Group Annual Report 2022

Strong together. For farming with a future.

AGRAVIS

Strong together. For farming with a future.

We have decided to go with this heading for this year's Group Annual Report as a way of looking forward with confidence in the wake of what has been a financial year full of uncertainty in 2022. As we see things, our employees in particular embody both the "strong together" and "farming with a future" aspects and that's why we invited some of them (on behalf of all AGRAVIS Group employees) to be photographed in typical everyday scenarios for this year's Group Annual Report.

Photos on cover page
(top row, from left): David Beckmann, Lubricants – Hanover . Maren Johannes, AGRAVIS Mischfutter Oldenburg/Ostfriesland GmbH – Oldenburg . Jingjing Jiang, Special Feed – Münster
(second row down, from left): Jens Rexforth, AGRAVIS Mischfutter West GmbH – Münster . Heiner Billmann, Digitalisation – Münster . Lisa Schmitz, Retailing – Münster
(third row down, from left): Lena Pleus, Plant Cultivation – Hanover . Yannik Riechmann, AGRAVIS Technik Saltenbrock GmbH – Lage . Harm Otten, Newtec – Brundorf
(bottom row, from left): Folkmar Lüpkes, AGRAVIS Ems-Jade GmbH – Esens, Till Möller and Sarah Schröer, Equovis GmbH – Münster . Christoph Reher, AGRAVIS Mischfutter West GmbH – Münster

The term "AGRAVIS" always refers to the AGRAVIS Group in this Annual Report.
If reference is being made to the AG, this is indicated by the company name "AGRAVIS Raiffeisen AG".

Content

Hermann Hesseler *Dr Dirk Köckler* *Jan Heinecke* *Jörg Sudhoff*

1 | Foreword by the Board of Directors

"Economically speaking, 2022 was a demanding year and a challenging one for us in the cooperative association – one for the history books."

Dr Dirk Köckler

Dear Shareholders, Ladies and Gentlemen,

By presenting this Annual Report, we are taking a look back on a year in which the outbreak of war in Europe saw inconceivable suffering, death and destruction. In the face of such a human crisis, the economic impacts of Putin's attack on Ukraine take a back seat. For AGRAVIS and the cooperative association, it went without saying that we would rise to these challenges. To start, however, vindication was required for the democratic society of values, for freedom and for self-determination in Europe. We are committed to this, united with the hope of peace in Europe in the near future.

Alongside this, the impact of the war over the past financial year has been extremely challenging for us. The global markets became incredibly turbulent. Double-digit inflation, skyrocketing raw material prices, extreme currency fluctuations, disrupted supply chains and goods shortages all wreaked havoc on AGRAVIS business. However, with close positioning in all trading units and a bold risk management concept (and consistent receivables management), we were able to overcome these challenges. We remained in a position to deliver at all times, allowing us to ensure the supply to its full extent. We also took on responsibility for food security together with our cooperative partners. In doing so, our company motto "strong together" has shown just what our cooperative association is capable of, even in such a disturbing year like 2022. It is in difficult times like these that our association is able to prove its strength.

Significant price hikes, in particular for agricultural commodities, energy and mineral fertilisers, were the primary cause for the increase in group turnover to around EUR 9.4 billion. Earnings before tax also grew to EUR 61.5 million. With these gains, we have ended the financial year with means to secure our future, although our ROS still remains below 1 per cent – we will continue to work on this target. For you as shareholders, however, this still means that you can again expect a secure dividend on your AGRAVIS shares for the 2022 financial year.

Despite the enormous challenges, we have continued to push AGRAVIS forward over the past year to secure our position as a strong, innovative partner for sustainable farming. Our clear focus on the needs of our customers, our market knowledge, the know-how of over 6,600 employees and a solid financial structure all help to open up new opportunities, even in difficult times. And we seized these opportunities in 2022 to make our company more resilient in the face of economic and geopolitical uncertainty; uncertainty which has continued into the current financial year. We therefore look to the 2023 financial year with respect as we rise confidently to the challenges facing us in the year to come: Strong together. For farming with a future.

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

Birgit Buth, Managing Director – Deutscher Raiffeisenverband e.V.

Martin Duesmann-Artmann, Executive Member of the Managing Board – Raiffeisen Hohe Mark Hamaland eG (until 11 May 2022)

Henning Haahr, Group CEO – Danish Agro a.m.b.a.

Günter Hessing, full-time Member of the Managing Board – Raiffeisen Warengenossenschaft Haltern eG (from 11 May 2022)

Theresa Hukriede*, Controller – AGRAVIS Raiffeisen AG

Urban Jülich, Farmer

Detlef Lange*, Trade Union Secretary – ver.di-Bundesverwaltung, Trade Unit (Elected Union Representative for ver.di)

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

Patrick Niehus*, Commercial Employee – AGRAVIS Technik Raiffeisen GmbH

(Elected Union Representative for DHV – Die Berufsgewerkschaft) (from 1 January 2022)

Jürgen Osteroth*, Silo Manager – AGRAVIS Niedersachsen-Süd GmbH (Elected Union Representative for DHV – Die Berufsgewerkschaft)

Arno Schoppe, Executive Member of the Managing Board – Raiffeisen-Warengenossenschaft Niedersachsen Mitte eG

Manfred Schulze Baek*, Dispatcher – AGRAVIS Technik BvL GmbH

Susanne Schulze Bockeloh, Farmer

Philipp Schulze Esking, Farmer – Member of the Supervisory Board – Raiffeisen Steverland eG (from 11 May 2022)

Thomas Simon*, Chairman of the Works Council released of normal duties – AGRAVIS Raiffeisen AG

Friedrich Steinmann, Farmer (until 11 May 2022)

Holger Terhalle, Executive Member of the Managing Board – Raiffeisenbank Ems-Vechte eG

Thomas Wiesner*, Head of Retailing Division – AGRAVIS Raiffeisen AG

(* Employee representative)

Advisory Board

Chairman: **Torsten Wojahn**, Farmer, Chairman of the Supervisory Board – VR PLUS Altmark-Wendland

Deputy Chairman: **Folkert Groeneveld**, Chairman – VR-Bank in Südniedersachsen eG

Theo Averbeck, Executive Member of the Managing Board – Raiffeisen Warengenossenschaft Vechta-Dinklage eG (until 4 March 2022)

Friedrich Becker, Farmer, Chairman of the Supervisory Board – Raiffeisen Sauerland Hellweg Lippe eG

Dr Henning Behrens, Farmer

Hubertus Beringmeier, Farmer, President – Westfälisch-Lippischer Landwirtschaftsverband e.V.

Maik Bilke, Farmer, Chairman of the Supervisory Board – Raiffeisen Waren- und Dienstleistungsgenossenschaft eG

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-Warengenossenschaft Kirchwistedt eG

Karl-Heinz Eikenhorst, Executive Member of the Managing Board – Raiffeisen Lübbecker Land AG

Johannes Freundlieb, Executive Member of the Managing Board – Genossenschaftsverband Weser-Ems

Peter Götz, Member of the Board – Genossenschaftsverband Verband der Regionen e.V.

Ralf Gumpert, Farmer (from 11 May 2022)

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 (from 11 May 2022)

Andreas Hansen, Farmer, Member of the Supervisory Board – Raiffeisen Waren- und Dienstleistungsgenossenschaft eG

Christoph Heer, Farmer, Member of the Supervisory Board – Raiffeisen Lippe-Weser AG
Eckhard Hinrichs, Farmer
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 (from 11 May 2022)
Clemens Meißner, Farmer (until 31 March 2022)
Wilhelm Meyer, Farmer, Member of the Supervisory Board – AGRAVIS Förderungs- und Beteiligungs eG (until 31 January 2022)
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
Stephan Sander, Executive Member of the Managing Board – Landwirtschaftliche Bezugsgenossenschaft eG Damme
Hermann Schartmann, Executive Member of the Managing Board – Raiffeisen Warengenossenschaft Emsland-Süd eG
Karsten Schmal, Farmer, President – Hessischer Bauernverband e. V. (from 29 June 2022)
Hermann Schmidt, Farmer, Member of the Supervisory Board – VR Bank eG Osnabrücker Nordland
Joachim Schoth, Farmer, Chairman of the Supervisory Board – Raiffeisen Centralheide eG (until 11 May 2022)
Maren Schröder-Meyer, Farmer, Chairwoman of the Supervisory 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, Chairman of the Supervisory Board – Raiffeisen Steverland eG
Werner Schwarz, Farmer, President – Bauernverband Schleswig-Holstein e.V. (until 29 June 2022)
Gerhard Schwetje, Farmer, President – Chamber of Agriculture for Lower Saxony
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 – Chamber of Agriculture for North Rhine-Westphalia

Board of Directors

Chairman: **Dr Dirk Köckler**
Members: **Hermann Hesseler**, **Jan Heinecke** (from 1 April 2022), **Jörg Sudhoff**

3 | Supervisory Board’s report

(back row, from left) Axel Lohse, Urban Jülich, Günter Hessing, Thomas Wiesner, Manfred Schulze Baek, Friederike Brocks, Jürgen Osteroth, Arno Schoppe, Holger Terhalle, Reinhard Mester, (front row, from left) Lutz Lüking, Birgit Buth, Theresa Hukriede, Franz-Josef Holzenkamp (Chairman), Philipp Schulze Esking, Patrick Niehus, Susanne Schulze Bockeloh
(not pictured: Henning Haahr, Detlef Lange, Thomas Simon)

Dear Shareholders,

After three years of holding the AGRAVIS Annual General Meeting online due to the pandemic, the Board of Directors, the entire AGRAVIS Supervisory Board and I are very excited to be able to leave these restrictions behind us and meet in person once again. We will see you all on 9 May at our 2023 Annual General Meeting in Osnabrück. Both the Board of Directors and Supervisory Board will report in person on the 2022 financial year – a year that will go down in history for various reasons. The atrocious war in Ukraine has caused widescale death, displacement and destruction in Europe. We could have predicted that this war and its effects would lead to significant cuts and upheaval on the agricultural and energy markets and, by extension, have a huge impact on AGRAVIS business. And that is exactly what has happened. But what I stated in the 2021 Annual Report still applies: We are prepared to pay this price in order to restore peace and freedom in Europe as quickly as possible.

2022 was a year for the history books and this can be seen in a single figure: In November, the global population surpassed eight billion people for the first time. These two events, paired with ongoing climate change, highlight even more the need for sustainable, innovative farming concepts that ensure a secure supply of healthy food for people at a regional, national and global level. Germany's farming industry also has a role to play in achieving this goal and that means new opportunities for high-output, modern agricultural trade and service companies, such as AGRAVIS. And both the Supervisory Board and the Board of Directors agree that we should take advantage of these opportunities. With our 360° portfolio, the know-how and innovative spirit of AGRAVIS employees and the possibilities of digitalisation, AGRAVIS is perfectly equipped to tap into this potential. We have already demonstrated this throughout the last financial year. With practical solutions that provide our customers with real added value, our AGRAVIS has continued to impress on the market despite all of the challenges.

Faced with increased uncertainty and extreme price volatility due to the war in Ukraine, the Board of Directors was well advised to lead the company through the year with as much caution as possible and a consistent risk management approach. The early warning system of the AG and the Group goes beyond the basic legal requirements and has been in place for some time now. In 2022, it was needed more than ever.

Group turnover of EUR 9.4 billion, which was predominantly due to price factors, and earnings before tax of EUR 61.5 million, which help to secure our position, show that we managed to make it through the year relatively unscathed. This marks a significant improvement on the previous year – and it comes despite increased energy and operating costs.

First Covid-19, then high inflation – it's a testament to our corporate culture of "strong together" at AGRAVIS that the strains on our employees have been at least partially softened. The payment of a Covid-19 lump sum and an inflationary adjustment bonus in December 2022 was expressly approved by the Supervisory Board. Both were generated through the company's earnings. The Group's parent company, AGRAVIS Raiffeisen AG, has also seen some positive development in its figures, meaning you, our revered shareholders, can again safely share in the profits.

With its resolutions in the 2022 financial year, the Supervisory Board continues to support the AGRAVIS Group's strategic course with some concrete targets. I would like to take this opportunity to highlight the reissuing of promissory note bonds for EUR 94.5 million. Despite a difficult market environment, there has still been steady interest among investors, underlining the unwavering trust in the reliability and respectability of the AGRAVIS Group. This step ensures a very wide, secure basis for our financing structure. We have also strengthened the company's liquidity together with the other financing sources.

Spanning several years, the largest investment project is the "Dock" project, which is focusing on the introduction of a uniform SAP-based ERP landscape across the entire Group. Some more important steps were successfully taken in this project over the last financial year to create more streamlined, standardised processes. The decision to develop a location for a joint goods distribution centre in Nottuln (Coesfeld) and operate this as part of RaiLog will also have wide-reaching ramifications for efficient structures within the cooperative association. This organises logistics processes digitally and future-proofs them for the customer, combining them into one location to save on truck transport and thus reducing CO_2 emissions. The building is also designed to be incredibly energy-efficient. Any CO_2 emissions generated during the construction of the distribution centre will be fully offset after just a few years of ongoing operation.

This project is therefore a win for climate protection in the long term and clearly highlights the AGRAVIS Group commitment to sustainability.

The financial participation of Raiffeisen Landbund eG, RWG Niedersachsen Mitte eG, VR Bank in Südniedersachsen eG, and RWG Osthannover eG in AGRAVIS Niedersachsen-Süd GmbH (ANS) undertaken on 1 January 2023 also represents a strengthening of the cooperative association.

Raiffeisen Warenhandel GmbH in Rosdorf was already previously a co-shareholder in this regional agricultural centre. This is a strong statement for the cohesion of the Raiffeisen network and a clear signal to the agricultural operations in the region. You can rest safe in the knowledge that AGRAVIS Niedersachsen-Süd GmbH and its cooperative shareholders remain powerful partners for their end customers, supplying them with impressive products and services to meet their needs.

The AGRAVIS Group's targeted international activities also played a big part in the successful 2022 financial year, most notably the successful joint ventures with our partner over in Denmark, Danish Agro a.m.b.a., and the continued growth of AGRAVIS Technik Polska (Ceravis AG also saw a turnaround).

As the Chairman of the Supervisory Board, I kept in close communication with all board members, in particular with the Chairman – also beyond the scheduled meetings. I am overjoyed that the AGRAVIS Board of Directors has been once again complete since 1 April 2022. It became clear in just the first few months that Jan Heinecke was the right choice for the Supervisory Board. With his high level of expertise in agricultural trade and his leadership experience within the industry, he soon settled into his assigned department and ensured a smooth transition. The AGRAVIS Board of Directors now has a steady footing for the coming years to ensure that AGRAVIS and the cooperative association is able to remain the strong partner for sustainable, innovative farming. The AGRAVIS Supervisory Board will continue to constructively support this set course.

After actively and vibrantly embodying the close cooperative collaboration for many years on the AGRAVIS Supervisory Board, two members retired at the 2022 Annual General Meeting: Friedrich Steinmann and Martin Duesmann-Artmann. As the new shareholder representatives, Günter Hessing, Executive Member of the Managing Board for RWG Haltern eG, and Philipp Schulze Esking, a farmer from Billerbeck, received the mandate of the Annual General Meeting. Patrick Niehus, an AGRAVIS Technik Raiffeisen GmbH employee, succeeded Annette Wolters as employee representative on 1 January 2022. He was elected as the replacement member via DHV – die Berufsgewerkschaft e. V. The close cooperation between the Supervisory Board and the Advisory Board of AGRAVIS was further consolidated in 2022.

Meetings of the Supervisory Board

Six ordinary meetings of the Supervisory Board were held in the last financial year. Apart from one, all other meetings could be held in person following the lifting of most Covid-19 restrictions. During the regular sessions, the Supervisory Board met to consider all measures requiring approval and passed the necessary resolutions. Another resolution was also made in writing.

In a closed-door meeting on 30 March 2022, the Supervisory Board addressed the Group's strategic direction for the remainder of the financial year. Due to uncertainty caused by the Ukraine war, focus turned largely towards the analysis of the Group's liquidity and finance management. The Supervisory Board also looked at the AGRAVIS risk management concept as part of an all-day training event.

At the meeting dated 29 March 2022, the Supervisory Board reviewed the annual results for 2021, following a recommendation of the Audit Committee and its own audit, whilst the agenda and the resolution proposals for the 2022 Annual General Meeting were approved. This contained the annual proposals such as the use of the 2021 balance sheet profit and the Supervisory Board and Advisory Board elections.

As part of its control function, the Supervisory Board regularly discussed business policy, business development, economic circumstances, HR development, corporate and financial planning, risk and opportunity management as well as investments and acquisitions made by AGRAVIS. It diligently performed the duties for which it is responsible according to the law, the articles of association and the rules of procedure. It continuously advised the Board of Directors on the leadership and control of the company, challenged approaches in individual cases and monitored business management. The Supervisory Board was involved early on in all major decisions that were of fundamental importance to AGRAVIS.

Committees of the Supervisory Board

In order to perform its extensive duties in a structured and efficient manner, the Supervisory Board has established four committees: the Personnel Committee, the Accounting and Audit Committee, the Investments Committee and the Mediation Committee. The latter was again not required to convene in the past financial year. All committees are managed by the chair of the Supervisory Board in accordance with the rules of procedure.

The Personnel Committee met on two occasions in the reporting year. In March 2022, the Accounting and Audit Committee reviewed and adopted the 2021 annual and consolidated financial statements for AGRAVIS Raiffeisen AG, the respective management reports and the Board of Directors' profit distribution recommendation. Another meeting of the committee focused on receivables management, analysis of the financing performance and audit preparation.

The Investments Committee discussed the investment plan for 2023, and a figure of EUR 55.6 million was recommended to the Supervisory Board for resolution. The Supervisory Board approved the investment plan when it met on 19 October 2022. In another meeting, the Investments Committee was briefed on the status of investment projects in the 2022 financial year and provided with information on post calculations for investments from previous years.

The Valuation Committee met on one occasion in the previous year and gave its recommendations on the share value, which remained unchanged at EUR 61.50. The Supervisory Board is regularly given reports on the work of the various committees and the Valuation Committee, which are presided over by the Supervisory Board Chairman according to the rules of procedure.

2022 annual and consolidated financial statements

The auditing company Deloitte GmbH audited the annual financial statements of the AG (public company) and the Group for the 2022 financial year and the management reports of the AG and the Group, including accounting and business management (in accordance with Section 53 GenG [Industrial and Provident Societies Act]). All of the material was prepared by the Board of Directors. The focal points of the audit agreed upon with the Supervisory Board (cyber security, financing structure, analysis of the individual companies with any potential deviation in performance from the plan) were taken into account. The financial statements were each given unqualified audit opinions.

The auditors reported on the specific details of the audit on 28 March 2023 at a meeting of the Accounting and Audit Committee. The committee recommended approval of the financial statements to the entire Supervisory Board.

The annual financial statements, the management reports of the AG and the Group, the Deloitte audit reports and the proposal for the appropriation of profits were submitted to the Supervisory Board in good time and were discussed at a meeting on 29 March 2023 with the auditor. All queries pertaining hereto have been answered. The Supervisory Board checked the documents independently and did not raise any objections. The Supervisory Board approved the annual financial statements of AGRAVIS Raiffeisen AG and the AGRAVIS Group. They are thus deemed established.

The proposal for the appropriation of earnings was also checked and found to be a balanced one. The Board of Directors proposes to the Annual General Meeting to deploy AGRAVIS Raiffeisen AG's net profit of EUR 12,067,352.99 as follows: Payment of a dividend in the amount of EUR 1.28 per share. This will lead to a total pay-out of EUR 10,276,828.16. The Board of Directors proposes putting EUR 1,000,000.00 into other retained earnings and carrying the remaining amount of EUR 790,524.83 forward. The Supervisory Board approved this proposal.

The Supervisory Board thanks the Board of Directors, the management team, senior staff members as well as all AGRAVIS Raiffeisen AG employees and those of AGRAVIS Group for their work over the past financial year; work which was made particularly challenging due to the year's extraordinary conditions.

Münster, 29 March 2023
Franz-Josef Holzenkamp,
Chairman

Stefan Homann and Viktoria Pavlov, Retailing – Münster

4 | AGRAVIS shares

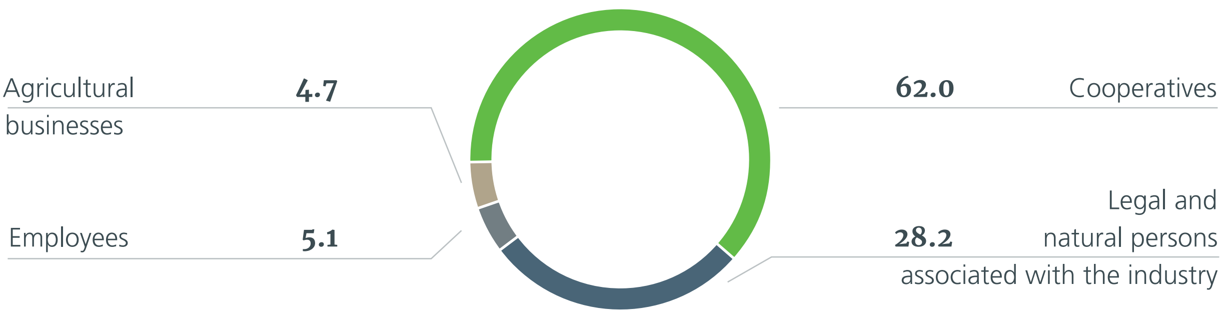
As the parent company of the AGRAVIS Group, AGRAVIS Raiffeisen AG had subscribed capital in the amount of EUR 205.5 million at the end of the 2022 financial year. The volume remained unchanged on the previous year. It is divided into 8.03 million registered shares with restricted transferability. In line with a resolution of the Annual General Meeting in May 2021, the Board of Directors may increase the registered capital by up to EUR 12 million by May 2023 in coordination with the Supervisory Board. The book value of the AGRAVIS share is EUR 25.60; at EUR 61.50, however, its market value is much higher and remains at a stable level.

Being profitable and capable of issuing dividends and retaining profits is part of the basic philosophy of AGRAVIS Raiffeisen AG. We continued to live up to this philosophy in the 2022 financial year. The Board of Directors and the Supervisory Board recommend to the Annual General Meeting a dividend pay-out of EUR 1.28 per share to its shareholders for 2022 financial year (previous year: EUR 1.15). Based on the share book value, this corresponds to a dividend yield of 5.0 per cent. If the Annual General Meeting accepts the proposal, this would mean a total pay-out to shareholders of around EUR 10.3 million (previous year: EUR 9.2 million) or 24.4 per cent of consolidated net income.

