

Annual Report  
2022 | 2023

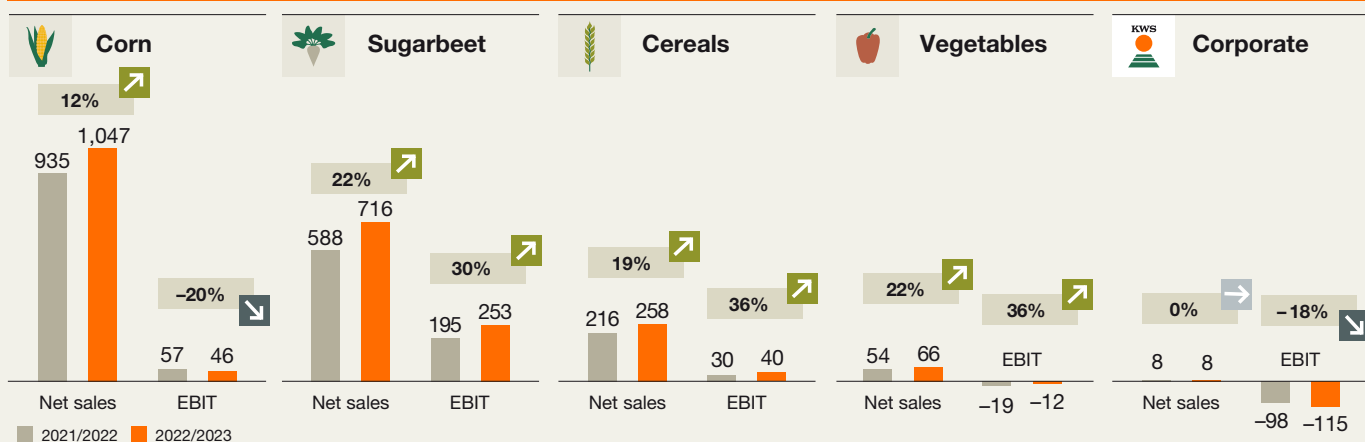
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THE FUTURE**  
SINCE 1856



# KWS in Figures

The KWS Group (in € millions)	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
<b>Net sales and income</b>						
Net sales	1,819.8	1,539.5	1,310.2	1,282.6	1,113.3	1,068.0
EBITDA	318.2	252.4	230.9	225.5	199.7	182.7
EBIT	222.8	155.1	137.0	137.4	150.0	132.6
as a % of net sales (EBIT margin)	12.2	10.1	10.5	10.7	13.5	12.4
Net financial income/expense	-47.1	-16.9	5.2	-7.8	-5.5	5.4
Net income for the year	127.0	107.8	110.6	95.2	104.0	99.7
<b>Other figures on earnings</b>						
R&D intensity in % <sup>1</sup>	17.3	18.0	19.3	18.4	18.5	18.5
<b>Financial position and assets</b>						
Capital expenditure	109.1	93.5	81.3	108.0	96.6	71.7
Depreciation and amortization	95.4	97.4	93.8	88.2	49.7	50.1
Equity	1,291.1	1,245.9	1,053.7	994.5	963.5	881.8
Equity ratio in %	47.0	47.0	44.3	44.5	45.5	58.1
Return on equity in %	10.4	10.5	10.9	10.1	12.1	12.3
Return on assets in %	5.8	5.1	5.7	5.3	7.6	7.1
Net debt <sup>2</sup>	565.2	521.9	475.6	495.7	497.9	37.4
Total assets	2,749.6	2,651.8	2,376.7	2,235.5	2,115.0	1,517.7
Capital employed (avg.) <sup>3</sup>	1,819.1	1,667.9	1,604.7	1,640.5	1,047.1	981.1
ROCE (avg.) in % <sup>4</sup>	12.2	9.3	8.5	8.4	14.3	13.8
Cash flow from operating activities	144.7	100.3	168.3	136.2	72.9	98.1
Free cash flow	44.5	9.4	84.2	31.5	-5.6	30.0
<b>Employees</b>						
Number of employees (avg.) <sup>5</sup>	5,055	4,865	4,549	4,317	4,126	3,852
Personnel expenses	401.8	355.8	326.3	310.1	280.7	253.9
<b>Key figures for the share</b>						
Earnings per share in €	3.85	3.27	3.35	2.89	3.15	3.02
Dividend per share in € <sup>6</sup>	0.90	0.80	0.80	0.70	0.67	0.67

## Segments (in € millions)



## Reconciliation (in € millions)

	Segments	Reconciliation	KWS Group
Net sales	2,095.2	-275.4	1,819.8
EBIT	212.3	10.5	222.8

<sup>1</sup> The previous year's figures have been adjusted as described in section "3.1. Consistency of accounting policies."

<sup>2</sup> Short-term + long-term borrowings – cash and cash equivalents – securities

<sup>3</sup> Total capital employed at the end of the quarters (intangible assets + property, plant and equipment + inventories + trade receivables – trade payables) / 4

<sup>4</sup> EBIT/Capital Employed (avg.)

<sup>5</sup> FTE: Full time equivalents; previous years adjusted less trainees/interns

<sup>6</sup> The dividend for 2022/2023 is subject to the consent of the Annual Shareholders' Meeting in December 2023.

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The cover photo, which was taken in a field near Wohlde in northern Germany, shows rye after it has flowered. Its resource-efficient traits make rye an attractive option for more sustainability in arable farming. In addition, rye is very suitable for human nutrition as well as for fodder. You can read more about this topic in the article “Hybrid rye as a traditional cereal with potential” in the current issue of our KWS Portrait at <https://portrait.kws.com/>.



**Executive Board**

**Felix Büchting** (Spokesperson) Research & Breeding, Human Resources, Strategy, Farming, Corporate Office & Services

**Nicolás Wielandt** Corn Europe, South America, North America and China

**Peter Hofmann** Sugarbeet, Vegetables, Cereals, Oilseed Rape / Special Crops & Organic Seeds, Marketing & Communications

**Eva Kienle** Finance & Procurement, Controlling, Global Transaction Center, Legal Services & IP, Information Technology, Compliance Office, Governance & Risk Management



# To Our Shareholders

## Foreword of the Executive Board

*Dear shareholders, partners  
and friends of KWS,*

I am pleased to welcome you here for the first time in my new role as Spokesperson of KWS' Executive Board. At the Annual Shareholders' Meeting last December, we completed our long-planned generational change on the Executive Board and the Supervisory Board, thus laying the foundations for the future. Thinking in terms of generations is an essential part of our corporate culture – it defines our day-to-day activities and guides our commercial decisions.

The fact that we are able to tell you about a very successful year in this Annual Report, which I warmly invite you to read, is due to the groundwork we laid some time ago to achieve that. This is because plant breeding is an arduous, time-consuming undertaking. It can sometimes take ten years to develop a new variety. To be successful in this requires staying power, creativity and innovativeness, as well as a high degree of entrepreneurial independence.

In 2010, we decided to add sunflower to our portfolio, for example. In the past fiscal year – some 13 years later – we were able to submit our own varieties for official approval for the first time after intensive research and breeding work, with an eye to marketing them in the coming years. Sunflower plays a major role in farming in southeastern and Eastern Europe, in particular, and will also gain in importance in the future in view of climate change, since this crop's water use is relatively good.

Another example is Brazil, where we started breeding corn for tropical and subtropical regions just over a decade ago. KWS was hardly known in Brazil at the time, but now we have an innovative portfolio of varieties in this important market and, with a share of around 10%, are one of the leading seed vendors there.

Now let's turn from the past and look to the future, in which we as a seed specialist will need – more than ever before – to supply farmers with adapted and high-yielding varieties. After all, as the repercussions of climate change become more and more tangible, the challenges facing agriculture worldwide are growing. Stable harvests and high food security can no longer be taken for granted in times of increasing weather anomalies such as long periods of drought, heavy rainfall or storms. In addition, climate change is leading to a greater prevalence and spread of plant diseases and insects that previously had hardly any relevance.

At the same time, as one of the world's largest emitters of greenhouse gases, agriculture must do its bit to reduce the ecological footprint and strengthen biodiversity and soil health. The European Union has set concrete and ambitious targets for European agriculture with its Farm to Fork Strategy as part of the Green Deal. By 2030, for example, the use of chemical pesticides is to be cut in half and the use of fertilizers reduced by one-fifth, while organic farming is to be significantly expanded – an enormous challenge given the above-described impacts of climate change and the need to maintain food security.

As one of the world's leading seed specialists, we see ourselves as part of the solution to this challenge. We believe that innovative seed will play a key role in the transformation toward more sustainable agriculture. In the future, innovative varieties will not only safeguard yields, but also have resistance to diseases and pests. As a result, for instance, the use of pesticides can be reduced, while the plants require fewer nutrients such as nitrogen or have demonstrably positive effects on soil health.

We have set ourselves clear goals in this regard as part of our Sustainability Ambition 2030. For example, our goal moving forward is for at least a quarter of our varieties to be suitable for low-input farming. You can find out how we are tackling these and other exciting innovation topics at KWS in our Research & Development Report starting on [page 26](#), which I would very much like to commend to you.

By its very nature, an Annual Report focuses on facts and figures. However, our success, which is evidenced in the key figures for fiscal 2022/2023, has many stories and faces – first and foremost those of our more than 5,000 dedicated and highly qualified colleagues at KWS worldwide! It fills me with pride and joy to see how the special “KWS spirit” and our shared mission – “Our passion for plants sustains farming, food and planet” – drive and unite us in striving for a better world in which there is food security for all and we conserve the environment.

We live our core values of closeness, reliability, foresight and independence not only within the company, but also with farmers, business partners and shareholders.

I would like to take this opportunity to thank all of you for the successful working relationship and your trust in KWS, and I hope you find this Annual Report both informative and interesting.

A handwritten signature in blue ink that reads "Yours, Felix Büchting". The signature is written in a cursive, slightly slanted style.

Dr. Felix Büchting  
Spokesperson of the Executive Board

## Report of the Supervisory Board

KWS SAAT SE & Co. KGaA and the personally liable partner, KWS SE, both have a separate Supervisory Board, each with the same shareholder representatives serving on them. The Supervisory Board of KWS SAAT SE & Co. KGaA has two employee representatives in addition to the shareholder representatives. Both boards hold some meetings together, with the result that the employee representatives are informed at an early stage in upcoming decisions by the personally liable partner.

The Supervisory Board of KWS SAAT SE & Co. KGaA discharged the duties incumbent on it in accordance with the law, the company's Articles of Association and the bylaws, regularly advised and monitored the personally liable partner, represented by its Executive Board, in its activities and satisfied itself that the company was run properly and in compliance with the law and that it was organized efficiently and cost-effectively. The Supervisory Board extensively discussed all significant business transactions and carefully accompanied the Executive Board in all fundamental decisions of importance to the company. As is customary, the Executive Board involved the Supervisory Board in all key decisions. The Supervisory Board was provided with the necessary information in written and oral form regularly, promptly and comprehensively. This included all key information on relevant questions, in particular relating to strategy, planning, the business performance and the situation of the company and the KWS Group, including the risk situation, risk management and compliance. In the year under review, there were no transactions with related parties which require the Supervisory Board's approval in accordance with Section 111b of the German Stock Corporation Act (AktG).

The company's business policy, corporate and financial planning, profitability and situation, market trends and the competitive environment, research and breeding and, along with important individual projects, risk management at the KWS Group, in particular in relation to the geopolitical crisis in Eastern Europe, were the subject of detailed discussions in the year under review.

The Chairperson of the Supervisory Board continued the direct discussions with the Spokesperson of KWS SE's Executive Board and individual members of the Executive Board in regular talks outside the meetings of the Supervisory Board in the year under review. In addition, there were monthly meetings between the Chairperson of the Supervisory Board and the Executive Board as a whole, where the company's current business development and, in particular, its strategy, occurrences of special importance and individual aspects were dealt with. The Chairperson of the Supervisory Board informed the Supervisory Board of the results of these meetings. The Supervisory Board did not make use of its right to conduct an examination granted by Section 111 (2) of the German Stock Corporation Act (AktG) since the reporting by the Executive Board meant there was no reason to do so.

### **Focal areas of deliberations**

Four in-person meetings of the Supervisory Board of KWS SAAT SE & Co. KGaA and one hybrid meeting were convened in fiscal 2022/2023. The meetings were always attended by all its members.

At the beginning of the year under review, the Supervisory Board of KWS SAAT SE & Co. KGaA convened its meeting to discuss the financial statements on October 26, 2022. At this meeting, the Supervisory Board first asked the auditors to explain the results of the audit of the annual financial statements of KWS SAAT SE & Co. KGaA and the KWS Group. This discussion took place without the Executive Board of KWS SE. With the Executive Board in attendance, the Supervisory Board then approved the financial statements of KWS SAAT SE & Co. KGaA and approved the consolidated financial statements of the KWS Group as of June 30, 2022.

Following this meeting, the Supervisory Board members of both bodies were informed in detail about KWS' objectives with regard to the topics of "Environment, Social & Governance". In addition, the still critical situation in Ukraine and Russia was analyzed and discussed.

On December 5, 2022, the Supervisory Board of KWS SAAT SE & Co. KGaA met for the last time in



its old composition. Focal topics at this meeting were the status of KWS' research activities, recruiting and retaining employees in view of the shortage of skilled workers, and the increasing threat to business operations from cyberattacks, including measures to defend against them.

The Annual Shareholders' Meeting on December 6, 2022, reelected Dr. Marie Th. Schnell and Victor W. Balli to the Supervisory Board and appointed Professor Dr. Dr. h.c. mult. Stefan W. Hell and Philip Freiherr von dem Bussche, the former Spokesperson of the Executive Board, as new

members. Philip von dem Bussche's term of office is limited to two years. Christine Coenen was again appointed to the Supervisory Board as an employee representative, and Eric Gombert was appointed for the first time as such.

After the Annual Shareholders' Meeting of KWS SAAT SE & Co. KGaA, the new Supervisory Board convened its constitutive meeting. The new Supervisory Board elected Philip Freiherr von dem Bussche as its Chairperson and Dr. Marie Th. Schnell as Deputy Chairperson and formed the committees shown below.

#### Committees of the Supervisory Board of KWS SAAT SE & Co. KGaA

Committee	Chairperson	Members 2022/2023
<b>Audit Committee</b>	Victor W. Balli	Philip Freiherr von dem Bussche Christine Coenen
<b>Nominating Committee</b>	Dr. Marie Theres Schnell	Victor W. Balli Philip Freiherr von dem Bussche

As scheduled, the Supervisory Board requested and was given a presentation on the status of the breeding programs for all major crops at its spring meeting on March 14, 2023. On June 29, 2023, the Supervisory Board discussed the budget and medium-term planning, including ways of countering the significant inflation. The Supervisory Board of KWS SE subsequently adopted the budget and planning.

In the year under review, the long-prepared and announced generational change on KWS' Executive Board and Supervisory Board was largely completed. On December 6, 2022, **Dr. Hagen Duenbostel** resigned from the Executive Board of KWS after around 20 years of service and responsibility on it and thus entered a two-year cooling-off as it is intended to propose him for election to the Supervisory Board of KWS SAAT SE & Co. KGaA at the Annual Shareholders' Meeting at the end of 2024.

In 1998, Dr. Hagen Duenbostel decided to move from auditing to operational business. He soon took over as Head of Business Administration at KWS MAIS GMBH. The aim was to develop the corn business more quickly. To achieve this, we spun off our corn activities into a separate

company. Hagen Duenbostel made a strategic contribution from the outset, with the result that he was entrusted with managing KWS MAIS GMBH in 2000. Since then, he has been actively involved in building our international strategic partnerships. The Supervisory Board at the time recognized his entrepreneurial talent and appointed him Chief Financial Officer in 2003 at the age of just 33. In 2004, the task was to make the venerable KWS fit for the capital market; 25% of our shares were to be placed as part of a secondary offering. Switchover to the IFRS, quarterly reporting and much more had to be accomplished on our way to becoming a Prime Standard company in the S-DAX index at the German Stock Exchange. Thanks to Hagen Duenbostel, this metamorphosis was successfully completed. In 2013, he took over responsibility for the fast-growing Corn Segment before being appointed Spokesperson of the Executive Board in 2015. Our company's development in the around 20 years he has served on the Executive Board has been highly pleasing. The Supervisory Board thanks Hagen Duenbostel in particular for his value-oriented and strategic work and also looks forward to his return in another capacity.

The Annual Shareholders' Meeting on December 6, 2022, also marked the end of the third period of office of the shareholder representatives **Dr. Dr. h.c. mult. Andreas J. Büchting** and **Cathrina Claas-Mühlhäuser** and of the employee representative **Jürgen Bolduan** on our Supervisory Board. The 15 years of service by these three Supervisory Board members have seen such groundbreaking decisions as entry into corn business in Latin America, the withdrawal from seed potato business, the KWS Group's global administrative reorganization as part of the GLOBE project, the changes in legal form – first to a European Stock Corporation (SE) and later to a partnership limited by shares (KGaA) – not to mention the establishment of the new Business Unit Vegetables with the acquisition of the Dutch vegetable breeding company Pop Vriend Seeds. Last but not least, the outgoing members of the Supervisory Board laid key foundations for our company's future by drawing up the "Strategic Planning 2031" in the midst of an international paradigm shift in agricultural and environmental policy.

The name Claas is synonymous with "agriculture" and "family business." In view of this, **Cathrina Claas-Mühlhäuser** was a particularly valuable addition to our Supervisory Board. Since joining, she has contributed her deep understanding of the needs and challenges of our customers to our board's work. As Chairperson of the Shareholders' Committee and of the Supervisory Board of CLAAS KGaA mbH, Cathrina Claas-Mühlhäuser has always paid close attention to global agricultural policy and economic conditions in the agricultural sector.

**Jürgen Bolduan** represented the interests of our workforce on the Supervisory Board for 15 years, and was a member of its Audit Committee throughout his term of office. Following his reelection as Chairperson of the Central Works Council of KWS SAAT SE & Co. KGaA in the summer of 2022 – a position Jürgen Bolduan has held since 2010 – he decided not to stand again for the Supervisory Board so that he could concentrate more on his Works Council activities. His collaboration was constructive at all times and helped KWS to remain independent and successful. One example that can be cited is the change of

legal form to a partnership limited by shares (KGaA), because it is the guarantor of our independence. Jürgen Bolduan backed this move, accepting the formal restriction to participation rights it entailed.

**Andreas J. Büchting** devoted all his creative energy to his and our KWS for almost five decades. The Deputy Chairperson of the Supervisory Board, Dr. Marie Th. Schnell, paid tribute to the life's work of Andreas J. Büchting at the Annual Shareholders' Meeting on December 6, 2022 (see the tribute starting on [page 12](#)).

These three persons' sound advice, entrepreneurial vision and experienced oversight of our processes have kept our company growing and thriving over the past 15 years. Andreas J. Büchting, Cathrina Claas-Mühlhäuser and Jürgen Bolduan deserve our extraordinary thanks for this, which I hereby convey on behalf of all KWS' shareholders.

#### **Corporate Governance**

The Supervisory Board discussed compliance with the recommendations of the "German Commission for the Corporate Governance Code" and issued a new declaration of compliance with the German Corporate Governance Code in the version dated April 22, 2022, in accordance with Section 161 of the German Stock Corporation Act (AktG) together with the personally liable partner in September 2022. The Declaration of Compliance can be obtained on the company's website at [www.kws.com/corp/en/company/investor-relations/corporate-governance](http://www.kws.com/corp/en/company/investor-relations/corporate-governance).

The Supervisory Board regularly addressed the question of any conflicts of interest on the part of its members and those of the Executive Board in the year under review. In the year under review, there were no such conflicts of interests that had to be disclosed immediately to the Supervisory Board and reported to the Annual Shareholders' Meeting.

In fiscal 2021/2022, the Supervisory Board conducted a self-assessment in accordance with recommendation D.12 of the German Corporate Governance Code. It is carried out every two years. The new board elected in December 2022 will conduct such a self-assessment in the 2023/2024 fiscal.



Philip Freiherr von dem Bussche, Chairperson of the Supervisory Board

### Supervisory Board committees

In the year under review, the Supervisory Board of KWS SAAT SE & Co. KGaA had two committees: the Audit Committee and the Nominating Committee.

The **Audit Committee** convened for four joint meetings in fiscal 2022/2023, each of which was attended by all members either in person or online. In its meeting on September 26, 2022, the Audit Committee discussed the annual financial statements and accounting of KWS SAAT SE & Co. KGaA and the consolidated financial statements of the KWS Group for the fiscal this 2021/2022, along with the Combined Management Report and the proposal on the appropriation of the profits. The Compliance Report and the 1st Quarterly Report for 2022/2023 were discussed in particular at the meeting on November 11, 2022. The meeting on February 8, 2023, discussed and defined the focus of the audit for fiscal 2022/2023 in the presence of the appointed independent auditor. It also discussed the situation as regards the

KWS Group's financing and the Semiannual Report 2022/2023 in detail. The 9M Quarterly Report for 2022/2023 was discussed on May 10, 2023. In addition, the report by Internal Auditing for fiscal 2022/2023 was discussed and the audit plan for the subsequent years was defined and adopted at the meeting on May 15, 2023. The risk situation and tax-related issues of the KWS Group were also discussed.

In addition, the Audit Committee obtained the statement of independence from the auditor, ascertained and monitored the auditor's independence and examined its qualifications. The Audit Committee also satisfied itself that the regulations on internal rotation were observed by the independent auditor and dealt with the issue of any additional services rendered by the independent auditor.

The Supervisory Board of KWS SAAT SE & Co. KGaA does not hold personnel responsibility as regards management, in particular in relation

to the Executive Board of KWS SE. Nevertheless, we would like to take this opportunity to inform you about the personnel changes at the personally liable partner.

The Executive Board contracts of Dr. Peter Hofmann and Eva Kienle are due to expire on June 30, 2024. On the recommendation of its **Committee for Executive Board Affairs**, the Supervisory Board of KWS SE appointed Dr. Peter Hofmann as a member of the Executive Board for a further 15 months until September 30, 2025. The board had asked Peter Hofmann to extend his contract, which will expire at the end of the fiscal year, in particular so that he could continue to drive the establishment of our vegetables business. Peter Hofmann was appointed to the Executive Board in 2014 and is responsible for Sugarbeet, Vegetables, Cereals, Oilseed Rape, Special Crops & Organic Seed, and Global Marketing & Communications.

Eva Kienle has been a member of the Executive Board since 2013. She is responsible for the global functions Finance & Procurement, Controlling, Transaction Center, Legal Services & IP, Information Technology, Compliance, and Governance & Risk Management. In addition to her successful work as CFO, Eva Kienle initiated and successfully drove KWS' digital agenda and the comprehensive reorganization transformation project GLOBE (Global Business Excellence). In view of this, the Supervisory Board reappointed Eva Kienle as a member of the Executive Board with effect from July 1, 2024, until June 30, 2029.

In addition, the Committee for Executive Board Affairs further developed the compensation system for the Executive Board of KWS SE, which was last approved by the Annual Shareholders' Meeting of KWS SAAT SE & Co. KGaA on December 2, 2021, with broad consent of over 92%. Specifically, the committee proposed to add two specific ESG components to the compensation system for the members of the Executive Board of the personally liable partner. Accordingly, up to just over 30% of the Executive Board's compensation is to be dependent on non-financial performance criteria in the future. Since the performance of new varieties is vital to the sustainable agricultural production process, KWS' innovativeness is to be assessed

in terms of the share of net sales generated by new products. Furthermore, the reduction in our own CO<sub>2</sub> emissions is to be used as the basis for assessing the compensation-dependent ESG components. The Supervisory Board of the personally liable partner adopted the thus adjusted compensation system on September 21, 2023. The Supervisory Board of KWS SAAT SE & Co. KGaA also resolved on September 21, 2023, to submit this compensation system to the Annual Shareholders' Meeting for approval. The adjusted compensation system will be made available at [www.kws.com/shareholders-meeting](http://www.kws.com/shareholders-meeting) when the Annual Shareholders' Meeting is convened.

The **Nominating Committee** of KWS SAAT SE & Co. KGaA did not convene in the year under review given that the new elections to the board had just been held.

#### **Annual and consolidated financial statements and auditing**

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, the independent auditor chosen at the Annual Shareholders' Meeting on December 6, 2022, and commissioned by the Audit Committee, has audited the financial statements of KWS SAAT SE & Co. KGaA that were presented by the personally liable partner, KWS SE, and prepared in accordance with the provisions of the German Commercial Code (HGB) for fiscal 2022/2023 and the financial statements of the KWS Group (IFRS consolidated financial statements), as well as the Combined Management Report of KWS SAAT SE & Co. KGaA and the KWS Group (Group Management Report), including the accounting reports, and awarded them its unqualified audit certificate. In addition, the auditor concluded that the audit of the financial statements did not reveal any facts that might indicate a misstatement in the declaration of compliance issued by the personally liable partner and the Supervisory Board in accordance with Section 161 of the German Stock Corporation Act (AktG) with respect to the recommendations of the "Government Commission for the German Corporate Governance Code." The Non-Financial Declaration (Section 289b and Section 315b of the German Commercial Code (HGB)) in the Combined Management Report were likewise audited by the independent auditor.

The Supervisory Board received and discussed the financial statements of KWS SAAT SE & Co. KGaA and the consolidated financial statements of the KWS Group and Combined Management Report of KWS SAAT SE & Co. KGaA and the KWS Group, along with the report by the independent auditor of KWS SAAT SE & Co. KGaA and the KWS Group and the proposal on appropriation of the net retained profit for the year made by KWS SAAT SE & Co. KGaA, in due time. Comprehensive documents and drafts were submitted to the members of the Supervisory Board as preparation. For example, all of them were provided with the annual financial statements, consolidated financial statements, Combined Management Report, audit reports by the independent auditor, and the proposal by the personally liable partner on the appropriation of the profits. The Supervisory Board likewise received and discussed the Non-Financial Declaration (Section 289b and Section 315b of the German Commercial Code (HGB)), which is part of the Combined Management Report and contains disclosures on the KWS Group and the parent company KWS SAAT SE & Co. KGaA, as well as the related audit report by the independent auditor (Section 111 (2) Sentence 4 of the German Stock Corporation Act (AktG)) as part of a limited assurance engagement.

The Audit Committee convened on September 7, 2023, to discuss the annual financial statements of KWS SAAT SE & Co. KGaA and the KWS Group's consolidated financial statements for the 2022/2023 fiscal and accounting, along with the Combined Management Report. The independent auditor for fiscal 2022/2023 explained the results of its audit of the annual financial statements and consolidated financial statements. It pointed out that there were no grounds for assuming a lack of impartiality on the part of the independent auditor in its audit. The Audit Committee also dealt with the proposal by the personally liable partner on the appropriation of the net retained profit of KWS SAAT SE & Co. KGaA and recommended that the Supervisory Board approve it.

The Supervisory Board also held detailed discussions of questions on the agenda at its meeting to discuss the financial statements on September 21, 2023. The auditor took part in the

meeting. It reported on the main results of the audit and was also available to answer additional questions and provide further information for the Supervisory Board. According to the report of the independent auditor, there were no material weaknesses in the internal control and risk management system in relation to the accounting process. There were also no circumstances that might raise concerns about a lack of impartiality on the part of the independent auditor. The independent auditor did not provide any additional services.

In accordance with the final results of its own examination, the Supervisory Board endorsed the results of the audit and of the audit of the Non-Financial Declaration, among other things as a result of the preliminary examination by the Audit Committee, and did not raise any objections. The Supervisory Board gave its consent to the annual financial statements of KWS SAAT SE & Co. KGaA submitted by the personally liable partner, and to the consolidated financial statements of the KWS Group and the Combined Management Report of KWS SAAT SE & Co. KGaA and the KWS Group and recommended that the Annual Shareholders' Meeting on December 13, 2023, approve the annual financial statements of KWS SAAT SE & Co. KGaA prepared by the personally liable partner. The Supervisory Board also endorsed the proposal by the personally liable partner to the Annual Shareholders' Meeting on the appropriation of the net retained profit of KWS SAAT SE & Co. KGaA after having examined it.

The Supervisory Board expresses its thanks to the Executive Board and all employees of the KWS Group for their commitment and contribution to the successful further development of KWS in fiscal 2022/2023.

Berlin, September 21, 2023



Philipp Freiherr von dem Bussche  
Chairperson of the Supervisory Board  
KWS SAAT SE & Co. KGaA

## Andreas J. Büchting – Tribute and Thanks

At the Annual Shareholders' Meeting on December 6, 2022, Dr. Dr. h.c. mult. Andreas J. Büchting stepped down as Chairperson of the Supervisory Board after almost 50 years of service for KWS after reaching the prescribed age limit. At its constitutive meeting, the newly elected Supervisory Board of KWS SAAT SE & Co. KGaA appointed Andreas Büchting as its Honorary Chairperson in recognition of his achievements. The Supervisory Board of KWS SE had already appointed him Honorary Chairperson the previous day. Dr. Marie Theres Schnell, Deputy Chairperson of both boards, paid tribute to the life and work of Andreas J. Büchting at the 2022 Annual Shareholders' Meeting.

**Ladies and Gentleman,**

**Dear Shareholders,**

**Dear Andreas Büchting,**

All of you know KWS' slogan: "Seeding the Future – since 1856." These five words encapsulate the past, expertise and the future. Today I have the great honor of thanking Andreas Büchting, of thanking him for his passionate commitment and for 47 years of helping KWS advance and flourish.

In the past, we sowed the four values of closeness, reliability, independence and foresight, the fertile breeding ground for our innovative KWS in the future.

Whether serving as Spokesperson of the Executive Board from 1978 to 2007, or in his capacity as Chairperson of the Supervisory Board from 2007 to the present day, Andreas Büchting has lived each of these values and is thus a source of inspiration and a role model for more than 5,000 employees in over 70 countries.

He treats others as equals and includes everyone in order to achieve the best solution for employees, customers and suppliers in a spirit of dialogue between partners. This strength has opened many doors for him. Even in the early days of green genetic engineering, Andreas Büchting proactively sought discussion with opponents with the aim of breaking down communication barriers and making the company's own activities transparent. That is

because closeness is created through inclusion, respect and the conviction that we have things in common and grow through our differences. Closeness in today's diverse society is also the binding element that helps us develop together. And diversity is practiced at KWS day in, day out. Employees from all over the world develop seed for the whole world, both for organic farming and using genetic engineering methods.

This diversity works when your decisions are transparent and reliable. Thanks to his responsible and holistic management style, Andreas Büchting has steered KWS with an ethos that has been inclusive and, at the same time, clear and credible. This has paid off not only within KWS, but also at the joint venture with our French competitor Limagrain. Together, the two companies built AgReliant with the aim of supplying North American markets with corn seed. Such a multinational undertaking only succeeds if it is underpinned by reliability and credibility.

All of you invested in a company that is independent. KWS has operated freely and independently for generations, and Andreas Büchting has laid the foundations to ensure we remain an independent family business in the future.

This is easier said than done and is an exceptional achievement in these volatile, fragmented and disruptive times. KWS' well-being always comes first for him – before family and individual interests. Everyone benefits from this: employees, customers and shareholders.

Setting and maintaining this focus requires a long-term strategy. KWS thrives from people who think innovatively, openly, courageously and in detail, clearly and in a process-oriented way. You very rarely find that in one person. Andreas Büchting is a person who is able to embrace and relishes this change of perspective. With the precise and responsible mind of a scientist and the innovative and independent foresight of a family entrepreneur, he initiated numerous projects whose successes only became visible after ten or 15 years and which contributed significantly to the growth of our international seed company. They include corn breeding in Brazil, the wheat breeding program in the U.S. and now vegetables, to name just a few. Another example is organic breeding: Back in 1976 – the year I was born – Andreas Büchting published a paper on the limits and bottlenecks of modern agricultural methods and the opportunities offered by organic alternatives. Decades later, KWS has translated the scientific approaches into commercial success. It is the leader in organic seed in the German market. Foresight and continuity are paying off for KWS. When Andreas Büchting joined the company in fiscal 1975/1976, its net sales were just over €74 million. That figure in fiscal 2021/2022 was €1.5 billion – a 2,000% increase! What a success!

It is a high-wire act to maintain the balance between freedom and structure, foresight and reflection at such a diverse and agile company. Our present times demand flexibility and continuity from employees. A clear set of values is needed so that we do not lose our way between the two poles and



Andreas J. Büchting, Honorary Chairperson of the Supervisory Board

we stay on course. Andreas Büchting has built a culture for KWS in which respect, support and growth go hand in hand and closeness is the basis for independence and foresight. He sees culture not as something that is “nice to have,” but “common ground.”

Ladies and gentlemen, “A future rooted in our origins” is how KWS puts it so nicely. That is why we elected Andreas Büchting as Honorary Chairperson of the Supervisory Board of KWS SE at the constitutive meeting yesterday and also intend to bestow that title on him for the Supervisory Board of KWS SAAT SE & Co. KGaA.

Dear Andreas Büchting, thank you from the bottom of my heart for your inspiring, gainful and forward-looking commitment to KWS over 47 years. You have played a significant part in moving the family business forward and have prepared it for the next generation excellently. To use the jargon of breeders: you have delivered a high yield, very good quality, perfect adaptation to the location, and resistance to crises and pests. You could not have given yourself any better gift. Now bask in your success.

## KWS on the Capital Market

### Stock markets and share performance

Prices on global stock indexes again experienced large fluctuations in fiscal 2022/2023. While high inflation and uncertainties about the stable supply of energy, in particular, had a negative impact on the DAX in the fall of 2022, Germany's benchmark index recovered by the end of the year from its low of 11,976 points on September 29, 2022, to close the year at 13,924 points. Apart from the lifting of coronavirus restrictions in China, the main drivers were the introduction of price brakes for sources of energy and the expectation that sufficient quantities of natural gas would be available. On the other hand, the leading central banks raised key interest rates several times.

The first half of 2023 was characterized by a decline in inflation, aided in particular by the fall in energy prices. A reduction in the pace of interest rate hikes and robust economic data pushed the DAX up to 16,148 points by the end of June.

The SDAX, on which the KWS share is listed, followed this trend and stood at 13,401 (11,881) points on the balance sheet date, an increase of around 12%. KWS' share closed at €56.30 at the end of June 2023 and thus at the level of the previous year (€56.50). The average trading volume per day on XETRA rose from around 7,700 shares to approximately 8,700.

### Employee Stock Purchase Plan

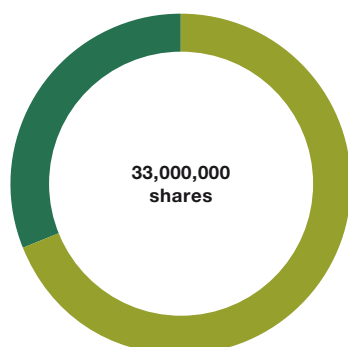
For more than 30 years KWS has offered its employees the chance to become shareholders in the company and thus share in its success. 576 (594) employees in 10 (9) European countries utilized this year's Employee Stock Purchase Plan and purchased a total of 71,023 (68,998) shares. The acquired shares are subject to a lock-up period of four years. They cannot be sold, transferred or pledged during this period. As in previous years, the shares used for the Employee Stock Purchase Plan were acquired in accordance with Section 71 (1) No. 2 of the German Stock Corporation Act (AktG). More details have been published in information released for the capital market and can be viewed on our website at [www.kws.de/ir](http://www.kws.de/ir).

### The KWS share's performance over ten years





## Shareholder structure at June 30, 2023



- Families Büchting, Arend Oetker, Tessner (69.1%)  
(thereof 15.4% Tessner Beteiligungs GmbH)
- Free float (30.9%)

## Planned appropriation of profits

In view of the company's good performance, the Executive and Supervisory Boards will propose a dividend of €0.90 (0.80) per share for fiscal 2022/2023 to the Annual Shareholders' Meeting on December 13, 2023. This means €29.7 (26.4) million would thus be distributed to KWS SAAT SE & Co. KGaA's shareholders. This corresponds to a dividend payout ratio of 23.4% (24.5%), once again in line with the KWS Group's earnings-oriented policy of paying a dividend of 20% to 25% of its earnings after taxes.

Key figures for the KWS share (Xetra®)	
ISIN	DE0007074007
Share class	Non-par
Number of shares	33,000,000
Index	SDAX
<b>Closing price</b>	<b>in €</b>
June 30, 2023	56.3
June 30, 2022	56.5
<b>High and low</b>	<b>in €</b>
High (January 5, 2023)	66.9
Low (May 31, 2023)	53.5
<b>Average trading volume</b>	<b>in shares/day</b>
2022/2023	8,681
2021/2022	7,687
<b>Market capitalization</b>	<b>in € million</b>
June 30, 2023	1,858
June 30, 2022	1,865
<b>Earnings per share</b>	<b>in €</b>
June 30, 2021	3.85
June 30, 2020	3.27



# 2. Combined Management Report 2022/2023 of the KWS Group

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## 2. Combined Management Report

The Combined Management Report comprises aspects of sustainability reporting in addition to content related to financial reporting. Our objective is to illustrate the relationship between ecological, social and financial factors and highlight their impact on our long-term commercial success. The contents of the Non-Financial Declaration (see page 48 onward) have been restructured and summarized in this report and geared toward the European Sustainability Reporting Standards (ESRS) to be applied starting in fiscal 2024/2025. In addition, reference is made to the report aspects required pursuant to Sections 289b et seq. and Sections 315b et seq. of the German Commercial Code (HGB). The contents of the Non-Financial Declaration were not audited as part of the audit of the annual and consolidated financial statements, but underwent a voluntary external examination by an auditor. The Combined Management Report also includes voluntary components that are not audited separately. These are indicated by footnotes.

### 2.1 Fundamentals of the KWS Group

#### 2.1.1 Business Model

Since it was founded in 1856, KWS has specialized in breeding, producing and distributing high-quality seed for agriculture. From its beginnings in sugarbeet breeding, KWS has evolved into an innovative, international supplier with a broad portfolio of crops. The company covers the complete value chain of a modern seed producer that focuses on sustainable agriculture – from developing new varieties, propagation and processing, to marketing of the seed and consulting for farmers. KWS' core competence lies in breeding new, high-performance varieties that are adapted to regional needs, such as climatic and soil conditions, and use fewer resources, such as water and fertilizer. Targeted breeding of resistances against fungi or viruses, for example, also enables a significant reduction in the use of chemical pesticides in agriculture. Every new variety delivers sustainable added value for our customers. KWS' business model is based on this added value – which is ultimately attributable to breeding progress, optimization of seed quality and pinpointed consulting.

#### Organization and segments of the KWS Group

In the year under review, the KWS Group's operational business consisted of five Business Units, which were grouped in the four product segments Corn, Sugarbeet, Cereals and Vegetables. The Business Units Sugarbeet, Cereals

and Vegetables are identical to the segments of the same name. The Corn Segment contains the Business Unit Corn Europe/Asia and the Business Unit Corn Americas.

The **Corn Segment** covers breeding, production and distribution of seed for corn and sunflowers, as well as production and distribution of soybeans. Its operating performance depends largely on the spring sowing season in the northern hemisphere. That means the lion's share of the segment's net sales is generated in the second half of the fiscal year (January to June). The segment generates further revenue in the first two quarters, mainly from corn and soybean seed in South America. KWS is the market leader for silage corn in Europe.

The **Sugarbeet Segment** comprises sugarbeet seed breeding, production and distribution, as well as the development of diploid hybrid potatoes. KWS' high-quality sugarbeet varieties are consistently some of the highest-yielding in the industry. KWS is the world market leader in sugarbeet seed, not least thanks to many innovations. Its main sales markets are the European Union, Eastern Europe, North America and Turkey. Sugarbeet is sown in the spring, which means that net sales in this segment are likewise largely generated in the second half of the fiscal year (January to June).

The **Cereals Segment** includes the breeding, production and distribution of seed for rye, wheat, barley and oilseed rape. Rye accounts for the largest share of revenue from cereals (around 40%), followed by oilseed rape, wheat and barley. KWS also generates revenue from other crops such as sorghum, peas, catch crops (e.g., mustard) and oats. Farmers in KWS' core markets (Germany, Poland, the UK, France and Scandinavia) predominantly sow cereals seed in the fall. Consequently, the segment generates most of its revenue in the first half of the fiscal year (July to December).

The **Vegetables Segment** comprises vegetable seed breeding, production and distribution. KWS is the world leader in spinach seed. Its portfolio also includes seed for beans, Swiss chard, red beet and tomatoes. The segment generates just about half its revenue in the U.S. KWS' strategic objective is to build a significant position in the vegetable seed market long-term. Our focus apart from spinach is on the world's five most important crops in this segment: tomatoes, peppers, cucumbers, watermelons and melons.

Apart from the operating segments, there is also **Corporate**, a segment which by and large does not conduct any operational activities. Its relatively low net sales come from the revenue from our own farms in Germany, France and Poland. Since the KWS Group's basic research expenditure and costs for administrative functions are charged to the Corporate Segment, its income is usually negative.

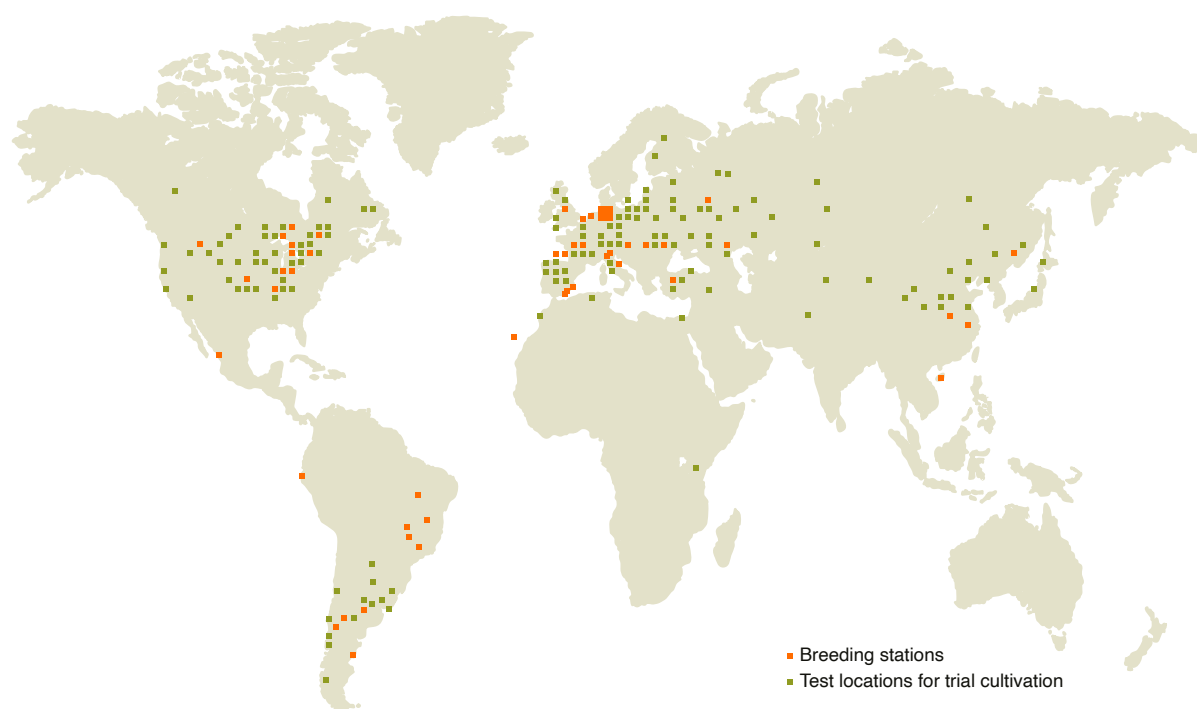
There were no significant changes in the KWS Group's composition and organization in the year under review. More details on the net sales and income contributed by the segments, including our joint ventures, can be found in our segment reports starting on [page 37](#).

#### **Main business processes**

KWS' breeding processes are geared toward exploiting plants' potential as much as possible and leveraging that potential to tackle the major challenges of modern sustainable agriculture. Whether it is plants for producing food, fodder or energy, conventional, organic or genetically modified: KWS offers its customers a broad portfolio of high-performance varieties. It takes an average of eight to ten years to breed a new variety. Thanks to its large network of breeding and trial stations in all the world's key markets, the company can develop the individual candidates for a wide range of climatic and local conditions and test whether the varieties are suitable for cultivation. In most markets, variety development ends in an official approval process in which candidates have to meet high quality standards, usually in three-year field trials. Seed propagation in selected cultivation regions also takes up to two years. Only then can the varieties be marketed via the various distribution channels.

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## Breeding and test activities of the KWS Group in over 70 countries



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### 2.1.2 Branches

KWS SAAT SE & Co. KGaA is the parent company of the KWS Group. Strategic management of all of KWS' global activities is pooled under its roof. It is headquartered in Einbeck, Germany, and controls breeding of the KWS Group's range of varieties. There are also currently 88 subsidiaries and associated companies in 34 countries. An overview of our subsidiaries and associated companies can be found in the Notes on pages 159 to 161.

### 2.1.3 Vision and Mission<sup>1</sup>

#### Vision

**“Seeding the future for generations.”**

Our vision comprises all of KWS key values. With foresight, we shape a sustainable future, staying close to generations of farmers and serving as a trusted, reliable partner to all our customers while staying an independent company.

#### Mission

**“Our passion for plants sustains farming, food and planet.”**

We are convinced that we can make a difference with our specialization in plant breeding and seed. We are passionate about breeding and research – and we optimize the potential of plants and varieties in order to contribute to increasing sustainability in agriculture year after year.

Apart from continuous improvements in yield, we provide solutions by delivering varieties with relevant traits such as improved drought tolerance and less need for pesticide and help agriculture successfully tackle future challenges.

KWS' seed is at the beginning of the food chain – and therefore makes an important contribution throughout the agricultural production process. End consumers are also a growing focus:

<sup>1</sup> Not an audited part of the Combined Management Report

What variety traits are important for processing and the end product, and how can plant breeding help improve them? Last but not least, our work also has an impact on the environment as a whole: Reducing inputs such as pesticide or water, innovations also for areas such as alternative energies and of course the efficient use of available land all make a contribution to the agriculture of the future.

Our services (in the shape of consulting and by means of digital tools) help farmers get the most out of our seed on healthy soils. Our broad and growing portfolio of crops and vegetables lay a foundation for maintaining biodiversity on fields. In this way, our work makes a key contribution every day to supplying the world's growing population with good food.

#### 2.1.4 Objectives and Strategy

Our strategic planning is the foundation for the KWS Group's further development. It defines strategic objectives, initiatives and core measures for existing activities and for potential new fields of business. The planning is based on a long-term horizon (ten years) and includes an analysis and assessment of market trends, competitors and the KWS Group's position. The strategic planning is updated regularly.

As part of the strategic planning, we have honed our fundamental business model and the strategic contributions a seed company makes to these future topics with regard to long-term megatrends and classified them into fields of activity that are to generate KWS' future growth:

**Sustainable Agricultural Practices:** products, processes and services that address climate change and promote sustainability in agriculture

**Connected Seeds:** solutions that generate added value for farmers by linking our seed with digital offerings

**Future Sales Models:** more digital offerings to expand distribution channels and enable personalized addressing of customers

**Nutritional Food Ingredients:** innovations for the growing market of vegetable proteins as the basis for sustainable food.

#### Corporate objectives of the KWS Group

Sustainable solutions for agriculture have always been the foundation and driver of our business model. We use them as the basis for deriving our objectives, which form the framework for all divisions and strategic decisions: profitable growth, innovation, independence and sustainability. Our business developed largely in line with our strategic objectives in the year under review. We deal with this and other details of achievement of our objectives in the respective sections, which are referred to in the table on the corporate objectives.

## The KWS Group's medium- and long-term objectives

Main strategic subject areas		Explanation
Profitable growth	<ul style="list-style-type: none"> <li>■ An average increase in consolidated net sales of at least 5% p.a.<sup>1</sup></li> </ul>	Page 30 et seq.
	<ul style="list-style-type: none"> <li>■ EBIT margin <math>\geq 10\%</math></li> </ul>	Page 30 et seq.
	<ul style="list-style-type: none"> <li>■ A dividend payout ratio of 20% to 25% of the KWS Group's earnings after taxes</li> </ul>	Page 157 (Notes)
Innovation	<ul style="list-style-type: none"> <li>■ R&amp;D intensity of around 17% of consolidated net sales</li> </ul>	Page 26
Independence	<ul style="list-style-type: none"> <li>■ Retention of a control structure shaped by the family owners</li> </ul>	Page 92 et seq.
Sustainability	<ul style="list-style-type: none"> <li>■ Implementation of the KWS Sustainability Ambition 2030</li> </ul>	Page 48 et seq. (NFD) and Sustainability Report 2022/2023

<sup>1</sup> On a comparable basis, excluding exchange rate and portfolio effects

### Profitable growth

is vital for our future development. Long-term profitable growth ensures we can retain our commercial freedom of action. We strive to increase consolidated net sales by an average of at least 5% p.a. and achieve an EBIT margin (EBIT/net sales) of at least 10%.

