired business.

The expected benefit is regularly determined primarily on the basis of the expected sustainability of acquired customer relationships and is reviewed regularly. Changes in this assessment are taken into account through impairment losses or adjustments to the remaining useful life. Goodwill is currently amortised over a range of estimated useful lives of five to 15 years. The amortisation of goodwill arising from the consolidation of associated companies is reported in the income statement under amortisation of financial assets. In the financial year, all goodwill arising from consolidation was fully amortised.

Property, plant and equipment are measured at historical cost less accumulated depreciation. Depreciation is recognised on a straight-line basis over the expected useful life. Additions since 1 January 2017 are generally only depreciated on a straight-line basis. Impairment losses are recognised in the event of expected permanent impairment. When determining the production costs for property, plant and equipment, direct costs, appropriate portions of overheads and depreciation of fixed assets are taken into account, insofar as this is caused by production, as well as pro rata administrative and social costs. Interest on borrowed capital is not taken into account. Unless otherwise stated above, the estimated useful lives of property, plant and equipment are generally determined on the basis of the industry-specific depreciation tables published by the tax authorities (minimum rate). Low-value fixed assets with acquisition costs of up to EUR 800 are written off in full in the year of acquisition and treated as disposals.

Financial assets

Financial assets are valued at acquisition cost. Impairment losses are recognised if the impairment is expected to be permanent. Write-ups are recognised if the reasons for a previous write-down no longer exist. Investments in associates that are material to the net assets, financial position and results of operations are recognised at the proportionate equity (at-equity valuation), unless they are of minor importance. The carrying amounts are increased or decreased annually by the pro rata earnings, distributions and other changes in equity.

Inventories

Inventories of raw materials, consumables and supplies as well as merchandise are measured at the lower of cost or replacement cost in accordance with the strict lower of cost or market principle. Spare parts as components of merchandise are generally valued at average prices. Inventory risks arising from the storage period and the realisability of spare parts inventories are taken into account by applying sufficient value discounts, which are determined on the basis of uniform Group valuation guidelines. Inventories of work in progress and finished goods are recognised at the lower of manufacturing cost or replacement cost in accordance with the strict lower of cost or market principle. The production costs of finished goods and work in progress include direct costs, appropriate portions of material and production overheads and appropriate portions of the depreciation of fixed assets caused by production as well as pro rata administrative and social costs. Interest on borrowed capital is not taken into account. The group valuation methods in accordance with Section 240 (4) HGB or the assumption of a sequence of consumption (FiFo) in accordance with Section 256 HGB were used. Inventory risks arising from the storage period or reduced realisability of inventories, as well as risks arising from price trends, are taken into account until the balance sheet is prepared by means of adequate write-downs. To improve the informative value of the consolidated financial statements, the option under Section 268 (5) sentence 2 HGB to openly deduct prepayments totalling EUR 16.6 million (previous year: EUR 18.9 million) from inventories was exercised for the first time in the financial year. The previous year's figures were adjusted accordingly.

Receivables and other assets

Receivables and other assets are recognised at their nominal value. Recognisable individual risks are taken into account through value adjustments. The general credit risk is taken into account through general loan loss provisions (unchanged from the previous year at 1 per cent). Receivables in foreign currencies are recognised at the mean spot exchange rate on the balance sheet date. When measuring receivables in foreign currencies with a remaining term of one year or less, the acquisition cost principle pursuant to Section 253 (1) sentence 1 HGB and the imparity principle pursuant to Section 252 (1) no. 4 half-sentence 2 HGB pursuant to Section 256a HGB are not applied.

Cash and cash equivalents

Cash and cash equivalents consist exclusively of cash on hand, bank balances and cheques and are measured at nominal value. Foreign currencies were converted at the exchange rate applicable on the payment date or the lower mean spot exchange rate on the balance sheet date.

Accrued and deferred items on the assets side

Prepaid expenses relate to outgoing payments before the balance sheet date that represent expenses after the balance sheet date. They are recognised at their nominal amount.

Equity capital

The corresponding amounts from the annual financial statements of AGRAVIS Raiffeisen AG are recognised in the consolidated financial statements as subscribed capital, capital reserves and statutory revenue reserves. The subscribed capital is recognised at nominal value. The consolidated profit for the previous year remaining after distribution to the shareholders of the parent company is recognised under other revenue reserves.

