3. Consolidated Financial Statements of KWS SAAT SE & Co. KGaA 2023/2024

Consolidated Statement of Comprehensive Income

July 1 to June 30

in € thousand	Note no.	2023/2024	2022/2023[1]
I. Income statement			
Continuing operations			
Net sales	6.1	1,678,118	1,500,291
Cost of sales	6.1	622,423	589,893
Gross profit on sales		**1,055,695**	**910,398**
Selling expenses	6.1	284,277	257,980
Research & development expenses	6.1	325,565	299,791
General and administrative expenses	6.1	149,586	140,140
Other operating income	6.2	57,453	41,214
Other operating expenses	6.3	51,769	58,590
Operating income		**301,951**	**195,113**
Financial income	6.4	8,709	9,861
Financial expenses	6.4	34,326	21,325
Result from equity-accounted financial assets	6.4	–24,345	–12,337
Net financial income/expenses	**6.4**	**–49,963**	**–23,801**
Earnings before taxes from continuing operations		**251,988**	**171,311**
Income taxes	6.5	67,912	45,219
Earnings after taxes from continuing operations	**6.8**	**184,076**	**126,092**
Discontinued operation			
Earnings after taxes from discontinued operations	**4.2**	**–53,246**	**897**
Group			
Earnings after taxes		**130,830**	**126,989**
II. Other comprehensive income[2]			
Changes in reserve for currency translation differences and hyperinflation for foreign operations[2]	7.9	3,252	–38,834
Other income from equity-accounted financial assets	7.9	1,457	–13,434
Net gain/(loss) on cash flow hedges	7.9	0	0
Net change in cost of hedging	7.9	–397	–200
Items that may have to be subsequently reclassified as profit or loss[2]		**4,312**	**–52,468**
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	7.9	–738	–2,616
Remeasurement gain/(loss) in defined benefit plans	7.9	4,134	–341
Items not reclassified as profit or loss		**3,396**	**–2,957**
Other comprehensive income after tax[2]	**7.9**	**7,708**	**–55,425**
III. Comprehensive income[2]		**138,538**	**71,564**
Diluted and basic earnings per share from continuing operations (in €)	**6.8**	**5.58**	**3.82**
Diluted and basic earnings per share for the Group (in €)	**6.8**	**3.96**	**3.85**

1 The previous year's figures have been adjusted due to the fact that the commercial corn and sorghum business in South America is recognized as a discontinued operation (see also section "4.2 Discontinued operation: disposal group classified as held for sale" of the Notes).
2 The previous year's figures have been adjusted due to the change in recognition relating to hyperinflation (see also section "3.1. Consistency of accounting policies" of the Notes).

Consolidated Balance Sheet

Assets

in € thousand	Note no.	06/30/2024	06/30/2023
Goodwill	7.1	105,407	123,679
Intangible assets	7.1	279,916	319,866
Right-of-use assets	7.15	46,200	46,627
Property, plant and equipment	7.2	621,296	594,995
Equity-accounted financial assets	7.3	119,919	155,558
Financial assets	7.5	6,704	6,879
Noncurrent tax assets	7.5	123	21,986
Other noncurrent receivables	7.5	5,104	10,883
Deferred tax assets	6.5	35,433	46,330
Noncurrent assets		**1,220,103**	**1,326,802**
Inventories and biological assets	7.6	380,551	415,255
Trade receivables	7.7	504,202	582,010
Cash and cash equivalents	7.8	222,363	172,999
Current tax assets	7.7	121,004	128,113
Other current financial assets	7.7	36,861	68,534
Other current assets	7.7	36,525	53,780
Current assets		**1,301,505**	**1,420,691**
Assets held for sale	**4.2; 4.3**	**434,486**	**2,067**
Total assets		**2,956,093**	**2,749,561**

Equity and liabilities			
Subscribed capital	7.9	99,000	99,000
Capital reserve	7.9	5,530	5,530
Retained earnings	7.9	1,295,384	1,186,545
Equity	**7.9**	**1,399,914**	**1,291,075**
Long-term provisions	7.11	91,333	97,293
Long-term borrowings	7.11	427,035	566,106
Noncurrent lease liabilities	7.11; 7.15	35,828	38,288
Deferred tax liabilities	6.5	53,872	57,486
Other noncurrent financial/non-financial liabilities	7.11	1,927	2,823
Noncurrent liabilities	**7.11**	**609,995**	**761,996**
Short-term provisions	7.12	30,910	38,008
Short-term borrowings	7.12	180,420	172,121
Current lease liabilities	7.12; 7.15	15,578	13,314
Trade payables	7.12	202,579	228,124
Current tax liabilities	7.12	53,606	33,994
Other current financial liabilities	7.12	17,024	36,198
Contract and refund liabilities	7.12	59,703	79,686
Other current liabilities	7.12	95,345	95,045
Current liabilities	**7.12**	**655,165**	**696,489**
Liabilities in connection with assets held for sale	**4.2**	**291,020**	**0**
Liabilities		**1,556,180**	**1,458,485**
Total equity and liabilities		**2,956,093**	**2,749,561**

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 and effects of hyperinflation for foreign operations	Reserve for currency translation differences on equity-accounted financial assets
06/30/2022 (as reported)	**99,000**	**5,530**	**1,235,099**	**–95,362**	**20,985**
Adjustment to recognition relating to hyperinflation			–44,996	44,996	
07/01/2022	**99,000**	**5,530**	**1,190,103**	**–50,366**	**20,985**
Dividends paid			–26,400		
Earnings after taxes			126,989		
Other comprehensive income after taxes				–38,834	–7,769
Total consolidated gains (losses)			**126,989**	**–38,834**	**–7,769**
Other changes					
06/30/2023	**99,000**	**5,530**	**1,290,692**	**–89,200**	**13,216**
07/01/2023	**99,000**	**5,530**	**1,290,692**	**–89,200**	**13,216**
Dividends paid			–29,700		
Earnings after taxes			130,830		
Other comprehensive income after taxes				3,252	3,020
Total consolidated gains (losses)			**130,830**	**3,252**	**3,020**
Other changes			0	0	0
06/30/2024	**99,000**	**5,530**	**1,391,822**	**–85,948**	**16,236**

				Parent company	Group equity
			Kumuliertes übriges Konzernergebnis	Total	Total
Cash flow hedge reserve on equity-accounted financial assets	Net gain/(loss) on equity instruments designated at fair value through other compre-hensive income	Revaluation of defined benefit plans	Cost of hedging reserve		
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	–55,425	–55,425
–5,665	**–2,616**	**–341**	**–200**	**71,564**	**71,564**
0	0	0		0	0
–2,326	**2,786**	**–28,424**	**–200**	**1,291,075**	**1,291,075**
–2,326	**2,786**	**–28,424**	**–200**	**1,291,075**	**1,291,075**
				–29,700	–29,700
				130,830	130,830
–1,563	–738	4,134	–397	7,708	7,708
–1,563	–738	4,134	–397	138,538	138,538
0	0	0	0	0	0
–3,889	**2,048**	**–24,290**	**–597**	**1,399,914**	**1,399,914**

Consolidated Cash Flow Statement

July 1 to June 30

in € thousand	Note no.	2023/2024	2022/2023
Earnings after taxes	**6.8**	**130,830**	**126,989**
Depreciation and amortization	7.1; 7.2; 7.15	119,088	95,392
Increase/decrease in long-term provisions	7.11	–2,652	1,640
Other non-cash expenses/income	8	89,733	78,789
Increase/decrease in short-term provisions	7.12	26,692	–3,829
Net gain/loss from the disposal of assets	6.2; 6.3	–30,431	–1,598
Income tax expense/income	6.5	67,912	48,680
Income tax payments/refunds	6.5	–41,778	–46,978
Interest expense/interest income	6.4	17,653	29,525
Increase/decrease in inventories	7.6	–152,790	–131,696
Increase/decrease in trade receivables	7.7	–71,662	–74,583
Increase/decrease in other assets not attributable to investing or financing activities		–32,130	–34,447
Increase/decrease in trade payables	7.12	10,493	29,796
Increase/decrease in other liabilities not attributable to investing or financing activities		26,088	21,475
Proceeds and payments from equity-accounted entities	7.3	160	5,499
Net cash from operating activities of the Group		**157,205**	**144,654**
minus net cash from operating activities of the discontinued operation		–718	–6,945
Net cash from operating activities of discontinued operations		**157,923**	**151,599**
Proceeds from disposal of tangible assets	7.2	953	3,485
Payments for capital expenditures for tangible assets	7.2	–136,060	–101,164
Proceeds from disposal of intangible assets	7.1	30,705	0
Payments for capital expenditures for intangible assets		–15,119	–8,353
Proceeds from disposal of financial assets		11,528	0
Interest received		4,598	5,887
Net cash from investing activities of the Group		**–103,395**	**–100,145**
minus net cash from investing activities of the discontinued operation		–2,299	1,497
Net cash from investing activities of discontinued operations		**–101,096**	**–101,642**

July 1 to June 30

in € thousand	Note no.	2023/2024	2022/2023
Dividend payments to shareholders	7.9	–29,700	–26,400
Payment of principal portion of lease liabilities	7.15	–17,125	–11,933
Payment of interest portion of lease liabilities	6.4; 7.15	–2,526	–1,628
Interest paid incl. transaction costs on issuance of promissory notes and borrowings		–14,864	–28,532
Proceeds from long-term borrowings		208,106	91,952
Repayment of long-term borrowings		–98,105	–90,620
Changes from proceeds/repayments of short-term borrowings		–21,036	7,822
Net cash from financing activities of the Group		**24,750**	**–59,339**
minus net cash from financing activities of the discontinued operation		–30,449	294
Net cash from financing activities of discontinued operations		**55,199**	**–59,633**
Net cash changes in cash and cash equivalents and restricted cash		**78,560**	**–14,829**
Changes in cash and cash equivalents and restricted cash due to exchange rate, consolidated group and measurement changes		**–6,091**	**–15,836**
Cash and cash equivalents and restricted cash of the discontinued operation (IFRS 5)		**–23,105**	**0**
Cash and cash equivalents, including restricted cash, at beginning of year		172,999	203,664
Cash and cash equivalents, including restricted cash, at end of year	**8**	**222,363**	**172,999**
thereof restricted cash and cash equivalents at end of year		**265**	**21**

Notes for KWS SAAT SE & Co. KGaA 2023/2024

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 the fiscal year 2023/2024.

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 breeding of new varieties, propagation and processing to 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 10, 2024, 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 year 2023/2024:

Standards and interpretations applied for the first time

Financial reporting standards and interpretations
IFRS 17 – Insurance Contracts, including amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
IAS 1 – Amendments to IAS 1 Presentation of Financial Statements and to IFRS Practice Statement 2: Disclosure of Accounting Policies
IAS 8 – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
IAS 12 – Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 12 – Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules

At the date of signing, all amendments to the financial reporting standards and interpretations applied as of July 1, 2023, did not have a significant impact on the consolidated financial statements of the KWS Group.

Nevertheless, given the highly multinational nature of the KWS Group's business activities, supplementary information on the changes to IAS 12 (Pillar Two Model Rules) resulting from the fact that more than 130 countries have agreed on a global minimum tax rate can be found in sections "3.15 Actual taxes" and "6.5 Taxes" of the Notes.

Standards and interpretations to be applied in future

The IASB has issued the following standards and interpretations and amendments to standards and interpretations whose application was not yet mandatory for the 2023/2024 fiscal year or where the standards or interpretations have been published by the IASB, but the European Union had not yet completed the endorsement process. The standards in the table below have not yet been applied by the KWS Group.

Based on the analyses currently conducted, these standards and interpretations are not expected to have a significant impact on the KWS Group's assets, financial position and earnings.

Standards and interpretations to be applied in future

Financial reporting standards and interpretations (adopted into European law)	Mandatory first-time application
IFRS 16 – Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	Fiscal year 2024/2025
IAS 1 – Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, including Deferral of Effective Date, and Non-current Liabilities with Covenants	Fiscal year 2024/2025
IAS 7 – Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements	Fiscal year 2024/2025

Standards and interpretations to be applied in future

Financial reporting standards and interpretations (not yet adopted into European law)	Anticipated mandatory first-time application acc. to IASB
IAS 21 – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (published by the IASB on August 15, 2023)	Fiscal year 2025/2026
Amendments to **IFRS 9** Financial Instruments and **IFRS 7** Financial Instruments: Disclosures: Classification and Measurement of Financial Instruments (published by the IASB on May 30, 2024)	Fiscal year 2026/2027
IFRS 18 Presentation and Disclosure in Financial Statements (published by the IASB on April 09, 2024)	Fiscal year 2027/2028
IFRS 19 Subsidiaries without Public Accountability: Disclosures (published by the IASB on May 9, 2024)	Fiscal year 2027/2028

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.

Due to the close link between exchange rate developments and inflation in countries to which IAS 29 "Financial Reporting in Hyperinflationary Economies" applies, the inflation-related remeasurement effect on equity, the scope of which has increased sharply over time, together with the currency translation effect, has now qualified as a whole as an exchange difference in accordance with IAS 21 since the 2023/2024 fiscal year. The overall effect is recognized directly in equity under "Other comprehensive income," resulting overall in a more relevant and reliable presentation. The change has been made retrospectively. The figures for the previous fiscal year 2022/2023 and the opening balance sheet figures for it have been adjusted accordingly. The change was made because it enables a clearer and more meaningful presentation of the mutually influencing effects of hyperinflation and exchange rate developments.