### Innovation

drives our business model. The need for innovative technology in plant breeding continues to increase. Climate change, significant population growth and changes in eating habits, where alternative protein sources are growing in importance, pose challenges for us. In addition, digitization is playing a greater and greater role in agriculture. In the year under review, we devoted around €314 million to research and development, and thus once again a significant share of our net sales. We are tackling these challenges with this spending and regard it as an investment in future growth.

### Independence

has always been a key corporate objective for KWS. It is part of the shared values held by our customers and employees. Our independence and long-term orientation enable us in particular to invest in research and breeding projects with an eye to the future.

### Sustainability







is and always will be both an obligation and an opportunity for us. Agriculture faces huge challenges globally. They include the world's growing population, increasingly severe consequences of climate change, and the preservation of biodiversity and natural resources. Innovations in plant breeding play a key role in tackling these challenges.

With our KWS Sustainability Ambition 2030, we clearly define the framework for the focus of KWS' sustainable development – economically, ecologically and socially – in the coming years.



Guided by the principle that “sustainability in agriculture begins with seed” we pursue these concrete goals:

**Sustainability starts with the seed**

Product impact	
 <p><b>Safeguard food production</b></p> <ul style="list-style-type: none"> <li>1.5% annual yield gain for farmers through progress in plant breeding and digital farming solutions on &gt;8 million hectares</li> </ul>	 <p><b>Minimize input required</b></p> <ul style="list-style-type: none"> <li>Enable &gt;80% reduction of chemical crop protection (in line with European Farm to Fork Strategy)</li> <li>Invest &gt;30% p.a. of R&amp;D budget into reduction of inputs</li> <li>&gt;25% of KWS varieties are suitable for low input cultivation</li> </ul>
 <p><b>Enhance crop diversity</b></p> <ul style="list-style-type: none"> <li>Increase number of crops with dedicated breeding programs from 24 to 27</li> </ul>	 <p><b>Support sustainable diets</b></p> <ul style="list-style-type: none"> <li>&gt;40% of KWS varieties are suitable for predominantly direct use in human nutrition</li> </ul>
Corporate responsibility	
 <p><b>Improve operational footprint</b></p> <ul style="list-style-type: none"> <li>Reduce Scope 1 and 2 emissions by 50% by 2030 and to net zero by 2050</li> <li>Establish score cards to provide transparency on ecological footprint of all seed production sites</li> </ul>	 <p><b>Foster social engagement</b></p> <ul style="list-style-type: none"> <li>Min. 1% EBIT p.a. into social projects</li> <li>Measurement and continuous improvement of employee engagement</li> <li>Continuous decline in the number of occupational accidents/fitness ratio</li> </ul>

We refer you to the Non-Financial Declaration starting on page 48, the Sustainability Report 2022/2023 and our homepage [www.kws.com](http://www.kws.com) for details of our sustainability program.

### 2.1.5 Control System

Detailed annual and medium-term operational plans are used to control the Group and our Business Units. The medium-term plan covers the time frame of the annual plan and the three subsequent fiscal years. It is thus an anchor point for our strategic planning, which covers a timescale of ten years.

The targets set in the annual planning (“top-down target”) are arrived at on the basis of the strategic planning, results achieved, regional economic and legal situation, anticipated macroeconomic trends and assessments of the company’s position in the market and the potential product performance. In a subsequent bottom-up process, which also includes the development of our joint ventures, we use these premises to plan figures for sales volumes and net sales, breeding activities, production capacities and quantities, the allocation of resources (including capital spending and personnel), the level of material costs and internal charge allocation and the resultant balance sheet data, along with the financial budget. In principle, part of the planning documentation is also an opportunity/risk assessment that every manager must conduct for his or her unit.

The planning is compared every quarter with the company’s actual business performance and the underlying general conditions. If necessary, we initiate suitable countermeasures and make adjustments. We update the forecast for the current fiscal year at the end of every quarter. At the end of each fiscal year, all the units conduct a detailed variance analysis of the planned and actual results. It serves to optimize the quality of our planning assumptions.

Controlling is responsible for coordinating and documenting all planning processes and our current expectations. It reports on compliance with adopted

budgets and analyzes the efficiency and cost-effectiveness of business processes and measures. Business Partner Controlling and Finance also advise our decision makers on economic optimization measures. In particular, the heads of the product segments, the regional directors and the heads of research and breeding activities and the central functions are responsible for the content of the planning and current forecasts.

The Executive Board uses various indicators for planning, controlling and monitoring the business performance of the KWS Group and its operating units. The main indicators for the KWS Group are net sales, EBIT margin (operating income in % of net sales) and R&D intensity.<sup>1</sup> The focus in controlling the development of net sales is exclusively on key operating indicators for our business, in particular the development of sales volumes and prices of our product portfolio. Forecasts of our net sales development are therefore based on these key indicators, while exchange rate and portfolio effects (significant acquisitions and divestments) are not taken into account. Currency effects are the difference between the sales of reporting period at exchange rates of the reporting period minus the sales of the reporting period at exchange rates of the comparative period.

In addition to these financial indicators, KWS will increasingly include non-financial KPIs (such as CO<sub>2</sub> emissions) in planning and controlling its business activities in the future. KWS’ product segments, which are divided into Business Units, are in turn geared toward the main indicators of net sales and EBIT margin. All cross-segment costs for the KWS Group’s central functions and research expenditure are charged to the Corporate Segment; the key performance indicator for controlling here is EBIT (operating income).

<sup>1</sup> R&D expenditure as a % of net sales.

## Management and control

The company is a partnership limited by shares (KGaA). The personally liable partner is responsible for the tasks of running the business of a partnership limited by shares. The company's sole personally liable partner is KWS SE, whose Executive Board is therefore responsible for management of the company's business.

The rights and obligations of the Supervisory Board at a partnership limited by shares differ greatly from those at a stock corporation (AG) or a European Company (Societas Europaea or SE). In particular, the Supervisory Board at a partnership limited by shares does not hold personnel responsibility as regards management; moreover, it cannot appoint any further personally liable partners and define the contractual terms and conditions for them, enact bylaws for the Executive Board, or define business transactions requiring its consent.

The Annual Shareholders' Meeting of a partnership limited by shares basically has the same rights as the Annual Shareholders' Meeting of a stock corporation or SE. It also adopts resolutions on whether to approve the company's annual financial statements and ratify the acts of the personally liable partner. Certain resolutions adopted by the Annual Shareholders' Meeting of a partnership limited by shares also require the approval of the personally liable partner. The declaration on

corporate governance in accordance with Section 289f of the German Commercial Code (HGB) contains detailed information on the extensive and close cooperation between the Executive Board and the Supervisory Board and has been published at [www.kws.com/corp/en/company/investor-relations/corporate-governance](http://www.kws.com/corp/en/company/investor-relations/corporate-governance).

### 2.1.6 Fundamentals of Research & Development

Innovation at KWS is driven by research and development. KWS' objective is to create high-performance varieties that meet various environmental and application requirements and deliver continuous value added to farmers. Plant breeding is a very research-intensive and long-term business. It takes an average of eight to ten years to develop a new, high-performance variety.

Using state-of-the-art breeding methods, KWS has generated steady yield progress for decades and supports agriculture with solutions to tackle future challenges – for example, through varieties that boast improved drought tolerance or need less pesticide. The company also increases genetic diversity, which is vital to improving crops, through its breeding work on plants. We contribute to sustainable agriculture by continuously improving yields, minimizing the use of resources and increasing varietal diversity and play a key role in supplying people with food.

## 2.2 Research & Development Report

### Key research & development figures

		2022/2023	2021/2022	+/-
R&D employees <sup>1</sup>	ø	1,897	1,834	3.4%
Share of R&D employees relative to the total workforce	in %	35.7	35.8	-
R&D expenditure		314.2	277.2	13.3%
R&D intensity <sup>2</sup>	in %	17.3	18.0	-
Variety approvals <sup>3</sup>		488	486	-

<sup>1</sup> Average headcount

<sup>2</sup> As a % of net sales

<sup>3</sup> Previous year's figure adjusted

### Breeding low-input varieties for sustainable agriculture

One of the core goals of the Farm to Fork Strategy under the EU's "European Green Deal" is to reduce the use of chemical pesticides in Europe by 50% and fertilizer use by 20% by 2030. As a seed specialist, we help address these demands on farming by breeding new varieties that absorb nutrients more efficiently or are more resistant or tolerant to diseases and other environmental influences. By 2030, more than a quarter of our variety portfolio is to comprise low-input varieties that deliver stable yields despite a low supply of nutrients or reduced use of chemical pesticides.

As part of its efforts to enable this, KWS creates stable testing systems to determine disease and feeding damage to our crops. Such systems are vital for reliably testing the genetics of our plants for tolerance or resistance to diseases and pests. Developing these systems entails high research

costs, since they must be tailored to the individual living conditions of the pests. KWS can now draw on more than 40 testing systems for resistance breeding, while another testing platform for the cabbage stem flea beetle is currently under development – an important step in breeding oilseed rape varieties that are tolerant to this major pest.

To advance the development of drought-tolerant varieties, we rely on, and are continuously expanding, technologies for analyzing and measuring plant traits. KWS has developed a fully automated system for phenotyping in the greenhouse in the shape of the "PhenoFactory," which is around 470 square meters in size. Using cameras and sensors, the system can measure 25 different attributes, such as leaf moisture or water consumption. Among other things, this enables us to determine how efficiently the plants use water – a key parameter in ascertaining how a plant reacts to drought.

**Vegetables: Expansion of laboratory capacities, use of new seed technology, development of heat-tolerant bush beans**

We inaugurated new research facilities at the headquarters of our Business Unit Vegetables at Wageningen, in the Netherlands, in February 2023. The premises, which cover an area of almost 450 square meters, offer space for labs and culture rooms for cultivating plants. Expansion of laboratory capacities is an important step in speeding up and enhancing quality in the development of new vegetable varieties. The focus is on producing doubled haploids for hybrid breeding of cucumbers and peppers. This method enables KWS to respond more quickly to increasing demands relating to quality, taste, disease resistance and yield stability, since the breeding process is accelerated significantly.

KWS INITIO is a new technology for seed treatment that has so far only been used for arable crops. By leveraging synergies between crops, we now enable vegetable seed to benefit from this development. Thanks to a nutrient treatment, seedlings are able to form more roots faster and better absorb the resources available in the soil. This more intensive root development means these plants are also able to react with greater resilience to stresses such as nutrient deficiency or drought later in their development. KWS has offered KWS INITIO for bean seed and spinach seed in Europe and Turkey since January 2023.

Heat waves cause problems in bush bean cultivation in some regions. If night temperatures do not fall below 20 °C during flowering, the pods will be of poorer quality and the plants will deliver a lower yield as a result.

Over a period of around 15 years, we have bred heat-tolerant bean varieties – our Magma Collection – that provide growers with reliable yields even when night temperatures are high. The heat-tolerant beans were first launched successfully in the U.S., but we also see further market potential in Italy and northwestern Europe.

**Sugarbeet: Development of tolerant and resistant varieties is growing in importance**

In addition to safeguarding and increasing yields, the development of varieties that are also resistant or tolerant to pests is increasingly important in sugarbeet breeding. Pests are spreading further and further into cultivation regions – partly due to climate change – and are significantly reducing farmers' yields.

A relatively new sugarbeet disease is the “syndrome basses richesses” (SBR), which is a growing threat in Germany and Switzerland, in particular, and in some cases causes considerable losses in yield. The disease is caused by pathogens transmitted by the planthopper *Pentastiridius leporinus*. There are at present no known effective chemical or agronomic measures to combat SBR. The disease

results in dramatically lower sugar content and reduces beet yields by up to 25%. KWS responded immediately by establishing testing systems so that it can press ahead with developing adapted varieties in a pinpointed manner. A first variety called JOSEPHINA KWS boasting good yields under conditions where crops suffer from SBR infestation was awarded approval in 2022. Further variety candidates with very good suitability for regions infested with SBR are undergoing official approval in Germany and Switzerland. In addition, we are continuously working to identify and cross in further resistance traits in order to further improve the tolerance of KWS' sugarbeet varieties to SBR.

**Corn: Diversity of genetic resources is a key success factor**

Genetic diversity is the most vital prerequisite for breeding new varieties and adapting them to different environmental conditions. Thanks to its corn breeding activities since the 1950s, KWS has built up a large diversity of its own breeding material for various markets. This genetic diversity was again significantly expanded in 2012 when the company began breeding for the tropical and subtropical market in Brazil. As a result, our breeders have with an ever-increasing pool of genetic resources to complement the breeding programs for different markets.

We breed corn, a crop that boasts great adaptability to local conditions, in different climatic regions. We maintain breeding programs in Germany, France, Italy and southeastern Europe, for example. Corn must be adapted to dry conditions for markets in

southeastern Europe. Here we were able to draw on the broad diversity of the breeding material we created in France in variety development and leverage it to develop products in southeastern Europe. Systematic selection under drought stress conditions has enabled us to develop KWS BANATO and KWS FASCINATO (approval: spring 2023), varieties that are leaders in terms of drought stress in this important market.

**Barley: First hybrid varieties submitted for approval**

As part of its research strategy, KWS launched a program aimed at developing hybrid barley in 2016. Hybrid breeding is a special form of variety development, in which two homozygous lines are crossed with each other. The progeny are called hybrids and usually perform better and boast greater resistance. We are now leveraging this effect for barley. The hybrids offer farmers the advantage of stable development thanks to better adaptability – even in dry years, for example – and thus greater yield security. In addition, hybrid barley makes weed management easier thanks to its rapid development in the juvenile phase.

In the past fiscal year, we achieved an important milestone in the development of hybrid barley: In the fall of 2022, the first variety candidates were submitted for approval in the UK and Germany. Further varieties are being developed and will be submitted for approval in the fall of 2023. The core markets for hybrid barley are the UK, Germany and France.



Sunflowers play an important role in oil production and in agricultural crop rotation.

### **Sunflower: Ten new varieties undergoing approval**

In 2010, KWS made the strategic decision to expand its portfolio to include sunflower, since this crop plays a major role in oil production in particular. The aim is to develop competitive varieties for the markets in southeastern and Eastern Europe based on a breeding program of our own. Sunflower is grown on an area of more than 20 million hectares in these regions and thus plays a key role in crop rotation. It will also gain in importance in the future against the backdrop of climate change, as the sunflower's root system enables it to cope particularly well with drought.

KWS established a sunflower breeding station in Hungary in 2014. Breeding benefited from the technological infrastructure at our largest R&D location in Einbeck, for example in relation to the application of modern marker technology. In addition, we have been able to propagate several generations of sunflowers per year at our breeding stations in South America. As a result, KWS was able to submit the first sunflower varieties from its own breeding program for approval in several countries in the year under review.

## 2.3 Economic Report

### 2.3.1 Business Performance

#### General macroeconomic conditions

The restrictive measures in connection with the coronavirus were largely lifted in many countries in the course of 2022. In Europe and the U.S., economic output continued to recover, albeit less dynamically than in the previous year.

Inflation declined in the period under review, mainly due to falling energy prices, but at the end of the period under review was 5.5% in the eurozone and 3.0% in the U.S. and thus still above the targets set by the ECB and the Fed. As a result, they raised key interest rates several times in significant increments during the period under review.

The export-driven economy of Brazil, one of our main markets in South America, benefited from rising demand for raw materials in China in the wake of the extensive abolition of the measures imposed to prevent the spread of the coronavirus. In Argentina, a drought-related slump in production slowed economic recovery.

KWS' international orientation means that changes in exchange rates impact our key economic figures. The following overview shows the changes in the most important currencies for KWS relative to the euro:

#### Exchange rates for main currencies

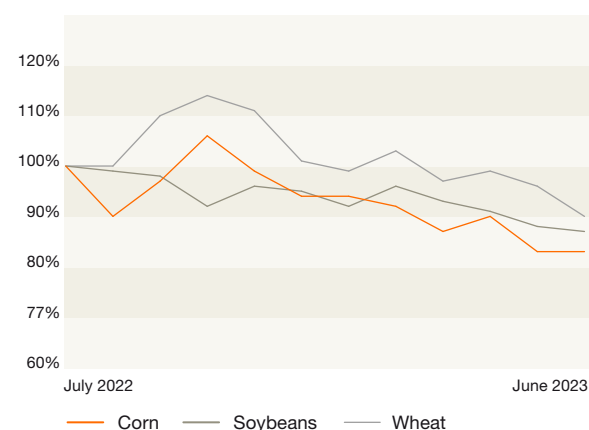
	Rate on balance sheet date	
	06/30/2023	06/30/2022
Argentina	280.14	131.27
Brazil	5.22	5.51
UK	0.86	0.86
Russia	95.11	53.86
Turkey	28.15	17.52
Ukraine	40.00	30.78
USA	1.09	1.05

#### General conditions in the agricultural sector

The agricultural sector again faced numerous challenges in the year under review, also as a repercussion of Russia's invasion of Ukraine, two countries that are globally important producers of agricultural raw materials. Future harvests and sowing will continue to be significantly hampered in Ukraine as long as this conflict persists. After prices for key agricultural raw materials such as corn, soybean and wheat had reached long-term highs in the previous year, they declined – in some cases significantly – during the period under review, also thanks to the agreement between Ukraine and Russia on the shipment of grain via the Black Sea ("Black Sea Grain Initiative"). This agreement was unilaterally terminated by Russia after the period under review, namely in July 2023.

In addition, the agricultural sector was again affected by the impacts of climate change. Weather extremes such as prolonged drought and flooding again led to lower harvests and to losses in seed production for the 2023 sowing season in parts of Europe and South America. In light of the above factors, average sales prices for seed in the markets relevant to KWS rose, in some cases sharply.

#### Commodity price data



Source: World Bank



## Guidance versus actual business performance of the KWS Group

	Results in 2021/2022	Guidance for 2022/2023	Adjustments to the guidance during the year			Results in 2022/2023
			Annual Report 2021/2022	3M Quarterly Report	Half-Year Report	
Net sales growth <sup>1</sup>	€1,540 million	7–9% <sup>1</sup>	10–12% <sup>1</sup>	12–15% <sup>1</sup>	upper end of range	€1,820 million; 19.5% <sup>1</sup>
R&D intensity	18.0%	18–20%	18–20%	18–20%	18–19%	17.3%
EBIT margin	10.1%	10–11%	10–11%	10–11%	11–12%	12.2%

<sup>1</sup> Sales growth on comparable basis (excluding currency and portfolio effects)

### Guidance versus actual business performance of the KWS Group

Due to the overall economic and sector-specific developments, in particular a sharp rise in inflation, there were significant changes to our estimates for 2022/2023 as a whole in the course of the year. They can be seen in the table below.

Given our pleasing and better-than-expected business performance, particularly during the important spring sowing season, the Executive Board raised the guidance for fiscal 2022/2023 and published inside information to this effect pursuant to Article 17 of Regulation (EU) No. 596/2014 on May 3, 2023. The Executive Board had previously raised its guidance for anticipated net sales growth at the time of publication of the Q1 Report and the Half-Year Report for 2022/2023.

The KWS Group's net sales rose sharply by 18.2% to €1,819.8 million. Consolidated net sales increased by 19.5% on a comparable basis (excluding exchange rate and portfolio effects), surpassing the revised guidance we had issued during the year. The R&D intensity was 17.3% and was below the forecast range of 18% to 19% that we revised during the year, mainly due to the sharp increase in net sales.

The EBIT margin was 12.2%, slightly above the forecast range we revised during the year. The positive variance is mainly due to higher sales prices and a more favorable product mix compared to our original assumptions.

All in all, the Executive Board believes that the KWS Group's business performed favorably in the year under review.

### Summary of the segments' course of business and comparison with the guidance<sup>1</sup>

Net sales in the **Corn Segment** rose sharply by 11.9% to €1,046.8 (935.4) million, in particular as a result of higher sales prices in our core markets of Brazil and Europe. Net sales increased by 18.2% on a comparable basis (excluding exchange rate and portfolio effects) and were thus in line with our guidance ("sharp increase").

However, the segment's income fell sharply to €45.8 (57.2) million. This was mainly attributable to negative contributions to earnings from our joint ventures in North America and China, while we grew earnings in Europe and Brazil. The segment's EBIT margin fell accordingly from 6.1% to 4.4% and was thus in line with the guidance we revised during the year ("slightly down from previous year").

Net sales at the **Sugarbeet Segment** rose by 21.7% to €716.3 (588.4) million. Net sales increased by 21.1% on a comparable basis (excluding exchange rate and portfolio effects) and were thus in line with our guidance ("sharp increase"). The significant expansion of business is attributable to the market success of innovative CONVISO® SMART and CR+ varieties. The Sugarbeet Segment's EBIT margin rose to 35.4% (33.1%) and was thus in line with the guidance we revised during the year ("slight increase compared to the previous year").

Net sales in the **Cereals Segment** rose sharply by 19.1% to €257.8 (216.4) million. This corresponds to an increase of 18.3% on a comparable basis (excluding exchange rate and portfolio effects) and was thus in line with our guidance ("sharp increase"). This positive trend was mainly driven by growing business in oilseed rape, rye and wheat seed. The segment's EBIT margin rose to 15.6% (13.6%) and was thus in line with the guidance we revised during the year ("slight increase compared to the previous year").

Net sales in the **Vegetables Segment**, in which the activities of Pop Vriend Seeds, the vegetable seed company acquired effective July 1, 2019, are consolidated, increased sharply by 21.5% to €66.0 (54.3) million in the year under review. This corresponds to a rise of 26.2% on a comparable basis (excluding exchange rate and portfolio effects) and was thus in line with our guidance ("sharp increase"). The expansion in business was mainly due to growth in our most important product categories of spinach and bean seed.

As a result of the positive course of business and lower negative effects from the purchase price allocation as part of company acquisition, the segment's income improved to €-11.8 (-18.5) million. At the same time, the segment's income was impacted by a sharp increase in expenditure on the planned expansion of our breeding activities. Its income was also reduced as a result of exchange rate effects. Excluding effects from the purchase price allocation as part of company acquisitions, the segment's income was €-0.6 (0.6) million. The (adjusted) EBIT margin was -0.9% or slightly below the figure for the previous year (guidance: "slight increase compared to the previous year").

Revenue (albeit slight) from our farms in Germany, France and Poland is grouped in the **Corporate Segment**. Since all cross-segment costs for the KWS Group's central functions and research expenditure are still charged to the Corporate Segment, its income is usually negative. The segment's income fell sharply to €-115.3 (-97.7) million due to higher expenditure on research and administration and was thus in line with our guidance ("around €-110 million").

<sup>1</sup> Including equity-accounted companies. Details on the segments' business performance and their economic environment can be found in the segment reports.

## 2.3.2 Earnings, Financial Position and Assets

### Earnings

#### Condensed income statement

in € millions	2022/2023	2021/2022	+/-	
Net sales	1,819.8	1,539.5	18.2%	
EBITDA	318.2	252.4	26.1%	
EBIT	222.8	155.1	43.6%	
Net financial income/expenses	-47.1	-16.9	<-100%	
Earnings before taxes	175.7	138.1	27.2%	
Income taxes	48.7	30.4	60.2%	
Net income for the year	127.0	107.8	17.8%	
Earnings per share	in €	3.85	3.27	17.8%
EBIT margin	in %	12.2	10.1	-

#### KWS Group posts double-digit growth in net sales

The KWS Group increased its net sales sharply in the year under review to €1,819.8 (€1,539.5) million or by 18.2% compared with the previous year. Our Corn, Sugarbeet, Cereals and Vegetables product segments each achieved double-digit growth. Exchange rate effects had only a slightly negative impact of -1.1% on net sales due to countervailing developments. While we benefited from the performance of the Brazilian real and the US dollar, the high depreciation of the Argentinean peso and the Turkish lira against the euro had a negative impact. Portfolio effects had no significant impact on the KWS Group's net sales in the year under review. Net sales therefore grew by 19.5% on a comparable basis (excluding exchange rate and portfolio effects).

The Corn and Sugarbeet Segments accounted for a major share of total net sales, namely 42.4% and 39.4%, respectively (43.7% and 38.2%). The share of the Cereals Segment in the year under review was virtually constant at 14.2% (14.1%). The Vegetables Segment accounted for 3.6% (3.5%) of total net sales.

The region where we generated most of our business was Europe, which accounted for 60.8% of net sales (Germany: 15.5%). The share of net

sales in North and South America increased to 32.6% (32.1%) of our total net sales, due among other things to our growth in Brazil. Revenues from our North American and Chinese equity-accounted companies are only included at the segment level (see our segment reporting starting on page 37).

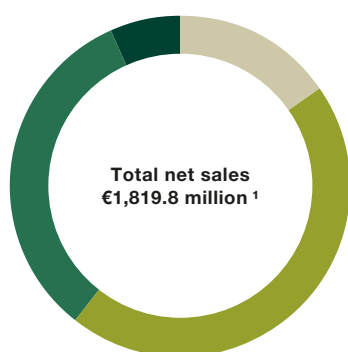
#### Key indicators for operating income rise sharply

The KWS Group's operating income before depreciation and amortization (EBITDA), including effects from leases and hyperinflation, increased in fiscal 2022/2023 by 26.1% to €318.2 (252.4) million, while operating income (EBIT) rose by 43.6% to €222.8 (155.1) million. The EBIT margin likewise improved sharply to 12.2% (10.1%).

The strong rise in the key indicators for operating income was mainly due to higher sales prices and an improved product mix, as well as a below-proportionate increase in the cost of sales and function costs.

The KWS Group's cost of sales rose by 14.8% to €796.0 (693.2) million against the backdrop of the expansion of business, higher seed propagation costs and the destruction of inventories. The cost of sales ratio improved to 43.7% (45.0%), in particular due to price and product mix effects that impacted net sales.

## Net sales by region



<sup>1</sup> Without sales of our at-equity-accounted consolidated companies

Selling expenses rose by 11.2% to €312.8 (281.3) million and thus less strongly than net sales. The selling expense ratio thus improved to 17.2% (18.3%).

Research and development expenditure rose by 13.3% in the period under review to €314.2 (277.2) million; the R&D intensity was 17.3% and thus below the level of the previous year (18.0%) due to the strong growth in net sales.

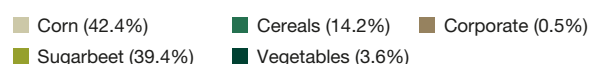
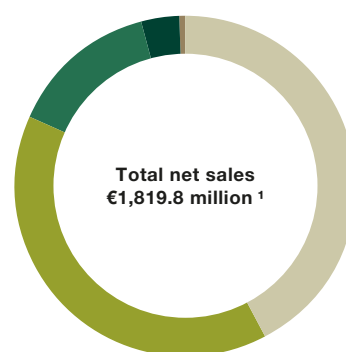
Administrative expenses rose by 10.6% to €144.3 (130.2) million, among other things due to higher personnel costs. The administrative expense ratio improved to 7.9% (8.5%).

The balance of other operating income and other operating expenses fell to €-30.0 (-2.5) million, in particular due to exchange rate and hyperinflation effects. The related individual items are explained in detail in the Notes on [pages 123 to 124](#).

### Increase in earnings after taxes despite a decline in net financial income/expenses

Our net financial income/expenses is made up of the net income from equity investments and the interest result. In addition, we report realized and unrealized foreign exchange differences from

## Net sales by segment



<sup>1</sup> Without sales of our at-equity-accounted consolidated companies

financing activities within net financial income/expenses.

Net income from equity investments includes the earnings from equity-accounted joint ventures, which decreased to €-12.3 (€7.7) million due to the fall in earnings from our equity investments in North America and China. The balance of financial expenses and financial income likewise fell sharply to €-34.8 (-24.6) million. This was mainly due to higher interest expenses, in particular as a result of higher interest rates in Brazil and Germany. Net financial income/expenses declined significantly to €-47.1 (-16.9) million on the back of these effects.

Earnings before taxes rose sharply by 27.2% to €175.7 (138.1) million. Income taxes increased to €48.7 (30.4) million, in particular due to the growth in earnings. The increase in the tax rate to 27.7% (22.0%) is mainly attributable to special effects that increased taxes in the period under review, but reduced them in the previous period. Overall, the KWS Group generated earnings after taxes of €127.0 (107.8) million in the year under review. Given that the number of shares is 33,000,000, earnings per share were €3.85 (3.27).

## Financial situation

### Selected key figures on the financial position

in € millions	2022/2023	2021/2022	+/-
Cash and cash equivalents	173.0	203.7	-15.1%
Net cash from operating activities	144.7	100.3	44.3%
Net cash from investing activities	-100.1	-90.9	-10.1%
<b>Free cash flow</b>	<b>44.5</b>	<b>9.4</b>	<b>&gt;100%</b>
Net cash from financing activities	-59.3	-28.4	<-100%

Securing the KWS Group's financial flexibility, enabling its profitable growth and preserving its independence are the core tasks of our financial management. Among other things, we ensure that by extensive liquidity planning, monitoring of cash flows, and hedging the risk of interest rate changes and currency risks. The main financial instruments used by the Group in the fiscal year, apart from a syndicated credit line and a loan from the European Investment Bank (EIB) to fund research and development, were in particular borrower's notes and commercial papers with different loan periods and terms (see page 130). We also used short-term loans in Brazil to finance growth there. The maturity profile of the Group's borrowings has a broad spread, with a high proportion of medium- and long-term financing.

In order to secure KWS' growth, we also consider the option of a capital increase in exceptional cases, for example to fund a further large acquisition.

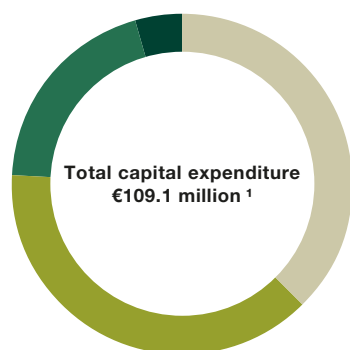
The net cash from operating activities developed positively, in particular due to our operating performance, and rose to €144.7 (100.3) million. However, there was a further increase in working capital. In Brazil in particular, trade receivables increased again due to the high growth and longer payment periods customary in the market. Inventories likewise increased further against the backdrop of our growth targets and due to higher prime costs.

The net cash from investing activities totaled €-100.2 (-90.9) million in fiscal 2022/2023.

The main focus of the KWS Group's capital spending in the year under review was on erecting and expanding production and research and development capacities. Construction of the new elite seed storehouse for processing and storing breeding material for sugarbeet was begun at the Einbeck location. Its planned investment volume is more than €40 million and it is scheduled to be completed in 2024. In Ukraine and Brazil, the focus was on expanding and modernizing production and processing plants for corn seed. Investments were made in further breeding capacities in the Vegetables Segment. Across all segments, investments were made in office and laboratory equipment and in IT systems, among other things. Total capital spending in fiscal 2022/2023 (excluding interest received and noncash additions) totaled €109.1 (93.5) million. Depreciation and amortization fell in the year under review to €95.4 (97.4) million, mainly due to lower PPA effects.

The free cash flow was consequently €44.5 million and thus well above the figure for the previous year (€9.4 million). The net cash from financing activities rose to €-59.3 (-28.4) million, mainly due to loans raised to fund growth and higher interest and lease payments. Cash and cash equivalents fell – taking into account exchange rate effects around €15 million – to €172.9 (203.7) million.

### Capital expenditure by region



<sup>1</sup> Without capital expenditures of our at-equity-accounted consolidated companies

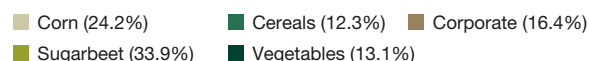
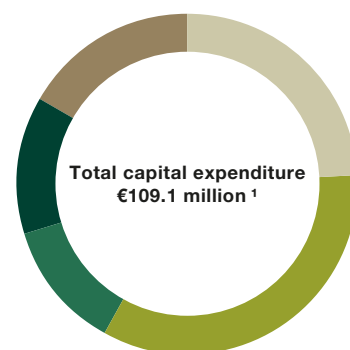
### Assets

The KWS Group's balance sheet is impacted by the seasonal nature of our business. In the course of the year, there are usually balance sheet items that differ significantly from the corresponding figures at the balance sheet date, in particular in relation to working capital.

Total assets at June 30, 2023, were €2,749.6 (2,651.8) million. The rise was mainly attributable to a further increase in current assets as a result of the expansion of business in South America; they totaled €1,420.7 (1,329.0) million, with trade receivables rising to €582.0 (518.5) million. Inventories likewise increased to €409.1 (354.6) million,

Noncurrent assets totaled €1,326.8 million and were thus at the level of the previous year (€1,318.8 million). The increase in property, plant and equipment as part of our investing activities was mainly offset by depreciation of property, plant and equipment and amortization of intangible assets identified as part of company acquisitions.

### Capital expenditure by segment



<sup>1</sup> Without capital expenditures of our at-equity-accounted consolidated companies

Equity increased to €1,291.1 (1,245.9) million, mainly due to the net income for the year. However, effects from currency translation reduced equity. The equity ratio at the balance sheet date was 47.0% and thus at the level of the previous year (47.0%).

The fall in noncurrent liabilities to €762.0 (814.2) million is attributable in particular to a shift from long-term to short-term financial liabilities.

Trade payables increased again, among other things due to the expansion of business and optimized controlling of outgoing payments on an increasingly centralized basis. In addition, the rise in short-term financial liabilities resulted in higher current liabilities, which consequently rose sharply to €696.5 (591.7) million.

Net debt (long-term and short-term borrowings from banks less cash and cash equivalents) increased to €565.2 (521.9) million.

## Condensed balance sheet

in € millions	06/30/2023	06/30/2022	+/-
<b>Assets</b>			
Noncurrent assets	1,326.8	1,318.8	0.6%
Current assets	1,420.7	1,329.0	6.9%
Assets held for sale	2.1	4.0	-47.5%
<b>Equity and liabilities</b>			
Equity	1,291.1	1,245.9	3.6%
Noncurrent liabilities	762.0	814.2	-6.4%
Current liabilities	696.5	591.7	17.7%
<b>Total assets</b>	<b>2,749.6</b>	<b>2,651.8</b>	<b>3.7%</b>

## 2.3.3 Segment Reports

### Reconciliation with the KWS Group

The KWS Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The segments are presented in the Management Report in line with our internal corporate controlling structure in accordance with GAS 20. The main difference is that we do not carry the revenues and costs of our equity-accounted companies in the statement of comprehensive income (in accordance with IFRS 11). The KWS Group's net sales and EBIT

are therefore lower than the total for the segments. The earnings contributed by the equity-accounted companies are instead included under net financial income/expenses. Our equity-accounted companies are included proportionately in the segment reports in line with our internal corporate controlling structure.

The difference from the KWS Group's statement of comprehensive income is summarized for a number of key indicators in the reconciliation table:

### Reconciliation table

in € millions	Segments	Reconciliation	KWS Group
Net sales	2,095.2	-275.4	1,819.8
EBIT	212.3	10.5	222.8
Number of employees avg.	5,055	264	5,319
Capital expenditure	116.2	-7.0	109.1
Total assets	2,884.3	-134.7	2,749.6

The reconciliation between the KWS Group's statement of comprehensive income and the reporting by segments in fiscal 2022/2023 is impacted by our equity-accounted companies in the North American and Chinese corn markets. That applies to all key figures in the table above, with the main influences coming from North America.



## Corn

### Corn Segment

**General industry-specific conditions: Higher sales prices for innovative corn varieties**

The general economic conditions for the Corn Segment varied in our core markets in the year under review. While land under cultivation increased in the U.S., the world's largest corn producer, it remained at the previous year's level in Brazil. However, the cultivation area for corn in Europe declined, in particular due to in some cases high, drought-related yield losses in the previous season. Demand for corn seed therefore declined in the European grain corn markets. To take advantage of damp conditions in the winter, farmers increasingly opted to grow winter cereals and winter oilseed rape.

Due to firm global demand and higher propagation costs, sales prices for innovative corn seed in our core markets increased, in some cases sharply.

**The segment's performance: Net sales rise to over one billion euros for the first time, EBIT declines**

The Corn Segment again grew its net sales sharply by 11.9% to €1,046.8 (935.1) million in the year under review. That equates to growth of 18.2% on a comparable basis (excluding exchange rate and portfolio effects). Our core markets of Europe, Brazil and the U.S. contributed to this.



Net sales in Brazil increased by around 24%; here we were able to significantly increase our prices and also benefited from positive exchange rate movements. Our innovative varieties make us one of the leading vendors of corn seed in this highly competitive market.

We grew net sales in Europe by around 13% despite a fall in land under cultivation. This increase is mainly attributable to higher sales prices. We again defended our leading position in the silage corn market in the year under review.

Net sales at our joint venture AgReliant increased by around 10%, mainly due to exchange rate effects. In a highly competitive environment, our business experienced declining volumes, but that was offset by higher sales prices.

The decline in the segment's income to €45.8 (57.2) million is attributable to the sharp fall in earnings at our joint ventures in North America and China, whose operating performance was below expectations. However, we were able to grow earnings in Brazil and Europe. The segment's EBIT margin fell from 6.1% to 4.4%.

#### Investments in further growth

The segment's capital spending was €33.5 (32.0) million in the year under review. Alongside routine maintenance measures, the main focus was on expansion of our production and processing plant in Brazil. We plan to expand our production capacities there by fiscal 2026/2027. We continued our extensive expansion of the seed processing plant in Ukraine. The aim is to ensure the availability of high-quality seed and to provide long-term support for reconstruction of the agricultural industry in Ukraine.

#### Key figures

in € millions	2022/2023	2021/2022	+/-	
Net sales	1,046.8	935.4	11.9%	
EBITDA <sup>1</sup>	89.9	95.8	-6.2%	
EBIT	45.8	57.2	-19.9%	
EBIT margin	in %	4.4	6.1	-
Capital expenditure	33.5	32.0	4.7%	
Capital employed (avg.) <sup>2</sup>	922.7	788.9	17.0%	
ROCE (avg.) <sup>3</sup>	in %	5.0	7.2	-

<sup>1</sup> EBITDA = EBIT (incl. IAS 29 Hyperinflation) + Depreciation (incl. IAS 29 Hyperinflation) + Amortization (incl. IAS 29 Hyperinflation)

<sup>2</sup> Capital employed (average capital employed) = (quarterly figures at the reporting date for intangible assets + property, plant and equipment + inventories + trade receivables - trade payables) / 4

<sup>3</sup> ROCE = EBIT / capital employed (avg.)



## Sugarbeet

### Sugarbeet Segment

**General industry-specific conditions:  
Sugar prices at a high level, slight increase in  
land under cultivation**

While the worldwide supply of sugar declined due to unfavorable weather conditions in India, Europe, China and Mexico, global demand for sugar continued to rise. In addition, more sugar cane was used to produce bioethanol in the year under review and was therefore not available to make sugar.

As a result, sugar prices reached long-term highs. The prices paid for sugarbeet also increased – in some cases significantly – in the period under review, thus strengthening the attractiveness of sugarbeet cultivation. Global cultivation area grew by around 2% to 4.5 million hectares. There was an

increase in land under cultivation in Eastern Europe, in particular.

**The segment's performance: Product  
innovations drive growth in net sales and EBIT**

Net sales at the Sugarbeet Segment again rose sharply in the year under review to €716.3 (588.4) million, an increase of 21.7%. The growth was 21.1% on a comparable basis (excluding exchange rate and portfolio effects). This increase was mainly attributable to growth in Central and Eastern Europe and in the U.S. Europe is the segment's most important market, accounting for 59.6% (59.1%) of total net sales, followed by North America with 29.9% (31.2%).

In the 2023 sowing season, there was higher demand particularly for the sustainable product innovations CONVISO® SMART and CR+. Their joint contribution to net sales increased to around 49% (33%) and was a key factor in our business success. Against the backdrop of increasing regulation of pesticides and rising disease pressure as a result of climate change, these innovations make an important contribution to achieving stable beet yields with less use of pesticides.

On the back of the positive net sales performance, the segment's income was €253.4 (195.0) million and likewise significantly higher than in the previous year, despite the higher destruction of inventories due to changes in the regulatory framework and negative exchange rates.

While gross profit on sales was much higher (+24%), there were higher selling expenses (+19%) and increased research and development expenditure

(+13%). The EBIT margin was 35.4% and thus above the level of the previous year (33.1%).

We are continuing to invest strongly in expanding our sugarbeet breeding programs so that we can continue to provide our farmers with innovative seed in the future. The focus is on solutions to combat increasing disease or insect infestation as a consequence of climate change and to enable effective weed control. In addition, development of diploid hybrid potatoes was continued in the year under review.

#### Important capital spending projects

In fiscal 2022/2023, we invested primarily in construction of our new elite seed storehouse for processing and storing breeding material for sugarbeet and in our production plants in Italy. We invested a total of €37.0 million at the segment compared to €32.4 million in the previous year.

#### Key figures

in € millions	2022/2023	2021/2022	+/-
Net sales	716.3	588.4	21.7%
EBITDA <sup>1</sup>	275.6	216.1	27.5%
EBIT	253.4	195.0	29.9%
EBIT margin in %	35.4	33.1	–
Capital expenditure	37.0	32.4	14.2%
Capital employed (avg.) <sup>2</sup>	449.9	386.5	16.4%
ROCE (avg.) <sup>3</sup> in %	56.3	50.4	–

<sup>1</sup> EBITDA = EBIT (incl. IAS 29 Hyperinflation) + Depreciation (incl. IAS 29 Hyperinflation) + Amortization (incl. IAS 29 Hyperinflation)

<sup>2</sup> Capital employed (average capital employed) = (quarterly figures at the reporting date for intangible assets + property, plant and equipment + inventories + trade receivables – trade payables) / 4

<sup>3</sup> ROCE = EBIT / capital employed (avg.)



# Cereals

## Cereals Segment

### **General industry-specific conditions: Prices decline after record levels in the previous year**

After reaching long-term highs in the previous year, international raw material prices came under – in some cases heavy – pressure during the period under review, mainly as a result of the agreement between Ukraine and Russia on the shipment of grain via the Black Sea (“Black Sea Grain Initiative”). In particular, the agreement helped improve the supply outlook on world markets and reduced uncertainties. High inventories and the prospect of good harvests bolstered the downward trend. For example, wheat prices at the end of the year under review were an average of 35% below their highs in May 2022. Prices for rye, barley and oilseed rape also fell sharply. However, they were still at a good level at the time of the sowing season for winter cereals and oilseed rape in the fall of 2022.

The Food and Agriculture Organization (FAO) of the United Nations registered a record wheat harvest of around 800 million tons for the year under review. While cultivation areas for wheat in KWS’ important EU 27 markets were slightly above the five-year average, they declined for rye and barley. However, cultivation area for oilseed rape increased sharply in 2022/2023, with global production rising from 76.1 to 89.2 million tons, an all-time high.

### **The segment’s performance: Sharp increase in net sales and income**

Net sales in the Cereals Segment in fiscal 2022/2023 rose sharply to €257.8 (216.4) million, mainly due to buoyant growth in oilseed rape, wheat and rye seed. This equates to an increase of 19.1%. Net sales grew by 18.3% on a comparable basis (excluding exchange rate and portfolio effects).

As regards oilseed rape, favorable market conditions and a good portfolio of varieties, in particular, resulted in a significant increase, with net sales rising by around 28%. We posted the largest growth in Germany, France and Romania. Net sales from wheat seed business increased by around 22%, mainly on the back of higher sales volumes and seed prices, with the biggest growth being recorded in Germany, France and the UK.

Rye seed business performed very well in the year under review, growing its net sales by around 10%. Demand for rye seed benefited particularly from the increasing use of rye in fodder and is underpinned by its excellent carbon footprint and high yield stability under dry conditions. Rye seed business accounts for around 40% and thus a significant share of the segment's net sales. However, net sales of barley seed were at the level of the previous year; barley accounts for just under 10% of the segment's net sales.

The Cereals Segment achieved high growth rates with its catch crops, an area with a highly promising future, and with its organic seed. In addition, sorghum seed business in Brazil again performed very pleasingly and more than doubled from a low level.

The segment's income rose sharply by 36% to €40.1 (29.5) million thanks to the positive net sales trend. The EBIT margin increased to 15.6% and was thus also above the high level of the previous year (13.6%).

While gross profit increased (+20%), there were – as planned – higher selling expenses (+20%) due to numerous growth initiatives and inflation-related effects. In addition, we further increased our research and development expenditure (+14%).

As part of our strategic orientation, the focus of our research and development is on breeding hybrid seed, including for wheat and, with initial successes, for barley. Another focus is on breeding high-performance varieties as well as on their resource efficiency and improved traits to promote sustainable agriculture.

#### Investment in breeding and production continued

The segment's capital spending in the year under review was €13.4 (6.6) million and thus well above the figure for the previous year. The main focus of investment activity was again on expanding and modernizing production plants in Germany and France, such as the seed processing plant at Wohlde, and modernizing and expanding breeding stations.

#### Key figures

in € millions	2022/2023	2021/2022	+/-	
Net sales	257.8	216.4	19.1%	
EBITDA <sup>1</sup>	48.1	39.2	22.7%	
EBIT	40.1	29.5	35.9%	
EBIT margin	in %	15.6	13.6	–
Capital expenditure	13.4	6.6	>100%	
Capital employed (avg.) <sup>2</sup>	172.4	156.6	10.1%	
ROCE (avg.) <sup>3</sup>	in %	23.3	18.9	–

<sup>1</sup> EBITDA = EBIT (incl. IAS 29 Hyperinflation) + Depreciation (incl. IAS 29 Hyperinflation) + Amortization (incl. IAS 29 Hyperinflation)

<sup>2</sup> Capital employed (average capital employed) = (quarterly figures at the reporting date for intangible assets + property, plant and equipment + inventories + trade receivables – trade payables) / 4

<sup>3</sup> ROCE = EBIT / capital employed (avg.)



## Vegetables

### Vegetables Segment

**General industry-specific conditions: Drought impacts vegetable cultivation in southern Europe, stable demand for spinach seed**

Conditions for vegetable cultivation have become bleaker, particularly in the major southern European regions, due to severe drought. In Spain, which accounts for around a quarter of the European Union's total fruit and vegetable production, persistent periods of drought led to a reduction in land under cultivation and crop failures. Climate-related challenges such as heat waves or heavy rainfall also resulted in crop losses in other cultivation regions, with the result that end consumer prices for fruit and vegetables rose, in some cases sharply.

The specific general conditions for spinach seed, our main sales driver in the Vegetables Segment, stabilized in the period under review. However, demand for high-quality spinach for the food service sector remained below pre-coronavirus levels.

**The segment's performance: Sharp growth in net sales and earnings, planned expansion of our breeding activities**

Net sales in the Vegetables Segment, in which the business activities of Pop Vriend Seeds, the vegetable seed company acquired effective July 1, 2019, are consolidated, increased sharply by 21.5% to €66.0 (54.3) million in the year under review. The growth was 26.2% on a comparable basis (excluding exchange rate and portfolio effects).

Spinach seed accounted for around two-thirds of the segment's net sales and recorded growth of around 22% and stronger demand in the U.S. and China, in particular. As a result, we were able to maintain our leading position in the spinach seed market.

Bean seed business, which contributes around 25% of net sales and is thus the second-largest product group in the segment, also grew sharply by around 10%, despite a fall in land under cultivation.

By contrast, the sale of non-core activities (seed trading business) in the course of the year under review meant that the contributions to net sales were in the low single-digit million range compared with the previous period.

The segment's income improved to €-11.8 (-18.5) million as a result of the positive business performance and lower effects from the purchase price allocation as part of company acquisitions. The segment's income includes significant expenditures aimed at the long-term establishment of vegetable breeding. Exchange rate effects also had a negative impact on its income.

### Expansion of vegetable breeding continued

KWS made further progress in vegetable breeding last fiscal year and thus laid the foundation for future growth. KWS now has vegetable breeding stations in Spain, Italy, the Netherlands, Turkey, Brazil and Mexico. KWS' strategic objective is to build a significant position in the vegetable seed market long-term. Our focus apart from spinach and beans is on the world's five most important crops in this segment: tomatoes, peppers, cucumbers, watermelons and melons.

We inaugurated new research facilities at the headquarters of our Business Unit Vegetables at Wageningen, in the Netherlands, in February 2023. The premises, which cover an area of almost 450 square meters, offer space for labs and culture rooms for cultivating plants. Expansion of laboratory capacities is an important step in speeding up and enhancing quality in the development of new vegetable varieties.

Capital spending in the Vegetables Segment increased sharply overall from €9.0 million in the previous year to €14.3 million.