Provisions for pensions and similar obligations

Pension obligations are calculated using the projected unit credit method (PUC method) in accordance with actuarial principles based on the 2018 G mortality tables published by Heubeck AG, Cologne, in 2018. According to this method, the amount of the pension obligations is calculated from the entitlement earned as at the balance sheet date, taking into account future salary and pension increases as well as a probable fluctuation depending on age and length of service. The actuarial interest rate is recognised at the average market interest rate determined by the Deutsche Bundesbank, which is based on a remaining term of 15 years. Some of the pension obligations are covered by plan assets that are not accessible to all other creditors and are intended exclusively for the fulfilment of pension obligations. Accordingly, these obligations and the fair value of the plan assets are offset in accordance with Section 246 (2) sentence 2 HGB. If there is a surplus obligation, this is recognised under provisions. If the value of the plan assets exceeds the obligations, this is recognised as "excess of plan assets over pension liability" on the assets side of the balance sheet. As in the previous year, no asset-side difference was recognised in the financial year. The income from the qualifying plan assets is offset against the expense from the associated pension obligation in the same period and recognised on a net basis.

The plan assets are measured at fair value, which is determined using actuarial principles. In the case of plan assets in the form of reinsurance policies, the actuarially determined fair value corresponds to the actuarial reserve of the policies and thus also to the acquisition costs of the claims against the reinsurer.

Tax provisions and other provisions

Tax provisions and other provisions are recognised at the settlement amount required according to prudent business judgement. They take into account all recognisable risks and uncertain liabilities. Provisions with a remaining term of more than one year are discounted using the interest rates published by the Deutsche Bundesbank for appropriate maturities.

Liabilities

Liabilities are recognised at their settlement amount. Trade payables are subject to the usual retention of title by suppliers of goods. Liabilities in foreign currencies are recognised at the mean spot exchange rate on the balance sheet date. When measuring liabilities in foreign currencies with a remaining term of one year or less, the acquisition cost principle pursuant to Section 253 (1) sentence 1 HGB and the imparity principle pursuant to Section 252 (1) no. 4 half-sentence 2 HGB pursuant to Section 256a HGB are not applied.

Deferred income

Prepaid expenses relate to payments received before the balance sheet date that represent income after the balance sheet date. They are recognised at their nominal amount.

Deferred taxes

Deferred taxes are calculated using the balance sheet-oriented concept. Accordingly, deferred taxes are recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their tax base if the differences are expected to reverse in subsequent financial years and result in a tax burden or relief. Deferred tax assets also include tax reduction claims arising from the expected utilisation of existing loss and interest carryforwards in subsequent years, the realisation of which is reasonably certain. Deferred taxes are calculated using the tax rates specific to the respective country and company law form that will be applicable according to the current legal situation at the time the differences are reversed. As in the previous year, in order to improve the insight into the Group's net assets and results of operations, the deferred tax liabilities existing at the level of the financial statements included in the consolidated financial statements (primary deferred tax liabilities) are fully offset against the primary deferred tax assets from other Group companies in accordance with the option under Section 274 (1) sentence 3 in conjunction with Section 298 (1) HGB. However, the option under Section 274 (1) sentence 2 in conjunction with Section 298 (1) HGB to recognise any remaining deferred tax assets is still not exercised. Deferred taxes in accordance with Section 306 HGB are recognised. The expense or income from the change in recognised deferred taxes is recognised under "taxes on income".

Currency conversions

Insofar as forward exchange transactions have been concluded in individual cases to hedge against exchange rate risks for foreign currency items already recognised in the balance sheet or pending procurement or sales transactions, these are consistently combined with the respective underlying transactions in accordance with Section 254 HGB. Accordingly, the valuation of the respective receivables and liabilities items or the calculation of any contract risk arising from pending transactions is carried out directly using the respective hedging rate.

Contingencies and other financial obligations

The figures are calculated on a nominal basis.

Derivative financial instruments

If the requirements for the formation of valuation units in accordance with Section 254 HGB are met and a designation of hedging instruments in the balance sheet has been made and documented, hedging and underlying transactions are combined to form valuation units. If these criteria are not met, they are recognised at the lower of the acquisition cost of the derivative (if available) and the market value on the balance sheet date. This means that derivative financial instruments with negative market values that are not included in valuation units are recognised through the recognition of provisions for impending losses, while such transactions with positive market values are generally not recognised in the balance sheet.