The changes to the relevant items in the statement of changes in equity for the previous year can be seen in the overview below. The cumulative total effect for previous periods (i.e. all periods prior to July 1, 2022) was €44,996 and has also been presented separately in the consolidated statement of changes in equity.

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.

Consolidated statement of changes in equity (excerpt)

in € thousand	Reported		Adjustment		After adjustment	
	Accumulated Group equity from earnings	Comprehensive other Group income	Accumulated Group equity from earnings	Comprehensive other Group income	Accumulated Group equity from earnings	Comprehensive other Group income
		Reserve for currency translation differences on foreign operations		Reserve for currency translation differences on foreign operations		Reserve for currency translation differences and effects of hyperinflation for foreign operations
06/30/2022	**1,235,099**	**–95,362**	**–44,996**	**44,996**	**1,190,103**	**–50,366**
Dividends paid	–26,400				–26,400	
Earnings after taxes	126,989				126,989	
Other comprehensive income after taxes		–77,862		39,028		–38,834
Other changes	39,028		–39,028		0	
06/30/2023	**1,374,716**	**–173,224**	**–84,024**	**84,024**	**1,290,692**	**–89,200**

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" of the Notes.

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 subsidiary's 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 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 "Result from equity-accounted financial assets" in the net financial income/expenses. Associated companies in which the KWS Group exerts a significant influence (which can usually be assumed if 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 company's 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

		Rate on balance sheet date		Average rate	
1 EUR/		**06/30/2024**	**06/30/2023**	**2023/2024**	**2022/2023**
ARS[1]	Argentina	976.67	280.14	976.67	280.14
BRL	Brazil	5.99	5.22	5.41	5.40
GBP	UK	0.85	0.86	0.86	0.87
RUB	Russia	92.42	95.11	99.73	72.97
TRY[1]	Türkiye	35.13	28.15	35.13	28.15
UAH	Ukraine	43.35	40.00	41.00	38.18
USD	U.S.	1.07	1.09	1.08	1.05

1 The average exchange rate corresponds to the rate on the balance sheet date pursuant to the application of IAS 29 for the Turkish and Argentinean 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 of monetary balance sheet items denominated in foreign currency 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 Türkiye were still classified as hyper-inflationary 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 comprehensive income."

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 1,709.61 points at July 1, 2023, and rose by 271.5% in the past fiscal year to 6,351.71 points at June 30, 2024. Türkiye's Consumer Price Index (CPI) was 1,351.59 points at July 1, 2023, and rose by 71.6% in the past fiscal year to 2,319.29 points at June 30, 2024.

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 bonuses. 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 12 months. For contracts with customers that have a period for payment of more than 12 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.

Performance-based public grants are carried as a reduction in the respective function costs.

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 with a finite useful life 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

The residual values, useful economic lives (finite and indefinite) and methods of amortization for intangible assets are reviewed no later than at the end of each fiscal year and adjusted prospectively if necessary.

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. This depreciation is still recognized in the respective function costs.

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 Assets and disposal groups held for sale and discontinued operations

Noncurrent assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be realized predominantly through sale or distribution rather than through continued use.

In general, these assets or the disposal group are recognized at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill and then to the remaining assets and liabilities on a pro rata basis – with the exception that no loss is allocated to inventories, financial assets, deferred tax assets, assets arising from employee benefits, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies.

Impairment losses on initial classification of an asset as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss.

Intangible assets and property, plant and equipment are no longer amortized or depreciated from the time they are classified as held for sale, and any equity-accounted investee is no longer carried using the equity method as soon as it is classified as held for sale.

An operation is classified as a discontinued operation upon its sale or as soon as it meets the criteria for classification as held for sale, whichever is earlier.

A discontinued operation is a component of the Group's business where

- its business area and cash flows can be clearly segregated from the rest of the Group and it represents a separate major line of business or geographical area of operations;
- it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- it is a subsidiary acquired exclusively with a view to resale.

If an operation is classified as discontinued, the income statement for the comparative year is adjusted as if the operation had been classified as discontinued from the beginning of the comparative year.

Consolidation processes are regularly applied in calculating current earnings after taxes from discontinued operations, i.e. all transactions between the discontinued and continuing operations are eliminated in full.

In addition, the regulations of IAS 29 "Financial Reporting in Hyperinflationary Economies" are also applied if the discontinued operation includes subsidiaries located in hyperinflationary economies.

Cash proceeds/payments from discontinued operations are presented separately from cash proceeds/payments from continuing operations in the consolidated cash flow statement. Prior-year figures are adjusted as if the operation had been classified as discontinued from the beginning of the comparative year.

3.11 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
- 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 principal. If financial assets are held as part of the business model to collect contractual cash flows and sell accordingly designated financial instruments, these financial instruments 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 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 12 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 and are only recognized as an impairment loss in the balance sheet if they are material. 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.

Depending on their structure, liabilities from derivative financial instruments are recognized with changes in value in the other comprehensive income or in profit or loss (see also section “3.12 Derivatives” of the Notes). 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.

3.12 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. 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. Derivatives can be designated as hedges of cash flows from a transaction that is highly likely to occur in the future in individual cases, but this is only considered for commodity derivatives at present. In such cases, 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 reserve for cash flow hedging 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.

3.13 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.

3.14 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 they are linked to an item recognized in equity or in other comprehensive income.

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.

3.15 Actual taxes

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.

The global minimum tax under Pillar Two is calculated on the basis of the taxable profit or loss in the country in question. This profit or loss – before elimination of intra-Group items and after other adjustments – is included in the consolidated financial statements of the ultimate parent company. The KWS Group has come to the conclusion that this global minimum tax, which is payable under national legislation for Pillar Two, is an income tax within the scope of IAS 12. The KWS Group has applied the temporary, mandatory exemption regarding the recognition of deferred taxes resulting from introduction of global minimum taxation, i.e. deferred taxes in connection with income taxes resulting from current or announced tax regulations to implement the Pillar Two legislation do not have to be recognized or disclosed. These taxes are carried accordingly as actual tax expense/income at the time they are incurred.

3.16 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.

3.17 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 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.

3.18 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.

3.19 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 (section 7.1 of the Notes)
- Determination of the need to recognize impairment losses on inventories (section 6.1 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.

3.20 Impact of significant events

The war between Russia and Ukraine

In view of the ongoing war resulting from Russia's invasion of Ukraine in February 2022, the situation in both countries is constantly being monitored and assessed. The spread of hostilities in Ukraine may result in interruptions to business operations (corn seed production), for example. There are continued efforts by the Russian Ministry of Agriculture to increase localization and control of the local seed market and tighter import restrictions.

Consequently, the macroeconomic conditions resulting from the war between Russia and Ukraine were – as in previous years – taken into account in the measurement policies at June 30, 2024.

Among other things, the change in the market situation caused by the war between Russia and Ukraine was taken into account in the adopted budget and medium-term planning, which in turn were included in the annual goodwill impairment test at June 30, 2024. In addition, indications of impairment of property, plant and equipment and other intangible assets were examined against the backdrop of the war between Russia and Ukraine. 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 2023/2024 accounted for 8.2% (9.5%) 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 2023/2024 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 that by continuously improving our varieties as part of our global breeding programs. The breeding objectives as part of that 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.

In general, the above-mentioned climate-related issues are already inherent in the KWS Group's business activities and are therefore reflected in the accounting policies and assumptions. Consequently, there is currently no or only a minor impact on estimates of the useful lives and impairment of noncurrent assets, including goodwill, for example.

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

4. Consolidated Group and Changes in the Consolidated Group

4.1 Changes in the consolidated group in the current fiscal year

There are 85 companies consolidated in the KWS Group (previous year: 88).

Number of companies including KWS SAAT SE & Co. KGaA

			06/30/2024			06/30/2023
	Germany	Abroad	Total	Germany	Abroad	Total
Fully consolidated	13	60	73	13	61	74
Equity method	0	5	5	0	6	6
Joint operation	0	7	7	0	8	8
Total	**13**	**72**	**85**	**13**	**75**	**88**

There were the following changes among the fully consolidated foreign subsidiaries:

- In December 2023, KWS BRASIL LTDA. (Brazil) was established with the aim of bundling South American vegetable business, which comprises in particular the crops tomatoes, melons and watermelons.
- KWS FIDC (Brazil) was dissolved with effect from December 31, 2023. The company is a subsidiary that was ascribable to the discontinued South American corn and sorghum business, meaning that the deconsolidation loss of €876 thousand was recognized in the income of the discontinued operation (see section “4.2 Discontinued operation: disposal group classified as held for sale” of the Notes).
- KWS Seed Science & Technology (Sanya) Co., Ltd. (China) was dissolved effective June 30, 2024. In connection with the deconsolidation, a gain of €12 thousand was recognized in the income statement as other operating income.

There were the following changes among the equity-accounted foreign companies:

- On October 31, 2023, it was announced that the 49% stake in KENFENG – KWS SEED CO., LTD (China) and the Chinese corn portfolio (including licenses) would be divested to the joint venture partner. Accordingly, the stake was classified as an asset held for sale in accordance with IFRS 5 during the year and no income was recognized for the stake using the equity method since then. Overall, the transaction was completed successively, whereby various assets of the Chinese corn portfolio were initially transferred to the joint venture partner step by step (asset deals) before the shares were transferred on February 26, 2024, upon payment of the purchase price (share deal). A gain of €30,664 thousand from the disposal of assets (asset deal) was recognized in the income statement as other operating income; on the other hand, there was a deconsolidation loss of €784 thousand from the share deal, which was recognized in the result from equity-accounted financial assets.

There were the following changes among the foreign joint operations:

- Due to the discontinuation of its business activities, GENECTIVE CANADA INC., (Canada) was no longer included proportionately in the consolidated financial statements with effect from July 1, 2023. This resulted in a deconsolidation gain of €1 thousand, which was recognized in the income statement as other operating income.

4.2 Discontinued operation: disposal group classified as held for sale

KWS concluded an agreement with GDM Holding S.A. (GDM Group) to sell its corn and sorghum business, together with licenses, effective March 25, 2024.

The transaction essentially comprises all breeding and sales activities for corn in South America (Brazil, Argentina, Paraguay and Uruguay) and all of the KWS Group's production sites for corn seed in Argentina and Brazil and thus relates in particular to the Corn operating segment. The South American sorghum business, which was also sold, was part of the Cereals operating segment.

The transaction was subject to defined closing conditions and approval by the competent authorities. These conditions were not met until after the balance sheet date, meaning that closing took place on July 31, 2024, and the South American corn and sorghum business was therefore still presented as a discontinued operation in the current fiscal year 2023/2024.

The recoverable amount of the disposal group's noncurrent assets was estimated immediately prior to classification as a discontinued operation (March 31, 2024). No impairment loss was identified or recognized as part of that.

Following initial classification, the disposal group was recognized at the lower of their carrying amount and fair value less costs to sell.

At June 30, 2024, the disposal group was recognized at its carrying amount and comprises the assets and liabilities listed in the table.

Assets held for sale

in € thousand	06/30/2024
Goodwill	17,249
Intangible assets	15,551
Property, plant and equipment	58,697
Trade receivables	117,959
Inventories	101,529
Cash and cash equivalents	23,105
Taxes	51,533
Other	36,684
Assets held for sale	**422,307**

Liabilities in connection with assets held for sale

in € thousand	06/30/2024
Financial liabilities	196,452
Provisions	28,880
Trade payables	23,617
Taxes	16,513
Other	18,776
Liabilities in connection with assets held for sale	**284,237**

The income from the discontinued operation, which also include transaction costs of €3,185 thousand, is as follows:

Income of the discontinued operation

in € thousand	2023/2024
Revenue	265,120
Expenses	335,703
Earnings before taxes (operating activities)	**–70,582**
Taxes	–17,337
Earnings after taxes (total) of the discontinued operation	**–53,246**
Earnings per share (€)	**–1.61**

The other comprehensive income includes a cumulative effect of €–9,256 thousand in connection with the disposal group.

As the disposal group was reported at the lower carrying amount as of June 30, 2024, no impairment losses or subsequent reversals of impairment losses from a possible measurement or remeasurement at fair value less costs to sell were recognized.

4.3 Other assets and disposal groups held for sale

At the end of fiscal year 2023/2024, the KWS Group terminated the joint venture agreement relating to the 50% stake in GENECTIVE S.A. (including subsidiaries), which is included proportionately in the consolidated financial statements. As the shares are expected to be sold within 12 months, the joint operation was classified as held for sale at the balance sheet date on June 30, 2024. The stake was tested for impairment immediately prior to classification of the joint operation as held for sale. An impairment loss of €4,573 thousand was recognized as part of that and is fully ascribable to the "R&D costs" functional area.

The following table shows the significant assets and liabilities of GENECTIVE S.A. (including subsidiaries) after impairment.

Assets held for sale (proportionately at 50%)

in € thousand	06/30/2024
Intangible assets	6,283
Property, plant and equipment	2,536
Cash and cash equivalents	3,048
Other	312
Assets held for sale	**12,179**

Liabilities in connection with assets held for sale (proportionately at 50%)

in € thousand	06/30/2024
Financial liabilities	4,556
Provisions	542
Trade payables	322
Other	1,362
Liabilities in connection with assets held for sale	**6,783**

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 and
- 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 (on a pro rata temporis basis until October 31, 2023 – see also section "4.1 Changes in the consolidated group in the current fiscal year" of the Notes). 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.