Jochen Etzold, Newtec – Peine

Shareholder structure

(in per cent)



(31 December 2022)

Friedrich Holtz, AGRAVIS Ost GmbH & Co. KG – Bülstringen

5 | Corporate governance

Corporate culture

With its "Vision for the Future 2030" initiative that was developed further during the 2022 financial year, the AGRAVIS Group is shaping a corporate culture that is centred around clear values and a code of conduct. The initiative will also serve as an orientation tool as part of the ongoing process of change, helping the Group to overcome the diverse challenges on the path towards the AGRAVIS future in 2030. The Group bases its cooperative actions on trust, reliability and responsibility and therefore sees itself as a fundamental component for the development of society in rural areas. At AGRAVIS, innovations are created across divisions and in close cooperation with affiliated cooperative partners, start-ups, industries, interest groups such as agricultural organisations, universities and, most importantly, customers. Managers actively seek to involve employees in decision-making processes. Internally, a culture of discussion is fostered and practised according to clearly defined rules. This also forms the basis for an open error culture within the company. The continued professional development of employees is an important component in the implementation of AGRAVIS' vision for the future in order to achieve the specified corporate objectives. Accordingly, this is a focus of the HR (Human Resources) department. Compulsory compliance rules apply to all Group managers and employees. Regular online training on these rules takes place.

Executive bodies and how they interact

The Board of Directors leads the AGRAVIS Group and the Supervisory Board acts in a control capacity. The Annual General Meeting is the decision-making body. Shareholders of AGRAVIS Raiffeisen AG exercise their rights at the Annual General Meeting. The AGRAVIS Advisory Board acts in an advisory capacity to the Board of Directors and Supervisory Board. These bodies are committed to both the interests of shareholders and the best interests of the company. The powers of the bodies are laid down in the Stock Corporation Act, the company's articles of association and in the rules of procedure for the Board of Directors and Supervisory Board.

Board of Directors

The ➔ **Board of Directors** directs the Group's business under its own responsibility, taking into account resolutions passed by the Annual General Meeting, the Supervisory Board and a schedule of responsibilities. It represents the company vis-à-vis third parties. The Board of Directors is bound to the company's interests and the cooperative idea (Section 2(1) of the Articles of Association) and to increasing the sustainable company value. The Board of Directors of the AG and Group once again consists of four members as of spring 2022. These members are: Dr Dirk Köckler (Chairman), Hermann Hesseler (Financial Director), Jörg Sudhoff and Jan Heinecke. Jan Heinecke joined the board on 1 April 2022. The duties of the Board of Directors are divided into departments by line of business.

The Board of Directors develops the corporate objectives. It also lays down the Group's strategic orientation and coordinates this with the Supervisory Board. The Board of Directors controls the Group and is responsible for business planning for the following years, for preparing the annual and consolidated financial statements and for the Group's financing. Furthermore, the Board of Directors is also responsible for risk management and control and for compliance with legal requirements and internal company policies. The Board of Directors reports to the Supervisory Board regularly, promptly and comprehensively on all issues which are fundamental to the Group. The Supervisory Board is informed by members of the Board of Directors of any potential conflicts of interest in accordance with compliance requirements. Board meetings are usually held on a weekly basis and are convened and headed by the Chairman of the Board.

Supervisory Board

The ➔ **Supervisory Board** has 20 members, consisting of 10 members from the capital side and 10 employee representatives. It monitors the business management of the Board of Directors on the basis of the law, the articles of association and rules of procedure. It is also responsible for the appointment of board members. In matters that are of particular importance to the company, the consent of the Supervisory Board is required in accordance with the law and with the rules of procedure. The 2022 Annual General Meeting elected Günter Hessing, member of the Managing Board of Raiffeisen Warengenossenschaft Haltern eG, and Philipp Schulze Esking, a farmer from Billerbeck, as new members of the Supervisory Board. They succeeded Martin Duesmann-Artmann and Friedrich Steinmann who retired from the board. Franz-Josef Holzenkamp has been the Chairman of the AGRAVIS Supervisory Board since 2012. Five Supervisory Board members are over the age of 50 and 15 are between the ages of 30 and 50.

Advisory Board

The ➔ **Advisory Board** advises the Board of Directors and the Supervisory Board on company policy and decisions with particular attention given to regional interests. The AGRAVIS Advisory Board includes farmers, directors of Raiffeisen cooperatives and representatives of cooperative companies, cooperative unions and agricultural organisations. The Advisory Board had 46 members at the end of the reporting year, 38 of whom were selected by the Annual General Meeting and eight of whom were appointed as co-opted members from the Supervisory Board. Eight members are between the ages of 30 and 50, and 38 members are over the age of 50.

Annual General Meeting

The ➔ **Annual General Meeting** of AGRAVIS Raiffeisen AG passes resolutions on the topics from the agenda published in advance. The Annual General Meeting passes resolutions, among other things, on the appropriation of distributable profits, the discharging of the members of the Board of Directors and the Supervisory Board and the appointment of the auditor. It elects members to the Supervisory Board and the Advisory Board and passes amendments to the articles of association and on measures which change the company's structure and capital.

The Annual General Meeting is required to convene upon the announcement in the company register. As per the articles of association, it takes place within the first eight months of every financial year, subject to differing legal regulations as a result of the coronavirus pandemic. The Annual General Meeting for the 2022 financial year will be held in person once again.

Marie-Luise Hlozek and Jonas Döhring, AGRAVIS Ost GmbH & Co. KG – Querfurt and Rackith

6 | Group management report

6.1. Foundations of the Group

Business activity

■ AGRAVIS Raiffeisen AG is the parent company of the AGRAVIS Group and majority-owned by around 100 regional primary cooperatives. It originated in 2004 from the merger of Raiffeisen Hauptgenossenschaft Nord AG in Hanover and Raiffeisen Central-Genossenschaft in Münster. The AGRAVIS Group sees itself as a national agricultural trade and service company and therefore prioritises the German market – in particular the geographical region stretching from the Netherlands in the west to Poland in the east. The company's national headquarters is in Münster.

The Group's business activity is fully geared towards the needs of its customer base with its 360° portfolio. Committed, qualified employees, future- and needs-oriented products and services as well as efficient processes are the foundation for success on the market. The aim is to be the innovative service provider for sustainable farming and people in rural areas. The Group is driving digitalisation forward and intends to develop successful sales channels and new, profitable business models. It sees itself as a customer-centric link between all actors involved in the entire agribusiness. Partnership-based business with the cooperatives is being further developed. Through value-oriented and responsible action, the AGRAVIS Group sees itself as an essential pillar for the development of society in rural areas within its commercial territory. By ensuring a sustainable supply, especially in times of global crises, the Group wants to help secure the existence of future generations in the long term.

With streamlined structures and operational excellence, the AGRAVIS Group is striving towards solidifying its position as market-relevant company. It seeks to use profitable growth within the cooperative association to create the basis for a permanent dividend. AGRAVIS sees itself as a cooperative service provider, firmly anchored in domestic agriculture.

Sustainability

■ As a national agricultural trade and service group, AGRAVIS is supporting development towards a more sustainable brand of agriculture. Sustainability has therefore been an integral part of the group strategy for some time now. The aim is to find a balance between profitability, esteem and resource conservation. AGRAVIS is therefore making a contribution to helping future generations in agriculture.

The focus on sustainable activities is based on actionable and marketable holistic concepts, such as livestock feeding or strengthening resource conservation in the context of land utilisation. The AGRAVIS Group's dedication to the issue of sustainability can also be seen in the creation of its very own Services & Sustainability department at the start of the 2022 financial year. The department plans to promote the sustainable orientation of processes within the Group, for example, with regard to energy efficiency and climate neutrality. The high energy prices and gas shortages caused by the Ukraine war alone were particularly difficult challenges that the Group had to overcome in the 2022 financial year.

Group structure

■ As of the key date 31 December 2022, 86 subsidiaries (previous year: 85) and 95 associated and affiliated companies according to the list of shareholdings (previous year: 96) belonged to the AGRAVIS Group. The Group's main focus of activity is on agribusiness with the agriculture wholesale, agriculture/farming and machinery divisions. The retailing and energy divisions are also part of the Group's core business. The distribution of business activities into divisions corresponds to the Group's management and holding structure and is derived from the internal reporting system. The amount of turnover generated externally is reported in each case. Divisions of the AGRAVIS Group:

Agriculture wholesale

The ➔ **agriculture wholesale** division covers the areas of plant cultivation, agricultural products and animals. The plant cultivation segment covers wholesale activities with operating resources in the product areas of crop protection (including foils, nets and yarns), fertilisers and seeds and also provides technical production advice to trading partners and agricultural businesses. To this end, the Group conducts its own internal trials in plant cultivation sales consultation at more than 20 locations. The subsidiary

➔ **Terravis GmbH**, with its product portfolio and service business for biogas plants, is also part of the plant cultivation segment.

The agricultural products segment includes the trading of grain, oilseed and raw materials for feed. The focus here lies on supplying AGRAVIS and cooperative feed plants, as well as mills and industry, with raw materials.

In the animals segment, the AGRAVIS Group produces and sells products in the product areas of compound feed, special feed (including animal and barn hygiene), special feed products and animal health products.

Feed production covers all farm animal types and the 'horse & hobby' segment. AGRAVIS complies with the key standards for quality management systems (DIN EN ISO 9001, GMP+, QS and VLOG). The AGRAVIS Group company ➔ **Livisto Group GmbH**, together with its subsidiaries, produces a broad range of animal health products at six locations around the world and sells these in more than 100 countries.

Agriculture/farming

The ➔**agriculture/farming division** comprises the business activities of AGRAVIS Ost GmbH & Co. KG and its subsidiaries as well as the regional agricultural centres in the Group, which are consolidated in AGRAVIS Agrarholding GmbH. These companies conduct direct business with the agriculture sector in sub-regions of AGRAVIS' commercial territory. In this division, several million tonnes of grain and oilseed are collected and processed every year. In addition, the Group companies also supply agricultural customers with the necessary operating resources, including energy. A workforce of more than 730 employees provides a package of services specifically tailored to customer needs at the 52 high-performance locations of ➔ **AGRAVIS Ost GmbH & Co. KG**. With around 580 employees, the ➔**four regional agricultural centres** of AGRAVIS Agrarholding GmbH and other affiliated companies largely cover the Group's central and western commercial territory and in parts also operate retail via their Raiffeisen markets, as well as petrol stations and the energy business.

Machinery

In the ➔**machinery division**, the Group sells new and used agricultural machines – both in bricks-and-mortar and online trade.

➔ **22 regional companies** (including holdings) operate in 116 locations under the umbrella of AGRAVIS Technik Holding GmbH. Around 2,500 employees serve customers with an extensive portfolio of products and services covering agricultural machinery, in particular an impressive spare parts and repair shop service.

Retailing

The ➔**retailing division** is the business of the Raiffeisen markets in wholesale and retail. In this division, 30 own markets are allocated directly and a further 42 are assigned to the agriculture/farming division. The AGRAVIS Group distributes its range of goods for the categories Garden, Home and Farm, Pets, Horse Riding, Textiles and Shoes using a franchise system with approximately 480 cooperation markets in rural areas. In wholesale, in total, the Group supplies around 1,000 Raiffeisen markets in various regions with an extensive range of services and a broad portfolio of products including well-positioned own brands. The online shop ➔ "**raiffeisenmarkt.de**" complements over-the-counter sales and is operated in a profitable manner together with 40 regional Raiffeisen cooperatives. Trade in construction materials, here in particular the purchasing group Regio Baustoffe GmbH, is also part of the retailing division.

Energy

The ➔**energy division** combines the extensive energy business of the parent company AGRAVIS Raiffeisen AG and AGRAVIS EnergieHolding GmbH. As an independent energy supplier, the AGRAVIS Group supplies customers with fuels and combustibles as well as lubricants. The Group operates as a wholesaler and is also active for private and commercial end consumers through subsidiaries and affiliated companies, for example in grid-bound energies or in the ➔**wood pellet** market. The petrol station segment is also very strong: In the Group company AGRAVIS Raiffeisen Tankstellen GmbH, AGRAVIS operates its own stations and coordinates a comprehensive ➔**petrol station network**. Furthermore, petrol station partners are offered an extensive range of services – including the modernisation and construction of stations. The affiliated company ➔ **Terrasol Wirtschaftsdünger GmbH** operates a biogas plant in Dorsten that uses mainly regional livestock manure.

6.2. Economic report

Macroeconomic conditions

■ The Russian invasion of Ukraine threw the whole economy into chaos in 2022. Energy, raw material and feed/food prices reached record highs, posing a huge challenge for many companies, private households and the German economy as a whole as inflation rates hit double figures. And all this came at a time when supply chains were already disrupted due to Covid-19, logistics bottlenecks and low water levels. The level of groundwater in Germany dropped to its lowest since 1990. The rise in temperatures in Germany caused by climate change was also much higher than the global average.

Despite these challenging conditions, however, the economy has proven itself to be robust, thanks in no small part to the government support programmes such as the "Tankrabatt" (petrol discount), the "nine-euro ticket" and the electricity and gas price cap.

This bumped GDP up slightly by 1.9 per cent in 2022, although the growth forecasts were revised downwards several times over the year. The rate of inflation reached an annual average of 7.9 per cent, marking the highest level since German reunification. The inflation rate temporarily exceeded the 10 per cent mark last year. In 2022, the euro fell more than 10 per cent against the US dollar, temporarily dropping below parity for the first time in 20 years. To combat this, the European Central Bank increased the base interest rate in July 2022, the first time it has done so in 11 years. The rate was initially increase by 0.5 percentage points with subsequent steps that followed.

The labour market in Germany remained resilient while the shortage of skilled workers grew with more and more of the "boomer" generation entering retirement. The rate of unemployment was around 5.3 per cent as an annual average. The high inflation rate and general increase in costs were factored in as part of initial collective agreements towards the end of the year, which led to an additional strain on businesses. An increase in the minimum wage in Germany to EUR 12 an hour from 1 October 2022 also added more cost pressure for many companies.

Sectoral conditions

■ Sectors in which the AGRAVIS Group is active were impacted by the effects of the Ukraine war, be it directly or indirectly, just like the economy as a whole. High prices, limited availability of goods and disrupted supply chains made for some enormous challenges. The limited logistics capacities due to low water levels and a driver shortage also added to the adversity.

Overall, there was a noticeable improvement in earnings within German agriculture in 2022. Producer prices for agricultural products increased by around 40 per cent in comparison to the previous year, with plant products up by 26 per cent and animal products up 49 per cent. The litre price for raw milk neared the 60-cent mark. Pork producers and the special cultures sector continued to face problems, with many pork farms closing down.

The entire industry was affected by huge cost increases in almost every area in 2022. Prices for operating resources increased by 27 per cent in comparison to the previous year. Some manufacturers temporarily ceased the energy-intensive production of mineral fertilisers due to high gas prices.

Shortages of crop protection products and skyrocketing prices put additional strain on inventory and product management. This, in turn, also increased the economic pressure on users as there are almost no alternatives to the tried-and-tested fungicides and herbicides in plant cultivation. The short-term changes in maize cultivation due to approval requirements and the related changes in the choice of products were successfully accounted for within the network.

The grain harvest in Germany was quantitatively larger than the previous year at 43 million tonnes. However, this did fall short of the long-term average since 2014. The stark east-west divide highlighted the climate challenges in eastern Germany. The quality of crops, especially wheat, however, left much to be desired in many cases. Rapeseed yields far exceeded the five-year average with a total of 4.3 million tonnes being harvested. In contrast, maize harvests took a nosedive, down 900,000 tonnes on the previous year. Global supply balances for grain and maize are tight for the 2022/2023 financial year while the global situation for rapeseed and soya looks relatively comfortable. Prices for grain and rapeseed reached record levels at times in 2022, caused in large part by the war in Ukraine. On the whole, however, prices appeared to be very volatile.

When it came to expanding organic agriculture, Germany also fell far short of the national (30 per cent of total agriculture by 2030) and European targets (25 per cent by 2030) in 2022. One in every seven businesses were focused on organic farming as a national average in Germany. At around 1.2 million tonnes, the harvest of organic grain remained the same as the previous year.

Despite huge energy price hikes, the biogas industry only saw slow growth. Plant stock increased by around 1 per cent. The coalition in December 2022 avoided the existential threat to numerous biogas plant operators at the last minute with most plants now exempt from a levy on revenue for the purposes of funding the energy price cap. This exemption takes effect from one megawatt of rated output.

According to preliminary figures from the German Association of Animal Nutrition (DVT), production declined by 6 to 8 per cent due to ever decreasing animal stocks in Germany. The situation for pig husbandry was particularly critical. Low prices and high costs paired with decreased exports due to African swine fever and requirements outlined by the government for increased animal well-being all prevented the construction of new, modern farms, and prompted many farms to close with farmers that were potentially ready to invest.

Prices for beef saw a double-digit increase in 2022 in comparison to the previous year. A very low supply of bulls, cows and heifers was to blame for this development, despite somewhat subdued demand. Nevertheless, some businesses ceased meat production due to skyrocketing costs, primarily for feed and energy, which, in turn, saw the price of beef increase further.

Poultry meat production in Germany saw a marginal drop of 0.5 per cent to 1.755 million tonnes in 2022. While production of chicken in 2022 slightly exceeded the previous year's figures, the production of turkey saw a decrease. Authorisation for new barns continued to be hard to come by.

Registration figures for tractors were also in decline in 2022. Around 30,300 units meant a decline of almost 12 per cent. Despite this, driven by pricing, the market volume for agricultural machinery in Germany increased from EUR 6.96 billion in 2021 to EUR 7.50 billion in 2022.

Due to the high inflation, rising energy costs and the weak economy, retail in Germany saw noticeable uncertainty among consumers. This real loss of buying power led to a reluctance to buy when it came to investment consumer goods. Disrupted supply chains also led to limited availability of goods. Higher prices on the purchasing side led to fierce price competition in end-customer business The end of the zero-interest policy also resulted in a decline in construction activities in the last months of the 2022 financial year.

The energy markets were in crisis in 2022. The outbreak of the Ukraine war marked a turning point in history and this caused significant challenges for Germany's climate action targets. In reaction to Germany's declared political goal of breaking free from its reliance on Russian gas as quickly as possible and the sanctions against Russia, the Kremlin first cut back its gas supply. The Nord Stream 1 and 2 pipelines were then destroyed over the year as an act of sabotage, meaning Germany was then completely cut off from Russian gas. The price of gas went through the roof and this led to a run on heating oil and wood pellets. This high demand combined with low product availability and sanctions against Russian oil products forced up the prices on the mineral oil and wood pellet market. The temporary reduction of taxes on mineral oil products, known as the Tankrabatt, caused a surge in demand at petrol stations during the summer months. Strained logistics, caused by weeks of low water levels on the Rhine and a shortage of lorry drivers for road transport, exacerbated the situation on the mineral oil market. As many fertiliser producers temporarily ceased production due to the high gas price, the availability of the diesel additive AdBlue was also limited which, in turn, led to high pricing Mineral oil prices in Germany dropped significantly in the final quarter of 2022 but they still remained far above the level before the crisis.

Significant events in the financial year

Promissory note bonds placed

■ For the third time following 2013 and 2015, promissory note bonds were successfully placed on a difficult, uncertain market in July 2022 in collaboration with Deutsche Bank, DZ Bank and Landesbank Baden-Württemberg (LBBW). The volume reached around EUR 95 million and was thus significantly higher than the EUR 75 million announced. The non-subordinate, but unsecured promissory notes were offered to investors with maturities of three-and-a-half, five or seven years with variable and fixed interest rates. Interested investors opted overwhelmingly for the two longer maturities. In conjunction with other financing sources, the promissory note bonds secure the company's liquidity. For the first time ever, AGRAVIS Raiffeisen AG is linking the newly issued promissory note bonds with three concrete sustainability targets. This ESG approach (Environment, Social, Governance) is consistent with the AGRAVIS Group's sustainability strategy, which itself is based on the sustainability targets set out by the United Nations. The CO_2 emissions of AGRAVIS and its most important suppliers and occupational safety have been selected as KPIs. In May 2022, AGRAVIS Raiffeisen AG released promissory note bonds in the amount of EUR 59 million.

Strategic development of the AGRAVIS Technik Group

The AGRAVIS Technik Group has continued to strengthen its activities on the Polish market and opened two additional locations in Potegowo and Cekow in the → **AGRAVIS Technik Polska** sales region. This means there are now four AGRAVIS branches to serve this sales region. The construction of a fifth branch is already in the works. AGRAVIS Technik Polska has also expanded its area of responsibility through the acquisition of an additional dealer with one location. AGRAVIS Technik Holding has accounted for the increased business in the area of robotics and established its own sales structure that is focused solely on the sale of pioneering robotics solutions. By taking on sales responsibility for the Ecorobotix and Farmdroid brands for the whole of the AGRAVIS Technik market area, the company has set the course to ensure it is able to meet increasing customer demand.

With almost 2,500 employees that are directly involved in end-customer business, the machinery segment is heavily focused on employee and manager development. In 2022, AGRAVIS Technik successfully created an intensive two-year manager training programme. Additional modules building on this course are set to follow in 2023 and 2024.

Course set for efficient logistics

Over the past financial year, the AGRAVIS Group set its eyes on creating a high-capacity, efficient logistics concept within the cooperative association. The newly established warehouse locations in Isernhagen and Cloppenburg opened their doors in the autumn. The logistics centre in Cloppenburg is being jointly operated with GS agri eG. Spanning 5,000 square metres, the packaged goods warehouse is located right next to the AGRAVIS Group's existing dangerous goods warehouse. Additional capacities for stockpiling operating resources for agriculture are also available in Isernhagen. The AGRAVIS distribution centre for seed is therefore becoming more of a hub for general cargo logistics. The dangerous goods warehouse in Braunschweig was closed as part of these developments. In total, both logistics projects represent an investment of around EUR 8 million. Planning permission for the construction of a new logistics centre in Nottuln was obtained at the end of the 2022 financial year. Construction is set to begin in summer 2023.

Progress in the "Dock" programme

Further milestones have been achieved in the internal AGRAVIS "Dock" programme; a programme that seeks to introduce a uniform ERP system landscape across the Group. An additional technology company underwent the conversion in June 2022 as Technik Center Alpen GmbH implemented the new processes as planned. The quality of master data was further improved in the 2022 financial year ahead of a continued rollout in 2023. The rollout of SAP HXM in the area of payroll accounting proceeded as planned. Eight agricultural machinery companies successfully made the switch to the new SAP HXM system from the previous accounting system in October 2022 A total of 15 group companies with around 2,400 employees across over 100 locations had successfully moved over to the new system by the end of the 2022 financial year.