E. Development of consolidated assets

	Acquisition and production costs				
(in EUR thousand)	Carried forward 1 January 2023	Consolidation group changes	Additions	Transfers	Disposals
I. Intangible assets					
1 Internally generated industrial property rights and similar rights and assets	4,737	0	256	0	58
2. Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	122,697	-9	4,840	6,659	292
3. Goodwill	**78,722**	0	1,177	0	277
4. Advance payments	17,624	0	4,756	-6,116	10
	223,780	**-9**	**11,029**	**544**	**636**
II. Property, plant and equipment					
1. Land, land rights and buildings, including buildings on leased property	575,302	1,208	14,523	3,413	1,051
2. Technical equipment and machinery	372,879	141	12,468	4,195	1,758
3. Other equipment, factory and office equipment	124,387	274	16,407	779	6,062
4. Advance payments and plants under construction	14,094	329	42,576	-8,931	1,249
	1,086,662	**1,952**	**85,974**	**-544**	**10,119**
III. Financial assets					
1. Shares in affiliated enterprises	39,363	-2,239	1,608	1,025	327
2. Loans to affiliated enterprises	8,943	0	1,784	0	7
3. Shares in associated enterprises	253,618	0	13,463	0	0
4. Holdings	**17,209**	**0**	**2,302**	-1,025	**22**
5. Loans to enterprises in which an interest is held	3,663	0	150	0	323
6. Other loans	6,382	0	2,328	0	1,207
	329,178	**-2,239**	**21,636**	**0**	**1,886**
Total fixed assets	**1,639,620**	**-296**	**118,639**	**0**	**12,641**

E.Development of consolidated assets

		Accumulated write-downs							Book values	
Exchange rate differences	As of 31 December 2023	Carried forward 1 January 2023	Consolidation group changes	Write-downs for the financial year	Transfers	Disposals	Exchange differences	As of 31 December 2023	31 December 2023	31 December 2022
66	5,001	3,748	0	141	0	0	65	3,954	1,046	989
13	133,908	87,111	-9	12,292	0	181	5	99,217	34,691	35,587
0	79,623	71,552	0	2,572	0	277	0	73,847	5,776	7,170
0	16,254	0	0	0	0	0	0	0	16,254	17,624
78	**234,786**	**162,411**	**-9**	**15,004**	**0**	**458**	**71**	**177,018**	**57,768**	**61,370**
453	593,848	301,734	40	17,812	0	472	224	319,339	274,509	273,567
804	388,730	264,053	125	19,223	0	1,630	643	282,414	106,315	108,826
-33	135,752	96,500	222	11,102	0	5,727	-6	102,091	33,661	27,887
2	46,821	0	0	0	0	0	0	0	46,821	14,094
1,226	**1,165,150**	**662,288**	**387**	**48,137**	**0**	**7,829**	**861**	**703,845**	**461,306**	**424,374**
0	39,430	18,975	-1,685	1,490	0	90	0	18,690	20,741	20,388
0	10,720	0	0	0	0	0	0	0	10,720	8,943
0	267,081	34,833	0	0	0	0	0	34,833	232,248	218,785
0	**18,464**	**522**	**0**	**0**	**0**	**0**	**0**	**522**	**17,943**	**16,687**
0	3,490	2	0	0	0	1	0	1	3,489	3,660
0	7,503	73	0	23	0	1	0	96	7,407	6,309
0	**346,689**	**54,406**	**-1,685**	**1,513**	**0**	**92**	**0**	**54,142**	**292,547**	**274,772**
1,304	**1,746,626**	**879,104**	**-1,307**	**64,655**	**0**	**8,378**	**932**	**935,005**	**811,621**	**760,516**

F. Notes to the consolidated balance sheet and profit and loss account

I. Balance sheet

1. Development of consolidated assets
The fixed assets of companies included in the consolidated financial statements for the first time are included in the consolidated fixed assets using the revaluation method at acquisition/production cost at the time of inclusion. The fixed assets of companies removed from the scope of consolidation during the financial year are also recognised gross in the statement of changes in fixed assets. The acquisition/production costs acquired and disposed of in this way are recognised in the column "Changes in the scope of consolidation". The total amount of research and development costs for the financial year totalled EUR 7.7 million. This includes expenses of EUR 0.2 million that were included as other own work capitalised in the additions to internally generated intangible assets in the amount of EUR 0.2 million. Other loans include credit balances with cooperatives totalling EUR 99.3 thousand (previous year: EUR 48.0 thousand). Advance payments received on orders are openly deducted from inventories and have a remaining term of up to one year.

2. Of **receivables** with a remaining maturity of more than one year:

(in EUR thousand)	Financial year	Previous year
Accounts receivables		
- trade receivables	**270**	372
- from affiliated enterprises	**475**	300
- from associated enterprises	**1,025**	0
- other assets	**1,903**	2,093

3. Included in receivables **from affiliated enterprises** are:

(in EUR thousand)	Financial year	Previous year
Trade accounts receivables	**844**	1,259
Other assets	**17,376**	12,567

4. Included in receivables **from enterprises where an interest is held** are:

(in EUR thousand)	Financial year	Previous year
Trade accounts receivables	**18,058**	21,951
Other assets	**14,229**	14,320

5. The **main items** included in other assets are tax refund claims totalling EUR 14,019 thousand (previous year: EUR 17,969 thousand).

