2. Combined Management Report 2023/2024 of the KWS Group

2. Combined Management Report

The Combined Management Report comprises aspects of sustainability reporting in addition to content related to financial reporting. Our objective is to illustrate the relationship between ecological, social and financial factors and highlight their impact on our long-term commercial success. The reporting structure of the Combined Non-financial Declaration (see page 48 onwards) has been aligned with the topics of the European Sustainability Reporting Standards applicable from the financial year 2024/2025 and has already been taken into account in individual report contents. In addition, reference is made to the report aspects required pursuant to Sections 289b et seq. and Sections 315b et seq. of the German Commercial Code (HGB). The contents of the Non-Financial Declaration were not audited as part of the audit of the annual and consolidated financial statements, but underwent a voluntary external examination by an auditor. The Combined Management Report also includes voluntary components that are not audited separately. These are indicated by footnotes.

2.1 Fundamentals of the KWS Group

2.1.1 Business Model

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

Organization and segments of the KWS Group

In the year under review, the KWS Group's operational business consisted of five business units, which were grouped into the four product segments of Corn, Sugarbeet, Cereals and Vegetables. The business units for Sugarbeet, Cereals and Vegetables are identical to the corresponding segments. There are two business units for the Corn segment: Europe and the America.

The **Corn Segment** covers breeding, production and distribution of seed for corn and sunflowers, as well as production and distribution of soybeans. Its operating performance depends largely on the spring sowing season in the northern hemisphere. That means the lion's share of the segment's net sales is generated in the second half of the fiscal year (January to June). According to its own surveys, KWS is the market leader in the silage corn in Europe.

The **Sugarbeet Segment** comprises sugarbeet seed breeding, production and distribution, as well as the development of diploid hybrid potatoes. KWS' high-quality sugarbeet varieties are consistently some of the highest-yielding in the industry.

KWS is the world market leader in sugarbeet seed, not least thanks to many innovations. Its main sales markets are the European Union, Eastern Europe, North America and Turkey. Sugarbeet is sown in the spring, which means that net sales in this segment are likewise largely generated in the second half of the fiscal year (January to June).

The **Cereals Segment** includes the breeding, production and distribution of seed for rye, wheat, barley and oilseed rape. Rye accounts for the largest share of revenue from cereals (around 38%), followed by oilseed rape, wheat and barley. KWS also generates revenue from other crops such as peas, catch crops (e.g., mustard) and oats. Farmers in KWS' core markets (Germany, Poland, the UK, France and Scandinavia) predominantly sow cereals seed in the fall. Consequently, the segment generates most of its revenue in the first half of the fiscal year (July to December).

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

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

In the year under review, corn business in South America and China was sold (see corn segment report, p. 38 f.). There were no other significant changes in the composition and organization of the KWS Group. Further information on the segments' share of net sales and income, including our joint ventures, can be found in our segment reports starting on page 37.

Main business processes

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

2.1.2 Branches

KWS SAAT SE & Co. KGaA is the parent company of the KWS Group. Strategic management of all of KWS' global activities is pooled under its roof. It is headquartered in Einbeck, Germany, and controls breeding of the KWS Group's range of varieties. There are also currently 84 subsidiaries and associated companies in 35 countries. An overview of our subsidiaries and associated companies can be found in the Notes on pages 166 to 168.

2.1.3 Vision und Mission[1]

Vision

"Seeding the future for generations."

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

Mission

"Our passion for plants sustains farming, food and planet."

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

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

KWS' seed is at the beginning of the food chain – and therefore makes an important contribution throughout the agricultural production process. End consumers are also a growing focus: What variety traits are important for processing and the end product, and how can plant breeding help improve them? Last but not least, our work also has an impact on the environment as a whole: Reducing inputs such as pesticide or water, innovations also for areas such as alternative energies and of course the efficient use of available land all make a contribution to the agriculture of the future.

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

2.1.4 Objectives and Strategy

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

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

1 Not an audited part of the Combined Management Report

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

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

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

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

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

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

Main strategic subject areas		Explanation
Profitable growth	▪ An average increase in consolidated net sales of at least 5% p.a.[1]	Page 29 et seq.
	▪ EBIT margin ≥ 10%	Page 29 et seq.
	▪ A dividend payout ratio of 20% to 25% of the KWS Group's earnings after taxes	Page 163 (Notes)
Innovation	▪ R&D intensity of around 17% of consolidated net sales	Page 26
Independence	▪ Retention of a control structure shaped by the family owners	Page 96 et seq.
Sustainability	▪ Implementation of the KWS Sustainability Ambition 2030	Page 48

1 On a comparable basis, excluding exchange rate and portfolio effects

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

Innovation
drives our business model. The need for innovative technology in plant breeding continues to increase. Climate change, population growth and changes in eating habits, where alternative protein sources are growing in importance, pose challenges for us. In addition, digitization is playing a greater and greater role in agriculture. In the year under review, we once again devoted a significant portion of our revenue, namely 19.4%, to research and development. Taking on these challenges, we see this as an investment in future growth.