New unit for e-commerce

The AGRAVIS Group has been restructured for e-commerce. The Group has been gradually developing a new e-commerce management unit as another important component of its digitalisation since 1 October 2022. The aim here is to tap into the enormous growth potential in online trading for the Group and the cooperative association. AGRAVIS previously established the key features for any future organisational structure as part of the "E-commerce cells" project. The project team also identified the biggest areas of development potential and formulated proposals for solutions based on stakeholder interviews. The role of the new unit will be to gradually start to centrally coordinate and strategically plan all Group activities concerning online trading. The e-commerce unit will undergo four expansion stages up to mid-2024 when it will then be in the position to start offering the corresponding services. Any turnover and profits generated through e-commerce, however, will remain with the specialist departments and/or group companies. The interests of the regional primary cooperatives are shown through building blocks such as the raiffeisenmarkt.de online shop.

Research and development

■ The AGRAVIS Group invested a total of around EUR 7.7 million in research and development in the last financial year (previous year: EUR 6.5 million). Of this, a share of 8.5 per cent was entered as assets in 2022. The Livisto Group received new approvals for 65 animal health products worldwide throughout the financial year.

Overview of the course of business

■ The last financial year was a challenging one for the AGRAVIS Group in various regards, particularly marred by the effects of the Ukraine war. The global markets became incredibly turbulent. High, volatile prices, in particular for agricultural commodities and energy, product shortages, disrupted supply chains and skyrocketing inflation wreaked havoc on AGRAVIS business. Despite all this, the Group was able to manage the impact of the war and ensured its delivery capability and supply throughout the entire financial year. The AGRAVIS Group overcame these challenges with a bold risk and liquidity management concept. It also benefited from its wide portfolio, its long-standing, steady supplier relationships and its solid position on various markets.

In light of concerns of a recession and fears of inflation, the AGRAVIS Group acted on the agriculture markets from a controlled position and proceeded with caution. Harvest yields differed from region to region depending on crop type and weather conditions. Overall, with recorded quantities of around EUR 3 million tonnes, the AGRAVIS Group came through the harvest within the set expectations. Quantities were increased at both AGRAVIS Ost locations and agricultural centre locations in the central and western commercial territory in comparison to the previous year.

The AGRAVIS Group closed the 2022 financial year far above the planned values. It achieved an annual turnover of EUR 9.4 billion (previous year: EUR 7.3 billion). A large portion of the additional turnover came as a result of price increases and the high price situation starting at the end of 2021. All divisions contributed to this positive turnover development. The volume sales for feedstuffs, fertilisers, agricultural products and energy, however, were once again slightly down at 10.4 million tonnes in comparison to the previous year (11.1 million tonnes).

The Group's earnings also grew, with earnings before tax reaching EUR 61.5 million at the year-end (previous year: EUR 33.2 million). All divisions made positive contributions to earnings. Another positive contribution to earnings was also generated in the compound feed product group in line with the planned values. We were able to increase our ROS to around 0.7 per cent, meaning the Group has moved closer to the target value of 1 per cent despite not yet achieving it. Nevertheless, the Group did manage to make the company more resilient for the ongoing transformation, with a combination of ordinary operational business, sustained cost discipline, consistent risk provisioning and further digitalisation.

The investments made also played a role here. Once again in 2022, a large portion of the investment amount of EUR 58.1 million was dedicated to digital business models and projects such as the internal AGRAVIS "Dock" programme. Targeted investments were also made in the location structure.

Included in the list of associated companies are those affiliated with Danish Agro a.m.b.a.: DV AGRAVIS International Holding A/S, DA AGRAVIS Machinery Holding A/S and Vilomix Holding A/S. These generated a total turnover of EUR 4.4 billion in the 2022 financial year (previous year: EUR 2.9 billion). With an ROS of 2.6 per cent (previous year: EUR 1.5 per cent), and a pre-tax profit for AGRAVIS of EUR 28.7 million (previous year: EUR 11.5 million), they were economically very successful. The affiliated company Ceravis AG also reported positive earnings before tax for the 2022 financial year.

Development of divisions

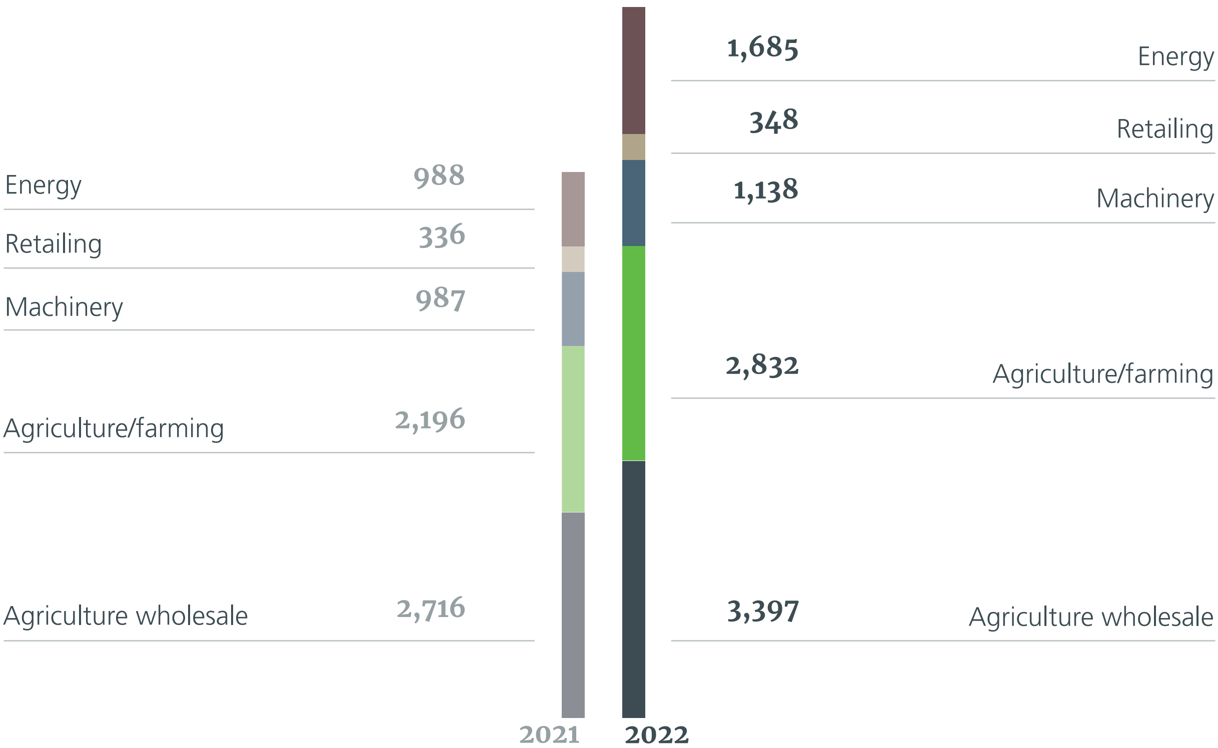
Agriculture wholesale

The AGRAVIS Group significantly increased its annual turnover in the wholesale business in comparison to the previous year, growing 25.1 per cent to EUR 3,397 million (previous year: EUR 2,716 million). This also equated to a significant increase in profit contribution in comparison to the previous year and planned figures. This development in this division was heavily influenced by the price situation in the 2022 financial year.

In the plant cultivation segment, the year was shaped by high market prices and the various procurement challenges caused by low goods availability and limited freight capacities. In spite of these challenges, AGRAVIS was able to continue to optimise the sales structures and strengthen customer loyalty beyond its traditional wholesale function through an extensive range of services and commitment to future themes.

The crop protection product area significantly increased its turnover in comparison to the previous year and planned

Sales development by division (in EUR million)



(31 December 2022)

figures with a positive earnings trend. Overall, the year was shaped by shortages, increased prices and severely strained supply chains. The spring got off to a great, intense start in the individual segments with the good levels of precipitation from the winter months. The dryness that set in in May, however, slowed business down. The rain in September came just in time to ensure a vibrant autumn business season. The foil business enjoyed increased turnover despite a slight decline in quantities as the sale price is linked to the gas price.

Due to this hike in pricing, turnover in the fertiliser product area also far exceeded figures for the previous year and forecasts. Customers responded to the skyrocketing prices for nitrogenous fertilisers with a reluctance to buy. This meant smaller quantities of grassland fertiliser and phosphate/potash fertiliser were sold during spring in comparison to the previous year. The long dry spells in May and June and the decreased demand in crops also caused a drop in sales. AGRAVIS did achieve more sales than expected to kick off the new season in the autumn before uncertainty on the customer side due to the distinct price volatility put a damper on things. The AGRAVIS product area was able to absorb the temporary slow-down or cessation in production among European fertiliser producers caused as a result of unprofitable manufacturing costs, remaining in a position to deliver throughout the entire year despite limited freight capacity. This product area's contribution to earnings far exceeded its contribution from the previous year as well as any planned contribution.

The seed product area also achieved significantly improved turnover in comparison to the previous year and planned figures. The product area clearly exceeded the previous year's earnings but did not achieve the targeted figure. Workflows in production and in the transport organisation could be improved. The seed grain business contributed to the growth in turnover with further increases in grain quantities. With regard to seed rape, the share of turnover from focus varieties continued to increase. This was also the case for exclusive seed maize varieties.46 In what was only an average grassland year, sales quantities for mixes of our own brand Plantinum grew disproportionally. In the case of catch crops, the exclusive topsoil mixes also achieved the highest rates of increase for sales.

Over the past financial year, plant cultivation sales consultation continued to make progress in developing the AGRAVIS focus programmes with regionalised cultivation recommendations in the plant cultivation segment. The extent to which legal restrictions were used as an opportunity could be seen, for example, in the stricter terbuthylazine requirements in maize herbicide treatment. Contact with the industry was sought out early on to ensure that there were sufficient quantities of alternative products available for businesses – without any additional cost to the farmer and while minimising the risk of any potential residue. The use of terbuthylazine in AGRAVIS' core commercial territory has ultimately dropped by 76 per cent.

TerraVis GmbH, the biogas consultation unit of the AGRAVIS Group, was able to exceed the previous year's and target figures in turnover and earnings. TerraVis secured its status as the market leader in sales of iron hydroxide while expanding its market shares in trace elements and enzymes. The customer-oriented services portfolio was expanded in targeted areas, including through a consulting service provided by the agricultural office and the development of the "biomass documanager" for biogas plants and their suppliers. This tool is a digital mass balance sheet and makes the process of sustainability certification easier.

The agricultural products segment exceeded the level of turnover achieved in the previous year, going beyond the targeted figures. Volume sales, however, remained below the target figure while the development of strategic customer relationships stabilised. Due to the high prices, which themselves were subject to strong fluctuations, and the volatile exchange markets, AGRAVIS continued to intensify its risk management concept as planned and consciously kept its positions small and short-term. The direct and indirect impact of the Ukraine war caused this segment to be very cautious throughout the entire financial year.

Sales for feed raw materials were below targets and did not achieve the level of the previous year. The high prices stopped the compound feed industry from purchasing large quantities. Sales for individual feeds were also below targets and did not achieve the level of the previous year. Soya sales remained below both comparison figures. Soybean meal was generally only purchased by the compound feed industry and agriculture for the earlier dates.

With regard to grain, maize sales and feed wheat sales fell short of their targets. Bread wheat, however, saw an increase in sales. Grain price levels were far higher than prices in the previous year, even following the harvest.

Fewer oilseed crops were also traded than planned. The availability of goods was limited due to the temporary disruption to deliveries of rapeseed and sunflower oil from Ukraine. Prices far exceeded figures from the previous year.

The segment achieved earnings far above its targets, exceeding the figures from the previous year.

Animals segment: The AGRAVIS Group's ➔ **feed business** was also affected by the volatile raw material markets, shortages, difficult logistics situation and the challenging energy markets in the 2022 financial year. The segment continued to counter this with manageable raw material positions and short contract terms in its compound feed business. Trading with a view to minimising risks led to a slightly lower sales quantities than planned, although the earnings trend did pick up throughout the year and exceeded target figures by the year end. Following the negative contribution to earnings from the compound feed business in 2021, the segment saw a full turnaround as forecast, surpassing turnover figures from the previous year and target figures due to price increases. Turnover did take a hit due to African swine fever and bird flu. There was also noticeable competitive pressure due to declining animal stocks. Production tonnage in the 17 plants belonging to group companies reached 3.0 million tonnes (previous year: 3.2 million tonnes). Breakdown by farm animal type: Pig feed: 1.0 million tonnes, cattle feed: 1.1 million tonnes, poultry feed: 0.7 million tonnes.

If we include figures from the affiliated companies, total annual production tonnage of 4.5 million tonnes was achieved (previous year: 4.8 million tonnes).

In the special feed for farm animals product area, the production quantity

for mineral feeds and milk substitutes dropped slightly from the previous year. However, in comparison to the previous year and targeted figures, this segment still achieved a higher turnover due to higher prices. The contribution to earnings remained below that of the previous year and did not meet the target figures.

The 'horse & hobby' product area – in particular the activities of the affiliate ➔ **Equovis GmbH** – and the purchase and sale of special feed products are part of one area of responsibility. Equovis GmbH exceeded its target turnover and earnings, beating figures from the previous year. In the area of special feed products, the early procurement of raw materials allowed the Group to meet the demand of AGRAVIS plants and cooperative customers at all times. Turnover and earnings were significantly higher than the previous year and exceeded expectations.

The animal health segment achieved a slightly higher turnover in the Livisto Group than for the previous year but this figure was still below the ambitious target. The decrease in exports to eastern Europe as a result of the war in Ukraine and regulatory restrictions on the sale of premixes in Spain and Italy are considered to be the primary causes for the segment's failure to meet its targets. Earnings remained far below expectations and did not reach the level of the previous year. Increased raw material prices and rising energy and logistics costs heavily impacted margins and this burden could only be partially passed on to the customer.

Agriculture/farming

The AGRAVIS Ost Group and the agricultural centres of AGRAVIS Agrarholding GmbH achieved an annual turnover of EUR 2,832 million in direct business with the agricultural sector (previous year: EUR 2,196 million). This represents an increase of 29.0 per cent and exceeds expectations. One significant cause for this increase is the surge in the prices of grain, operating resources and energy. The Group units also enjoyed operational success on the market. The recorded quantities remained at the same level as the previous year for AGRAVIS Ost while the agricultural centres reported an 8 per cent increase on the previous year. AGRAVIS was able to generate profits throughout its entire supplies business exceeding those from the previous year due to the market price level. In its energy business, AGRAVIS was also able to generate good profits from trading with mineral oil products (particularly at petrol stations) with a quantity trend that continued to rise throughout the year. In the Raiffeisen markets of the agricultural centres, turnover was curbed as a result of a general reluctance to buy. Earnings in the agriculture division far exceeded target figures. In addition to the high prices, structural effects also played a role at the Agrarholding agricultural centres: AGRAVIS Niedersachsen-Süd GmbH has been continuing the commodities trading of the neighbouring Raiffeisen Warenhandel GmbH based in Rosdorf since 1 January 2022. The aim of this structural change is to expand market shares and strengthen the economic potential for agriculture and the region through streamlined processes. The resulting additional effect on turnover and earnings was not yet taken into account in the earlier planning for 2022.

Machinery

In the 2022 financial year, the AGRAVIS Technik Group again made significant gains in turnover compared to the previous year, surpassing expectations. Sales increased by 15.2 per cent to reach EUR 1,138 million (previous year: EUR 987 million), clearly exceeding forecasted sales. AGRAVIS Technik therefore performed strongly in the overall market. The increase in sales was in large part owing to the willingness to invest in new machinery as further price increases from manufacturers were expected and the earnings situation was good primarily for crop farming businesses. The low supply of second-hand farm machinery on the overall market (due to supply issues in the new machinery sector) led to an increase in prices in this segment too.

Utilisation of workshop capacity for the machinery division remained at a very high level following on from an impressive year in 2021. External workshop income exceeded that generated in the previous year, a year which saw a high degree of customer loyalty. The spare parts business, as another after-sales branch, also managed to exceed the previous year's level based on the high workshop capacity. Competition over prices was noticeably strong both in bricks-and-mortar and online trade.

The order situation also continued its positive trend in comparison to the previous year. The strained supply situation continued to be a significant challenge when it came to managing the first leg of delivery. In line with the strong growth in turnover, earnings were also up on the previous year and expectations.

Retailing

The difficult market environment was noticeable in the retailing division. Nevertheless, sales increased by 3.6 per cent to reach EUR 348 million (previous year: EUR 336 million) and exceeded expectations. The noticeable reluctance to buy among consumers, in particular for high-price goods, was partially offset through an increase in market shares. AGRAVIS achieved its aim of further increasing growth in the wholesale business. The driver for this was very good sales in animal nutrition and in the construction materials area. Sales from trade in construction materials at Regio Baustoff GmbH surpassed expectations and exceeded sales achieved in the previous year, allowing the company to maintain the positive trend in this sub-area in line with the forecasts. The uncertainty within the construction industry due to rising interest rates became noticeable towards the end of the year. Purchasing teams had to work with unstable supply chains and numerous price increases by suppliers. When passing on these price increases to the end customer, increasing attention had to be given to the competition situation.

AGRAVIS Raiffeisen-Markt GmbH failed to achieve the sales from the previous year and fell short of expectations due to the reluctance among consumers. With the opening in Bad Dürrenberg, the number of Raiffeisen markets allocated in the company grew to 30.

The turnover of Raiffeisen markets of the Terres cooperation declined in comparison to the previous year, however it was significantly higher than the 2019 reference year for pre-Covid times. Like-for-like, Raiffeisen markets gained market shares in the Terres cooperation.

Further foundations were laid for the omnichannel strategy in the retailing division in the 2022 financial year. Almost 4 per cent of customers came into a brick-and-mortar Raiffeisen store having been prompted to do so online. The online shop raiffeisenmarkt.de, operated with a total of 40 regional Raiffeisen cooperatives, recorded a decline in sales similar to the online industry as a whole. Due to the relaunch of the shop software and the reluctance to buy among consumers, the first half of the year was very cautious and AGRAVIS was unable to compensate for losses through increases in sales in the second half of the year.

In terms of earnings, the retailing division remained at the same level as the previous year and exceeded expectations.

Energy

The Ukraine war and its consequences have had a huge impact on business in the energy division. The sharp rise in prices for natural gas, in conjunction with extreme uncertainty on the market and among consumers due to a potential gas shortage, led to a very high demand for combustibles and fuels, in particular heating oil and wood pellets. For the mobility sector, this development was also driven by the three-month drop in energy taxes, known as the Tankrabatt. The high demand coincided with strained logistics channels as a result of limited freight capacity due largely to the weeks of low water levels on the Rhine. High prices and very strong, significantly higher sales in combustibles and fuels in comparison to the previous year resulted in a 70.5 per cent increase in sales within the energy division to EUR 1,685 million (2021: EUR 988 million). These figures also far surpassed expectations. The price for the diesel additive AdBlue also grew considerably in the financial year. A temporary stop in the production of mineral fertilisers led to a shortage of ammonia, the base material of AdBlue.

Nevertheless, the AGRAVIS Group was able to secure its supply and avoid any gaps via the Blue Service network. Securing and ensuring availability was also the aim within the lubricant segment with the AGRAVIS brand ➔ "**Tectrol**". As expected, petrol station project business saw positive growth. In line with the forecast, the willingness to invest in this segment remained alive and well within the cooperative association. As an additional service, the "petrol station service centre" unit also established a charging station concept for e-mobility under the own brand "R-eMobil". Affiliate company ➔ **Raiffeisen Energie GmbH & Co. KG** saw a turning point in market development with the sale of grid-bound energies electricity and gas. The rapidly rising procurement costs could only be passed on to the consumer upon contract extension, while at the wholesale level there was a predominant need for increased liquidity to secure business. Tapping into the market requirements, the company was able to develop new business activities. These included the implementation of an AdBlue price index and the raising of funds through the ➔ **greenhouse gas quota premium** from electric car drivers. AGRAVIS was also approved on the EEX exchange in Leipzig for national emissions trading in August 2022. The energy division was able to significantly expand its contribution to earnings in comparison to the previous year and far exceeded expectations.

Financial performance indicators

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

Turnover

As already shown, Group turnover increased to EUR 9.4 billion in the 2022 financial year (previous year: EUR 7.3 billion, target: EUR 6.8 billion). Target sales were based on an assumed drop in prices in the second half of the year. However, this did not happen and prices instead continued to increase throughout an extended period of 2022. This is the primary reason for the large deviation from the target figures. In addition, the increased turnover also underlined the AGRAVIS Group's solid position within German agricultural trade.

Earnings before tax

Earnings before tax amounted to EUR 61.5 million, representing an 85 per cent increase on the previous year. The target figure was also clearly exceeded here due to improved contributions to earnings in the divisions (previous year: EUR 33.2 million, target: EUR 31.1 million). AGRAVIS was also able to turn the loss made in the compound feed business from 2021 into a positive contribution to earnings.

Operating EBIT

With operating EBIT, AGRAVIS has been using another financial performance indicator for a few years now to get a better overview of the Group's operating earning power. In the case of operating EBIT, this is EBIT used in financial reporting that is adjusted for the neutral result as well as additional one-off, non-recurring expenses and income. In particular, one-off restructuring expenses are included here. Operating EBIT was EUR 133.6 million in the financial year (previous year: EUR 70.3 million, target: EUR 57.1 million). Discrepancies between the target and actual figures were also due to significantly higher turnover and the subsequent increased gross profit.

Equity ratio

The equity ratio is below expectations and remains around the level from the previous year. It dropped from 27.1 to 26.6 per cent (target: 31 per cent). This is due to a significant increase in the balance sheet total. High prices and supply chain challenges led to a higher capital commitment in inventories and receivables, particularly from deliveries and services. Following the dividend pay-out from the annual net profit, the equity capital base increased by EUR 36.9 million in comparison to the previous year. The financial performance indicators are continuously monitored and optimised.

Non-financial performance indicators

In what is a labour-intensive business model, the AGRAVIS Group takes due consideration of the role of employees in the form of the following non-financial performance indicators:

Trainee quota

As ➔ **an attractive employer**, the AGRAVIS Group offers many eligible young people based in rural areas an introduction to apprenticeships and working life. Apprenticeships are an integral part of promoting young talent. The Group therefore ensures that medium and long-term personnel requirements can be met. The goal of apprenticeships is to develop qualified junior staff to meet our internal demand and offer them long-term prospects. There were 630 trainees in 17 job profiles as of the key date of 31 December 2022. The trainee quota of 9.5 per cent reached the target level and was even slightly above the figure from the previous year (9.3 per cent).