6. Prepaid expenses mainly include deferrals for licence fees.

7. The **registred capital** of AGRAVIS Raiffeisen AG, Münster, remained unchanged in 2023 and amounts to EUR 205,536,563.20. It is divided into 8,028,772 no-par value shares (registered shares with restricted transferability). The notional value of one share is therefore EUR 25.60. The Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital once or several times in the period up to 8 May 2025 by a total nominal amount of up to EUR 12 million by issuing new registered shares with restricted transferability in return for cash or non-cash contributions (authorised capital). No further shares were issued from this in 2023 or after the balance sheet date. Shareholders' subscription rights are excluded. As in the previous year, AGRAVIS Raiffeisen AG held no treasury shares as at 31 December 2023.

8. Capital reserves remain unchanged in the reporting year.

9. The issuance of **participation rights capital** is to be considered as equity capital after it is collected as the subordination, performance-based remuneration, participation in losses and long-term nature of capital provision is present. Owners of the participation rights hall receive an annual dividend payment, which ranks with the priority of shareholders' rights to dividends, to the amount of the stated interest rate in relation to the par value of the participation rights. This is included on the balance sheet at nominal value. The interest due from the financial year has been deferred.

Valuta date	Type, par value (in EUR thousand)	Interest rate (in per cent per annum)	Maturity
13 November 2020	Participation rights 2020/A **24,975**	3,25	until 12 November 2025, statutory notice of termination cannot be given
13 November 2020	Participation rights 2020/B **25,160**	2,40	until 12 November 2025, statutory notice of termination cannot be given
13 November 2020	Participation rightst 2020/C **10,080**	2,25	until 12 November 2025, statutory notice of termination cannot be given
9 December 2021	Participation rights 2021/A **15,000**	2,80	until 9 December 2026, statutory notice of termination cannot be given
9 December 2021	Participation rights 2021/B **9,095**	2,00	until 9 December 2026, statutory notice of termination cannot be given
9 December 2021	Participation rights 2021/C **14,785**	1,80	until 9 December 2026, statutory notice of termination cannot be given

10. Provisions for pensions and similar obligations

Pension obligations are measured using actuarial principles in accordance with the projected unit credit method and are based on the following calculation principles:

(in per cent)	**Financial year**	Previous year
Pensions trend	7,00 to 2024	7,00 to 2023
	6,00 to 2025	6,00 to 2024
	2,70 from 2026	2,30 from 2025
Salary trend	3,25	3,25
Interest rate (section 253 (2) sentence 2 HGB)	1,83	1,78

As in the previous year, employee turnover was taken into account depending on age in a range of 1 to 4 per cent p. a. The calculation basis for the pension trend was changed in the financial year. The resulting effect on earnings totalled EUR 12.5 million.

In accordance with Section 246 (2) sentence 2 HGB, plan assets, consisting of claims from reinsurance policies that are not accessible to all other creditors and serve exclusively to fulfil liabilities from pension obligations, have been offset against these. The fulfilment amount of the liabilities as at the balance sheet date is EUR 11,209 thousand (previous year: EUR 12,216 thousand), the fair value of the offset assets, which also corresponds to their acquisition cost, is EUR 4,961 thousand (previous year: EUR 6,336 thousand). The resulting surplus on the liabilities side of the pension obligation over the value of the plan assets is recognised under the balance sheet item provisions for pensions and similar obligations. In the reporting period, income of EUR 12 thousand (previous year: EUR 29 thousand) from the plan assets was offset against the expenses from the addition to the pension provision included in personnel expenses (personnel expenses of EUR 6.8 million; previous year: EUR 17.9 million).

The difference in accordance with Section 253 (6) sentence 1 HGB between the recognition of provisions based on the corresponding average market interest rate from the past ten financial years and the recognition of provisions based on the corresponding average market interest rate from the past seven financial years totals EUR 956 thousand (previous year: EUR 6,432 thousand).

11. The **tax provisions** exclusively comprise liabilities from current profit tax.

12.**Other provisions** are attributable to:

(in EUR thousand)	**Financial year**	Previous year
- HR and social-security-based obligations	43,209	41,840
- Risks and obligations from commodities	47,984	43,476
- Maintenance	3,354	2,492
- Acceptance liability	106	303

13. The **liabilities** have the following maturity structure:

	31 December 2023 of which with a maturity				Previous year of which with a remaining term			
(in EUR thousand)	Total	up to 1 year	between 1 and 5 years	of more than 5 years	Total	up to 1 year	between 1 and 5 years	of more than 5 years
Liabilities to banks	661,209	476,551	134,221	50,437	753,161	543,307	147,256	62,598
Trade payables	545,586	545,573	13	0	578,494	578,491	3	0
Liabilities to affiliated enterprises	12,321	12,321	0	0	10,615	10,615	0	0
Liabilities to enterprises in which an invest is held	40,537	28,587	11,950	0	27,357	27,357	0	0
Other liabilities	57,009	57,009	0	0	62,967	62,967	0	0
Total	1,316,662	1,120,041	146,184	50,437	1,432,594	1,222,737	147,259	62,598