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

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

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

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

Sustainability starts with the seed

Product impact

Safeguard food production
- 1.5% annual yield gain for farmers through
  - progress in plant breeding and
  - digital farming solutions on >6 million hectares

Minimize input required
- Enable >50% reduction of chemical crop protection (in line with European Farm to Fork Strategy)
  - Invest >30% p.a. of R&D budget into reduction of inputs
  - >25% of KWS varieties are suitable for low input cultivation

Enhance crop diversity
- Increase number of crops with dedicated breeding programs to 27

Support sustainable diets
- >40% of KWS varieties are suitable for predominantly direct use in human nutrition

Corporate responsibility

Improve operational footprint
- Reduce Scope 1 and 2 emissions by 50% by 2030 and to net zero by 2050
- Establish score cards to provide transparency on ecological footprint of all seed production sites

Foster social engagement
- Min. 1% EBIT p.a. into social projects
- Measurement and continuous improvement of employee engagement
- Continuous decline in the number of occupational accidents/illness ratio

1 Farm to Fork-Strategie

We refer you to the Non-Financial Declaration starting on page 48 and our homepage www.kws.com for details of our sustainability program.

2.1.5 Control System

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

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

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

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

The Executive Board uses various indicators for planning, controlling and monitoring the business performance of the KWS Group and its operating units. The main indicators for the KWS Group are net sales, EBIT margin (operating income in % of net sales) and R&D intensity[2]. The focus in controlling the development of net sales is exclusively on key operating indicators for our business, in particular the development of sales volumes and prices of our product portfolio. Forecasts of our net sales development are therefore based on these key indicators, while exchange rate and portfolio effects (significant acquisitions and divestments) are not taken into account. Currency effects are the difference between the sales of reporting period at exchange rates of the reporting period minus the sales of the reporting period at exchange rates of the comparative period.

In addition to these financial indicators, KWS will increasingly include non-financial KPIs (such as CO_2 emissions) in planning and controlling its business activities in the future. KWS' product segments, which are divided into Business Units, are in turn geared toward the main indicators of net sales and EBIT margin. All cross-segment costs for the KWS Group's central functions and research expenditure are charged to the Corporate Segment; the key performance indicator for controlling here is EBIT (operating income).

Management and control

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

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

The Annual Shareholders' Meeting of a partnership limited by shares basically has the same rights as the Annual Shareholders' Meeting of a stock corporation or SE. It also adopts resolutions on whether to approve the company's annual financial statements and ratify the acts of the personally liable partner. Certain resolutions adopted by the Annual Shareholders' Meeting of a partnership limited by shares also require the approval of the personally liable partner. The declaration on corporate governance in accordance with Section 289f of the German Commercial Code (HGB) contains detailed information on the extensive and close cooperation between the Executive Board and the Supervisory Board and has been published at www.kws.com/corp/en/investors/corporate-governance.

2 R&D expenditure as a % of net sales

KWS has a broad portfolio of high-performance varieties

2.1.6 Fundamentals of Research & Development

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

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

2.2 Research and Development Report[1]

Key research & development figures

		2023/2024	2022/2023	+/–
R&D employees[1,2]	ø	1,866	1,738	7.4%
Share of R&D employees relative to the total workforce[2]	in %	37.8	37.3	–
R&D expenditure[2]		325.6	299.8	8.6%
R&D intensity[2,3]	in %	19.4	20.0	–
Variety approvals		559	488	14.5%

1 Average headcount
2 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.
3 As a % of net sales

Combination of innovations in sugarbeet
Following its successful launch, the CONVISO® SMART system is now available to farmers in 30 markets, and the market segment continues to grow. CONVISO® SMART enables improved weed control, while reducing the amount of herbicide that has to be applied, thereby contributing to more sustainable sugarbeet cultivation. Demand for Cercospora-tolerant sugarbeet varieties marketed under the "CR+" label is developing just as successfully. CR+ varieties exhibit the greatest leaf health and the highest yields – whether infested heavily or lightly with the fungal pathogen Cercospora. The in-bred resistance stabilizes yields and can help reduce the use of fungicides in sugarbeet cultivation in certain situations.