Staff turnover rate

The AGRAVIS Group again succeeded in keeping staff turnover rates to a minimum in 2022, despite the current change process. Staff turnover came in at around 5.7 per cent and progressed as forecast. This represents a further decline from the previous year (6.4 per cent). The process of change has been preparing employees for the changing world of work through digitalisation and modern work concepts since 2020, setting the course of development for the AGRAVIS Group all the way up to 2030.

Occupational safety

The Group company ➔ **Veravis GmbH** works continuously to improve occupational safety together with employees across all divisions and companies. It also provides this as a service for the cooperatives. In 2022, we again saw a drop in the number of reportable accidents in comparison to the previous year, from 136 to 119. The highest number of accidents (76, previous year: 84) occurred in agricultural machinery workshops, followed by agricultural trade locations (25, previous year: 25).

The workplace safety campaign was continued and expanded in the 2022 financial year in order to further raise awareness among managers and employees. Employees are trained on occupational health and safety both time- and cost-effectively using the internal Veravis Training Manager platform. Here, the main focus has been on aspects such as vigilance and prevention of accidents.

Income situation

■ High prices for grain, fertiliser, energy and compound feed meant that Group turnover at around EUR 9.4 billion was well above last year's level and the target figure.

Other operating income increased by EUR 9.8 million to EUR 42.1 million. This can largely be attributed to income generated from asset sales, the reversal of provisions and exchange-rate gains.

A gross profit of EUR 760 million far surpassed last year's figure of EUR 620 million. All company segments contributed to this profit. Higher cost prices continued to increase the pressure on gross profit margins, resulting in a slight decline from the previous year.

Personnel costs increased by EUR 45.2 million, driven by a higher number of employees, wage increases, allocations to personnel provisions and other payments for Covid-19 and inflationary adjustments.

Depreciation of intangible assets and tangible fixed assets of EUR 56.5 million was above the level from the previous year. The planned investment volume is expected to result in a further increase in the depreciation value over the next few years.

Other operating expenses increased by around EUR 71 million to EUR 250 million. In addition to the increased price level as a whole in comparison to the previous year, higher expenses for maintenance and asset valuations were also incurred. This increase in expenditure from asset valuation is primarily due to value adjustments on activities in Russia amounting to EUR 24.4 million. The lifting of Covid-19 restrictions also resulted in higher expenses for travel and trade fair costs.

The financial result of minus EUR 3.2 million represents an improvement on the previous year. Increased investment income is the primary cause for this.

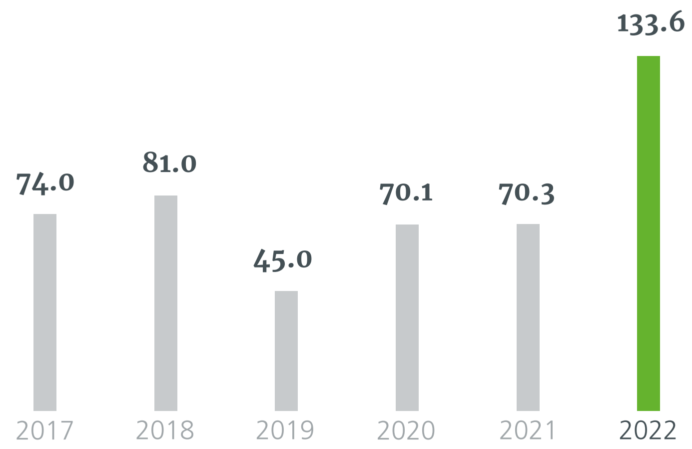
Taxes on income and earnings of EUR 19.3 million exceeded last year's figure of EUR 17.5 million. The Group recorded a consolidated net income of EUR 42.2 million (previous year: EUR 15.7 million). The ROS reached 0.7 per cent and the return on equity capital year was 9.8 per cent.

Financial position

Composition of capital

■ As at 31 December 2022, the → **subscribed capital** of AGRAVIS Raiffeisen AG as the Group's parent company amounted to EUR 205.5 million. This remains stable in comparison to the previous year. The capital generated by shareholders is divided into 8.03 million registered shares (par value shares). Further approved registered capital of EUR 12 million is available to the company until May 2023 following a resolution of the Annual General Meeting in 2021. No further shares were issued in the 2022 financial year and after the balance sheet date. AGRAVIS shares have a book value of EUR 25.60. The issuance of new shares has been taking place at a price of EUR 61.50 since 9 May 2019. The issue price highlights

Operating EBIT (in EUR million)



(as of 31 December of the financial year) the value of AGRAVIS shares. Subscribed capital at the end of the 2022 financial year was at 62.0 per cent in the ownership of the cooperatives and cooperative companies respectively. Natural and legal persons associated with the industry together held 28.2 per cent (including 0.4 per cent of securities held for trading). In addition, farms held 4.7 per cent and employees 5.1 per cent stakes in AGRAVIS Raiffeisen AG at this time.

Cash flow

The cash flow situation in the financial year shows a clear inflow from ongoing business activities, an increase in investment activities and a decreased cash flow from financing activities.

The increased cashflow from ongoing activity is largely a result of significantly improved earnings. The price-induced increase in inventories was compensated by increased liabilities from deliveries and services.

The outflow of funds from investment activities increased by EUR 10.7 million compared to the previous year. In the process, the AGRAVIS Group invested EUR 16.8 million (previous year: 18.5 million) in intangible assets, especially in digital products. At EUR 41.3 million, expenditure on property, plant and equipment was slightly up on the previous year's level of EUR 34.7 million. Payments from disinvestments in property, plant and equipment fell once again, amounting to EUR 4.3 million. The drop in cashflow from financing activities in comparison to the previous year is primarily a result of a decreased drawdown on financial credits. At EUR 29.0 million, interest payments were slightly above the level from the previous year.

Liquidity and financing

Financial management at AGRAVIS provides the necessary financial resources for the Group at all times. Risks from changes in interest rates, currencies and prices are limited using appropriate hedging instruments. At no time does the finance division take up speculative positions. Its task is rather to achieve optimisation of financial flows through the use of Group-wide measures such as cash pooling. A fundamental principle of financial management at AGRAVIS is the consideration of matching maturities. Long-term loans to finance investment in fixed assets are structured as repayment loans without the risk of a change in the interest rate. Borrowing is almost exclusively in EUR, whilst foreign subsidiaries take on smaller loans in local currency (CHF) or in USD. Another significant source of financing for the Group is the syndicated loan of EUR 650 million agreed at the end of 2019 (maturing in December 2024 with two one-year renewal options and a variable rate based on Euribor). The limitation of the interest rate risk is managed exclusively via simple derivative instruments ("plain vanilla" instruments). The hedge ratio stands at almost 87 per cent (previous year: 89 per cent). The promissory note bonds for a total of EUR 59 million were repaid in May 2022 as planned. New promissory note bonds for a total of EUR 94.5 million were issued in July 2022. There is still an existing EUR 95 million from the accounts receivable facility (asset-backed securities) and EUR 200 million from reverse repurchase agreements in connection with products. The financing structure is continually reviewed, solvency was ensured at all times and the existing liquidity headroom was never fully utilised during the financial year.

Asset position

■ In 2022, the AGRAVIS Group invested around EUR 58.1 million (previous year: EUR 53.6 million) in intangible assets and property, plant and equipment: EUR 16.8 million in intangible assets, EUR 16.1 million in land, land rights and buildings, and EUR 13.6 million in technical systems, machinery and factory and office equipment as well as EUR 8.5 million in advance payments. Across the business divisions, the focus remained on expanding locations at the agricultural centres and machinery companies. With the investments made in 2022, the Group has further strengthened its core business and also further developed its digital solutions. Expenditure on a standardised SAP-based ERP landscape also represented by far the largest investment project in 2022 at around EUR 8.3 million. Depreciation stood at EUR 56.5 million, above the previous year's level.

The balance sheet structure in 2022 was characterised in particular by the significant increase in current assets by 10.5 per cent to EUR 1,606.6 million (previous year EUR 1,453.6 million). The largest increases were in inventories, which rose significantly due to higher stockpiling and a higher price level. Equity capital rose by EUR 36.9 million to EUR 630.7 million in 2022 (previous year: EUR 593.8 million). This was attributable to the positive annual result. The equity ratio stood at 26.6 per cent, which fell short of the long-term target of 30 per cent. Provisions increased slightly by 14.5 per cent or around EUR 42.1 million to EUR 289.4 million (previous year: EUR 247.3 million). This was chiefly attributable to pension reserves, tax provisions, general personnel-related provisions and liabilities in the energy sector. Liabilities owed to credit institutes were reduced by EUR 38.5 million to EUR 753.2 million (previous year: EUR 791.7 million).

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

■ The AGRAVIS Group showed its strength in an extremely ambitious 2022 financial year, doing its part to ensure supply and food security together with the cooperative association, even under such difficult conditions. Thanks to its consistent ability to deliver and meet its contractual obligations despite shortages, the Group has solidified the trust of its customers in farming and people in rural areas. The target figures for turnover and earnings were far exceeded, largely driven by prices. The operational activities in all divisions and companies also contributed to this. In politically, socially and economically challenging times, this meant that the Group was able to maintain its position in the competitive agricultural market. The AGRAVIS Group countered the enormous price risks and cost increases with a bold risk management concept, close positioning in all trading units and a consistent receivables management system. In combination with stable, efficient processes and strict cost discipline, the Group was able to manage the diverse effects of the Ukraine war on the AGRAVIS Group throughout the 2022 financial year.

Even under such difficult conditions, the Group was able to continue with the process of change based on the 2030 vision for the future under the motto "Strong together. For agriculture and life." and, together with its cooperative partners, position itself as the solution provider and innovative service provider for agriculture.

The whole Group implemented a wide range of concrete projects in pursuit of this vision. The AGRAVIS Group remains on a solid financing footing and has a stable shareholder structure.

6.3. HR report

Employees

■ As of the key date of 31 December 2022, the AGRAVIS Group had a total of 6,644 employees on its books, 265 more than the same time the previous year. There were increases in staff in the agriculture/farming, machinery and retailing divisions (among others) due to structural changes or market growth. Employees work in over 400 locations in a wide range of career fields. As a modern agricultural trade and service company, the Group offers safe workplaces and opportunities for individual development in a wide range of roles. Qualification, motivation, customer-focus and the ability to work well in a team are all important attributes here. Modern ways of working, including concepts such as mobile working, are now a part of the everyday (where appropriate). In light of the ongoing demographic changes and the shortage of skilled workers, the Group recognises that it operates in an environment where it is important to position oneself as an attractive and trustworthy employer for →**applicants** and staff. As a relevant employer in rural areas, the AGRAVIS Group also has an important social responsibility, and the AGRAVIS Group believes its commitment to sustainability falls within this responsibility. It is important to proactively communicate this employer brand both internally and externally to encourage a higher level of identification with the AGRAVIS Group.

6.4. 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 governance. Standardised guidelines in accordance with the defined risk-bearing capacity apply to all trading units and the area of finance. They contain the maximum limits of risk to be taken. The individual areas regularly report on these risks. In addition, managers in the Group are obliged to immediately inform the Board of Directors as well as Controlling & Corporate Development of any new risks that arise.

Risk management

■ Risk management is organised centrally in the AGRAVIS Group. Against the backdrop of varying risk profiles, the responsibilities are regulated at all Group levels and in all functional areas irrespective of value limits. Risk management contains the following process steps:

Risk identification

The Group constantly reviews macroeconomic and sectoral economic developments as well as internal corporate processes which may have an impact on the Group's overall position.

AGRAVIS management uses a risk catalogue to identify individual risks.

Risk analysis and assessment

The risks are assessed for their potential extent of damage and probability of occurring. The extent of potential damage is expressed, as far as this is possible, in cost figures, and the effects are examined in view of the consequences for the financial position of the AGRAVIS Group.

Risk management

Assessment of identified risks forms the decision-making basis for AGRAVIS management to control risks. In particular, the assessment looks at whether risks can be avoided or mitigated through the adoption of suitable measures, transferred through the conclusion of certain agreements or whether they simply have to be accepted.

Reporting and risk monitoring

The risk reports drawn up by the trading units and by the Controlling & Corporate Development and Finance departments aid the AGRAVIS management team by documenting the risk-related processes and by continuously monitoring the potential risk existing within the Group. The European Regulation "EMIR" (European Market Infrastructure Regulation) has introduced extensive obligations on strategy, organisation, processes and IT technology in the area of derivative management. AGRAVIS Raiffeisen AG is subject to audits as a non-financial counterparty (Art. 2 (9) EMIR) and is audited by the auditing company Deloitte GmbH. AGRAVIS Raiffeisen AG has taken appropriate measures and precautions when dealing with currency and interest derivatives to effectively control operational risks and the risk of default. The obligations to report new transactions, modifications and the early termination of derivative contracts to the register of transactions were delegated to the banks or financial counterparties, and this was checked by the responsible areas.

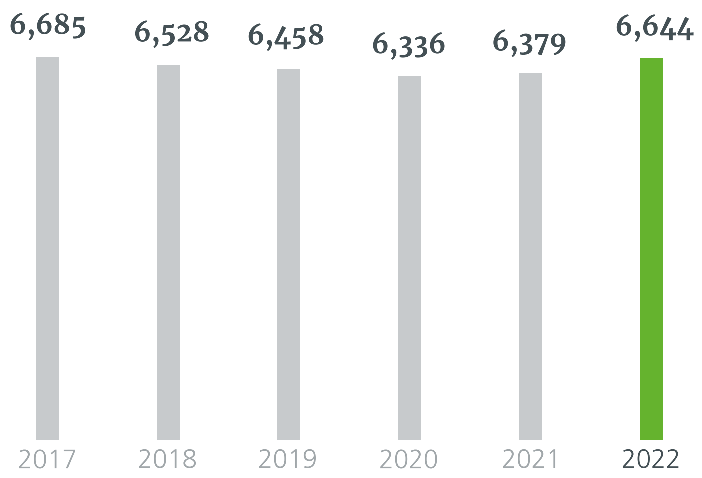
Risks

External risks

Macroeconomic risks

- Both globally and nationally, disrupted supply chains took their toll on overall economic development in 2022; triggered by the Ukraine war and further exacerbated by the Covid-19 pandemic, especially with regard to China and the strict zero-covid strategy adhered to over there until the end of 2022. In production and sales, the AGRAVIS Group is dependent on the delivery of energy, agricultural raw materials and other commodities according to strict schedules and quality standards. Supply bottlenecks, boycotts or failures on the part of suppliers restrict the availability of fossil fuels, agricultural raw materials, components and products in the Raiffeisen markets and agricultural machinery companies. Another significant risk factor is high inflation. Cost increases across the board wreaked havoc on AGRAVIS business in 2022 and this is still prominent for the 2023 financial year, causing a plethora of knock-on effects such as an intensified, cost-driven competitive situation, a general reluctance to buy on the part of the customer and increasing personnel costs due to higher wage demands. A loss of prosperity as a result of high inflation and recession can also lead to a reduced willingness among consumers to pay an appropriate price for high-quality food and consumer goods.

Employees (persons)



(as of 31 December of the financial year)

Foreign currency risks

As a national agricultural trader, the AGRAVIS Group operates predominantly in Germany; the main currency for production and purchasing costs is therefore the euro. In addition, however, raw materials (e.g. soybean meal, vitamins) and, if necessary, commodities (e.g. articles for the Raiffeisen markets) are purchased on the international market or from foreign producers; the main currency here is therefore the US dollar. The resulting transactional risk is limited by suitable hedging instruments at close of business. Nevertheless, exchange rate fluctuations in this area can have a negative impact on the earnings situation of the AGRAVIS Group if these fluctuations on the sales markets cannot be compensated for by price adjustments. Currency risks arise from the fact that sales revenues of the AGRAVIS Group in the double-digit million euro range are generated in other currencies. Consequently, an increase in the exchange rate of the euro against these currencies has an adverse effect on the sales revenues reported in euros and therefore on the result. Seven consolidated subsidiaries of the AGRAVIS Group prepare their accounts in foreign currencies. For consolidation purposes, the annual financial statements of these subsidiaries must be converted into euros. Exchange rate fluctuations between the euro and these currencies affect the equity capital of the AGRAVIS Group.

Sector and market price risks

Fossil fuels and renewable energies, mineral fertilisers, agricultural commodities and micro-components such as vitamins and amino acids are subject to significant fluctuations in price. The AGRAVIS Group uses energy and agricultural commodities to manufacture its feedstuffs. It also uses these as general commodities of the AGRAVIS Group. Price development for these commodities is therefore of particular importance for purchasing and sales in the AGRAVIS Group. Failure on the part of the AGRAVIS Group to pass on any increases in the price of agricultural commodities or resources to customers or to compensate for such increases in some other way would reduce its overall profitability. In plant cultivation and agricultural machinery, the products sold by the AGRAVIS Group are subject to seasonal fluctuations in demand. Long dry periods, in particular, can make cultivation conditions more difficult and thus negatively affect demand for fertilisers and crop protection products. Mild winters, on the other hand, can lead to a reduction in fuel sales.

If the trend towards reduced meat consumption among the population continues, this could also have an indirect effect on the sales markets of the AGRAVIS Group, for example, by reducing demand for feedstuffs due to a further reduction in livestock.

Demand in the agricultural machinery division is also dependent on the general economic situation of agricultural operations. In terms of trading, in particular with the Raiffeisen cooperatives, the AGRAVIS Group often assumes the price risk through secured contracts. To this end, both traditional hedging transactions and common hedging instruments are used on the commodity futures markets. The risks from these transactions are limited by upper limits and are continuously reported to the relevant bodies. If necessary, risk positions are also closed before reaching the approved limits. The various markets will continue to be closely monitored and analysed.

African swine fever and bird flu in Germany continue to pose significant risks for AGRAVIS business. Declines are expected in compound feed sales, in particular, in case livestock has to be culled. This could mean reduced working hours or even temporary shutdowns at the individual regional plants. A close-knit cross-sector crisis management system is used to mitigate risks as much as possible.

Financial-sector risks

Liquidity and financial risks

In addition to the syndicated loan and long-term loans, the AGRAVIS Group hedges its liquidity requirements through the use of an asset-backed securities programme (ABS programme), a trading line for (reverse) repurchase agreements in the area of agricultural commodities and through promissory note bonds. As part of the ABS programme, trade receivables are sold to a credit institute in the form of structured financing, so as to strengthen liquidity. This allows the Group to refinance itself at money market conditions. Management of the receivables transferred to the credit institute will remain the responsibility of the AGRAVIS Group. The rules of the syndicated loan, the promissory note bonds, the ABS programme and the line in agricultural commodities form a stable financial structure. The contractual arrangements take into account seasonal fluctuations in liquidity needs and ensure the required level of planning dependability. Significant liquidity and financial risks cannot be identified.

Credit risks

As part of its business activities, the AGRAVIS Group performs an important financing function for its agricultural trading partners. In the agricultural sector, the Group incurs financing risks, particularly from the financing of agricultural resources, the repayment of which is made through the acquisition and selling of the harvest. In addition, the Group grants trade credit to commercial customers in the form of appropriate payment terms. A centrally installed credit management system monitors and controls these risks. The system-based ratings analysis is the central component of this, combined with the ongoing monitoring of credit limits with documented approval procedures. The credit management team informs the risk management bodies of the total receivables and of significant individual receivables on a weekly basis. In addition, ordinary default risks on trade accounts receivable are secured by specific and general provisions. No special credit risks have been identified. The collection periods are closely monitored. Furthermore, commercial credit insurance with deductibles has been taken out.

Interest rate risks

In order to limit interest rate risks on variable interest loans, AGRAVIS Raiffeisen AG undertakes interest-rate-hedging transactions as the parent company of the Group. This exclusively involves interest rate swaps for the purposes of hedging future cash flows. Coinciding with the assumption of long-term loans, micro-hedges are undertaken in the form of maturity-matched interest rate swaps, whereby synthetic fixed rate borrowings are incurred. Interest rate swaps are also entered into in order to hedge exposure to loan drawdowns under the syndicated loan. The swaps provide a portfolio hedge with regard to the Group's working capital. The Group operates a modern risk management system for interest rate risks. Control in this respect occurs via the "fair value" or changes to it from now on. The fair value for the various debt-financing sources is determined on a monthly basis. The AGRAVIS Group receives the fair value from its finance partners. This concept is recognised internationally and gives comparable values, in particular in consideration of changes. Upon reaching or exceeding certain thresholds, the various risk management bodies are informed.

Legal and regulatory risks

The companies of the AGRAVIS Group are exposed to risks in connection with legal disputes that they are currently involved in or may be in the future. Such legal disputes arise within the scope of the normal business activities, for example, from the assertion of claims from mistakes and incorrect deliveries or from payment disputes. Legal risks may also result from employee violations of the compliance provisions. As a result, Group companies may have to pay fines, damages or other sanctions due to the authorities or as a result of civil or criminal proceedings. Corresponding legal risks are continuously monitored by company departments as well as the internal AGRAVIS compliance organisation. The AGRAVIS Group establishes provisions for process risks if it is probable that an obligation applies and the scope of economic burden can be properly assessed. In individual cases, the actual use may exceed the reserved amount. According to forecasts by the Board of Directors, the known legal and regulatory risks at the time of drawing up balance sheet provisions were accounted for through the allocation of reserves at a sufficient level. Changes in the regulatory environment may influence the Group development. This includes in particular actions in the basic conditions for the agriculture sector. Negative influences may result in particular from the redesign, reduction or elimination of support measures or fundamental changes in agriculture policies that may impact trade with customers.

Other risks

IT risks

The AGRAVIS Group is dependent on functioning IT systems for its business operations. The in-house "Information Technology" division ensures reliable provision of services at two of its own redundant data centres and through the use of suitable cloud services.

A carefully chosen cloud-first strategy and continued strategic use of standard solutions help to reduce complexity. In order to be able to continuously ensure the IT division's services, a number of security mechanisms have been put in place. These include access control systems, building surveillance, permanent power supply for central systems, continuous monitoring and mirrored data storage.

The Group implements a wide range of security solutions to secure its IT services against unauthorised access and protect its infrastructure against external attacks. To ensure that the impact of potential failure scenarios is minimised, there is an emergency plan in place which is constantly updated. Furthermore, regular emergency drills are carried out and continuous training and awareness programmes on cybersecurity and cyber risks are offered to employees. Taking into account the permanently-evolving threat situation, regular reviews are carried out in cooperation with external experts and measures are taken to increase IT security. The Group has also taken out a cyber risk insurance policy.

HR risks

The AGRAVIS Group needs the right employees in the right place at the right time in order to remain successful in future. Both junior staff and lateral entrants with professional experience in specialist and management functions continue to be the target groups for all activities relating to personnel marketing and recruiting.