### Key figures

in € millions	2022/2023	2021/2022	+/-	
Net sales	66.0	54.3	21.5%	
EBITDA <sup>1</sup>	2.3	3.0	-23.3%	
EBIT	-11.8	-18.5	36.2%	
EBIT margin	in %	-17.8	-34.1	-
Capital expenditure	14.3	9.0	58.9%	
Capital employed (avg.) <sup>2</sup>	427.1	420.4	1.6%	
ROCE (avg.) <sup>3</sup>	in %	-2.8	-4.4	-

<sup>1</sup> EBITDA = EBIT (incl. IAS 29 Hyperinflation) + Depreciation (incl. IAS 29 Hyperinflation) + Amortization (incl. IAS 29 Hyperinflation)

<sup>2</sup> Capital employed (average capital employed) = (quarterly figures at the reporting date for intangible assets + property, plant and equipment + inventories + trade receivables - trade payables) / 4

<sup>3</sup> ROCE = EBIT / capital employed (avg.)



# Corporate

## Corporate Segment

### Key figures

in € millions	2022/2023	2021/2022	+/-
Net sales	8.3	8.3	0.2%
EBITDA <sup>1</sup>	-94.0	-77.8	-20.9%
EBIT	-115.3	-97.5	-18.2%
Capital expenditure	17.9	18.9	-5.1%

<sup>1</sup> EBITDA = EBIT (incl. IAS 29 Hyperinflation) + Depreciation (incl. IAS 29 Hyperinflation) + Amortization (incl. IAS 29 Hyperinflation)

Net sales in the Corporate Segment totaled €8.3 (8.3) million. While net sales at our farms in Germany and France declined slightly, they increased in Poland.

At the same time, since cross-segment costs for the KWS Group's central functions and research expenditure are charged to the Corporate Segment, its income is usually negative. The segment's income fell to €-115.3 (-97.5) million, mainly due to

general cost increases, especially for personnel, and planned higher expenses for research and in the field of digital tools. Capital spending was €17.9 (18.9) million and thus slightly below that of the previous year.

Alongside general spending on office and laboratory equipment and IT systems, one focus of our investment activity was the construction of a new workshop at Klein Wanzleben.

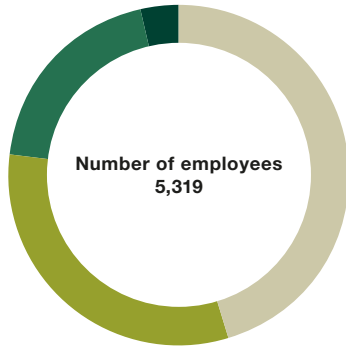


### 2.3.4 Employment Trends

The KWS Group employed an average of 5,319 (5,120) people (excluding seasonal workers) in the fiscal year, a year-on-year increase of around 4%.

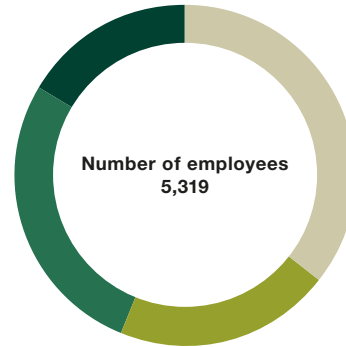
A total of 2,417 (2,294), or around 45.4% (44.8%) of the workforce, were employed in Germany. Once again, the area that accounted for the most employees was research and development, which made up 35.7% (35.8%) of the total workforce.

#### Employees by region



- Germany (2,417)
- Europe (excluding Germany) (1,676)
- North and South America (1,048)
- Rest of world (178)

#### Employees by function



- Research & Development (1,897)
- Production (1,102)
- Distribution (1,450)
- Administration (871)

## 2.4 Sustainability Information (Combined Non-Financial Declaration)

### 2.4.1 General Information

#### Overview of the status of implementation of key sustainability goals

Environmental objectives	Target in 2030	2022/2023	2021/2022
<b>Biodiversity and Ecosystems (Section 2.4.2)</b>			
Crops in breeding programs	27	23	24
Budget for resource-conserving research	>30% of the annual R&D budget on reducing the use of resources	20.2%	19.8%
Ratio of low-input varieties	Suitability of >25% of KWS' varieties for low-input farming	9% <sup>1</sup>	n/a
<b>Climate Change (Section 2.4.2)</b>			
Emissions (Scopes 1 + 2)	50% reduction (2050: net zero)	65,278 t CO <sub>2</sub> e	64,000 t CO <sub>2</sub> e
Use of scorecards to measure local environmental performance	Use of scorecards at all production sites, including at processing plants and our own seed propagation areas (currently 71 locations)	56 locations	n/a
<b>Innovative Product Design (Section 2.4.2)</b>			
Annual yield gain	1.5% on average	1.3% <sup>1</sup>	n/a
Use of digital farming solutions on customers' fields	Use of digital solutions on >6 million hectares	2.5 million hectares	1.7 million hectares
Ratio of varieties for direct human nutrition	>40% of KWS' varieties can be used directly in human nutrition	63% <sup>1</sup>	n/a
<b>Social objectives</b>			
<b>Social Engagement (Section 2.4.3)</b>			
Ratio of expenditures as part of our social commitment	1% of operating income (EBIT) p.a.	0.6%	0.8%
<b>Working Conditions (Section 2.4.3)</b>			
OSHA incident rate at the KWS Group <sup>2</sup>	<1.0	1.6	1.3
<b>Governance objectives</b>			
<b>Business Ethics and Compliance (Section 2.4.4)</b>			
Access to the Compliance Portal	95%	80%	80%
<b>Property Rights to Genetic Resources (Section 2.4.4)</b>			
ITPGRFA incidents <sup>3</sup>	No incidents under the ITPGRFA	0	0

<sup>1</sup> Recorded for the German market

<sup>2</sup> Rate of lost-time occupational accidents relative to hours worked (per 200,000 working hours); OSHA = Occupational Safety and Health Administration

<sup>3</sup> International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA); KWS is committed to complying with the stipulations of the ITPGRFA

### **Our understanding of sustainability**

It is our understanding of sustainability that sustainable commercial success requires – in addition to stringent implementation of our commercial goals – a socially, ecologically and economically balanced business culture. Our corporate vision, mission and values form the basis for this and are a key component in our activity and in ensuring KWS' long-term economic success.

**“Our passion for plants sustains farming, food and planet.”**

The KWS Group's mission

We set ourselves long-term and concrete objectives under our sustainability strategy, for which the Executive Board is jointly responsible. In our global strategic planning process, their appropriateness is regularly reviewed, with the aim of orienting our business activities toward social, ecological and economical aspects. In this spirit, KWS adopted sustainability goals in 2021 as part of the Sustainability Ambition 2030, and the status of their implementation is reported on in the Non-Financial Declaration. A central Sustainability Team operates as a staff unit under the responsibility of our Chief Financial Officer and coordinates the main sustainability activities within the KWS Group.

### **Sustainability issues of moderate to high materiality**

We derive the issues we report on in the Non-Financial Declaration from a materiality analysis that was conducted in 2020/2021 and was based on the GRI standards and in which we involved our relevant stakeholder groups. The key stakeholder groups include not only

our direct customers, i.e., farmers, but also our shareholders and employees. We also include various stakeholders throughout the agricultural value chain in our analysis, such as sugar producers, food manufacturers, retailers and end consumers, as well as policymakers, public authorities, non-governmental organizations, science, academia and the media. We reviewed the materiality analysis in the past fiscal 2022/2023 and made adjustments to how the issues are categorized. The 2022/2023 materiality analysis was prepared as a result and used as the basis for identifying issues of high relevance in terms of their impact on the KWS Group's business activities and situation. Since fiscal 2022/2023, we have consequently assessed the issues of biodiversity and ecosystems as being of greater materiality for KWS and are expanding our reporting accordingly. Sustainability-related issues that were categorized as being of high materiality are presented in the Non-Financial Declaration. Sustainability-related issues that were categorized as being of moderate materiality are reported on in the separate 2022/2023 Sustainability Report. We plan to conduct the materiality analysis again in fiscal 2023/2024.

In order to prepare for the requirements stipulated under the EU's Corporate Sustainability Reporting Directive (CSRD), which will be mandatory for KWS for the first time from fiscal 2024/2025, we have already made adjustments to our reporting structure for fiscal 2022/2023. We now report on the issues relating to the environment, social aspects and governance in separate sections of the Management Report.

**Legal disclosures**

In accordance with Sections 289b et seq. and Sections 315b et seq. of the German Commercial Code (HGB), KWS is obliged to prepare a Non-Financial Declaration for the parent company KWS SAAT SE & Co. KGaA and the KWS Group disclosing details of the business model and related material corporate social responsibility (CSR) aspects (environmental issues, social issues, employee issues, human rights, and prevention of

corruption and bribery), where these are necessary for an understanding of the course of business, business results, the situation of KWS SAAT SE & Co. KGaA and the KWS Group, and the effects on said aspects. The disclosures in the Combined Non-Financial Declaration relate to both KWS SAAT SE & Co. KGaA and the KWS Group, unless otherwise specified.

**Materiality matrix 2022/2023**

■ Environment ■ Social ■ Governance

High	<p><b>Non-Financial Declaration</b></p> <ul style="list-style-type: none"> <li>■ Climate Change</li> <li>■ Water</li> <li>■ Social Engagement</li> </ul>	<ul style="list-style-type: none"> <li>■ Consumers and End Users</li> <li>■ Responsibility in the Value Chain</li> <li>■ Business Ethics and Compliance</li> </ul>	<ul style="list-style-type: none"> <li>■ Innovative Product Design</li> <li>■ Working Conditions</li> <li>■ Property Rights to Genetic Resource</li> </ul>
	<p><b>Sustainability Report</b></p> <ul style="list-style-type: none"> <li>■ Circular Economy</li> </ul>	<ul style="list-style-type: none"> <li>■ Pollution</li> <li>■ Stakeholder Management</li> </ul>	<ul style="list-style-type: none"> <li>■ Biodiversity and Ecosystems</li> <li>■ Own Workforce</li> </ul>
	<ul style="list-style-type: none"> <li>■ Capacity Building and Environmental Engagement</li> </ul>		
Medium	Impact of KWS Group on Society/Environment/Economy		
	Medium		High

The table below gives an overview of the CSR report aspects stipulated by law in accordance with Section 289c of the German Commercial Code (HGB) and other associated issues that require reporting, as well as references to the sections in which the required disclosures on concepts, results, risks and key performance indicators are made. We did not identify any risks that exceeded the statutory materiality threshold defined in Section

289c (3) of the German Commercial Code (HGB). In addition, the KWS Group has not defined any non-financial performance indicators relating to controlling at present.

As part of preparation of the Non-Financial Declaration, we were guided by the GRI standards in conducting the materiality analysis. No other frameworks were used.

### Index for the Non-Financial Declaration

Required German Commercial Code disclosures	Issues of high materiality	Reference to sections
Business model		2.1 Fundamentals of the KWS Group
Environmental issues	Innovative and Sustainable Product Design Climate Change Water Biodiversity and Ecosystems	2.4.2 Environmental Aspects 2.4.2 Environmental Aspects 2.4.2 Environmental Aspects 2.4.2 Environmental Aspects
Employee issues	Employees Working Conditions	2.4.3 Social Aspects 2.4.3 Social Aspects
Corruption and bribery	Governance and Compliance	2.4.4 Governance
Human rights	Responsible Sourcing	2.4.3 Social Aspects
Social issues	Social Commitment Consumers and End Consumers Ownership Rights to Genetic Resources	2.4.3 Social Aspects 2.4.3 Social Aspects 2.4.4 Governance
EU Taxonomy		2.4.2 Environmental Aspects

## 2.4.2 Environmental Aspects

### 2.4.2.1 Biological Diversity and Ecosystems

#### Enhance crop diversity (Sustainability Ambition 2030)

Objective	Target in 2030	2022/2023	2021/2022
Crops in breeding programs	27	23	24

Flexible and sustainable crop rotation in agriculture is part of our sustainable product strategy. We therefore offer our customers a broad portfolio of varieties for different crops. We plan to increase the number of our breeding programs from 23 at present to 27 by 2030. A plant breeding program for agricultural crops is a systematic and science-based method of developing plants with improved traits and properties. It comprises the pinpointed crossing of plants to enhance desirable traits such as yield, resistance to diseases and pests, drought tolerance, nutrient efficiency and adaptability to different environmental conditions. A breeding program involves the selection of parent plants with the desired traits and the systematic implementation of crossing and selection processes over several generations. The goal is to develop varieties that meet farmers' needs, increase yields, improve food security and promote sustainable agricultural practices. Modern plant breeding programs also use advanced technologies such as genomics, marker-assisted selection and genetic engineering to speed up the breeding process and make it more efficient. Crop-specific development objectives are agreed annually between Research, the breeding departments, Production and Sales, submitted for the Executive Board to decide on and reported to the Supervisory Board. In fiscal

2022/2023, we completed the breeding program for carrots in the Vegetables segment. Consequently, the number of our breeding programs fell from 24 to 23.

We support both conventional and organic farming with our varieties, catch crops and mixed cropping solutions from breeding programs. Compared to traditional agriculture, organic farming has a more positive influence on biodiversity, since no chemical pesticides are used in it and near-natural areas are fostered to a greater extent. We already have one of the most diverse product portfolios in plant breeding, enabling us to provide extensive support for multiyear crop rotation strategies and conventional and organic market segments with our own products.

Another indicator of the success of our breeding programs is the number of official variety approvals awarded per year. Only varieties of agricultural plant species that offer a clear improvement in cultivation or further processing (what is termed "value for cultivation and use") over already approved ones can be marketed in the EU. We obtained 488 variety approvals worldwide in fiscal 2022/2023 compared to 486 in the previous year.

## Minimize required inputs (Sustainability Ambition 2030)

Objective	Target in 2030	2022/2023	2021/2022
Expenditures on reducing the use of resources	>30% of the annual R&D budget	20.2%	19.8%
Ratio of varieties for resource-conserving agriculture	Suitability of >25% of KWS' varieties for low-input farming	9% <sup>1</sup>	n/a

<sup>1</sup> Recorded for the first time in fiscal 2022/2023, only for the German market and excluding vegetable varieties

KWS has set itself the goal of minimizing the use of natural and chemical resources in agriculture. To achieve this, we have formulated two targets in our Sustainability Ambition 2030:

### More than 30% of our annual R&D budget is to be spent on reducing the use of resources

In the future, we intend to spend more than 30% of our annual R&D budget specifically on reducing the use of resources (water, fertilizer and pesticides) in arable farming. To enable this, we are planning to develop varieties that, for example, are resistant to diseases or pathogens or have greater tolerance to climatic stress factors and therefore require less pesticide and work by the farmer. In fiscal 2022/2023, we spent 20.2% (19.8%) of the R&D budget<sup>1</sup> on breeding and developing resource-conserving varieties.

### More than 25% of our portfolio of varieties are to be suitable for low-input farming

We develop resource-saving traits as part of our breeding activities. They include varieties that deliver yields that are customary for the market with little use of fertilizer, limited water availability or reduced use of chemical pesticides. At least one trait of a variety must enable lower resource use in cultivation and, at the same time, offer a yield

potential that is customary for the market, in which case the variety is classified as resource-efficient. Very high yields may also result in varieties being awarded this classification, as they can achieve the same yield level as customary varieties with fewer resources. These "low-input varieties" must prove their performance under cultivation conditions, either in our internal trials or as part of official approval processes. We intend to further expand breeding of low-input varieties in the future so as to selectively add them to our portfolio.

Resource-conserving traits in sugarbeet are, for example, disease resistance, which may entail the use of less pesticide and reduce the number of times machines have to run over the field; in the case of oilseed rape, they are traits where there is demonstrably lower infestation by pests. We are reporting the ratio of low-input varieties for the first time in fiscal 2022/2023. We currently provide our customers with a total of 209 varieties<sup>2</sup> for sugarbeet, silage corn, winter oilseed rape, wheat, barley and rye in Germany, of which 19 varieties (9%) were classified by us as resource-efficient in fiscal 2022/2023. Recording of the portfolio is also to be extended to other markets in the following years.

<sup>1</sup> In R&D controlling, not all research and breeding activities that contribute to reducing the use of resources can be clearly separated from other breeding activities such as increasing yield. Consequently, the key figure includes the actual costs for individual R&D projects and a pro-rata share of the total costs for the breeding programs for corn, cereals and vegetables. This share is based on the ratio reported for sugarbeet, which was approximately 19% (19%) for fiscal 2022/2023.

<sup>2</sup> Varieties that generated net sales in fiscal 2022/2023

### 2.4.2.2 Climate Change

#### Improve operational footprint (Sustainability Ambition 2030)

Objective	Target in 2030	2022/2023	2021/2022
Scope 1 and Scope 2 emissions globally <sup>1</sup>	50% reduction (2050: net zero)	65,278 t CO <sub>2</sub> e	64,000 t CO <sub>2</sub> e
Rollout of scorecards to measure environmental performance	Use of scorecards at all production sites, including at processing plants and our own seed propagation areas (currently 71 locations)	56 locations	n/a

<sup>1</sup> We selected new sources for our emissions factors in the year under review. In addition, emissions from the use of biomass are reported outside the scopes for the first time in accordance with the Greenhouse Gas Protocol. Moreover, corrections were made to the figures for our fertilizer consumption. The figures for the previous year 2021/2022 were adjusted accordingly.

#### Energy and emissions

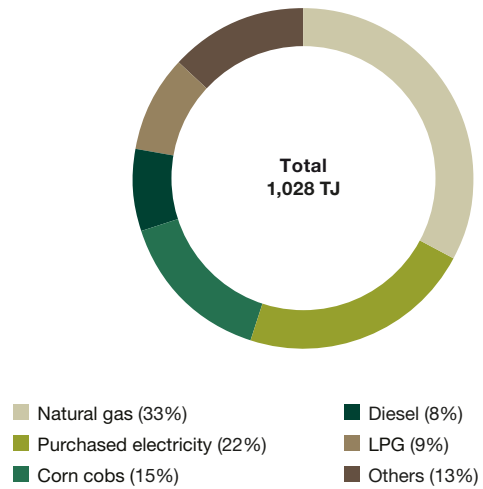
KWS has set itself the goal of reducing Scope 1 and Scope 2 emissions by 50% by 2030 compared with the baseline year 2020/2021. Our aim is to reduce our emissions to net zero in 2050. These objectives are geared toward meeting the 1.5 degree target defined in the Paris Agreement.

#### Energy

As a plant breeding company, KWS is part of the agricultural value chain. We mainly require heat for drying seed, and cold and heat for breeding work in greenhouses or climatic chambers, and for operating agricultural machinery. We currently cover these energy requirements predominantly with natural gas, with diesel, by purchasing electricity from national power grids and also by using energy obtained from biomass (biogas, wood chips and corn cobs). The company also has its own photovoltaic systems at various locations and they help reduce the amount of energy that has to be purchased externally. Our global energy requirements totaled 1,028 (1,026) terajoules (TJ)<sup>1</sup> in fiscal 2022/2023, of which 24% (23%) was covered by renewable energies<sup>2</sup>. The energy intensity was 0.57 (0.67) gigajoules (GJ) per €1,000 of net sales.

#### Energy consumption by energy type

in % of total



#### Emissions

In order to achieve our emissions targets, we are planning adjustments in our use of energy – where that is economically viable. In fiscal 2022/2023, photovoltaic systems were installed and projects for cost-cutting measures in Germany were evaluated with the Executive Board. Our objectives in this regard are to increase the use of biomass-based energy generation, expand our own photovoltaic plants and purchase green electricity under

<sup>1</sup> We use the relevant physical conversion variables to calculate energy consumption. We also take into account energy losses of diesel and gasoline engines and generators, and in this regard assume an energy efficiency ranging from 37% to 41%, depending on the technology.

<sup>2</sup> This includes energy obtained from the combustion of biogas, corn cobs and wood chips and from in-house power generation. We currently do not have any information to enable the data on electricity we buy in to be broken down by renewable energies.

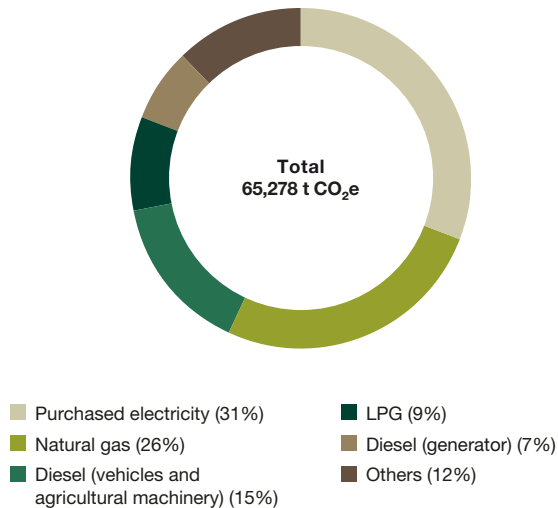


power purchase agreements. We are currently examining other conversion options, such as the use of heat pumps, heat exchangers or technical energy efficiency measures, to reduce our energy requirements. As part of that, we take into account both the potential of such projects to reduce emissions and their cost-effectiveness. An internal carbon policy is currently being drawn up to provide a Group-wide catalog of requirements for capital expenditures and operating expenditures.

In fiscal 2022/2023, the KWS Group’s Scope 1 and Scope 2 emissions were 65,278 (64,000) tons of CO<sub>2</sub>e. The increase of 2.0% is due to higher diesel consumption in the use of generators and agricultural machinery. That gives an emission intensity of 35.9 (41.6) kg of CO<sub>2</sub>e per €1,000 of net sales. The Scope 1 and Scope 2 footprint of the parent company KWS SAAT SE & Co. KGaA was 15,503 (15,139) tons of CO<sub>2</sub>e.

### Scope 1 and Scope 2 emissions

by source



Emissions resulting from the use of biomass (biogas, corn cobs, wood chips, bioethanol and organic fertilizer) are mainly reported outside the GHG Scopes in accordance with the Greenhouse Gas Protocol (GHG Protocol). These out-of-scope emissions in fiscal 2022/2023 were 22,100 (20,941) tons of CO<sub>2</sub>e for the KWS Group and 4,930 (5,191) tons of CO<sub>2</sub>e for KWS SAAT SE & Co. KGaA.

### The KWS Group’s greenhouse gas emissions

Type of emissions	2022/2023 <sup>1</sup> tons of CO <sub>2</sub> e	2021/2022 <sup>2</sup> tons of CO <sub>2</sub> e	Delta (%)
Direct emissions (Scope 1)	45,294	43,879	+3.2
Indirect emission (Scope 2)	19,984	20,121	-0.7
<b>Total</b>	<b>65,278</b>	<b>64,000</b>	<b>+2.0</b>
Biomass emissions (out of scope)	22,100	20,941	+5.5

<sup>1</sup> The measurement period is the calendar year; see the section “Methodology.”  
<sup>2</sup> See the first footnote in this section.

### Methodology

We are guided by the requirements of the GHG Protocol in accounting for our greenhouse gas emissions. As part of that, our energy and fertilizer consumption is recorded worldwide, consolidated centrally and converted into CO<sub>2</sub> equivalents using emissions factors. We use factors from the Department for Environment, Food and Rural Affairs (DEFRA) for Scope 1 and factors from the International Energy Agency (IEA) for Scope 2 as part of that. Emissions from fertilizers are calculated using the “Metodologia do GHG Protocol da agricultura<sup>1</sup>.” Our Scope 2 footprint is reported in accordance with the location-based method. In addition to Scope 1 and Scope 2 emissions,

<sup>1</sup> See [https://ghgprotocol.org/sites/default/files/standards\\_supporting/Metodologia.pdf](https://ghgprotocol.org/sites/default/files/standards_supporting/Metodologia.pdf).

we report our emissions resulting from the use of biomass mainly outside the GHG Scopes, as they are not to be attributed to any scope according to the GHG Protocol. We have adjusted the carbon accounting period starting in fiscal 2022/2023 to January 1 to December 31, since energy billing statements are usually issued for the calendar year. Data availability was increased as a result. The consolidated group for the reported energy and emissions data in this section is the same as that for our financial reporting.

### **Scope 3 emissions and product carbon footprint**

We currently record our Scope 3 emissions in a project with several service providers. We plan to publish our Scope 3 footprint for the first time in fiscal 2023/2024. Our products can help farmers reduce CO<sub>2</sub> emissions relative to the amount they harvest by delivering higher yields or nutrient efficiency. This effect is also currently being analyzed in more detail as part of a strategic initiative.

### **Rollout of environmental scorecards**

In order to minimize the ecological impacts of its locations and operations, KWS strives to continuously improve internal processes, the technologies it uses and internal company standards. The locations themselves are responsible for the concrete application and operational implementation of resource-conserving measures. Concrete minimum requirements in our global HSE (health, safety and environment) management activities ensure that all KWS locations are governed by comparable regulations.

Our objective is to roll out scorecards to assess the environmental performance of KWS' locations worldwide. All production sites, including the processing plants and our own seed propagation areas, will thus be evaluated individually. The scorecard system will record data for criteria such as biodiversity, water protection and emissions. This will allow us to show the ecological footprint of our activities internally and tap potential for improvement at our locations. In fiscal 2022/2023, data was recorded for 56 out of 71 production and propagation sites and used as the basis for our scorecards. The next step will be to prepare the data for internal reporting and make it available throughout the Group.

### **2.4.2.3 Water**

Water is an important business resource for KWS as a breeding company. As part of our seed production and breeding processes, a water supply suitable for the needs of our plants is vital so that we can harvest healthy seed and ensure a high yield from propagation. As part of its global HSE management, KWS has committed itself to the resource-conserving operation of its processes. KWS strives to reduce water consumption and use the resource of water as efficiently as possible. To enable this, we record and monitor our global water consumption and have implemented internal stipulations on using water and handling effluents in order to promote resource conservation.

### **Use of fresh water and water stress**

Our internal HSE management system defines a global standard specifying that we aim to work in a way that conserves resources and to avoid process-related effluents as far as possible.

Our global water consumption is recorded and consolidated internally. We are striving to develop a normative key performance indicator for water use intensity and suitable auditing systems in the future. We are currently not aiming for an absolute reduction in water consumption due to our high dependency on weather conditions and the planned expansion of our business activities.

Alongside water consumption in offices and research buildings, the highest levels of fresh water are used in watering the plants at our trial and in-house propagation locations. “Smart” drip irrigation that controls watering based on the plants’ needs is already used in some of our greenhouses. We prescribe that the use of regenerative resources must be examined for new construction projects so that the use of groundwater can be reduced further. The location survey introduced in fiscal 2022/2023 to determine scorecards includes questions on the subject of water stress. This captures qualitative data about whether production sites rely on renewable water sources (currently 9 out of 56 production sites for which data is recorded) and whether locations are situated at or within areas of water stress (currently 22 out of 56 locations for which data is recorded). In fiscal 2022/2023, we collected data on detailed water consumption for the first time, covering around 80% of the sites.

## 2.4.2.4 Innovative Product Design

### Safeguard food production and support sustainable diets (Sustainability ambitions 2030)

Objective	Target in 2030	2022/2023	2021/2022
Annual yield progress	1.5% on average	1.3% <sup>1</sup>	n/a
Use of digital farming solutions on customers' fields	Use of digital solutions on >6 million hectares	2.5 million hectares	1.7 million hectares
Ratio of varieties for human nutrition	>40% of KWS' varieties can be used directly in human nutrition	63% <sup>1</sup>	n/a

<sup>1</sup> Recorded for the first time in fiscal 2022/2023, only for the German market

KWS keeps on developing innovative plant varieties that have to meet the differing requirements of farmers and consumers. We breed sugarbeet, corn, various cereals and vegetables, oilseed rape and catch crops and thus offer a broad range of products for conventional and organic farming. Innovation through plant breeding can help reduce the consumption of limited resources such as water, land and energy while increasing resource efficiency. Plant breeding is therefore an important factor in making agricultural cultivation more resource-efficient.

#### Product innovation made by KWS

We continuously develop varieties for agriculture further in our breeding programs. A particular focus of this – apart from the development of resistances, tolerances as well as nutrient efficiencies – is to increase yields. Among other things, high-yielding varieties help to alleviate pressures on land use in food production resulting from the rising world population.

This year, for the first time, we are able to report our average annual increase in yield based on breeding progress for Germany. Based on the test results of all varieties in official trials over the past 10 years, corn, wheat, barley, oilseed rape, rye and sugarbeet achieved an average yield progress of 1.3% p.a. for the German market. This key indicator is to be expanded to further countries and recorded globally

in the future. The results were derived from data from official approval authorities.

In addition to the genetic makeup of the plant varieties, digital services also contribute to yield progress. KWS supported farmers on around 2.5 (1.7) million hectares with digital solutions by the end of fiscal 2022/2023. These solutions can be used to calculate the seed rate for specific subplots or to determine when to harvest plants, for example. As part of our Sustainability Ambition 2030, we aim to expand that figure to more than 6 million hectares.

In addition, our goal is for more than 40% of KWS' varieties to be suitable and intended for direct human consumption or use in a plant-based diet. The share of varieties intended by KWS for direct use in human nutrition was 63% for the German market in fiscal 2022/2023. Recording of the portfolio will be extended to other markets in the following years. The portfolio of varieties differs from Germany in other markets. Consequently, the target to be achieved by the Group remains at >40%. Since more and more people are adopting a mainly vegetarian diet, we intend to cater for this growing demand for plant-based foods. In addition to our existing vegetable portfolio, our goal is to develop nutrient-rich varieties for the global market that, when harvested, can be used in food directly or with little processing.

As part of its strategy for sustainable agriculture, KWS develops plant traits that are associated with lower yields but make plants more resistant to external influences or increase resource efficiency. Yield progress alone is not sufficient to measure advances by plant breeding. Further examples of our innovativeness are breeding successes in the crops sugarbeet and barley, which we describe in more detail in the Research and Development Report (see the Group Management Report).

KWS Fit4NEXT catch crop mixtures offer European farmers solutions that support typical crop rotations. As an important component in sustainable arable farming, they contribute in diverse ways to successful cultivation of the main crop. They protect the climate and soil, promote biodiversity and also help limit unwanted accompanying plants and harmful nematodes. They are also important in maintaining and creating humus in arable land. Catch crop mixtures containing legumes also enable CO<sub>2</sub> to be bound in the soil by fixing atmospheric nitrogen and also reduce the use of fertilizer. A digital tool has been developed for the pilot market Germany in fiscal 2022/2023 that will be able to show farmers the specific performance figures of numerous KWS Fit4NEXT catch crop mixtures starting in fiscal 2023/2024.

In addition, we have worked for years on developing biologicals as an alternative or complement to chemical means of seed treatment. They comprise microorganisms such as fungi and bacteria, as well as substances obtained from plants or microorganisms. We have treated sugarbeet, oilseed rape, corn and rye seed with biologicals since fiscal 2019/2020. Biological applications for further crops, such as sorghum, barley, spinach and beans, are being developed. In fiscal 2022/2023, we submitted further applications for approval so that biological seed treatments developed by us can be offered in further countries in the future. Moreover, we are now also establishing biologicals as part of seed treatments in international markets such as Brazil (corn) and North America (sugarbeet).

We are working to expand our portfolio of varieties for organic farming. As part of this, we have hired new personnel with specific expertise in organic farming for our breeding activities and for our trial technology in the past years. In addition, our trial areas were expanded and the quality of trials was improved by means of statistical analyses. Variety candidates for winter rye and winter wheat, which have been selected with regard to the requirements of organic farming, are currently undergoing approval tests. KWS has had its own location for organic farming in Germany, the Wiebrechtshausen monastery estate, for 20 years.

#### 2.4.2.5 EU Taxonomy

The disclosures on the EU Taxonomy are made on the basis of Delegated Regulation (EU) 2021/2178 of the European Commission in conjunction with the International Financial Reporting Standards (IFRS) to be applied in the consolidated financial statements. Under Article 8 of the EU Taxonomy Regulation (EU) 2020/852 and the supplementary delegated acts, KWS is required to report the proportion of taxonomy-eligible and taxonomy-aligned net sales, capital expenditures (CapEx) and operating expenditures (OpEx) in relation to the environmental objectives of climate change mitigation and climate change adaptation for fiscal 2022/2023.

Taxonomy-eligible economic activities within the meaning of Article 1 No. 5 of the Delegated Act of July 6, 2021 to Article 8 of Regulation (EU) 2020/852 are those economic activities defined in Annexes I and II to the Delegated Act of June 4, 2021. Business activities that are not listed in these annexes or that do not match the descriptions of business activities given there are not deemed to be taxonomy-eligible.

In fiscal 2022/2023, taxonomy-eligible economic activities have to be assessed for environmental sustainability (taxonomy alignment) for the first time.

An economic activity is considered taxonomy-aligned if it meets the following technical screening criteria:

- it contributes substantially to the environmental objectives of “climate change mitigation” or “climate change adaptation”;
- it does not significantly harm the other environmental objectives (DNSH = Do No Significant Harm); and
- it is carried out in compliance with the minimum safeguards, such as observance of human rights (minimum safeguard criterion).

To determine whether activities meet the requirements for taxonomy eligibility, KWS' material business activities were compared with those defined by the taxonomy in Annexes I and II to the Delegated Act of June 4, 2021 and relevant activities were assessed. The analysis revealed that no net sales could be allocated to the activities under the EU Taxonomy. Capital expenditures (CapEx) and operating expenditures (OpEx) assigned to taxonomy-eligible activities are aggregated at the level of the relevant asset items and income statement accounts.

To avoid double counting, the activities were evaluated in terms of their impact on the aspects of climate change mitigation and climate change adaptation and assigned to one of the two aspects. As part of this, taxonomy-eligible activities that account for less than 1% (<1%) of KWS' capital expenditures (CapEx) or operating expenditures (OpEx) as defined by the EU Taxonomy are not considered material and are therefore classified as taxonomy-non-eligible. The taxonomy-eligible activities classified as non-material total less than 2% of capital expenditures (CapEx) and less than 1% of operating expenditures (OpEx) in fiscal 2022/2023. The taxonomy-eligible activities relate to transportation by means of passenger cars and light commercial vehicles as well as the renovation and construction of buildings.

Taxonomy alignment is examined on the basis of the technical screening criteria for each economic activity.

Fulfillment of the criteria relating to a substantial contribution and DNSH was verified by querying business partners (e.g., lessors) as well as by means of our own analyses. This included screening of relevant locations for potential physical climate risks relating to the DNSH criterion of “climate change adaptation.”

The minimum safeguard criterion was also analyzed for the KWS Group. Existing company guidelines and risk management processes relating to compliance and anti-corruption, among other things, were used in the examination.

The compliance review revealed that not all necessary criteria could be met at present. In particular, information could not be provided by business partners. In addition, not all minimum safeguard criteria are currently addressed by means of formal processes at present.

Internal processes were initiated in fiscal 2022/2023 with the goal of ensuring formal compliance with these criteria in the future.

#### **Net sales**

As a plant breeding company, our core business activities are not currently defined in Annexes I and II to the Delegated Act of June 4, 2021. Consequently, our revenue-generating activities for the fiscal 2022/2023 are not taxonomy-eligible. The taxonomy-non-eligible net sales totaled €1,819.8 (1,539.5) million in fiscal 2022/2023 (see the Notes for the KWS Group, number 6.1).

#### **Operating expenditures (OpEx)**

No material taxonomy-eligible operating expenditures (OpEx) were identified. The taxonomy-non-eligible operating expenditures (OpEx) in fiscal 2022/2023 totaled €337.3 (308.9) million and mainly comprise R&D spending and expenditures on repairs and maintenance.

#### **Capital expenditures (CapEx)**

There are capital expenditures (CapEx) that were able to be assigned to taxonomy-eligible activities. These activities are exclusively assigned to the environmental objective of climate change mitigation.

In fiscal 2022/2023, there were taxonomy-eligible capital expenditures (CapEx) totaling €30.6 (27.0) million, or 24.66% (26.09%) of the KWS Group's total capital expenditures of €124.0 (103.5) million (see the Notes for the KWS Group, number 5 and 7.15). There were thus taxonomy-non-eligible capital expenditures (CapEx) of €93.4 (76.5) million, or a share of 75.34% (73.91%). The taxonomy-eligible proportion of the capital expenditures is mainly attributable to activities in connection with transportation by means of passenger cars and light commercial vehicles as well as the renovation and construction of buildings. No taxonomy-aligned activities were identified.

## Taxonomy reporting turnover

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria				
				Climate Change Mitigation (CCM) (5)	Climate Change Adaptation (CCA) (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)
		T€	%	%	%	%	%	%
<b>A. Taxonomy-eligible activities</b>								
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>								
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0	–	–	–	–	–
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)</b>								
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0	0					
<b>Total (A.1 + A.2)</b>		<b>0</b>	<b>0</b>					
<b>B. Taxonomy-non-eligible activities</b>								
Turnover of taxonomy-non-eligible activities (B)		1,819,802	100					
<b>Total (A + B)</b>		<b>1,819,802</b>	<b>100</b>					

## Taxonomy reporting operating expenses (OpEx)

Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria				
				Climate Change Mitigation (CCM) (5)	Climate Change Adaptation (CCA) (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)
		T€	%	%	%	%	%	%
<b>A. Taxonomy-eligible activities</b>								
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>								
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0	–	–	–	–	–
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)</b>								
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0	0					
<b>Total (A.1 + A.2)</b>		<b>0</b>	<b>0</b>					
<b>B. Taxonomy-non-eligible activities</b>								
OpEx of Taxonomy-non-eligible activities (B)		333,297	100					
<b>Total (A + B)</b>		<b>333,297</b>	<b>100</b>					



Bio-diversity and eco-systems (10)	DNSH						Minimum safe-guards (17)	Taxono-my-aligned pro-portion Turnover 2022/2023 (18)	Taxono-my-aligned pro-portion Turnover 2021/2022 (19)	Category (enabling activity or) (20)	Category (transi-tional activity) (21)
	Climate Change Mitigation (CCM) (11)	Climate Change Adaptation (CCA) (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Bio-diversity and eco-systems (16)					
%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
-	-	-	-	-	-	-	-	0	n/a		

Bio-diversity and eco-systems (10)	DNSH						Minimum safe-guards (17)	Taxono-my-aligned pro-portion OpEx 2022/2023 (18)	Taxono-my-aligned pro-portion OpEx 2021/2022 (19)	Category (enabling activity or) (20)	Category (transi-tional activity) (21)
	Climate Change Mitigation (CCM) (11)	Climate Change Adaptation (CCA) (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Bio-diversity and eco-systems (16)					
%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
-	-	-	-	-	-	-	-	0	n/a		

## Taxonomy reporting capital expenditure (CapEx)

Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria				
				Climate Change Mitigation (CCM) (5)	Climate Change Adaptation (CCA) (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)
		T€	%	%	%	%	%	%
<b>A. Taxonomy-eligible activities</b>								
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>								
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0	-	-	-	-	-
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)</b>								
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	1,227	1					
Construction of new buildings	7.1	22,536	18					
Renovation of existing buildings	7.2	5,043	4					
Acquisition and ownership of buildings	7.7	1,771	1					
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		30,577	25					
<b>Total (A.1 + A.2)</b>		<b>30,577</b>	<b>25</b>					
<b>B. Taxonomy-non-eligible activities</b>								
CapEx of taxonomy-non-eligible activities (B)		93,442	75					
<b>Total (A + B)</b>		<b>124,019</b>	<b>100</b>					

Bio-diversity and eco-systems (10)	DNSH						Minimum safe-guards (17)	Taxono-my-aligned pro-portion CapEx 2022/2023 (18)	Taxono-my-aligned pro-portion CapEx 2021/2022 (19)	Category (enabling activity or) (20)	Category (transi-tional activity) (21)
	Climate Change Mitigation (CCM) (11)	Climate Change Adaptation (CCA) (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Bio-diversity and eco-systems (16)					
%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
-	-	-	-	-	-	-	-	0	n/a		

## 2.4.3 Social Aspects

### 2.4.3.1 Consumers and End Users

We aim to offer farmers top-quality seed. To help us live up to this corporate objective, the entire process from breeding to seed processing is accompanied by extensive quality testing. KWS keeps on developing and establishing new technologies, processes and methods for improving product quality and safety.

KWS has established a Group-wide quality management system to support its quality assurance measures. It is an Integrated Management System (IMS), since various standards and requirements are pooled there. The IMS comprises our internal rules and regulations and process descriptions, as well as audit management for controlling internal and external audits. In this context, we undergo external certification to confirm that we meet key quality requirements. In addition

to common standards such as ISO 9001 and 14001, these certifications also include industry-specific standards. Based on the annual Management Review Report, the effectiveness of the Integrated Management System is regularly confirmed by the company's management and by means of internal audits.

The Field Explorer, for example, is used in plant breeding to enable digitization of KWS' own activities in the field. In this database-aided platform, field data is integrated on the basis of its coordinates and is available to breeders and researchers. Field Explorer is a new digital analysis method for field work and is already supporting plant breeding and seed production. The goal moving forward is to enable detailed field data from all KWS' breeding stations to be called up.

#### Overview of main certifications/accreditations<sup>1</sup>

Certifications/standards	Status
ISO 9001 (quality management) ISO 14001 (environmental management)	More than 90% of our German sites (as measured by the number of employees) are certified in accordance with ISO 9001 (quality management systems), and since fiscal 2022/2023 also in accordance with ISO 14001 (environmental management systems).
ETS – Excellence Through Stewardship	An industry-specific quality standard to ensure responsible handling of transgenic material. Here, too, the basic principles of quality management – “plan-do-check-act” – apply: Documented processes throughout the life cycle, training, defined quality controls, a network of local contact persons, internal and external audits, and a standardized approach to handling unforeseen events are key pillars of the system. The whole KWS Group has been certified in accordance with this standard since 2015. After successful completion of the audit cycle at the beginning of 2022, the certification was confirmed until 2024.
SeedGuard/Heubach	An industry-specific standard relating to proper use of seed treatments. Seven treatment facilities in Germany currently hold SeedGuard certification. A key component in this regard is abrasion testing in the laboratory using the Heubach method. The laboratory responsible for these tests holds Heubach CoP certification.
ISO/IEC 17025/2018 and ISTA (International Seed Testing Association)	Accreditation of KWS Lochow GmbH's seed laboratory at the Wohlde location in accordance with ISO/IEC 17025/2018 was successfully maintained in 2022. In addition, the laboratory was awarded industry-specific ISTA accreditation for the first time in 2022.
QualityPLUS	QualityPLUS is an internal quality standard for cereals.

<sup>1</sup> The full overview of all certificates can be found on our website under Quality & Stewardship.

### 2.4.3.2 Social Commitment

#### Foster social engagement (Sustainability Ambition 2030)

Objective	Target in 2030	2022/2023	2021/2022
Ratio of expenditures as part of our social commitment	1% of operating income (EBIT) p.a.	0.6%	0.8%

KWS sees itself as an active member of society and thus wants to translate its corporate values into active commitment. As a forward-looking company, KWS therefore assumes responsibility toward society. Our internal “Social Commitment” policy provides the framework for our engagement. The content of our activity in this area is geared toward the United Nations’ Sustainable Development Goals.<sup>1</sup> KWS focuses its supraregional social commitment on promoting education in the field of natural and agricultural sciences. KWS’ regional social engagement at its locations, both national and international, focuses on cultural, social and socioeconomic development in its – mostly rural – surrounding areas in order to increase the locations’ attractiveness as a whole.

KWS supports diverse long-term scholarship programs supraregionally in cooperation with various universities to encourage young scientists and is involved in development partnerships. In general, our social commitment is organized locally.

Fiscal 2022/2023 was marked by exceptional events. We continued our engagement for Ukraine and helped address current needs by

donating power generators, and we responded to the earthquake in Turkey and Syria by making donations to aid organizers on the ground, for example. The development partnerships in Ethiopia were completed at the beginning of fiscal 2022/2023. The cooperation and an associated scholarship in Peru are also in their final stages. Our focus moving ahead will be on the development partnership SeZIL (Seeds for Zambian Incomes and Livelihoods) in Zambia. As part of this, varieties for the region were already tested for the second year in cooperation with smallholders in order to give them better access to markets.

In the Einbeck region, the company facilitated staging of the “*Jugend forscht – Schüler experimentieren*” (“Youth Researches – School Students Experiment”) state contest (for 9 to 14 year-olds) for the second time, with the goal of lastingly inspiring children and young people for STEM subjects (science, technology, engineering and mathematics). In our international regions, a project involving a school garden in Brazil which we helped establish is particularly worthy of mention. The project aims to promote access to and the use of healthy food.

<sup>1</sup> No. 2 Zero Hunger and no. 17 Partnerships for the Goals

The importance of social commitment is underscored by our target of spending around 1% of our annual operating income (EBIT) on social commitment and social projects.

#### Expenditures as part of our social commitment

in € millions	2022/2023	2021/2022
<b>Expenditures as part of our social commitment<sup>1</sup></b>	<b>1.4</b>	<b>1.3</b>
of which for donations and development programs in Peru and Zambia	0.9	0.7
of which for sponsorship activities	0.5	0.6
<b>As a % of operating income (EBIT)</b>	<b>0.6</b>	<b>0.8</b>
<b>KWS SAAT SE &amp; Co. KGaA's percentage share of expenditures relative to the KWS Group's operating income (EBIT)</b>	<b>0.5</b>	<b>0.7</b>

<sup>1</sup> Does not include KWS Maroc SARLAU, KWS Vegetables Italia S.R.L., Kant, Hartwig & Vogel GmbH, Kenfeng – KWS Seed (Beijing) Co., Ltd. KWS, Vegetables Mexico S.A. de C.V., Aardevo B.V. and all joint ventures

#### 2.4.3.3 Own Workforce

##### Qualification, further training and development

KWS' long-term commercial success is founded not only on its employees' commitment and satisfaction, but also on their personal skills and professional qualifications. KWS' range of education and development offerings is diverse and supports various learning objectives. We support our employees with tailored education and further training measures to help them build on their expertise and abilities.

Individual performance and career development reviews between employees and their managers are held once a year with the aim of helping our employees advance further. KWS has also implemented an annual talent and successor management process covering the critical positions up to the third tier and all employees up to the fourth tier below the Executive Board. In this way, we aim to ensure qualified staffing of these critical positions at KWS in the medium and long term. The Orientation Center (OC), a concept involving an intensive evaluation of potential talents to take over senior management posts, was staged twice in fiscal 2022/2023 and will also be held in the future at least twice a year with six talents each time.

We are particularly committed to having all employees receive qualified and values-based leadership and support from their managers. Rollout of the core competency model Leadership Capability Model (LCM) for managers began in fiscal 2022/2023 in the form of workshops and evaluations at the top management level and will be continued in the next fiscal 2023/2024. In addition, the new model has been integrated into the ongoing development offerings under our management development program.

Our management development program was also continuously expanded and continued in fiscal 2022/2023. The “Leading Leaders” module developed in the last fiscal 2021/2022 for experienced managers who themselves lead executives in their area of responsibility was rolled out in May 2022 and has since been an integral part of the management development program. In fiscal 2022/2023, 170 employees started or completed one or more of the modules “Leading Self,” “Leading Individuals” or “Leading Leaders.”

The Business Partner Academy, which was launched in 2020 to support implementation of the Business Partner role, was continued in fiscal 2022/2023. It comprises development measures focusing on the role of Business Partner and necessary key competencies and on imparting more in-depth knowledge of KWS’ business activities. In fiscal 2022/2023, around 45 business partners participated in various modules. The program will be given a more compact design in fiscal 2023/2024 and offered to future and new Business Partners.

KWS’ learning management system was further expanded in fiscal 2022/2023, making our international training and development offerings more transparent and easier to access for our employees. This also comprises our internal subject-specific academies, such as the International Sugarbeet Academy, the Sales and Farming Academy, and the various self-learning offerings. They include the digital onboarding program and self-learning offerings to deepen English language skills, video learning offerings from LinkedIn Learning, and e-books and audio books from Bookboon on various competencies.

True to KWS’ brand essence “Make yourself grow,” we also intend to focus on developing our employees and managers in the future and are continuously expanding our training portfolio nationally and internationally to achieve this.

#### **Labor and social standards**

KWS regards compliance with acknowledged human rights, labor and social standards and responsible conduct toward one another as a fundamental element of its commercial activity. We therefore aim to ensure good working conditions and establish and maintain labor and social standards.

#### **Human rights**

KWS is committed to internationally recognized human rights standards, such as those of the UN’s Universal Declaration of Human Rights and the International Labour Organization (ILO) proscribing child, forced and compulsory labor. As part of implementation of the German Supply Chain Due Diligence Act, which will apply to KWS from January 1, 2024, we are planning to establish appropriate processes for our supplier management and publish new standards in a Human Rights Policy.