Of the liabilities to banks, EUR 92,491 thousand (previous year: EUR 109,758 thousand) are secured by land charges. Trade receivables were assigned and inventories pledged as collateral to secure the liabilities from the drawdown of a syndicated loan totalling EUR 505 million (previous year: EUR 495 million), which are also reported under liabilities to banks. The syndicated loan was newly concluded on 18 December 2019 with a volume of EUR 650 million and extended in the financial year until 29 January 2027. In the financial year, liabilities to banks include liabilities from ABS financing for receivables sold but not derecognised in the amount of EUR 16,075 thousand (previous year: EUR 20,107 thousand). As in the previous year, the receivables offsetting the liabilities from the cash inflow have been transferred to the buyer of the receivables.

There are still a total of six promissory note loans. The volume amounts to EUR 94.5 million (previous year: EUR 94.5 million). These are six unsubordinated but unsecured promissory note loans with fixed and variable interest rate tranches. The remaining terms of the tranches of the promissory note loans are staggered and amount to up to 24 months (volume: EUR 15 million), up to 42 months (volume: EUR 52.5 million) and up to 66 months (volume: EUR 27 million). Liabilities to banks with a term of more than one year totalled EUR 184.7 million (previous year: EUR 209.8 million).

14. Liabilities to affiliated enterprises include:

(in EUR thousand)	**Financial year**	Previous year
Trade payables	746	484
Other liabilities	11,575	10,131

15. Liabilities to companies in which an interest is held include:

(in EUR thousand)	**Financial year**	Previous year
Trade payables	5,399	3,241
Other liabilities	35,138	24,116

16. Deferred taxes are recognised for temporary differences that are expected to reverse in the future between the carrying amounts of assets, liabilities and prepaid expenses and deferred income in accordance with commercial law and tax law. In the case of tax relief, the capitalisation option pursuant to Section 274 HGB was not exercised throughout the Group. Deferred taxes are calculated on the basis of country-specific combined income tax rates. An average tax rate of 31 per cent was used to calculate the deferred taxes existing at domestic companies and the deferred tax effects from consolidation measures. The combined income tax rate comprises corporation tax, trade tax and solidarity surcharge (commercial partnerships not included). In addition, local tax rates of between 21 and 31 per cent were applied to the deferred taxes recognised in the balance sheet for companies based abroad. Due to the full offsetting of deferred tax liabilities from annual financial statements against deferred tax assets from other Group companies (primary deferred taxes), no deferred taxes had to be recognised in the consolidated balance sheet as at 31 December 2023.

Deferred tax assets from consolidation measures (secondary deferred taxes) were to be capitalised in the amount of EUR 2,252 thousand.

The deferred tax assets and liabilities included in the offsetting are made up as follows:

	Financial year		Previous year	
(in EUR thousand)	primary	secondary	primary	secondary
Deferred tax assets				
Intangible assets	3,715	0	5,314	0
Tangible fixed assets	2,685	0	1,313	0
Inventories	8,146	2,139	7,931	2,438
Provisions	31,325	0	28,290	49
Accounts receivables	5,237	0	6,763	0
Other assets/liabilities	3,243	744	3,673	782
Tax rebate claims from loss carry-forwards	8,346	0	7,833	0
	62,697	**2,883**	**61,117**	**3,269**
Deferred tax liabilities				
Intangible assets	-6,075	0	-200	0
Tangible fixed assets	-9,011	-330	-16,036	-330
Inventories	-381	0	-488	0
Provisions	-962	0	-52	-620
Other assets/liabilities	-114	-301	-328	-271
	-16,544	**-631**	**-17,104**	**-1,221**
	46,153	**2,252**	**44,013**	**2,048**
Total amount of the primary deferred tax asset surplus remaining after offsetting	**46,153**		**44,013**	

The primary deferred taxes shown above include the deferred taxes calculated at the level of the annual financial statements included in the consolidated financial statements, including the adjustment to the uniform Group accounting and valuation guidelines. The secondary deferred taxes are based on the temporary differences arising from the consolidation measures.

II. Profit and loss account

1. The **sales revenues** were achieved in the following divisions:

(in EUR million)	Financial year	Previous year
Agriculture wholesale	2,986	3,385
Agriculture/farming	2,625	2,895
Energy	1,469	1,634
Machinery	1,305	1,138
Retailing	314	348
Other	67	45
Total revenue	**8,766**	**9,445**

The sales revenues figure includes revenues from services to the amount of EUR 145 million (previous year: EUR 131 million). The revenues were generated almost exclusively in Germany; the share from business abroad being around 9 per cent of income.