Similarly, the strategy of promoting young talent from within the Group is increasing in importance so that junior staff members can be specifically trained in specialist and management functions. The AGRAVIS Group trusts in highly committed employees who identify with their employer and want to help shape its future. Investments in systematic succession management and personnel development measures are also set to continue in 2023.

Political risks

The longer the Russian war on Ukraine goes on, the more political risks may arise as a result. The effects of war (energy crisis with huge price hikes and risks relating to sufficient gas supplies in winter, high prices for agricultural commodities, product shortages, tense liquidity situation) already posed a challenge in 2022 and may continue to affect AGRAVIS business going into 2023. The effects of additional potential shortages in agricultural commodities, energy, fertilisers or premixes are not yet clear.

The economic effects of the war on the Group's business activities continued to be manageable up to the date of preparing the statements; strict risk and receivables management has been consistently implemented. Additional conceivable stress scenarios are being taken into account as part of medium-term liquidity planning.

Changes in the flow of goods following the loss of exports from Ukraine, Russia and Belarus can currently be offset and should only lead to bottlenecks or shortages in exceptional cases. As far as trading in agricultural products is concerned, the supply of our own compound feed plants remains secured with our own collection in the association. Positions are to be kept as small as possible and on demand in view of the firm, highly volatile and liquidity-intensive markets.

Regarding the corporate units operating in Russia: Production currently continues at the feedstuff plant in Novoalexandrovsk despite the fragile situation as a whole. The supply of raw materials is currently secured through the regional market. The Livisto distribution company OOO Lirus remains and continues to be supplied with veterinary medicinal products from European production sites. Given the risks and unforeseeable further development, the valuation of assets of companies based or operating in Russia in the 2022 financial year were fully adjusted so as to prevent any potential future deterioration of the situation from causing any significant value risks for the AGRAVIS Group.

Political decisions at the national and EU level pertaining to the transformation of agriculture can also have an impact on the business activities of the AGRAVIS Group. The planned reorganisation of livestock farming is still yet to be formulated in policy. Prerequisites for this reorganisation include a financing system and the opening of construction and emission control law.79 Industry representatives fear that the law may cause a further decline in livestock numbers in Germany. This would, in turn, continue to reduce feedstuff sales for the AGRAVIS Group.

Further restrictions in the use of resources are also becoming apparent in arable farming. A reduction programme for chemical crop protection products is set to be introduced in 2023. With it, the Federal Ministry of Food and Agriculture (BMEL) is aiming to reduce the use of synthetic compounds. Germany's National Action Plan for the sustainable use of crop protection products (NAP) is to be further enhanced for the crop protection reduction programme. The EU's farm-to-fork strategy also aims to cut the use of crop protection products in half by 2030. With the start of the EU's common agricultural policy in 2023, further restrictions for direct payment will come into effect by 2027 in order to take greater account of the impacts on the climate and environment.81

Board of Directors statement on the Group's risk situation

■ With regard to the risks described above and based on the findings arising in medium-term planning, the Board of Directors currently expects no serious risks for future development which, alone or in combination with other risks, could lead to a lasting and potentially terminal impairment of the position in terms of the assets, finances and earnings of the AGRAVIS Group.

6.5. Opportunities report

Macroeconomic opportunities

■ Agriculture, including the upstream and downstream sectors, is undergoing rapid and sustained structural change. Nevertheless, there will continue to be an extensive innovative and sustainable agricultural sector in Germany in the future and, although the effects of climate change can also be seen here, these prime locations in Germany and Europe paired with technical innovation are needed to supply a growing global population (currently over eight billion) with high-quality, affordable food in the face of increasingly scarce land resources. The AGRAVIS Group sees its role here as an innovative provider of services and solutions for sustainable agriculture. As a hub in a network with the cooperative association and other agribusiness partners, it wants to add digital distribution channels and develop profitable business models using traditional agricultural trade as its foundation. Here, the focus is on the criteria of materiality, profitability and feasibility.82 The AGRAVIS Group is facing these challenges with a consistent customer focus, standardised, lean processes and attractive offers. Changes in the market, including the digital transformation, are creating opportunities that the Group intends to exploit and convert into business. With a clear focus on market and customer requirements, the Group sees potential for sustainable, profitable growth in the cooperative association.

Strategic opportunities

Digitalisation

■ The AGRAVIS Group views digitalisation as an opportunity and also as its duty to establish tailor-made digital building blocks for its customers in the cooperative association. The demand for practical products continues to increase within agriculture, although it remains steady as a whole. Cautious behaviour and market consolidations on the one side stand in contrast to diverse innovative ideas in the search for investors and functioning sales structures on the other. With this in mind, the AGRAVIS Group will continue to advocate joint, reliable solutions within the cooperative association. One example of this is the cooperative bundling of activities for the area-specific use of agricultural land. Further networks are planned for 2023. Another example is the successful piloting of the silo fill level measurement system ➔ **RSilo** with cooperatives until the system was ready to implement. In order to increase involvement in the strong growth in e-commerce even further and bundle the technical services for the operational sales companies, a central organisational "e-commerce management" unit in the area of digitalisation will be gradually established for this purpose in 2023.

Cooperative collaboration

The AGRAVIS Group has strong roots in the cooperative organisation. Over 60 per cent of AGRAVIS' capital is in the hands of regional cooperative owners. This represents not only an opportunity for the Group but also a duty to do more business together. The Group considers the cooperative association a successful model with the consistent and common goal of strengthening the cooperatives regionally in terms of sales and contact with farmers. To this end, the AGRAVIS Group must actively position its own competence in wholesale retail, in consultation and in administrative tasks and thus show itself to be the preferred strategic and operational partner for the cooperatives. Therefore, there is a need to expand existing collaboration with the cooperatives and develop new alliances together that benefit both agricultural and private customers. The extensive financial participation of Raiffeisen Landbund eG, RWG Niedersachsen Mitte eG, RWG Osthannover eG and VR Bank in Südniedersachsen eG in ➔ **AGRAVIS Niedersachsen-Süd GmbH** undertaken on 1 January 2023 also explicitly counts towards this goal.

Internationalisation

The AGRAVIS Group has a clear focus on the German agriculture market, in particular in the regions stretching from the Netherlands in the west to Poland in the east. In addition, it continues to pursue its internationalisation strategy at an appropriate level. For some years now, the joint activities have been a key focus as part of the joint ventures pursued together with Danish company Danish Agro a.m.b.a. However, opportunities for additional international business are also being actively exploited in animal health, special feed and agricultural machinery with the commitment in Poland. Such initiatives are being developed in particular in foreign markets that promise high growth and potentially provide a sustainable advantage over the competition. Investments are only made if the know-how required for international business and the network of the foreign company can be ensured. The rules of the AGRAVIS risk management system also apply to international business.

Flexibility and diversification

As a 360-degree service provider in the agribusiness and in the retailing and energy divisions, the AGRAVIS Group is capable of absorbing volatilities and therefore preventing economic overdependence on one division. At the same time, the extensive product and service portfolio and the customer-oriented sales structure within the cooperative association provide the opportunity for networking know-how, services and developing value-added solutions. This allows synergies to be leveraged from which the AGRAVIS Group and the cooperative partners can benefit in the long term. The goal is to secure and increase shares in existing markets with the core business. Further expansion via products or new markets should only take place where there are above-average opportunities for growth with regard to core business. At the same time, there will be enhanced business activities common to primary cooperatives and to the AGRAVIS Group, with the aim of strengthening cooperative trade in the given region and therefore expanding market position. The willingness to take part in strategic alliances with other partners is still evident.

Corporate development and innovation

With the Strategy and Innovation, M&A and Project Management Office fields of activity, the Controlling & Corporate Development department supports the AGRAVIS Group in its forward-looking orientation. The Strategy & Innovation team supports strategy development and regularly revises the strategic orientation with the departments. It also coordinates and supports the various ➔ **innovation activities** within the Group. AGRAVIS also continued to intensify contact with the start-up scene in the agricultural and food industry in 2022. The Group's internal action group "InnoLoop" has been driving forward the themes of innovation since the start of 2023.

The Project Management Office supports project initiation and selected group-relevant projects in their execution and reports regularly on the project portfolio of the Group. Corporate investments as well as acquisitions and disinvestments are supported along all process steps by the M&A team. This creates the basis for further inorganic growth of the Group. In the operating areas of animals, plant cultivation, machinery and retailing, project-oriented service areas complement and link the practical implementation of growth, restructuring and innovation.

6.6. Forecasting report

Future Group direction

The AGRAVIS Group will continue to implement the ongoing change process and push even harder than before to position itself as a customer-oriented innovative service provider for sustainable agriculture – firmly anchored in the cooperative association. Restrictions in animal husbandry and plant cultivation require a consistent response in terms of process optimisation and exploitation of market potential. There is also a need to respond to the challenges posed by climate neutrality and digital transformation. The "renewable energies" theme was therefore brought forward as a strategic business model in 2022. Examples for this include the production of biomethane from biogas in Dorsten, with plans for production in Velen too. The biogas plant in Dorsten produces around 70 per cent of AGRAVIS' annual gas demand on the balance sheet. The Group has also invested in solar power plants for its own consumption of electricity. It strives to produce 20 per cent of its own electricity for the Group's locations by 2024.

The Group's own sustainability management based on the sustainability targets of the United Nations will continue to be promoted. Core themes here are the carbon footprints of the AGRAVIS locations and the greenhouse gas emissions from manufactured products. The AGRAVIS Group is developing forward-looking concepts to keep CO_2 emissions as low as possible in this regard. The requirements under the Supply Chain Due Diligence Act are seen as an opportunity to invest in sustainable supply chains within the Group through stable processes.

The digital transformation will be a key feature of the Group's development going forward – this path must be pursued with a customer focus using in-house value-added concepts. In addition, the internal processes must be efficient and display uniform standards. As part of the internal "Dock" project, the merchandise management systems used to date are being gradually converted into a needs-based and future-oriented system landscape.

The Group would like to grow its core business in a qualitative, sustainable and solid manner. All business segments need to be consistently profitable to achieve this ambition. The AGRAVIS Group draws the necessary strength from collective activities in a strong network. Together with the regional Raiffeisen cooperatives, the Group wants to be economically successful on the German agricultural market and gain market shares through a maximised focus on customers. The marked structural change in the low-margin agricultural industry and the tough predatory competition at trading level offer the cooperative association the chance to secure market shares and better position itself in a declining market thanks to market access, lean processes and innovation. The AGRAVIS Group will continue to deliberately shape structures and strengthen the position of the cooperative association throughout the entire value chain.

Economic environment

Economic development in 2023 will continue to be marred by significant uncertainty caused by the Ukraine war, inflation and high energy costs. Experts also expect challenges with regard to supply chain stability due to the Covid-19 situation in China. Although economic researchers had long agreed that the German economy would fall into recession throughout the course of the year, the Kiel Institute for the World Economy forecasted slight growth of 0.3 per cent in December 2022. The German federal government also expects a slight increase in economic performance of 0.2 per cent according to the annual economic report. High energy prices will continue to put strain on private households and companies in 2023, although this strain will be relieved slightly through the price cap. Companies will be able to invest more once again in comparison to the previous year. According to experts, private consumption will pick up again in the second half of the year. Predicted at 5.4 per cent, inflation is set to remain high, although this is already a noticeable drop from the previous year. Many raw material prices will continue to rise according to forecasts. Forecasts also suggest that the labour market will be robust, meaning businesses will continue to be on the lookout for skilled workers due to the current demography. The government deficit is likely to rise to around 4 per cent of GDP in 2023 due to assistance packages.

Growth in sector

The outlook for German agriculture and its economic situation is somewhat pessimistic in comparison to 2022. The Ukraine war is also playing a significant part here. However, despite more than one in three farmers wanting to defer investment due to uncertainty, the willingness to invest is on the rise overall, largely driven by the willingness to invest in renewable energy.

From a fundamental perspective, the global pricing for agricultural commodities will fall, but will remain at a high level overall. The tight global supply balances for wheat and maize are one cause for this. In contrast to this, Germany is not expecting any supply problems, with a good harvest and high inflowing volumes from Poland and Ukraine. Any real relief will only be possible with very good harvests in the northern hemisphere and the second maize harvest in Brazil in mid-2023. For oilseed, however, the global supply situation will improve on the previous year in light of record production. High inflation rates and extreme exchange rate fluctuations, as well as the turbulent political environment, will continue to pose a challenge for agricultural trade in 2023. The need for liquidity in agriculture trade will remain high.

The political aim to halve the use of chemical crop protection products by 2030 will continue to affect the crop protection business. The speed of innovation for new active ingredients is slowing down for regulatory and political reasons. The generic range of products will continue to grow in parallel to this. Significant cost increases are also to be expected. However, farms will continue to implement benefit-oriented crop protection in the interest of innovative, sustainable farming.

Following a significant decline in the first months of 2023 in the fertiliser market, further high price volatility is expected and the stiff competition on the wholesale level is expected to continue. Availability in Europe is likely to remain low for certain products. Logistics will become extremely challenging for necessary imports as global nitrogen reserves are also low.

The compound feed market in Germany is expected to decline further in 2023. The volatility caused by the Ukraine war, tight raw material balances and modified raw material flows will remain. The situation for pig farms will stabilise with a short supply of piglets in line with the pork cycle. Profitability for dairy farms is assessed as slightly positive. In poultry farming, the AGRAVIS Group is expecting steady development, although this will be subject to policy requirements and the impact of bird flu.

The VDMA trade association is expecting to see a slight decline in machine and system construction for 2023. In the agricultural machinery division, the AGRAVIS Group expects manufacturers to ensure better plannability again for the delivery of new machinery, allowing the backlog from the previous year to be slowly reduced. Based on various economic conditions, AGRAVIS expects to see a slight decline in the tractor market overall, whereas market expectations for harvester sales are considered stable. Particular growth momentum is forecast in the robotics sector. This market segment is host to new manufacturers with new technological solutions that take account of the increasing requirements with regard to resource use within agriculture. The agricultural machinery division is very well positioned in this regard.

Low growth of 1.5 to 2.5 per cent is forecast for retail in Germany, representing a decline in real terms as inflation remains high and interest rates continue to increase. We will therefore see a general reluctance to buy and a deferral of larger investments in Raiffeisen markets too. The sustained supply bottlenecks and subsequent strain on supplies will also make business difficult. Opportunities for the AGRAVIS Group's retailing division may arise from the customers focusing on staying in their own homes (cocooning) – offering equal potential for analogue and digital growth alike.

Transformation of the energy market will continue in 2023. The target of carbon neutrality by 2045 and the 65 per cent reduction in greenhouse gas emissions by 2030 remain the primary drivers for this. The impacts of the Ukraine war and the decisions taken as a result (e.g. complete stop on imports of Russian oil as of 1 January 2023) are also motivation for this transformation. This will lead to modified supply structures within the mineral oil sector. Despite the stop on imports and a price cap for Russian oil, the Federal Ministry of Economic Affairs considers supply security to be guaranteed throughout all of Germany. Fossil energies are continuing to rise in price due to associated legislation (greenhouse gas quota, CO_2 emissions), even as heating oil prices fell to an annual low at the end of February 2023 due to high crude oil reserves in the USA. The structural decline in sales for heating oil will continue in 2023, albeit more slowly. The reason for this is the uncertainty surrounding gas supplies. For diesel and motor fuels, the AGRAVIS Group expects the domestic sales market to continue to decline structurally, largely driven by alternative propulsion technologies such as e-mobility. A continued cooperative willingness to invest is forecast within the petrol station segment. In biomethane production, steady sales revenue with a consistently high price for livestock manure is expected. In the lubricant sector, the AGRAVIS energy division also predicts a decline in domestic sales alongside price increases due to logistics and handling costs. Growth of 10 to 15 per cent is assumed in the wood pellet market.

The decline in prices beginning in the last quarter of 2022 could continue in 2023.

Expected turnover, asset, financial and earnings situation

- Group turnover of EUR 8.5 billion is expected for 2023. We also expect to see a price level that declines slightly throughout the year in comparison to 2022. A boost in sales from operational business is expected in the fertiliser and seed, special farm animal feed, and horse & hobby product areas, as well as in the agricultural product segment and in direct business with the agriculture sector via the agricultural centres and/or AGRAVIS Ost.

Similarly, earnings before tax will likely decline in comparison to the previous year based on conservative planning. Target earnings are EUR 45.1 million, assuming stable personnel costs, slightly declining other costs and corresponding risk provisioning. The Group's strong performance in the market is reflected in its operating EBIT, which is expected to reach an amount of EUR 86.6 million in 2023 following an extraordinary 2022 financial year.

The equity capital cover will be further strengthened with EUR 655 million planned, and the equity ratio is expected to rise markedly by 1.5 percentage points to 28.1 per cent in 2023. In addition to the annual result, this can be achieved through active working capital management, which will lead to a decrease in liabilities to credit institutes and other liabilities, as well as a lower balance sheet total.

Risk management will still be used consistently, not least in view of the geopolitical challenges, and the portfolio will be regularly reviewed to monitor the performance of the segments. From today's perspective, the AGRAVIS Group expects the divisions to experience the following developments:

Agriculture wholesale

In the agricultural wholesale division, the AGRAVIS Group plans to further expand its business activities with the cooperatives in 2023. Due to this and in view of prices that are assumed to fall slightly, a turnover matching the previous year's level is forecast and earnings are expected to be below the previous year's figure.

The plant cultivation segment intends to continue to position itself on the market as the first point of contact and sustainable partner for plant cultivation solutions. To do so, the sales approach for the cooperatives will be developed in a way that is geared towards potential and suppliers will be bound to the AGRAVIS Group. Key products and exclusive products continue to be a significant cornerstone within the portfolio. The range of products for organic farming will also be expanded through intensive cooperation between the crop protection, fertiliser and seed product groups and the group company biovis agrar GmbH.

The crop protection product area forecasts an average crop year with the intensity of treatment remaining at the same level for grain and rapeseed. Turnover is expected to stay at the same level as the previous year and contribution to earnings is likely to fall short of the previous year's level because of pricing. Market shares in the fertiliser product area are set to stabilise. The focus will be on suppliers that continue to produce in Germany and/or Europe and offer imports. Turnover is expected to increase again in comparison to the previous year with a stable contribution to earnings. The seed product area intends to continue the momentum from the previous year. The targeted turnover is slightly below the previous year's figure; expected earnings are slightly above the previous year's figure. The biogas consultation unit Terravis GmbH intends to further expand its range of services, stabilise its turnover and generate earnings at the same level as the previous year.

The agricultural products segment intends to keep the need for liquidity as low as possible and continue its tight management approach for contracts in the face of the uncertain geopolitical situation, high currency risks and tight supply balances. It intends to strike the balance between supply security and liquidity by keeping inventories as low as possible. The segment intends to consolidate its position as the first point of contact for the cooperative feedstuff plants, mills and the starch industry. Turnover is expected to fall slightly short of the previous year's figure with a slight decline in contribution to earnings.

Animals segment: In the compound feed product area, the AGRAVIS Group intends to keep annual tonnage as constant as possible in the 2023 financial year. Due to the good economic situation for dairy farms, the Group is targeting a slight increase for cattle feed in comparison to the previous year. Pig feed production is likely to fall short of the tonnage produced in 2022 in light of the ongoing difficult situation in pig farming and piglet production and African swine fever. Despite bird flu, the market share for poultry feed is set to increase further, which is reflected in slightly higher annual production than in the previous year. Turnover for compound feed is expected to fall short of the previous year's total with a decline in earnings.

Increased quantities for both mineral feed and milk substitutes are expected in the special feed product area. Earnings are set to increase in comparison to 2022 with a largely stable turnover.

In the horse & hobby product area, the group company Equovis GmbH intends to expand its market position – both in the horse feed segment and in the hobby segment. Turnover and earnings are expected to remain at the same level as the 2022 figures. A comparatively "normal" year is expected for special feed products. The aim is to ensure continuous delivery capacity for all products. Turnover is expected to remain the same as the previous year's level with forecasted earnings falling short of the 2022 value.

For animal health, the Livisto Group intends to expand on business with compounds for small and farm animals. The Group is targeting turnover and earnings above those achieved in 2022.

Agriculture/farming

AGRAVIS units conducting direct business with the agriculture sector intend to consolidate and continue to expand their operational strength on the market, as demonstrated in 2022, in the new financial year. Due to the continued positive outlook on earnings for arable and dairy farming and the volatile prices for operating resources, the Group is forecasting turnover slightly above the previous year's level in this division. An average harvest is needed to achieve this. The four Agrarholding agricultural centres are estimating an ROS of 1.0 per cent, although expected earnings have been significantly scaled down in comparison to the exceptional 2022 that was shaped by extraordinary effects. However, this target is still about one third higher than the previous year's target. Agrarholding expects the financial participation of Raiffeisen Landbund eG, RWG Niedersachsen Mitte eG, RWG Osthannover eG and VR Bank in Südniedersachsen eG in the regional agricultural centre AGRAVIS Niedersachsen-Süd GmbH to result in structural and innovative stimuli. Alongside this financial participation, the cooperative partners also intend to combine specialist expertise and drive forward joint innovation and growth projects using digital, streamlined processes and a powerful, customer-oriented infrastructure. The Group is also forecasting a slight decline in earnings for the companies of AGRAVIS Ost. The risks in logistics, expenses for energy and wage costs remain important factors on the cost side within the agriculture/farming division. With further increases in efficiency and strict risk management against the backdrop of a potential end to the price hikes, the AGRAVIS units in this division consider themselves to be well equipped in this respect.

Machinery

Assuming there will be no further challenges caused by geopolitical crises, the AGRAVIS Technik Group is expecting another successful financial year in 2023. It is forecasting turnover in the same region as the previous year while contribution to earnings is expected to fall slightly. After-sales and the expansion of cross-market synergies remain central components of value added development. The Technik Group is expecting the situation concerning production-based delivery delays from manufacturers to ease slightly in the area of new machinery business. For both new machinery and second-hand machinery sales, it will be all about responding quickly to developments in the market environment. To minimise risks, inventory and receivables management will be further optimised. To achieve the Group's cost-related and procedural efficiency targets, it intends to further expand the implementation and utilisation of the opportunities created within the "Dock" programme and introduce a new customer management system.

Retailing

The AGRAVIS Group is expecting turnover and earnings slightly below the previous year's level for the retailing division. The forecast is based on the continuing uncertainty and reluctance to buy among consumers due to high inflation and fears of a recession. The proximity of the Raiffeisen markets to their customers is seen as an opportunity. Wholesale will continue to be the driver of turnover and earnings in the 2023 financial year. Turnover is forecasted to fall slightly in the construction materials trade segment with a stable contribution to earnings in comparison to the previous year. The reason for this is the pressure within the construction industry caused by rising interest rates and the subsequent decline in building applications. Raiffeisen-Markt GmbH is planning additional locations and expects turnover above the previous year's level. In online business, Raiffeisen Webshop GmbH & Co. KG intends to continue to develop its structural concept and restart its growth trajectory following the previous year's weaker turnover figures.