#### **Labor standards**

The working conditions of employees of the KWS Group are defined contractually and comply with local labor, tax and social insurance legislation. The overall compensation package for KWS employees takes into account their individual expertise, professional experience and local market circumstances. Depending on general local conditions, it consists of a basic salary, social benefits, performance-related payment components (if applicable), benefits in kind (if applicable) and Employee Stock Purchase Plans enabling staff to buy shares in the company.

### Non-discrimination

KWS is committed to the principle of non-discrimination and to equal opportunities and rights for its employees, regardless of religion or belief, ethnic origin, age, handicap, skin color, language or sexual orientation. We have enshrined this in our Code of Business Ethics, which is binding on all employees.

### Diversity

We believe that diversity of our employees, as displayed in their individual experience, knowledge, skills and ideas, is a key value and a competitive advantage. To further strengthen an inclusive corporate culture, a “Diversity, Equity & Inclusion” concept was developed in fiscal 2022/2023, with an initial focus on the diversity dimensions of age, gender and nationality. KWS aims to increase the ratio of female managers, for instance.

#### Ratio of female managers at the KWS Group

Objective	Target in 2030	2022/2023	2021/2022
First management tier	25% <sup>1</sup>	19%	21%
Second management tier	30% <sup>1</sup>	27%	28%

<sup>1</sup> The targets apply up to fiscal 2026/2027.

At KWS SAAT SE & Co. KGaA, the ratio of women in the first management tier is 24% (24%) and the target is 25%<sup>1</sup>, while the ratio in the second management tier is 29% (27%) and the target 30%<sup>1</sup>.

### Freedom of association

We are committed to upholding ILO 87 “Freedom of Association and Protection of the Right to Organise Convention” and ILO 98 “Right to Organise and Collective Bargaining Convention.” Employees’ interests are represented collectively to

management by the locally elected Works Councils and the persons entrusted with representing young people and trainees and disabled employees. We also have a European Employees’ Committee (EEC), a body that represents European employees and is responsible for cross-border matters within the EU. We respect freedom of association and the right to collective bargaining. We actively supported the establishment of a Central Works Council in the Netherlands in December 2022. There are also two employee representatives on the Supervisory Board of KWS SAAT SE & Co. KGaA.

#### 2.4.3.4 Responsibility in the Supply Chain

KWS requires all employees within our Group to comply with our standards on ethical and socially responsible conduct. Our value system and the Code of Business Ethics form the framework for this. We also demand the same from our suppliers and service providers (termed “suppliers” in the following). The suppliers we choose must commit to obeying our Code of Business Ethics. The code states, for example, that our suppliers must not permit forced labor or child labor and must comply with the regulations on the minimum age for admission to employment defined in the latest version of ILO Convention No. 138 (Minimum Age Convention). They are also to comply with the provisions on safety at work, product safety, protection of the environment and avoidance of corruption, as well as on the requirement to ensure fair competition and protection of personal data and third-party know-how.

The central sourcing concept aims to support standardized and cost-effective cooperation with external partners and observance of specific social or environmental standards. We will also include requirements from the German Supply Chain Due Diligence Act, which will be binding on KWS from

<sup>1</sup> The targets apply up to fiscal 2026/2027.



January 1, 2024, or the expansion of our emissions management to cover Scope 3 emissions in our sourcing concept and related purchasing processes in the future.

Our goal is to strengthen sustainability in the supply chain by means of a centralized system that increases efficiency and productivity and minimizes the ecological footprint of our supply chain. Our Sourcing Policy, which defines the fundamental principles in the procurement process, and a largely centralized process landscape are the basis for making sure that our purchasing transactions worldwide can be conducted in accordance with consistent regulations. Purchase agreements

relating to the supply of goods and services are concluded on the basis of standardized templates and specify the general conditions, including application of the Code of Business Ethics for Suppliers. A central Seed Purchasing Policy stipulates that these standards are also to be applied in agreements concluded with external seed propagation partners.

KWS has centralized its supplier data management over the past years. Eight strategically important suppliers were audited for the first time in fiscal 2022/2023. We aim to automate management of sourcing risks in fiscal 2023/2024; implementation of this was already commenced in fiscal 2022/2023.

### 2.4.3.5 Working Conditions

#### Foster social engagement (Sustainability Ambition 2030)

Objective	Target in 2030	2022/2023	2021/2022
OSHA incident rate at the KWS Group <sup>1</sup>	<1.0	1.6	1.3 <sup>2</sup>

<sup>1</sup> Per 200,000 working hours  
<sup>2</sup> The previous year's figures have been adjusted.

#### Occupational health and safety

The health and safety of our employees at all locations has top priority for us. The organization of occupational health and safety is a core management task. KWS has therefore set itself the goal of recording occupational accidents globally and reducing them in the long term. As part of this an OSHA (Occupational Safety and Health Administration) incident rate was determined and published for the first time in fiscal 2021/2022. This is a method of calculating the frequency of lost-time occupational accidents and is used to compare the accident frequency rate of individual industries and locations.

KWS has a globally oriented HSE (health, safety and environment) management system and cross-functional crisis management system. Our internal occupational safety standards comprise technical, organizational and occupational health measures to prevent accidents and diseases at work. We review our local and international safety standards annually by means of internal audits. The Health, Safety & Environment (HSE) Guideline is a key tool in this regard and defines global framework conditions. Among other things, it states that the respective manager must ensure occupational accidents are recorded.

To date, worldwide accident figures have been recorded on a consolidated basis in two fiscal years, which is why a reliable assessment of the accident frequency rate over time is only possible to a limited extent. A direct comparison with other industries indicates that KWS has a relatively low accident rate. Most accidents occur at our breeding and production sites. The OSHA incident rate for KWS SAAT SE & Co. KGaA is 2.6 (1.9) per 200,000 working hours.

Achieving the goal under the Sustainability Ambition 2030 of reducing occupational accidents in the long term by 2030 should, from today's perspective, be reflected in an accident frequency rate of <1.0. To achieve this, the focal areas of accidents are assessed, after which targeted measures are taken in the form of training or, if necessary, decisions to change work processes.

#### **Recruitment and employee loyalty**

In rapidly changing times, it is particularly important for us to understand the needs and expectations of our employees even better and leverage those insights to create and continuously enhance an inspiring working environment. The goal is for all employees to feel valued, respected and motivated to contribute to the company's success.

To support this goal, we plan to roll out an Employee Engagement Index with the aid of a global employee survey. The resultant key figures are to enable us to take data-driven and effective measures to further strengthen our employees' satisfaction and sense of belonging lastingly. The concept for rolling out the index and selection of potential partners was initiated in fiscal 2022/2023.

To keep on enhancing recruitment at KWS and promoting employee loyalty, we launched a project in fiscal 2022/2023 to analyze the path taken by an applicant from being a candidate to becoming an employee in greater detail. A particular focus here is on improving the application and selection processes in order to provide candidates with a faster, more transparent and more appealing solution.

To establish contact with potential applicants, KWS uses traditional as well as digital channels, such as social networks like LinkedIn, Xing, Glassdoor, Kununu and Facebook. On these employer platforms, we were able to increase the number of our direct followers with targeted campaigns and job advertisements on the networks (an example: we had around 130,000 followers on LinkedIn in June 2023, a figure that had risen to around 107,000 in June 2022). In addition, we tested other target group-specific Internet platforms, such as Devlane, Stack Overflow, GitHub and ResearchGate, in fiscal 2022/2023 and integrated them into our personnel marketing activities.

At career fairs in which we participated in fiscal 2022/2023, students had the opportunity to take part in company presentations and workshops and engage in direct dialogue with KWS employees. Through the position of Lead of Global Scientific Affairs, we engaged in intensive and direct dialogue with universities and research institutes in the field of research and development in order to deepen our cooperation with them, with the goal of recruiting employees. We continue to award scholarships at universities and offer a global program for graduates. In Germany, 69 (63) trainees were employed in vocational training and eight (seven) students were on dual courses of study as of June 30, 2023.

We continue to believe that it is important to take the changing individual life circumstances of employees into account, especially as regards organization of their working time. Depending on their field of activity, we therefore offer various working time models, which allow them to strike a good work-life balance. Apart from the possibility of mobile working, we also offer various part-time models on a temporary or permanent basis, where legally and operationally feasible.

## 2.4.4 Governance

### 2.4.4.1 Business Ethics and Compliance

#### Access to the Compliance Portal

Objective	Target in 2030	2022/2023	2021/2022
Access to the Compliance Portal	95%	80% <sup>1</sup>	80%

<sup>1</sup> Adjusted calculation excluding seasonal workers

Compliance with basic principles of business ethics is vital to our license to operate. Accordingly, the compliance rules apply to all employees in the KWS Group. This is the foundation for KWS' vision and mission of compliance, namely to gain and retain customers' trust through ethical conduct and to protect the company's employees, reputation and assets. Information, training and continuous intensive consulting help integrate compliance in business processes and support management in making business decisions rooted in, and consistent with, our corporate culture.

#### Code of Business Ethics

Our Code of Business Ethics, with its accompanying guidelines defining the basic regulations relating to compliance with the law, fair competition, prevention of corruption and money laundering, safety at work, protection of the environment, and the need to treat each other, customers, business partners, other third parties and public authorities with respect, gives our employees crucial guidance in their day-to-day work. All employees undertake to comply with the code by signing a commitment to do so when they are hired and are provided with generally applicable information on compliance, as well as related information specific to their function.

Our Code of Business Ethics also covers the issue of international anti-corruption management as an integral part of our compliance system. On the basis of the regulations in the code, there is a policy of zero tolerance toward any form of corruption at the KWS Group, and this principle is stipulated as a Group-wide standard in the Anti-Corruption

Policy. This standard applies regardless of whether bribery is prohibited by law, tolerated or permitted in the country in question. The Group-wide Anti-Corruption Policy defines the responsibilities, processes and regulations in relation to preventing corruption and bribery at the KWS Group.

#### Compliance training

The Compliance Officers regularly provide information about the compliance system and its principles, as well as about frequently asked questions and the latest developments, in training courses, information events and workshops. Apart from this information, a broad range of aids is also available to our employees. Checklists, toolkits, instructional leaflets and other guides provide practical tips on observing compliance rules in everyday work. All compliance information and rules of conduct can be accessed by employees worldwide in the Compliance Portal on KWS' intranet. Around 80% (80%) of the total workforce has access to the Compliance Portal. In addition, all supervisors are obliged to inform their employees about compliance issues.

In fiscal 2022/2023, the e-learning courses we offered were expanded and used to a greater extent. Of the invited employees,

- 56% completed the training tool on anti-corruption and antitrust law,
- 46% the data protection training and
- 66% the training in prevention of money laundering.

### Reporting of violations / whistleblower hotline

If an examination or report reveals indications of a compliance violation, the investigation is conducted in accordance with KWS' regulations "Procedures of Internal Compliance Notification." KWS' employees are obligated to report suspected violations; the open door principle applies to this. Employees can supply information on suspected violations to their supervisor, to the Compliance department or to the Compliance Reporting Platform. The Compliance Reporting Platform also acts as a whistleblower hotline and can be called by employees and external third parties from our homepage in more than 50 languages 24/7. Reports of suspected violations can also be submitted anonymously. The reported cases are investigated by KWS. Whistleblowers do not suffer any disadvantages unless they have obviously abused their right to report violations. They receive confirmation that their report has been received and may be contacted via the portal and asked to provide further information. Finally, whistleblowers are informed when the investigation has been completed.

If suspected cases prove to be violations, the system of sanctions is applied. In general, it can be applied to all types of compliance violations. The system of sanctions defines various criteria

governing the measures to be taken, such as the gravity of the violations, the degree of the person's breach of duty, the functional level, behavior after the violation – help in investigating it or attempts to cover it up – as well as consequences of the violation, such as the threat of damage or actually incurred damage. The sanctions range from cautions or warnings to immediate dismissal and filing of charges.

### Violations in fiscal 2022/2023

No significant violations of the international Anti-Corruption Policy or antitrust or money laundering regulations resulting in disciplinary consequences or official measures such as fines were reported to the compliance function in fiscal 2022/2023. However, there were two reportable data protection violations, which were immediately reported to the relevant authorities and dealt with internally.

### Adequacy of the Compliance Management System

Implementation and observance of individual compliance aspects are reviewed as part of audits. The Executive Board and the Supervisory Board's Audit Committee are informed once a year about the current status and latest developments of the Compliance Management System.

### 2.4.4.2 Ownership Rights to Genetic Resources

#### Incidents under the ITPGRFA contract

Objective	Target in 2030	2022/2023	2021/2022
ITPGRFA incidents	No incidents under the ITPGRFA	0	0

KWS runs a broad network of worldwide stations and trial fields for plant breeding. We test different genetic material for the respective application areas there. Where this genetic material is used, the rights of the indigenous peoples in all regions the material originates from must be respected.

KWS is aware of its obligations in this regard and supports the various international access and benefit-sharing frameworks to protect the

rights of indigenous peoples and sustainable use of biodiversity. Of prime mention in this respect are the Convention on Biological Diversity with the Nagoya Protocol and the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA). The ITPGRFA aims to preserve the genetic diversity of crops and use it sustainably. KWS is committed to complying with the stipulations of the ITPGRFA and has thus set a target of zero incidents under the ITPGRFA.

KWS works through industrial associations, such as Euroseeds and the International Seed Federation (ISF), to ensure practicable means of securing sustainable access to genetic resources and preserving them now and ensuring fair benefit-sharing in the future. To achieve this, KWS concluded the required Standard Material Transfer Agreements (SMTAs) in fiscal 2022/2023 when accessing genetic resources covered by the ITPGRFA.

We have implemented a due diligence process to ensure compliance with these guidelines. All employees who work with genetic material are obligated to digitally register all materials used. Our Intellectual Property department then instigates an examination of where the genetic material has come from. If an examination should find that the origin of the genetic material or the process by which it was obtained is unclear, we refrain from using it. If this material were already being used commercially by KWS, that would constitute an infringement. In addition, new employees are offered training, and an annual seminar is held for all the employees involved.

No such incidents were identified as part of the above due diligence process in fiscal 2022/2023. As part of the Breeding Information Circle, KWS works to optimize IT processes relating to the documentation and approval of access to new genetic resources. The Breeding Information Circle, which is currently being developed, is a digital platform for integrating research information on all of KWS' crops. It enables information currently stored and used in individual tools to be linked and aggregated.

There is regular dialogue during the year with the Executive Board member responsible for research and breeding both in the context of the semiannual meetings of the ISF and also as and when required. An annual report to the Executive Board is only drawn up if specific issues or incidents have been identified as part of the due diligence process.

Access to genetic resources is also important with regard to intellectual property. This is why there is variety protection in plant breeding. It protects intellectual property, as well as ensuring access to protected varieties by means of the breeder's exemption (Section 10a of the German Plant Variety Protection Act (SortG)) so that they can be used for further breeding. At the same time, patented traits that have been technically developed and are intended to offer resistance to pests or diseases, for example, are increasingly found in plant varieties. This trend will probably intensify as new breeding methods grow in importance. These traits have not yet been accessible for breeding in all European countries; KWS is therefore a strong advocate of licensing platforms that enable guaranteed access to genetic material and traits on fair terms. KWS is thus a member of the International Licensing Platform Vegetable (ILP) and a member of the Agricultural Crop Licensing Platform (ACLP). In addition, KWS offers its own patents on its own TraitWay website for licensing to interested parties, who can obtain a free breeding license for the patents offered in TraitWay there.

## 2.5 Opportunity and Risk Report

The opportunities and risks as part of our business activity as an international plant breeding company, as well as the processes for identifying them, are described in the following.

### 2.5.1 Opportunity Management

#### Strategic opportunities

By strategic opportunities, we mean developments that are of major importance for the KWS Group and may have a lasting positive impact on our commercial success. In particular, we see major strategic opportunities as part of the growing importance of promoting the sustainable further development of agricultural practice. Our breeding processes are geared toward delivering new variety traits to achieve continuous improvements in yield and – alongside other breeding objectives – reduce the use of fertilizer and pesticide. As a result, we give our customers the potential to cut costs and enhance their emission footprint in the battle against climate change. Our diverse product range enables soil-conserving crop rotations, fosters humus formation to bind emissions, and serves conventional and organic markets. We want to provide new varieties in order to further expand the range of products for direct and balanced human nutrition.

We can leverage these opportunities successfully only if we keep on improving our company in the areas of economics, ecology, social aspects and governance. To this end, we conduct internal analyses, set ourselves challenging goals, such as under the KWS Sustainability Ambition 2030, and work unswervingly toward achieving them. In our strategic planning, we regularly review whether our objectives are still appropriate. The strategic planning covers a ten-year time frame and is jointly formulated on a rolling basis, discussed and adopted by the Executive Board. Our strategy processes are oriented toward identifying future trends in good time, analyzing them and translating them into innovative company processes by means

of strategic initiatives. We take new findings into account by adapting our administration or opening new lines of business, for example. We wish to report on our progress transparently. We will therefore expand the key performance indicators we publish in the future.

In addition to the fundamental goal of sustainable development of agriculture as described above, we see further strategic areas of opportunity and risk for the KWS Group. We summarize them below.

#### Innovative varieties and product performance

To succeed in achieving sustainable, profitable growth in the future as well, our prime goal must be to retain and increase our innovativeness – especially in times of climate change, when resilient varieties that deliver reliable yields are expected to play an increasingly important role. It is vital to increase plants' yield potential, enhance resource efficiency or develop their resistance and tolerance to detrimental influences, of whatever type. This requires continuous and intensive research work. It takes up to 10 years for a new variety to gain approval and be put on the market. We therefore invest a large proportion of our net sales in research and development projects every year, with the goal of achieving an average yield progress of 1.5% p.a. Alongside the opportunities that arise, our complex research and breeding processes are subject to risks that may result in local weaknesses in our portfolio. They include internal factors, such as technical problems and process delays, and external factors such as changing disease patterns as a result of climate change or restrictions on the use of operating resources. The varieties we develop must meet high quality requirements. The performance of our varieties is reassessed every year by management and the Supervisory Board so that we can respond immediately to weaknesses in our portfolio if necessary.

Plant breeding has great potential to make agricultural processes more sustainable through

continuous and proactive further development. The development and use of innovative crop rotations, new cultivation systems, new resistances and tolerances or nutrient efficiencies have the potential to increase and stabilize yields, reduce the use of resources such as fertilizer, pesticide or water, and increase biodiversity. Higher yields can also result in less cultivation area being required. The carbon footprint per unit yield can be reduced with more efficient plant varieties, which thus helps in the battle against climate change. KWS is working to develop such products, crop rotations and cultivation systems to leverage this potential.

### **Modern breeding technology**

State-of-the-art breeding technologies and analysis methods are used in developing new resource-conserving varieties so as to speed up our development work and improve its precision. The new breeding methods complement plant breeders' toolset and offer additional opportunities to improve plants in a targeted way through breeding. The consequences of climate change, new harmful fungi, and the desire for less fertilizer on the field and high-quality agricultural products: Plant breeders are responding to all these challenges demanded of sustainable agriculture by delivering new varieties and using the most suitable breeding technologies for this. New data analysis methods also increase efficiency in plant breeding and agriculture. Agricultural areas can be farmed in a tailored way thanks to automated communication, big data analytics, robotics or artificial intelligence. Drones and satellites, for example, supply information that helps improve analysis of plant stands in the field. As a result, infestation by pests or infection by diseases can be detected quickly, pinpointed and combated in a targeted manner. Pinpointing where crops are infested or infected helps reduce the use of pesticides and the number of times machines have to run over the field. These technologies will gain in practical relevance in the future. We already use them in our research and breeding processes. We need to develop and establish new, highly promising technologies in order to avoid risks such as competitive disadvantages.

### **Changes in demand**

New, permanent customer needs – differing from region to region – are emerging and this entails long-term opportunities and risks. While meat consumption in countries such as Germany, France or Italy has declined continuously in recent years, for example, it continues to grow in other countries such as China, Russia or Portugal. The product portfolio for agriculture must therefore be broad so that opportunities that arise can be seized and one-sided dependencies can be reduced. We take into account relevant long-term trends by establishing and expanding new product lines and by including new crops in our portfolio. We are also committed to expanding our direct contact with customers on a lasting basis so that we can sell our products successfully. We already have a presence in global sales networks and so can be reached directly by our customers.

### **Operational opportunities**

By an operational opportunity, we understand a development that is consistent with our strategic planning and might have a positive short-term impact on our earnings, financial position and assets and has not yet been reflected fully or at all in the company's financial planning. Operational opportunities are identified and assessed by our Business Units. We leverage them by pinpointed investment in production capacities, research and development activities and expansion of distribution, for example.

We have opportunities as a result of our still young activities in the vegetables market or expansion of our portfolio of corn varieties in tropical regions. Our corn activities in Brazil will enable us to tap additional sales potential for the KWS Group in the medium to long term, including in other tropical markets, by developing varieties tailored to their climatic conditions.

Investing in expansion of our production capacities and modernization of our seed processing offers opportunities in existing and adjacent markets. Further development of our variety portfolio and expansion of capacities are accompanied by

expansion of our international distribution structures to enable tailored information and advice for our customers on the possible uses of our seed and so allow us to leverage further sales potential. In addition, continuous optimization of processes offers the KWS Group opportunities to increase productivity and digitization and improve cost structures.

Recording of operational opportunities is integrated in risk management.

## 2.5.2 Risk Management

### Risk management strategy and objectives

The objective of the KWS Group's central risk management is to identify high risks at an early stage, mitigate financial, reputational, environmental, legal, strategic or health-related damage, and ensure compliance with key corporate principles and social standards. We consequently understand the term "risks" as denoting events and potential developments, both inside and outside the KWS Group, that have a negative impact on achievement of our corporate objectives or principles. This also includes events that impair our value chain and harm the environment and which we can influence (outside-in/inside-out perspective).

We strive to address risks openly. A proactive and open risk culture is part of this. Speaking about risks should be established practice in our daily work. KWS applies an entrepreneurial attitude to risk, i.e., deliberate risks can be taken if that offers opportunities that are consistent with the KWS Group's strategic planning and corporate objectives. If a risk does not entail any relevant opportunities, or if risks jeopardize achievement

of the Group's key financial targets (10% EBIT margin, at least 5% net sales growth), they are to be avoided or their impact must be reduced as far as possible, taking cost-benefit considerations into account. Violations of the law and important corporate principles, such as respect for human rights, are totally unacceptable. To assess our risk-bearing capacity, we compare our equity and liquidity with the aggregate risk situation and also look at strategic key financial indicators such as the anticipated EBIT margin. As part of this, we also consider anticipated developments for the coming fiscal year. The results are included in the Executive Board's overall assessment of the risk situation.

### Responsibility

The Executive Board is responsible for Group-wide risk management. The Supervisory Board or the Audit Committee reviews the risk management system at least once a year to assess its suitability and effectiveness. It is assisted in this by the independent auditor of the financial statements as part of its statutory audit assignment and periodically – as mandated by the Supervisory Board – by Internal Auditing. In addition, a Risk Committee consisting of representatives from all divisions who have a good knowledge of the issue of risks has been established. It usually convenes twice a year, discusses and reviews the risks maintained in the risk management system and measures to control them, and formulates recommendations for the Executive Board, if necessary. The responsibility for identifying, assessing and controlling risks lies with the divisions, while central risk management coordinates the processes and ensures reporting to company management. Other roles in our risk management are specified in the chart "Players and systems in managing risks at KWS."



## Players and systems in managing risks at KWS based on the Three Lines of Defense model

Supervisory Board		
Executive Board		
Risk Committee		
Central Risk Management		
Divisions (1st line)	Control and monitoring systems (2nd line)	Process-independent controls (3rd line)
<ul style="list-style-type: none"> <li>■ Business Units</li> <li>■ Research &amp; Development</li> <li>■ Global functions</li> </ul>	<ul style="list-style-type: none"> <li>■ Controlling (incl. early detection)</li> <li>■ Internal control system, accounting processes</li> <li>■ Compliance Management</li> <li>■ Risk Management</li> <li>■ Other systems (such as Quality Management, Stewardship, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>■ Internal Auditing</li> </ul>
<b>KWS governance (vision, mission, Group Standards, etc.)</b>		

### Central risk management processes

Our central risk management process consists of the phases of identification, assessment, control, documentation, monitoring of risks and risk reporting. It is conducted regularly, usually twice a year. As part of risk identification, we record individual risks on an electronic platform and assess them qualitatively or quantitatively on the basis of Group-wide standards, in each case before (gross risk) and after (net risk) any countermeasures. As part of this, we calculate expected monetary values for all risks and classify the risks as “moderate,” “medium” and “high.” This enables end-to-end comparability of all recorded

risks, which in turn forms the basis for prioritizing risk control measures. We query linkages between risks as part of risk identification, document them and take them into account in risk assessment in evaluating the likelihood of their occurrence. We record risks that impact our short-term (one-year), medium-term (four-year) and long-term (ten-year) planning horizon. The individual risks are classified as follows:

We decide systematically on what appropriate countermeasures to take to manage risks, in particular high risks. They may be measures to reduce risks, constant monitoring of them or taking

### Scheme for assessing individual risks

		Likelihood of occurrence			
		Unlikely < 10%	Possible 10%–50%	Likely 50%–90%	Almost certain ≥ 90%
Financial impact (EBT)	<b>Very low</b> €0.1 million–€3.0 million				
	<b>Low</b> ≥ €3 million–€7.5 million				
	<b>Medium</b> ≥ €7.5 million–€15.0 million				
	<b>High</b> ≥ €15 million				

In the risk situation section, we report risks in the area framed in black.

### Risk classification for single risks

Risk level	Risk score
Moderate	Smaller than 1
Medium	Between 1 and 5
High	Above 5

out insurance, or the acceptance of risks (where no measures are possible or make economic sense), for example. The KWS Group's current risk situation is aggregated by central risk management into risk categories and reported first to the Risk Committee. On that basis, the Risk Committee discusses how to deal with the risks and submits recommendations to company management if required. Central risk management coordinates the entire risk management process and supports the departments in their tasks. In designing the system, we are guided by applicable standards such as the COSO II Framework.

We meet the statutory requirements for early detection of risks with our financial controlling and risk management processes. To supplement the central risk management process, we carry out standardized, monthly early risk identification processes with the product segments and Research & Development and report their results in writing to KWS' top two management tiers.

#### Control and monitoring systems<sup>1</sup>

We structure the internal control system at KWS on the basis of the Three Lines of Defense model. It enables a systematic approach to monitoring and managing risks. We make a distinction here between three different levels (see also the chart "Players and systems in managing risks at KWS based on the Three Lines of Defense model"):

### Formula assessment of single risks

Risk scoring
Net financial damage (in € million) × net likelihood = risk score for an individual risk

**1st line:** Decentralized risk management by the divisions, such as transaction controls, quality controls, certification, contract management or IP due diligence.

**2nd line:** Global controls by means of higher-level systems, such as our risk management, compliance management or controlling systems

**3rd line:** Independent audits by Internal Auditing

The various levels are supported, among other things, by Group-wide internal guidelines as well as centralized and standardized process definitions that enable variance analyses. The principle of separation of functions is also laid down in our guidelines, as is a system of information classification.

Comprehensive manual and automated controls have been established at the various levels and are subject to regular reviews by the Company. Identified control weaknesses are discussed and measures are initiated to eliminate them. In the past fiscal year, a control weakness was identified in the process controls at an IT service provider and mitigating measures were taken immediately.

Beyond this, the Executive and Supervisory Board had no information to indicate any significant weaknesses in the effectiveness or inappropriateness of the internal control system. In principle, however, it should be borne in mind that an internal control system, regardless of its design, does not provide absolute certainty that errors in our business processes will be detected.

<sup>1</sup> Not part of the audited Management Report

In the following, we deal with the internal control system for accounting in more detail.

### **The internal control and risk management system in relation to the accounting process (Section 315 (4) of the German Commercial Code (HGB))**

This is the responsibility of Global Finance and comprises structures and processes that enable proper and effective accounting and financial reporting. They include:

- Process-integrated controls, such as validation of reported data, separation of functions and the four-eyes principle, as well as regular analytical controls by Business Partner Finance and Controlling.
- Standardized financial accounting processes at the Global Transaction Center, in which almost all Group companies are integrated, and appropriate assurance that business transactions are included in accounting consistently, promptly and correctly and that all applicable statutory accounting regulations, standards and internal guidelines are implemented throughout the Group.
- Ensuring that the consolidated financial statements (including the Management Report) comply with the rules by means of Group-wide specifications relating to accounting guidelines, charts of accounts and uniform reporting processes.
- Central preparation of the consolidated financial statements using the uniform reporting process as well as system and manual controls with regard to accounting-specific interconnections.
- Notification of employees in the Global Transaction Center, Business Partner Finance and Controlling, as well as other relevant contact persons at subsidiaries, about changes in the financial statement preparation process on a quarterly basis.
- Protection of accounting-related IT systems against unapproved access by means of authorization and access regulations for the IT accounting systems.
- Ensuring the professional aptitude of employees involved in the accounting and financial reporting process by means of selection processes and training.

### **Description of the KWS Group's current risk situation**

Here we provide a summarized report on the medium or high individual risks that are known to us and involve net financial damage of at least €7.5 million and a horizon of up to ten years. We group the individual risks by their type and category. If the risk classes of the categories have changed compared to the previous year, we explain this in the respective sections. Our strategic risk categories are linked to long-term opportunities. We therefore explain the latter separately in the section "Opportunity Management."

There are currently no non-financial risks whose occurrence is very likely and entail serious impacts on aspects that require reporting in accordance with Section 289c of the German Commercial Code (HGB).

The changes in the risk situation as a whole are addressed in the overall statement on the risk situation by the Executive Board.

### **Operational risks**

#### **IT**

The KWS Group's business and production processes, as well as its internal and external communications, are run on globally networked IT systems. Attacks or outages can lead to a loss of confidentiality, availability, integrity and/or authenticity of data, information and systems. This harbors risks, such as loss of know-how, data manipulation, loss of personal data and loss of image, and may result in large financial losses. We reduce these risks by means of organizational and technical measures. IT service providers constantly examine our IT security so as to issue recommendations for optimization measures on the basis of their risk assessment. Uncontrolled and/or undetected loss and damage as a result of hacking and malware are still possible even if very good precautionary measures are in place.

### **Product quality**

We have established detailed checks and tests to determine the performance and quality of our seed. Quality controls, such as germination and sprouting strength tests, are conducted at all stages of production. These checks and tests are also intended to reduce risks such as claims for damages due to product liability, which may be significant, especially in Anglo-American jurisdictions. We also have product liability insurance to defend against unjustified claims and to settle justified claims. Very strict requirements must be met regarding management of genetically modified products, in particular, to prevent GMOs becoming mixed with conventional seed. KWS is a member of the “Excellence Through Stewardship” (ETS) initiative, an internationally standardized quality management program.

### **Production and business interruption**

KWS uses technically complex seed processing plants. Interruptions to business operations may have a negative impact on the volumes that are available for sale and represent significant risks, especially if they occur in our sales season. In order to reduce these risks, we conduct regular risk inspections, carry out preventive maintenance, and have property and business interruption insurance.

Seed propagation is dependent on the weather. We reduce the risk of crop failures by propagating seed – depending on the crop – in separate locations and regions in Europe, North and South America and Asia. We can carry out contra-seasonal propagation in the winter half-year in the southern hemisphere if there are bottlenecks in the volume of seed produced.

The category’s risk situation remains high, despite the fact that the risks related to the supply of gas fell in the year under review. There are still risks of potential restrictions or interruptions to business operations. We already countered this risk in

the previous year by expanding our emergency heating oil reserves at short notice. Moreover, we continue to work on switching in the medium to long term to a self-sufficient, low-emission energy supply based on renewable energies. The spread of hostilities in Ukraine may result in interruptions to business operations (corn seed production). Our seed production in Russia is subject to high political risks. There are currently efforts by the Russian Ministry of Agriculture to increase localization and control of the local seed market. We regularly monitor and evaluate the situation.

### **Projects, corporate organization and process management**

So that we can continue to grow profitably and sustainably with the support of an efficient organization and harmonized processes that also reflect the increasing complexity of the requirements demanded of our workforce, we regularly review their adequacy and realign them where necessary. Without appropriate realignment, there may be organizational risks, such as an excessive workload on individual departments. In turn, a realignment may entail integration risks (as part of M&As, for example), among other things, or temporarily result in process inefficiencies or unplanned costs. Our measures to counter these risks include the establishment of specialized functions (such as M&A experts), rollout of a new standard process model and automation, complemented by our globally applicable company standards.

### **Health, safety and environment**

Accidents, technical problems or misconduct in our business processes may result in injury to persons and environmental damage and are high risks. One measure we have taken to reduce these risks is to implement a global health, safety and environment standard, which the central HSE Manager function will keep on developing.

In Ukraine, we are continuing our crisis management activities, the prime goal of which is to protect all local employees and their families. Our business activities are not in close proximity to the fighting; however, we see a high risk to the health of our local colleagues due to the continuing air raids throughout the country and the ongoing war, factors that determine this category's current risk classification.

We still consider the risk of technical accidents at our seed production plants and the resulting danger to life and limb and the threat to the environment to be low – also pursuant to our annual internal audits at various business establishments.

#### Human Resources

Recruiting the right employees for KWS, offering them diverse development opportunities and striving for a long-term working relationship with them are factors that are crucial to our business success. In order to counter potential risks such as the loss of employees or lengthy vacancies, we regularly review our attractiveness and positioning as an employer. In this way, we prevent any future staffing risks through structured succession planning, continuously expand our employer brand on the external market, and strengthen our employees' loyalty through attractive development programs and compensation at a fair market level. In the year under review, there was largely no change in the situation in relation to the battle for talents and experts on the labor market and the associated rise in internal requirements as regards retaining employees.

#### Communication

In the course of our business activities, we are exposed to various reputational risks worldwide. These may result from inadequate or misleading communication regarding our business strategies, innovation processes or environmental and social

responsibility, and may be reflected in negative reporting about KWS, for example on our business strategy, innovation processes or environmental and social management. In the year under review, among other things, potential reputational risks increased due to our continued presence in the Russian seed market and because of our position on patents. To counteract these risks, we nurture continuous and open communication with various target groups. They include shareholders, customers, employees, NGOs and the general public.

### Finance and capital markets

#### Tax risks

KWS operates in about 70 countries and is therefore subject to an array of complex national tax requirements and laws. Changes that are not detected in time and/or incomplete implementation of tax law, court rulings and interpretations by the fiscal authorities may have an effect on tax assets and liabilities, as well as on deferred tax assets and deferred tax liabilities. This can result in significant risks, which we counter by continuously identifying and assessing the tax frameworks and by central coordination through our Finance department. If necessary, tax provisions are formed on the basis of estimates.

#### Currency risks

Currency risks arise, in particular, from receivables and liabilities denominated in foreign currency. Where it appears economically appropriate, we address currency risks through the usual hedging instruments and internal standards in order to reduce the influence on the KWS Group's earnings and assets situation. We also reduce our transaction risks by means of natural hedging, when expenses are incurred in the same currency in which we generate revenue. In fiscal 2022/2023, we hedged our intra-Group loans to a large part

by using standard currency derivatives in order to reduce currency risks. In the year under review, exchange rate risks increased, in particular due to high volatilities in Ukraine, Russia and Turkey.

#### Liquidity risks

The overriding goal of our liquidity management is to ensure we meet our payment obligations on time. External factors, such as global crises, may restrict the availability of credit lines and/or mean we can only obtain economically disadvantageous terms and conditions. Our central Treasury department determines what funding we require in its liquidity planning and covers those needs by providing cash, promised credit lines and other financial instruments. We have agreed customary financial covenants for part of these promised credit lines. If these covenants are breached, the lender has the right to terminate the agreement.

#### Receivable risks

We nurture extensive business relationships with various customer groups – from the sugar industry and agricultural wholesalers to individual farmers. If, in particular, large customers are not able to meet their contractual payment obligations to us, we could suffer losses. We reduce such credit risks through our receivables management and, where possible and expedient, by means of credit insurance. The risks of counterparty defaults in Ukraine and Russia are largely manageable due to the introduction of advance payments and again remained low.

#### Capital markets

In view of the diverse and increasing demands placed on business by the capital market, inadequate data and processes, especially non-financial ones, can lead in the medium term to poorer conditions on the capital market. In the year under review, we began converting our non-financial reporting to comply with the upcoming Corporate Sustainability Reporting

Directive (CSRD). In addition, the staff at the central Sustainability department was increased to speed up the establishment of new standards (the German Supply Chain Due Diligence Act), new data collection processes (Scope 3 emissions) and the provision of non-financial data.

#### Politics and the law

##### Compliance

We are exposed to potential compliance risks, for example under antitrust, competition, anti-corruption and money laundering law and data protection requirements. Violations of statutory requirements may have consequences under criminal and civil law, including fines and other financial disadvantages. Under our compliance policy, the Code of Business Ethics and our Group Standards, we obligate our managers and employees to undertake to act in accordance with laws, contracts, internal guidelines and our corporate values and raise their awareness in this regard. Regular communication, instruction and training are intended to ensure compliance. We rigorously investigate reports of compliance violations. As is expressly pointed out, sanctions are imposed if our compliance regulations are violated. The measures such as sanctions or comparable legal requirements adopted against or by Russia in the wake of the Ukraine crisis are analyzed, assessed and implemented by the relevant departments, also with the involvement of external experts. Nevertheless, unwitting violations, substantive inconsistencies, or legal unclarity may result in financial penalties or revocation of the business license.

##### Intellectual property (IP)

Protecting intellectual property is vital to companies that conduct research if they wish to preserve their freedom of action and keep on generating value. The seed-specific property rights under “variety protection” ensure they are compensated

for the years-long process of research, breeding and development of new varieties and that third parties cannot market the same variety at no costs to themselves. KWS uses patents to protect certain plant traits, in particular if they have been developed or produced by means of technical methods. In order to secure its freedom of action and avoid infringing third-party proprietary rights, KWS has implemented far-reaching due diligence processes throughout the company.

#### Regulatory risks

As part of modern agriculture and as an innovative plant breeding company, KWS also uses state-of-the-art breeding technologies to develop new, resource-conserving varieties. There is still a negative perception of new breeding technologies among the general public, despite the high standards in force and scientific facts to the contrary. New breeding technologies could speed up our variety development and improve its precision. The EU continues to impose tougher regulations on important research technologies and restrict the use of established operating resources, which caused an increase in this category's risks in the year under review. Some pesticides cannot be adequately replaced in our breeding processes at present, which may result in higher disease incidence, weed pressure, and rising seed production and breeding costs. We conduct an intensive dialogue with relevant stakeholders on this issue and are increasing the internationalization of our research – without reducing our commitment in the EU.

#### Political instability

KWS faces political risks in many countries in the strongly regulated international agricultural industry. In addition, the tense global geopolitical situation in recent years has led to further risks for our business activities and growth plans in the Middle East or Eastern Europe. In Eastern Europe, the continuation of the Ukraine war continues to

pose high risks to our business activities in Ukraine, Russia and Belarus. There are still health risks for our Ukrainian employees (see the section “Health, safety and environment”), but also a large number of business risks, such as a decline in cultivation area in Ukraine, an important future market for KWS, and export opportunities for farmers there remain restricted.

Our business activities in Russia continue to be subject to regulations, sanctions, a lack of available services and spare parts, and Russian localization efforts (domestic production) in the seed market, which could lead to restrictions or even complete cessation of business operations in Russia. This could have a large negative financial impact on KWS in the future. We mitigate potential negative effects on KWS through crisis teams that develop precautionary measures, implement them if necessary and report critical developments to the Executive Board and Supervisory Board as and when required.

#### General legal risks

KWS faces risks from official proceedings and legal disputes. Legal disputes with suppliers, licensors, customers, employees, lenders and investors are possible and may result in payments or other obligations. There were no legal proceedings involving significant amounts in fiscal 2022/2023.

#### Markets and competition

##### Market trends

This covers in particular local external risks that may impact our business success and over whose emergence we have no or currently only limited direct influence. They include changes in demand and the local conditions of the respective market. In China, complex business regulations, cultural differences, inefficient know-how protection and product piracy may impact the effectiveness of our business relationships and market leadership

strategies or exclude us from the market altogether. We reduce this risk by reviewing our cooperation with local partners, through new licenses or by developing proprietary variety traits.

#### Competition and business partners

Strong competitive pressure, such as that due to aggressive pricing strategies by other market players, may have a negative impact on our business success. In particular, good local variety performance is the most effective means of protecting against this. Acquisition or licensing of technologies – such as genetically modified traits – is customary in the industry and necessary in markets such as North or South America. We strive to reduce the related risks by developing our own innovations, which may also be attractive to competitors, and through long-term license agreements. In the year under review, the business performance of our joint venture AgReliant declined due to heavy competitive pressure, which led to an increase in the risk situation in this category. Together with our business partner, we address the risks there by means of a monitoring committee that is made up of representatives of both parties and makes joint decisions on key risk control measures.

#### Price developments and supply

We are exposed to potential price fluctuations, delays and reduced availability in our global purchasing activities. We counter these risks by pooling our purchasing power in a centralized Procurement Management unit and, in particular, we adopt a structured approach in relation to the organization, management and long-term development of supplier relationships. Hedging

instruments in the form of commodity derivatives are used to offset fluctuations in the prices of raw materials to a limited extent. We are currently revising and improving the management of potential supply chain risks and plan to complete the project by the end of the 2023 calendar year.

#### Climate change<sup>1</sup> and natural disasters

We are increasingly experiencing extreme weather events, such as heavy rain, flooding, storms or drought, which may impact key business processes. The individual risk relating to extreme weather events was accordingly upgraded significantly in the year under review, but this was not sufficient to warrant an upgrade for this category. We mainly develop new varieties and propagate our seed outdoors, meaning these activities are exposed to weather events. Moreover, weather risks can be insured against only at economically unfavorable terms and conditions, if at all. In addition to local protection measures such as irrigation, flood control or greenhouses, we can limit risks through regional diversification. Contra-seasonal production in the southern hemisphere enables two cultivation cycles a year. In addition to extreme weather events, climate change is also causing a gradual increase in average temperatures, changes in regional average rainfall, and changes in disease or pest pressure. We counter this by continuously developing our varieties as part of our global breeding programs. The breeding objectives as part of this include drought resistance, standing ability, better nutrient utilization or new resistances. Climate change thus also entails opportunities for KWS, which we explain in the section “Opportunity Management.”

<sup>1</sup> We have renamed the category. It was called “Weather events and natural disasters” last year.



### Strategic risk categories with an horizon up to ten years

Risk type	Risk category	Category classification	Previous year
Strategic	<ul style="list-style-type: none"> <li>■ Limited access to technology</li> </ul>	Noticeable	Noticeable
	<ul style="list-style-type: none"> <li>■ Structural change of demand</li> </ul>	Substantial	Substantial
	<ul style="list-style-type: none"> <li>■ Structural underperformance of products</li> </ul>	Substantial	Substantial

### Risk categories with a horizon of up to four years

Risk type	Risk category	Risk classification	Previous year	Tendency
Operational	<ul style="list-style-type: none"> <li>■ Human Resources</li> </ul>	Noticeable	Noticeable	→
	<ul style="list-style-type: none"> <li>■ Information technology</li> </ul>	Substantial	Substantial	→
	<ul style="list-style-type: none"> <li>■ Product quality</li> </ul>	Noticeable	Noticeable	→
	<ul style="list-style-type: none"> <li>■ Production, interruptions to business operations</li> </ul>	Substantial	Substantial	→
	<ul style="list-style-type: none"> <li>■ Projects, company organization, process management</li> </ul>	Substantial	Substantial	→
	<ul style="list-style-type: none"> <li>■ Communication</li> </ul>	Medium	–	↗
	<ul style="list-style-type: none"> <li>■ Health, safety and environment</li> </ul>	Substantial	Substantial	→
Politics and the law	<ul style="list-style-type: none"> <li>■ Compliance risks</li> </ul>	Substantial	Substantial	→
	<ul style="list-style-type: none"> <li>■ General legal risks</li> </ul>	Low	Low	→
	<ul style="list-style-type: none"> <li>■ Intellectual property (IP)</li> </ul>	Medium	Medium	→
	<ul style="list-style-type: none"> <li>■ Political instability</li> </ul>	Substantial	Substantial	→
	<ul style="list-style-type: none"> <li>■ Regulatory risks</li> </ul>	Noticeable	Low	↗
Finance and capital markets	<ul style="list-style-type: none"> <li>■ Capital markets</li> </ul>	Medium	Medium	→
	<ul style="list-style-type: none"> <li>■ Currency risks</li> </ul>	Noticeable	Medium	↗
	<ul style="list-style-type: none"> <li>■ Liquidity risks</li> </ul>	Low	Low	→
	<ul style="list-style-type: none"> <li>■ Receivable risks</li> </ul>	Low	Low	→
	<ul style="list-style-type: none"> <li>■ Tax risks</li> </ul>	Medium	Medium	→
Markets and competition	<ul style="list-style-type: none"> <li>■ Competition and business partners</li> </ul>	Noticeable	Medium	↗
	<ul style="list-style-type: none"> <li>■ Market trends</li> </ul>	Medium	Medium	→
	<ul style="list-style-type: none"> <li>■ Price developments and supply</li> </ul>	Substantial	Substantial	→
	<ul style="list-style-type: none"> <li>■ Climate change and natural disasters</li> </ul>	Medium	Medium	→

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### Formulas for the aggregated view

#### Formulas

1: Net financial damage (in € million) × net likelihood = risk score for an individual risk

2:  $\Sigma$  of all reported risk scores within a category = risk score for a category

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### Risk classification for risk categories (aggregated view)

Risk classes	Risk score
Low	Less than 3
Medium	Between 3 and 8
Noticeable	Between 8 and 15
Substantial	Above 15

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The strategic risk categories are linked to significant strategic opportunities and are therefore explained in the Opportunity Report.

### Overall statement on the risk situation by the Executive Board

The KWS Group's net risk position at the end of the fiscal year remained largely unchanged compared with the previous year. In addition to lower risks relating to the supply of gas and a slowdown in inflation, we recorded particularly higher political risks as a result of Russia's localization efforts. This may have a negative impact on our local seed production and business development there. Teams

of experts analyze, assess and control risk-related developments on an ongoing basis and report to the Executive Board as and when required. In Ukraine, we are continuing to implement measures to protect employees and business processes, and our central crisis management team kept in constant contact with our Ukrainian colleagues.

Due to increased extreme weather events caused by climate change, we expect increasing operational risks for our seed production in the future, which we can counter by shifting production locally or to sites for contra-seasonal production. In addition, adapted varieties can also help mitigate the negative impact of climate change on agricultural production, which also harbors opportunities for us.

In view of the available assessments and countermeasures we have initiated, risks that jeopardize the company's existence are not discernible at present. Furthermore, based on the analysis of our risk-bearing capacity with our aggregated risk situation, we did not identify any potential threat to the company's existence. We feel sure that, thanks to our global footprint, innovative strength and the quality of our products, we can seize opportunities and successfully manage risks as they arise. However, we cannot rule out the possibility that other factors that are currently unknown or which are not assessed as significant may jeopardize the continued existence of the KWS Group in the future.

## 2.6 Forecast Report

The expectations of management outlined here are based on our corporate planning and the information it takes into account, including market expectations, strategic decisions, regulatory measures or exchange rate trends. They are subject to the same premises as the consolidated financial statements and forecast our business performance up to the end of fiscal 2023/2024 on June 30, 2024. In our forecast for the KWS Group's statement of comprehensive income, we deal with the KWS Group's anticipated net sales (on a comparable basis, excluding exchange rate and portfolio effects), anticipated EBIT margin and anticipated R&D intensity. In our forecast for the segments, we deal with the anticipated net sales (on a comparable basis, excluding exchange rate and portfolio effects) and the anticipated EBIT margin, including the contributions made by our equity-accounted companies, which are included proportionately in the segment reports in line with our internal corporate controlling structure.

### 2.6.1 Changes in the KWS Group's composition that are significant for the forecast

There have not been any changes in the KWS Group's composition that are of significance for the forecast for its business performance in fiscal 2023/2024.

### 2.6.2 Forecast for the KWS Group's Statement of Comprehensive Income

The KWS Group's economic performance in fiscal 2023/2024 will continue to be impacted by the challenging changes on global agricultural markets. In particular, the impacts of the Ukraine war and the increased occurrence of weather extremes as a result of climate change are making

the general conditions in agriculture more volatile. The associated fluctuations in supply and demand impair planning security for farmers and thus also for us as a seed vendor. However, our broad product portfolio enables us to counter these fluctuations. In addition, the fact that purchase prices for agricultural raw materials have been above average for many years also suggests that it is likely that global demand for seed will continue to be bolstered.

At the same time, higher prices for agricultural raw materials will drive up the costs for seed propagation. Given the continuing inflationary trends, we also expect further price increases in some procurement categories and higher personnel costs. There are still significant currency risks in important markets, in particular in South America, Turkey and Eastern Europe.