2. The following income and expenses, which are attributable to a different financial year or which contain extraordinary items, are included **in the items of the profit and loss** account:

(in EUR thousand)	Financial year	Previous year
Income		
from the disposal of fixed assets	798	3,906
from the reversal of provisions	13,012	11,342
from the reversal of value adjustments and inputting of written-down receivables	18,329	7,419
Expenses		
Expenditure from valuation of assets	16,716	40,066
Losses on disposal of fixed assets	717	3,547

In the previous year, a full value adjustment of EUR 24,386 thousand was recognised in other operating expenses on receivables from subsidiaries based in Russia or operating there. Other operating income and other operating expenses include exchange rate gains of EUR 3,688 thousand (previous year: EUR 5,249 thousand) and exchange rate losses of EUR 4,773 thousand (previous year: EUR 5,338 thousand). The increase in income from the reversal of valuation allowances is the result of unexpected incoming payments from receivables that were impaired in the previous year. Interest and similar expenses do not include any out-of-period expenses from the change in the actuarial interest rate for the measurement of pension provisions (previous year: EUR 1,613 thousand). Other interest and similar income includes income relating to other periods from the change in the actuarial interest rate used to measure the pension provision totalling EUR 590 thousand (previous year: EUR 0 thousand).

Amortisation of intangible assets and depreciation of property, plant and equipment include impairment losses of EUR 10,471 thousand (previous year: EUR 1,103 thousand). Amortisation of financial assets includes impairment losses of EUR 1,513 thousand (previous year: EUR 5,705 thousand).

3. Within the figure for **taxes on income and earnings**, there are deferred tax assets of EUR 204 thousand (previous year: EUR 2,048 thousand).

The **actual tax expense for the financial year** in accordance with the Minimum Tax Act amounts to EUR 24,977 thousand.

G. Notes on the cashflow statement

Cash and cash equivalents corresponds exclusively to the balance sheet item "Cash in hand, cash at banks and credit institutions and cheques". The non-cash change in cash and cash equivalents due to the conversion of the foreign currency holdings in EUR was presented separately.

H. Notes on changes to equity capital

The statutory reserve of the parent company of AGRAVIS Raiffeisen AG of EUR 26.9 million contained in the consolidated equity of EUR 252 million is subject to a distribution restriction in accordance with Section 150 AktG and Section 33 of the articles of association. The internally generated intangible fixed assets recognised in the balance sheet in the amount of EUR 1.0 million are subject to a distribution restriction in accordance with Section 268 (8) sentence 1 HGB. Furthermore, the difference pursuant to Section 253 (6) sentence 1 HGB totalling EUR 956 thousand is subject to a distribution restriction in accordance with the provisions of Section 253 (6) sentence 2 HGB.

I. Other information

1. At the balance sheet date, the following contingencies existed in accordance with Section 251 HGB:

(in EUR thousand)	Financial year	Previous year
Liabilities from the issue and transfer of bills of exchange	10,494	29,948
Liabilities under guarantees, bill guarantees and cheque guarantees	35,204	28,076
Liabilities under warranties and pending take-back obligations	44,609	32,832
Contingencies from remaining pending liabilities	6,788	9,051

Based on the information currently available - which relates in particular to the creditworthiness, assets (including hidden reserves) and payment behaviour of the directly obligated debtors - no utilisation is expected for liabilities from the issue and transfer of bills of exchange or for liabilities from guarantees. Liabilities from warranty agreements relate to residual value guarantees from customer financing and pending repurchase obligations from machinery transactions. As the obligations are offset by the value of the machines, there is no further risk of utilisation. The servicing of third-party liabilities for which collateral has been provided is monitored on an ongoing basis.

Based on observable payment behaviour, no utilisation is expected here either. Furthermore, there were two letters of comfort in favour of associated companies amounting to EUR 2.4 million, which are not expected to be utilised due to the current business development of the beneficiaries.

2. Transactions not included on the consolidated balance sheet

As part of an ABS transaction, receivables totalling EUR 77 million were sold to a bank and derecognised from the consolidated balance sheet. The ABS financing serves to strengthen the Group's liquidity and financial strength in the short term. All bad debt risks were definitively transferred to the bank. Receivables management for the receivables transferred to the financing company - including the sales of receivables that do not relieve the balance sheet due to a lack of risk transfer - will continue to be carried out by the companies of the AGRAVIS Group. To improve short-term liquidity, structured financing was concluded for various agricultural products in the form of non-genuine repurchase agreements. This has resulted in pending redemption options totalling EUR 223 million (previous year: EUR 199 million).