In recent years, KWS has succeeded in combining these traits in its breeding work. In fiscal 2023/2024, varieties containing both traits were sold for the first time in Austria, the Czech Republic, Italy and Romania, while such a variety was also awarded approval in Germany and will be available for growing in 2025. Such types of varieties are also undergoing Value for Cultivation and Use testing in 16 other countries. KWS can thus provide farmers with innovative sugarbeet seed offering an attractive solution for weed control, while ensuring excellent plant health and very high and stable variety performance.

Silage corn: New varieties undergoing approval
KWS was able to report breeding successes for the northern European silage and biogas market, among other things. The German Federal Office of Plant Varieties approved two robust and stress-resistant corn varieties: KWS LUPOLLINO and KWS BERRO. They can also leverage their yield potential to the full in different cultivation situations and under challenging weather conditions. They impressively demonstrated that in the 2022 and 2023 Value for Cultivation and Use tests conducted by the Federal Office of Plant Varieties. In two climatically very different years, they impressed with a strong and stable performance at different locations and ultimately proved to be the highest-yielding varieties. Both varieties will be tested in 2024 in all state variety trials in the medium-early and medium-late silage corn segments. In addition, both varieties are also included in some state variety trials for grain corn this year.

The important silage corn segment was further strengthened by new approvals awarded to the varieties HERCULIO, BALTUSO and KWS PROFUSIO in France, all of which are among the leading new approvals in this most important maturity segment and will significantly improve KWS' silage corn portfolio in France. The approvals also mean these varieties can be sold in other European countries such as Germany.

1 Not an audited part of the Combined Management Report

Dwarf rye – sustainable, yet storm-proof
Dwarf hybrids are a particular innovation in KWS' rye breeding. Dispensing with the use of growth regulators, even on good soils with a high nitrate content, makes rye cultivation even more sustainable. Dwarf hybrids are shorter than conventional rye hybrids, have a longer standing upright ear and are characterized by uniform stands. They boast strong standing ability, which helps to safeguard yields even in extreme weather conditions such as heavy rain and storms.

Dwarf hybrids deliver a comparable yield to the common hybrid varieties. Because of the shorter stalk, the leaves make a greater contribution to yield formation. In dwarf rye, only the shoot growth is reduced, but not the length of the ears or root growth. The dwarf hybrids are broadly equipped with resistance genes and, thanks to the PollenPLUS® technology with increased pollen production, have a low risk of being infected by ergot.

The dwarf hybrids are particularly suitable for better, heavier soils with high nitrate levels in addition to the traditional rye locations. The homogeneous stands they form make cultivating them easier. In addition, dwarf hybrids can be harvested faster and more cost-effectively, as less straw is produced. In Germany, the first dwarf hybrid varieties are currently in their second year of Value for Cultivation and Use testing. KWS expects one or two varieties to be approved at the EU level in 2025 and for Germany in 2026.

Oilseed rape: Successes in approval procedures in the core markets of Germany and France
Winter oilseed rape from KWS is distinguished by continuously increasing variety performance and improved resistance, with the result that sustainable, resource-conserving cultivation delivers reliable yields even under conditions where pests are spreading or there are more restrictive requirements regarding the application of fertilizer and pesticides. For example, given the growing restrictions on the use of insecticides, KWS' genetics provide improved protection against the cabbage stem flea beetle, one of the main pests in oilseed rape cultivation.

Our oilseed rape breeders notched up significant successes in the past fiscal year: The German Federal Office of Plant Varieties approved three winter oilseed rape varieties from KWS that exhibited the best variety performance compared to competitors' products. A variety with the new resistance gene "LepR1" against Phoma to protect the plants against stem canker or blackleg – one of the major oilseed rape diseases – gained approval in France. Products with this resistance gene will soon be ready for the market in Germany, too. Furthermore, ten varieties in France performed excellently in the first year of the Value for Cultivation and Use tests.

KWS' breeding material contains further resistance genes that are waiting to be used. In this way, KWS is helping to preserve oilseed rape as a competitive crop long-term that supplies oil for the food industry and biofuels and provides a domestic source of protein for processing in compound feed production.