We expect the KWS Group to grow its net sales (on a comparable basis, excluding exchange rate and portfolio effects) by 3% to 5% in fiscal 2023/2024 compared with the previous year (€1,820 million).

We expect the EBIT margin to be between 11% and 13%, and the R&D ratio to be in the range of 18% to 19%. Due to the strongly seasonal nature of our business as a result of the great importance of the spring sowing season and external factors that are difficult to anticipate, such as the weather and fluctuations in cultivation area, we are providing ranges in our forecasts here, since more detailed statements on our net sales and earnings performance cannot yet be made with sufficient reliability.

### 2.6.3 Forecast for the Segments

In fiscal 2023/2024, we anticipate that the **Corn Segment** (on a comparable basis, excluding exchange rate and portfolio effects) will grow its net sales slightly compared with the previous year (€1,046.8 million), in particular on the back of growth in South America and Europe. We assume that competition will remain intense in North America. As far as can be seen at present, the EBIT margin is expected to be slightly above the level of the previous year (4.4%).

In the **Sugarbeet Segment**, our high-yielding portfolio of varieties will likely mean another successful fiscal year for us. We assume that sugarbeet cultivation area will remain stable all in all. The segment's business performance should benefit from further growth due to CONVISO® SMART seed and demand for Cercospora-tolerant (CR+) varieties. We expect that the segment's net sales (on a comparable basis, excluding exchange rate and portfolio effects) will increase slightly compared with the previous year (€716.3 million) and that the EBIT margin will be at the level of the previous year (35.4%).

We assume that net sales in the **Cereals Segment** (on a comparable basis, excluding exchange rate and portfolio effects) will rise slightly compared to the previous year (€257.8 million). In particular, we

expect oilseed rape and hybrid rye seed business to boost growth here. Overall, we expect an EBIT margin at the level of the previous year (15.6%).

The **Vegetables Segment** essentially comprises the net sales and earnings contributed by acquired vegetable seed businesses. Assuming a stable market environment, in particular for spinach seed, we expect the segment's net sales (on a comparable basis, excluding exchange rate and portfolio effects) to be at the level of the previous year (€66.0 million). There are also costs for establishing an international breeding program and the Business Unit in the segment. Consequently, the number of employees will probably increase further. The segment's income also includes noncash effects from the purchase price allocation as part of company acquisitions. Due to the above-mentioned effects, we expect the EBIT margin to be negative.

Revenue (albeit slight) from our farms in Germany, France and Poland is grouped in the **Corporate Segment**. Since all cross-segment costs for the KWS Group's central functions and research expenditure are still charged to the Corporate Segment, its income is usually negative. In view of the planned cost developments, we expect the segment's EBIT to be around €-125.0 (-115.3) million.

#### Forecast for the 2023/2024 fiscal

	Net sales growth <sup>1</sup>	EBIT margin	R&D intensity
Statement of comprehensive income of the KWS Group	3–5%	11–13%	18–19%

<sup>1</sup> On a comparable basis, excl. currency and portfolio effects

## 2.7 Further Information

### 2.7.1 Corporate Governance and Declaration on Corporate Governance<sup>1</sup>

Responsible corporate governance has always been of great importance at KWS SAAT SE & Co. KGaA. Since it was founded 165 years ago, our company's successful development has been based on thinking long term and acting in terms of sustainability. The Executive Board (the personally liable partner KWS SE, whose Executive Board is responsible for management of the company's business) and the Supervisory Board run and accompany KWS with the goal of ensuring it creates sustainable value added. They once again examined in the year under review whether the company complies with the stipulations of the German Corporate Governance Code and issued the Declaration of Compliance in Accordance with Section 161 AktG (German Stock Corporation Act) to the effect that the company complies almost fully with the code's recommendations.

You can find detailed information on corporate governance in our declaration on corporate governance in accordance with Section 289f of the German Commercial Code (HGB), which is available in full on our website at [www.kws.com/corp/en/company/investor-relations/corporate-governance](https://www.kws.com/corp/en/company/investor-relations/corporate-governance). The Compensation Report for fiscal 2022/2023 is also available there.

### 2.7.2 Compliance declaration in accordance with Section 161 AktG (German Stock Corporation Act)<sup>1</sup>

The final version of the Declaration of Compliance in accordance with Section 161 AktG (German Stock Corporation Act) is available to shareholders on the website <https://www.kws.com/corp/en/company/investor-relations/declaration-of-corporate-governance.html>.

### 2.7.3 Remuneration Report

The Remuneration Report outlines the principles and salient features of the compensation systems for the Executive Board of KWS SE, the managing partner of KWS SAAT SE & Co. KGaA, and its Supervisory Board. It is no longer part of the Group Management Report. The Remuneration Report pursuant to Section 162 of the German Stock Corporation Act (AktG) for the fiscal 2022/2023, together with the report on the substantive and formal audit by the independent auditor, can be found on our website at [www.kws.com/corp/en/company/investor-relations](https://www.kws.com/corp/en/company/investor-relations).

<sup>1</sup> Not an audited part of the Combined Management Report

#### 2.7.4 Explanatory Report of the Personally Liable Partner (KWS SE) of KWS SAAT SE & Co. KGaA in Accordance with Section 176 (1) Sentence 1 AktG (German Stock Corporation Act) on the Disclosures in Accordance with Section 289a (1) and Section 315a (1) HGB (German Commercial Code)

The personally liable partner of KWS SAAT SE & Co. KGaA provides the following explanation on the following disclosures in accordance with Section 289a and Section 315a HGB (German Commercial Code):

##### **Composition of the subscribed capital**

The subscribed capital of KWS SAAT SE & Co. KGaA is €99,000,000.00 and is divided into 33,000,000 bearer shares. The pro-rata share of each share in the capital stock is €3.00. Each share grants the holder the right to cast one vote at the Annual Shareholders' Meeting. The rights of shareholders are governed by the German Stock Corporation Act (AktG) and the Articles of Association.

##### **Restrictions relating to voting rights or the transfer of shares**

There may be restrictions relating to voting rights or the transfer of shares as a result of statutory or contractual provisions. For example, shareholders are barred from voting under certain conditions pursuant to Section 136 of the German Stock Corporation Act (AktG) in conjunction with Section 278 (3) of the German Stock Corporation Act (AktG) or Section 44 of the German Securities Trading Act (WpHG); the bars on voting pursuant to Section 285 of the German Stock Corporation Act (AktG) must also be observed for personally liable partners at a partnership limited by shares (KGaA). In addition, no voting rights accrue to the company on the basis of the shares it holds (Section 71b AktG).

The personally liable partner is not aware of any contractual restrictions relating to voting rights or transfer of shares. If there are no restrictions on voting rights, all shareholders who register for the Annual Shareholders' Meeting in time and have submitted proof of their authorization to participate in the Annual Shareholders' Meeting and exercise their voting rights are authorized to exercise the voting rights conferred by all the shares they hold and have registered. If members of the Executive Board of the personally liable partner or executive employees of the company have acquired shares as part of the long-term incentive programs, these shares are subject to a lock-up period until the end of the fifth year after the end of the quarter in which they were acquired. The lock-up period for shares that employees have acquired as part of the Employee Stock Purchase Plans runs until the end of the fourth year as of when they are posted to the employee's securities account.

##### **Direct and indirect participating interests in excess of 10% of the voting rights**

The company has been informed by shareholders of the following direct or indirect participating interests in the capital of KWS SAAT SE & Co. KGaA in excess of 10% of the voting rights in accordance with Section 33 and Section 34 of the German Securities Trading Act (WpHG) or elsewhere.

1. The voting shares, including mutual allocations, of the persons, companies and foundations stated below each exceed 10% and total 69.1%:

- AKB Stiftung, Hanover
- Büchting Beteiligungsgesellschaft mbH, Hanover
- Zukunftsstiftung Jugend, Umwelt und Kultur, Einbeck
- Dr. Drs. h.c. Andreas J. Büchting, Germany
- RETOKE Holding Vermögensverwaltungsgesellschaft mbH & Co. KG, Bad Schwartau
- Tessner Beteiligungs GmbH, Goslar
- Tessner Holding KG, Goslar

2. The voting shares of the persons stated below, including mutual allocations and allocations of voting shares of Dr. Drs. h.c. Andreas J. Büchting, Germany, AKB Stiftung, Hanover, Büchting Beteiligungsgesellschaft mbH, Hanover, Zukunftsstiftung Jugend, Umwelt und Kultur, Einbeck, and RETOKE Holding Vermögensverwaltungsgesellschaft mbH & Co. KG, Bad Schwartau, each exceed 10% and total 54.7%:

- Christiane Stratmann, Germany
- Dorothea Schuppert, Germany
- Michael C.-E. Büchting, Germany
- Annette Büchting, Germany
- Stephan O. Büchting, Germany
- Christa Nagel, Germany
- Matthias Sohnemann, Germany
- Malte Sohnemann, Germany
- Arne Sohnemann, Germany

3. The voting shares of the shareholder named below, including allocations of the persons, companies and foundations named in 1. above, exceed 10% and total 69.2%:

- Hans-Joachim Tessner, Germany

4. The voting shares of the shareholder named below, including allocations of all the persons, companies and foundations named in 2. above, exceed 10% and total 55.9%:

- Dr. Arend Oetker, Germany

5. The voting shares of the shareholders named below, including allocations of all the persons, companies and foundations named in 2. above, exceed 10% and total 54.8%:

- Dr. Marie Th. Schnell, Germany
- Johanna Sophie Oetker, Germany
- Leopold Heinrich Oetker, Germany
- Clara Christina Oetker, Germany
- Ludwig August Oetker, Germany

#### **Shares with special rights and voting control**

Shares with special rights that grant powers of control have not been issued by the company. There is no special type of voting control for the participating interests of employees. Employees who have an interest in the company's capital exercise their control rights in the same way as other shareholders.

#### **Appointment and removal of management**

The personally liable partner, KWS SE, is responsible for managing the business of KWS SAAT SE & Co. KGaA under Section 7.2 of the Articles of Association of KWS SAAT SE & Co. KGaA.

In accordance with Section 6 (3) of the Articles of Association of KWS SAAT SE & Co. KGaA, the personally liable partner shall leave the Company if the majority of shares in the personally liable partner can no longer be held directly and/or indirectly for a time longer than 30 calendar days by persons who hold a combined total of more than 15% of the Company's capital stock directly and/or indirectly through a company that is dependent in accordance with Section 17 (1) of the German Stock Corporation Act (AktG) or is controlled in accordance with Section 290 (2) of the German Commercial Code (HGB). This shall not apply if all shares in the personally liable partner are held by the Company.

Furthermore, Section 6 (4) of the Articles of Association of KWS SAAT SE & Co. KGaA stipulates that the personally liable partner shall leave the Company if a person who is not a family shareholder (acquiring party) obtains control over the personally liable partner directly or indirectly (acquisition of control) and does not submit to the Company's limited partners a takeover or mandatory offer in accordance with this provision and otherwise in accordance with the provisions in the German Securities Acquisition and Takeover Act (WpÜG) within three months of acquisition of control.

Under Section 6.5 of the Articles of Association of KWS SAAT SE & Co. KGaA, the personally liable partner shall also leave the Company by means of termination. Notice of termination shall be given to all the limited partners at the Annual Shareholders' Meeting. Outside of the Annual Shareholders' Meeting, notice of termination shall be given to the Chairperson of the Supervisory Board or his or her deputy. The notice of termination shall be at least six months before the end of and effective the end of a fiscal year.

The other statutory grounds for the personally liable partner leaving the Company shall remain unaffected.

The members of the Executive Board of the personally liable partner, which is responsible for managing the company's business, are appointed and removed by the Supervisory Board of the personally liable partner, KWS SE. Pursuant to Article 46 (1) of Council Regulation (EC) 2157/2001 in conjunction with Section 6 of the Articles of Association of KWS SE, members of the Executive Board are appointed for a maximum period of six years. Members may be reappointed.

#### **Amendments to the Articles of Association**

Amendments to the company's Articles of Association are made pursuant to a resolution adopted by the Annual Shareholders' Meeting in accordance with Section 278 (3) in conjunction with Section 179 of the German Stock Corporation Act (AktG). Section 285 (2) Sentence 1 of the German Stock Corporation Act (AktG) stipulates that amendments to the Articles of Association require the approval of the personally liable partner.

In accordance with Section 133, Section 179 (2) of the German Stock Corporation Act (AktG) and Section 18 (1) of the Articles of Association of KWS SAAT SE & Co. KGaA, a resolution by the Annual Shareholders' Meeting to amend the Articles of Association must be adopted by a simple majority of the votes cast and a simple majority of the capital stock represented in adoption of the resolution, unless obligatory statutory regulations or the Articles of Association otherwise compel.

The power to make amendments to the Articles of Association that only affect the wording (Section 179 (1) Sentence 2 AktG) has been conferred on the Supervisory Board in accordance with Section 22 of the Articles of Association of KWS SAAT SE & Co. KGaA.



**Powers of the personally liable partner, in particular in relation to issuing or buying back shares**

The personally liable partner is authorized, with the consent of the Supervisory Board, to increase the capital stock of the Company in the period up to midnight on December 15, 2025, once or in installments by a total of up to €9,900,000.00 by issuing new shares in exchange for cash contributions and/or contributions in kind (Authorized Capital 2020). As a matter of principle, shareholders have a subscription right to the shares. The shares can also be assumed by one or more credit institutions or enterprises within the meaning of Section 186 (5) Sentence 1 of the German Stock Corporation Act (AktG) appointed by the personally liable partner, with the obligation to offer them for subscription solely to the shareholders' (indirect subscription right). However, the shareholders' subscription right can be excluded with the consent of the Supervisory Board, subject to certain conditions defined in the authorization.

**Significant agreements in the event of a change of control, compensation agreements**

Significant agreements subject to the condition of a change in control pursuant to a takeover bid have not been concluded. The agreements with members of the Executive Board of the personally liable partner stipulate that any commitments in the case of a change in control are limited to the maximum amounts specified by the German Corporate Governance Code.

## 2.8 Report on KWS SAAT SE & Co. KGaA (Declaration based on the German Commercial Code (HGB))

### References to KWS SAAT SE & Co. KGaA in the KWS Group's Annual Report

The Management Reports of KWS SAAT SE & Co. KGaA and the KWS Group are combined. The declaration on corporate governance in accordance with Section 289f of the German Commercial Code (HGB), which also contains the compliance declaration in accordance with Section 161 AktG (German Stock Corporation Act), has been published in the Internet at [www.kws.de/ir](http://www.kws.de/ir). The following disclosures are identical to those of the KWS Group and are printed in this Annual Report:

### References to KWS SAAT SE & Co. KGaA in the KWS Group's Annual Report

Disclosures	Page(s)
Report in accordance with Section 289 (4) of the German Commercial Code (HGB) and explanatory report of the Executive Board	92 to 95
On business activity, corporate strategy, corporate controlling and management, as well as explanations on business performance	18 to 47
On the dividend	157 (Notes)
On research and development	26 to 29
On the report on events after the balance sheet date	158 (Notes)

KWS SAAT SE & Co. KGaA is the parent company of the KWS Group. It is responsible for strategic management and, among other things, propagates and distributes sugarbeet and corn seed. It finances basic research and breeding of the main range of varieties at the KWS Group and provides its subsidiaries with new varieties every year for the purpose of propagation and distribution.

#### Earnings

Net sales at KWS SAAT SE & Co. KGaA in the year under review increased sharply to €825.4 (691.1) million (guidance: slight increase in net sales). The increase resulted, in particular, from growing cereals and sugarbeet business. Gross profit likewise rose sharply to €475.8 (390.5) million due to the expansion in business. Research

and development expenditure, which is pooled at KWS SAAT SE & Co. KGaA, was increased as planned to €251.6 (226.2) million. Selling expenses rose to €98.4 (82.9) million. Most of the administrative expenses at the KWS Group are incurred at KWS SAAT SE & Co. KGaA. General and administrative expenses in the year under review totaled €136.4 (120.5) million. The balance of other operating income and other operating expenses was €9.3 (1.7) million. KWS SAAT SE & Co. KGaA's operating income improved sharply to €-19.9 million following €-40.8 million in the previous year (guidance: lower year on year), in particular thanks to the increase in our high-margin sugarbeet business. Net financial income/expenses is made up of the net income from equity investments and the interest result. Net income from equity

investments was €26.2 million, slightly below the figure for the previous year (28.6 million). The interest result fell year on year to €-6.1 (-2.3) million, in particular as a result of higher interest expenses. Taking into account taxes totaling €4.2 (-1.5) million, the net loss for the year was €-4.1 (-13.0) million.

### **Financial position and assets**

KWS SAAT SE & Co. KGaA's total assets in fiscal 2022/2023 increased to €1,720.5 (1,687.5) million. Fixed assets at the balance sheet date were €1,038.1 (1,031.5) million. Property, plant and equipment rose slightly, while financial assets and intangible assets were slightly below the level of the previous year. Inventories, in particular of raw materials and consumables, rose to €119.6 (104.4) million due to the planned increase in production quantities. Receivables and other assets increased to €523.3 (479.9) million, in particular as a result of the rise in receivables from affiliated companies. Liabilities at the balance sheet date rose to €1,078.3 (1,012.7) million, mainly due to an increase in liabilities to affiliated companies. KWS SAAT SE & Co. KGaA's equity fell to €461.5 (492.1) million due to the lower net retained income, giving an equity ratio of 26.5% (28.9)%.

### **Employees**

An average of 1,737 (1,681) people were employed at KWS SAAT SE & Co. KGaA in the year under review.

### **Risks and opportunities**

The opportunities and risks at KWS SAAT SE & Co. KGaA are essentially the same as at the KWS Group. It shares the risks of its subsidiaries and associated companies in accordance with its respective stake in them. You can find a detailed description of the opportunities and risks and an explanation of the internal control and risk management system (Section 289 (4) of the German Commercial Code (HGB)) on [pages 76 to 88](#).

### **Forecast Report**

KWS SAAT SE & Co. KGaA generates the main part of its net sales from sugarbeet, cereals and corn seed business and royalties from basic seed. Its further development depends, among other things, on the performance of our varieties, cultivation area in our key markets and developments in our growth markets. On the basis of our planning, we anticipate a slight increase in net sales, in particular due to growing cereals and sugarbeet business. KWS SAAT SE & Co. KGaA's operating income is mainly impacted by the costs of central functions of the KWS Group and cross-segment research and development activities. Given that spending on research and development and central functions is expected to rise, we anticipate a decline in KWS SAAT SE & Co. KGaA's operating income.

Einbeck, September 7, 2023

KWS SE

Dr. Felix Büchting | Dr. Peter Hofmann | Eva Kienle | Nicolás Wielandt



# 3. Consolidated Financial Statements for KWS SAAT SE & Co. KGaA 2022/2023

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## Consolidated Statement of Comprehensive Income

July 1 to June 30

in € thousand	Note no.	2022/2023	2021/2022 (restated)
<b>I. Income statement</b>			
Net sales	6.1	1,819,802	1,539,518
Cost of sales <sup>1</sup>	6.1	795,979	693,223
<b>Gross profit on sales<sup>1</sup></b>		<b>1,023,823</b>	<b>846,295</b>
Selling expenses <sup>1</sup>	6.1	312,779	281,270
Research & development expenses <sup>1</sup>	6.1	314,234	277,200
General and administrative expenses <sup>1</sup>	6.1	144,045	130,240
Other operating income <sup>1</sup>	6.2	62,688	73,401
Other operating expenses	6.3	92,694	75,928
<b>Operating income</b>		<b>222,760</b>	<b>155,058</b>
Financial income		15,953	12,242
Financial expenses		50,707	36,855
Income from equity-accounted financial assets		-12,337	7,679
<b>Financial result</b>	<b>6.4</b>	<b>-47,091</b>	<b>-16,934</b>
<b>Earnings before taxes</b>		<b>175,669</b>	<b>138,124</b>
Taxes	6.5	48,680	30,365
<b>Net income for the year</b>	<b>6.8</b>	<b>126,989</b>	<b>107,760</b>
<b>II. Other comprehensive income</b>			
Changes in reserve for currency translation differences on foreign operations	7.9	-77,862	36,452
Income from equity-accounted financial assets	7.9	-13,434	18,021
Net gain/(loss) on cash flow hedges	7.9	0	0
Net change in cost of hedging	7.9	-248	0
<b>Items that may have to be subsequently reclassified as profit or loss</b>		<b>-91,496</b>	<b>54,473</b>
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	7.9	-2,616	550
Remeasurement gain/(loss) in defined benefit plans	7.9	-341	25,723
<b>Items not reclassified as profit or loss</b>		<b>-2,957</b>	<b>26,274</b>
<b>Other comprehensive income after tax</b>	<b>7.9</b>	<b>-94,453</b>	<b>80,746</b>
<b>III. Comprehensive income</b>		<b>32,536</b>	<b>188,506</b>
<b>Diluted and basic earnings per share (in €)</b>	<b>6.8</b>	<b>3.85</b>	<b>3.27</b>

<sup>1</sup> The previous year's figures have been adjusted as shown in section "3.1. Consistency of accounting policies."

## Consolidated Balance Sheet

### Assets

in € thousand	Note no.	06/30/2023	06/30/2022
Goodwill	7.1	123,679	122,991
Intangible assets	7.1	319,866	332,999
Right-of-use assets	7.15	46,627	44,414
Property, plant and equipment	7.2	594,995	565,870
Equity-accounted financial assets	7.3	155,558	186,776
Financial assets	7.5	6,879	10,104
Noncurrent tax assets	7.7	21,986	553
Other noncurrent receivables	7.7	10,883	14,388
Deferred tax assets	6.5	46,330	40,704
<b>Noncurrent assets</b>		<b>1,326,802</b>	<b>1,318,800</b>
Inventories	7.6	409,092	354,618
Biological assets	7.6	6,163	8,955
Trade receivables	7.7	582,010	518,508
Cash and cash equivalents	7.8	172,999	203,664
Current tax assets	7.7	128,113	124,475
Other current financial assets	7.7	68,534	55,257
Other current assets	7.7	53,780	63,524
<b>Current assets</b>		<b>1,420,691</b>	<b>1,329,001</b>
Assets held for sale		2,067	3,995
<b>Total assets</b>		<b>2,749,561</b>	<b>2,651,796</b>

### Equity and liabilities

Subscribed capital	7.9	99,000	99,000
Capital reserve	7.9	5,530	5,530
Retained earnings	7.9	1,186,545	1,141,382
<b>Equity</b>	<b>7.9</b>	<b>1,291,075</b>	<b>1,245,911</b>
Long-term provisions	7.11	97,293	95,225
Long-term borrowings	7.11	566,106	613,588
Noncurrent lease liabilities	7.15; 7.11	38,288	37,228
Deferred tax liabilities	6.5	57,486	63,984
Other noncurrent financial / non-financial liabilities	7.11	2,823	4,141
<b>Noncurrent liabilities</b>	<b>7.11</b>	<b>761,996</b>	<b>814,165</b>
Short-term provisions	7.12	38,008	41,878
Short-term borrowings	7.12	172,121	111,991
Current lease liabilities	7.15; 7.12	13,314	11,923
Trade payables	7.12	228,124	201,702
Current tax liabilities	7.12	33,994	25,313
Other current financial liabilities	7.12	36,198	41,857
Contract liabilities	7.12	79,686	50,377
Other current liabilities	7.12	95,045	106,679
<b>Current liabilities</b>	<b>7.12</b>	<b>696,489</b>	<b>591,719</b>
<b>Liabilities</b>		<b>1,458,485</b>	<b>1,405,885</b>
<b>Total equity and liabilities</b>		<b>2,749,561</b>	<b>2,651,796</b>

## Consolidated Statement of Changes in Equity

July 1 to June 30

in € thousand	Parent company				
	Subscribed capital	Capital reserve	Accumulated Group equity from earnings	Comprehensive other Group income	
				Reserve for currency translation differences on foreign operations	Reserve for currency translation differences on at equity accounted financial assets
<b>07/01/2021</b>	<b>99,000</b>	<b>5,530</b>	<b>1,123,652</b>	<b>-131,814</b>	<b>581</b>
Dividends paid			-26,400	0	0
Net income for the year			107,760	0	0
Other comprehensive income after tax			0	36,452	20,404
<b>Total consolidated gains (losses)</b>			<b>107,760</b>	<b>36,452</b>	<b>20,404</b>
Other changes			30,088	0	0
<b>06/30/2022</b>	<b>99,000</b>	<b>5,530</b>	<b>1,235,099</b>	<b>-95,362</b>	<b>20,985</b>
<b>07/01/2022</b>	<b>99,000</b>	<b>5,530</b>	<b>1,235,099</b>	<b>-95,362</b>	<b>20,985</b>
Dividends paid			-26,400	0	0
Net income for the year			126,989	0	0
Other comprehensive income after tax				-77,862	-7,769
<b>Total consolidated gains (losses)</b>			<b>126,989</b>	<b>-77,862</b>	<b>-7,769</b>
Other changes			39,028	0	0
<b>06/30/2023</b>	<b>99,000</b>	<b>5,530</b>	<b>1,374,716</b>	<b>-173,224</b>	<b>13,216</b>



						Parent company	Group equity
						Total	
						Comprehensive other Group income	
	Cash flow hedge reserve on at equity accounted financial assets	Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	Revaluation of defined benefit plans	Cash flow hedge reserve	Cost of hedging reserve		
	5,723	4,852	-53,806			1,053,718	1,053,718
	0	0	0			-26,400	-26,400
	0	0	0			107,760	107,760
	-2,384	550	25,723			80,746	80,746
	-2,384	550	25,723			188,506	188,506
	0	0	0			30,088	30,088
	3,339	5,402	-28,083			1,245,911	1,245,911
	3,339	5,402	-28,083			1,245,911	1,245,911
	0	0	0			-26,400	-26,400
	0	0	0			126,989	126,989
	-5,665	-2,616	-341		-200	-94,453	-94,453
	-5,665	-2,616	-341		-200	32,536	32,536
	0	0	0			39,028	39,028
	-2,326	2,786	-28,424		-200	1,291,075	1,291,075

## Consolidated Cash Flow Statement

July 1 to June 30

in € thousand	Note no.	2022/2023	2021/2022
Net income for the year	6.8	126,989	107,760
Depreciation and amortization	7.2; 7.1; 7.15	95,392	94,540
Increase/decrease in long-term provisions	7.11	1,640	-1,666
Other non-cash expenses/income	5	78,789	32,555
Increase/decrease in short-term provisions	7.12	-3,829	1,131
Net gain/loss from the disposal of assets	6.2; 6.3	-1,598	332
Income tax expense/income	6.5	48,680	30,365
Income tax payments/refunds	6.5	-46,978	-35,577
Interest expense/interest income	6.4	29,525	11,917
Increase/decrease in inventories	7.6	-131,696	-119,481
Increase/decrease in trade receivables	7.7	-74,583	-61,068
Increase/decrease in other assets not attributable to investing or financing activities		-34,447	-45,071
Increase/decrease in trade payables	7.11	29,796	47,268
Increase/decrease in other liabilities not attributable to investing or financing activities		21,475	24,659
Proceeds and payments from at equity accounted entities	7.3	5,499	12,660
<b>Operating cash flow</b>		<b>144,654</b>	<b>100,323</b>
Proceeds from disposal of tangible assets	7.2	3,485	510
Payments for capital expenditures for tangible assets	7.2	-101,164	-83,425
Proceeds from disposal of intangible assets	7.1	0	155
Payments for capital expenditures for intangible assets		-8,353	-10,725
Interest received		5,887	2,610
<b>Investing cash flow</b>		<b>-100,145</b>	<b>-90,874</b>

**July 1 to June 30**

in € thousand	Note no.	2022/2023	2021/2022
Dividend payments to shareholders	7.9	-26,400	-26,400
Payment of principal portion of lease liabilities	7.15	-11,933	-9,628
Payment of interest portion of lease liabilities	7.15	-1,628	-936
Interest paid incl. transaction costs on issuance of promissory notes and borrowings		-28,532	-14,378
Proceeds from long-term borrowings		91,952	178,537
Repayment of long-term borrowings		-90,620	-153,068
Changes from proceeds/repayments of short-term borrowings		7,822	-2,554
<b>Net cash from financing activities</b>		<b>-59,339</b>	<b>-28,427</b>
<b>Net cash changes in cash and cash equivalents and restricted cash</b>		<b>-14,829</b>	<b>-18,978</b>
<b>Changes in cash and cash equivalents and restricted cash due to exchange rate, consolidated group and measurement changes</b>		<b>-15,836</b>	<b>-103</b>
Cash and cash equivalents, including restricted cash, at beginning of year		203,664	222,745
<b>Cash and cash equivalents, including restricted cash, at end of year</b>	<b>8</b>	<b>172,999</b>	<b>203,664</b>
thereof restricted cash and cash equivalents at end of year		21	44

# Notes for KWS SAAT SE & Co. KGaA 2022/2023

## 1. General Disclosures

The consolidated financial statements of KWS SAAT SE & Co. KGaA and its subsidiaries were prepared under the assumption that the operations of the companies will be continued and applying Section 315e of the German Commercial Code (HGB). They comply with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) for fiscal 2022/2023.

KWS SAAT SE & Co. KGaA, the ultimate parent company of the KWS Group, is an international company based in Germany, has its headquarters at Grimsehlstrasse 31, 37574 Einbeck, Germany, and is registered at Göttingen Local Court under the number HRB 205722. Since it was founded in 1856, the KWS Group has specialized in developing, producing and distributing high-quality seed for agriculture. The KWS Group covers the complete value chain of a modern seed producer – from the breeding of new varieties, propagation and processing to the marketing of the seed and consulting for farmers. KWS' core competence is in breeding new, high-performance varieties that are adapted to regional needs, such as climatic and soil conditions.

The Executive Board of KWS SE, the personally liable partner of KWS SAAT SE & Co. KGaA, prepared the consolidated financial statements on September 7, 2023, and released them for distribution to the Supervisory Board. The Supervisory Board has the task of examining the consolidated financial statements and declaring whether it approves them.

## 2. Standards and Interpretations Applied for the First Time

The following standards and interpretations have been adopted and applied for the first time in fiscal 2022/2023:

### Standards and interpretations applied for the first time

#### Financial reporting standards and interpretations

**IFRS 3** – Amendments to IFRS 3: Business Combinations: Reference to the Conceptual Framework

**IAS 16** – Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use

**IAS 37** – Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract

Annual Improvements to IFRS 2018 – 2020 Cycle

At the date of signing, all amendments to the financial reporting standards and interpretations do not have a significant impact on the consolidated financial statements of the KWS Group.

### Standards and interpretations to be applied in future

The IASB has issued the following standards and amendments to standards whose application was not yet mandatory for the 2022/2023 fiscal year and for some of which the European Union had not yet completed the endorsement process. The following standards have not yet been applied by the KWS Group:

## Standards and Interpretations to be applied in future

Financial reporting standards and interpretations	Mandatory first-time application
<b>IFRS 16</b> – Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	Fiscal 2023/2024
<b>IFRS 17</b> – Insurance Contracts, including amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Fiscal 2023/2024
<b>IAS 1</b> – Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, including Deferral of Effective Date, as well as Noncurrent Liabilities with Covenants	Fiscal 2023/2024
<b>IAS 1</b> – Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	Fiscal 2023/2024
<b>IAS 8</b> – Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	Fiscal 2023/2024
<b>IAS 12</b> – Amendments to IAS 12: Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Fiscal 2023/2024
<b>IAS 12</b> – Amendments to IAS 12: Income Taxes: International Tax Reform – Pillar Two Model Rules (published on May 23, 2023)	Fiscal 2023/2024
<b>IAS 7</b> – Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements (published on May 25, 2023)	Fiscal 2024/2025

Based on an analysis, the standards and interpretations to be applied in future are not expected to have a significant impact on the consolidated financial statements of the KWS Group.

## 3. Accounting Policies

### 3.1 Consistency of accounting policies

Consistent accounting policies are applied in the financial statements of the companies included in the consolidated financial statements. There were no changes to accounting policies from the previous financial year, with the exception of the standards to be applied for the first time and the following change in presentation.

The KWS Group amended the presentation of government grants recognized in profit or loss in the consolidated income statement at the beginning of fiscal 2022/2023. Presentation of the function costs including the grants recognized in profit or loss gives a better and clearer reflection of the KWS Group's actual costs. The figures for the previous year were adjusted to ensure comparability.

The adjustments can be seen in the overview below.

All estimates and assessments as part of accounting and measurement are continually reviewed; they are based on historical patterns and expectations about the future regarded as reasonable in the particular circumstances.

## July 1 to June 30

in € thousand	Reported	Adjustment	After adjustment
	2021/2022		2021/2022
<b>I. Income statement</b>			
Net sales	1,539,518		1,539,518
Cost of sales	694,306	-1,083	693,223
<b>Gross profit on sales</b>	<b>845,212</b>	<b>1,083</b>	<b>846,295</b>
Selling expenses	281,270		281,270
Research & development expenses	286,423	-9,223	277,200
General and administrative expenses	132,161	-1,921	130,240
Other operating income	85,628	-12,227	73,401
Other operating expenses	75,928		75,928
<b>Operating income</b>	<b>155,058</b>		<b>155,058</b>
<b>Net financial income/expenses</b>	<b>-16,934</b>		<b>-16,934</b>
<b>Result before taxes</b>	<b>138,124</b>		<b>138,124</b>
Taxes	30,365		30,365
<b>Result after taxes</b>	<b>107,760</b>		<b>107,760</b>

### 3.2 Companies consolidated in the KWS Group

The consolidated financial statements of the KWS Group include the single-entity financial statements of KWS SAAT SE & Co. KGaA and its subsidiaries in Germany and other countries, as well as joint ventures and associated companies, which are carried using the equity method, and joint operations. A company is a subsidiary if KWS SAAT SE & Co. KGaA currently has existing rights that give it the ability to control its relevant activities. Relevant activities are the activities that significantly affect the company's returns. Control therefore only exists if KWS SAAT SE & Co. KGaA has the ability to use its power to affect the amount of the variable returns. Control can usually be derived from holding a majority of the voting rights directly or indirectly. Details on the changes in the consolidated group are provided in section 4 "Consolidated Group and Changes in the Consolidated Group."

### 3.3 Consolidation methods

The single-entity financial statements of the individual subsidiaries included in the consolidated financial statements and the single-entity financial statements of the joint ventures and associated companies included using the equity method and of the proportionately consolidated joint operations were uniformly prepared on the basis of the accounting and measurement policies applied at KWS SAAT SE & Co. KGaA. For business combinations, capital consolidation is performed according to the acquisition method by allocating the cost of acquisition to the Group's interest in the subsidiaries' remeasured equity at the time of acquisition. Any excess of interest in equity over cost is recognized as an asset, up to the amount by which fair value exceeds the carrying amount. Any goodwill remaining after first-time consolidation is recognized as an intangible asset. Costs incurred as part of the business combination are recognized as an expense and carried as administrative expenses.

According to IAS 36, goodwill is not amortized, but tested for impairment at least once a year at the end of the year (impairment-only approach).

Joint ventures are consolidated using the equity method in application of IFRS 11 and IAS 28. The basis for a joint venture is a contractual agreement with a third party to control and manage a venture collectively. In the case of joint ventures, the parties who exercise joint management have rights to the net assets of the agreement.

In the case of joint ventures carried in accordance with the equity method, the carrying amount is increased or reduced annually by the equity capital changes corresponding to the KWS Group's share. In the case of the first-time consolidation of equity investments using the equity method, differences from first-time consolidation are treated in accordance with the principles of full consolidation. The changes in the proportionate equity that are recognized in profit or loss are included, along with impairment of goodwill, under the item "Income from equity-accounted financial assets" in the net financial income/expenses. Associated companies in which the KWS Group exerts a significant influence because it holds a stake of between 20% and 50% are likewise measured using the equity method.

The basis for a joint operation is likewise a contractual agreement with a third party to manage the companies' activities jointly. In this case, the parties have rights to the assets that can be ascribed to the agreement and obligations in respect of the liabilities. The assets and liabilities and revenue and expenses are included in the consolidated financial statements proportionately in accordance with the KWS Group's stake (50%).

Deferred taxes on consolidation transactions recognized in income are calculated at the tax rate applicable to the company concerned. These deferred taxes are aggregated with the deferred taxes recognized in the separate financial statements.

As part of the elimination of intra-Group balances, borrowings, receivables, liabilities and provisions are netted between the consolidated companies. Intercompany profits not realized at Group level are eliminated from intra-Group transactions. Sales, income and expenses are netted between consolidated companies, and intra-Group distributions of profit are eliminated.

If there are non-controlling interests, they are recognized in the amount of the imputed percentage of equity in the consolidated companies.

### 3.4 Currency translation

Under IAS 21, the financial statements of the consolidated foreign subsidiaries that conduct their business as financially, economically and organizationally independent entities are translated into euros using the functional currency method and rounded in accordance with standard commercial practice as follows:

- Income statement items at the average exchange rate for the year on a monthly basis
- Balance sheet items at the exchange rate on the balance sheet date

The following exchange rates were applied in the consolidated financial statements for the main foreign currencies relative to the euro:

## Exchange rates for main currencies

1 EUR/		Rate on balance sheet date		Average rate	
		06/30/2023	06/30/2022	2022/2023	2021/2022
ARS <sup>1</sup>	Argentina	280.14	131.27	280.14	131.27
BRL	Brazil	5.22	5.51	5.40	5.92
GBP	UK	0.86	0.86	0.87	0.85
RUB	Russia	95.11	53.86	72.97	85.14
TRY <sup>1</sup>	Turkey	28.15	17.52	28.15	17.52
UAH	Ukraine	40.00	30.78	38.18	31.51
USD	USA	1.09	1.05	1.05	1.13

<sup>1</sup> The average rate corresponds to the rate at balance sheet date due to application of IAS 29 for Turkish and Argentine subsidiaries.

The difference resulting from the application of annual average rates on a monthly basis to the earnings after taxes in the income statement at the rate on balance sheet date is taken directly to equity.

Differences arising from currency translation are recognized in profit or loss under Other operating income or Other operating expenses and, where they result from financial transactions, under Financial income or Financial expenses. An exception is currency translation differences from loan receivables that represent part of the net investment in a foreign subsidiary. According to IAS 21, these translation differences are recognized in the other comprehensive income and are not reclassified to profit or loss until disposal of the net investment. The accumulated amount is recognized in the income statement only when the net investment is disposed of.

Argentina and Turkey were still classified as hyperinflationary economies this fiscal year, as a result of which IAS 29 “Financial Reporting in Hyperinflationary Economies” was applied to the significant subsidiaries in these countries. The net gains or losses from the ongoing inflation of non-monetary assets and liabilities as well as equity and all items in the income statement are recognized in profit or loss under Other operating result.

The financial statements of these subsidiaries are generally based on the historical cost concept. Due to changes in the general purchasing power of the functional currency, these financial statements had to be adjusted to the unit of measure applicable at the balance sheet date.

Argentina’s IPC price index was 793.0 points at July 1, 2022, and rose by 115.6% in the current fiscal year to 1,709.61 points at June 30, 2023. Turkey’s Consumer Price Index (CPI) was 977.9 points at July 1, 2022, and rose by 38.2% in the current fiscal year to 1,351.59 points at June 30, 2023.

### 3.5 Classification of the statement of comprehensive income

The KWS Group has prepared the income statement using the cost-of-sales method. The costs for the functional areas include all directly attributable costs, including other taxes, as well as received government grants recognized in profit or loss.

### 3.6 Recognition of income and expenses

Revenue from contracts with customers is primarily generated from the sale of seed. It is recognized when the KWS Group transfers control over products to the customer. That is usually the time when risk passes to the customer. The revenue is recognized at the amount of the consideration promised in the contract.

The revenue is limited to the amount that the KWS Group expects to receive for fulfilling its performance obligations. Accordingly, revenue is reduced by value-added or sales taxes as well as actual and expected discounts, cash discounts and bonus points. If rights of return are provided for in the contract, these must be measured separately. The KWS Group uses empirical country-specific and seasonal figures and information on already announced returns to estimate the anticipated returns.



The KWS Group's contracts with customers do not usually have any significant separable performance obligations apart from the delivery of seed. Consequently, splitting of the transaction price is not required for most of the KWS Group's contracts with customers. The total purchase price must be recognized at a point in time.

The level of the promised consideration is not adjusted by the effects of a financing component if the period for payment is less than twelve months. For contracts with customers that have a period for payment of more than twelve months, the financing component is carried separately on the basis of present value.

The incremental costs of obtaining a contract are recognized as a current expense in the period.

Revenue from service transactions is recognized over the period of time in which the service is provided and measured using the percentage of completion method or in accordance with the costs incurred. Revenue from royalties and other income, such as interest and dividends, are recognized in the period in which they accrue as soon as there is a contractual or legal entitlement to them.

Since fiscal 2022/2023, performance-based government grants have been carried as a reduction in the respective function costs and no longer separately under other operating income.

Operating expenses are recognized in the income statement upon the service in question being used or as of the date on which they occur.

### 3.7 Intangible assets

Purchased intangible assets are carried at cost less straight-line amortization and impairment losses. It is necessary to examine whether the useful life of intangible assets is finite or indefinite. Any amortization is included in the respective functional areas. Goodwill has an indefinite useful life. Goodwill and intangible assets with an indefinite useful life are not amortized but tested for impairment at least once a year.

Intangible assets acquired as part of business combinations are carried separately from goodwill if they are separable according to the definition in IAS 38 or result from a contractual or legal right.

The useful life of intangible assets is as follows:

Useful life of intangible assets	
	Useful life
Breeding material, proprietary rights to varieties and trademarks	10–30 years
Other rights	3–10 years
Software	3–8 years
Distribution rights	5–20 years
Customer relationships	1–5 years

### 3.8 Property, plant and equipment

Property, plant and equipment is measured at cost less straight-line depreciation over its expected useful life and impairment losses. Depreciation of an asset commences when the asset is at its location and is in the condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ends when the asset has been fully expensed or is classified as held for sale in accordance with IFRS 5, or at the latest when it is derecognized.

If property, plant and equipment is sold or scrapped, the profit or loss from the difference between the proceeds and residual carrying amount is recognized under the other operating income or other operating expenses.

In addition to directly attributable costs, the cost of self-produced plant or equipment also includes a proportion of the overheads and depreciation/amortization.

## Useful life of property, plant and equipment

	Useful life
Buildings	10–50 years
Operating equipment and other facilities	5–25 years
Technical equipment and machinery	5–15 years
Laboratory and research facilities	5–13 years
Other equipment, operating and office equipment	3–15 years

Low-value assets (with a value of up to €1 thousand) are fully expensed in the year of purchase; they are reported as additions and disposals in the year of purchase in the statement of changes in fixed assets.

If there is evidence of a possible impairment, an impairment test on the property, plant and equipment or at a cash-generating unit is carried out in accordance with IAS 36. An impairment is recognized if the recoverable amount for the asset / cash-generating unit has fallen below the residual carrying amount. The recoverable amount is the higher of the fair value less costs to sell or the value in use. If the reason for an earlier impairment loss on property, plant and equipment no longer applies, its value is increased to up to the amount that would have resulted if the impairment loss had not occurred, taking depreciation into account. In accordance with IAS 20, government grants for assets are deducted from the costs of the asset.

The residual values, useful economic lives and methods of depreciation for property, plant and equipment are reviewed at the end of each fiscal year and adjusted prospectively if necessary.

In accordance with IAS 23, borrowing costs are capitalized if they can be classified as qualifying assets.

### 3.9 Leases

A lease is an agreement whereby the lessor conveys the right to use an asset for an agreed period of time to the lessee in exchange for a payment or a series of payments.

If the KWS Group is the lessee, leases are recognized as a right-of-use asset and lease liability in the balance sheet in accordance with the regulations of IFRS 16. In

subsequent periods, the right-of-use asset is depreciated over the lease's term, taking into account the exercise of any renewal options. This depreciation is recognized in the respective function costs. Interest expense is accrued on the lease liability in the course of the lease and the liability is reduced by the lease payments that have been made. The effect from the accrued interest is recognized in the interest expense under net financial income/expenses.

The lease payments for short-term leases and leases of low-value assets are recognized as operating expenses in accordance with the available exemption.

The right-of-use assets are recognized to the amount of the corresponding lease liabilities, adjusted for any prepaid or accrued lease payments if applicable. The right-of-use assets and lease liabilities are each reported in the balance sheet under a separate item.

If the KWS Group is the lessor and the main risks and rewards from use of the leased object are transferred to the contractual partner, the lease is deemed to be a financial lease. The net investment in the lease is recognized as a receivable.

If the KWS Group acts as a lessor as part of an operating lease, the lease payments are recognized as other operating income in the income statement on a straight-line basis over the lease's term.

The KWS Group's leases mainly relate to tenancy agreements for office space, lease agreements and leased vehicles.

### 3.10 Financial instruments

#### Classification and measurement

Apart from equity instruments, financial instruments are financial assets and financial liabilities.

When financial assets are initially recognized, they are assigned to one of the following three categories for the purpose of subsequent measurement: at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss.

Equity instruments are generally measured at fair value through profit or loss, unless an option to classify them irrevocably as being measured at fair value through other comprehensive income is exercised when they are initially recognized. Such an option is available if the financial investments in equity instruments are neither held for trading nor constitute a contingent consideration as part of a company acquisition. The debt instruments are classified taking into account the KWS Group's business model for controlling these financial assets and the contractual cash flow characteristics for the financial instrument. A financial asset is measured at amortized cost if it is held with the objective of collecting contractual cash flows and the latter comprise solely payments of interest and the principal amount. If the financial assets are held as part of the business model to collect contractual cash flows and sell the financial instruments, these are classified as being measured at fair value through other comprehensive income. All the other financial instruments are classified in the category measured at fair value through profit or loss. There is also the option of designating the debt instrument as being measured at fair value through profit or loss under certain conditions when it is carried for the first time.

The financial assets consist of bank balances and cash on hand, trade receivables, loans, fund shares, securities, derivatives and other financial assets. Regular-way purchases and sales of financial assets are recognized or derecognized in general at the settlement date. Because fund shares have the characteristics of equity, they are classified irrevocably as being measured at fair value through other comprehensive income. The changes to fair value in subsequent measurement are recognized as unrealized gains and losses directly in other comprehensive income in the reserve for revaluation of at equity instruments.

In addition, derivatives designated as hedging relationships are classified in accordance with hedge accounting regulations as being measured through other comprehensive income. In contrast, derivatives not designated as hedging relationships are recognized through profit or loss.

The other financial assets are measured at amortized cost. The carrying amount of receivables, money market accounts and cash is assumed as the fair value.

### **Impairment losses**

The credit risk is the risk that a contractual partner does not fulfill its payment obligations as part of a financial instrument. The risks of default are monitored and controlled constantly and reflected by means of impairment losses. The KWS Group ascertains the need to recognize an impairment loss for all financial assets not classified in the category "at fair value through profit or loss." That is calculated on the basis of the expected losses. The expected losses are in general the present value resulting from the difference between the cash flows defined in the contract and the cash flows the KWS Group expects to receive.

In general, a two-stage model must be applied in calculating the expected losses. If the credit risk for financial instruments has not increased significantly, the risk provision is recognized only on the basis of losses resulting from default events within the next twelve months. In the case of financial instruments whose credit risk has increased significantly since first-time recognition, the entire remaining lifetime is used to calculate the expected losses.

The KWS Group uses a simplified approach under IFRS 9 to determine the expected losses because the financial assets mainly consist of current trade receivables. Measurement and first-time recognition of the receivables and also their subsequent measurement therefore take into account expectations of default on the item in question over its entire lifetime.

The KWS Group determines the expected counterparty default on the basis of the probability of default and the loss rate in the event of default.

The probability of default is generally determined on the basis of customer-specific ratings. The probability of default relates to a year, which is usually the maximum lifetime of receivables at the KWS Group. Since specific ratings are not available for all customers, an average rating based on all classified customers is calculated for each country, regardless of the receivables per customer. It is then applied to the total amount for all the receivables in the country in question. If that information is not available for a country, the average rating of a country with a comparable risk is applied.

The loss rate is the percentage loss in the event of default and corresponds to the amount of the unpaid receivables less an expected recovery rate. The KWS Group applies a uniform recovery rate determined regardless of customer group, due date and country over a long period of time and over a broad total number of company insolvencies.

Changes to the level of the risk provision must be carried in the income statement as a reversal of an impairment loss or as an impairment loss.