The corn and sorghum business in Brazil and Argentina is no longer included in the management reporting for the Corn and Cereals Segments because of the intention to close the sale of it. Corn and sorghum business in Brazil and Argentina (discontinued operation) is therefore no longer reflected in the segment information for the current year under review.

Consequently, comparative segment information, with the exception of operating assets and operating liabilities, has also been adjusted retroactively, i.e. the adjusted figures for the previous year no longer include the activities of the discontinued operation.

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	
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023
Corn	701,455	738,154	0	94	701,455	738,060
Sugarbeet	864,873	716,284	0	24	864,873	716,259
Cereals	275,855	247,052	0	0	275,855	247,052
Vegetables	62,349	66,001	284	0	62,066	66,001
Corporate	23,582	22,959	14,419	14,645	9,164	8,314
Total for the segments	**1,928,114**	**1,790,450**	**14,702**	**14,764**	**1,913,412**	**1,775,686**
Elimination of equity-accounted financial assets					–235,294	–275,396
Sales according to the consolidated statement of comprehensive income					**1,678,118**	**1,500,291**

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 or variable royalties are paid in order to ensure compliance with the arm's length principle. Technology revenues from genetically modified traits ("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 non-cash items per segment

in € thousand	Segment earnings		Depreciation and amortization		Other noncash items	
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023
Corn	39,066	18,749	38,715	32,990	–44,293	–60,447
Sugarbeet	350,050	253,404	23,506	22,204	–46,174	–34,967
Cereals	50,354	39,244	7,178	7,764	–5,488	–14,904
Vegetables	–34,711	–11,764	23,516	14,065	–1,516	–1,051
Corporate	–127,060	–115,015	25,858	20,918	–11,176	–11,776
Total for the segments	**277,699**	**184,618**	**118,774**	**97,940**	**–108,648**	**–123,145**
Elimination of equity-accounted financial assets	24,253	10,495	–15,829	–14,289	14,705	13,718
Total excluding equity-accounted financial assets	**301,951**	**195,113**	**102,945**	**83,651**	**–93,943**	**–109,426**
Net financial income/expenses	–49,963	–23,801				
Earnings before taxes from continuing operations	**251,988**	**171,311**				

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 earnings. The operating income of each segment is reported as the **segment earnings.** The segment earnings 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	
	2023/2024	**2022/2023**	**2023/2024**	**2022/2023**
Corn	637,581	1,016,898	148,775	250,603
Sugarbeet	622,211	471,541	123,498	139,153
Cereals	166,063	187,098	42,462	73,298
Vegetables	436,703	438,025	9,582	8,468
Corporate	263,404	214,185	270,110	172,873
Total for the segments	**2,125,962**	**2,327,747**	**594,427**	**644,396**
Elimination of equity-accounted financial assets	–187,989	–239,163	–65,754	–52,566
Total excluding equity-accounted financial assets	**1,937,973**	**2,088,585**	**528,673**	**591,830**
Others	1,018,120	660,976	1,027,507	866,655
KWS Group acc. to consolidated financial statements	**2,956,093**	**2,749,561**	**1,556,180**	**1,458,485**

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, cash and cash equivalents and assets held for sale and are accordingly carried under the “Others” item.

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, deferred tax liabilities and liabilities in connection with assets held for sale and are accordingly carried under the “Others” item.

The increase in the “Others” item is almost exclusively due to recognition of the South American corn and sorghum business as a discontinued operation.

Investments in long-term assets by segment[1]

in € thousand	2023/2024	2022/2023
Corn	27,843	25,863
Sugarbeet	58,474	37,034
Cereals	17,527	12,824
Vegetables	16,458	14,286
Corporate	25,417	17,873
Total for the segments	**145,719**	**107,880**
Elimination of equity-accounted financial assets	–5,804	–7,044
Investments acc. to consolidated financial statements	**139,915**	**100,836**

1 Excluding right-of-use assets in accordance with IFRS 16

The main capital spending for each segment is as follows:

- Corn: Expansion and modernization of production and processing plants in Ukraine and Romania
- Sugarbeet: Expansion of storage capacities in Germany, among other things with construction of an elite storehouse at Einbeck, and expansion of the seed treatment plants in Türkiye.
- Cereals: Expansion and modernization of production plants, warehouses and breeding stations, in particular in Germany, France and Poland
- Vegetables: Start of construction of a research center in the Netherlands; acquisition of a license for the crops watermelons, cucumbers and tomatoes, and expansion and completion of the breeding stations in Brazil, Mexico and Spain
- Corporate: Implementation of new ERP software and an efficiency project aimed at using heat from effluents

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	2023/2024	2022/2023
Germany	307,756	281,184
Europe (excluding Germany)	928,720	825,064
thereof in France	169,246	144,214
North and South America	295,587	273,836
thereof in the U.S.	267,856	250,482
Rest of world	146,055	120,207
KWS Group	**1,678,118**	**1,500,291**

Long-term assets by region

in € thousand	2023/2024	2022/2023
Germany	333,153	328,910
Europe (excluding Germany)	630,387	630,306
thereof in the Netherlands	411,868	424,567
North and South America	190,732	275,720
thereof in the U.S.	170,190	187,145
Rest of world	25,170	12,667
KWS Group	**1,179,442**	**1,247,603**

6. Notes to the Consolidated Statement of Comprehensive Income

Until the transaction is closed, the South American corn and sorghum business is reported as a discontinued operation (see section "4.2 Discontinued operation: disposal group classified as held for sale" of the Notes for details).

All of the figures presented below for fiscal years 2023/2024 and 2022/2023 in the "Notes to the Consolidated Statement of Comprehensive Income" therefore relate to the company's continuing operations, unless explicitly stated otherwise. The figures for 2022/2023 have been adjusted accordingly.

6.1 Net sales and function costs

Net sales increased by 11.9% to €1,678,118 (1,500,291) thousand. Net sales are mainly generated from seed deliveries (€1,487,093 thousand; previous year: €1,338,210 thousand) and royalties (€131,470 thousand; previous year: €114,145 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 5.5% to €622,423 (589,893) thousand, or 37.1% (39.3%) of sales. The key factors behind the higher cost in absolute terms were the strong expansion of business in the Sugarbeet Segment and higher destruction and write-downs of inventories. The total cost of goods sold was €527,621 (510,824) 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 and economies of scale. The grants recognized in the cost of sales amounted to €1,227 (1,197) 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	2023/2024	2022/2023
Impairment losses	56,917	52,797
Reversals of impairment losses	2,773	8,814

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 substitution by new varieties. Impairment losses on inventories are reversed if the reasons for the impairment no longer apply.

Selling expenses increased by €26,297 thousand to €284,277 (257,980) thousand, or 16.9% (17.2%) of sales. This increase in absolute terms is mainly attributable to cost increases compared with the previous year. The grants recognized in the selling expenses amounted to €344 (221) thousand.

Research & development is recognized as an expense in the year it is incurred; in the year under review, this amounted to €325,565 (299,791) thousand. That was 19.4% (20.0%) 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 approved. The grants recognized in the R&D costs amounted to €10,372 (9,037) thousand.

General and administrative expenses rose by €9,446 thousand to €149,586 (140,140) thousand, among other things due to higher IT, energy and wage costs, and were 8.9% (9.3%) of sales. The grants recognized in the general and administrative expenses amounted to €17 (306) thousand.

6.2 Other operating income

July 1 to June 30

in € thousand	2023/2024	2022/2023
Income from the disposal of noncurrent assets	31,002	1,938
Foreign exchange gains	12,251	26,425
Income from reversal of valuation allowances for trade receivables and recovery of written-off receivables	4,355	3,072
Unrealized gain on derivatives measured at fair value through profit or loss	1,173	911
Income from received compensation	996	36
Other income related to previous periods	243	16
Income from the reversal of provisions	2	82
Miscellaneous other operating income	7,431	8,733
Total	**57,453**	**41,214**

Other operating income in fiscal 2023/2024 was impacted by the non-recurring income from divestment of the Chinese corn portfolio (including licenses) to an amount of €30,664 thousand (see also section "4.1. Changes in the consolidated group in the current fiscal year" of the Notes).

In addition, other operating income mainly includes 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 Türkiye.

In addition, other operating income of €749 thousand was generated from the sale of the carrot breeding program in fiscal 2023/2024; it is carried under "Miscellaneous other operating income."

6.3 Other operating expenses

July 1 to June 30

in € thousand	2023/2024	2022/2023
Foreign exchange losses	19,540	42,840
Loss on net monetary position (hyperinflation)	9,244	5,543
Valuation allowances on receivables	6,848	4,201
Expenses relating to previous periods	1,592	2,243
Unrealized loss on derivatives measured at fair value through profit or loss	622	867
Other expenses	13,923	2,896
Total	**51,769**	**58,590**

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 the balance sheet date. The high foreign exchange losses in the previous year are largely attributable to the sharp volatility of various currencies, particularly in Eastern Europe, and the devaluation of the Turkish lira. Outstanding items denominated in foreign currency were reduced significantly in fiscal 2023/2024.

The increase of €3,701 thousand in losses from the net monetary position to €9,244 (5,543) thousand is attributable solely to above-proportionate inflation in Türkiye.

The other expenses include the setup of a provision for value-added tax risks to an amount of €7,744 thousand as well as other taxes and expenses in connection with divestment of the Chinese corn portfolio (asset deal) totaling €2,134 thousand.

6.4 Net financial income/expenses

July 1 to June 30

in €	2023/2024	2022/2023
Interest income	4,801	2,625
Foreign exchange gains	3,818	6,828
Income from other financial assets	90	408
Financial income	**8,709**	**9,861**
Interest expenses	20,017	12,061
Foreign exchange losses	8,423	4,882
Interest effects from pension provisions	3,003	2,713
Interest expenses for lease liabilities	2,526	1,463
Interest expense for other long-term provisions	357	206
Financial expenses	**34,326**	**21,325**
Result from equity-accounted financial assets	**–24,345**	**–12,337**
Net financial income/expenses	**–49,963**	**–23,801**

Net financial income/expenses fell compared with the previous year, mainly due to higher interest expenses and the loss from equity-accounted financial assets.

The net interest result of €–21,013 (–13,410) thousand was mainly influenced by higher interest expenses in Türkiye during the year and the generally higher level of interest rates in Germany.

The net loss from foreign exchange gains and losses amounted to €4,605 thousand (previous year: net gain of €1,946 thousand). These arose in connection with the Group's financing. The net loss is largely attributable to short-term intra-Group loans denominated in US dollars.

The negative result from equity-accounted joint ventures and associated companies is almost exclusively due to the high loss made by AGRELIANT GENETICS LLC (see also section "7.3 Equity-accounted financial assets" of the Notes).

6.5 Taxes

Income tax expenses

in € thousand	2023/2024	2022/2023
Actual income taxes	**80,135**	**59,473**
thereof from previous years	–2,577	1,343
Deferred taxes	**–12,223**	**–14,254**
Income taxes	**67,912**	**45,219**

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 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 of the fully consolidated companies in foreign countries vary between 2.0% (2.0%) in Russia (Special Economic Zone) and 30.0% (30.0%) in Mexico.

The deferred taxes that are recognized relate to the following balance sheet items and tax loss carryforwards:

Deferred taxes

in € thousand	At 06/30/2023				Changes in current year		
	Deferred tax assets	Deferred tax liabilities	Net value	Disposal from IFRS 5 reclassification	Recognized in profit or loss	Other comprehensive income	Currency incl. hyperinflation effects
Intangible assets [1]	382	53,340	**–52,957**	199	4,366	0	–208
Property, plant and equipment	842	24,557	**–23,715**	6,971	482	0	–1,834
Financial assets	4,081	4,394	**–314**	–109	2,788	290	–657
Inventories	15,927	8,005	**7,922**	3,243	2,683	0	–266
Current assets	1,756	3,684	**–1,928**	2,270	–564	0	–48
Noncurrent liabilities [2]	35,301	1,387	**33,914**	–15,046	–1,834	–1,577	84
of which pension provisions	10,734	7	**10,727**	0	–725	–1,541	1
Current liabilities [3]	18,542	1,564	**16,978**	–5,499	5,360	0	–245
Deferred taxes recognized (gross)	**76,831**	**96,931**	**–20,100**	**–7,970**	**13,280**	**–1,287**	**–3,174**
Tax loss carryforward	8,945	0	**8,945**	–7,076	–1,057		0
Setting off	–39,446	–39,446	**0**	0	0		0
Deferred taxes recognized (net)	**46,330**	**57,485**	**–11,156**	**–15,046**	**12,223**	**–1,287**	**–3,174**

in € thousand	At 06/30/2024		
	Deferred tax assets	Deferred tax liabilities	Net value
Intangible assets [1]	123	48,723	**–48,600**
Property, plant and equipment	608	19,162	**–18,553**
Financial assets	2,837	260	**2,577**
Inventories	16,898	4,531	**12,367**
Current assets	5,431	4,486	**946**
Noncurrent liabilities [2]	17,465	1,887	**15,578**
of which pension provisions	8,875	413	**8,462**
Current liabilities [3]	18,565	2,131	**16,434**
Deferred taxes recognized (gross)	**61,927**	**81,179**	**–19,251**
Tax loss carryforward	812	0	**812**
Setting off	–27,307	–27,307	**0**
Deferred taxes recognized (net)	**35,432**	**53,871**	**–18,439**

1 Due to application of IFRS 16, there are deferred tax liabilities of €8,752 (12,440) thousand attributable to intangible assets as of June 30, 2024.
2 Due to application of IFRS 16, there are deferred tax assets of €8,129 (10,499) thousand attributable to noncurrent liabilities as of June 30, 2024.
3 Due to application of IFRS 16, there are deferred tax liabilities of €2,735 (3,351) thousand attributable to temporary differences in the recognition of current liabilities as of June 30, 2024.