Vegetables: Expansion of breeding and research capacities
Establishing and expanding breeding and research locations is vital in ensuring that KWS attains its strategic position in the market for vegetable seed in the long term.

In March 2024, KWS opened its first breeding station in Mexico to drive the development of tomato and pepper varieties for the Mexican market and to conduct screening activities for cucumbers, melons and watermelons. The new breeding station in Navolato in the state of Sinaloa covers 10 hectares and comprises warehouses, offices, a large section for open-air cultivation and greenhouses with a total area of 4,500 m^2, which is set to grow by a further 5,000 m^2 in the coming years. The team consists of around 45 breeders, agricultural experts and seasonal workers.

A new research and breeding station was inaugurated in Brazil in June 2024. The site in Uberlândia in the western part of the state of Minas Gerais is 13 hectares in size and comprises warehouses, offices, 3,800 m^2 of greenhouses and 7 hectares of outdoor areas. Around 60 researchers, breeders and agricultural experts focus on developing tomato, melon and watermelon varieties.

A greenhouse, a research area for outdoor crops and an office and laboratory building will be established over 10,000 m^2 at the Andijk site in the Netherlands by spring 2025. The new greenhouse will be used for research into the outdoor crops spinach, beans, red beet and Swiss chard, among other things. A further section is intended for cucumbers and peppers. The focus here is on trials with and the reproduction of doubled haploid plants developed at KWS' research location in Wageningen.

Use of artificial intelligence in research and product development

Artificial intelligence (AI) is vital in research as it supports the automation of tasks and the analysis of big data and can improve decision-making by delivering insights and recommendations.

KWS has been using artificial intelligence for several years to quantitatively record and analyze the external appearance (phenotype) of plants. This digital phenotyping involves automatic analysis of images from drones, mobile phones and, more recently, satellites. The use of deep learning techniques makes it easier to identify plant diseases and assess plant traits such as drought tolerance. By rolling out digital phenotyping workflows, KWS has been able to replace some labor-intensive field activities and achieve greater accuracy in data capture.

KWS uses machine learning algorithms to assist in the comparison and selection of varieties during product development. The selection models incorporate various variables from environmental and genomic information to support breeders' decisions and shorten the time to market for new varieties.

As part of its strategic “Connected Seeds” initiative, KWS uses the data collected during product development to create predictive models that are tailored to its varieties. That provides farmers with precise cultivation recommendations that result in better yields and more efficient use of resources.

Construction of a new elite storehouse in Einbeck

Construction of the new elite storehouse at headquarters in Einbeck at a cost of around €50 million is the largest single research and development investment in KWS' history. The newly constructed building offers 13,000 m^2 of space to securely store up to 1.3 million batches of sugarbeet, fodder beet, oilseed rape, catch crop and pea seed.

The new elite storehouse means far more seed samples can be processed and kept for breeding. The optimized climatic conditions in the elite storage facility – a temperature of 6 to 8 degrees Celsius and a humidity of 30%– ensure the seed is protected and retains its germination capacity for a long time.

By preserving this enormous diversity of breeding material that has been built up over many decades and is constantly growing – and thereby ensuring our long-term innovativeness – the new building supports the increasingly demanding work involved in developing new high-performance varieties that, in addition to a high yield, have other traits such as drought tolerance, resistance to pests and resource efficiency.

Waste heat from a sewage treatment plant is used to heat the new building and photovoltaic modules supply electricity. These measures will help KWS achieve its climate targets of reducing Scope 1 and Scope 2 emissions by half by 2030 and becoming net zero by 2050.

2.3 Economic Report

2.3.1 Business Performance

General macroeconomic conditions
Economic momentum in the eurozone slowed significantly in 2023, with real gross domestic product (GDP) growing at 0.4% (3.5%). Economic output in Germany, the largest economy in the eurozone, declined by 0.3%. Against the backdrop of low growth and receding inflation in the eurozone, the European Central Bank lowered its key interest rate to 4.25% in June 2024.

In contrast, the U.S. economy performed far more robustly in the period under review: GDP grew by 2.5% in 2023 and is expected to increase by around 2.7% in 2024. As a result of the U.S. economy's strength and unchanged key interest rates, the U.S. dollar appreciated significantly against the euro in the first half of 2024.