Cash and cash equivalents are exposed only to an insignificant risk of fluctuations in their value. The seasonal nature of the KWS Group's liquidity situation over the fiscal year only permits short-term cash deposits in the period from May to August. The bank balances and short-term cash deposits are mainly with banks that have high and stable creditworthiness. Given the external credit rating for these banks, the KWS Group's cash and cash equivalents are regarded as low risk. Moreover, bank balances are spread over multiple banks in order to avoid any concentration of them. Impairment losses on cash and cash equivalents are regularly calculated on the basis of credit default swaps (CDS) of the banks. Bank balances are recognized at nominal value less any necessary risk provision for expected credit losses.

Financial assets are mainly derecognized once the contractual rights to obtain cash flows from financial assets have expired or the financial assets with all their risks and rewards have been transferred to a third party. When the contractual rights are transferred, the KWS Group assesses whether and to what extent risks and rewards associated with ownership of them remain with the Group. If the risks and rewards are not transferred in full, the KWS Group continues to recognize the asset to the extent of its continuing involvement. In that case, a related liability is also recognized.

The financial liabilities mainly comprise trade payables, loans from banks, derivatives and other financial liabilities. When financial liabilities are initially recognized, they are classified as being measured at fair value through profit or loss or at amortized cost. KWS Group adopts first-time measurement at fair value. The fair value of financial liabilities with a long-term fixed interest rate is determined as present values of the payments related to the liabilities, using a yield curve applicable on the balance sheet date.

All financial liabilities at the KWS Group, with the exception of derivative financial instruments, are measured at amortized cost using the effective interest method. The liabilities are derecognized at the time they are settled or when the reason why they were formed no longer exists.

Liabilities from derivative financial instruments designated as hedging relationships are recognized with changes in value in the other comprehensive income. The changes in the value of derivatives not designated as hedging relationships are recognized in profit and loss. Financial instruments in level 1 are measured using quoted prices in active markets for identical assets or liabilities. In level 2, they are measured by directly observable market inputs or derived indirectly on the basis of prices for similar instruments. Finally, input factors not based on observable market data are used to calculate the value of level 3 financial instruments.

### 3.11 Derivatives

The KWS Group uses derivatives to reduce currency, interest rate and commodity price risks. It mainly uses forward and swap deals and options that are customary in the market for that purpose. Only commodity derivatives are designated as hedging relationships at present. Derivative instruments are measured at fair value; they can be assets or liabilities.

The fair value of the financial instruments is measured on the basis of the market information available on the balance sheet date and using recognized mathematical models, such as present value or Black-Scholes, to calculate option values, taking their volatility, remaining maturity and capital market interest rates into account. The instruments must also be classified in a level of the fair value hierarchy.

The changes in the market value of derivatives not designated as hedging relationships are recognized in the income statement. Derivatives are derecognized on their day of settlement.

### **Hedging relationships**

The KWS Group uses commodity options to hedge against commodity price risks and designates the derivatives as cash flow hedges for a transaction that is highly likely to occur in the future. Apart from them, there are no other types of transactions designated as hedging relationships. The hedged item and hedging transactions formally defined and documented as a hedging relationship are managed and monitored as part of operational risk management.

The effective portion of the changes in the market value of designated derivatives is recognized in other comprehensive income in the reserve for cash flow hedging. The ineffective portion is recognized immediately in the income statement under other operating expenses. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss from the hedging instrument and the cumulative change in fair value of the hedged item.

The KWS Group only designates the change in the intrinsic value of an option as a hedging instrument. The change in fair value is recognized directly in other comprehensive income and accumulated in a separate equity component, the cost of hedging reserve.

If a hedged future transaction subsequently results in the recognition of a non-financial item (for example, inventories), the amount accumulated in other comprehensive income is reclassified to initial cost (basis adjustment). If recognition of hedging relationships for cash flow hedging is discontinued, the amount accumulated in other comprehensive income remains in other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount is immediately reclassified to the income statement.

### **3.12 Inventories and biological assets**

Inventories are measured at the lower of cost or net realizable value less an allowance for obsolescent or slow-moving items. In addition to directly attributable costs, the cost of sales also includes indirect labor and materials including depreciation under IAS 2.

As in previous years, biological assets result from the KWS Group's farming activities at its locations in Germany, France and Poland. At these locations, the KWS Group has farms that carry out all agricultural activities as part of seed propagation. Under IAS 41, biological assets are measured at fair value less the estimated costs to sell. If their fair value cannot be reliably determined, they are measured at cost. Immature biological assets are carried as inventories as of the time they are harvested.

### **3.13 Deferred taxes**

Deferred taxes are calculated in accordance with IAS 12. Deferred taxes are calculated on temporary differences between the different carrying amounts of assets and liabilities between the IFRS and the tax regulations, including differences from consolidation measures, and on tax loss carryforwards, tax credits and interest carryforwards. Since it is not permissible to recognize deferred tax liabilities arising from initial recognition of goodwill pursuant to a business combination, the KWS Group does not calculate any deferred taxes on them. Deferred taxes are generally recognized in profit or loss, except to the extent that items recognized in equity or in other comprehensive income are linked.

Deferred taxes are measured on the basis of the applicable local income tax rates anticipated at the time the asset is realized or the liability is settled. Deferred tax assets and liabilities are measured based on the tax rates/laws that apply or have been enacted or substantively enacted by the balance sheet date. No discounting is carried out. Deferred taxes and actual taxes are generally recognized as an expense unless they relate to transactions or events that are recognized outside of profit or loss.

Deferred tax assets are netted off against deferred tax liabilities if there is a legally enforceable right to set off actual tax refund claims against actual tax liabilities and if the deferred taxes relate to income taxes levied by the same taxing authority.

Deferred tax assets are recognized if it is considered probable that there will be sufficient future taxable profit

against which the deductible temporary differences, tax loss carryforwards, tax credits and interest carryforwards can be offset. Future taxable gains are determined on the basis of the reversal of taxable temporary differences. Deferred tax claims are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the related tax benefit can be realized. Write-ups are made if the probability of future taxable income improves. Irrespective of the forecast for taxable gains, deferred tax assets are recognized to the extent that they are offset by deferred tax liabilities. Deferred tax liabilities must be recognized for all taxable temporary differences.

The measurement of deferred taxes reflects the tax consequences that result from the KWS Group's expectations with regard to the way in which the carrying amounts of its assets will be realized or its liabilities settled at the balance sheet date.

Deferred tax liabilities on taxable temporary differences associated with investments in subsidiaries, branches and associated companies, and interests in joint arrangements, are not recognized if the entity is able to control the timing of the reversal of the temporary differences and it is probable that the reversal will not occur in the foreseeable future.

### **3.14 Income tax liabilities**

Actual taxes are the expected tax liability or tax asset on the taxable income or tax loss for the fiscal year, based on tax rates that apply at the balance sheet date or will soon apply. The actual income taxes are calculated on the basis of the respective national taxable profit and regulations for the year. In addition, the actual taxes recognized in the fiscal year also include adjustments for any tax payments or refunds in respect of years that have not yet been definitively assessed, but excluding interest payments, interest refunds and penalties on payments of tax arrears.

If there is uncertainty over the income tax treatment, the KWS Group measures actual or deferred tax claims or liabilities in accordance with the regulations of IAS 12 and IFRIC 23. The KWS Group decides on a case-by-case basis whether the uncertain tax treatment should be

considered independently or collectively together with one or more other uncertain tax treatments, depending on which approach provides better predictions of the resolution of the uncertainty.

If it is considered improbable that the tax authority will accept an uncertain tax treatment, the KWS Group recognizes the effects of the uncertainty at the amount of the anticipated tax payment (the expected value or most likely amount of the tax treatment). Tax assets from uncertain tax positions are recognized if it is probable that they can be realized. No provision for taxes is recognized for these uncertain tax positions only if there is a tax loss carryforward or an unused tax credit; instead, the deferred asset is adjusted for the unused tax loss carryforwards and tax credits.

In assessing whether, and how an uncertain, tax treatment affects determination of the taxable profits / taxable losses, tax bases, unused loss carryforwards, unused tax credits and tax rates, the KWS Group assumes that a tax authority will examine the amounts it is authorized to examine and has full knowledge of all related information as part of such examinations.

The KWS Group operates in a large number of countries and is therefore subject to various tax jurisdictions. Determining the tax liabilities requires a number of assessments by management. Management has conducted an extensive assessment of tax-related imponderables; however, it is not possible to rule out a deviation from the results of that and the actual outcome of the imponderables.

Any deviations may impact the amount of tax liabilities or deferred taxes in the year the decision is made.

### **3.15 Provisions for pensions and other employee benefits**

The provisions for pensions and other employee benefits are calculated using actuarial principles in accordance with the projected unit credit method. Actuarial gains and losses must be recognized directly in equity in other comprehensive income. The service costs (including past service costs) are recognized in operating income

in accordance with the employees' assignment to the functional areas. If there are plan assets and the relevant requirements for netting them off are met, they are netted off against the associated obligations.

The provisions for semi-retirement include obligations from concluded semi-retirement agreements. Payment arrears and top-up amounts for semi-retirement pay and for the contributions to the statutory pension insurance program are recognized in measuring them.

### 3.16 Other provisions

Provisions are recognized for present legal and constructive obligations arising from past events that will likely give rise to a future outflow of resources, provided that a reliable estimate can be made of the amount of the obligations.

Provisions are measured at their expected amount or most likely amount, depending on whether they comprise a large number of items or constitute a single obligation. Provisions are reviewed regularly and adjusted to reflect new findings or changes in circumstances. If it is no longer likely that the economic outflow of a provision will occur, or the conditions for why it was recognized no longer apply, the provision is reversed by the corresponding amount and the resulting income recognized in the operating expense item(s) in which the original charge was recognized. If the reversal amount is material and so the effect not related to the period must be classified as material, the reversal is carried as income from the reversal of provisions under other operating income not related to the period.

Long-term provisions are discounted taking into account future cost increases and using a market interest rate that adequately reflects the risk, provided the interest effect is material.

### 3.17 Contingent liabilities

The contingent liabilities result from debt obligations where outflow of the resource is not probable or the level of the obligation cannot be estimated with sufficient reliability or from potential obligations for loan amounts drawn down by third parties as of the balance sheet date.

### 3.18 Significant accounting judgments, estimates and assumptions

In preparing the consolidated financial statements, management has to make certain assumptions and estimates that may substantially impact the presentation of the Group's financial position and/or results of operations. Essential estimates and assumptions that may affect reporting in the various item categories of the financial statements are described in the following:

- Calculation of the expected returns and discounts from customers at the balance sheet date (section 3.6 of the Notes)
- Determination of the useful life of the depreciable asset (sections 3.7 and 3.8 of the Notes)
- Assessment by management of whether deferred tax assets can be realized, taking into account the time at which deferred tax liabilities are reversed and the anticipated future taxable income in the period under review (section 6.5 of the Notes)
- Assessment of uncertain tax positions in accordance with IFRIC 23 (section 6.5 of the Notes)
- Definition of measurement assumptions and future results in connection with impairment tests, above all for capitalized goodwill and brands with an indefinite useful life (section 7.1 of the Notes)
- Determination of the need to recognize impairment losses on inventories (section 7.6 of the Notes)
- Definition of the parameters required for measuring pension provisions (section 7.11 of the Notes)
- Measurement of other provisions (section 7.12 of the Notes)
- Determination whether there is reasonable certainty as to whether extension or termination options as a part of a lease will be exercised or not (section 7.15 of the Notes).

Estimates are based on historical experience and other assumptions that are considered reasonable under given circumstances. They are continually reviewed but may vary from the actual values.

### 3.19 Impact of significant events

#### The war between Russia and Ukraine

The Russian invasion of Ukraine resulted in increased geopolitical instability and led to the U.S., the United Kingdom, the EU and other countries imposing significant sanctions and other trade restrictions on Russia.

This significant event and its impact on overall economic conditions were taken into consideration in the measurement policies applied at June 30, 2023.

Goodwill and intangible assets with an indefinite useful life underwent an annual impairment test at June 30, 2023, with the changes in the market situation due to the war between Russia and Ukraine being reflected in the adopted budget and medium-term planning. All in all, there were no impairments for the cash-generating units and intangible assets with an indefinite useful life. In addition, indications of impairment of property, plant and equipment and other intangible assets were examined against the backdrop of the conflict between Russia and Ukraine. Increased inflation as a result of the developments and the associated rise in interest rates also had an impact on the impairment tests. All in all, the examination did not reveal any impairment losses.

The effect on other assets, such as trade receivables and inventories, was continually examined with regard to the impact of the war in Ukraine on the economic environment. The KWS Group's business model is seasonal in nature, which is why it generates most of its net sales by the end of the third quarter and collects a large proportion of the receivables owed to it in the fourth quarter. As regards customers' solvency, no circumstances justifying impairment of the receivables above and beyond the existing approach were identified. Potential industry- and country-specific risks were, and will continue to be, taken into account in assessing the potential impact of the war between Russia and Ukraine on trade receivables.

Our business activities in Russia in fiscal 2022/2023 accounted for 7.8% (7.4%) of consolidated net sales. Potential effects of economic and geopolitical developments on the recognition and measurement of assets and liabilities are analyzed on an ongoing basis. The KWS Group's assets, financial position and earnings in fiscal 2022/2023 were impacted by the repercussions of the war between Russia and Ukraine only to a small extent.

#### Impacts of climate change

Climate-related effects on our business activities are analyzed as part of our global risk management and in our strategic planning. There are operational risks, in particular, from extreme weather events such as heavy rain, flooding, storms or drought, which according to prevailing scientific analyses will continue to increase in number. We mainly develop new varieties and propagate our seed outdoors, meaning these activities are exposed to weather events. In addition to local protection measures such as irrigation, flood control or greenhouses, we can limit these risks through regional diversification. Contra-seasonal production in the southern hemisphere enables two cultivation cycles a year.

In addition to extreme weather events, climate change is also causing a gradual increase in average temperatures, changes in regional average rainfall, and changes in disease or pest pressure. We counter this by continuously developing our varieties as part of our global breeding programs. The breeding objectives as part of this include drought resistance, standing ability, better nutrient utilization or new resistances. Climate change thus also entails opportunities for KWS, which we explain in the section "Opportunity Management" in the Management Report. The opportunities and risks to which the KWS Group is exposed from the anticipated long-term consequences of climate change currently have no, or only a minor, impact on estimates of the useful lives and impairment of noncurrent assets, including goodwill.

The Group Management Report provides a more detailed explanation of these significant events.



## 4. Consolidated Group and Changes in the Consolidated Group

As in the previous year, there are 88 companies consolidated in the KWS Group.

### Number of companies including KWS SAAT SE & Co. KGaA

	06/30/2023			06/30/2022		
	Germany	Abroad	Total	Germany	Abroad	Total
Fully consolidated	13	61	74	13	61	74
Equity method	0	6	6	0	6	6
Joint operation	0	8	8	0	8	8
<b>Total</b>	<b>13</b>	<b>75</b>	<b>88</b>	<b>13</b>	<b>75</b>	<b>88</b>

There were no changes in the consolidated group in fiscal 2022/2023.

## 5. Segment Reporting for the KWS Group

In accordance with its internal reporting and controlling system, the KWS Group is primarily organized according to the following business segments:

- Corn
- Sugarbeet
- Cereals
- Vegetables
- Corporate

The core competency for the KWS Group's entire product range, plant breeding, including the related biotechnology research, is essentially concentrated at the parent company KWS SAAT SE & Co. KGaA in Einbeck.

The breeding material, including the relevant information and expertise about how to use it, is owned by KWS SAAT SE & Co. KGaA with respect to sugarbeet and corn and mainly by KWS LOCHOW GMBH with respect to cereals. Product-related R&D costs are carried directly in the product segments Corn, Sugarbeet and Cereals.

The activities of the Vegetables Segment are pooled at KWS VEGETABLES B.V. in Wageningen (the Netherlands) and its subsidiaries. Centrally controlled corporate functions are grouped in the Corporate Segment.

The distribution and production of oil and field seed are reported in the Cereals and Corn Segments, in keeping with the legal entities currently involved.

The Executive Board is the main decision-making body and is responsible for allocating resources and assessing the earnings strength of the business segments. The segments and regions are defined in compliance with the internal controlling and reporting systems (management approach). The accounting policies used to determine the information for the segments are adopted in line with those used for the KWS Group. The only exception relates to consolidation of the equity-accounted joint ventures and associated companies that are assigned to the Corn Segment, namely AGRELIANT GENETICS LLC., AGRELIANT GENETICS INC., FARMDESK B.V. and KENFENG – KWS SEEDS CO., LTD. In accordance with internal controlling practices, they are included proportionately as part of segment reporting.

The presentation of net sales, income, depreciation and amortization, other noncash items, operating assets, operating liabilities and capital expenditure on noncurrent assets by segment have been determined in accordance with the internal operational controlling structure. The allocation of the above joint ventures and associated companies are consolidated proportionately on the same basis. In order to permit better comparability, the figures have been reconciled with those in the consolidated financial statements.

## Sales per segment

in € thousand	Segment sales		Internal sales		External sales	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
Corn	1,047,249	935,461	412	85	1,046,837	935,376
Sugarbeet	716,284	588,544	24	105	716,259	588,439
Cereals	257,787	216,426	0	24	257,787	216,402
Vegetables	66,001	54,284	0	16	66,001	54,268
Corporate	22,959	22,211	14,645	13,913	8,314	8,298
<b>Segments total</b>	<b>2,110,279</b>	<b>1,816,925</b>	<b>15,081</b>	<b>14,143</b>	<b>2,095,198</b>	<b>1,802,783</b>
Elimination of equity-accounted financial assets					-275,396	-263,265
<b>Sales according to Group profit and loss statement</b>					<b>1,819,802</b>	<b>1,539,518</b>

**Segment sales** contains both net sales from third parties (external sales) and net sales between the segments (intersegment sales). The prices for intersegment sales are determined on an arm's length basis. Uniform royalty rates per segment for breeding genetics are used as the basis.

Technology revenues from genetically modified properties ("tech fees") are paid as a per-unit royalty on the basis of the number of units sold, due to their growing competitive importance.

## Earnings, depreciation and amortization and other non-cash items per segment

in € thousand	Segment earnings		Depreciation and amortization		Other noncash items	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
Corn	45,770	57,162	44,117	38,591	-41,920	-42,943
Sugarbeet	253,404	194,970	22,204	21,149	-34,967	-32,498
Cereals	40,127	29,519	8,010	9,706	-10,712	-2,532
Vegetables	-11,764	-18,526	14,065	21,529	-1,051	-881
Corporate	-115,271	-97,474	21,285	19,723	-17,252	-13,298
<b>Segments total</b>	<b>212,265</b>	<b>165,651</b>	<b>109,681</b>	<b>110,699</b>	<b>-105,903</b>	<b>-92,152</b>
Elimination of at equity-accounted financial assets	10,495	-10,593	-14,289	-13,326	13,718	18,916
<b>Total without consideration of at equity-accounted financial assets</b>	<b>222,760</b>	<b>155,058</b>	<b>95,392</b>	<b>97,373</b>	<b>-92,184</b>	<b>-73,236</b>
Net financial income/expenses	-47,091	-16,934				
<b>Earnings before taxes</b>	<b>175,669</b>	<b>138,124</b>				

The income statements of the consolidated companies are assigned to the segments by means of profit center allocation. Operating income, an important internal parameter and an indicator of the earnings strength in the KWS Group, is used as the segment result. The operating income of each segment is reported as the segment result. The **segment results** are presented on a consolidated basis and include all directly attributable income and expenses. Items that are not directly attributable are

allocated to the segments on the basis of an appropriate formula. **Depreciation and amortization charges allocated** to the segments relate exclusively to intangible assets and property, plant and equipment.

The **other noncash items** recognized in the income statement relate to noncash changes in the allowances on inventories and receivables, and in provisions.

## Operating assets and operating liabilities per segment

in € thousand	Operating assets		Operating liabilities	
	2022/2023	2022/2021	2022/2023	2022/2021
Corn	1,016,898	932,424	250,603	212,152
Sugarbeet	471,541	451,189	139,153	102,961
Cereals	187,098	160,069	73,298	45,546
Vegetables	438,025	427,682	8,468	7,944
Corporate	214,185	225,651	172,873	80,962
<b>Segments total</b>	<b>2,327,747</b>	<b>2,197,015</b>	<b>644,396</b>	<b>449,566</b>
Elimination of equity-accounted financial assets	-239,163	-239,003	-52,566	-60,028
<b>Total without consideration of at equity-accounted financial assets</b>	<b>2,088,585</b>	<b>1,958,011</b>	<b>591,830</b>	<b>389,539</b>
Others	660,976	693,785	866,655	1,016,346
<b>KWS Group acc. to consolidated financial statements</b>	<b>2,749,561</b>	<b>2,651,796</b>	<b>1,458,485</b>	<b>1,405,885</b>

The operating assets of the segments are composed of intangible assets, property, plant and equipment, inventories, biological assets and trade receivables that can be charged directly to the segments or indirectly allocated to them by means of an appropriate formula. Other assets include financial assets, tax assets, deferred tax assets, and cash and cash equivalents.

The operating liabilities attributable to the segments include – in accordance with the management approach – trade payables, contractual and refund obligations, lease liabilities and provisions, insofar as these are not connected to income taxes. Other liabilities include financial liabilities, provisions for taxes and deferred tax liabilities.

## Investments in long-term assets by segment<sup>1</sup>

in € thousand	2022/2023	2021/2022
Corn	33,492	31,960
Sugarbeet	37,034	32,384
Cereals	13,414	6,606
Vegetables	14,286	8,989
Corporate	17,932	18,948
<b>Segments total</b>	<b>116,157</b>	<b>98,887</b>
Elimination of at equity-accounted financial assets	-7,044	-5,387
<b>Investments according to Group statement</b>	<b>109,113</b>	<b>93,500</b>

<sup>1</sup> Excluding right-of-use assets according to IFRS 16

The main capital spending for each segment is as follows:

- Corn: Expansion and modernization of production and processing plants in Ukraine and Brazil
- Sugarbeet: Expansion of storage capacities in Germany, among other things with construction of an elite seed storehouse at Einbeck
- Cereals: Expansion and modernization of production plants and breeding stations, in particular in Germany and France
- Vegetables: Acquisition of breeding areas and further establishment of breeding stations in Mexico, Spain and Turkey
- Corporate: Addition of office, workshop and laboratory equipment and further implementation of new ERP software

## Disclosures by region

The disclosures on the regional composition of net sales and noncurrent operating assets have been made in accordance with the accounting policies to be applied to the consolidated financial statements of the KWS Group and thus without proportionate consolidation of the equity-accounted financial investments. Noncurrent operating

assets comprise goodwill, other intangible assets, property, plant and equipment, and financial assets.

The external net sales by sales region are broken down on the basis of the country where the customer is based. No individual customer accounted for more than 10% of total net sales in the current and the previous fiscal years.

### External sales by region

in € thousand	2022/2023	2021/2022
Germany	281,184	251,333
Europe (excluding Germany)	825,064	696,460
North and South America	593,347	493,837
thereof in Brazil	259,602	205,837
thereof in the U.S.	250,482	216,066
Rest of world	120,207	97,888
<b>KWS Group</b>	<b>1,819,802</b>	<b>1,539,518</b>

### Long-term assets by region

in € thousand	2022/2023	2021/2022
Germany	328,910	327,073
Europe (excluding Germany)	630,306	637,948
thereof in the Netherlands	424,567	435,010
North and South America	275,720	287,763
thereof in the U.S.	187,145	212,642
Rest of world	12,667	10,371
<b>KWS Group</b>	<b>1,247,603</b>	<b>1,263,155</b>

## 6. Notes to the Consolidated Statement of Comprehensive Income

### 6.1 Net sales and function costs

Net sales increased by 18.2% to €1,819,802 (1,539,518) thousand. Net sales are mainly generated from seed deliveries (€1,649,437 thousand; previous year: €1,392,427 thousand) and royalties (€114,145 thousand; previous year: €92,974 thousand). A breakdown by segments and regions is provided in the segment reporting in section 5 of the Notes.

The **cost of sales** increased by 14.8% to €795,979 (693,223) thousand, or 43.7% (45.0%) of sales. The key factors behind the higher cost in absolute terms were the strong expansion of business in the

Corn, Sugarbeet and Cereals Segments and higher destruction of inventories. The total cost of goods sold was €568,557 (493,122) thousand. The decline in the cost of sales as a percentage of net sales is mainly due to the disproportionately high price-related increases in net sales. The grants recognized in the cost of sales amounted to €1,197 (1,083) thousand. The impairment losses on and destruction of inventories and the reversals of impairment losses, which are carried as a reduction in the cost of materials in the period, are as follows:

### July 1 to June 30

in € thousand	2022/2023	2021/2022
Impairment losses	65,351	63,263
Decreases in impairment loss	8,814	4,683

The impairment losses relate mainly to unsold or destroyed seed. They are based on, among other things, empirical values (such as germination capacity) and expectations as to their substitution by new varieties. Impairment losses on inventories are reversed if the reasons for the impairment no longer apply. The increase in reversals of impairment losses compared to the previous year is predominantly attributable to the contra-seasonal production of corn seed.

**Selling expenses** increased by €31,509 thousand to €312,779 (281,270) thousand, or 17.2% (18.3%) of sales. The increase in absolute terms is mainly due to the significant expansion of business and cost increases compared with the previous year. The grants recognized in selling expenses amounted to €221 thousand.

**Research & development** is recognized as an expense in the year it is incurred; in the year under review, this amounted to €314,234 (277,200) thousand. That was 17.3% (18.0%) of sales. Development costs for new varieties are not recognized as an asset because evidence of future economic benefit can only be provided after the variety has been officially certified. The grants recognized in the R&D costs amounted to €9,037 (9,233) thousand.

**General and administrative expenses** rose by €13,805 thousand to €144,045 (130,240) thousand, among other things due to higher IT and energy costs, and were 7.9% (8.5%) of sales. The grants recognized in the general and administrative expenses amounted to €306 (1,921) thousand.

## 6.2 Other operating income

### July 1 to June 30

in € thousand	2022/2023	2021/2022 (restated)
Foreign exchange gains	38,667	53,008
Other income related to previous periods	6,248	123
Income from reversal of valuation allowance for trade receivables and recovery of written off receivables	3,443	9,252
Income from sales of fixed assets	1,959	77
Unrealized gain on derivatives measured at fair value through profit or loss	1,434	101
Income from the reversal of provisions	82	1,826
Income from received compensations	44	239
Miscellaneous other operating income	10,811	8,776
<b>Total</b>	<b>62,688</b>	<b>73,401</b>

The other operating income mainly comprises foreign exchange gains. These result from exchange rate changes between the time at which foreign currency receivables and liabilities arose and when they were paid, as well as from exchange rate gains from measurement at the rate on the balance sheet date. The high foreign exchange gains in the previous year are largely attributable to the sharp volatility of various currencies during the year, particularly in Eastern Europe and South America.

The decrease in income from the reversal of allowances is mainly attributable to higher reversals of impairment losses on receivables in Brazil in the previous year.

Income from the disposal of noncurrent assets includes that from the sale of real estate.

The increase in operating income relating to previous periods is mainly due to the recognition of refund claims for sales-related social security contributions in Brazil amounting to €6,232 thousand. The refund claims relate to the previous years and were recognized for the first time following legal clarification.

In addition, the “PV Veg” (Pop Vriend Vegetable Seed) division was sold on September 28, 2022. The assets assigned to the division were classified as held for sale on June 30, 2022, in accordance with IFRS 5 and carried separately. Income of around €400 thousand was generated in connection with the sale and is carried under other operating income.

As of this fiscal year, the performance-related government grants are no longer reported separately under other operating income, but under the respective function costs. This change was made retroactively, and the disclosures for the previous year were adjusted accordingly.

### 6.3 Other operating expenses

#### July 1 to June 30

in € thousand	2022/2023	2021/2022
Foreign exchange losses	53,219	52,774
Loss on net monetary position (hyperinflation)	17,847	4,473
Valuation allowance on receivables	8,908	5,832
Expenses relating to previous periods	2,264	347
Unrealized loss on derivatives measured at fair value through profit or loss	1,653	1,109
Other expenses	8,803	11,393
<b>Total</b>	<b>92,694</b>	<b>75,928</b>

The other operating expenses mainly comprise foreign exchange losses and valuation allowances on receivables, as well as losses from the net monetary position (hyperinflation).

The foreign exchange losses result from exchange rate changes between the time at which foreign currency receivables and liabilities arose and when they were paid, as well as from exchange rate losses from measurement at the rate on balance sheet date. These were largely due to the high volatility of various currencies, particularly in Eastern Europe, and the devaluation of the Turkish lira and the Argentinean peso.

The increase in allowances on receivables is mainly due to the significant expansion of our business in Brazil in the past two fiscal years.

The increase in losses from the net monetary position is attributable to above-proportionate inflation in Argentina (€12,304 thousand) and Turkey (€5,543 thousand).

## 6.4 Net financial income/expenses

July 1 to June 30

in € thousand	2022/2023	2021/2022
Interest income	8,717	6,806
Income from other financial assets	408	42
Foreign exchange income	6,828	5,394
<b>Financial income</b>	<b>15,953</b>	<b>12,242</b>
Interest expense	37,023	17,831
Interest effects from pension provisions	2,713	1,162
Interest expenses for lease liabilities	1,628	936
Unwinding of discount for long-term provisions	206	49
Foreign exchange losses	9,138	16,876
<b>Financial expenses</b>	<b>50,707</b>	<b>36,855</b>
<b>Result from equity-accounted financial assets</b>	<b>-12,337</b>	<b>7,679</b>
<b>Financial result</b>	<b>-47,091</b>	<b>-16,934</b>

Net financial income/expenses fell compared with the previous year, mainly due to higher interest rates and the loss from equity-accounted financial assets.

The net interest result of €-32,444 (-13,131) thousand was mainly influenced by higher interest costs for financing expansion of our business activities in Brazil and the generally higher level of interest rates in Germany.

The net loss from foreign exchange gains and losses amounted to €2,310 (11,482) thousand. These arose in connection with the Group's financing. The high net loss from the previous year is largely attributable to short-term intra-Group loans denominated in US dollars and Turkish lira.

The negative result from equity-accounted joint ventures and associated companies is almost exclusively due to the high loss made by AGRELIANT GENETICS LLC.

## 6.5 Taxes

Income tax expenses

in € thousand	2022/2023	2021/2022
<b>Actual income taxes</b>	<b>59,473</b>	<b>37,089</b>
thereof from previous years	1,343	-1,266
<b>Deferred taxes</b>	<b>-10,793</b>	<b>-6,724</b>
<b>Income taxes</b>	<b>48,680</b>	<b>30,365</b>

The KWS Group pays tax in Germany at a rate of 29.7% (29.7%). Corporate income tax of 15.0% (15.0%) and solidarity tax of 5.5% (5.5%) are applied uniformly to distributed and retained profits. In addition, trade tax is payable on profits generated in Germany. Trade income tax is applied at a weighted average rate of 13.9% (13.9%), resulting in a total tax rate of 29.7% (29.7%).

The profits generated by Group companies outside Germany are taxed at the rates applicable in the country in which they are based. The tax rates in foreign countries vary between 2.0% (2.0%) in Russia (Special Economic Zone) and 35.0% (35.0%) in Argentina.

The deferred taxes that are recognized relate to the following balance sheet items and tax loss carryforwards:

#### Deferred taxes

in € thousand	At 06/30/2022			Movements current year		
	Deferred tax assets	Deferred tax liabilities	Net value	Recognized in profit or loss	Other comprehensive income	Currency incl. hyperinflation effects
Intangible assets <sup>1</sup>	403	59,443	<b>-59,040</b>	5,950	0	132
Property, plant and equipment	570	20,921	<b>-20,351</b>	-2,246	0	-1,119
Financial assets	4,326	4,329	<b>-3</b>	-995	798	-114
Inventories	14,838	6,977	<b>7,861</b>	939	0	-878
Current assets	7,861	7,350	<b>511</b>	-2,357	0	-82
Noncurrent liabilities <sup>2</sup>	31,699	1,441	<b>30,258</b>	2,156	183	1,317
of which pension provisions	10,932	260	<b>10,672</b>	-168	183	40
Current liabilities <sup>3</sup>	13,566	2,067	<b>11,499</b>	4,683	0	796
<b>Deferred taxes recognized (gross)</b>	<b>73,264</b>	<b>102,527</b>	<b>-29,263</b>	<b>8,129</b>	<b>981</b>	<b>53</b>
Tax loss carryforward	5,983	0	<b>5,983</b>	2,664	0	298
Setting off	-38,543	-38,543	<b>0</b>	0	0	0
<b>Deferred taxes recognized (net)</b>	<b>40,704</b>	<b>63,984</b>	<b>-23,280</b>	<b>10,793</b>	<b>981</b>	<b>351</b>

in € thousand	At 06/30/2023		
	Deferred tax assets	Deferred tax liabilities	Net value
Intangible assets	382	53,340	<b>-52,957</b>
Property, plant and equipment	842	24,557	<b>-23,715</b>
Financial assets	4,081	4,394	<b>-314</b>
Inventories	15,927	8,005	<b>7,922</b>
Current assets	1,756	3,684	<b>-1,928</b>
Noncurrent liabilities	35,301	1,387	<b>33,914</b>
of which pension provisions	10,734	7	<b>10,727</b>
Current liabilities	18,542	1,564	<b>16,979</b>
<b>Deferred taxes recognized (gross)</b>	<b>76,831</b>	<b>96,931</b>	<b>-20,100</b>
Tax loss carryforward	8,945	0	<b>8,945</b>
Setting off	-39,446	-39,446	<b>0</b>
<b>Deferred taxes recognized (net)</b>	<b>46,330</b>	<b>57,485</b>	<b>-11,155</b>

<sup>1</sup> Deferred tax liabilities resulting from the temporary differences in intangible assets due to the application of IFRS 16 amount to €12.440 (11.717)k as of June 30, 2023.

<sup>2</sup> Deferred tax assets resulting from the temporary differences in noncurrent liabilities due to the application of IFRS 16 amount to €10.499 (10.242)k as of June 30, 2023.

<sup>3</sup> Deferred tax assets resulting from the temporary differences in current liabilities due to the application of IFRS 16 amount to €3.351 (2.900)k.



Due to the use of tax loss carryforwards and tax credits on which no deferred taxes were recognized in the past, the actual tax expense fell by €841 (3) thousand.

No deferred taxes were formed for tax loss carryforwards totaling €10,323 (4,944) thousand that have not yet been utilized. Loss carryforwards totaling €10,323 (4,944) thousand can be utilized without any time limit.

No deferred taxes were recognized on temporary differences totaling €32,742 (27,929) thousand associated with investments in subsidiaries, branches and associated companies, and interests in joint arrangements, where the KWS Group is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

In the year under review, there were surpluses of deferred tax assets from temporary differences and loss carryforwards totaling €23,773 (18,885) thousand at Group companies that made losses in the past period or the previous period. These were considered recoverable, since it is assumed that the companies in question will post taxable profits in the future.

The fact is taken into account here that the KWS Group may realize income with a delay due to the long-term nature of research and development spending.

Of the total amount of deferred tax assets on tax loss carryforwards, €4,272 (1,167) thousand relates to KWS SEMENTES LTDA. The increase in tax loss carryforwards is solely attributable to the significant rise in interest expenses in Brazil. The deferred tax assets on tax loss carryforwards and the existing surplus of deferred tax assets on temporary differences amounting to €16,093 (17,537) thousand are considered recoverable. This is substantiated on the basis of the short- and medium-term projection, taking into account taxable result components, which fully covers the utilization of future tax benefits from existing tax loss carryforwards and temporary differences.

The reconciliation of the expected income tax expense to the reported income tax expense is derived on the basis of the consolidated income before taxes and the nominal tax rate for the Group of 29.7% (29.7%), taking into account the following effects:

#### Reconciliation of income taxes

in € thousand	2022/2023	2021/2022
Earnings before income taxes	175,669	138,124
<b>Expected income tax expense<sup>1</sup></b>	<b>52,214</b>	<b>41,031</b>
Reconciliation with the reported income tax expense		
Differences from the Group's tax rate	-8,475	-8,655
Effects of changes in the tax rate	-4,173	-2,375
Tax effects from:		
Expenses not deductible for tax purposes and other additions	7,277	6,643
Tax-free income	-1,410	-6,216
Other permanent deviations	-3,643	-2,975
Recognition and measurement of deferred tax assets	436	-166
Income taxes for prior years, withholding taxes and uncertain tax positions	3,232	-348
Other effects	3,222	3,426
Reported income tax expense	48,680	30,365
Effective tax rate	27.7%	22.0%

<sup>1</sup> Tax rate in Germany: 29.7% (29.7%)

The other effects include effects from the application of IAS 29 (hyperinflation) amounting to €1,351 thousand in Argentina and €1,850 thousand in Turkey.

The item "Recognition and measurement of deferred tax assets" includes, in particular, the effects of the non-recognition and initial recognition of deferred tax assets on temporary differences and tax loss carryforwards. There is a deferred tax expense of €1,361 (514) thousand from the non-recognition of deferred taxes on tax loss carryforwards and temporary differences in the year under review. The first-time recognition of deferred taxes and use of deferred taxes on loss carryforwards that had not previously been recognized result in deferred tax income of €307 (593) thousand.

Effects from changes in tax rates relate particularly to the Dutch companies. The future realization of recognized deferred taxes for the Netherlands takes into account the influence of research and development activities on the effective tax. Tax rates also changed in Argentina and Turkey, in particular.

There is no definitive tax assessment in respect of several years at the Group. A tax audit in Germany and in a number of other countries has currently not been concluded. Since the KWS Group operates multi-nationally and there are numerous relationships between affiliated companies, queries on the subject of transfer prices, in particular, are expected from the local fiscal authorities. The KWS Group believes it has made adequate provisions for these years where the tax assessment is not concluded. As a result of future legislation or changes in the opinions of the fiscal authorities, and allowing for the fact that there is some uncertainty in the area of transfer pricing, it is not possible to rule out that there will be tax refunds or payments of tax arrears for past years.

Other taxes, primarily real estate tax, are allocated to the relevant functional areas.

## 6.6 Personnel costs/employees

### July 1 to June 30

in € thousand	2022/2023	2021/2022
Wages and salaries	322,131	282,792
Social security contributions, expenses for pension plans and benefits	79,669	73,052
<b>Total</b>	<b>401,800</b>	<b>355,844</b>

Personnel costs went up by 12.9%. The number of employees increased from 4,865 to 5,055, or by 3.9%. Of the 5,055 (4,865) employees, 4,834 (4,631) are permanent employees and 221 (234) are temporary employees. The number of trainees and interns is recorded separately and not included in the headcount. There were 145 (116) trainees and interns at KWS at June 30, 2023.

### Employees (FTE) by region

	2022/2023	2021/2022
<b>Employees (FTE)</b>		
Germany	2,179	2,083
Europe (excluding Germany)	1,646	1,590
North and South America	1,043	994
Rest of world	187	199
<b>Total</b>	<b>5,055</b>	<b>4,865</b>
Apprentices and interns	145	116

With our joint ventures and associated companies consolidated proportionately, the number of employees was 5,453 (5,286).

## 6.7 Share-based payment

### Employee Stock Purchase Plan

KWS has an Employee Stock Purchase Plan. All employees who have been with the company for at least one year without interruption and have an employment relationship that has not been terminated at a KWS Group company that participates in the program are eligible to take part. That also includes employees who are on maternity leave or parental leave or who are in semi-retirement.

Each employee can acquire up to 2,000 shares. A bonus of 20% is deducted from the purchase price, which depends on the price applicable on the key date. The shares are subject to a lock-up period of four years beginning when they are posted to the employee's securities account. The right to a dividend, if declared by KWS SAAT SE & Co. KGaA, exists during the lock-up period. Holders can also exercise their right to participate in the Annual Shareholders' Meeting during the lock-up period. They can dispose freely of the shares after the lock-up period.

In the year under review, 71,023 (68,998) shares were repurchased for the Employee Stock Purchase Plan at a total price of €4,493 (4,730) thousand and transferred directly to the employees. The total cost for issuing shares at a reduced price was €791 thousand in the past fiscal year (previous year: €640 thousand).

### Long-term incentive (LTI)

The stock-based compensation plans awarded at the KWS Group are recognized in accordance with IFRS 2 "Share-based Payment." The incentive program, which was launched in fiscal 2009/2010, involves stock-based payment transactions with cash compensation, which are measured at fair value at every balance sheet date. Members of the Executive Board are obligated to acquire shares in KWS SAAT SE & Co. KGaA every year in a freely selectable amount ranging between 35% and 50% of the gross performance-related bonus. Along with that, members of the first management level below the

Executive Board likewise take part in an LTI program. As part of this program, they are obligated to invest in shares in KWS SAAT SE & Co. KGaA every year in a freely selectable amount ranging between 10% and 40% of the gross performance-related bonus. The shares acquired under the LTI program may be sold at the earliest after a regular holding period of five years beginning at the time they are acquired (end of the quarter in which the shares were acquired). In addition to the shares being unlocked, the entitled persons are paid a long-term incentive (LTI) in the form of cash compensation after the holding period for the tranche in question. Its level is calculated on the basis of KWS SAAT SE & Co. KGaA's share performance and on the KWS Group's return on sales (ROS), measured as the ratio of operating income to net sales, over the holding period. For persons with contracts as of July 1, 2014, the cash compensation for members of the Executive Board is a maximum of one-and-a-half times (for the Chief Executive Officer two times), and for members of the first management level below the Executive Board a maximum of two times their own investment (LTI cap). The costs of this compensation are recognized in the income statement over the period and, taking the cash compensation in January 2023 into account, were €657 (697) thousand in the period under review. The provision for it at June 30, 2023, was €3,017 (2,780) thousand. The LTI fair values are calculated by an external expert.

## 6.8 Earnings after taxes

The KWS Group's earnings after taxes were €126,989 (107,760) thousand on operating income of €222,760 (155,058) thousand and net financial income/expenses of €-47,091 (-16,934) thousand and after taxes totaling €48,680 (30,365) thousand. The return on sales (earnings after taxes relative to net sales) was 7.0% and thus at the level of the previous year (7.0%). Earnings after taxes were €126,989 (107,760) thousand. Diluted/undiluted earnings per share are calculated by dividing the earnings after taxes €126,989 thousand by 33,000,000 shares and were €3.85 (3.27).

## 7. Notes to the Consolidated Balance Sheet

### 7.1 Intangible assets

#### Reconciliation of carrying amount of intangible assets

in € thousand	Patents, industrial property rights and software	Goodwill	Intangible assets
<b>Gross book values: 07/01/2022</b>	<b>489,275</b>	<b>122,990</b>	<b>612,265</b>
Currency translation	639	688	1,328
Inflation adjustment IAS 29	15	0	15
Additions	8,352	0	8,352
Disposals	5,067	0	5,067
Transfers	39	0	39
<b>At 06/30/2023</b>	<b>493,253</b>	<b>123,678</b>	<b>616,931</b>
<b>Amortization and impairment: 07/01/2022</b>	<b>156,277</b>	<b>-1</b>	<b>156,276</b>
Currency translation	577	1	577
Additions	19,911	0	19,911
Impairment	1,725	0	1,725
Disposals	5,067	0	5,067
Transfers	-35	0	-35
<b>At 06/30/2023</b>	<b>173,387</b>	<b>0</b>	<b>173,387</b>
<b>Net book values: 06/30/2023</b>	<b>319,866</b>	<b>123,679</b>	<b>443,544</b>
<b>Net book values: 06/30/2022</b>	<b>332,998</b>	<b>122,990</b>	<b>455,989</b>

in € thousand	Patents, industrial property rights and software	Goodwill	Intangible assets
<b>Gross book values: 07/01/2021</b>	<b>477,474</b>	<b>122,642</b>	<b>600,116</b>
<b>Currency translation</b>	<b>1,471</b>	<b>848</b>	<b>2,318</b>
Inflation adjustment IAS 29	29	0	29
Additions	10,725	0	10,725
Disposals	401	0	401
Transfers	-21	0	-21
Reclassification transfers held for sale (IFRS 5)	0	500	500
<b>At 06/30/2022</b>	<b>489,275</b>	<b>122,990</b>	<b>612,265</b>
<b>Amortization and impairment: 07/01/2022</b>	<b>123,773</b>	<b>-1</b>	<b>123,772</b>
Currency translation	1,360	0	1,360
Additions	31,469	0	31,469
Impairment	0	0	0
Disposals	246	0	246
Transfers	-79	0	-79
<b>At 06/30/2022</b>	<b>156,277</b>	<b>-1</b>	<b>156,276</b>
<b>Net book values: 06/30/2022</b>	<b>332,998</b>	<b>122,990</b>	<b>455,989</b>
<b>Net book values: 06/30/2021</b>	<b>353,701</b>	<b>122,643</b>	<b>476,344</b>

Intangible assets include purchased varieties, rights to varieties and distribution rights, brands, customer relationships, software licenses for electronic data processing and goodwill. The current additions of €8,352 (10,725) thousand related to software licenses and patents, as well as ongoing implementation of a new ERP system. Amortization of intangible assets amounted to €19,911 (31,469) thousand. The carrying amount of the technology from acquisition of the POP VRIEND SEEDS Group on July 1, 2019, is €249,123 (257,907) thousand. The impairments for intangible assets totaling €1,725 thousand relate to customer relationships. Due to the termination of business relationships, the customer base of KWS VEGETABLES ITALIA S.R.L. recognized in the purchase price allocation on March 9, 2021, was completely written down in the year under review. The impairment is included in the selling expenses of the Vegetables Segment. The decrease in amortization compared to the previous year is mainly due to the lower amortization of the intangible assets recognized as part of the purchase price allocation of the POP VRIEND SEEDS Group.

As in the previous year, the “Pop Vriend” brand is regarded as having an indefinite useful life, since the KWS Group intends to keep on using it and the period of time in which the brand yields an economic benefit can therefore not be determined. The carrying amount is €20,752 thousand, as in the previous year. The recoverable amount of the “Pop Vriend” brand was calculated by applying the value in use concept (discounted cash flow method) at the level of the relevant cash-generating unit of the POP VRIEND Group. The planning is based on the expectations of the POP VRIEND Group in the detailed planning horizon with average annual net sales growth in the mid single-digit range, an average operating margin in the mid double-digit range and using a WACC before taxes of 6.37% (6.26%).

Goodwill and intangible assets with an indefinite useful life obtained as part of company acquisitions are tested for impairment at least once a year. To enable this, cash-generating units have been defined in line with internal budgeting and reporting processes. In the KWS Group, these are the Business Units. To test for impairment, the carrying amount of each Business Unit is determined by allocating the assets and liabilities, including attributable goodwill and intangible assets. An impairment loss is recognized if the recoverable amount of a Business Unit is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use of a cash-generating unit. The recoverable amount in fiscal 2022/2023 was determined on the basis of the value in use of the respective cash-generating unit excluding the Business Unit Vegetables.

The impairment test uses the expected future cash flows on which the medium-term plans of the companies that are grouped into Business Units are based. These plans generally cover a period of four years and are approved by the Executive Board. They are based on historical patterns and expectations about future market development and include an allocation of the KWS Group’s corporate units.

For all Business Units for which the recoverable amount is calculated by means of the value in use, the key assumptions on which corporate planning is based include assumptions about price trends for seed, in addition to the development of market shares and the regulatory framework. In this connection, average net sales growth in the mid single-digit percentage range has been assumed for the KWS Group’s detailed planning horizon. Company-internal projections take the assumptions of industry-specific market analyses, company-related growth perspectives and appropriate cost efficiencies into account.

The recoverable amount for the Business Unit Vegetables is calculated as the fair value less costs to sell. Measurement is based on the present value of future cash flows derived from planning (fair value hierarchy level 3). This takes into account not only the medium-term but also the long-term net sales and earnings expectations from establishment of KWS' vegetable breeding operations. For this reason, the estimate of future cash flows covers a long-term period extending beyond the basic detailed planning period until a stable state is reached in fiscal 2039/2040. The global establishment of breeding stations for vegetable seed underscores the fact that further important foundations for the Business Unit's future long-term growth were laid in fiscal 2022/2023 and, at the same time, implementation of the KWS Group's strategic goals was intensified. Alongside spinach and beans, significant market share for vegetable seed is to be captured by the world's five most important crops in this segment: tomatoes, peppers, cucumbers, watermelons and melons. In addition to the expectations for long-term developments in the Business Unit Vegetables, the market environment for existing vegetable seed crops, particularly for spinach seed, recovered in the short term. Net sales and income in fiscal 2022/2023 were significantly higher than in the previous year.

The discount rate at the KWS Group has been derived as the weighted average cost of capital (WACC).

#### WACC before taxes

Business Unit in %	2022/2023	2021/2022
Corn America	11.06	9.92
Corn Europe/Asia	10.25	8.14
Sugarbeet	10.24	7.73
Cereals	9.02	7.78
Vegetables	6.47	6.13

The change in the WACC before taxes is mainly attributable to the increase in the risk-free interest rate and in the underlying country risk premium. A long-term growth rate of 2.0% (1.5%) has been assumed here for all Business Units on the basis of the long-term business expectations beyond the detailed planning horizon.