Energy

The energy markets will continue to be marred by great uncertainty in 2023. The AGRAVIS Group has therefore consciously adopted a more reserved approach for the energy division. It expects sales revenues to fall below the level achieved in the previous year. Pricing for energy is likely to stay high, albeit not at the extreme highs seen in 2022. The further weakening of the economy forecast for 2023 may also lead to a decline in demand. The AGRAVIS Group intends to counter the structural rise in prices of fossil energies due to associated legislation by streamlining its existing trade activities for combustibles and fuels and expanding its strategic partnerships key customers and suppliers. Trade with alternative fuels is under review and will be developed further as needed. As part of a consortium of operators, AGRAVIS will begin converting its biogas plant in Velen from 2023 so as to enable the production of biomethane for the fuel market. The market position for the sale of the diesel additive AdBlue will be strengthened. The petrol station service centre intends to establish the "R-eMobil" charging station concept at cooperative partners within the Group. In the wood pellet market, affiliated company Raiffeisen Bio Brennstoffe GmbH intends to expand its B2C business and continue its growth at the national level. As was the case in the previous financial year, trade in the grid-bound energy sources natural gas and electricity will depend heavily on the market situation and the effects of the agreed electricity and gas price caps. The expansion of digital sales will provide a boost within the lubricant segment with the AGRAVIS own brand "Tectrol". Contribution to earnings from the energy division will fall in line with the decline in turnover.

Planned investment

Investment budget

The AGRAVIS Group aims for a total investment volume of EUR 55.6 million for the 2023 financial year (previous year: EUR 50.8 million target, EUR 58.1 million actual). This discrepancy between the target and actual values is caused by carry over from the 2021 financial year and adjustments. Investment activities will therefore remain a key focus as in previous years. Depreciation of intangible assets and tangible fixed assets is estimated at EUR 53.1 million (previous year: EUR 55 million target, around EUR 56 million actual). The Group intends to strengthen business in the agricultural trade, agricultural machinery, animals and plants segments with investments of over EUR 33 million. EUR 4.4 million is set out for the retailing and energy divisions. Almost EUR 18 million of investment is available for service areas and services. Here, the focus is on improving energy efficiency at the Group locations, as well as continuing to expand digitalisation with the large internal "Dock" project. The Group's location in Isernhagen is being expanded and developed into a central AGRAVIS hub for the region with an office building as a replacement for the leased property in Hanover.

The AGRAVIS Group distinguishes between three investment categories (as in the past):

- Strategic investments in locations and markets: EUR 20.7 million (share: 37.2 per cent),
- Strategic investments in digitalisation: EUR 13.3 million (24.0 per cent),
- Replacement/wear and tear: EUR 21.6 million (38.8 per cent).

Non-financial performance indicators

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

- Trainee quota
- Staff turnover rate
- Work safety.

The trainee quota is set to remain at a healthy approx. 9 per cent in 2323 financial year in line with the Group's recruiting activities. The aim is to slightly improve the staff turnover rate again this year on the same basis. The various preventive measures should help further to noticeably reduce the number of workplace accidents in the Group in the current financial year and therefore continually increase occupational safety.

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

The uncertain geopolitical situation, high inflation, fears among certain parts of the population of a loss of prosperity, volatile markets with high price risks, extreme weather conditions due to climate change and further legislative restrictions for agriculture will all make for another challenging year on all levels in 2023. The Group is ready for changes in material flows, product shortages and political instability. As a system-relevant company, the AGRAVIS Group stands by its commitment to guarantee people supply security with

Planned investment budget 2023 (in per cent)

high-quality, affordable food and manage the global challenges at a local level.

Based on these determinants, the Group aims to continue to actively and consistently shape the transformation in agri-business within the cooperative association. This ongoing transformation will focus on customer benefit, with the Group implementing practical solutions and new business models across all segments and together with other market players. The AGRAVIS Group considers itself a pioneer for innovative, sustainable farming and will seize the opportunities arising from the strength of the cooperative association. To this end, processes will be further optimised and digitalised in order to operate with economic success in the market, employing an efficient structure, great cost discipline, strict risk management and quick decisions. This will allow the Group to fulfil its own mission of being capable of issuing dividends and retaining profits.

The AGRAVIS Group continues to concentrate on the established core business. The aim is to stabilise and expand market shares in these sectors. This is achieved through the knowledge and customer focus of staff. For them, the AGRAVIS Group is a relevant, attractive employer in rural areas and one which imparts knowledge with respect and nurtures its top performers.

The Board of Directors makes these statements on the basis of the current consolidation of the Group and the described assumptions as to the political, economic and industry-specific conditions and all the information available at this time. Furthermore, weather conditions without extreme weather and average harvests are presumed. If the market environment should change or if risks arise – as explained for example in the risk report – then the actual situation for the Group may differ from the forecasts expressed here. The Board of Directors will then take appropriate countermeasures. The Group is under no obligation to update the statements contained in the management report.

Münster, 29 March 2023
AGRAVIS Raiffeisen AG, Board of Directors

Dr Köckler (Chairman) Hesseler

Heinecke Sudhoff

Christoph Wentzler, Terravis GmbH – Münster

7 | Consolidated financial statements and explanatory notes

Simon Jansen, Special Feed Products – Münster

7.1. Consolidated balance sheet of AGRAVIS Raiffeisen AG as at 31 December 2022

→ Assets	Financial year (in EUR thousand)	Previous year (in EUR thousand)
Fixed assets		
Intangible assets		
Internally generated industrial property rights and similar rights and assets	989	1,090
Purchased concessions, industrial and similar rights and assets and licences to such	35,587	32,784
Goodwill	7,170	12,368
Advance payments	17,624	16,600
	61,370	**62,842**
Property, plant and equipment		
Land, land rights and buildings, including buildings on leased property	273,567	276,123
Technical equipment and machinery	108,826	106,798
Other equipment, factory and office equipment	27,887	27,045
Advance payments and plants under construction	14,094	13,491
	424,374	**423,457**
Financial assets		
Shares in affiliated enterprises	20,388	21,936
Loans to affiliated enterprises	8,943	7,436
Shares in associated enterprises	218,785	194,293
Holdings	16,687	15,890
Loans to enterprises in which an interest is held	3,660	3,460
Other loans	6,309	2,236
	274,772	**245,251**
Total fixed assets	**760,516**	**731,550**
Current assets		
Inventories		
Raw, auxiliary and operating materials and supplies	71,120	66,825
Work and services in progress	7,137	6,084
Finished goods and merchandise	1,001,983	783,845
Advance payments	13,875	22,013
	1,094,115	**878,767**
Receivables and other assets		
Trade accounts receivables	395,755	400,816
Receivables from affiliated enterprises	13,826	36,497
Receivables from enterprises in which an interest is held	36,271	32,638
Other assets	55,944	93,395
	501,796	**563,346**
Cash in hand, cash at banks and credit institutions and cheques	**10,749**	**11,524**
Total current assets	**1,606,660**	**1,453,637**
Accrued and deferred items	**4,034**	**5,557**
Deferred tax assets	**2,048**	**0**
Total assets	**2,373,258**	**2,190,744**

7.1. Consolidated balance sheet of AGRAVIS Raiffeisen AG as at 31 December 2022

→ **Liabilities**	**Financial year** (in EUR thousand)	Previous year (in EUR thousand)
Equity capital		
Subscribed capital		
Registered capital	205,537	205,537
Capital reserves	**73,658**	**73,658**
Retained earnings		
Reserves required by law	26,174	25,576
– of which transferred from net income for the financial year	598	506
Other retained earnings	163,568	159,742
Sum of retained earnings	**189,742**	**185,318**
Equity capital difference from currency conversion	**1,654**	**562**
Non-dominant shares	**23,817**	**16,711**
Consolidated balance sheet profit		
Consolidated profit	42,176	15,677
Non-dominant shares of entitled profits	-4,387	-2,217
Amounts allocated to reserves	-598	-506
	37,191	**12,954**
Profit participation capital	**99,095**	**99,095**
Total equity capital	**630,694**	**593,835**
Special items for investment subsidies	**23**	**26**
Provisions		
Provisions for pensions and similar obligations	132,990	118,117
Tax provisions	20,367	16,865
Other provisions	136,068	112,360
	289,425	**247,342**
Liabilities		
Liabilities to banks	753,161	791,734
Advances received on orders	18,901	15,217
Trade payables	578,494	480,559
Liabilities to affiliated enterprises	10,615	7,850
Liabilities to enterprises in which an interest is held	27,357	18,319
Other liabilities	62,967	34,369
- of which from taxes	(23,349)	(16,691)
- of which relating to social security	(461)	(417)
	1,451,495	**1,348,048**
Accrued and deferred items	**1,621**	**1,493**
Total liabilities	**2,373,258**	**2,190,744**

7.2. Consolidated profit and loss account for 1 January to 31 December 2022

	Financial year (in EUR thousand)	Previous year (in EUR thousand)
1. Sales revenue	9,444,761	7,277,662
2. Increase in the inventory of finished goods as well as work and services in progress	2,215	2,831
3. Other own work capitalised	1,829	1,841
4. Other operating income	42,122	32,311
	9,490,927	**7,314,645**
5. Cost of materials		
a) Cost of raw, auxiliary and operating materials and supplies and purchased goods	8,607,728	6,579,212
b) Cost of purchased services	123,535	115,640
Total material expenses	**8,731,263**	**6,694,852**
Gross profit	**759,664**	**619,793**
6. Personnel costs		
a) Wages and salaries	306,782	282,083
b) Social security contributions and expenses for pensions and benefits	79,137	58,620
- of which for pensions	(20,093)	(3,388)
Total personnel costs	**385,919**	**340,703**
7. Depreciation of intangible fixed assets and property, plant and equipment	56,446	50,922
8. Other operating expenses	249,716	179,077
Subtotal	**67,583**	**49,091**
9. Income from investments	1,177	1,774
- of which from affiliated enterprises	(257)	(172)
10. Income from investments in associated enterprises	26,792	13,831
11. Income from other securities and loans of financial assets	393	415
- of which from affiliated enterprises	(154)	(150)
12. Other interest and similar income	9,893	9,724
- of which from affiliated enterprises	(1,281)	(1,269)
Subtotal (9 to 12)	**38,255**	**25,744**
13. Financial asset depreciation	5,705	1,394
14. Expenses from loss transfers	0	0
15. Interest and similar expenses	35,739	37,593
- of which from discounting of loans	(3,891)	(9,302)
- of which to affiliated enterprises	(47)	(33)
- of which remuneration for participation rights capital	(2,508)	(2,406)
Subtotal (13 to 15)	**41,444**	**38,987**
Financial result	**-3,189**	**-13,243**
16. Taxes on income and earnings	19,369	17,544
17. Earnings after tax	45,026	18,304
18. Other taxes	2,849	2,627
19. Consolidated profit	42,176	15,677
20. Non-dominant shares of entitled profits	-4,387	-2,217
21. Amount allocated to statutory retained earnings	-598	-506
22. Amount allocated to other retained earnings	0	0
23. Consolidated balance sheet profit	**37,191**	**12,954**

7.3. Cash flow statement (indirect method)

				Financial year (in EUR thousand)	Previous year (in EUR thousand)
1.		Income over the period (consolidated net income including minority interests)		42,176	15,677
2.	+/-	Appreciation/depreciation on fixed assets		62,151	52,316
3.	+/-	Increase/decrease in provisions		38,580	12,072
4.	+/-	Group-specific and other non-cash expenses/income		-26,342	-9,406
5.	-/+	Increase/decrease in inventories, trade accounts receivables and other assets not attributable to investing or financing activities		-155,816	-243,879
6.	+/-	Increase/decrease in trade payables and other liabilities that are not attributable to investing or financing activities		144,251	71,853
7.	-/+	Profit/loss from the disposal of fixed assets		1,404	-4,098
8.	-	Book profit from the sale of consolidated companies		-3,121	-732
9.	+/-	Interest expenses/income		18,918	11,626
10.	-	Other investment income		-1,177	-1,031
11.	+/-	Income tax expenses/income		19,369	17,544
12.	-/+	Income tax payments		-17,972	-14,584
13.	**=**	**Cash flow from operating activities**	(sum of 1 to 12)	**122,422**	**-92,642**
14.	+	Payments from the disposal of intangible fixed assets		382	668
15.	-	Payments for investments in intangible assets		-16,823	-18,526
16.	+	Payments from the disposal of fixed assets		4,291	9,873
17.	-	Payments from investments in tangible fixed assets		-41,306	-34,725
18.	+	Proceeds from disposal of financial assets		862	7,096
19.	-	Disbursements for investments in financial assets		-12,490	-7,754
20.	+	Payments from the disposal of consolidated companies		8,132	758
21.	-	Disbursements for additions to the consolidation group (including transitional consolidation)		0	-1,607
22.	+	Interest received		10,286	10,139
23.	+	Dividends received/loss assumption		1,177	1,031
24.	**=**	**Cash flow from investment activities**	(sum of 14 to 23)	**-45,488**	**-33,047**
25.	+	Payments from additions to capital made by shareholders of the parent company (capital increases, sale of own shares etc.)		0	1,637
26.	-	Payments for the acquisition of own shares		0	0
27.	-	Payments from reimbursement of participation rights capital		0	-30,000
28.	+	Payments from additions to capital from issuance of participation rights capital		0	38,880
29.	+	Payments from additions to capital from other shareholders		352	64
30.	+	Payments from issuance of loans and taking up of (financial) credit		510,750	587,769
31.	-	Payments from repaying loans and (financial) credit		-548,337	-444,696
32.	-	Interest paid		-28,976	-24,170
33.	-	Dividends paid to shareholders of the parent company		-9,233	-8,166
34.	-	Payments to other shareholders		-2,544	-369
35.	**=**	**Cash flow from financing activities**	(sum of 25 to 34)	**-77,988**	**120,949**
36.	**=**	**Net changes in cash and cash equivalents**	(sum of 13, 24 and 35)	**-1,054**	**-4,740**
37.	+/-	Currency-exchange and valuation-related changes in cash and cash equivalents		279	16
38.	+/-	Consolidation-related changes in cash and cash equivalents		0	-1
39.	+	Cash and cash equivalents at the beginning of the period		11,524	16,249
40.	**=**	**Cash and cash equivalents at the end of the period**	(sum of 36 to 39)	**10,749**	**11,524**

7.4. Group statement of changes in equity

	As at 31 December 2021 (in EUR thousand)	Other changes (in EUR thousand)	Distribution (in EUR thousand)	Consolidated annual profit (in EUR thousand)	**As at 31 December 2022** (in EUR thousand)
Registered capital	205,537	0	0	0	205,537
– Capital reserve	73,658	0	0	0	73,658
– Retained earnings					
– Statutory reserves	25,576	0	0	598	26,174
– Other retained earnings	159,742	3,826	0	0	163,568
Sum of retained earnings	**185,318**	**3,826**	**0**	**598**	**189,742**
Equity capital difference from currency conversion	**562**	1,092	0	0	**1,654**
Profit carried forward	**0**	9,233	-9,233	0	**0**
Total	**465,075**	**14,151**	**-9,233**	**598**	**470,591**
Non-dominant shares	**16,711**	5,262	-2,543	4,387	**23,817**
Consolidated balance sheet profit	**12,954**	-12,954	0	37,191	**37,191**
Profit participation capital	**99,095**	0	0	0	**99,095**
Group equity capital	**593,835**	6,459	-11,776	42,176	**630,694**

7.5. Explanatory notes to the consolidated financial statements

A. General information

AGRAVIS Raiffeisen AG with its headquarters in Münster, registered at the District Court of Münster in commercial register B9692, 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 2022 have been prepared on the basis of the German Commercial Code (Handelsgesetzbuch, HGB) and the supplementary provisions of the Stock Corporation Act (Aktiengesetz, AktG). It comprises the balance sheet, the profit and loss account, these notes, the cash flow statement and the statement of shareholders’ equity. The profit and loss account uses the total-cost method and complies with the requirements of Sections 275 and 312(4) sentence 2 of the HGB. The consolidated financial statement is compiled in EUR. The information is listed in thousands of euros (EUR thousand) or millions of euros (EUR million). Due to this size specification and the associated rounding differences, there may be insubstantial differences in the reported figures or sums of these values. The annotations to be included in the consolidated balance sheet and/or the profit and loss account, or alternatively in the notes, are partially listed in the notes for the purpose of better clarity and transparency.

B. Consolidated group

The consolidated financial statements of AGRAVIS Raiffeisen AG include – in accordance with the principles of full consolidation – in addition to AGRAVIS Raiffeisen AG all domestic and foreign subsidiaries pursuant to Section 290 HGB which are not subsidiaries of relative insignificance. In accordance with the provisions of Section 296(2) HGB, inclusion was waived for subsidiaries that are considered to be of secondary importance both individually and in their entirety, so as to present a true and fair view of the financial position and results. The turnover and assets of these companies, both individually and aggregated, make up around 1 per cent of Group turnover and less than 5 per cent of consolidated total assets.

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

	Domestic	International	Total
Included as of 31 December 2021	93	13	106
Changes in the 2022 financial year			
Additions	1	0	1
Included as of 31 December 2022	94	13	107
of which fully consolidated	76	10	86
of which consolidated using the equity method	18	3	21

There have been no major changes in the consolidated group that would limit the comparability of figures with those of previous years. The newly founded AGRAVIS Power GmbH was included in the consolidated financial statements of AGRAVIS Raiffeisen AG for the first time as of 14 October 2022.

The sale of 25.1 per cent of shares in AGRAVIS Niedersachsen-Süd GmbH to Raiffeisen Warenhandel GmbH on 1 January 2022 was confirmed by notarised contract dated 22 December 2021. The company remains a fully consolidated subsidiary of the AGRAVIS Raiffeisen Group. In this context, AGRAVIS Niedersachsen-Süd GmbH has acquired the agricultural trading business of Raiffeisen Warenhandel GmbH. This results in access to goodwill in the amount of EUR 1,700,000.

Pursuant to Section 264(3) HGB and Section 264b HGB respectively, we are dispensing with publication of the annual financial statements of several of our subsidiaries in the Federal Gazette and with the drawing up of notes and a 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	*	Hanover	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	*	Hanover		100
aniMedica GmbH		Senden	100	
aniMedica Herstellungs GmbH		Senden	100	
aniMedica international GmbH		Frankfurt am 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	*	Hanover	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	

Name		Head office	Share indirect (in %)	Share direct (in %)
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		Moscow (RUS)	100	
PROFUMA Spezialfutterwerke GmbH & Co. KG	*	Dormagen	100	
Verwaltung HL Hamburger Leistungsfutter GmbH & Co. KG	*	Hamburg		55
Agriculture/farming				
AGRAVIS Agrarholding GmbH	*	Münster		100
AGRAVIS Ems-Jade GmbH	*	Esens	100	
AGRAVIS Kornhaus Westfalen-Süd GmbH	*	Meschede	100	
AGRAVIS Niedersachsen-Süd GmbH		Wunstorf	75	
AGRAVIS Ost GmbH & Co. KG	*	Bülstringen	100	
AGRAVIS Ost – Verwaltungs-GmbH		Bülstringen	100	
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	
GEKRA Produktionsgesellschaft mbH		Querfurt	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 Heide-Altmark GmbH	*	Uelzen	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	*	Hanover	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	100	
AGRAVIS Raiffeisen-Markt Holding GmbH	*	Münster		100

Name		Head office	Share indirect (in %)	Share direct (in %)
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 GmbH	*	Seesen	100	
Georg Piening GmbH & Co. KG	*	Seesen	100	
Georg Piening Haustechnik und Energieservice GmbH		Seesen	100	
Georg Piening Mineralölhandel und Energieservice GmbH & Co. KG	*	Seesen	100	
TerraSol Wirtschaftsdünger GmbH		Münster	84	
Other				
AGRAVIS Beteiligungsverwaltungs GmbH		Hanover		100
AGRAVIS Dienstleistungsholding GmbH	*	Münster		100
AGRAVIS Digital GmbH	*	Hanover		100
AGRAVIS International Holding GmbH		Münster		100
AGRAVIS Versicherungsservice GmbH & Co. KG	*	Hanover		100
FINVIS Business Services GmbH	*	Münster		100
TerraVis GmbH	*	Münster	100	
VERAVIS GmbH	*	Münster	100	

Affiliated enterprises – not included

Agriculture wholesale			
AGRAVIS Raiffeisen Agro SRL	Bucharest (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	75	
DGO Agrar GmbH	Cloppenburg		100
HL Hamburger Leistungsfutter Polska Sp.z o.o.	Kwiatowa (PL)	55	
Hygiene Beteiligungsgesellschaft mbH	Münster	100	
OOO Raiffeisen Agro	Novoalexandrovsk (RUS)	100	
OOO Raiffeisen Agro Real Estate	Novoalexandrovsk (RUS)	100	
OOO Economix	Kaliningrad (RUS)	100	
OOO AGRAVIS Raiffeisen Agro	Krasnodar (RUS)	100	
Panto d.o.o.	Rijeka (HR)	55	
Panto Ecommerce GmbH	Hamburg	55	
Agriculture/farming			
VR Agrar Center Wittelsbacher Land GmbH	Altomünster	51	
Machinery			
AGRAVIS Technik Polska Sp.z o.o.	Poznań (PL)	100	
Feuersträter GmbH	Beelen	73	
Handelshof GmbH Bismark	Bismark	80	
Lorenz Rubarth Landtechnik GmbH	Anröchte	74	
Menke Agrar Polska Sp.z o.o.	Komorniki (PL)	100	
Retailing/Energy			
Raiffeisen-Markt Ebstorf GmbH	Ebstorf	76	

Name	Head office	Share indirect (in %)	Share direct (in %)
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			
AGRAVIS Versicherungsservice Geschäftsführungs GmbH	Münster	100	
IGS Immobiliengesellschaft Sachsen mbH	Trebsen	100	
Land24 Gesellschaft mit beschränkter Haftung	Münster		53
PROFUMA Geschäftsführungs GmbH	Dormagen	100	
Raiffeisen Webshop Geschäftsführungs GmbH	Münster	52	
Railog Besitzgesellschaft Nottuln GmbH	Münster		100
VERAVIS Energy GmbH	Münster	51	
VERAVIS Energy PV1 GmbH & Co. KG	Münster		51
VERAVIS Energy PV2 GmbH & Co. KG	Münster		51