3. The **following financial obligations, which are not shown or noted on the balance sheet**, are of significance in assessing the Group's financial position:

(in EUR thousand)	Financial year
Tenancy and building lease obligations	
- annual amount	15,030
- of which with a maturity of more than 5 years	1,224
- of which with a maturity of more than 10 years (building leases to 2102)	187
Leasing obligations	
- annual amount	24,795
- with a maturity of more than 5 years	2,971
Remaining obligations from the provision of capital goods	
and other financial obligations	8,450

Some of the business properties, technical equipment and machinery as well as operating and office equipment (including the vehicle fleet) are utilised on the basis of rental, leasehold and operating lease agreements. The conclusion of such agreements also helps to reduce the Group's capital commitment and leaves the investment risk with the respective landlords or lessors. The existing obligations in connection with the contracts are included in the disclosures on other financial obligations above.

4. Valuation units and derivatives

AGRAVIS Raiffeisen AG has concluded interest rate hedges in order to limit the interest rate risks associated with variable-interest financing. Only interest rate swaps are used to hedge future cash flows. Interest rate swaps with matching maturities were concluded at the same time as long-term loans were taken out, creating synthetic fixed-rate financing. These micro-hedges had a volume of EUR 14.5 million as at 31 December 2023. The market value of these swaps amounts to EUR 0.7 million. Similarly, interest rate swaps with a market value of EUR 0.5 million were concluded for the variable-interest tranches of the promissory note loans with a nominal value of EUR 15.0 million. Hedging relationships also exist here in the form of micro-hedges.

Interest rate swaps with a nominal volume of EUR 355.0 million are in place to hedge the risks from future interest payment flows from loan utilisations under the syndicated loan. In addition, a forward swap for EUR 20.0 million was concluded in the 2023 financial year with a start date in December 2024. The volume corresponds to the average credit utilisation according to the Group's liquidity planning. These swaps represent a portfolio hedge in relation to the Group's working capital financing. The market value of all interest rate swaps relating to the syndicated loan totalled EUR 1.3 million at the end of 2023. Due to the inclusion in valuation units in the sense of micro and portfolio hedges, no provisions for impending losses had to be recognised. Derivative hedging transactions, mainly term options, were used to hedge currency risks (PLN, USD). The nominal value of these transactions - which corresponds to the volume of the hedged risks in terms of amount – totalled EUR 77.3 million as at the balance sheet date. These hedging transactions are directly related to commodity (forward) transactions in foreign currencies and are therefore summarised in the form of micro hedges to form valuation units with these underlying transactions. The market value of these derivatives was minus EUR 0.5 million as at the balance sheet date. The opposing changes in cash flows from currency hedges and hedged items offset each other completely over the term of the hedges in the following financial year. The opposing changes in value and cash flows from different elements of the valuation unit largely offset each other due to the reference to identical value parameters in the settlement of the transactions – which regularly takes place within the following year in the case of foreign currency transactions and has a term until 2027 in the case of interest rate derivatives.

Derivative financial instruments in the form of standardised exchange-traded commodity futures contracts and OTC futures and options transactions on agricultural commodities concluded with trading partners with first-class credit ratings are also used to manage current and future price risks from the commodities business – particularly with regard to trading in feed raw materials (including soya), oilseeds and grain. The instruments are used exclusively to hedge underlying operating transactions; no additional risks therefore arise. The transactions are carried out exclusively in standard market transactions. No transactions are carried out for speculative purposes. Some of these hedging transactions are summarised as a portfolio hedge as a valuation unit with selected inventories with a total volume of EUR 320.9 million as well as pending purchase and sales contracts as at the balance sheet date. Accordingly, no provisions for impending losses had to be recognised for the negative market values of the derivative financial instruments included in the valuation unit in the amount of EUR 1.0 million.

Commodity futures and options transactions are valued on the basis of daily market prices for the underlying commodities and the resulting differences between forward and daily prices. The company's own market valuation of derivative instruments is compared daily with the valuations provided by various renowned trading partners. Due to the reference to pricing on the global trading centres, the inventories and transactions included in the valuation units are exposed to corresponding price change risks for agricultural commodities. The opposing changes in value and cash flows from the various elements of the valuation unit largely offset each other due to the reference to identical value parameters when the transactions are settled – which regularly takes place within the following year.