The impairment tests conducted at the end of fiscal 2022/2023 confirmed that the existing goodwill is not impaired.

#### Goodwill

in € thousand	06/30/2023	06/30/2022
Vegetables	99,576	99,576
Corn America	17,704	17,020
Cereals	3,987	3,984
Others	2,411	2,411
<b>Total</b>	<b>123,679</b>	<b>122,991</b>

Sensitivity analyses were also carried out for all cash-generating units to which goodwill or another intangible asset with an indefinite useful life is allocated. As part of this, it was assumed that the future cash flows would fall by 10%, the weighted average cost of capital would increase by 10% and the long-term growth rate would fall by 1 percentage point. The sensitivity analyses did not reveal the need to recognize an impairment loss for any cash-generating unit.

## 7.2 Property, plant and equipment

### Reconciliation of carrying amount of property, plant and equipment

in € thousand	Land and buildings	Technical equipment and machinery	Operating and office equipment	Prepayments for assets under construction	Property, plant and equipment
<b>Gross book values: 07/01/2022</b>	<b>474,660</b>	<b>371,355</b>	<b>147,935</b>	<b>36,168</b>	<b>1,030,118</b>
Currency translation	-18,305	-20,931	-6,241	-1,153	-46,630
Adjustment for hyperinflation IAS 29	9,673	10,512	4,651	-819	24,018
Additions	14,160	13,618	12,317	60,666	100,761
Disposals	338	4,943	2,578	1,005	8,864
Transfers	3,415	8,847	3,845	-16,729	-622
<b>At 06/30/2023</b>	<b>483,265</b>	<b>378,458</b>	<b>159,930</b>	<b>77,128</b>	<b>1,098,781</b>
<b>Depreciation and impairment: 07/01/2022</b>	<b>143,440</b>	<b>219,842</b>	<b>100,967</b>	<b>0</b>	<b>464,248</b>
Currency translation	-3,277	-7,781	-2,985	0	-14,042
Adjustment for hyperinflation IAS 29	2,332	5,968	2,849	0	11,149
Additions	14,106	23,545	12,306	0	49,957
Disposals	429	4,168	2,380	0	6,977
Transfers	-448	373	-474	0	-548
<b>At 06/30/2023</b>	<b>155,725</b>	<b>237,779</b>	<b>110,284</b>	<b>0</b>	<b>503,786</b>
<b>Net book values: 06/30/2023</b>	<b>327,540</b>	<b>140,679</b>	<b>49,646</b>	<b>77,128</b>	<b>594,995</b>
<b>Net book values: 06/30/2022</b>	<b>331,220</b>	<b>151,513</b>	<b>46,968</b>	<b>36,168</b>	<b>565,870</b>

in € thousand	Land and buildings	Technical equipment and machinery	Operating and office equipment	Prepayments for assets under construction	Property, plant and equipment
<b>Gross book values: 07/01/2021</b>	<b>420,204</b>	<b>307,538</b>	<b>131,760</b>	<b>49,349</b>	<b>908,851</b>
Currency translation	6,513	4,537	2,457	9,564	23,071
Adjustment for hyperinflation IAS 29	8,893	8,249	2,745	273	20,159
Additions	18,620	21,154	10,505	32,496	82,775
Disposals	338	1,551	2,577	221	4,687
Transfers	20,768	31,427	3,045	-55,292	-51
<b>At 06/30/2022</b>	<b>474,660</b>	<b>371,355</b>	<b>147,935</b>	<b>36,168</b>	<b>1,030,118</b>
<b>Depreciation and impairment: 07/01/2021</b>	<b>125,987</b>	<b>188,509</b>	<b>88,089</b>	<b>0</b>	<b>402,585</b>
Currency translation	2,251	4,638	2,014	0	8,903
Adjustment for hyperinflation IAS 29	2,258	4,685	1,387	0	8,329
Additions	13,587	22,837	11,845	0	48,270
Disposals	97	1,380	2,368	0	3,845
Transfers	-546	553	0	0	7
<b>At 06/30/2022</b>	<b>143,440</b>	<b>219,842</b>	<b>100,967</b>	<b>0</b>	<b>464,248</b>
<b>Net book values: 06/30/2022</b>	<b>331,220</b>	<b>151,513</b>	<b>46,968</b>	<b>36,168</b>	<b>565,870</b>
<b>Net book values: 06/30/2021</b>	<b>294,218</b>	<b>119,029</b>	<b>43,671</b>	<b>49,349</b>	<b>506,266</b>

The main focus of the KWS Group's capital spending in the year under review was again on erecting and expanding production and research and development capacities. Construction of the new elite seed storehouse for processing and storing breeding material for sugarbeet was begun at the Einbeck location. The expansion of drying and production capacities for corn seed was continued in South America, especially in Brazil. In the Vegetables Segment, investments were made in further breeding capacities in Spain, Turkey and Mexico. Across all segments, investments were made in office and laboratory equipment, among other things.

### 7.3 Equity-accounted financial assets

#### Equity-accounted joint ventures

The joint ventures AGRELIANT GENETICS LLC. and AGRELIANT GENETICS INC., which the KWS Group operates together with its joint venture partner Vilmorin, are recognized at equity. They are both classified together as significant joint ventures.

The joint ventures AGRELIANT GENETICS LLC. and AGRELIANT GENETICS INC. are closely affiliated operating units. The main business activity of the two joint ventures is the production and sale of corn and soybean seed in North America.

The following disclosures relate to the two joint ventures, which KWS runs with its joint venture partner Vilmorin and an identical management team.

#### Disclosures on equity-accounted joint ventures (with the partner Vilmorin)

in € thousand	06/30/2023	06/30/2022
Stake in the joint ventures	50%	50%
Current assets	341,178	346,361
thereof cash and cash equivalents	48,346	43,488
Noncurrent assets	215,901	230,509
Current liabilities	284,280	255,197
thereof current financial liabilities (excluding trade payables and other liabilities and provisions)	167,686	119,850
Noncurrent liabilities	5,740	4,576
Net assets (100%)	267,060	317,096
Group share of net assets (50%)	133,530	158,548
Goodwill	8,780	8,780
<b>Carrying amount for the stake in the joint ventures</b>	<b>142,310</b>	<b>167,328</b>
Net sales	560,737	512,158
Depreciation and amortization	25,881	26,772
Net Income	-24,437	7,286
Comprehensive income (100%)	-45,073	39,995
Comprehensive income (50%)	-22,536	19,997
<b>Group share of comprehensive income</b>	<b>-22,536</b>	<b>19,997</b>
<b>Dividend payment (100%)</b>	<b>3,526</b>	<b>13,624</b>

In addition, FARMDESK B.V. was also included as an insignificant joint venture in the KWS Group's consolidated financial statements at a carrying amount of €770 (814) thousand using the equity method.

#### Equity-accounted associated companies

In the year under review, the Chinese joint venture KENFENG – KWS SEED CO., LTD. was classified as a significant associated company and is included in the KWS Group's consolidated financial statements using the equity method.



## Disclosures on significant associated companies accounted for using the equity method

in € thousand	06/30/2023	06/30/2022
Stake in the associated company	49%	49%
Current assets	14,460	28,046
thereof cash and cash equivalents	3,725	22,552
Noncurrent assets	12,729	15,884
Current liabilities	2,553	7,047
Noncurrent liabilities	110	156
Net assets (100%)	24,527	36,728
Group share of net assets (49%)	12,018	17,996
Goodwill	22	22
<b>Carrying amount for the stake in the associated company</b>	<b>12,040</b>	<b>18,018</b>
Net sales	15,438	40,813
Depreciation and amortization	1,454	1,793
Net profit/loss	-1,120	8,948
Comprehensive income (100%)	-4,518	12,350
Comprehensive income (49%)	-2,214	6,051
<b>Group share of comprehensive income</b>	<b>-2,214</b>	<b>6,051</b>
<b>Dividend payment (100%)</b>	<b>7,775</b>	<b>11,933</b>

In addition, IMPETUS AGRICULTURE, INC. and GIE RHP RECOLTE HAUTE PRECISION were also included as insignificant associated companies in the KWS Group's consolidated financial statements at a carrying amount of €387 (637) thousand and €51 thousand, respectively, using the equity method.

### 7.4 Proportionately consolidated joint operations

The assets and liabilities and revenue and expenses from the joint operations are included proportionately (at 50%) in the consolidated financial statements. The main activity of the proportionately consolidated GENECTIVE S.A., including its subsidiaries, is the development of genetically improved traits for crops. The proportionately consolidated joint operation AARDEVO B.V., including its subsidiaries, specializes in developing potato seed.

### 7.5 Financial assets and noncurrent receivables

Financial assets mainly comprise the investments in the capital investment fund MLS Capital Fund II (financing of projects / access to biotechnology developments)

totaling €6,204 (9,435) thousand, which are measured at fair value through other comprehensive income due to the long-term nature of the investment. The remainder relates to a large number of financial investments that – taken individually – are insignificant, such as other interest-bearing loans, shares in cooperatives and other securities.

Noncurrent tax assets totaling €21,986 (553) thousand relate solely to value-added tax assets and refund claims for sales-related social security contributions in Brazil.

The other noncurrent receivables totaling €10,883 (14,388) thousand relate to trade receivables amounting to €5,307 (8,774) thousand that have a remaining period for payment of more than 365 days on June 30 and noncurrent receivables amounting to €3,314 (3,936) thousand from the subleasing of office space that is classified as a financial lease. In addition, this item includes non-current receivables from derivative financial instruments totaling €1,632 (€1,408) thousand.

### 7.6 Inventories and biological assets

#### Inventories and biological assets

in € thousand	06/30/2023	06/30/2022
Raw materials and consumables	68,974	66,423
Work in progress	185,506	152,619
Immature biological assets	6,163	8,955
Finished goods	148,738	132,766
Right of return	5,873	2,810
<b>Total</b>	<b>415,255</b>	<b>363,573</b>

Inventories and biological assets increased by €51,682 thousand or 14.2% due to the volume- and price-related growth in business. Immature biological assets relate to living plants in the process of growing (before harvest) at the farms in Germany, France and Poland. The field inventories of the previous year have been harvested in full and the fields have been newly tilled in the year under review. Government grants of €1,044 (€1,083) thousand, for which all the requirements were met at the balance sheet date, were awarded for agricultural activity in the fiscal year. Future government grants depend on the further development of European agricultural policy.

## 7.7 Current receivables and other assets

### Current receivables and other assets

in € thousand	06/30/2023	06/30/2022
Trade receivables	582,010	518,508
Current tax assets	128,113	124,475
Other current financial assets	68,534	55,257
Other current assets	53,780	63,524
<b>Total</b>	<b>832,437</b>	<b>761,764</b>

The trade receivables include €11,950 (13,955) thousand in receivables from joint ventures and joint operations.

The need to recognize impairment losses at June 30, 2023, was analyzed using the provision matrix on the basis of the expected losses. To enable this, the receivables were grouped by geographical region and the length of time they were overdue and multiplied by appropriate default rates. Receivables that are overdue by more than 360 days and are no longer subject to an enforcement measure have been classified as uncollectible and written off in full.

The maximum exposure to the risk of default from trade receivables is the carrying amount reported on the balance sheet and is as follows at June 30, 2023:

### Credit risk exposure on trade receivables

in € thousand	Overdue in days				Total
	not overdue	1–180 days	181–360 days	> 360 days	
<b>06/30/2023</b>					
Expected credit loss rate	1.00%	3.00%	39.00%	95.00%	
Total gross amount at default	524,439	64,849	5,937	21,582	616,807
<b>Expected credit loss</b>	<b>4,800</b>	<b>1,784</b>	<b>2,303</b>	<b>20,603</b>	<b>29,490</b>
<b>06/30/2022</b>					
Expected credit loss rate	1.00%	2.00%	38.00%	87.00%	
Total gross amount at default	472,694	52,613	6,231	22,019	553,557
<b>Expected credit loss</b>	<b>3,567</b>	<b>1,198</b>	<b>2,393</b>	<b>19,116</b>	<b>26,274</b>

The credit risks were reflected by the following allowances at June 30, 2023, and in the previous year:

#### Change in allowances on receivables

in € thousand	2022/2023	2021/2022
<b>07/01</b>	<b>26,274</b>	<b>30,981</b>
Changes in consolidation scope and exchange rates	-1,768	-1,084
Addition	8,908	5,832
Disposal	546	208
Reversal	3,378	9,247
<b>06/30</b>	<b>29,490</b>	<b>26,274</b>

Current tax assets include income tax receivables of €41,879 thousand and other tax assets (in particular value-added tax) of €86,015 thousand.

The deposited security for concluded commodity derivatives is €69 (1,243) thousand. It is carried in the other current financial assets. This item also includes other current receivables that are not allocated to trade receivables (e.g., creditors with debit balances and other short-term loans and deferrals).

Other current assets include payments on account totaling €45,415 (52,317) thousand.

#### 7.8 Cash and cash equivalents

This item comprises cash and cash equivalents in the form of cash on hand, checks and immediately available balances at banks, as well as securities.

Cash and cash equivalents at June 30, 2023, were €168,869 (203,613) thousand. Securities at the balance sheet date amounted to €4,130 (51) thousand.

As in the previous year, the annual impairment test of cash and cash equivalents did not result in any need to recognize impairment losses.

The change in cash and cash equivalents compared to the previous year is explained in the cash flow statement.

At June 30, 2023, the KWS Group had firmly promised loans it had not used totaling €381,302 (379,000) thousand.

#### 7.9 Equity

The fully paid-up capital of KWS is still €99,000 thousand. The no-par bearer shares are certificated by a global certificate for 33,000,000 shares. The company does not hold any shares of its own. KWS has Authorized Capital of up to €9,900 thousand at the balance sheet date.

The capital reserves essentially comprise the premium obtained as part of share issues.

The other reserves and net retained profit essentially comprise the net income generated in the past by the companies included in the consolidated financial statements, minus dividends paid to shareholders, and the net retained profit. Differences from currency translation, the reserve for revaluation of net liabilities/assets from defined benefit plans, the reserve for currency translation differences for equity-accounted financial assets, the reserve for the changes in value of the cash flow hedges of the equity-accounted joint ventures, the reserve for revaluation of equity instruments (with changes in value in the other comprehensive income), the reserves for cash flow hedging and the cost of hedging are also carried here. Differences from translation of the functional currency of foreign business operations into the currency used by the Group in reporting (euro) are carried in the item

Reserve from currency translation differences on foreign operations. The item Revaluation of net liabilities/assets from defined benefit plans includes the actuarial gains and losses on defined benefit plans. Differences from translation of the functional currency of equity-accounted foreign business units into the currency used by the Group in reporting (euro) are carried in the reserve for currency translation for equity-accounted financial assets. The effective portions of the changes in the value of derivatives recognized as part of cash flow hedges are carried in the reserve for cash flow hedging. If options are used in hedging, the changes in value of the fair value component are carried in a separate cash flow hedging reserve. The other changes in equity include effects from the hyperinflation of the equity components of the subsidiaries in Argentina and Turkey in accordance with IAS 29.

### Other comprehensive income

in € thousand	2022/2023			2021/2022		
	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
<b>Items that may have to be subsequently reclassified as profit or loss</b>	<b>-91,618</b>	<b>122</b>	<b>-91,496</b>	<b>54,473</b>	<b>0</b>	<b>54,473</b>
Changes in reserve for currency translation differences on foreign operations	-77,862	0	-77,862	36,452	0	36,452
Changes on reserve for currency translation differences on at equity accounted financial assets	-13,434	0	-13,434	18,021	0	18,021
Net gain/(loss) on cash flow hedges	0	0	0	0	0	0
Net change in cost of hedging	-322	122	-199	0	0	0
<b>Items not reclassified as profit or loss</b>	<b>-3,816</b>	<b>859</b>	<b>-2,957</b>	<b>36,967</b>	<b>-10,694</b>	<b>26,274</b>
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	-3,265	649	-2,616	657	-107	550
Revaluation of net liabilities/assets from defined benefit plans	-551	210	-341	36,310	-10,587	25,723
<b>Other comprehensive income</b>	<b>-95,434</b>	<b>981</b>	<b>-94,452</b>	<b>91,440</b>	<b>-10,694</b>	<b>80,746</b>

The objective of the KWS Group's capital management activities is to pursue the interests of shareholders and employees in accordance with the corporate strategy and earn a reasonable return on investment. The KWS Group is not subject to any external minimum capital requirements. One main goal is to retain the trust of investors, lenders and the market so as to strengthen the company's future business development. The KWS Group's capital

management activities intend to continue optimizing the average cost of capital. Another goal is a balanced mix of equity and debt capital. Earnings after taxes were €126,989 (107,760) thousand. However, there was a total dividend payout of €26,400 (26,400) thousand in December 2022. This mix ensures the adequate financing of future operating business expansion in the long term.

## Capital structure

in € thousand	06/30/2023	06/30/2022
<b>Equity</b>	<b>1,291,075</b>	<b>1,245,911</b>
Long-term financial borrowings	566,106	613,588
Other noncurrent liabilities	195,890	200,577
Short-term borrowings	172,121	111,991
Other current liabilities	524,368	479,728
<b>Total capital</b>	<b>2,749,561</b>	<b>2,651,796</b>
<b>Equity ratio (%)</b>	<b>47.0</b>	<b>47.0</b>

The focus in selecting financial instruments is on financing with matching maturities, which is achieved by controlling the maturities. Long-term financial borrowings decreased by €47,483 thousand (previous year: increase of €12,508 thousand).

### 7.10 Minority interests

As in the previous year, there are no minority interests in the KWS Group at June 30, 2023.

### 7.11 Noncurrent liabilities

Noncurrent liabilities decreased by €52,169 (24,844) thousand. That was mainly due to the reclassification of loan liabilities in Brazil with a total carrying amount of €49,392 thousand to short-term borrowings. The remaining long-term loan liabilities in Brazil maturing in fiscal 2024/2025 amount to €34,924 thousand and have an average interest rate of 16.16%.

Liabilities from borrower's note loans in Germany with an average interest rate of 0.63% amount to €309,737 (309,662) thousand as of June 30, 2023, using the effective interest method, and have remaining maturities through 2029. The noncurrent liabilities due to the European Investment Bank with an average interest rate of 0.62% and maturing through 2033 total €170,488 (190,244) thousand.

## Noncurrent liabilities

in € thousand	06/30/2023	06/30/2022
Long-term provisions	97,293	95,225
Long-term borrowings	566,106	613,588
Trade payables <sup>1</sup>	0	304
Deferred tax liabilities	57,486	63,984
Lease liabilities	38,288	37,228
Other noncurrent liabilities <sup>1</sup>	2,823	3,837
<b>Total</b>	<b>761,996</b>	<b>814,165</b>

<sup>1</sup> These positions are shown consolidated in the balance sheet.

## Long-term provisions

in € thousand	06/30/2022							06/30/2023
		Changes in the consolidated group, currency	Interest expenses from compounding	Addition	Adjustment not affecting profit or loss	Consumption	Reversal	
Pension provisions	85,638	-144	2,697	976	551	4,363	0	85,355
Other provisions	9,587	29	220	4,402	0	2,299	0	11,938
<b>Total</b>	<b>95,224</b>	<b>-115</b>	<b>2,917</b>	<b>5,378</b>	<b>551</b>	<b>6,662</b>	<b>0</b>	<b>97,293</b>

### Nature and scope of the pension benefits

At the KWS Group, the company retirement pension program is based on both defined contribution plans and defined benefit plans. The defined contribution plans are statutory or contractual requirements, or involve voluntary contributions to an external pension provider.

In previous years, the KWS Group countered the usual risks of direct obligations in Germany by converting the pension obligations from defined benefit to defined contribution plans. As a result, subsequent benefits will be provided by a provident fund backed by a guarantee. The existing obligations, which are partly covered by planned assets, are funded from the operating cash flow and are subject to the measurement risks specified below.

### Defined benefit plans

The pension provisions are based on defined benefit obligations, determined by years of service and pensionable compensation. They are measured using the accrued benefit method under IAS 19, on the basis of assumptions about future development.

### In Germany

The following benefits are provided under a company agreement relating to the company retirement pension program:

- An old-age pension at the age of 65
- An early retirement pension before the age of 65, coupled with benefits from the early retirement pension from the statutory pension insurance program
- An invalidity pension for persons who suffer from occupational disability or incapacity to work as defined by the statutory pension insurance program
- A widow's or widower's pension

For benefit obligations backed by a guarantee by an insurance company toward three former members of the Executive Board, the plan assets of €7,420 (7,064) thousand correspond to the present value of the obligation. In accordance with IAS 19, the pension commitments are netted off against the corresponding plan assets.

## Abroad

The defined benefit obligations abroad mainly relate to pension commitments in the U.S. Share funds and bonds were mainly invested as plan assets to cover them. All employees who have reached the age of 21 are entitled to benefits. In addition, each employee must have worked at least one year and at least 1,000 working hours to earn an entitlement.

The legal and regulatory framework of the pension plan in the U.S. is based on the U.S. Employee Retirement Income Security Act (ERISA), which sets minimum standards for pension plans, including the minimum funding level. In accordance with U.S. regulations, the funding level is determined on the basis of a regular assessment in order to avoid benefit restrictions.

The following benefits are granted from the pension plan:

- An old-age pension at the age of 65
- An early retirement pension before the age of 65 – to be eligible, the employee must be at least 55 and the minimum vesting period is five years
- A pro-rata pension if the employee reaches the minimum vesting period of five years, but is below 55

The assumptions in detail are that wages and salaries in Germany will increase by 3.00% (3.00%) annually, in the U.S. by 4.50% (4.50%) annually and in the rest of the world by 2.40% to 3.23% (2.00% to 3.01%) annually. An annual increase in pensions of 2.50% (2.00%) in the long term is assumed in Germany. The discount rate in Germany was 3.60% compared with 3.20% the year before, 5.15% in the U.S. compared with 4.65% the year before, and between 3.61% and 6.00% (2.74% and 7.00%) in the rest of the world.

The following mortality tables were used at June 30, 2023:

- In Germany: The 2018 G mortality table of Klaus Heubeck
- Abroad: Mainly Pri-2012 Private Retirement Plans Mortality Table Projection Scale MP-2021 and INSEE TD/TV 16-18

A retirement age of 65 years is imputed for Germany and the U.S.

The pension plans are mainly subject to the following risks:

### Investment and return

The present value of the defined benefit obligation from the pension plan is calculated using a discount rate defined on the basis of the returns on high-quality fixed-income corporate bonds. If the income from the plan assets is below this rate of interest, that may result in general in a shortfall in the plan. The corporate bonds and share funds are chosen to ensure risk diversification and managed by an external fund manager.

### Change in interest rates

The fall in the returns on corporate bonds and thus the discount rate will result in an increase in the obligations, which is only partly compensated for by a change in the value of the plan assets.

### Life expectancy

The present value of the defined benefit obligation from the plan is calculated on the basis of the best-possible estimate using mortality tables. An increase in the life expectancy of the entitled employees results in an increase in the plan liabilities.

### Salary and pension trends

The present value of the defined benefit obligation from the plan is calculated on the basis of future salaries/pensions. Consequently, increases in the salary and pension of the entitled employees results in an increase in the plan liabilities.

## Changes in accrued benefit entitlements

in € thousand	2022/2023			2021/2022		
	Germany	Abroad	Total	Germany	Abroad	Total
<b>Accrued benefit entitlements from retirement obligations on July 1</b>	<b>86,868</b>	<b>29,332</b>	<b>116,199</b>	<b>122,864</b>	<b>32,007</b>	<b>154,871</b>
Service cost	416	1,347	1,763	748	2,037	2,785
Interest expense	2,702	1,241	3,943	1,072	964	2,036
Actuarial gains (-)/losses (+)	4,305	-1,615	2,690	-32,993	-8,584	-41,577
of which due to a change in financial assumptions used for calculation	160	-2,313	-2,154	-32,079	-7,924	-40,003
of which due to demographic assumptions	0	394	394	0	130	130
of which due to experience adjustments	4,145	304	4,450	-914	-790	-1,705
Pension payments made	-4,933	-998	-5,931	-4,823	-893	-5,716
Exchange rate changes	0	-1,036	-1,036	0	3,801	3,801
Other changes in value	0	0	0	0	0	0
<b>Accrued benefit entitlements from retirement obligations on June 30</b>	<b>89,357</b>	<b>28,270</b>	<b>117,628</b>	<b>86,868</b>	<b>29,332</b>	<b>116,199</b>

## Change in planned assets

in € thousand	2022/2023			2021/2022		
	Germany	Abroad	Total	Germany	Abroad	Total
<b>Fair value of the planned assets on July 1</b>	<b>7,064</b>	<b>23,496</b>	<b>30,561</b>	<b>8,776</b>	<b>23,707</b>	<b>32,483</b>
Interest income	216	1,030	1,246	75	787	863
Income from planned assets excluding amounts already recognized as interest income	775	1,364	2,139	-1,164	-4,103	-5,266
Pension payments made	-636	-847	-1,483	-624	-769	-1,392
Contributions to plan assets	0	787	787	0	886	886
Exchange rate changes	0	-892	-892	0	3,073	3,073
Other changes in value	0	-84	-84	0	-85	-85
<b>Fair value of the planned assets on June 30</b>	<b>7,420</b>	<b>24,853</b>	<b>32,272</b>	<b>7,064</b>	<b>23,496</b>	<b>30,561</b>



In order to allow reconciliation with the figures in the balance sheet, the accrued benefit must be netted off with the plan assets.

#### Reconciliation with the balance sheet values for pensions

in € thousand	2022/2023			2021/2022		
	Germany	Abroad	Total	Germany	Abroad	Total
Accrued benefit entitlements from retirement obligations on June 30	89,357	28,270	117,628	86,867	29,332	116,199
Fair value of the planned assets on June 30	7,420	24,853	32,273	7,064	23,496	30,561
<b>Balance sheet values on June 30</b>	<b>81,938</b>	<b>3,417</b>	<b>85,355</b>	<b>79,803</b>	<b>5,836</b>	<b>85,638</b>

The following amounts were recognized in the statement of comprehensive income:

#### Effects on the statement of comprehensive income

in € thousand	2022/2023			2021/2022		
	Germany	Abroad	Total	Germany	Abroad	Total
Service cost	416	1,347	1,763	748	2,037	2,785
Net interest expense (+)/income (-)	2,486	211	2,697	996	177	1,173
<b>Amounts recognized in the income statement</b>	<b>2,902</b>	<b>1,558</b>	<b>4,460</b>	<b>1,744</b>	<b>2,214</b>	<b>3,958</b>
Gains (-)/losses (+) from revaluation of the planned assets (excluding amounts already recognized as interest income)	-775	-1,364	-2,139	1,164	4,103	5,266
Actuarial gains (-)/losses (+) due to a change in financial assumptions used for calculation	160	-2,313	-2,154	-32,079	-7,924	-40,003
Actuarial gains (-)/losses (+) due to a change in demographic assumptions	0	394	394	0	130	130
Actuarial gains (-)/losses (+) due to experience adjustments	4,145	304	4,450	-914	-790	-1,705
<b>Amounts recognized in other comprehensive income</b>	<b>3,530</b>	<b>-2,978</b>	<b>551</b>	<b>-31,829</b>	<b>-4,481</b>	<b>-36,311</b>
<b>Total (amounts recognized in the statement of comprehensive income)</b>	<b>6,432</b>	<b>-1,421</b>	<b>5,011</b>	<b>-30,085</b>	<b>-2,268</b>	<b>-32,353</b>

The service cost is recognized in operating income in the respective functional areas by means of an appropriate formula. Net interest expenses and income are carried in the interest result.

The fair value of the plan assets was split over the following investment categories:

#### Breakdown of the planned assets by investment category

in € thousand	2022/2023			2021/2022		
	Germany	Abroad	Total	Germany	Abroad	Total
Corporate bonds		6,694	6,694		6,714	6,714
Equity funds		16,499	16,499		15,283	15,283
<b>Consumer industry</b>		2,734	2,734		2,486	2,486
<b>Finance</b>		2,424	2,424		2,411	2,411
<b>Industry</b>		1,869	1,869		1,646	1,646
<b>Technology</b>		3,378	3,378		2,871	2,871
<b>Health care</b>		2,166	2,166		1,954	1,954
<b>Other</b>		3,928	3,928		3,915	3,915
Cash and cash equivalents		1,660	1,660		1,499	1,499
Reinsurance policies	7,420		7,420	7,064		7,064
<b>Planned assets on June 30</b>	<b>7,420</b>	<b>24,853</b>	<b>32,273</b>	<b>7,064</b>	<b>23,496</b>	<b>30,560</b>

The plan assets abroad relate mainly to the U.S.

There is no active market for the reinsurance policies in Germany. There is an active market for the other planned assets; the fair value can be derived from their stock market prices. A total of 69.65% (previous year: 69.24%) of the corporate bonds have an AAA rating.

The following sensitivity analysis at June 30, 2023, shows how the present value of the obligation would change given a change in the actuarial assumptions. No correlations between the individual assumptions were taken into account in this, i.e., if an assumption varies, the other assumptions were kept constant. The projected unit credit method used to calculate the balance sheet values was also used in the sensitivity analysis.

#### Sensitivity analysis

in € thousand	Change in assumption	Effect on obligation in 2022/2023		Effect on obligation in 2021/2022		
		Decrease	Increase	Change in assumption	Decrease	Increase
Discount rate	+/-100 bps <sup>1</sup>	16,436	-13,278	+/-100 bps <sup>1</sup>	16,954	-13,600
Anticipated annual pay increases	+/-50 bps	-834	902	+/-50 bps	-887	961
Anticipated annual pension increase	+/-25 bps	-2,162	2,251	+/-25 bps	-2,127	2,215
Life expectancy	+/-1 year	-3,491	3,538	+/-1 year	-3,315	3,357

<sup>1</sup> Lower limit 0%

The following undiscounted payments for pensions (with their due dates) are expected in the following years:

#### Anticipated payments for pensions

in € thousand	2022/2023		
	Germany	Abroad	Total
2023/2024	5,218	1,109	6,327
2024/2025	5,253	1,198	6,451
2025/2026	5,213	1,211	6,424
2026/2027	5,232	1,479	6,712
2027/2028	5,292	1,455	6,747
2028/2029–2032/2033	26,146	9,668	35,813

#### Anticipated payments for pensions

in € thousand	2021/2022		
	Germany	Abroad	Total
2022/2023	4,854	1,142	5,997
2023/2024	4,917	1,118	6,035
2024/2025	4,929	1,339	6,268
2025/2026	4,864	1,314	6,178
2026/2027	4,855	1,484	6,338
2027/2028–2031/2032	24,136	9,120	33,256

The weighted average time at which the pension obligations are due is 12.3 (12.7) years in Germany and 17.3 (18.0) years abroad.

#### Defined contribution plans

Apart from the above-described pension obligations, there are other old-age pension systems. However, no provisions have to be recognized for them, since there are no further obligations above and beyond payment of the contributions (defined contribution plans).

These comprise benefits that are funded solely by the employer and allowances for conversion of earnings by employees.

The total pension costs for fiscal 2022/2023 were as follows:

#### Pension costs

in € thousand	2022/2023			2021/2022		
	Germany	Abroad	Total	Germany	Abroad	Total
Cost for defined contribution plans	3,792	1,242	5,034	3,467	881	4,348
Service cost for the defined benefit obligations	416	1,347	1,763	748	2,037	2,785
<b>Pension costs</b>	<b>4,208</b>	<b>2,589</b>	<b>6,797</b>	<b>4,215</b>	<b>2,918</b>	<b>7,132</b>

In addition, contributions of €17,652 (15,724) thousand were paid to statutory pension insurance institutions.

The costs for defined contribution plans in Germany mainly related to the provident fund backed by a guarantee. The contributions to this pension plan were €3,493 (3,212) thousand. In addition, the pension benefits from salary conversion were backed by a guarantee that exactly matches the present value of the obligation of €5,353 (5,584) thousand.

#### Other provisions

The other provisions mainly comprise provisions by the German companies for semi-retirement and loyalty bonuses.

#### 7.12 Current liabilities

##### Current liabilities

in € thousand	06/30/2023	06/30/2022
<b>Short-term provisions</b>	<b>38,008</b>	<b>41,878</b>
Current liabilities to banks	167,427	107,256
Other current financial liabilities	4,695	4,735
<b>Short-term borrowings</b>	<b>172,121</b>	<b>111,991</b>
<b>Trade payables</b>	<b>228,124</b>	<b>201,702</b>
<b>Tax liabilities</b>	<b>33,994</b>	<b>25,313</b>
<b>Other current financial liabilities</b>	<b>36,198</b>	<b>41,857</b>
<b>Lease liabilities</b>	<b>13,314</b>	<b>11,923</b>
<b>Other current liabilities</b>	<b>95,045</b>	<b>106,679</b>
<b>Contract liabilities</b>	<b>48,182</b>	<b>25,324</b>
<b>Refund liabilities</b>	<b>31,504</b>	<b>25,053</b>
<b>Total</b>	<b>696,489</b>	<b>591,719</b>

Current liabilities to banks mainly include loan liabilities in Brazil totaling €127,786 (55,277) thousand with an average interest rate of 13.31%. The increase is related to the reclassification of short-term loan liabilities and further loans raised as part of business expansion. The remaining current liabilities are due to banks in Germany, Turkey and Argentina.

The tax liabilities of €33,994 (25,313) thousand include amounts for the year under review and the period for which the external tax audit has not yet been concluded. Of that figure, income taxes account for €28,296 (13,931) thousand and other taxes (in particular value-added tax) account for €5,698 (11,382) thousand.

The increase in contract liabilities to €48,182 (25,234) thousand is mainly due to payments on account received from our customers in Eastern Europe and Brazil in connection with seed deliveries for the upcoming sales season. Payments on account received are always carried as net sales in the next fiscal year. Contract liabilities increased from €5,488 thousand in the previous year to €25,234 thousand. The increase in refund obligations to €31,504 (25,053) thousand is due to higher expected returns from the selling season ended.

### Short-term provisions

in € thousand	06/30/2022					06/30/2023
		Changes in the consoli- dated group, currency	Addition	Consumption	Reversal	
Obligations from sales transactions	12,972	-534	19,551	6,053	38	25,899
Other obligations	28,907	492	14,717	31,962	44	12,110
<b>Total</b>	<b>41,878</b>	<b>-41</b>	<b>34,267</b>	<b>38,014</b>	<b>82</b>	<b>38,007</b>

The obligations from sales transactions essentially relate to guarantees, obligations for services received that have not yet been invoiced (licenses) and sales commission obligations, where they are not contained in the trade payables. The other obligations relate to risks from legal disputes, provisions from procurement transactions, such as compensation for breeding areas, and other provisions that cannot be assigned to the group of sales transactions.

### 7.13 Financial instruments

In general, the fair values of financial assets and liabilities are calculated on the basis of the market data available on the balance sheet date and are assigned to one of the three hierarchy levels in accordance with IFRS 13. The principal market, i.e., the market with the largest volume of trading and the greatest business activity, is used to calculate the fair value. If this market does not exist for the asset or liabilities in question, the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability, after taking into account transaction costs, is used. These are active and accessible markets for identical assets and liabilities, where the fair value results from quoted prices that are observable (level 1 input factors).

The KWS Group has commodity derivatives that are assigned to level 1 in the current fiscal year.

The level 2 input factors relate to equity instruments (fund shares) and derivative financial instruments that have been concluded between Group companies and banks. The fair values of such financial instruments are measured on the basis of market data that is directly or indirectly connected with the financial instrument. The level 3 input factors cannot be derived from observable market information. There were no reclassifications between the levels in the fiscal year.

The carrying amounts and fair values of the financial assets (financial instruments), split into the measurement categories in accordance with IFRS 9, are as follows:

06/30/2023

in € thousand	Financial assets				
	Fair values	Carrying amounts			
		At amortized cost	At fair value through other comprehensive income	At fair value through profit and loss	Total carrying amount
<b>Financial assets</b>					
Financial assets	6,879	2	6,877	0	6,879
Other non-current receivables	10,883	9,251	0	1,632	10,883
of which derivative financial instruments	1,632	0	0	1,632	1,632
Short-term trade receivables	582,010	582,010	0	0	582,010
Cash and cash equivalents	172,999	172,999	0	0	172,999
Other current financial assets	68,534	67,279	0	1,256	68,534
of which derivative financial instruments	1,256	0	0	1,256	1,256
<b>Total</b>	<b>841,304</b>	<b>831,540</b>	<b>6,877</b>	<b>2,888</b>	<b>841,304</b>

06/30/2022

in € thousand	Financial assets				
	Fair values	Carrying amounts			
		At amortized cost	At fair value through other comprehensive income	At fair value through profit and loss	Total carrying amount
<b>Financial assets</b>					
Financial assets	10,104	2	10,102	0	10,104
Other non-current receivables	14,388	12,981	0	1,408	14,388
of which derivative financial instruments	1,408	0	0	1,408	1,408
Short-term trade receivables	518,508	518,508	0	0	518,508
Cash and cash equivalents	203,664	203,664	0	0	203,664
Other current financial assets	55,257	55,049	0	208	55,257
of which derivative financial instruments	208	0	0	208	208
<b>Total</b>	<b>801,922</b>	<b>790,204</b>	<b>10,102</b>	<b>1,616</b>	<b>801,922</b>

The financial assets and derivative financial instruments are measured and carried at fair value. The fair value of the long-term fund shares contained in the financial assets is measured using generally accepted methods based on directly and indirectly observable market inputs.

The fair value of currency derivatives is the present values of the payments related to these balance sheet items.

These instruments are mainly forward exchange and currency swap deals. They are measured on the basis of quoted exchange rates and yield curves available from the market data and allowing for counterparty risks. Commodity derivatives are mainly measured on the basis of current market prices.

The carrying amounts and fair values of the financial liabilities (financial instruments), split into the measurement categories in accordance with IFRS 9, are as follows:

06/30/2023

in € thousand	Financial liabilities			
	Fair values	Carrying amounts		
		At amortized cost	At fair value through other comprehensive income	Total carrying amount
<b>Financial liabilities</b>				
Long-term borrowings	512,330	566,106	0	566,106
Short-term borrowings	172,121	172,121	0	172,121
Short-term trade payables	228,124	228,124	0	228,124
Other current financial liabilities	36,198	35,431	767	36,198
of which derivative financial instruments	767	0	767	767
<b>Total</b>	<b>948,773</b>	<b>1,001,782</b>	<b>767</b>	<b>1,002,549</b>

06/30/2022

in € thousand	Financial liabilities			
	Fair values	Carrying amounts		
		At amortized cost	At fair value through other comprehensive income	Total carrying amount
<b>Financial liabilities</b>				
Long-term borrowings	567,555	613,588	0	613,588
Long-term trade payables	304	304	0	304
Short-term borrowings	111,991	111,991	0	111,991
Short-term trade payables	201,702	201,702	0	201,702
Other current financial liabilities	41,857	40,677	1,180	41,857
of which derivative financial instruments	1,180	0	1,180	1,180
<b>Total</b>	<b>923,410</b>	<b>968,263</b>	<b>1,180</b>	<b>969,443</b>

The fair value of long-term borrowings was calculated on the basis of discounted cash flows. To enable this, interest rates for comparable transactions and yield curves were used.

Due to the generally short times by which trade payables and other current financial liabilities (excluding derivatives) are due, it is assumed that their carrying amounts are equal to the fair value.



The table below shows the financial assets and liabilities measured at fair value:

#### Assets and liabilities measured at fair value

in € thousand	06/30/2023				06/30/2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative financial instruments without application of hedge accounting under IFRS 9	2	2,885	0	2,888	0	1,616	0	1,616
Financial assets	0	6,877	0	6,877	0	10,102	0	10,102
<b>Financial assets</b>	<b>2</b>	<b>9,762</b>	<b>0</b>	<b>9,764</b>	<b>0</b>	<b>11,718</b>	<b>0</b>	<b>11,718</b>
Derivative financial instruments without application of hedge accounting under IFRS 9	0	767	0	767	513	666	0	1,180
<b>Financial liabilities</b>	<b>0</b>	<b>767</b>	<b>0</b>	<b>767</b>	<b>513</b>	<b>666</b>	<b>0</b>	<b>1,180</b>

The table below presents the net gains/losses carried in the income statement for financial instruments in each measurement category:

#### Net gain/losses of financial instruments (gain+)/loss(-)

in € thousand	2022/2023	2021/2022
Equity instruments measured at fair value through other comprehensive income	-2,616	550
Financial assets measured at fair value through profit or loss	3,877	1,679
Financial assets measured at amortized cost	2,947	9,764
Financial liabilities measured at amortized cost	-37,023	-17,831
Financial liabilities measured at fair value through profit or loss	-3,168	-1,330

The net gains for assets measured at fair value through other comprehensive income include income from non-terminable interests in investment funds.

The net gains from financial assets and net losses from financial liabilities measured at fair value through profit or loss solely comprise changes in the market value of derivative financial instruments.

The net gains from financial assets measured at amortized cost mainly include effects from changes in the allowances for impairment.

The net losses from financial liabilities measured at amortized cost result mainly from interest expense.

#### Credit risks

The credit risk is the risk that a business partner does not fulfill its obligations as part of a financial instrument or contract with a customer, resulting in a financial loss. The KWS Group is exposed to credit risks in its operational activities mainly in relation to trade receivables.

In order to control the credit risks resulting from receivables from customers, a regular creditworthiness analysis is conducted in accordance with the credit volume. If a customer's credit risk is classified as high, it is reduced by means of security. This includes, in particular, credit insurance, prepayments, down payments, promissory notes and guarantees. Depending on the contract's design, reservation of ownership of goods is agreed with our customers. Credit limits are defined for our customers. Credit limits, outstanding claims and the collection of receivables are analyzed in regular meetings of the Credit Committee. For details of the exposure to the risk of default at June 30, 2023, please refer to section 7.7 of the Notes.

Credit risks from financial transactions are controlled centrally by the Treasury department. In order to minimize risks, financial transactions are exclusively conducted within defined limits with banks and partners who always have an investment grade. Compliance with the risk limits is constantly monitored. The limits are adjusted depending on the credit volume only subject to the approval of the regional or divisional management and the Executive Board.

### Liquidity risks

Liquidity risk is the risk that funds to settle due payment obligations cannot be obtained on time or at all.

Liquidity is managed in the eurozone by the central Treasury unit using a cash pooling system. Liquidity requirements are generally determined by means of cash

planning and are covered by cash and promised credit lines.

As part of its liquidity management, the KWS Group ensures that it complies with the financial covenants that have been agreed as part of specific interest-bearing loans and relate to the capital structure. The lenders have the right to terminate the loan agreements in question immediately if these requirements are not met. The KWS Group complied with all agreed financial covenants in the fiscal year.

The table below shows the KWS Group's liquidity analysis for non-derivative and derivative financial liabilities. The table is based on contractually agreed, undiscounted payment flows (interest and payments of principal):

### Fiscal 2022/2023

in € thousand	Book value	Cash flows			
Liquidity analysis of financial liabilities	06/30/2023	06/30/2023 Total	Due in < 1 year	Due in > 1 year and < 5 years	Due in > 5 years
Financial liabilities	738,227	744,359	178,353	403,677	162,329
Trade payables	228,124	228,124	228,124	0	0
Other financial liabilities	35,431	35,431	35,431	0	0
Lease liabilities	51,602	60,210	13,686	28,451	18,074
<b>Nonderivative financial liabilities</b>	<b>1,053,384</b>	<b>1,068,124</b>	<b>455,594</b>	<b>432,128</b>	<b>180,402</b>
Payment claim		0	0	0	0
Payment obligation		767	767	0	0
<b>Derivative financial liabilities</b>	<b>767</b>	<b>767</b>	<b>767</b>	<b>0</b>	<b>0</b>

### Fiscal 2021/2022

in € thousand	Book value	Cash flows			
Liquidity analysis of financial liabilities	06/30/2022	06/30/2022 Total	Due in < 1 year	Due in > 1 year and < 5 years	Due in > 5 years
Financial liabilities	725,580	740,560	120,873	433,825	185,862
Trade payables	202,006	202,006	201,702	304	0
Other financial liabilities	40,677	40,677	40,677	0	0
Lease liabilities	49,151	52,187	12,017	24,251	15,919
<b>Nonderivative financial liabilities</b>	<b>1,017,414</b>	<b>1,035,430</b>	<b>375,269</b>	<b>458,380</b>	<b>201,781</b>
Payment claim		5,420	5,420	0	0
Payment obligation		5,865	5,865	0	0
<b>Derivative financial liabilities</b>	<b>1,180</b>	<b>445</b>	<b>445</b>	<b>0</b>	<b>0</b>

The cash flows of the derivative financial liabilities for forward exchange deals are presented as an undiscounted gross amount. These derivative financial instruments are settled in gross. Net settlement is envisaged for commodity derivatives. Accordingly, cash flows are presented on a net basis.

### **Currency risks**

Currency risks are where the fair value or future cash flows of a financial instrument are subject to fluctuations due to exchange rate changes. The KWS Group is mainly exposed to currency risks as part of goods deliveries, services and financing activities with foreign subsidiaries. To reduce currency risks in its operating activities, the KWS Group increasingly relies on advance payments and the short-term settlement of invoices in volatile currency areas. Derivative financial instruments (forward exchange deals and currency swaps) are concluded to hedge against currency risks from intra-Group financing. The company ensures that the derivative financial instrument is commensurate with the risk to be hedged.

In order to assess the currency risk, the sensitivity of a currency to fluctuations was determined. The calculated figures relate to the portfolio of financial instruments at the balance sheet date and show the hypothetical effect on income and equity for one year. After the euro, the US dollar is the most important currency in the KWS Group. The currency risk results from intra-Group trade receivables and payables and from financing activity. The average EUR/USD exchange rate in the fiscal year was 1.05 (1.13). If the US dollar depreciated by 10%, the extra income would be €7,971 (2,584) thousand. If the US dollar appreciated by 10%, the extra expense would be €7,971 (2,584) thousand. The sensitivity for the Russian ruble was also determined. The average EUR/RUB exchange rate in the fiscal year was 72.97 (85.14). If the ruble depreciated by 10%, the extra expense would be €2,114 (53) thousand. If the ruble appreciated by 10%, the extra income would be €2,114 (53) thousand. All other currencies are generally of minor importance.

### **Risk of changes in interest rates**

The risk of changes in interest rates is where the fair value or future cash flows of a financial instrument are subject to fluctuations due to changes in market interest rates.

The risk of changes in interest rates is controlled by means of a balanced portfolio of fixed-interest and variable-interest loans. Interest rate swaps are concluded if there is a high risk of interest rate variability in the portfolio. As part of them, the KWS Group exchanges the difference between fixed-interest and variable-interest amounts determined with reference to a previously agreed nominal amount with a contractual partner at defined intervals of time.

The risk of changes in interest rates is controlled by means of a balanced portfolio of fixed-interest and variable-interest loans. The variable interest on loan liabilities in Brazil resulted in significantly higher interest charges as interest rates rose. In addition, rising interest rates in Germany had an impact on interest expenses for short-term financing. Interest rate swaps are concluded if there is a high risk of interest rate variability in the portfolio. As part of them, the KWS Group exchanges the difference between fixed-interest and variable-interest amounts determined with reference to a previously agreed nominal amount with a contractual partner at defined intervals of time. In addition, the KWS Group uses interest rate collars to secure a certain interest rate spread.

Interest rate sensitivity is a measure for showing the interest rate risk. The interest rate sensitivity analysis was conducted for the portfolio of financial instruments with a variable interest rate at the balance sheet date and shows the hypothetical effect on income for one year. The variable-interest components of the KWS Group's interest expenses and interest income were determined to calculate that. In a scenario analysis, the effects of an increase/reduction of one percentage point (100 base points) in the relevant underlying capital market interest rate on the interest result were calculated. An increase in all relevant rates of interest of 1 percentage point would result in additional interest expense of €620 (187) thousand. A reduction in the rate of interest of 1 percentage point would add a further €620 (187) million in income.

### **Commodity price risks**

Volatility in the prices of certain agricultural raw materials has an impact on the KWS Group. In its procurement transactions, the KWS Group is partly exposed to a risk from fluctuating market prices for agricultural raw materials.

The KWS Group mitigates the impact of market price risks on operating income by hedging them with derivative financial instruments. Various commodity futures (forwards, options and swaps) are used in this. Selected commodity price hedges are accounted for using hedge accounting in accordance with IFRS 9. As part of the analysis of the market price risk, a sensitivity analysis is performed based on the portfolio of financial instruments

at the balance sheet date. The values calculated show the hypothetical impact of a 10% change in forward market quotations on operating income for one year.