Associated enterprises

Name	Head office	Share indirect (in %)	Share direct (in %)
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	Hanover		50
H. Bögel GmbH & Co. KG	Hamburg	33	
Raiffeisen-Kraftfuttermittelwerk Dörpen GmbH	Dörpen	15	
Roland Mills United GmbH & Co. KG	Bremen		40
Agriculture/farming			
Raiffeisen Lienen-Lengerich GmbH	Lienen	100	
Raiffeisen Lippe-Weser AG	Lage	30	
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 am 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

Name	Head office	Share indirect (in %)	Share direct (in %)
Agriculture wholesale			
BioMühle Hamaland GmbH	Gescher	49	
Fr.B. Janssen GmbH & Co. KG	Leer	50	
Hafenbetriebsgesellschaft Schweringen GmbH	Schweringen	32	

Name	Head office	Share indirect (in %)	Share direct (in %)
Hauptsaat GmbH	Linsburg		20
HL-Top Mix Ltd.	Slive (BG)	40	
Raiffeisen Kraftfutterwerk Mittelweser Heide GmbH	Schweringen	25	
Agriculture/farming			
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	40	
Raiffeisenmarkt-Emsdetten GmbH	Emsdetten	49	
Veland Raiffeisen H & G Markt GmbH	Vechta	50	
Energy			
Behrenswerth Energieservice GmbH	Hilter	30	
ENIRA Energie Raiffeisen GmbH	Nottuln	37	
Gela Energie GmbH	Lünne	20	
Loos Mineralölhandel GmbH	Dortmund	25	
Raiffeisen Gas GmbH	Münster	25	
Bioenergie Velen GmbH	Velen	25	
Other			
AGRI-System GmbH	Münster	50	
FRIA-Immobilien GmbH & Co. KG	Hanover		50
Fr.B. Janssen Verwaltungsgesellschaft mbH	Leer	50	
H.Bögel Beteiligungsgesellschaft mbH	Hamburg	33	
H. Schlötelburg GmbH	Hude		27
INTEGRAFEED S.R.L	Modena (IT)	20	
Rolf Jäger Elektrotechnik GmbH	Twistetal-Berndorf	50	
Novafield GmbH	Münster		17
ODAS GmbH	Dorsten	25	
ODAS IT GmbH	Dorsten	50	
Saaten Software GmbH	Rätzlingen	50	
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
Tacoss Software GmbH	Flensburg		33
Raiffeisen dig-IT-al GmbH	Stade	20	

Country codes: CH – Switzerland, DK – Denmark, DO – Dominican Republic, ES – Spain, 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 in accordance with the accounting and valuation policies applicable to the AGRAVIS Group. The date for the preparation of financial statements is always 31 December. Financial statements given in a foreign currency are converted into euros according to the rules on foreign currency as per Section 308a HGB. In this respect, the assets and liabilities – with the exception of equity capital, which is converted at the historical rate – are converted at the spot exchange rate as on the balance sheet date. With regard to the items on the profit and loss account, the average price is used. Resultant exchange differences are recognised within equity capital as a separate item. For acquisitions after 31 December 2009, the consolidation of capital and the determination of the value of shareholdings in associated companies are to be included on the basis of the fair value for the assets, liabilities, deferred income and special items of the companies to be included at that point in time when the company became a subsidiary or associated company (revaluation method). The consolidation adjustments made formerly are to be updated according to the book value method. Any remaining differences are capitalised as goodwill and written down over their estimated useful lives. Negative differences are listed in dependence on the nature of the items under the item "Differential amount from capital consolidation" under the equity capital or offset with reserves. Shareholdings in associated companies which are not of relative insignificance for the presentation of a true and fair view of the Group's assets, finances and earnings are accounted for under the book value method at equity value. The books of the associated companies are kept in this respect on a standard basis, in accordance with the legal principles of proper accounting given in the German Commercial Code. There is no adaptation of the annual financial statements to Group-wide evaluation methods. As part of consolidating debt, all receivables and liabilities between the Group companies included in the balance sheet were offset against each other. Differences arising from the debt consolidation are shown under other operating expenditure. Intermediate results are eliminated in accordance with Section 304(1) HGB. Income and expenses incurred between Group companies are offset against each other. Differences arising from income and expense consolidation do not affect the operating result. Deferred taxes are limited to consolidation measures.

D. Notes on the accounting and valuation methods

With the exception of the assets, liabilities and financial instruments combined into valuation units pursuant to Section 254 HGB, assets and liabilities are valued individually. All foreseeable risks and losses have been taken into account. Similarly, those risks have been taken into account which became known between the balance sheet date and the date of preparation of the consolidated financial statements. In accordance with the realisation principle, only those profits realised by the reporting date are considered. The income and expenditure for the financial year have been taken into account on an accrual basis. Insofar as hedging transactions are concluded to balance contrary changes in currency values or in cash flows, as per the principles of risk management implemented by the Group, these are – insofar as the appropriate legal requirements in terms of the German Commercial Code are met in a particular case – sometimes also merged with the underlying transactions into valuation units on the balance sheet. In that regard, the imparity-principle-based valuation of the relevant balance sheet items and/or of the effect on profits of expected future cash flows is/are omitted.
The accounting and valuation methods applied are given below in detail:

Intangible assets and plant, property and equipment

Internally produced intangible assets are capitalised at production-cost price and written down over their estimated useful lives (generally seven years). In determining the cost of production for internally produced intangible assets, the following are taken into account: the unit costs; an appropriate portion of overheads and depreciation on fixed assets, to the extent that this depreciation is a result of the manufacturing; and pro rata administrative and social security costs. Interest on borrowed capital is not taken into account.

Acquired intangible assets are valued at acquisition-cost price, less straight-line amortisation. The determination of the expected, estimated useful lives of the intangible assets occurs regularly and is based on the sector-related amortisation/depreciation tables published by the financial management department (minimum rate). In the case of permanent impairment, extraordinary amortisation is performed.
Goodwill is written down on a regular linear basis over its estimated useful life, which is estimated individually according to our specific expectations of the anticipated benefits of the transaction performed.

The expected benefit usually arises predominantly because of the likely sustainability of the acquired customer relationships and is reviewed regularly. Changes in these estimates are accounted for through extraordinary amortisation and through adjustment to the remaining useful lifespan. Currently, goodwill is amortised over a range of useful lifespans, estimated to be between 5 and 15 years. Depreciation of the business and goodwill of associated companies resulting from the consolidation is included in the profit and loss account, as in the previous year, under the item "Financial asset depreciation".

Tangible fixed assets are stated at their historical acquisition or production cost, less accumulated depreciation. Depreciation is calculated in a predominantly linear fashion over the assets' estimated useful lifespans. Additions since 1 January 2017 are generally only depreciated using the linear method. In the case of permanent impairment, extraordinary depreciation is performed. In determining the cost of production for property, plant and equipment, the following are taken into account: the unit costs; an appropriate portion of overheads and depreciation on fixed assets, to the extent that this depreciation is a result of the manufacturing; and pro rata administrative and social security costs. Interest on borrowed capital is not taken into account. The determination of the expected, estimated useful lives of the tangible fixed assets – unless otherwise indicated above – occurs regularly and is based on the sector-related amortisation/depreciation tables published by the financial management department (minimum rate). Low-value assets with acquisition costs up to an amount of EUR 800 are fully depreciated in the year of acquisition and are treated as disposals.

Financial assets

Financial assets are valued at acquisition-cost price. In the case of permanent impairment, extraordinary depreciation is performed. Impairment losses are reversed if the reasons for a prior write-down no longer exist. Shares in associated companies which are relevant in terms of the asset, financial and earning situation are offset against equity capital (at-equity evaluation). The book values are increased or decreased annually by the proportional results, dividends and other changes in equity capital.

Inventories

Stocks of raw materials, supplies and operating materials as well as merchandise are valued at the acquisition cost or at the replacement cost, if lower, under strict application of the lowest value principle. Spare parts as components of the merchandise are generally valued at average prices. Inventory risks arising from the duration of storage or from the reduced marketability of the stocks of spare parts are accounted for using appropriate value deductions, which have been determined due to a uniform group valuation policy.

Stocks of unfinished goods and services and finished goods are valued at production cost or at replacement cost, if lower, under strict application of the lowest value principle. In determining the cost of production, the following are taken into account: the unit costs; an appropriate portion of material and manufacturing overheads and depreciation on fixed assets, to the extent that this depreciation is a result of the manufacturing; and pro rata administrative and social security costs. Interest on borrowed capital is not taken into account. The group valuation methods pursuant to Section 240(4) HGB or the imputation of the sequence of consumption (FIFO) were used in accordance with Section 256 HGB. Inventory risks arising from the duration of storage or from the reduced marketability of the stocks are accounted for using appropriate value deductions in the same way as risks arising from price movements occurring up to the time of balance sheet preparation.

Receivables and other assets

Receivables and other assets are recognised at their nominal value. Identifiable risks are covered by valuation allowances. The general credit risk is taken into account in the form of general valuation allowances (unchanged on previous year 1 per cent). Receivables in foreign currency are valued at the spot exchange rate at the balance sheet date. When assessing receivables in foreign currency with a residual maturity of one year or less, the historical cost convention in accordance with Section 253(1) sentence 1 HGB and the principle of unequal treatment under Section 252(1), no. 4, clause 2 HGB do not apply in this respect, as per Section 256a HGB.

Cash and cash equivalents

Cash and cash equivalents exclusively comprise cash in hand, bank balances and cheques and are stated at their nominal value. Foreign currencies are converted at the applicable rate on the payment date or at the spot exchange rate, if lower, at the balance sheet date.

Accrued and deferred items on the assets side

Accrued and deferred items relate to outgoing payments made before the balance sheet date, where these represent expenses after the balance sheet date. They are recognised at nominal value.

Equity capital

The appropriate amounts from the separate financial statements of AGRAVIS Raiffeisen AG are reported as subscribed capital and statutory and capital reserves in the consolidated financial statements. The subscribed capital is stated at nominal value. The Group profit remaining for the previous year after each pay-out to shareholders of the parent group is shown under "Other retained earnings".

Provisions for pensions and similar obligations

Pension obligations are based on the projected unit credit method (PUC method) using actuarial principles on the basis of 2018 G actuarial tables (published in 2018) by Heubeck AG, Cologne. According to this method, the amount of pension obligations is calculated according to the earned entitlement as at the balance sheet date, taking into account future salary and pension increases as well as a probable fluctuation dependent on age and length of service. The actuarial interest rate is a flat rate, calculated using the Bundesbank average market rate, and assumes a remaining maturity of 15 years. For some of the pension obligations, there are fund assets which are specifically and exclusively for the fulfilment of pension obligations. Such assets are not available to any other creditors. Accordingly, these obligations and the fair value of the fund assets are given net, according to Section 246(2) sentence 2 HGB. If there is a commitment overhang, it is recognised under the provisions. If the value of the fund assets exceeds that of the obligations, this is recognised on the asset side of the balance sheet as "Positive difference arising from asset allocation". During the reporting year – as in the previous year – no positive difference was recognised. The income from the qualified fund assets is offset and netted in the same period with the expense from the related pension obligations. The valuation of the fund assets is at fair value, determined in each case using actuarial principles. With regard to the fund assets – which are in the form of reinsurance policies – the actuarially determined value corresponds to the actuarial reserves for the policies, as per the business plan, and thus also to the cost of claims vis-à-vis the reinsurer.

Tax provisions and other provisions

Other provisions and tax provisions are recognised at their required settlement value, according to the judgement of a prudent businessman. They take into account all identifiable risks and contingent liabilities. Provisions with a remaining term of more than one year are discounted using the interest rates published by the Deutsche Bundesbank, according to the relevant maturity.

Liabilities

Liabilities are stated at their settlement value. With regard to trade payables, standard retention of title by goods suppliers exists. Liabilities in foreign currency are valued at the spot exchange rate at the balance sheet date. When assessing liabilities in foreign currency with a residual maturity of one year or less, the historical cost convention in accordance with Section 253(1) sentence 1 HGB and the principle of unequal treatment under Section 252(1), no. 4, clause 2 HGB do not apply in this respect, as per Section 256a HGB.

Deferred income

Accrued and deferred items relate to incoming payments made before the balance sheet date where these represent earnings after the balance sheet date. They are recognised at nominal value.

Deferred taxes

Deferred taxes are calculated using the balance sheet approach. Under this approach, deferred taxes are recorded on differences between the values of assets and liabilities under commercial law and their tax valuations, provided that the differences are expected to turn around in subsequent financial years and will later result in tax burdens or relief. Deferred tax assets also include tax rebate claims arising from the expected use of loss and interest carry-forwards in future years where the realisation of these can be guaranteed with sufficient certainty. Deferred taxes are calculated using the respective country-specific and company-specific tax rates as applicable according to the current legal situation at the time that the differences are established. To provide an improved insight into the Group's financial position and earnings situation, with the application of the option specified in Section 274(1) sentence 3 in conjunction with Section 298(1) HGB, as in the previous year, complete offsetting has been performed of the existing deferred tax liabilities (primary deferred tax liabilities) in the annual financial statements of those companies included in the consolidated financial statements, with the deferred tax liabilities from consolidation measures (secondary deferred tax liabilities) under Section 306 HGB as well as with the primary deferred assets of other Group companies. The option provided by Section 274(1) sentence 2 in conjunction with Section 298(1) HGB of the determination of a remaining deferred tax surplus has not been exercised. Deferred tax liabilities in accordance with Section 306 HGB are recognised. Expenses or income from any change in deferred taxes entered on the balance sheet are included under "Taxes on income and earnings".

Currency conversions

To the extent that, in individual cases involving foreign currency items or pending purchase and sales transactions already on the balance sheet, protection against exchange rate risks has been performed in the form of forward exchanges contracts, these are merged throughout with the respective underlying transactions, in application of Section 254 HGB. Accordingly, the valuation of the relevant receivables and payables or the determination of any contract risk arising from pending transactions is done directly using the respective hedge rate.

Contingencies and other financial obligations

The relevant figures are calculated on a nominal basis.

Derivative financial instruments

Insofar as the conditions for the formation of valuation units pursuant to Section 254 HGB have been met and a balance sheet assignment (designation) of hedging instruments has been performed and documented, the hedging and hedged transactions are merged into valuation units. As far as these criteria have not been met, the lower acquisition cost of the derivative (if any) and the market value is entered at the balance sheet date. In other words, derivative financial instruments (with negative fair values) not included in valuation units are represented in the entry of provisions for anticipated losses, while such transactions with positive fair values are not entered on the balance sheet.

E. Development of consolidated assets

	Acquisition and production costs					
(Specified in EUR thousand)	Carried forward 1 January 2022	Consolidation group changes	Additions	Transfers	Disposals	Exchange rate differences
I. Intangible assets						
1 Internally generated industrial property rights and similar rights and assets	4,631	0	157	0	99	48
2. Purchased concessions, industrial property rights and similar rights and assets and licences to such	112,021	0	6,200	5,966	1,562	72
3. Goodwill	77,109	0	1,911	9	307	0
4. Advance payments	16,600	0	8,554	-5,921	1,609	0
	210,361	**0**	**16,823**	**54**	**3,577**	**120**
II. Property, plant and equipment						
1. Land, land rights and buildings, including buildings on leased property	568,399	0	10,025	5,171	8,792	499
2. Technical equipment and machinery	364,016	3,280	8,280	5,198	8,560	666
3. Other equipment, factory and office equipment	121,991	0	11,293	531	9,533	105
4. Advance payments and plants under construction	13,491	0	11,708	-10,953	155	3
	1,067,897	**3,280**	**41,306**	**-54**	**27,040**	**1,273**
III. Financial assets						
1. Shares in affiliated enterprises	35,591	-124	3,885	124	113	0
2. Loans to affiliated enterprises	7,436	0	1,507	0	0	0
3. Shares in associated enterprises	228,783	0	24,835	0	0	0
4. Holdings	16,425	0	1,600	-124	692	0
5. Loans to enterprises in which an interest is held	3,463	0	200	0	0	0
6. Other loans	2,267	0	4,172	0	57	0
	293,965	**0**	**36,200**	**0**	**862**	**0**
Total fixed assets	**1,572,223**	**3,156**	**94,328**	**0**	**31,479**	**1,393**

	Accumulated write-downs							Book values	
As at 31 December 2022	Carried forward 1 January 2022	Consolidation group changes	Write-downs for the financial year	Trans-fers	Disposals	Exchange differences	As at 31 December 2022	31 December 2022	31 December 2021
4,737	3,540	0	169	0	9	48	3,748	989	1,090
122,697	79,237	0	9,204	0	1,381	51	87,111	35,587	32,784
78,722	64,742	0	7,117	0	307	0	71,552	7,170	12,368
17,624	0	0	0	0	0	0	0	17,624	16,600
223,780	**147,519**	**0**	**16,490**	**0**	**1,697**	**99**	**162,411**	**61,370**	**62,842**
575,302	292,276	0	16,090	0	6,861	229	301,734	273,567	276,123
372,879	257,217	0	13,594	0	7,197	439	264,053	108,826	106,798
24,387	94,946	0	10,272	0	,785	67	96,500	27,887	27,045
14,094	0	0	0	0	0	0	0	14,094	13,491
1,086,662	**644,439**	**0**	**39,957**	**0**	**22,843**	**735**	**662,288**	**424,374**	**423,457**
39,363	13,656	-13	5,319	13	0	0	18,975	20,388	21,936
8,943	0	0	0	0	0	0	0	8,943	7,436
253,618	34,491	0	343	0	0	0	34,833	218,785	194,292
17,209	534	0	0	-13	0	0	522	16,687	**15,890**
3,663	2	0	0	0	0	0	2	3,660	3,460
6,382	31	0	43	0	0	0	73	6,309	2,236
329,178	**48,714**	**-13**	**5,705**	**0**	**0**	**0**	**54,406**	**274,772**	**245,251**
1,639,620	**840,672**	**-13**	**62,151**	**0**	**24,539**	**834**	**879,104**	**760,516**	**731,550**

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 recorded based on the revaluation method at the acquisition/production cost value at the time of inclusion in consolidated assets. The fixed assets of companies which left the consolidated group during the financial year are also included gross in the fixed assets. The inward/outward acquisition/production costs are reported in the "Changes to consolidated group" column. The total amount of research and development costs for the financial year amounted to EUR 7.7 million. This includes expenses at an amount of EUR 0.2 million, which are included in the internally produced intangible assets at an amount of EUR 0.2 million as other own work capitalised. The book values of the shares of associated companies included in the previous year EUR 0.3 million of goodwill from the evaluation at the point in time when it was first included in the consolidated financial statements (2016 to 2022). This has been depreciated as planned in the financial year. Miscellaneous loans include credit balances from cooperatives amounting to EUR 48.0 thousand (previous year: EUR 48.3 thousand).

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

	Financial year (in EUR thousand)	Previous year (in EUR thousand)
Accounts receivables		
– trade receivables	**372**	542
– from affiliated enterprises	**300**	300
– from associated enterprises	**0**	0
– other assets	**2,093**	3,971

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

	Financial year (in EUR thousand)	Previous year (in EUR thousand)
Trade accounts receivables	**1,259**	4,364
Other assets	**12,567**	32,133

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

	Financial year (in EUR thousand)	Previous year (in EUR thousand)
Trade accounts receivables	**21,951**	13,028
Other assets	**14,320**	19,610

5. Other assets contains essential accruals in the form of tax refund claims to the amount of EUR 17,969 thousand (previous year: EUR 24,796 thousand).

6. "Accrued and deferred items" on the assets side no longer includes accrued interest. In the previous year, the costs of structuring the syndicated loan to the amount of EUR 2.3 million were recognised under this provided that these were attributed an interest-like character. The depreciation of expenses previously entered as assets for accrued interest is recognised in income in the amount of EUR 1.5 million.

7. The **registered capital** of AGRAVIS Raiffeisen AG, Münster, remained unchanged in 2022 and amounts to EUR 205,536,563.20. It is divided into 8,028,772 par value shares (registered shares with restricted transferability). The book value of each share is therefore EUR 25.60. The Board of Directors is authorised, with the consent of the Supervisory Board, to increase the registered capital one time or several times by a total nominal amount of up to EUR 12 million in the period up to 3 May 2023 by issuing new registered shares with restricted transferability in exchange for cash or contributions in kind (authorised capital). No further shares were issued in 2022 or after the balance sheet date. The purchase rights of shareholders are excluded. AGRAVIS Raiffeisen AG does not hold any treasury shares as of 31 December 2022 (previous year EUR 0).

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 shall 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.

Value 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 rights 2020/C **10,080**	2.25	until 12 November 2025, statutory notice of termination cannot be given
09 December 2021	Participation rights 2021/A **15,000**	2.80	until 09 December 2026, statutory notice of termination cannot be given
09 December 2021	Participation rights 2021/B **9,095**	2.00	until 09 December 2026, statutory notice of termination cannot be given
09 December 2021	Participation rights 2021/C **14,785**	1.80	until 09 December 2026, statutory notice of termination cannot be given

10. Provisions for pensions and similar obligations

The valuation of pension obligations is calculated using actuarial principles according to a projected unit credit method and is based on the following actuarial assumptions:

	Financial year (in per cent)	Previous year (in per cent)
Expected rate of pension increases		
– Adjustment 2023	7.00	1.70
– Adjustment 2024	6.00	
– Adjustment from 2025	2.30	
Expected rate of salary increases	3.25	2.50
Interest rate (Section 253(2) sentence 2 HGB)	1.78	1.87

Age-dependent employee turnover, as in the previous year, was estimated to be within a range of 1 to 4 per cent per annum. The calculation bases for the pension trend (increase to 7 per cent for 2023, 6 per cent for 2024 and to 2.3 per cent from 2025) and for the salary trend (reduction of 0.75 percentage points) were changed in the reporting year. The effect on earnings was EUR 16.6 million.

Pursuant to Section 246(2) sentence 2 HGB, fund assets consisting of claims from reinsurance, from which all other creditors are revoked access and whose aim is solely to meet liability obligations arising from pension benefits, have been offset against this. The settlement amount of the liabilities as at the balance sheet date was EUR 12,216 thousand (previous year: EUR 10,769 thousand The fair value of the offset assets, which also corresponds to their acquisition cost, is EUR 6,336 thousand (previous year: EUR 6,342 thousand). The resulting surplus of liabilities from the pension obligation over and above the valuation of fund assets is given under the item "Provisions for pensions and similar obligations". In the reporting period, EUR 29 thousand (previous year: EUR 39 thousand of income from the fund assets was offset against the expenses contained in the personnel costs from the pension provisions (in personnel costs at EUR 17.9 million, previous year EUR 1.1 million).