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 €362 (841) thousand.

No deferred taxes were formed for tax loss carryforwards totaling €20,986 (20,040) thousand that have not yet been utilized. Loss carryforwards totaling €20,986 (20,040) thousand can be utilized without any time limit.

No deferred taxes were recognized on temporary differences totaling €38,536 (32,742) 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 if 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 €17,323 (23,773) 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.

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	2023/2024	2022/2023
Earnings before income taxes	251,988	171,311
Expected income tax expense[1]	**74,952**	**50,919**
Reconciliation with the reported income tax expense		
Differences from the Group's tax rate	–10,906	–8,865
Effects of changes in the tax rate	–1,446	–4,173
Tax effects from:		0
Expenses not deductible for tax purposes and other additions	5,346	6,797
Tax-free income	–5,122	–817
Other permanent deviations	–2,568	–3,643
Recognition and measurement of deferred tax assets	–427	217
Income taxes for prior years, withholding taxes and uncertain tax positions	5,083	3,232
Other effects	3,001	1,552
		0
Reported income tax expense	**67,912**	**45,219**
Effective tax rate	27.0%	26.4%

1 Tax rate of the Group's parent company: 29.7% (29.7%)

The other effects include effects from the application of IAS 29 (hyperinflation) amounting to €2,850 (1,850) thousand in Türkiye.

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 €452 (1,361) 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 €158 (307) thousand.

Effects from changes in tax rates relate in particular 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 Austria and the Czech Republic 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 multinationally 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.

In order to reduce tax avoidance and profit shifting, the Organization for Economic Cooperation and Development (OECD) has published the Pillar Two Model Rules, which are intended to address the tax challenges arising from digitalization of the global economy in order to ensure an effective minimum tax rate of 15%. Where applicable, the KWS Group will pay an additional tax amounting to the difference between the effective tax rate and the minimum tax rate of 15% in accordance with the legislation for each country. Since the Pillar Two legislation will not apply to the KWS Group until the next fiscal year, the KWS Group is not subject to any tax burden in this regard in the current fiscal year. Similarly, the temporary, mandatory exemption regarding the recognition of deferred taxes means that deferred taxes in connection with income taxes resulting from current or announced tax regulations to implement the Pillar Two Model Rules published by the OECD are not recognized or disclosed.

Based on country-by-country reporting, almost all Group companies are subject to an effective tax rate of more than 15% per country in the current fiscal year. The only exception is one country for which a future supplementary tax could be expected, but that is not considered to be material given the size of the local subsidiary. In view of that, introduction of the Pillar Two legislation will not have any significant effects on the KWS Group’s assets, financial position and earnings.

6.6 Personnel costs/employees (continuing operations only)

July 1 to June 30

in € thousand	2023/2024	2022/2023
Wages and salaries	317,209	296,808
Social security contributions, expenses for pension plans and benefits	79,863	74,593
Total	**397,072**	**371,401**

Personnel costs went up by 6.9%. The number of employees increased from 4,391 to 4,673, or by 6.4%. Of the 4,673 (4,391) employees, 4,461 (4,173) are permanent employees and 212 (218) are temporary employees. The number of trainees and interns is recorded separately and not included in the headcount. There were 157 (140) trainees and interns at KWS at June 30, 2024.

Employees (FTE) by region (continuing operations only)

	2023/2024	2022/2023
Employees (FTE)		
Germany	2,316	2,179
Europe (excluding Germany)	1,749	1,646
North and South America	409	379
Rest of world	199	187
Total	**4,673**	**4,391**
Trainees and interns	157	140

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 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, 62,300 (71,023) shares were repurchased for the Employee Stock Purchase Plan at a total price of €3,189 (4,493) thousand and transferred directly to the employees. The total cost for issuing shares at a reduced price was €623 thousand in the past fiscal year (previous year: €791 thousand).

Long-term incentive (LTI)

The stock-based compensation plans awarded at the KWS Group to members of the Executive Board and of the first management level 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-half times (for the Spokesperson of the Executive Board 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 2024 into account, were €542 (657) thousand in the period under review. The provision for it at June 30, 2024, was €2,923 (3,017) thousand. The LTI fair values are calculated by an external expert.

6.8 Earnings after taxes

The earnings after taxes of the continuing operations were €184,076 (126,092) thousand on operating income of €301,951 (195,113) thousand and net financial income/expenses of €–49,963 (23,801) thousand and after taxes totaling €67,912 (45,219) thousand. Including the earnings after taxes of the discontinued operation totaling €–53,246 (897) thousand, the Group's earnings after taxes amounted to €130,830 (126,989) thousand.

The return on sales (earnings after taxes of the continuing operations relative to net sales) was 11.0% and thus well above the level of the previous year (8.4%). Diluted/basic earnings per share are calculated by dividing the Group's earnings after taxes by 33,000,000 shares and was €3.96 (3.85) for the Group and €5.58 (3.82) for the continuing operations.

7. Notes to the Consolidated Balance Sheet

Until the transaction is closed, the South American corn and sorghum business is reported as a discontinued operation (see section "4.2 Discontinued operation: disposal group classified as held for sale" of the Notes for details). The associated assets and liabilities are reported accordingly as separate items ("Assets held for sale" and "Liabilities in connection with assets held for sale") in the consolidated balance sheet as of June 30, 2024.

Unlike in the consolidated income statement, the International Financial Reporting Standards (IFRS) do not provide for any adjustment of the previous year's figures in the consolidated balance sheet as of June 30, 2023.

In view of that, the informational value of any direct comparison of the consolidated balance sheet figures as of June 30, 2024, with those at June 30, 2023, is limited.

7.1 Intangible assets

Reconciliation of the carrying amount of intangible assets

in € thousand	Other intangible assets	Goodwill	Intangible assets
Gross carrying amounts: 07/01/2023	**493,253**	**123,678**	**616,931**
Currency translation	–2,095	–1,696	–3,792
IAS 29 inflation adjustment	84	0	84
Additions	15,120	0	15,120
Disposals	692	0	692
Transfers	547	0	547
Reclassification of assets held for sale (IFRS 5)	60,883	16,575	77,458
Gross carrying amounts: 06/30/2024	**445,333**	**105,407**	**550,740**
Amortization and write-downs: 07/01/2023	**173,387**	**0**	**173,387**
Currency translation	–1,840	0	–1,839
Planned additions	30,373	0	30,373
Impairment	4,573	0	4,573
Disposals	421	0	421
Transfers	0	0	0
Reclassification of assets held for sale (IFRS 5)	40,656	0	40,656
Amortization and write-downs: 06/30/2024	**165,417**	**0**	**165,417**
Net carrying amounts: 06/30/2024	**279,916**	**105,407**	**385,323**
Net carrying amounts: 06/30/2023	**319,866**	**123,679**	**443,544**

in € thousand	Other intangible assets	Goodwill	Intangible assets
Gross carrying amounts: 07/01/2022	**489,275**	**122,990**	**612,265**
Currency translation	639	688	1,328
IAS 29 inflation adjustment	15	0	15
Additions	8,352	0	8,352
Disposals	5,067	0	5,067
Transfers	39	0	39
Gross carrying amounts: 06/30/2023	**493,253**	**123,678**	**616,931**
Amortization and write-downs: 07/01/2022	**156,277**	**–1**	**156,276**
Currency translation	577	1	577
Planned additions	19,911	0	19,911
Impairments	1,725	0	1,725
Disposals	5,067	0	5,067
Transfers	–35	0	–35
Amortization and write-downs: 06/30/2023	**173,387**	**0**	**173,387**
Net carrying amounts: 06/30/2023	**319,866**	**123,679**	**443,544**
Net carrying amounts: 06/30/2022	**332,998**	**122,990**	**455,989**

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 €15,120 (8,352) thousand related to the ongoing implementation of a new ERP system and the acquisition of software licenses in the Vegetables Segment. Amortization of intangible assets amounted to €30,373 (19,911) thousand. The main driver behind the increase in amortization is the “Pop Vriend” brand, which was still assigned an indefinite useful life and had a carrying amount of €20,752 thousand in the previous year. At the beginning of fiscal 2023/2024, various strategic aspects were evaluated, among other things against the backdrop of the appointment of a new management team. That also included a future uniform brand presence under the KWS Group brand, i.e. full integration of the “Pop Vriend” brand. In light of this new development, the brand’s useful life was reassessed and a finite rather than an indefinite useful life was taken into account, with the result that the “Pop Vriend” brand will now be amortized until the date when it is completely discontinued. Amortization of €10,376 thousand was recognized in the fiscal year 2023/2024, meaning that the remaining carrying amount at June 30, 2024, also amounted to €10,376 thousand.

The main carrying amount of the other intangible assets still relates to the technology from acquisition of the POP VRIEND SEEDS Group on July 1, 2019, namely €219,589 (228,372) thousand, which has an expected remaining useful life of 25 years.

Similarly to intangible assets with an indefinite useful life, goodwill obtained as part of company acquisitions is tested for impairment at least once a year.

To enable that, 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.

As of June 30, 2024, only the “Vegetables” Business Unit had significant goodwill, since the goodwill of the “Corn America” Business Units that existed in the previous year relates to the South American corn and sorghum business and is therefore part of the discontinued operation (see section “4.2 Discontinued operation: disposal group classified as held for sale” of the Notes for details).

Goodwill

in € thousand	06/30/2024	06/30/2023
Vegetables	99,576	99,576
Corn America	0	17,704
Cereals	4,017	3,987
Other	1,814	2,411
Total	**105,407**	**123,679**

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 2023/2024 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 (in Europe, Türkiye and Central and South America) is to be captured, in particular, 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 “Vegetables” Business Unit, a recovery in the market environment and an increase in net sales of spinach and bean seed are expected in the short to medium term.

The discount rate at the “Vegetables” Business Unit has been derived as the weighted average cost of capital (WACC) and was 8.22% (6.47%). The change compared to the previous year is mainly attributable to the increase in the risk-free interest rate.

A long-term growth rate of 2.0% (2.0%) has been assumed here on the basis of the long-term business expectations beyond the detailed planning horizon.

The impairment test conducted at the end of fiscal year 2023/2024 confirmed that the goodwill is not impaired.

Sensitivity analyses were also carried out, and 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, apart from the reduction in the long-term growth rate by 1 percentage point.

7.2 Property, plant and equipment

Reconciliation of the 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
Gross carrying amounts: 07/01/2023	**483,265**	**378,458**	**159,930**	**77,128**	**1,098,781**
Currency translation	–14,615	–11,919	–6,367	–1,870	–34,772
IAS 29 inflation adjustment	17,836	11,545	7,845	4,961	42,187
Additions	16,783	21,911	12,593	84,773	136,060
Disposals	330	2,749	5,323	134	8,536
Transfers	15,686	21,598	4,476	–42,523	–763
Reclassification of assets held for sale (IFRS 5)	40,176	26,301	15,290	5,886	87,653
Gross carrying amounts: 06/30/2024	**478,449**	**392,543**	**157,863**	**116,448**	**1,145,304**
Amortization and write-downs: 07/01/2023	**155,725**	**237,779**	**110,284**	**0**	**503,786**
Currency translation	–2,922	–5,169	–3,111	0	–11,201
IAS 29 inflation adjustment	4,785	7,225	4,760	0	16,770
Additions	14,631	24,268	13,219	0	52,118
Disposals	156	2,616	4,811	0	7,583
Transfers	–2,091	1,954	–76	0	–214
Reclassification of assets held for sale (IFRS 5)	9,510	11,835	8,324	0	29,669
Amortization and write-downs: 06/30/2024	**160,462**	**251,605**	**111,942**	**0**	**524,008**
Net carrying amounts: 06/30/2024	**317,987**	**140,938**	**45,922**	**116,448**	**621,296**
Net carrying amounts: 06/30/2023	**327,540**	**140,679**	**49,646**	**77,128**	**594,995**

in € thousand	Land and buildings	Technical equipment and machinery	Operating and office equipment	Prepayments for assets under construction	Property, plant and equipment
Gross carrying amounts: 07/01/2022	**474,660**	**371,355**	**147,935**	**36,168**	**1,030,118**
Currency translation	–18,305	–20,931	–6,241	–1,153	–46,630
IAS 29 inflation adjustment	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
Gross carrying amounts: 06/30/2023	**483,265**	**378,458**	**159,930**	**77,128**	**1,098,781**
Amortization and write-downs: 07/01/2022	**143,440**	**219,842**	**100,967**	**0**	**464,248**
Currency translation	–3,277	–7,781	–2,985	0	–14,042
IAS 29 inflation adjustment	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
Amortization and write-downs: 06/30/2023	**155,725**	**237,779**	**110,284**	**0**	**503,786**
Net carrying amounts: 06/30/2023	**327,540**	**140,679**	**49,646**	**77,128**	**594,995**
Net carrying amounts: 06/30/2022	**331,220**	**151,513**	**46,968**	**36,168**	**565,870**

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 storehouse for processing and storing breeding material for sugarbeet was continued at the Einbeck location. In the Vegetables Segment, construction of an extensive research facility in the Netherlands was commenced, among other things. 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 partner Vilmorin & Cie (Limagrain Group), 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 partner Vilmorin and an identical management team.