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

Exchange rates for main currencies

	Rate on balance sheet date	
	06/30/2024	06/30/2023
Argentina	976.67	280.14
Brazil	5.99	5.22
UK	0.85	0.86
Russia	92.42	95.11
Türkiye	35.13	28.15
Ukraine	43.35	40.00
U.S.	1.07	1.09

General conditions in the agricultural sector
The agricultural sector once again faced numerous challenges in the year under review. In Europe, prices for key agricultural raw materials such as corn, oilseed rape and wheat dropped sharply. After their prices hit multi-year lows in the first quarter of 2024, they recovered slightly by the end of the period under review. This was due in particular to falling yield prospects for winter crops in Western Europe as a result of high levels of precipitation and increased disease and pest pressure. In some regions of Eastern Europe and in Spain, however, persistent water scarcity weighed on yield forecasts.

The international market prices for sugar, which were well above the long-term average, continued to offer attractive conditions for sugarbeet cultivation, resulting in a slight increase in the global cultivation area for sugarbeet.

In the U.S., the area under cultivation for soybeans increased by 3% against the backdrop of favorable purchase prices, while the cultivation of corn, the most important agricultural crop in the U.S. market, fell by the same amount. Low wheat prices as a result of high supply volumes, particularly from Europe and the Black Sea region, meant cultivation area in the U.S. fell by 5%.

In Brazil, one of the world's largest agricultural producers, the climate phenomenon El Niño had a significant impact on wheat and corn cultivation. Long periods of drought followed by rainfall and flooding led to a significant decline in area under cultivation and harvests.

Guidance versus actual business performance of the KWS Group

	Results in 2022/2023	Guidance for 2023/2024	Adjustments to the guidance during the year	Results in 2023/2024
		2022/2023 Annual Report	**Ad-hoc notification dated April 30, 2024**	
Net sales growth[1]	€1,500 million	3–5%[1]	11–13%[1]	€1,678 million; 16.5%[1]
R&D intensity	20.0%	18–19%	~20%	19.4%
EBIT margin	13.0%	11–13%	15–17%	18.0%

1 Net sales growth on a comparable basis (excluding exchange rate and portfolio effects)

Guidance versus actual business performance of the KWS Group

Following the agreements reached at the end of March 2024 on the sale of the South American corn and sorghum business, the key indicators and statements used to present the actual business performance relate to KWS' continuing operations.

Given the pleasing and better-than-expected business performance, particularly during the important spring sowing season, there were significant changes to our estimates for 2023/2024 as a whole in the course of the year. They can be seen in the table below.

The Executive Board raised the forecasts for fiscal year 2023/2024 and published inside information to this effect pursuant to Article 17 of Regulation (EU) No. 596/2014 on April 30, 2024. These forecasts related to KWS' continuing operations following the agreements reached at the end of March 2024 on the sale of the South American corn and sorghum business.

The KWS Group's net sales rose sharply by 11.9% to €1,678.1 (1,500.3) million. Consolidated net sales increased by 16.5% on a comparable basis (excluding exchange rate and portfolio effects), surpassing the revised guidance we had issued during the year. The R&D intensity was 19.4% and was below the guidance of approximately 20% that we revised during the year, mainly due to the sharp increase in net sales.

The EBIT margin was 18.0% and thus above the forecast range we revised during the year. The positive variance is mainly due to higher net sales growth compared to our original assumptions.

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

Summary of the segments' course of business and comparison with the guidance[2]

The composition of the **Corn Segment** underwent significant changes in the period under review due to the sale of the South American and Chinese corn business. The South American corn business is classified as a discontinued operation in the 2023/2024 Consolidated financial statements and is therefore not included in the report for the Corn Segment; the guidance we updated during the year relates to continuing operations.

On a comparable basis (excluding exchange rate and portfolio effects), net sales from continuing operations in the Corn Segment fell by 0.6% and were therefore above the guidance we updated during the year ("sharp decline").

2 Including equity-accounted companies. Details on the segments' business performance and their economic environment can be found in the segment reports.

The increase in the segment's income to €39.1 (18.7) million is attributable to the positive contribution to earnings of approximately €28 million from the divestment of the Chinese corn business. Including this non-recurring effect, the segment's EBIT margin rose from 2.5% to 5.6% and was therefore in line with the guidance we revised during the year ("slight increase").

Net sales at the **Sugarbeet Segment** rose by 20.7% to €864.9 (716.3) million. Net sales increased by 27.5% on a comparable basis (excluding exchange rate and portfolio effects) and were thus in line with the guidance we updated during the year ("sharp increase"). The significant expansion of business is once again attributable to the market success of innovative CONVISO® SMART and CR+ varieties. The Sugarbeet Segment's EBIT margin rose sharply to 40.5% (35.4%) and was thus above the guidance we revised during the year ("slight increase").