The difference according to Section 253(6) sentence 1 HGB between the approach of the provisions according to the corresponding average market interest rate from the past ten financial years and the approach of the provisions according to the corresponding average market interest rate from the last seven financial years amounts to a total of EUR 6,432 thousand (previous year: EUR 8,728 thousand).

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

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

	Financial year (in EUR thousand)	Previous year (in EUR thousand)
– HR and social-security-based obligations	38,963	32,325
– Risks and obligations from commodities	43,476	45,008
– Maintenance	2,492	289
– Bills of exchange	303	188

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

	31 December 2022 of which with a maturity				Previous year of which with a maturity			
	Total (in EUR thousand)	up to 1 year (in EUR thousand)	between 1 and 5 years (in EUR thousand)	of more than 5 years (in EUR thousand)	Total (in EUR thousand)	up to 1 year (in EUR thousand)	between 1 and 5 years (in EUR thousand)	of more than 5 years (in EUR thousand)
Liabilities to banks	753,161	543,307	147,256	62,598	791,734	695,097	66,373	30,264
Advances received on orders	18,901	18,901	0	0	15,217	15,217	0	0
Trade payables	578,494	578,491	3	0	480,559	480,481	78	0
Liabilities to affiliated enterprises	10,615	10,615	0	0	7,850	7,850	0	0
Liabilities to enterprises in which an interest is held	27,357	27,357	0	0	18,319	18,319	0	0
Other liabilities	62,967	62,967	0	0	34,369	34,369	0	0
Total	1,451,495	1,241,638	147,259	62,598	1,348,048	1,251,333	66,451	30,264

Of the liabilities to banks, EUR 109,758 thousand (previous year: EUR 98,903 thousand were secured by mortgages. Trade accounts receivables assigned and inventories assigned as collateral have also been reported as security for liabilities to banks from the drawing of a syndicated loan in the amount of EUR 495 million (previous year: EUR 565 million). The syndicated loan was concluded anew on 18 December 2019 with a volume of EUR 650 million. In the reporting year, liabilities to credit institutions include liabilities from ABS financing for receivables that were sold but had not formerly been written off in the amount of EUR 20,107 thousand (previous year: EUR 20,199 thousand). As in the previous year, the receivables arising from liabilities from the inflow of liquidity have been handed over to the debt purchaser.

A total of six promissory note bonds were newly introduced. The volume amounts to EUR 94.5 million (previous year: EUR 59 million). This represents six non-subordinate but unsecured promissory note bonds with fixed and variable rate tranches. The maturities for the tranches of the promissory note bonds are graduated and are up to 36 months (volume EUR 15 million), up to 54 months (volume EUR 52.5 million) and up to 78 months (volume EUR 27 million). Liabilities to credit institutes longer than one year total EUR 209.8 million (previous year: EUR 96.6 million).

14. Liabilities to affiliated enterprises includes:

	Financial year (in EUR thousand)	Previous year (in EUR thousand)
Trade payables	484	528
Other liabilities	10,131	7,322

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

	Financial year (in EUR thousand)	Previous year (in EUR thousand)
Trade payables	3,241	1,769
Other liabilities	24,116	16,550

16. Deferred taxes are determined for temporal differences which are expected to be reversed in the future between the commercial-law and the tax-law valuations of assets, liabilities and accrued and deferred items. In the case of tax reductions, the option to capitalise pursuant to Section 274 HGB was consistently not exercised throughout the Group. The calculation of deferred taxes is based on combined profits tax rates determined on a country-specific basis. An average tax rate of 31 per cent was used as a basis to determine deferred taxes existing in domestic companies and the impact of deferred taxes due to consolidation measures. The combined profit tax rate includes corporation tax, business tax and solidarity tax (not including business partnerships). Local tax rates of between 21 to 31 per cent were also applied to the amounts recognised in the balance sheet for deferred taxes of the companies based abroad.

Due to the full offsetting of deferred tax liabilities from annual financial statements with deferred tax assets from other Group companies (primary deferred taxes), no deferred taxes had to be recognised as liabilities in the consolidated balance sheet on the key date of 31 December 2022. Deferred tax assets from consolidation measures (secondary deferred taxes) in the amount of EUR 2,048 thousand had to be recognised as assets.

The deferred tax assets and liabilities included in the offsetting can be broken down as follows:

	Financial year (in EUR thousand)		Previous year (in EUR thousand)	
	primary	secondary	primary	secondary
• Deferred tax assets				
Intangible assets	5,314	0	4,617	0
Tangible fixed assets	1,313	0	1,724	0
Inventories	7,931	2,438	6,963	1,777
Provisions	28,290	49	22,955	103
Accounts receivables	6,763	0	3,033	0
Other assets/liabilities	3,673	782	2,876	816
Tax rebate claims from loss carry-forwards	7,833	0	9,373	0
	61,117	**3,269**	**51,541**	**2,696**
• Deferred tax liabilities				
Intangible assets	-200	0	-312	0
Tangible fixed assets	-16,036	-330	-8,009	-330
Inventories	-488	0	-379	0
Provisions	-52	-620	-50	-1,147
Other assets/liabilities	-328	-271	-716	-271
	-17,104	**-1,221**	**-9,466**	**-1,748**
	44,013	**2,048**	**42,075**	**948**
Total amount of the primary deferred tax asset surplus remaining after offsetting	**46,061**		**43,023**	

The above primary deferred taxes include, at the level of the financial statements included in the consolidated financial statements, the calculated deferred taxes, including the adjustment to the accounting and valuation policies applicable to the Group. 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:

	Financial year (in EUR million)	Previous year (in EUR million)
Agriculture wholesale	3,397	2,716
Agriculture/farming	2,832	2,196
Energy	1,685	988
Machinery	1,138	987
Retailing	348	336
Other	45	55
Total revenue	**9,445**	**7,278**

The sales revenues figure includes revenues from services to the amount of EUR 131 million (previous year: EUR 127 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:

	Financial year (in EUR thousand)	Previous year (in EUR thousand)
• Income		
from the disposal of fixed assets	3,906	4,891
from the reversal of provisions	11,342	6,063
from the reversal of value adjustments and inputting of written-down receivables	7,419	6,401
• Expenses		
Expenditure from valuation of assets	40,066	11,503
Losses on disposal of fixed assets	3,547	792

A full value adjustment in the amount of EUR 24,386 thousand for receivables from subsidiaries based or active in Russia was recorded in other operating expenses. Value adjustments were required in consideration of commercial prudence due to the war in Ukraine and the resulting changes to market assessments.

In addition, other operating income and other operating expenses include exchange-rate gains to the amount of EUR 5,249 thousand (previous year: EUR 3,021 thousand and losses to the amount of EUR 5,338 thousand (previous year: EUR 1,891 thousand). Other interest and similar expenses includes expenses outside of period from the change in the interest rate for the evaluation of the pension provision at an amount of EUR 1,613 thousand (previous year: EUR 6,549 thousand). The unscheduled depreciation of goodwill resulting from the initial consolidation of AGRAVIS Technik Center Alpen, AGRAVIS Technik Raiffeisen GmbH and AGRAVIS Westfalen-Hessen GmbH is included in the expenses from the depreciation of intangible and tangible fixed assets in the amount of EUR 1,103 thousand.

3. Within the figure for **taxes on income and earnings**, there are deferred tax assets of EUR 2,048 thousand (previous year: EUR 45 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

Of the Group's generated equity capital of EUR 227 million, AGRAVIS Raiffeisen AG's statutory reserve of the parent company to the amount of EUR 26.2 million contained therein, pursuant to Section 150 AktG and Section 33 of the articles of association, is subject to a disbursement block. For the EUR 1.0 million of internally generated intangible fixed assets recognised on the balance sheet, there is a disbursement block as per Section 268(8) sentence 1 of the HGB. Furthermore, the difference according to Section 253(6) sentence 1 HGB at an amount of EUR 6,432 thousand is blocked for disbursement corresponding to the regulation 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:

	Financial year (in EUR thousand)	Previous year (in EUR thousand)
Liabilities from the issue and transfer of bills of exchange	29,948	18,612
Liabilities under guarantees, bill guarantees and cheque guarantees	28,076	15,398
Liabilities under warranties and pending take-back obligations	32,832	32,098
Contingencies from remaining pending liabilities	9,051	0

On the basis of currently available information – regarding in particular the creditworthiness, assets (including hidden reserves) and the payment behaviour of directly obliged debtors – recourse is not expected with regard to the liabilities from the issuance and transfer of bills and with regard to liabilities from guarantees. The liabilities under warranties concern residual-value guarantees from customer financing and pending take-back obligations from trade in machinery. As the obligations are otherwise countered by the machine values, further risks of recourse are not evident. The application of foreign liabilities for which the collateral was placed is monitored continuously. Given observable payment behaviour, again no recourse is to be expected here. Furthermore, there were two letters of comfort in favour of associated companies amounting to EUR 2.4 million, the usage of which is not to be expected 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 to the amount of EUR 79 million were sold to a credit institute and deleted from the balance sheet. ABS financing is used for the short-term strengthening of liquidity and financial strength of the Group. This involves all debt risks being definitively transferred to the credit institute. The management of the accounts receivable for those receivables transferred to the SPV – including those sales of receivables which do not place a burden on the balance sheet due to lack of risk transfer – will continue to be undertaken by AGRAVIS Group companies. In order to improve short-term liquidity, structured financing has been concluded for various agricultural products in the form of reverse repurchase agreements. From this, there are pending take-back options to the amount of EUR 199 million (previous year: EUR 195 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:

	Financial year (in EUR thousand)
Tenancy and building lease obligations	
– annual amount	15,826
– of which with a maturity of more than 5 years	1,904
– of which with a maturity of more than 10 years (building leases to 2102)	224
Leasing obligations	
– annual amount	23,675
– with a maturity of more than 5 years	2,208
Remaining obligations from the provision of capital goods and other financial obligations	7,270
Obligations from equity interests in limited liability companies	
– own contributions outstanding	13

The use of any part of the business real estate or of technical installations, machinery, factory and office equipment (including vehicle fleet) occurs on the basis of rental, tenancy and operating lease contracts. Such contracts also contribute to reducing the Group's capital lock-up and mean that the investment risk remains with the respective owners or lessors. The obligations existing in connection with the contracts are contained in the above information regarding other financial obligations.

4. Valuation units and derivatives

AGRAVIS Raiffeisen AG has undertaken interest-rate-hedging transactions in order to limit interest rate risks on variable interest loans. This exclusively involves interest rate swaps for hedging purposes to ensure future cash flows. Coinciding with the assumption of long-term loans, maturity-matching interest rate swaps were concluded, whereby synthetic fixed-rate borrowings were created. These micro-hedges amounted to a volume of EUR 21.3 million as at 31 December 2022. The market value of these swaps is EUR 1.3 million. Analogously, interest-rate swaps with a nominal value of EUR 15.0 million and a market value of EUR 0.8 million were concluded for variable-rate tranches of the promissory note bonds. Again, hedging relationships in the form of micro-hedges are present here.

In order to hedge the risks from future cash flows arising from drawdowns under the syndicated loan, interest rate swaps were also concluded with a nominal value of EUR 355.0 million. The volume corresponds to the average credit exposure according to the Group's liquidity planning. These swaps represent a portfolio hedge in relation to the consolidated operating funds. The market value of all interest rate swaps with respect to the syndicated loan was EUR 11.7 million at the end of 2022. No provisions for contingent losses were made, due to the incorporation into valuation units, in terms of micro- and portfolio hedges. To hedge currency risks (PLN, USD), derivative hedges were deployed – predominantly maturity options. The nominal value of these transactions – which corresponds to the amount of the hedged risks – was valued at EUR 61.4 million at the balance sheet date. These hedges are directly related to (scheduled) transactions in commodities in foreign currencies and are therefore grouped together into valuation units long with the underlying transactions, in the form of micro-hedges. The market value of these derivatives as at the balance sheet date was minus EUR 0.6 million. The opposing changes in cash flows arising from currency hedging and underlying transactions are completely equalised over the period of the term of the hedging transactions in the following financial year.

In order to control current and future price risks arising from commodities trading, particularly in terms of trading raw materials for feed (soya amongst others), oilseed and grain, derivative financial instruments in the form of standardised exchange-traded commodity futures contracts are used, alongside OTC futures contracts and option contracts on agricultural commodities concluded with trading partners with first-class credit ratings. The instruments serve solely to hedge operating transactions; therefore, additional risks do not arise. The transactions are performed exclusively in a manner which is customary for the market. Transactions for speculative purposes are not performed. These hedges are merged in part in the sense of a portfolio hedge as a valuation unit with the corresponding inventories, with a total value of EUR 428.2 million, with purchase and sales contracts pending at the balance sheet date. For the negative market values of the derivative financial instruments included in the valuation unit to the amount of EUR 23.7 million, provisions for contingent losses were not to be allocated.

Commodity futures and option contracts are valued based on the daily prices quoted on the markets for the underlying raw materials and the differences which result from the forward exchange rate and the daily exchange rates. In doing so, the market value of these derivatives is calculated as part of a daily comparison with the valuations provided by various well-known trading partners. Due to taking reference from global marketplaces for the prices, the stocks and transactions included in the valuation units are subject to correlating risks from changes in price of agricultural commodities. The opposing changes in cash flows arising from the various elements of the valuation unit are equalised as far as possible due to reference being made to identical value parameters when carrying out business transactions, which regularly occur within the subsequent year.

As far as risks for open contract items are not fully covered by the formation of provisions or if the existing valuation units exhibit inefficiencies, this was accounted for through allocations to provisions for contingent losses. As at the balance sheet date, these amounted to EUR 15.2 million (previous year: EUR 23.7 million). Alongside the commodity option transactions which are used in a hedging relationship within the meaning of the above description, additional option transactions are effected by individual companies within the Group for the purpose of risk management which, however, are not designed to be a hedging instrument in an accounting sense. The option premiums incurred in the acquisition of put/call options spent are reported under "other assets" and under strict application of the lowest value principle. Option premiums received as a result of the sale of put/call options together with the threatening losses coming from the received premium were replaced by the depositing of securities with the contract partners. The amount of option transactions is listed below:

Type of transaction	**Amount** (in tonnes)	**Current value** (in EUR thousand)	**Book value** (in EUR thousand)
Purchase of OTC options (put/call)	385,500	12,489	10,387
Sale of OTC options (put/call)	390,500	-2,322	-8,748

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 2022, there was an average of 5,993 employees (previous year: 5,803) of which 5,143 were full-time employees (previous year: 4,993 full-time employees), 850 part-time employees (previous year: 810 part-time employees). In addition, 554 trainees were also employed (previous year: 529 trainees).

7. Executive bodies

For their activities during the financial year, the total remuneration paid to members of the Supervisory Board amounted to EUR 377 thousand and the total remuneration paid to members of the Advisory Board amounted to EUR 128 thousand. The total remuneration paid to the Board of Directors in the 2022 financial year was EUR 3.1 million. The total remuneration paid to former members of the Board of Directors and their surviving dependants amounted to EUR 2.2 million. The provisions made for pensions for these persons amounted to EUR 37.9 million.

8. Auditors' fees

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

		Financial year (in EUR thousand)
a)	Auditing of financial statements	766
b)	Other certification services	163
c)	Tax advisory services	8
d)	Other services	102
	Total	**1,039**

9. Profit distribution recommendation from the parent company creating the consolidated financial statements

Under inclusion of allocations to the statutory reserves at an amount of EUR 598,000.00 as well as the consideration of the profit carried forward from 2021 at an amount of EUR 710,564.67, there was a balance sheet profit of EUR 12,067,352.99 for financial year 2022. The Board of Directors proposes to the Annual General Meeting a dividend of EUR 1.28 per share, a total of EUR 10,276,828.16. The Board of Directors proposes putting EUR 1,000,000.00 into other retained earnings and carrying the remaining amount of EUR 790,524.83 forward.

10. Supplementary report

There were no events or developments following the end of the financial year that would have led to any significant change to the identification or valuation of individual assets or accounts payable as at 31 December 2022 or which would need to be reported.

Münster, 29 March 2023

AGRAVIS Raiffeisen AG, Board of Directors

Dr Köckler (Chairman) Hesseler Heinecke Sudhoff

Daniel Roggelin and Renate Baltz, AGRAVIS Technik Sachsen-Anhalt/Brandenburg GmbH

8 | Audit opinion

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 2022, the consolidated profit and loss account, the Group equity capital, the Group statement of cash flow for the financial year from 1 January to 31 December 2022 and the Explanatory notes to the Group Annual Report, including the presentation of the accounting and valuation methods. We have also audited the Group Management Report of AGRAVIS Raiffeisen AG, Münster, for the financial year from 1 January up to 31 December 2022.

In our opinion, based on the findings of our audit,
- the attached consolidated financial statements in all material respects comply with the provisions of German commercial law applicable to corporations and give a true and fair view of the financial position of the Group as at 31 December 2022, in compliance with generally accepted accounting principles, and its results of operations for the financial year from 1 January to 31 December 2022 and
- overall, the attached Group Management Report gives a true and fair view of the Group's position. In all material respects, this Group Management Report is consistent with the consolidated financial statement, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with Section 322(3) sentence 1 HGB, we declare that our audit has not given rise to any objections regarding the accuracy of the consolidated financial statements and the Group Management Report.

Basis for the audit opinions
We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Our responsibilities under these rules and policies are further described in the section entitled "Auditor's responsibilities for the audit of the consolidated financial statements and Group Management Report" of our audit opinion. We are independent of the Group companies in compliance with provisions specified in German commercial and employment law. We have met our other German professional obligations in accordance with these requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide the basis for our auditor's certification notice concerning the consolidated financial statement and Group Management Report.

Other information
The legal representatives and/or the Supervisory Board are responsible for other information. The information consists of:
- the "Supervisory Board's report" section of the 2022 Group Annual Report;
- the "Corporate governance" section of the 2022 Group Annual Report;
- affirmation of legal representatives in accordance with Section 297(2) sentence 4 HGB and Section 315(1) sentence 5 HGB for 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 inspected information contained in the Group Management Report and not our associated audit opinion.

Our audit opinions on the consolidated financial statements and the Group Management Report do not extend to the other information and, accordingly, we give neither an opinion nor any other form of audit conclusion on the matter.

In connection with our audit of the consolidated financial statements, we have a responsibility to read the other information specified above and to assess whether the other information
- indicates serious inconsistencies with the consolidated financial statements, the Group Management Report or with the knowledge we obtained during the audit or
- otherwise appear significantly different than disclosed.

Responsibility of the legal representatives and the members of the Supervisory Board for the consolidated financial statements and the Group Management Report

The legal representatives are responsible for preparation of the consolidated financial statements, which comply with the German commercial law applicable to corporations in all material respects, and that the consolidated financial statements give a true and fair view of the assets, financial position and earnings situation of the Group in accordance with generally accepted German accounting principles. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with generally accepted accounting principles in order to facilitate preparation of consolidated financial statements that are free from material misstatement based on fraudulent actions (i.e. manipulation of accounting and misappropriation of assets) or errors.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing matters relating to the continuation of the Group's activities, where relevant. In addition, they are responsible for accounting for the Group's ability to continue as a going concern on the basis of the accounting policy, insofar as this does not conflict with actual or legal circumstances.

In addition, the legal representatives responsible for the preparation of the Group Management Report, which gives a true and fair view of the Group's position and, in all material respects, is consistent with the consolidated financial statements, complies with German legal requirements and accurately reflects the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they deemed necessary to enable the preparation of a Group management report in accordance with the applicable German statutory provisions and to provide sufficient suitable evidence for the statements in the Group management report.

The Supervisory Board is responsible for monitoring the accounting process of the Group 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 Group Management Report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement based on fraudulent actions and free from errors, and whether the Group Management Report as a whole gives a true and fair view of the position of the Group and in all material respects is consistent with the consolidated annual financial statements and with the findings of the audit, that it complies with German legal requirements, accurately reflects the opportunities and risks of future development and to issue an Auditor's Report that includes our audit opinions on the consolidated annual financial statements and Group Management Report.

Reasonable assurance means a high degree of assurance, but there is no guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always reveal a material misstatement. Misstatements may result from fraudulent actions or errors and are considered material if they could reasonably be expected to influence, individually or collectively, the economic decisions of addressees made on the basis of these consolidated financial statements and Group Management Report.

During the audit, we exercise due discretion and maintain a critical attitude. In addition,

- we identify and assess the risks of material misstatement based on fraudulent actions or errors, in the consolidated financial statements and the Group Management Report, we plan and perform audit procedures in response to those risks and obtain sufficient and appropriate audit evidence to form the basis of our audit opinion. The risk that material misstatements resulting from fraud will not be identified is greater than that for a misstatement resulting from errors, since fraud may include collusive co-operation, counterfeiting, deliberate omissions, misleading representations or the overriding of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and Group Management Report in order to plan audit procedures that are appropriate under the specific circumstances but not with the objective of issuing an audit opinion on the effectiveness of these systems.
- we assess the appropriateness of the accounting methods used by the legal representatives and the appropriateness of the legal representatives and evaluate whether the estimated values and related information presented by the legal representatives are reasonable.

- we draw conclusions regarding the appropriateness of the accounting policy used by the legal representatives with respect to the Group's ability to continue as a going concern and, on the basis of the audit evidence obtained, whether there is material uncertainty surrounding events or circumstances that indicate significant doubts as to the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit opinion to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, to modify our opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's certification notice. However, future events or conditions may result in the Group no longer being able to continue as a going concern.
- we assess the presentation, structure and content of the consolidated financial statements as a whole, including whether the disclosures and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, in compliance with generally accepted German accounting principles, give a true and fair view of the Group's financial position and earnings situation.
- we obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group to enable us to express an opinion on the consolidated financial statements and the Group Management Report. We are responsible for the guidance, monitoring and implementation of the audit of the consolidated financial statements. We shall bear the sole responsibility for our audit opinions.
- we evaluate the consistency of the Group Management Report with the consolidated financial statements, its legal consistency and the view provided of the Group's position.
- we perform audit procedures on the future-oriented statements made by the company's legal representatives in the Group Management Report. On the basis of adequately appropriate audit evidence, we in particular examine the significant assumptions underlying the forward-looking statements made by the company's legal representatives and assess the proper derivation of the forward-looking statements from said assumptions. We do not express an independent opinion on the future-oriented information nor on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss with the supervisors the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

Düsseldorf, 29 March 2023
Deloitte GmbH Auditing Company

(Professor Dr Carl-Friedrich Leuschner)	(Max Schürtz)
Auditor	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 Group's situation in terms of assets, finances and earnings, 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, 29 March 2023
AGRAVIS Raiffeisen AG, Board of Directors

Dr Köckler (Chairman)	Heinecke	Hesseler	Sudhoff

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responsible

AGRAVIS Raiffeisen AG
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