Disclosures on equity-accounted joint ventures (with the partner Vilmorin)

in € thousand	06/30/2024	06/30/2023
Stake in the joint ventures	50%	50%
Current assets	248,494	341,178
thereof cash and cash equivalents	33,433	48,346
Noncurrent assets	202,212	215,901
Current liabilities	224,390	284,280
thereof current financial liabilities (excluding trade payables and other liabilities and provisions)	77,310	167,686
Noncurrent liabilities	4,915	5,740
Net assets (100%)	221,402	267,060
Group share of net assets (50%)	110,701	133,530
Goodwill	8,780	8,780
Carrying amount for the stake in the joint ventures	**119,481**	**142,310**
Net sales	495,069	560,737
Depreciation and amortization	26,824	25,881
Net income for the period	–46,764	–24,437
Comprehensive income (100%)	–45,964	–45,073
Comprehensive income (50%)	–22,982	–22,536
Group share of comprehensive income	**–22,982**	**–22,536**
Dividend payment (100%)	**379**	**3,526**

In addition, the carrying amount of the insignificant joint venture FARMDESK B.V. fell from €770 thousand in the previous year to €0 thousand in the year under review. The resultant changes in the proportionate equity that are recognized in profit or loss are included, along with impairment of the goodwill, under the item "Result from equity-accounted financial assets" in the net financial income/expenses.

Equity-accounted associated companies

The Chinese joint venture KENFENG – KWS SEED CO., LTD., which was classified as a significant associated company in the previous year, was divested in the year under review (see also section "4.1. Changes in the consolidated group in the current fiscal year" of the Notes).

Consequently, only insignificant associated companies – IMPETUS AGRICULTURE, INC. at a carrying amount of €386 (387) thousand and GIE RHP RECOLTE HAUTE PRECISION at a carrying amount of €53 (51) thousand – were included in the KWS Group's consolidated financial statements using the equity method.

7.4 Proportionately consolidated joint operations

In general, the assets and liabilities and revenue and expenses from the joint operations are included proportionately (at 50%) in the consolidated financial statements.

GENECTIVE S.A., including its subsidiaries, whose main activity is development of genetically improved traits for crops, was proportionately consolidated up to now. However, in light of the intention to sell it, the joint operation was classified as held for sale at the balance sheet date on June 30, 2024 (see also section "4.3 Other assets and disposal groups held for sale" of the Notes).

As a result, AARDEVO B.V., including its subsidiaries, which specializes in developing potato seed, is the only proportionately consolidated joint operation in the KWS Group at the balance sheet date.

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 €5,487 (6,204) 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. For the first time, the financial assets also include plan assets totaling €536 (0) thousand, as the fair value of the plan assets for the pension commitments in the U.S. exceeded the present value of the accrued benefit entitlements from retirement obligations by a corresponding amount at June 30, 2024 (see also section "7.11. Noncurrent liabilities", subsection "Defined benefit plans").

The noncurrent tax assets total €123 thousand and relate solely to income tax assets. In the previous year, there were noncurrent tax assets totaling €21,986 thousand, which related solely to value-added tax assets and refund claims for sales-related social security contributions in Brazil. Due to the classification of the South American corn and sorghum business, along with the licenses, as a discontinued operation, these are now reported under assets held for sale (see section "4.2 Discontinued operation: disposal group classified as held for sale" of the Notes).

The other noncurrent receivables totaling €5,104 (10,883) thousand relate to trade receivables amounting to €855 (5,307) thousand that have a remaining period for payment of more than 365 days on June 30 and noncurrent receivables amounting to €2,773 (3,314) thousand from the subleasing of office space that is classified as a financial lease. In addition, this item includes noncurrent receivables from derivative financial instruments totaling €1,162 (1,632) thousand.

7.6 Inventories and biological assets

Inventories and biological assets

in € thousand	06/30/2024	06/30/2023
Raw materials and consumables	53,567	68,974
Work in progress	132,282	185,506
Immature biological assets	6,047	6,163
Finished goods	183,528	148,738
Rights of return	5,127	5,873
Total	**380,551**	**415,255**

Inventories and biological assets fell year on year by €34,704 thousand or 8.4%. Including the inventories of the South American corn and sorghum business, along with the licenses, as a discontinued operation as of June 30, 2024, to an amount of €101,529, which – unlike in the previous year – are now reported under assets held for sale (see section "4.2 Discontinued operation: disposal group classified as held for sale" of the Notes), there is effectively an increase in inventories. This increase reflects the Group's 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 €589 (1,044) 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	06/30/2024	06/30/2023
Trade receivables	504,202	582,010
Current tax assets	121,004	128,113
Other current financial assets	36,861	68,534
Other current assets	36,525	53,780
Total	**698,591**	**832,437**

The trade receivables include €12,247 (11,950) thousand in receivables from joint ventures and joint operations.

The need to recognize impairment losses at June 30, 2024, was analyzed using the provision matrix on the basis of the expected losses. To enable that, 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 credit risk exposure from noncurrent and current trade receivables is the carrying amount reported on the balance sheet and is as follows at June 30, 2024:

Credit risk exposure on trade receivables

in € thousand					
	Overdue in days				
	Not overdue	1 – 180 days	181 – 360 days	> 360 days	Total
06/30/2024					
Expected credit loss rate	1%	2%	60%	99%	
Total gross amount upon default	474,266	31,768	7,024	7,286	520,345
Expected credit loss	**3,094**	**763**	**4,219**	**7,212**	**15,288**
06/30/2023					
Expected credit loss rate	1%	3%	39%	95%	
Total gross amount upon default	524,439	64,849	5,937	21,582	616,807
Expected credit loss	**4,800**	**1,784**	**2,303**	**20,603**	**29,490**

The credit risks were reflected by the following allowances at June 30, 2024, and in the previous year:

Change in allowances on receivables

in € thousand	2023/2024	2022/2023
07/01	**29,490**	**26,274**
Currency translation	–2,752	–1,768
Addition	13,084	8,908
Disposal	5,169	546
Reversal	5,137	3,378
Reclassification of disposal group (IFRS 5)	14,229	0
06/30	**15,288**	**29,490**

Current tax assets mainly include income tax receivables of €46,475 (41,879) thousand and other tax assets (in particular value-added tax) of €74,529 (86,015) thousand.

The deposited security for concluded commodity derivatives is €351 (69) 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 €23,042 (45,415) 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, 2024, were €222,362 (168,869) thousand. Securities at the balance sheet date amounted to €1 thousand and fell sharply compared to the previous year (€4,130 thousand), because the securities were almost exclusively attributable to Brazil and these are now reported under assets held for sale due to the classification as a discontinued operation (see section “4.2 Discontinued operation: disposal group classified as held for sale” of the Notes).

As in the previous year, the annual impairment test of cash and cash equivalents did not result in any need to recognize any need for significant write-downs, meaning that no impairment loss has been recognized.

The change in cash and cash equivalents compared to the previous year is explained in the cash flow statement.

At June 30, 2024, the KWS Group had firmly promised loans it had not used totaling €398,190 (381,302) 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 and effects of hyperinflation, 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) and inflation-related remeasurement effects for subsidiaries located in hyperinflationary economies are carried in the item "Reserve for currency translation differences and effects of hyperinflation for foreign operations." The item "Revaluation of net liabilities/assets from defined benefit plans" and the associated plan assets includes the actuarial gains and losses from pensions and similar obligations. 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 differences on 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 "Cost of hedging reserve" for cash flows. If options are used in hedging, the changes in value of the fair value component are carried in a separate cash flow hedge reserve.

Other comprehensive income

in € thousand			2023/2024			2022/2023
	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Items that may have to be subsequently reclassified as profit or loss[1]	**4,022**	**290**	**4,312**	**–52,590**	**122**	**–52,468**
Changes in reserve for currency translation differences and effects of hyperinflation for foreign operations[1]	3,252	0	3,252	–38,834	0	–38,834
Other comprehensive income from equity-accounted financial assets	1,457	0	1,457	–13,434	0	–13,434
Net gain/(loss) on cash flow hedges	0	0	0	0	0	0
Net change in cost of hedging	–688	290	–397	–322	122	–200
Items not reclassified as profit or loss	**4,973**	**–1,577**	**3,396**	**–3,816**	**859**	**–2,957**
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	–702	–36	–738	–3,265	649	–2,616
Revaluation of net liabilities/assets from defined benefit plans	5,675	–1,541	4,134	–551	210	–341
Other comprehensive income[1]	**8,995**	**–1,287**	**7,708**	**–56,406**	**981**	**–55,425**

1 The previous year's figures have been adjusted due to the change in recognition relating to hyperinflation (see also section 3.1 of the Notes).

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. The Group's earnings after taxes were €130,830 (126,989) thousand. On the other hand, there was a total dividend payout of €29,700 (26,400) thousand in December 2023. This mix ensures the adequate financing of future operating business expansion in the long term.

Capital structure

in € thousand	06/30/2024	06/30/2023
Equity	**1,399,914**	**1,291,075**
Long-term borrowings	427,035	566,106
Other noncurrent liabilities	182,960	195,890
Short-term borrowings	180,420	172,121
Other noncurrent liabilities	474,745	524,368
Liabilities in connection with assets held for sale	291,020	0
Total capital	**2,956,093**	**2,749,561**
Equity ratio (%)	**47.4**	**47.0**

The focus in selecting financial instruments is on financing with matching maturities, which is achieved by controlling the maturities. Long-term borrowings decreased by €139,071 (47,483) thousand.

7.10 Minority interests

As in the previous year, there are no minority interests in the KWS Group at June 30, 2024.

7.11 Noncurrent liabilities

Noncurrent liabilities decreased by €152,001 (52,169) thousand. That is mainly attributable to the classification of the South American corn and sorghum business, along with the licenses, as a discontinued operation and the related recognition of the long-term borrowings under liabilities in connection with assets held for sale (see section “4.2 Discontinued operation: disposal group classified as held for sale” of the Notes).

At the continuing operations, various loans totaling €75,000 thousand were taken out from the European Investment Bank in fiscal 2023/2024. They have an average interest rate of 3.54% and mature through 2035. The financing provided is in connection with the Group’s research and development projects. In addition, a loan of €5,000 thousand with an interest rate of 3.53% and maturing by 2030 was taken out.

The previously existing noncurrent liabilities due to the European Investment Bank with an average interest rate of 0.62% and maturing through 2033 total €150,732 (170,488) thousand).

Noncurrent liabilities from borrower’s note loans in Germany decreased to €167,000 (309,737) thousand, as the scheduled repayment of a five-year borrower’s note loan (€143,000 thousand) will be made in the first quarter of 2024/2025 and the loan is reported accordingly under short-term borrowings (see also section “7.12. Current liabilities” of the Notes). The remaining noncurrent liabilities from borrower’s note loans have an average interest rate of 0.70% and mature through 2029.

Noncurrent liabilities

in € thousand	06/30/2024	06/30/2023
Long-term provisions	91,333	97,293
Long-term borrowings	427,035	566,106
Trade payables [1]	5	0
Deferred tax liabilities	53,872	57,486
Lease liabilities	35,828	38,288
Other noncurrent liabilities [1]	1,923	2,823
Total	**609,995**	**761,996**

1 This item has been disclosed in the consolidated balance sheet within “Other noncurrent financial/non-financial liabilities” and is not stated separately.

Long-term provisions

in € thousand	06/30/ 2023	Changes in the consol-idated group, currency	Interest expens-es from com-pounding	Addition	Adjust-ment not affecting profit or loss	Con-sumption	Reversal	06/30/ 2024
Pension provisions	85,355	–1,450	2,939	539	–3,334	4,658	0	79,391
Other provisions	11,938	–1,223	369	1,722	0	864	0	11,942
Total	**97,293**	**–2,673**	**3,308**	**2,261**	**–3,334**	**5,522**	**0**	**91,333**

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 plan 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 €6,764 (7,420) 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 and
- 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 2.50% to 3.00% (2.40% to 3.23%) annually. An annual increase in pensions of 2.00% (2.50%) in the long term is assumed in Germany. The discount rate in Germany was unchanged at 3.60%, 5.50% in the U.S. compared with 5.15% the year before, and between 3.44% and 5.80% (3.61% and 6.00%) in the rest of the world.

The following mortality tables were used at June 30, 2024:

- 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 19–21.

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 planned 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 planned liabilities.