A 10% increase in the year-end price of commodity futures would result in additional expense of €21 (571) thousand. A 10% decrease in the year-end price of commodity futures would add a further €21 (634) thousand in income.

## 7.14 Hedging instruments and derivative financial instruments

### Hedging transactions

in € thousand	06/30/2023			06/30/2022		
	Nominal volume	Net book values	Fair value	Nominal volume	Net book values	Fair value
Currency hedges	21,337	2,111	2,111	18,988	1,003	1,003
Interest-rate hedges	80,000	225	225	0	0	0
Commodity hedges	9,669	-215	-215	14,920	-567	-567
<b>Total</b>	<b>111,006</b>	<b>2,121</b>	<b>2,121</b>	<b>33,908</b>	<b>436</b>	<b>436</b>

The KWS Group manages currency, interest rate and commodity price risks by using derivative financial instruments, among other things. Hedge accounting in accordance with IFRS 9 was applied for the first time in the current fiscal year. The risks of price changes in the Corn Segment in Brazil were hedged by commodity options and these were designated as cash flow hedges. During the fiscal year, hedge accounting was discontinued because the underlying risk of commodity price changes was eliminated. As it is still anticipated that the hedged future cash flows will accrue in the next fiscal year, the cumulative costs of hedging totaling €200 thousand are still recognized in equity as of the balance sheet date. There were no other hedging relationships at the KWS Group in fiscal 2022/2023 (with the exception of for the equity-accounted joint ventures AGRELIANT GENETICS LLC and AGRELIANT GENETICS INC.). Consequently, as in the previous year, no derivatives were recognized as designated hedging relationships in accordance with IFRS 9 as of the balance sheet date.

As in the previous year, all currency and commodity hedges have a remaining maturity of less than one year. The interest rate hedges have a remaining maturity of more than one year.

## 7.15 Leases

### Book values of right-of-use assets

in € thousand	06/30/2023	06/30/2022
Land and buildings	33,325	34,468
Technical equipment and machinery	171	321
Operating and office equipment	13,131	9,625
<b>Total</b>	<b>46,627</b>	<b>44,414</b>

Additions to rights of use for leased assets totaling €17,289 (9,947) thousand were recognized in fiscal 2022/2023. The high year-on-year increase is mainly due to a newly acquired right of use for a plot of land and a warehouse in the United Kingdom amounting to €5,245 thousand.

The amortization on rights of use for leased assets was as follows in the year under review:

#### Depreciation of right-of-use assets

in € thousand	2022/2023	2021/2022
Land and buildings	5,761	4,428
Technical equipment and machinery	272	359
Operating and office equipment	6,618	4,517
<b>Total</b>	<b>12,650</b>	<b>9,304</b>

Expenses for short-term leases and for leases relating to low-value assets totaled €20,667 (16,615) thousand in the period under review.

Short-term lease liabilities totaled

€13,314 (11,923) thousand and long-term lease liabilities €38,288 (37,228) thousand at June 30, 2023.

The maturity analysis of the lease liabilities is presented in section 7.14 of the Notes. Lease payments totaled €11,933 (9,628) thousand in fiscal 2022/2023. Interest expenses from interest accrued on the lease liabilities were €1,628 (936) thousand.

In general, lease agreements are concluded without extension or termination options. Possible cash outflows of €23,796 (21,902) thousand for existing options to extend a property rental agreement were not included in determining the lease liabilities since there is no reasonable certainty as to whether the options will be exercised.

The KWS Group also acts as a lessor. There is currently a long-term sublease agreement, which has been classified as a financial lease in relation to the main lease agreement. The interest income was €76 (30) thousand. The sublease is reported under the other noncurrent receivables to an amount of €3,314 (3,936) thousand and under the other current receivables to an amount of €674 (627) thousand. The annual income from the sublease is €773 (697) thousand. The lease agreement contains a clause permitting annual adjustment of the lease payment depending on market circumstances.

#### 7.16 Contingent liabilities and other financial obligations

The obligations from uncompleted capital expenditure projects, mainly relating to property, plant and equipment, and the other capital commitment amount to €54,163 (32,606) thousand.

There are guarantees with respect to third parties amounting to €34,999 (61,701) thousand. As in previous years, they include a guarantee of €13,764 (8,990) thousand toward a non-Group third party for the license payments of the joint venture AGRELIANT GENETICS, LLC. The likelihood that these guarantees will be utilized is seen as slight, based on the experience of previous years. In the previous year, there was also a guarantee of €42,925 thousand for the fulfillment of further payment obligations of the joint venture AGRELIANT GENETICS LLC. The guarantee was issued jointly with the other shareholder. No claims were made on it.

On July 21, 2023, the KWS Group, together with the other shareholder, issued a guarantee to a bank for the fulfillment of the payment obligations of the joint venture AGRELIANT GENETICS LLC. The KWS Group's portion of that is a maximum of €114,553 thousand. Depending on the term of the new loan agreement to be concluded by AGRELIANT GENETICS LLC., the guarantee will be issued for up to five years. The likelihood that these guarantees will be utilized is seen as slight, based on the experience from previous years.

There were contingent liabilities from tax-related matters at June 30, 2023. A total of €30,514 (18,958) thousand of these contingent liabilities relate to possible obligations of the Brazilian subsidiary KWS SEMENTES LTDA to pay certain tax levies on agricultural companies. KWS SEMENTES LTDA's obligation to pay contributions is still being clarified and the probability of the obligation occurring is considered to be low.

## 8. Notes to the Consolidated Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the KWS Group in the three categories of operating activities, investing activities and financing activities. The effects of exchange rate changes and changes in the consolidated group have been eliminated from the respective balance sheet items, except those affecting cash and cash equivalents.

As in previous years, cash and cash equivalents are composed of cash (on hand and balances with banks) and current securities.

Financial liabilities changed as follows this year and in the previous year:

### Changes in financial liabilities

in € thousand	Cash flows			Non-cash-effective changes			06/30/2023
	06/30/2022		Changes in the scope of consolidation	Currency	New IFRS 16 contracts	Other effects	
Financial liabilities	725,580	9,154	0	3,494	0	-1	738,227
Lease liabilities	49,151	-11,933	0	-1,602	17,289	-1,304	51,602
	06/30/2021						06/30/2022
Financial liabilities	698,305	22,915	0	4,345	0	15	725,580
Lease liabilities	48,426	-9,628	0	1,363	9,947	-957	49,151

The non-cash expenses and income totaling €78,789 (32,555) thousand relate, among other things, to the measurement of inventories, trade receivables and derivatives, as well as the result from equity-accounted financial assets and effects from the application of IAS 29 "Financial Reporting in Hyperinflationary Economies."

## 9. Other Notes

### 9.1 Proposal for the appropriation of net retained profits

The net retained profits of KWS SAAT SE & Co. KGaA are €251,528 (282,010) thousand.

A proposal will be made to the Annual Shareholders' Meeting that an amount of €29,700 (26,400) thousand should be used to pay a dividend of €0.90 (0.80) for each of the 33,000,000 shares.

### 9.2 Total remuneration of the Supervisory Board and the Executive Board and of former members of the Supervisory Board and the Executive Board of KWS SAAT SE & Co. KGaA

The compensation of the members of the Supervisory Board was converted to a purely fixed compensation pursuant to the resolution adopted by the Annual Shareholders' Meeting in December 2017. Members of the Supervisory Board who are members of a committee – with the exception of the Chairperson of the Supervisory Board – receive an additional fixed payment therefor. The total compensation for members of the Supervisory Board amounts to €620 (620) thousand, excluding value-added tax. The total compensation for members of the Supervisory Board of KWS SE, the personally liable partner of KWS SAAT SE & Co. KGaA, in the year under review amounted to €185 (195) thousand, excluding value-added tax.

In fiscal 2022/2023, total Executive Board compensation amounted to €5,622 (5,449) thousand. The variable compensation, which is calculated on the basis of the earnings after taxes of the KWS Group, is made up of a bonus and a long-term incentive. The bonus totals €2,642 (2,558) thousand; there are contributions from the long-term incentive tranche for 2021/2022 totaling €521 thousand (tranche for 2020/2021: €458 thousand). Pension provisions totaling €959 (948) thousand were formed for two members of the Executive Board at KWS SAAT SE & Co. KGaA.

Compensation of former members of the Executive Board and their surviving dependents amounted to €1,206 (1,315) thousand. Pension provisions recognized for this group of persons amounted to €4,302 (4,484) thousand as of June 30, 2023, after being netted off with the relevant plan assets.

### 9.3 Related-party disclosures

Transactions with related parties in accordance with IAS 24 are all business dealings that are conducted with the reporting entity by entities or natural persons or their close family members, if the party or person in question controls the reporting entity or is a member of its key management personnel, for example.

The personally liable partner KWS SE provides business management services on behalf of KWS SAAT SE & Co. KGaA.

#### Related parties

in € thousand	Deliveries and services provided		Received deliveries and services		Receivables		Payables	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
KWS SE	0	0	5,782	6,221	0	0	4,124	3,132
At equity accounted joint ventures	8,426	6,685	6,012	5,103	8,418	6,505	4,991	3,545
At equity accounted associated companies	2,240	6,655	92	0	1,962	6,367	0	100
Other related parties	51	36	0	115	0	0	0	836

As part of its operations, the KWS Group procures goods and services worldwide from a large number of business partners. They also include companies in which the KWS Group has an interest or on which representatives of the KWS Group's Supervisory Board exert a significant influence. The services for joint ventures and associated companies are mainly rendered under existing license agreements. The services received from joint ventures relate to research activities. The guarantees issued for joint ventures are presented in section 7.16 of the Notes. Business dealings with related companies are always conducted on an arm's length basis and are not material in terms of volume.

The compensation of members of the Executive Board comprises short-term employee benefits, share-based payment benefits and post-employment benefits. Individualized disclosures on the compensation of members of the Executive Board and the Supervisory Board are presented in the Compensation Report. The Compensation Report can be found on our website at [www.kws.de](http://www.kws.de).

There were also no business transactions or legal transactions that required reporting for related parties in fiscal 2022/2023.

#### 9.4 Disclosure

The following subsidiaries with the legal form of a corporation within the meaning of Section 264 (3) and 264b of the German Commercial Code (HGB) have utilized the exemption provided in Section 264 (3) of the German Commercial Code (HGB) as regards preparation of financial statements and their publication:

- KWS LOCHOW GmbH, Bergen
- KWS Landwirtschaft GmbH, Einbeck
- Betaseed GmbH, Frankfurt am Main
- KWS SAATFINANZ GmbH, Einbeck
- Delitzsch Pflanzenzucht GmbH, Einbeck
- Kant-Hartwig & Vogel GmbH, Einbeck
- Agromais GmbH, Everswinkel
- KWS Berlin GmbH, Berlin
- KWS INTERSAAT GmbH, Einbeck
- Euro-Hybrid Gesellschaft für Getreidezüchtung mbH, Einbeck
- KWS Kloostergut Wiebrechtshausen GmbH, Northeim-Wiebrechtshausen
- RAGIS Kartoffelzucht- und Handelsgesellschaft mbH, Einbeck

KWS SAAT SE & Co. KGaA prepares the consolidated financial statements for the largest and smallest group of companies.

#### 9.5 Audit of the annual financial statements

On December 6, 2022, the Annual Shareholders' Meeting of KWS SAAT SE & Co. KGaA elected the accounting firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, to be the Group's auditors for fiscal 2022/2023.

#### Fee paid to the external auditors under Section 314 (1) No. 9 HGB

in € thousand	2022/2023	2021/2022
a) Audit of the consolidated financial statements	925	843
b) Other certification services	104	89
c) Tax consulting	0	0
d) Other services	0	0
<b>Total fee paid</b>	<b>1,029</b>	<b>932</b>

Other certification services in fiscal 2022/2023 essentially comprised non-audit services as part of the voluntary audit of the Non-Financial Declaration and auditing of the Compensation Report.

#### 9.6 Report on events after the balance sheet date

Apart from the matter presented in section 7.16 of the Notes, there have been no events of particular significance that might have an impact on the presentation of the KWS Group's assets, financial position and earnings since the end of the fiscal year.

#### 9.7 Declaration of compliance with the German Corporate Governance Code

KWS SAAT SE & Co. KGaA issued the declaration of compliance with the German Corporate Governance Code required by Section 161 of Aktiengesetz (AktG – German Stock Corporation Act) in September 2023 and made it accessible to its shareholders on the company's homepage at [www.kws.de](http://www.kws.de).



## 9.8 List of shareholdings

### List of shareholdings in accordance with Section 313 (2) HGB (German Commercial Code)

Fiscal 2022/2023			
Name and company's registered office	Currency	Interest held	Footnote
		Total in %	
<b>Fully consolidated subsidiaries (direct)</b>			
<b>Germany</b>			
AGROMAIS GMBH, Everswinkel	€	100.00	1
BETASEED GMBH, Frankfurt am Main	€	100.00	
DELITZSCH PFLANZENZUCHT GMBH, Einbeck	€	100.00	1
EURO-HYBRID GESELLSCHAFT FÜR GETREIDEZÜCHTUNG MBH, Einbeck	€	100.00	
KANT-HARTWIG & VOGEL GMBH, Einbeck	€	100.00	1
KWS BERLIN GMBH, Berlin	€	100.00	
KWS INTERSAAT GMBH, Einbeck	€	100.00	
KWS KLOSTERGUT WIEBRECHTSHAUSEN GMBH, Northeim-Wiebrechtshausen	€	100.00	1
KWS LANDWIRTSCHAFT GMBH, Einbeck	€	100.00	
KWS LOCHOW GMBH, Bergen	€	100.00	1
KWS SAATFINANZ GMBH, Einbeck	€	100.00	1
RAGIS KARTOFFELZUCHT- UND HANDELSGESELLSCHAFT MBH, Einbeck	€	100.00	1
<b>Foreign</b>			
KWS ARGENTINA S.A., Balcarce/Argentina	ARS	100.00	28
KWS BULGARIA EOOD., Sofia/Bulgaria	BGN	100.00	
KWS SEMENA S.R.O., Bratislava/Slovakia	€	100.00	
KWS SRBIJA D.O.O., New Belgrade/Serbia	RSD	100.00	
SEMILLAS KWS CHILE LTDA., Rancagua/Chile	CLP	100.00	
<b>Fully consolidated subsidiaries (indirect)</b>			
<b>Foreign</b>			
BEIJING KWS AGRICULTURE TECHNOLOGY CO., LTD., Beijing/China	CNY	100.00	8
BETASEED FRANCE S.A.R.L., Bethune/France	€	100.00	3
BETASEED RUS LLC, Moscow/Russia	RUB	100.00	32
BTS TURKEY TARIM TICARET LIMITED SIRKETI, Eskisehir/Turkey	TRY	100.00	3
EUROPSEEDS B.V., Enkhuizen/Netherlands	€	100.00	18
GLH SEEDS INC., Bloomington/USA	USD	100.00	4
KLEIN WANZLEBENER SAATZUCHT MAROC S.A.R.L.A.U., Casablanca/Morocco	MAD	100.00	9
KWS AGRICULTURE RESEARCH & DEVELOPMENT CENTER, Hefei/China	CNY	100.00	8
KWS AUSTRIA SAAT GMBH, Vienna/Austria	€	100.00	3
KWS BENELUX B.V., Amsterdam/Netherlands	€	100.00	3

**Fiscal 2022/2023**

Name and company's registered office	Currency	Interest held	Footnote
		Total in %	
KWS CEREALS USA LLC, Champagne/USA	USD	100.00	4
KWS FIDC, Rio de Janeiro/Brazil	BRL	100.00	2
KWS FRANCE S.A.R.L., Roye/France	€	100.00	3
KWS GATEWAY RESEARCH CENTER LLC, St. Louis/USA	USD	100.00	4
KWS INTERNATIONAL HOLDING B.V., Emmeloord/Netherlands	€	100.00	6
KWS INTERNATIONAL HOLDING II B.V., Emmeloord/Netherlands	€	100.00	3
KWS ITALIA S.P.A., Forlì/Italy	€	100.00	3
KWS KUBAN O.O.O., Krasnodar/Russia	RUB	100.00	7
KWS LOCHOW POLSKA SP.Z O.O., Kondratowice/Poland	PLN	100.00	3
KWS MAGYARORSZÁG KFT., Győr/Hungary	HUF	100.00	3
KWS MAIS FRANCE S.A.R.L., Champhol/France	€	100.00	3
KWS MOMONT RECHERCHE S.A.R.L., Mons-en-Pévèle/France	€	100.00	11
KWS MOMONT S.A.S., Mons-en-Pévèle/France	€	100.00	3
KWS OSIVA S.R.O, Velké Mezirici/Czechia	CZK	100.00	3
KWS PARAGUAY SRL, Asunción/Paraguay	PYG	100.00	12
KWS PERU S.A.C., Lima/Peru	PEN	100.00	5
KWS PODILLYA T.O.V., Kyiv/Ukraine	UAH	100.00	10
KWS POLSKA SP.Z O.O., Poznan/Poland	PLN	100.00	3
KWS R & D INVEST B.V., Emmeloord/Netherlands	€	100.00	3
KWS R & D RUS LLC, Lipetsk/Russia	RUB	100.00	7
KWS RUS O.O.O., Lipetsk/Russia	RUB	100.00	23
KWS SCANDINAVIA A/S, Guldborgsund/Denmark	DKK	100.00	3
KWS Seed Science & Technology (Sanya) Co., Ltd., Sanya/China	CNY	100.00	3
KWS Seeds Canada, LTD., Calgary/Canada	CAD	100.00	3
KWS SEEDS INC., Bloomington/USA	USD	100.00	3
KWS SEEDS INDIA PRIVATE LIMITED, New Delhi/India	INR	100.00	3
KWS SEEDS LLC, Bloomington/USA	USD	100.00	4
KWS SEMENTES LTDA., Patos de Minas/Brazil	BRL	100.00	29
KWS SEMILLAS CANARIAS S.L.U., Gran Canaria/Spain	€	100.00	3
KWS SEMILLAS IBÉRICA S.L., Zaratán/Spain	€	100.00	3
KWS SEMINTE S.R.L., Bucharest/Romania	RON	100.00	25
KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA., São Paulo/Brazil	BRL	100.00	30
KWS SJEME D.O.O., Osijek/Croatia	HRK	100.00	3
KWS SUISSE S.A., Basel/Switzerland	CHF	100.00	3
KWS TÜRK TARIM TICARET A.S., Eskisehir/Turkey	TRY	100.00	3
KWS UK LTD., Thriplow/Großbritannien	GBP	100.00	3
KWS UKRAINA T.O.V., Kyiv/Ukraine	UAH	100.00	23
KWS VEGETABLES B.V., Heythuysen/Netherlands	€	100.00	3
KWS VEGETABLES ITALIA S.R.L A SOCIO UNICO, Noceto/Italy	€	100.00	16
KWS VEGETABLES MEXICO S.A. de C.V., Mexico City/Mexico	MXN	100.00	31

**Fiscal 2022/2023**

Name and company's registered office	Currency	Interest held	Footnote
		Total in %	
POP VRIEND HOLDING B.V., Amsterdam/Netherlands	€	100.00	16
POP VRIEND INTERNATIONAL B.V., Andijk/Netherlands	€	100.00	18
POP VRIEND SEEDS B.V., Andijk/Netherlands	€	100.00	18
POP VRIEND TOHUMCULUK VE TARIM ÜRÜNLERI SANAYI VE TICARET LIMITED SIRKETI, Istanbul/Turkey	TRY	100.00	19
PV TOHUMCULUK TARIM ÜRÜNLERI SANAYI VE TICARET LIMITED SIRKETI, Izmir/Turkey	TRY	100.00	20
SEED PLANT KWS O.O.O., Lipetsk/Russia	RUB	100.00	7
<b>Equity-accounted joint ventures</b>			
AGRELIANT GENETICS INC., Chatham/Canada	CAD	50.00	
AGRELIANT GENETICS LLC, Westfield/USA	USD	50.00	13
FARMDESK B.V., Antwerp/Belgium	€	50.00	22
<b>Equity-accounted associated companies</b>			
IMPETUS AGRICULTURE INC., Lewes/USA	USD	38.82	21
KENFENG - KWS SEED CO., LTD., Beijing/China	CNY	49.00	
GIE RHP RECOLTE HAUTE PRECISION, Roye/France	EUR	49.67	17
<b>Joint operations (proportionately consolidated)</b>			
AARDEVO B.V., Nagele/Netherlands	USD	50.00	14
AARDEVO NORTH AMERICA LLC, Boise/USA	USD	50.00	15
GENECTIVE CANADA INC., Montreal/Canada	CAD	50.00	26
GENECTIVE Japan K.K., Chiba/Japan	JPY	50.00	26
GENECTIVE KOREA, Sangdaewon-dong/Korea	KRW	50.00	26
GENECTIVE S.A., Chappes/France	€	50.00	
GENECTIVE TAIWAN LTD., Taipei/Taiwan	TWD	50.00	26
GENECTIVE USA Corp., Weldon/USA	USD	50.00	26

- 1 Profit and loss transfer agreement  
2 Subsidiary of KWS SEMENTES LTDA.  
3 Subsidiary of KWS INTERNATIONAL HOLDING B.V.  
4 Subsidiary of KWS SEEDS INC.  
5 Subsidiary of SEMILLAS KWS CHILE LTDA. and KWS SERVICOS E PARTICIPA- COES SOUTH AMERICA LTDA.  
6 Subsidiary of KWS INTERSAAT GMBH  
7 Subsidiary of KWS RUS O.O.O.  
8 Subsidiary of EURO-HYBRID GMBH  
9 Subsidiary of KWS BENELUX B.V.  
10 Subsidiary of KWS UKRAINA T.O.V.  
11 Subsidiary of KWS MOMONT S.A.S.  
12 Subsidiary of KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA. and KWS SEMENTES LTDA.  
13 Participation of GLH SEEDS INC.  
14 Participation of RAGIS RAGIS KARTOFFELZUCHT- UND HANDELSGESELLSCHAFT MBH  
15 Subsidiary of AARDEVO B.V.  
16 Subsidiary of KWS VEGETABLES B.V.  
17 Subsidiary of KWS FRANCE S.A.R.L.  
18 Subsidiary of POP VRIEND HOLDING B.V and CHURA B.V.  
19 Subsidiary of POP VRIEND INTERNATIONAL B.V.  
20 Subsidiary of POP VRIEND TOHUMCULUK VE TARIM ÜRÜNLERI SANAYI VE TICARET LIMITED SIRKETI  
21 Participation of KWS R & D INVEST B.V.  
22 Participation of KWS INTERNATIONAL HOLDING B.V.  
23 Subsidiary of EURO-HYBRID GMBH and KWS SAATFINANZ GMBH  
24 Subsidiary of KWS SEEDS Inc.  
25 Subsidiary of KWS INTERSAAT GMBH and der KWS SAATFINANZ GMBH  
26 Subsidiary of GENECTIVE S.A.  
27 Subsidiary of KWS KLOSTERGUT WIEBRECHTSHAUSEN GMBH  
28 Subsidiary of KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA.  
29 Subsidiary of KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA. and KWS INTERSAAT GMBH  
30 Subsidiary of KWS INTERNATIONAL HOLDING B.V. and KWS SAATFINANZ GMBH  
31 Subsidiary of KWS INTERNATIONAL HOLDING B.V. and KWS VEGETABLES B.V.  
32 Subsidiary of KWS INTERNATIONAL HOLDING B.V. and KWS INTERNATIONAL HOLDING II B.V.

## 9.9 Supervisory Board and Executive Board of KWS SAAT SE & Co. KGaA in fiscal 2022/2023

### 9.9.1 Supervisory Board

Members	Other seats 2022/2023
<p><b>Dr. Drs. h.c. Andreas J. Büchting (until 12/06/2022)</b> Göttingen Agricultural Biologist Chairman of the Supervisory Board of KWS SAAT SE &amp; Co. KGaA and KWS SE</p>	
<p><b>Philip Freiherr von dem Bussche (since 12/06/2022)</b> Bad Essen Graduate in business administration, entrepreneur and farmer Chairman of the Supervisory Board of KWS SAAT SE &amp; Co. KGaA and KWS SE</p>	<p><i>Membership in other legally required supervisory boards:</i></p> <ul style="list-style-type: none"> <li>■ Bernhard Krone Holding SE &amp; Co. KG, Spelle (member of the Advisory Board)</li> </ul> <p><i>Membership of comparable German and foreign oversight boards:</i></p> <ul style="list-style-type: none"> <li>■ DF World of Spices GmbH, Dissen (member of the Advisory Board)</li> </ul>
<p><b>Dr. Marie Theres Schnell</b> Munich Graduate in communications Deputy Chairperson of the Supervisory Board of KWS SAAT SE &amp; Co. KGaA and KWS SE</p>	<p><i>Membership of comparable German and foreign oversight boards:</i></p> <ul style="list-style-type: none"> <li>■ DR. SCHNELL GmbH &amp; Co. KGaA, Munich (member of the Advisory Board)</li> </ul>
<p><b>Victor W. Balli</b> Zurich (Switzerland) Chemical Engineer Chairman of the Audit Committee of KWS SAAT SE &amp; Co. KGaA and KWS SE</p>	<p><i>Membership of comparable German and foreign oversight boards:</i></p> <ul style="list-style-type: none"> <li>■ Givaudan SA, Vernier (Switzerland) (Chairman of the Audit Committee, member of the Board of Directors and the Compensation Committee)</li> <li>■ Medacta International SA, Frauenfeld (Switzerland) (member of the Board of Directors and Chairman of the Audit Committee)</li> <li>■ Hemro AG, Bachenbülach (Switzerland) (member of the Management Board)</li> <li>■ Sika AG, Baar (Switzerland) (member of the Board of Directors of the Audit Committee and of the ESG Committee)</li> <li>■ Louis Dreyfus Holding B.V., Amsterdam (Netherlands) (member of the Supervisory Board and Chairman of the Audit Committee)</li> </ul>
<p><b>Jürgen Bolduan (since 12/06/2022)</b> Einbeck Seed Breeding Employee Member of the Supervisory Board of KWS SAAT SE &amp; Co. KGaA Chairman of the Central Works Council of KWS SAAT SE &amp; Co. KGaA</p>	

**Cathrina Claas-Mühlhäuser (since 12/06/2022)**

Frankfurt am Main  
 Businesswoman  
 Member of the Supervisory Board  
 of KWS SAAT SE & Co. KGaA and KWS SE

*Membership in other legally required supervisory boards:*

- CLAAS KGaA mbH, Harsewinkel (Chairwoman)

*Membership of comparable German and foreign oversight boards:*

- CLAAS KGaA mbH, Harsewinkel  
 (Chairwoman of the Shareholder's Committee)

**Christine Coenen**

Einbeck  
 Interpreter  
 Member of the Supervisory Board  
 of KWS SAAT SE & Co. KGaA  
 Chairwoman of the European Employees'  
 Committee (EEC) of KWS SAAT SE & Co. KGaA

**Eric Gombert (since 12/06/2022)**

Villeneuve-sur-Lot (Frankreich)  
 Graduate agricultural engineer  
 Member of the Supervisory Board  
 of KWS SAAT SE & Co. KGaA  
 Vice-Chairman of the European Employee Committee (EEC)  
 of KWS SAAT SE & Co. KGaA

**Prof. Dr. Dr. h.c. mult. Stefan W. Hell (since 12/06/2022)**

Göttingen  
 Physicist  
 Director at Max-Planck-Institut für Multidisziplinäre  
 Naturwissenschaften, Göttingen  
 and Director at Max-Planck-Institut für medizinische  
 Forschung, Heidelberg  
 Member of the Supervisory Board  
 of KWS SAAT SE & Co. KGaA and KWS SE

**Dr. Arend Oetker**

Berlin  
 Honorary member of the Supervisory Board  
 of KWS SAAT SE & Co. KGaA and KWS SE

**9.9.2 Supervisory Board committees**

Committee	Chairman/Chairwoman	Members 2022/2023
<b>Audit Committee</b>	Victor W. Balli	Philip Freiherr von dem Bussche Christine Coenen
<b>Nominating Committee</b>	Dr. Marie Theres Schnell	Victor W. Balli Philip Freiherr von dem Bussche

### 9.9.3 Executive Board

Members	Other seats
<p><b>Dr. Felix Büchting (since 12/07/2022)</b>  Einbeck  Chief Executive Officer (since 12/7/2022)  Research &amp; Breeding, Human Resources, Farming,  Group Strategy, Corporate Office &amp; Services  (since 12/7/2022)</p>	
<p><b>Dr. Hagen Duenbostel (until 12/06/2022)</b>  Einbeck  Chief Executive Officer  Corn North America, Corn China/Asia,  Group Strategy, Corporate Office &amp; Services</p>	<p><i>Membership in other legally required supervisory boards:</i></p> <ul style="list-style-type: none"> <li>■ Hero AG, Lenzburg (Switzerland) (member of the Board of Administration)</li> <li>■ C.H. Boehringer Sohn AG &amp; Co. KG, Ingelheim (member of the advisory group)</li> <li>■ Max-Planck-Gesellschaft, Berlin (Chairman of the Audit Committee)</li> </ul>
<p><b>Dr. Peter Hofmann</b>  Einbeck  Sugarbeet, Vegetables, Cereals, Oilseed Rape / Special  Crops &amp; Organic Seed,  Global Marketing &amp; Communications</p>	
<p><b>Eva Kienle</b>  Göttingen  Global Finance &amp; Procurement, Controlling,  Global Transaction Center, Legal Services &amp; IP, IT,  Group Compliance, Governance &amp; Risk Management</p>	<p><i>Membership in other legally required supervisory boards:</i></p> <ul style="list-style-type: none"> <li>■ Zumtobel Group AG, Dornbirn (Austria) (member of the Supervisory Board and Chairwoman of the Audit Committee)</li> <li>■ Schott Pharma AG &amp; Co. KGaA, Mainz (member of the Supervisory Board)</li> </ul>
<p><b>Nicolás Wielandt (since 01/01/2022)</b>  Einbeck  Corn Europe and South America  Corn North America, Corn China/Asia (since 12/7/2022)</p>	

Einbeck, September 7, 2023

KWS SE

Dr. Felix Büchting | Dr. Peter Hofmann | Eva Kienle | Nicolás Wielandt

# Reproduction of the auditor's report

For the consolidated financial statements and the group management report, which has been combined with the management report of the Company and for the ESEF documents, we have issued the following audit opinion:

## “Independent auditor's report

To KWS SAAT SE & Co. KGa)

### Report on the audit of the consolidated financial statements and of the group management report

#### Opinions

We have audited the consolidated financial statements of KWS SAAT SE & Co. KGaA, Einbeck, and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income for the fiscal year from 1 July 2022 to 30 June 2023, and the consolidated balance sheet as at 30 June 2023, consolidated statement of changes in equity and consolidated cash flow statement for the fiscal year from 1 July 2022 to 30 June 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of KWS SAAT SE & Co. KGaA, which was combined with the management report of the Company, for the fiscal year from 1 July 2022 to 30 June 2023. We have not audited the content of the parts of the group management report specified in the appendix to the auditor's report and the company information stated therein that is provided outside of the annual report and is referenced in the group management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB [“Handelsgesetzbuch”: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 30 June 2023 and of its financial performance for the fiscal year from 1 July 2022 to 30 June 2023, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. We do not express an opinion on the parts of the group management report listed in the appendix.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

#### Basis for the opinions

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

## **Key audit matters in the audit of the consolidated financial statements**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 July 2022 to 30 June 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

### **(1) Revenue recognition from the sale of seed**

#### **Reasons why the matter was determined to be a key audit matter**

In the consolidated financial statements of KWS SAAT SE & Co. KGaA, revenue from the sale of seed is recognized when control is transferred to the customer, allowing for contractually agreed returns. Due to different contractual agreements and judgment exercised in assessing expected return deliveries, therefore is an elevated risk of misstatement in relation to the proper recognition of revenue on an accrual basis.

#### **Auditor's response**

During our audit, we considered, based on the criteria defined in IFRS 15, the accounting policies applied in accordance with the internal accounting instructions in the consolidated financial statements of KWS SAAT SE & Co. KGaA for the recognition of revenue. Our response included an examination of whether control was transferred to the customers upon the sale of seed. We analyzed the process implemented by the Executive Board of KWS SAAT SE & Co. KGaA for the recognition of seed sales, taking into account knowledge about actual returns. Based on analytical procedures defined group-wide, we examined whether the significant revenue items for fiscal 2022/2023 correlate with the corresponding trade receivables to identify any irregularities in the development of revenue. With a view to the recognition of revenue on an accrual basis, we also obtained balance confirmations from customers and performed data analyses to identify any irregularities in comparison with the prior year.

We analyzed the recognition of revenue based on the contractual arrangements on a sample basis with regard to the requirements of IFRS 15. Using historical data on actual returns and returns made after the reporting date of the fiscal year, we applied analytical procedures to examine the calculation of expected returns of seed and their deduction from revenue.

Overall, our procedures relating to the recognition of revenue from the sale of seed did not lead to any reservations.

#### **Reference to related disclosures**

With regard to the recognition and measurement policies applied for the recognition of revenue from the sale of seed, refer to the disclosure in note 3.6 "Recognition of income and expenses" in section 3 "Accounting Policies" in the notes to the consolidated financial statements.

### **(2) Impairment testing of goodwill and brands**

#### **Reasons why the matter was determined to be a key audit matter**

The goodwill and brands with an indefinite useful life presented in the consolidated financial statements of KWS SAAT SE & Co. KGaA result from the acquisition of subsidiaries and are a significant balance sheet item.

Goodwill and brands with an indefinite useful life are tested for impairment as of 30 June each year. The result of these tests is highly dependent on the executive directors' estimate of future cash flows and the respective discount rates used.

In light of the definition of the cash-generating units, the complexity of the valuation and the judgment exercised during valuation, the impairment tests for goodwill and brands with an indefinite useful life were a key audit matter.

#### **Auditor's response**

During our audit, among other things, we obtained an understanding of the methods used to carry out the impairment tests including an examination of the suitability of the procedure for performing an impairment test in accordance with IAS 36. In doing so, we analyzed the planning process and the operating effectiveness of the



controls implemented therein. We discussed the significant planning assumptions with the executive directors and compared these with the results and cash inflows realized in the past. Our assessment of the results of the impairment tests as of 30 June was based among other things on a comparison with general and industry-specific market expectations underlying the expected cash inflows. Based on our understanding that even relatively small changes in the discount rates used can at times have significant effects on the amount of the business value calculated, we analyzed the inputs used to determine the discount rates and reperformed the calculation with regard to the relevant requirements of IAS 36. In addition, we analyzed the sensitivity analyses performed by the executive directors of KWS SAAT SE & Co. KGaA on the impairment tests of goodwill and brands with an indefinite useful life in order to estimate any potential impairment risk associated with a reasonably possible change in one of the significant assumptions used in the valuation.

We obtained evidence that the divisions represent the lowest level within the Group at which independent cash inflows are generated and goodwill is monitored for internal management purposes. Our auditor's response also included the disclosures in the notes to the consolidated financial statements of KWS SAAT SE & Co. KGaA in relation to the requirements of IAS 36.

Our procedures did not lead to any reservations relating to the valuation of goodwill and brands with an indefinite useful life.

#### **Reference to related disclosures**

With regard to the recognition and measurement policies applied for goodwill and brands with an indefinite useful life, refer to the disclosure on intangible assets in section 3 "Accounting Policies" in the notes to the consolidated financial statements. For the related disclosures on judgments by the executive directors and sources of estimation uncertainty as well as the disclosures on goodwill and brands with an indefinite useful life, refer to note 7.1 "Intangible assets" in section 7 "Notes to the Consolidated Balance Sheet" in the notes to the consolidated financial statements.

### **(3) Income taxes**

#### **Reasons why the matter was determined to be a key audit matter**

The KWS SAAT SE & Co. KGaA Group operates in different legal jurisdictions with changing tax legislation, resulting in a high level of complexity for the recognition of current and deferred income taxes stemming from the transfer prices used for business relationships between affiliates and for intragroup financing. To calculate current and deferred tax liabilities as well as refund claims, the executive directors of KWS SAAT SE & Co. KGaA must exercise correct judgment in assessing tax matters and tax risks and with regard to the expected realization of deferred tax assets.

#### **Auditor's response**

The executive directors of KWS SAAT SE & Co. KGaA regularly engage external tax experts to validate their own assessment. We called on our tax specialists to consider these tax assessments. Our specialists analyzed the correspondence with the competent tax authorities and the assumptions used to calculate provisions for current taxes and deferred taxes, considering in particular the applicable transfer prices, based on their knowledge and experience of how the authorities and courts currently apply the relevant legal provisions. In addition, we involved specialists from our international network with the relevant knowledge of the respective local jurisdictions and regulations. We critically assessed the assumptions on the recoverability of deferred tax assets, in particular by analyzing the assumptions with respect to projected future taxable income and by comparing them to the internal business plan. Our auditor's response also included the disclosures in the notes to the consolidated financial statements of KWS SAAT SE & Co. KGaA on current and deferred income taxes.

Our procedures did not lead to any reservations relating to the recognition of current and deferred income taxes.

### Reference to related disclosures

With regard to the recognition and measurement policies applied for current and deferred income taxes, refer to the disclosure on deferred taxes and income tax liabilities in section 3 “Accounting Policies” in the notes to the consolidated financial statements and, with regard to the information on income taxes, note 6.5 “Taxes” in section 6 “Notes to the Consolidated Statement of Comprehensive Income” in the notes to the consolidated financial statements.

### Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG [“Aktiengesetz”: German Stock Corporation Act] on the German Corporate Governance Code, which is part of the Declaration on Corporate Governance, as well as for the paragraph “Control and monitoring systems” in section 2.5.2 “Risk Management” of the group management report. In all other respects, the executive directors are responsible for the other information. The other information comprises the parts of the annual report listed in the appendix. We obtained a version of this other information prior to issuing our auditor’s report.

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

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

### Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

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

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

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

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

### **Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report**

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient

and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

## Other legal and regulatory requirements

### Report on the assurance on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

#### Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the file KWS\_SAAT\_SE\_KA\_LB\_ESEF\_30.06.2023.zip and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the attached file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 July 2022 to 30 June 2023 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

#### Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the accompanying file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410 06.2022). Our

responsibility in accordance therewith is further described in the “Group auditor’s responsibilities for the assurance work on the ESEF documents” section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

### **Responsibilities of the executive directors and the Supervisory Board for the ESEF documents**

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

### **Group auditor’s responsibilities for the assurance work on the ESEF documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the engagement. We also

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

### **Further information pursuant to Art. 10 of the EU Audit Regulation**

We were elected as group auditor by the Annual Shareholders’ Meeting on 6 December 2022. We were engaged by the Supervisory Board on 28 March 2023. We have been the group auditor of KWS SAAT SE & Co. KGaA without interruption since fiscal year 2016/2017.

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

### **Other matter – Use of the auditor’s report**

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Unternehmensregister [German Company Register] – are merely electronic renderings of the audited consolidated financial statements and the audited management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

## German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Martin von Michaelis.

Appendix to the auditor's report:

1. Parts of the group management report whose content is unaudited

We have not audited the content of the following parts of the group management report:

- The combined non-financial declaration for KWS SAAT SE & Co. KGaA and the KWS Group contained in section 2.4 "Sustainability Information (Combined Non-Financial Declaration)" of the group management report, including any information in other sections referred to in this declaration. The respective sections are marked "NFD" in the margin.
- The declaration on corporate governance and the declaration of compliance in accordance with Sec. 161 AktG which are published on the websites stated in sections 2.7.1 "Corporate Governance and Declaration on Corporate Governance" and 2.7.2 "Compliance declaration in accordance with Section 161 AktG (German Stock Corporation Act)" which are part of the group management report.

Furthermore, we have not audited the content of the following disclosures extraneous to group management reports. Disclosures extraneous to group management reports are such disclosures that are not required pursuant to Secs. 315, 315a HGB or Secs. 315b to 315d HGB:

- Section 2.1.3 "Vision and Mission"
- Section 2.4.1 "General Information"
- Section 2.4.2 "Environmental Aspects"
- Section 2.4.3 "Social aspects"
- Section 2.4.4 "Governance"
- Section 2.5.2 "Risk Management," paragraph "Control and monitoring systems"

## 2. Additional other information

The other information comprises the following parts of the annual report, of which we obtained a version prior to issuing this auditor's report, in particular the sections:

- Foreword of the Executive Board
- Report of the Supervisory Board
- KWS on the Capital Market
- KWS in Figures

but not the consolidated financial statements, not the management report disclosures whose content is audited and not our auditor's report thereon.

## 3. Company information outside of the annual report referenced in the group management report

We have not audited the content of the following information that is cross-referenced in the management report:

- Remuneration Report pursuant to Section 162 of the German Stock Corporation Act (AktG)"

Berlin, 7 September 2023

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft



von Michaelis  
Wirtschaftsprüfer  
[German Public Auditor]



Scheppank  
Wirtschaftsprüfer  
[German Public Auditor]

## Independent auditor's report on a limited assurance engagement

To KWS SAAT SE & Co. KGaA, Einbeck

We have performed a limited assurance engagement on the non-financial statement of KWS SAAT SE & Co. KGaA, Einbeck, (hereinafter the "Company"), which is combined with the non-financial statement of the Group, which comprises the section "2.4 Sustainability Information (combined non-financial statement)" and the section "2.1 Fundamentals of the KWS Group" of the combined management report for the period from 1 July 2022 to 30 June 2023 (hereinafter the "combined non-financial statement").

### Responsibilities of the executive directors

The executive directors of the Company are responsible for the preparation of the combined non-financial statement in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code] and Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder as well as in accordance with their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as set out in section "EU-Taxonomy" of the combined non-financial statement.

These responsibilities of the Company's executive directors include the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a combined non-financial that is free from material misstatement, whether due to fraud (manipulation of the combined non-financial statement) or error.

The EU Taxonomy Regulation and the Delegated Acts adopted thereunder contain wording and terms that are still subject to considerable interpretation uncertainties

and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU-Taxonomy" of the combined non-financial statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

### Independence and quality assurance of the auditor's firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements – in particular the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors] in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QS 1) and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

### Responsibilities of the auditor

Our responsibility is to express a conclusion with limited assurance on the combined non-financial statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's combined non-financial statement is not prepared, in

all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors disclosed in section “EU-Taxonomy” of the combined non-financial statement.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the sustainability organization and stakeholder engagement,
- Inquiries of the executive directors and relevant employees involved in the preparation of the combined non-financial statement about the preparation process, about the internal control system related to this process, and about disclosures in the combined non-financial statement,
- Inquiries of the employees regarding the selection of topics for the combined non-financial statement, the risk assessment and the policies of the Company and the Group for the topics identified as material,
- Inquiries of employees of the Company and the Group responsible for data capture and consolidation about the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the disclosures in the combined non-financial statement,
- Identification of likely risks of material misstatement in the combined non-financial statement,
- Analytical procedures on selected disclosures in the combined non-financial at the level of the Company and the Group,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected qualitative disclosures and data,
- Reconciliation of selected disclosures with the corresponding data in the group financial statements and combined management report,

- Evaluation of the process to identify the economic activities taxonomy-eligible and taxonomy-aligned as well as the corresponding disclosures in the combined non-financial statement,
- Evaluation of the presentation of the combined non-financial statement.

In determining the disclosures in accordance with Art. 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

### Assurance conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined non-financial statement of the Company for the period from 1 July 2022 to 30 June 2023 is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors as disclosed in section “EU-Taxonomy” of the combined non-financial statement.

### Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

### General Engagement Terms and Liability

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement ([www.de.ey.com/general-engagement-terms](http://www.de.ey.com/general-engagement-terms)).



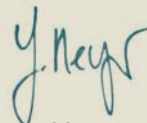
In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this information is useful

or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Eschborn/Frankfurt am Main, 7 September 2023

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft



Yvonne Meyer  
Wirtschaftsprüferin  
[German Public Auditor]



Annette Johnne  
Wirtschaftsprüferin  
[German Public Auditor]

## Declaration by Legal Representatives

We declare to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, financial position and earnings of the Group in compliance with the generally accepted standards of consolidated accounting, and that an accurate picture of the course of business, including business results, and the Group's situation is conveyed by the Group Management Report, which is combined with the Management Report of KWS SAAT SE & Co. KGaA, and that it describes the main opportunities and risks of the Group's anticipated development.

Einbeck, 7 September 2023

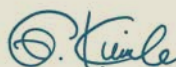
KWS SE



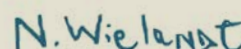
Dr. Felix Büchting



Dr. Peter Hofmann



Eva Kienle



Nicolás Wielandt

### Financial calendar

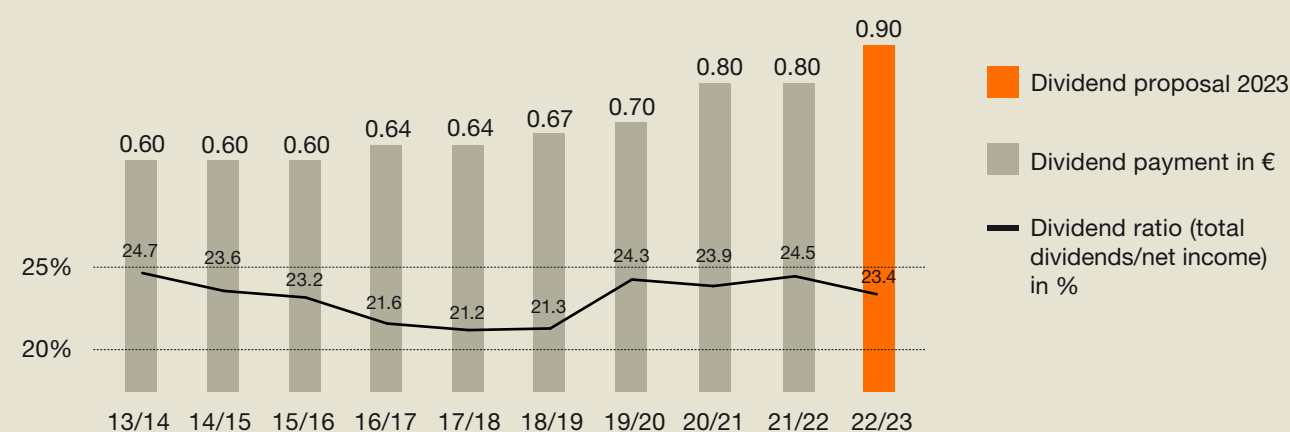
Date	
November 9, 2023	Quarterly Report Q1 2023/2024
December 13, 2023	Annual Shareholders' Meeting
February 8, 2024	Semiannual Report 2023/2024
May 14, 2024	Quarterly Report 9M 2023/2024
September 26, 2024	Publication of 2023/2024 financial statements, annual press and analyst conference

### KWS share

Key data of KWS SAAT SE & Co. KGaA	
Securities identification number	707400
ISIN	DE0007074007
Stock exchange identifier	KWS
Transparency level	Prime Standard
Index	SDAX
Share class	Non-par
Number of shares	33,000,000

### Dividend

#### Dividend payment and dividend ratios of the past ten years



## About this report

The Annual Report can be downloaded on our Internet sites at [www.kws.de](http://www.kws.de) and [www.kws.com](http://www.kws.com). The KWS Group's fiscal year begins on July 1 and ends on June 30. Unless otherwise specified, figures in parentheses relate to the same period or date in the previous year. There may be rounding differences for percentages and numbers.

## Contact

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## Safe harbor statement

This Annual Report includes forward-looking statements based on the assumptions and estimates of KWS SAAT SE & Co. KGaA's management. These forward-looking statements may be identified by words such as "forecast," "assume," "believe," "assess," "expect," "intend," "can/may/might," "plan," "should" or similar expressions.

These statements are based on current assessments and forecasts of the Executive Board and the information currently available to it and are subject to certain elements of uncertainty, risks and other factors that may result in significant deviations between expectations and actual circumstances. These factors may be, for example, changes in the overall economic situation, the general statutory and regulatory framework, and the industry.

KWS SAAT SE & Co. KGaA does not warrant that the future development and actual results achieved in the future match the assumptions and estimates expressed in this Annual Report and shall not assume any liability if they do not. Forward-looking statements must therefore not be regarded as a guarantee or pledge that the developments or events they describe will actually occur. KWS SAAT SE & Co. KGaA does not intend, nor does it assume any obligation, to update forward-looking statements in order to adapt them to events or developments after the date of this report.

## Photo credits

Jose Luis Arellano ■ Andreas Groß ■ Frank Stefan Kimmel ■ Julia Lormis ■ Lennart Ritscher ■ Roman Thomas

Date of publication: September 27, 2023

This translation of the original German version of the Annual Report has been prepared for the convenience of our English-speaking shareholders. The German version is legally binding.

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