Insofar as risks for open contract positions are not fully covered by the formation of valuation units or the existing valuation units show inefficiencies, this is taken into account by recognising provisions for impending losses. These totalled EUR 23.2 million as of the balance sheet date (previous year: EUR 15.2 million). In addition to the commodity option transactions included in hedging relationships as described above, individual Group companies have entered into further option transactions for risk management purposes, which were not designated as hedging instruments for accounting purposes. The option premiums paid to acquire these call/put options are recognised under other assets and measured according to the strict lower of cost or market principle. Option premiums received for the sale of call/put options have been deducted from the positive balances from the deposit of collateral with the contract partners together with the impending losses in excess of the premium received. The balance of these option transactions is as follows:

Type of transaction	**Amount** (in tonnes)	**Current value** (in EUR thousand)	**Book value** (in EUR thousand)
Purchase of OTC options (put/call)	154.950	2,507	1,885
Sale of OTC options (put/call)	102.500	-261	-1,619

5. Transactions with related companies and individuals in accordance with Section 314(1) no. 13 HGB under customary market terms were not executed.

6. Employees

In 2023, there was an average of 6,052 employees (previous year: 5,993), of which 5,208 were full-time employees (previous year: 5,143 full-time employees) and 844 part-time employees (previous year: 850 part-time employees). In addition, 578 trainees were employed (previous year: 554 trainees).

7. Executive bodies

The total remuneration for activities in the financial year amounted to 373 thousand euros for the members of the Supervisory Board and 135 thousand euros for the members of the Advisory Board. The total remuneration of the Executive Board totalled EUR 3.2 million in the 2023 financial year. The total remuneration of former members of the Executive Board and their surviving dependants totalled EUR 2.2 million. The provisions for pensions recognised for these persons amounted to 36.3 million euros.

8. Auditors' fees

The fees expended on the auditor of the consolidated financial statements, auditing company Deloitte GmbH, in the given financial year are devided as follows:

	(in EUR thousand)	**Financial year**
a)	Auditing of financial statements	787
b)	Other certification services	114
c)	Tax advisory services	0
d)	Other services	62
	Total	**963**

9. Profit distribution recommendation of the parent company preparing the consolidated financial statements. For the 2023 financial year, including the allocation to the legal reserve in the amount of 737,000.00 euros and taking into account the profit carried forward from 2023 in the amount of 790,524.83 euros, retained earnings totalled 14,787,131.48 euros.

The Executive Board proposes a dividend of EUR 1.54 per share, totalling EUR 12,364,308.88, to the Annual General Meeting. The Executive Board proposes that EUR 2,000,000.00 be transferred to other revenue reserves and the remaining amount of EUR 422,822.60 be carried forward to new account.

10. Supplementary report

There were no significant events that occurred after the end of the consolidated financial year that are not recognised in the consolidated income statement or the consolidated balance sheet.

Münster, 10 April 2024
AGRAVIS Raiffeisen AG, Board of directors

Dr. Dirk Köckler (Chairman) Hermann Hesseler

Jan Heinecke Jörg Sudhoff

Independent Auditor's Report

Audit opinions

We have audited the consolidated financial statements of AGRAVIS Raiffeisen AG, Münster, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the group management report of AGRAVIS Raiffeisen AG, Münster, for the financial year from 1 January to 31 December 2023.

In our opinion, based on the findings of our audit

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023 in compliance with German Legally Required Accounting Principles, and
- the accompanying Group management report as a whole provides a suitable view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) 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 Section 317 HGB and German generally accepted standards for the audit of financial statements 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 companies in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. 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.

Other information

The legal representatives or the Supervisory Board are responsible for the other information. The other information includes

- the "Report of the Supervisory Board" section of the Group Annual Report 2023,
- the "Corporate Governance" section of the Group Annual Report 2023,
- the assurance of the legal representatives pursuant to Section 297 (2) sentence 4 HGB and Section 315 (1) sentence 5 HGB on the consolidated financial statements and the Group management report, and
- all other parts of the Group Annual Report,
- but not the consolidated financial statements, not the audited group management report information and not our auditor's report thereon.

Our 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 opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information referred to above and, in doing so, consider whether the other information

- are materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appear to be materially misstated.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law, and 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 German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or error) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible 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 are factual or legal circumstances to the contrary.

Furthermore, management is 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, management is 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 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 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 Section 317 HGB and German generally accepted standards for the audit of financial statements 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 group management report.

During the audit, we exercise professional judgement and maintain professional scepticism. In addition

- we 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- we 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 opinion on the effectiveness of these systems.
- we evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.
- we conclude on the appropriateness of management's 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. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- we 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 German Legally Required Accounting Principles.
- we obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We are solely responsible for our audit opinions.
- we 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.
- we perform audit procedures on the prospective information presented by the legal representatives in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management 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 opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

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.

Düsseldorf, 10 April 2024
Deloitte GmbH, Auditing Company

Prof. Dr. Carl-Friedrich Leuschner Auditor	Max Schürtz Auditor

Affirmation of legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Münster, 10 April 2024
Board of directors

Dr. Dirk Köckler (Chairman)	Hermann Hesseler
Jan Heinecke	Jörg Sudhoff

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