Changes in accrued benefit entitlements

in € thousand	2023/2024				2022/2023		
	Germany	Abroad (excl. the U.S.)	U.S.	Total	Germany	Abroad	Total
Accrued benefit entitle-ments from retirement obligations on July 1	**89,357**	**2,739**	**25,531**	**117,628**	**86,868**	**29,332**	**116,199**
Service cost	344	195	1,108	1,647	416	1,347	1,763
Interest expense	3,123	97	1,311	4,531	2,702	1,241	3,943
Actuarial gains (–)/losses (+)	–3,664	–8	–660	–4,331	4,305	–1,615	2,690
of which due to a change in financial assumptions used for calculation	–4,120	–27	–1,433	–5,580	160	–2,313	–2,154
of which due to demographic assumptions	0	64	0	64	0	394	394
of which due to experience adjustments	457	–45	773	1,185	4,145	304	4,450
Pension payments made	–5,243	–76	–939	–6,258	–4,933	–998	–5,931
Exchange rate changes	0	8	469	477	0	–1,036	–1,036
Accrued benefit entitlements from retirement obligations on July 30	**83,919**	**2,954**	**26,820**	**113,694**	**89,357**	**28,270**	**117,628**

Change in plan assets

in € thousand	2023/2024				2022/2023		
	Germany	Abroad (excl. the U.S.)	U.S.	Total	Germany	Abroad	Total
Fair value of the plan as-sets on July 1	**7,420**	**780**	**24,073**	**32,272**	**7,064**	**23,496**	**30,561**
Interest income	255	28	1,258	1,541	216	1,030	1,246
Income from plan assets excluding amounts already recognized as interest income	–250	–89	1,683	1,344	775	1,364	2,139
Pension payments made	–661	0	–939	–1,600	–636	–847	–1,483
Contributions to plan assets	0	0	925	925	0	787	787
Exchange rate changes	0	0	443	443	0	–892	–892
Other changes in value	0	0	–87	–87	0	–84	–84
Fair value of the plan assets on July 30	**6,764**	**719**	**27,356**	**34,839**	**7,420**	**24,853**	**32,272**

In order to allow reconciliation with the figures in the balance sheet, the accrued benefit must be netted off with the plan assets.

As the fair value of the plan assets for the pension commitments in the U.S. exceeded the present value of the accrued benefit entitlements from retirement obligations by €536 thousand at June 30, 2024, these pension commitments were shown separately from the other pension commitments abroad in the presentation of the changes in the accrued benefit entitlements, plan assets and balance sheet values. The plan assets totaling €536 thousand were reported under financial assets (see also section "7.5. Financial assets and noncurrent receivables" of the Notes).

Reconciliation with the balance sheet values for pensions

in € thousand				2023/2024			2022/2023
	Germany	Abroad (excl. the U.S.)	U.S.	Total	Germany	Abroad	Total
Accrued benefit entitlements from retirement obligations on June 30	83,919	2,954	26,820	113,694	89,357	28,270	117,628
Fair value of the plan assets on July 30	6,764	719	27,357	34,839	7,420	24,853	32,273
Balance sheet values on June 30	**77,155**	**2,236**	**–536**	**78,854**	**81,938**	**3,417**	**85,355**

The following amounts were recognized in the statement of comprehensive income:

Effects on the statement of comprehensive income

in € thousand			2023/2024			2022/2023
	Germany	Abroad	Total	Germany	Abroad	Total
Service cost	344	1,303	1,647	416	1,347	1,763
Net interest expense (+)/income (–)	2,867	122	2,989	2,486	211	2,697
Amounts recognized in the income statement	**3,211**	**1,425**	**4,636**	**2,902**	**1,558**	**4,460**
Gains (–)/losses (+) from revaluation of the plan assets (excluding amounts already recognized as interest income)	250	–1,594	–1,344	–775	–1,364	–2,139
Actuarial gains (–)/losses (+) due to a change in financial assumptions used for calculation	–4,120	–1,460	–5,580	160	–2,313	–2,154
Actuarial gains (–)/losses (+) due to a change in demographic assumptions used for calculation	0	64	64	0	394	394
Actuarial gains (–)/losses (+) due to experience adjustments	457	728	1,185	4,145	304	4,450
Amounts recognized in other comprehensive income	**–3,412**	**–2,263**	**–5,675**	**3,530**	**–2,978**	**551**
Total (amounts recognized in the statement of comprehensive income)	**–201**	**–838**	**–1,039**	**6,432**	**–1,421**	**5,011**

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 plan assets by investment category

in € thousand		2023/2024			2022/2023	
	Germany	Abroad	Total	Germany	Abroad	Total
Corporate bonds		7,651	7,651		6,694	6,694
Equity funds		18,507	18,507		16,499	16,499
Consumer industry		2,779	2,779		2,734	2,734
Finance		2,912	2,912		2,424	2,424
Industry		2,305	2,305		1,869	1,869
Technology		3,880	3,880		3,378	3,378
Health care		2,142	2,142		2,166	2,166
Other		4,489	4,489		3,928	3,928
Cash and cash equivalents		1,917	1,917		1,660	1,660
Reinsurance policies	6,764		6,764	7,420		7,420
Plan assets on June 30	**6,764**	**28,075**	**34,839**	**7,420**	**24,853**	**32,273**

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 plan assets: the fair value can be derived from their stock market prices. 70.42% (previous year: 69.65%) of the corporate bonds have an AAA rating.

The following sensitivity analysis at June 30, 2024, 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		Effect on obligation in 2023/2024			Effect on obligation in 2022/2023	
	Change in assumptions	Decrease	Increase	Change in assumptions	Decrease	Increase
Discount rate	+/–100 bps [1]	15,262	–12,392	+/–100 bps [1]	16,436	–13,278
Anticipated annual pay increase	+/–50 bps	–846	915	+/–50 bps	–834	902
Anticipated annual pension increase	+/–25 bps	–1,942	2,019	+/–25 bps	–2,162	2,251
Life expectancy	+/–1 year	–3,199	3,236	+/–1 Jahr	–3,491	3,538

1 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	2023/2024		
	Germany	Abroad	Total
2024/2025	5,281	1,229	6,509
2025/2026	5,211	1,253	6,464
2026/2027	5,208	1,562	6,770
2027/2028	5,226	1,466	6,692
2028/2029	5,216	1,628	6,844
2029/2030–2033/2034	25,294	9,934	35,229

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

The weighted average time at which the pension obligations are due is 11.7 (12.3) years in Germany and 17.4 (17.3) 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 2023/2024 were as follows:

Pension costs

in € thousand		2023/2024			2022/2023	
	Germany	Abroad	Total	Germany	Abroad	Total
Cost for defined contribution plans	4,252	1,076	5,327	3,792	1,242	5,034
Service cost for the defined benefit obligations	344	1,309	1,653	416	1,347	1,763
Pension costs	**4,596**	**2,385**	**6,980**	**4,208**	**2,589**	**6,797**

In addition, contributions of €18,724 (17,652) 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 €3,939 (3,493) thousand. In addition, the pension benefits from salary conversion were backed by a guarantee that exactly matches the present value of the obligation of €6,190 (5,353) 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	06/30/2024	06/30/2023
Short-term provisions	**30,910**	**38,008**
Current liabilities to banks	180,348	167,427
Other short-term borrowings	72	4,695
Short-term borrowings	**180,420**	**172,121**
Trade payables	**202,579**	**228,124**
Tax liabilities	**53,606**	**33,994**
Other current financial liabilities	**17,024**	**36,198**
Lease liabilities	**15,578**	**13,314**
Other current liabilities	**95,345**	**95,045**
Contract liabilities	**12,889**	**48,182**
Refund liabilities	**46,815**	**31,504**
Total	**655,165**	**696,489**

The current liabilities to banks mainly include €175,813 thousand in loan liabilities to banks in Germany, of which €143,000 thousand is attributable to a five-year borrower's note loan that will be repaid as scheduled in the first quarter of 2024/2025. The remaining current liabilities totaling €4,535 thousand are due to banks in Türkiye.

The tax liabilities of €53,606 (33,994) 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 €48,311 (28,296) thousand and other taxes (in particular value-added tax) account for €5,295 (5,698) thousand.

The fall in contract liabilities to €12,889 (48,182) thousand is due, among other things, to the separate disclosure of the South American corn and sorghum business as "liabilities in connection with assets held for sale." Payments on account received are always carried as net sales in the next fiscal year.

The increase in refund obligations to €46,815 (31,504) thousand is due to higher expected returns from the selling season ended.

Short-term provisions

in € thousand	06/30/2023	Changes in the consolidated group, currency	Addition	Consumption	Reversal	Reclassification incl. IFRS 5	06/30/2024
Obligations from sales transactions	25,899	–4,727	21,217	5,251	0	–26,799	10,339
Other obligations	12,110	–183	17,995	6,727	2	–2,621	20,571
Total	**38,007**	**–4,910**	**39,213**	**11,978**	**2**	**–29,421**	**30,910**

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. The other obligations include the setup of a provision for value-added tax risks to an amount of €7,744 thousand.

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:

06/30/2024

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
Financial assets					
Financial assets	6,704	0	6,704	0	6,704
Other noncurrent receivables	5,104	3,942	0	1,162	5,104
of which derivative financial instruments	1,162	0	0	1,162	1,162
Short-term trade receivables	504,202	504,202	0	0	504,202
Cash and cash equivalents	222,363	222,363	0	0	222,363
Other current financial assets	36,861	36,455	0	406	36,861
of which derivative financial instruments	406	0	0	406	406
Total	**775,233**	**766,962**	**6,704**	**1,568**	**775,233**

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
Financial assets					
Financial assets	6,879	2	6,877	0	6,879
Other noncurrent 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
Total	**841,304**	**831,540**	**6,877**	**2,888**	**841,304**

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 fair values of noncurrent and current trade receivables corresponded to their carrying amounts at the balance sheet date.

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:

06/30/2024

in € thousand	Financial liabilities			
	Fair values	Carrying amounts		
		At amortized cost	At fair value through profit and loss	Total carrying amount
Financial liabilities				
Long-term borrowings	393,414	427,035	0	427,035
Long-term trade payables	5	5	0	5
Short-term borrowings	180,420	180,420	0	180,420
Short-term trade payables	202,579	202,579	0	202,579
Other current financial liabilities	17,024	16,932	92	17,024
of which derivative financial instruments	92	0	92	92
Total	**793,442**	**826,970**	**92**	**827,063**

06/30/2023

in € thousand	Financial liabilities			
	Fair values	Carrying amounts		
		At amortized cost	At fair value through profit and loss	Total carrying amount
Financial liabilities				
Long-term borrowings	512,330	566,106	0	566,106
Long-term trade payables				
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
Total	**948,773**	**1,001,782**	**767**	**1,002,549**

The fair value of long-term borrowings was calculated on the basis of discounted cash flows. To enable that, 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 following table shows the financial assets and liabilities measured at fair value:

Financial assets and liabilities measured at fair value

in € thousand	06/30/2024				06/30/2023			
	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	0	1,568	0	1,568	2	2,885	0	2,888
Financial assets	0	6,704	0	6,704	0	6,877	0	6,877
Financial assets	**0**	**8,272**	**0**	**8,272**	**2**	**9,762**	**0**	**9,764**
Derivative financial instruments without application of hedge accounting under IFRS 9	0	92	0	92	0	767	0	767
Financial liabilities	**0**	**92**	**0**	**92**	**0**	**767**	**0**	**767**

The table below presents the net gains/losses carried in the consolidated statement of comprehensive income for financial instruments in each measurement category:

Net gain/losses of financial instruments (gain(+)/loss(–))

in € thousand	2023/2024	2022/2023
Equity instruments measured at fair value through other comprehensive income	–738	–2,616
Financial assets measured at fair value through profit or loss	2,308	3,877
Financial assets measured at amortized cost	943	2,947
Financial liabilities measured at amortized cost	–20,017	–37,023
Financial liabilities measured at fair value through profit or loss	–3,065	–3,168

The net losses for equity instruments 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, 2024, 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 2023/2024

in € thousand	Carrying amount				Cash flows
Liquidity analysis of financial liabilities	**06/30/ 2024**	**06/30/ 2024 Total**	**Due in < 1 year**	**Due in > 1 year and < 5 years**	**Due in > 5 years**
Financial liabilities	607,455	635,903	181,525	256,193	198,185
Trade payables	202,584	202,584	202,579	5	0
Other financial liabilities	16,932	16,932	16,932	0	0
Lease liabilities	51,406	60,374	16,347	29,860	14,167
Nonderivative financial liabilities	**878,376**	**915,793**	**417,383**	**286,058**	**212,352**
Payment claim	0	0	0	0	0
Payment obligation	92	92	92	0	0
Derivative financial liabilities	**92**	**92**	**92**	**0**	**0**

Fiscal 2022/2023

in € thousand	Carrying amount				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
Nonderivative financial liabilities	**1,053,384**	**1,068,124**	**455,594**	**432,128**	**180,402**
Payment claim		0	0	0	0
Payment obligation		767	767	0	0
Derivative financial liabilities	**767**	**767**	**767**	**0**	**0**

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 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 1.08 (1.05). If the US dollar depreciated by 10%, the extra income would be €3,063 (7,971) thousand. If the US dollar appreciated by 10%, the extra expense would be €3,063 (7,971) thousand.

The sensitivity for the Russian ruble (RUB) and Turkish lira (TRY) was also determined. In the fiscal year, the average EUR/RUB exchange rate was 99.73 (72.97) and the average EUR/TRY exchange rate was 35.13 (28.15).

If the ruble depreciated by 10%, the extra expense would be €358 (2,114) thousand. If the ruble appreciated by 10%, the extra income would be €358 (2,114) thousand. If the Turkish lira depreciated by 10%, the extra income would be €1,870 (348) thousand. If the Turkish lira appreciated by 10%, the extra expense would be €1,870 (348) 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. 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 €34 (620) thousand. A reduction in the rate of interest of 1 percentage point would add a further €34 (620) million in income.

The far lower interest rate sensitivity compared to the previous year is due to the fact that the majority of the variable-interest loans in the previous year were attributable to Brazil (discontinued operation), while in the continuing operations there were only financial instruments with variable interest rates in Türkiye at June 30, 2024.

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 that.

Selected commodity price hedges are accounted for using hedge accounting in accordance with IFRS 9, i.e. recognized directly in equity in the other comprehensive income. This relates in particular to the Corn Segment in Brazil. There were also effects from the equity-accounted joint ventures AGRELIANT GENETICS LLC and AGRELIANT GENETICS INC. at the KWS Group in fiscal 2023/2024.

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.

As part of 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 €133 (21) thousand. A 10% decrease in the year-end price of commodity futures would add a further €133 (21) thousand in income.

7.14 Hedging instruments and derivative financial instruments

Hedging transactions and derivative financial instruments

in € thousand	06/30/2024			06/30/2023		
	Nominal volume	Net carrying amounts	Fair value	Nominal volume	Net carrying amounts	Fair value
Currency hedges	11,111	1,135	1,135	21,337	2,111	2,111
Interest-rate hedges	80,000	27	27	80,000	225	225
Commodity hedges	3,715	313	313	9,669	–215	–215
Total	**94,826**	**1,475**	**1,475**	**111,006**	**2,121**	**2,121**

7.15 Leases

Carrying amounts for right-of-use assets

in € thousand	06/30/2024	06/30/2023
Land, land rights and buildings including buildings on third-party land	29,754	33,325
Technical equipment and machinery	1,390	171
Other equipment, operating and office equipment	15,056	13,131
Total	**46,200**	**46,627**

Additions to rights of use for leased assets totaling €17,907 (17,289) thousand were recognized in fiscal 2023/2024. Of this amount, €3,339 thousand is attributable to “Land, land rights and buildings” (almost exclusively for research and development), €1,931 thousand to “Technical equipment and machinery” (mainly warehouse and agricultural vehicles) and €12,637 thousand to “Other equipment, operating and office equipment” (almost exclusively in connection with the leasing of company vehicles).

The depreciation on rights of use for leased assets was as follows in the year under review:

Depreciation of right-of-use assets

in € thousand	2023/2024	2022/2023
Land, land rights and buildings including buildings on third-party land	5,688	5,761
Technical equipment and machinery	701	272
Other equipment, operating and office equipment	8,858	6,618
Total	**15,247**	**12,650**

Expenses for short-term leases and for leases relating to low-value assets totaled €17,208 (20,667) thousand in the period under review.

Short-term lease liabilities totaled €15,578 (13,314) thousand and long-term lease liabilities €35,828 (38,288) thousand at June 30, 2024. The maturity analysis of the lease liabilities is presented in section “7.13 Financial instruments” of the Notes. Lease payments totaled 17,125 (11,933) thousand in fiscal 2023/2024. Interest expenses from interest accrued on the lease liabilities were €2,526 (1,628) thousand.

In general, lease agreements are concluded without extension or termination options. Possible cash outflows of €24,486 (23,796) 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 €117 (76) thousand. The sublease is reported under the other noncurrent receivables to an amount of €2,773 (3,314) thousand and under the other current receivables to an amount of €691 (674) thousand. The annual income from the sublease is €813 (773) 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 €28,628 (54,163) thousand.

There are guarantees with respect to third parties amounting to €140,817 (34,999) thousand. The sharp increase is due to the fact that at the beginning of fiscal 2023/2024 the KWS Group together with the other shareholder issued a new 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 €116,659 thousand. Moreover, they also include a further guarantee of €8,796 (13,764) thousand toward a non-Group third party for the license payments of AGRELIANT GENETICS, LLC. The likelihood that the guarantee will be utilized is seen as slight, based on the experience of previous years. No claims were asserted. In addition, environmental damage was identified for disposal services provided by a former service provider, which AGRELIANT GENETICS LLC. has agreed to voluntarily remedy with other affected parties. The scope of the measures has been expanded in the current phase, but the resulting obligation cannot be reliably estimated.

In addition to the provisions for value-added tax risks recognized in the balance sheet in this fiscal year, there were also for the first time potential claims totaling an estimated €14,519 thousand, although they were unlikely for the most part. Furthermore, a routine quality control at a subsidiary indicated a potential contamination of seed, which only accounts for a small proportion of Group sales and has largely already been sown by our customers. Since the investigation is still at a very early stage, it is not possible to make a reliable assessment of whether and to what extent this could result in any claims for damages and if covered by existing insurance claims.

As of June 30, 2024, the discontinued operation had contingent liabilities from tax-related matters totaling €30,024 (30,514) thousand to pay certain tax levies on agricultural companies.

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, presenting the three categories separately for the continuing operations and for the discontinued operation. 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		Reclassification of discontinued operation (IFRS 5)	Currency	New contracts (IFRS 16)	Other effects	06/30/2024
Financial liabilities	738,227	88,965	–196,452	–23,285	0	0	607,455
Lease liabilities	51,602	–17,125	–1,906	–404	17,907	1,332	51,406
	06/30/2022						06/30/2023
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

The non-cash expenses and income totaling €89,733 (78,789) 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 €293,944 (251,528) thousand.

A proposal will be made to the Annual Shareholders' Meeting that an amount of €33,000 (29,700) thousand should be used to pay a dividend of €1.00 (0.90) 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 €582 (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 €218 (185) thousand, excluding value-added tax.

In fiscal year 2023/2024, total Executive Board compensation amounted to €5,958 thousand (€5,622 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 €2,772 (2,642) thousand; there are contributions from the long-term incentive tranche for 2022/2023 totaling €521 thousand (tranche for 2021/2022: €655 thousand). Pension provisions totaling €920 (959) 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 €1,252 (1,206) thousand. Pension provisions recognized for this group of persons amounted to €4,001 (4,302) thousand as of June 30, 2024, 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. KWS SE is therefore considered a related party, as are its respective shareholders who have at least significant influence.

Related parties

in € thousand	Deliveries and services provided		Received deliveries and services		Receivables		Payables	
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023
KWS SE	0	0	6,232	5,782	0	0	5,133	4,124
Equity-accounted joint ventures	908	8,426	2,911	6,012	1	8,418	4	4,991
Equity-accounted associated companies	69	2,240	508	92	3	1,962	22	0
Other related parties	81	51	0	0	0	0	0	0

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 Contingent liabilities and other financial obligations" 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

There were also no business transactions or legal transactions that required reporting for related parties in fiscal 2023/2024.

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 Klostergut 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 13, 2023, the Annual Shareholders' Meeting of KWS SAAT SE & Co. KGaA elected the accounting firm EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Stuttgart, to be the Group's auditors for fiscal year 2023/2024.

Fee paid to the external auditors under Section 314 (1) No. 9 HGB

in € thousand	2023/2024	2022/2023
a) Audit of the consolidated financial statements	988	925
b) Other certification services	153	104
c) Tax consulting	0	0
d) Other services	20	0
Total fee paid	**1,161**	**1,029**

Other certification services in fiscal 2023/2024 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

As described in section "4.2 Discontinued operation: disposal group classified as held for sale" of the Notes, the sale of the South American corn and sorghum business was closed effective July 31, 2024. In this connection, a non-recurring positive effect on earnings from discontinued operations of around €100 million (after taxes) is expected. The selling price was in the mid triple-digit million euro range.

Apart from that, 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 has issued the declaration of compliance with the German Corporate Governance Code required by Section 161 of the 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/corporate-governance.

9.8 List of shareholdings

List of shareholdings in accordance with Section 313 (2) HGB (German Commercial Code)

Fiscal 2023/2024			
Name and registered office of the company	**Currency**	**Interest held**	**Footnote**
		Total in %	
Fully consolidated subsidiaries (direct)			
Germany			
AGROMAIS GMBH, Everswinkel	EUR	100.00	1
BETASEED GMBH, Frankfurt am Main	EUR	100.00	
DELITZSCH PFLANZENZUCHT GMBH, Einbeck	EUR	100.00	1
EURO-HYBRID GESELLSCHAFT FÜR GETREIDEZÜCHTUNG MBH, Einbeck	EUR	100.00	
KANT-HARTWIG & VOGEL GMBH, Einbeck	EUR	100.00	1
KWS BERLIN GMBH, Berlin	EUR	100.00	
KWS INTERSAAT GMBH, Einbeck	EUR	100.00	
KWS KLOSTERGUT WIEBRECHTSHAUSEN GMBH, Northeim-Wiebrechtshausen	EUR	100.00	1
KWS LANDWIRTSCHAFT GMBH, Einbeck	EUR	100.00	
KWS LOCHOW GMBH, Bergen	EUR	100.00	1
KWS SAATFINANZ GMBH, Einbeck	EUR	100.00	1
RAGIS KARTOFFELZUCHT- UND HANDELSGESELLSCHAFT MBH, Einbeck	EUR	100.00	1
Abroad			
KWS ARGENTINA S.A., Balcarce/Argentina	ARS	100.00	26
KWS BULGARIA EOOD., Sofia/Bulgaria	BGN	100.00	
KWS SEMENA S.R.O., Bratislava/Slovakia	EUR	100.00	
KWS SRBIJA D.O.O., New Belgrade/Serbia	RSD	100.00	
SEMILLAS KWS CHILE LTDA., Rancagua/Chile	CLP	100.00	
Fully consolidated subsidiaries (indirect)			
Abroad			
BEIJING KWS AGRICULTURE TECHNOLOGY CO., LTD., Beijing/China	CNY	100.00	7
BETASEED FRANCE S.A.R.L., Bethune/France	EUR	100.00	2
BETASEED RUS LLC, Moscow/Russia	RUB	100.00	30
BTS TURKEY TARIM TICARET LIMITED SIRKETI, Eskisehir/Türkiye	TRY	100.00	2
EUROPSEEDS B.V., Enkhuizen/Netherlands	EUR	100.00	17
GLH SEEDS INC., Bloomington/U.S.	USD	100.00	3
KLEIN WANZLEBENER SAATZUCHT MAROC S.A.R.L.A.U., Casablanca/Morocco	MAD	100.00	8
KWS AGRICULTURE RESEARCH & DEVELOPMENT CENTER, Hefei/China	CNY	100.00	7
KWS AUSTRIA SAAT GMBH, Vienna/Austria	EUR	100.00	2
KWS BENELUX B.V., Amsterdam/Netherlands	EUR	100.00	2

Fiscal 2023/2024			
Name and registered office of the company	**Currency**	**Interest held**	**Footnote**
		Total in %	
KWS BRASIL LTDA., Campinas/Brazil	BRL	100.00	2
KWS CEREALS USA LLC, Champaign/U.S.	USD	100.00	3
KWS FRANCE S.A.R.L., Roye/France	EUR	100.00	2
KWS GATEWAY RESEARCH CENTER LLC, St. Louis/U.S.	USD	100.00	3
KWS INTERNATIONAL HOLDING B.V., Emmeloord/Netherlands	EUR	100.00	5
KWS INTERNATIONAL HOLDING II B.V., Emmeloord/Netherlands	EUR	100.00	2
KWS ITALIA S.P.A., Forlì/Italy	EUR	100.00	2
KWS KUBAN O.O.O., Krasnodar/Russia	RUB	100.00	6
KWS LOCHOW POLSKA SP.Z O.O., Kondratowice/Poland	PLN	100.00	2
KWS MAGYARORSZÁG KFT., Györ/Hungary	HUF	100.00	2
KWS MAIS FRANCE S.A.R.L., Champol/France	EUR	100.00	2
KWS MOMONT RECHERCHE S.A.R.L., Mons-en-Pévèle/France	EUR	100.00	10
KWS MOMONT S.A.S., Mons-en-Pévèle/France	EUR	100.00	2
KWS OSIVA S.R.O, Velké Mezirici/Czech Republic	CZK	100.00	2
KWS PARAGUAY SRL, Asunción/Paraguay	PYG	100.00	11
KWS PERU S.A.C., Lima/Peru	PEN	100.00	4
KWS PODILLYA T.O.V., Kyiv/Ukraine	UAH	100.00	9
KWS POLSKA SP.Z O.O., Poznan/Poland	PLN	100.00	2
KWS R&D INVEST B.V., Emmeloord/Netherlands	EUR	100.00	2
KWS R&D RUS LLC, Lipetsk/Russia	RUB	100.00	6
KWS RUS O.O.O., Lipetsk/Russia	RUB	100.00	22
KWS SCANDINAVIA A/S, Guldborgsund/Denmark	DKK	100.00	2
KWS SEEDS CANADA, LTD., Calgary/Canada	CAD	100.00	2
KWS SEEDS INC., Bloomington/U.S.	USD	100.00	2
KWS SEEDS INDIA PRIVATE LIMITED, New Delhi/India	INR	100.00	2
KWS SEEDS LLC, Bloomington/U.S.	USD	100.00	3
KWS SEMENTES LTDA., Patos de Minas/Brazil	BRL	100.00	27
KWS SEMILLAS CANARIAS S.L.U., Gran Canaria/Spain	EUR	100.00	2
KWS SEMILLAS IBÉRICA S.L., Zaratán/Spain	EUR	100.00	2
KWS SEMINTE S.R.L., Bucharest/Romania	RON	100.00	23
KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA., São Paulo/Brazil	BRL	100.00	28
KWS SJEME D.O.O., Osijek/Croatia	HRK	100.00	2
KWS SUISSE S.A., Basel/Switzerland	CHF	100.00	2
KWS TÜRK TARIM TICARET A.S., Eskisehir/Türkiye	TRY	100.00	2
KWS UK LTD., Thriplow/UK	GBP	100.00	2
KWS UKRAINA T.O.V., Kyiv/Ukraine	UAH	100.00	22
KWS VEGETABLES B.V., Heythuysen/Netherlands	EUR	100.00	2
KWS VEGETABLES ITALIA S.R.L: A SOCIO UNICO, Noceto/Italy	EUR	100.00	15
KWS VEGETABLES MEXICO S.A. DE C.V., Mexico City/Mexico	MXN	100.00	29
POP VRIEND HOLDING B.V., Amsterdam/Netherlands	EUR	100.00	15

Fiscal 2023/2024			
Name and registered office of the company	**Currency**	**Interest held**	**Footnote**
		Total in %	
POP VRIEND INTERNATIONAL B.V., Andijk/Netherlands	EUR	100.00	17
POP VRIEND SEEDS B.V., Andijk/Netherlands	EUR	100.00	17
POP VRIEND TOHUMCULUK VE TARIM ÜRÜNLERI SANAYI VE TICARET LIMITED SIRKETI, Istanbul/Türkiye	TRY	100.00	18
PV TOHUMCULUK TARIM ÜRÜNLERI SANAYI VE TICARET LIMITED SIRKETI, Izmir/Türkiye	TRY	100.00	19
SEED PLANT KWS O.O.O., Lipetsk/Russia	RUB	100.00	6
Equity-accounted joint ventures			
AGRELIANT GENETICS INC., Chatham/Canada	CAD	50.00	
AGRELIANT GENETICS LLC, Westfield/U.S.	USD	50.00	12
FARMDESK B.V., Antwerp/Belgium	EUR	50.00	21
Equity-accounted associated companies			
GIE RHP RECOLTE HAUTE PRECISION, Roye/France	EUR	49.67	16
IMPETUS AGRICULTURE INC., Lewes/U.S.	USD	38.82	20
Joint operations (proportionately consolidated)			
AARDEVO B.V., Nagele/Netherlands	USD	50.00	13
AARDEVO NORTH AMERICA LLC, Boise/U.S.	USD	50.00	14
GENECTIVE JAPAN K.K., Chiba/Japan	JPY	50.00	24
GENECTIVE KOREA, Sangdaewon-dong/Korea	KRW	50.00	24
GENECTIVE S.A., Chappes/France	EUR	50.00	
GENECTIVE TAIWAN LTD., Taipei/Taiwan	TWD	50.00	24
GENECTIVE USA Corp., Weldon/U.S.	USD	50.00	24

1 Profit and loss transfer agreement
2 Subsidiary of KWS INTERNATIONAL HOLDING B.V.
3 Subsidiary of KWS SEEDS INC.
4 Subsidiary of SEMILLAS KWS CHILE LTDA. and KWS INTERNATIONAL HOLDING B.V.
5 Subsidiary of KWS INTERSAAT GMBH
6 Subsidiary of KWS RUS O.O.O.
7 Subsidiary of EURO-HYBRID GMBH
8 Subsidiary of KWS BENELUX B.V.
9 Subsidiary of KWS UKRAINA T.O.V.
10 Subsidiary of KWS MOMONT S.A.S.
11 Subsidiary of KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA. and KWS SEMENTES LTDA.
12 Participation of GLH SEEDS INC.
13 Participation of RAGIS KARTOFFELZUCHT- UND HANDELSGESELLSCHAFT MBH
14 Subsidiary of AARDEVO B.V.
15 Subsidiary of KWS VEGETABLES B.V.
16 Participation of KWS FRANCE S.A.R.L
17 Subsidiary of POP VRIEND HOLDING B.V and CHURA B.V.
18 Subsidiary of POP VRIEND INTERNATIONAL B.V.
19 Subsidiary of POP VRIEND TOHUMCULUK VE TARIM ÜRÜNLERI SANAYI VE TICARET LIMITED SIRKETI
20 Participation of KWS R&D INVEST B.V.
21 Participation of KWS INTERNATIONAL HOLDING B.V.
22 Subsidiary of EURO-HYBRID GMBH and KWS SAATFINANZ GMBH
23 Subsidiary of KWS INTERSAAT GMBH and KWS SAATFINANZ GMBH
24 Subsidiary of GENECTIVE S.A.
25 Subsidiary of KWS KLOSTERGUT WIEBRECHTSHAUSEN GMBH
26 Subsidiary of KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA.
27 Subsidiary of KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA. and KWS INTERSAAT GMBH
28 Subsidiary of KWS INTERNATIONAL HOLDING B.V. and KWS SAATFINANZ GMBH
29 Subsidiary of KWS INTERNATIONAL HOLDING B.V. and KWS VEGETABLES B.V.
30 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 2023/2024

9.9.1 Supervisory Board

Members	Other seats held in 2023/2024 (at the balance sheet date)
Philip Freiherr von dem Bussche † (until April 8, 2024) Bad Essen Graduate in business administration, entrepreneur and farmer Chairperson of the Supervisory Board of KWS SAAT SE & Co. KGaA and KWS SE (until April 8, 2024)	*Membership of other legally required supervisory boards:* ▪ Bernhard Krone Holding SE & Co. KG, Spelle (member of the Supervisory Board) *Membership of comparable German and foreign oversight boards:* ▪ DF World of Spices GmbH, Dissen (member of the Advisory Board)
Dr. Marie Theres Schnell Munich Graduate in communications Chairperson of the Supervisory Board of KWS SAAT SE & Co. KGaA and KWS SE (since April 17, 2024)	*Membership of comparable German and foreign oversight boards:* ▪ DR. SCHNELL GmbH & Co. KGaA, München (member of the Advisory Board)
Victor W. Balli Zurich (Switzerland) Chemical Engineer Deputy Chairperson of the Supervisory Board of KWS SAAT SE & Co. KGaA and KWS SE (Since April 17, 2024)	*Membership of comparable German and foreign oversight boards:* ▪ Givaudan SA, Vernier (Switzerland) (Chairperson of the Audit Committee, member of the Board of Directors and the Compensation Committee) ▪ Medacta International SA, Frauenfeld (Switzerland) (member of the Board of Directors and Chairperson of the Audit Committee) ▪ Hemro AG, Bachenbülach (Switzerland) (member of the Management Board) ▪ Sika AG, Baar (Switzerland) (member of the Board of Directors, the Audit Committee and the ESG Committee) ▪ Louis Dreyfus Company International Holding B.V., Amsterdam (Netherlands) (member of the Supervisory Board and Chairperson of the Audit Committee)

Members	Other seats held in 2023/2024 (at the balance sheet date)
Christine Coenen Einbeck Interpreter Member of the Supervisory Board of KWS SAAT SE & Co. KGaA Chairperson of the European Employees' Committee (EEC) of KWS SAAT SE & Co. KGaA	
Eric Gombert (since 12/06/2023) Villeneuve-sur-Lot (France) Graduate in agricultural engineering Member of the Supervisory Board of KWS SAAT SE & Co. KGaA Vice-Chairperson of the European Employees' Committee (EEC) of KWS SAAT SE & Co. KGaA	
Prof. Dr. Dr. h.c. mult. Stefan W. Hell (since 12/06/2023) Göttingen Physicist Director at the Max Planck Institute for Multidisciplinary Sciences, Göttingen, and Director at the Max Planck Institute for Medical Research, Heidelberg Member of the Supervisory Board of KWS SAAT SE & Co. KGaA and KWS SE	
Honorary members	**Other seats held in 2023/2024 (at the balance sheet date)**
Dr. Drs. h. c. Andreas J. Büchting Göttingen Agricultural Biologist Honorary 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	Chairperson	Members in 2023/2024
Audit Committee	Victor W. Balli	Christine Coenen Dr. Marie Theres Schnell
Nominating Committee	Prof. Dr. Dr. h.c. mult. Stefan W. Hell	Victor W. Balli Dr. Marie Theres Schnell

9.9.3 Executive Board

Members	Other seats held in 2023/2024 (at the balance sheet date)
Dr. Felix Büchting Einbeck Spokesperson Research, Breeding, Global Human Resources, Farming Group Strategy, Corporate Office & Services	
Dr. Peter Hofmann Einbeck Sugarbeet, Vegetables, Cereals, Oilseed Rape/Special Crops & Organic Seeds, Global Marketing & Communications	
Eva Kienle Göttingen Finance & Procurement, Controlling, Global Transaction Center, Legal Services & IP, IT, Group Governance, Compliance & Risk Management	*Membership of other legally required supervisory boards:* ▪ Zumtobel Group AG, Dornbirn (Austria) (member of the Supervisory Board and Chairperson of the Audit Committee) ▪ Schott Pharma AG & Co. KGaA, Mainz (member of the Supervisory Board)
Nicolás Wielandt Einbeck Corn Europe, Corn South America, Corn North America, Corn China/Asia	

Einbeck, September 10, 2024

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. KGaA

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 2023 to 30 June 2024, and the consolidated balance sheet as at 30 June 2024, consolidated statement of changes in equity and consolidated cash flow statement for the fiscal year from 1 July 2023 to 30 June 2024, 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 2023 to 30 June 2024. 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 2024 and of its financial performance for the fiscal year from 1 July 2023 to 30 June 2024, 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 2023 to 30 June 2024. 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 directors 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 year 2023/2024 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.

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 the goodwill of Business Unit Vegetables

Reasons why the matter was determined to be a key audit matter

The goodwill of the Business Unit Vegetables presented in the consolidated financial statements of KWS SAAT SE & Co. KGaA results from the acquisition of subsidiaries and is a significant balance sheet item.

Goodwill is tested for impairment as of 30 June each year. The result of this test 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, impairment tests for goodwill 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 controls implemented therein. We discussed the significant planning assumptions with the executive directors of KWS SAAT SE & Co. KGaA and compared these with the results and cash inflows realized in the past. Our assessment of the result of the impairment test 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 may 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 goodwill impairment test 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 BU Vegetables continues to 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.

Reference to related disclosures

With regard to the recognition and measurement policies applied for goodwill, 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, 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) Accounting for discontinued operations in accordance with IFRS 5

Reasons why the matter was determined to be a key audit matter

Effective 25 March 2024, the Executive Board of KWS SAAT SE & Co. KGaA reached an agreement with GDM Holding S.A., Argentina, on the sale of the corn and sorghum business in South America. The transaction essentially comprises the entire breeding and sales activities for corn and sorghum in South America (Brazil, Argentina, Paraguay, Uruguay) and all of the KWS Group's production locations for corn seed in Argentina and Brazil and thus affects the corn operating segment in particular. As the sale had not yet been closed as of the balance sheet date, the assets and liabilities classified as held for sale are accounted for in accordance with the accounting standard IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations."

The sale represents a significant business unit of KWS in a geographical region and will be sold in a single transaction. The group to be sold was therefore classified as an independent component of the Group and reported as a discontinued operation in the consolidated financial statements and group management report.

With assets of EUR 422,307k being disposed of, liabilities of EUR 284,237k being disposed of and accounting for a significant share of total consolidated revenue, the discontinued operation represents a significant component of the group and therefore has a significant effect on the presentation of the assets, liabilities, financial position and financial performance in the consolidated financial statements as of 30 June 2024.

Applying the relevant accounting standard IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as of the reporting date is a non-routine transaction in terms of its scope and complexity.

Auditor's response

We considered the assessment by the executive directors of KWS SAAT SE & Co. KGaA regarding the criteria for classification as a discontinued operation based on inquiries, inspections of contracts and resolutions. We also verified that the executive directors of KWS performed an impairment test immediately before reclassification as a discontinued operation.

In addition, we verified the proper reclassification of the assets and liabilities of the discontinued operation to a separate line item in the consolidated balance sheet and of the expenses and income allocated to the discontinued operation to a separate line item in the income statement. In that regards we reconciled the reclassification entries with the accounting records and reports of local auditors as well as adjusting entries made at group level.

On the basis of the sales contracts, inquiries of the executive directors and accounting records, we also verified that the sale was presented in a transparent manner in the consolidated financial statements and group management report and, in particular, that the disclosures in the notes to the consolidated financial statements were complete.

Reference to related disclosures
Please refer to sections 3.10 and 4.2 of the notes to the consolidated financial statements for disclosures and information relating to the discontinued operation.

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_30.06.2024.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 2023 to 30 June 2024 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 13 December 2023. We were engaged by the Supervisory Board on 8 May 2024. 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 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 "Declaration of Compliance 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 2.2 "Research & Development Report,"
- Section 2.4.1 "General Information"
- Section 2.4.2 "Environment"
- Section 2.4.3 "Social Report"
- 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:

- 2.7.3 Remuneration Report pursuant to Section 162 of the German Stock Corporation Act (AktG].

Berlin, 10 September 2024

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

von Michaelis	Böhme
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[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 2023 to 30 June 2024 (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 2023 to 30 June 2024 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 2024 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). 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.

Hannover, 10 September 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Dr. zur Nieden Wirtschaftsprüfer [German Public Auditor]	Narttek 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, 10 September 2024

KWS SE

Felix Büchting

Dr. Felix Büchting

Dr. Peter Hofmann

Eva Kienle

N. Wielandt

Nicolás Wielandt

Additional Information

Financial calendar

Date	
November 12, 2024	Quarterly Report Q1 2024/2025
December 5, 2024	Annual Shareholders' Meeting
February 13, 2025	Semiannual Report 2024/2025
May 13, 2025	Quarterly Report 9M 2024/2025
September 25, 2025	Publication of 2024/2025 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