Net sales in the **Cereals Segment** rose sharply to €275.9 (247.1) million, mainly due to buoyant growth in oilseed rape, rye and wheat seed. That equates to an increase of 11.7%. Net sales growth on a comparable basis (excluding exchange rate and portfolio effects) was 14.5% and thus matched our guidance ("sharp increase"). The segment's EBIT margin rose to 18.3% (15.6%) and was thus above our guidance ("at the level of the previous year").

Net sales in the **Vegetables Segment** fell by 5.9% to €62.1 (66.0) million in the year under review. Net sales fell by 5.6% on a comparable basis (excluding exchange rate and portfolio effects) and thus in line with our guidance ("slight decline").

The segment's income fell sharply to €–34.7 (–11.8) million as a result of the operating performance, the planned increase in expenditure on establishing our vegetable breeding activities and higher amortization of intangible assets from the acquisition of Pop Vriend Seeds. The EBIT margin was –55.9% and thus well below the figure for the previous year (–17.8%) (guidance: "sharp decline").

In light of the gradual switch to the "KWS" brand, the useful life of the "Pop Vriend" brand was adjusted in the year under review and the corresponding intangible assets were amortized to an amount of €10.4 million. In the future, marketing for the vegetable business is to be conducted entirely under the KWS brand.

Including further effects from the purchase price allocation as part of company acquisitions amounting to €8.8 (11.2) million, the segment's income was reduced by a total of €19.2 (11.2) million as a result of amortization of intangible assets.

Revenue from our farms in Germany, France and Poland is grouped in the **Corporate Segment.** Since all cross-segment costs for the KWS Group's central functions and research expenditure are still charged to the Corporate Segment, its income is usually negative. The segment's income fell to €–127.1 (–115.3) million due to general cost increases and planned higher expenditure on research and was thus in line with our guidance ("around €–125 million").

2.3.2 Earnings, Financial Position and Assets

Earnings

Condensed income statement

in € millions		2023/2024	2022/2023	+/–
Continuing operations				
Net sales[1]		1,678.1	1,500.3	11.9%
EBITDA[1]		388.1	278.8	39.2%
EBIT[1]		302.0	195.1	54.8%
Net financial income/expenses[1]		–50.0	–23.8	>100.0%
Earnings before taxes[1]		252.0	171.3	47.1%
Taxes[1]		67.9	45.2	50.2%
Earnings after taxes[1]		184.1	126.1	46.0%
Discontinued operation				
Earnings after taxes		–53.2	0.9	>–100.0%
Group				
Earnings after taxes		130.8	127.0	3.0%
Earnings per share from continuing operations	in €	**5.58**	**3.82**	**46.0%**
Earnings per share	in €	**3.96**	**3.85**	**3.0%**
EBIT margin (continuing operations)	in %	**18.0**	**13.0**	**–**

KWS Group posts double-digit growth in net sales

The following key indicators relate to KWS' continuing operations following the agreements reached at the end of March 2024 on the sale of the South American corn and sorghum business; the figures for the previous year have been adjusted accordingly. The South American corn and sorghum business is recognized as a discontinued operation in the 2023/2024 consolidated financial statements.

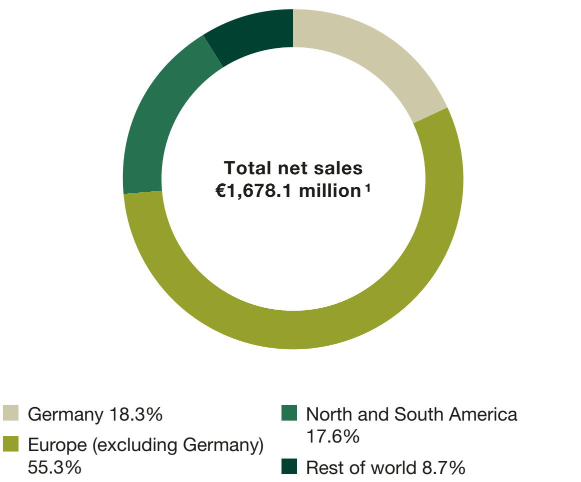
The KWS Group increased its net sales sharply in the year under review to €1,678.1 (€1,500.3) million or by 11.9% compared with the previous year. Consolidated net sales increased by 16.5% on a comparable basis (excluding exchange rate and portfolio effects).

The sharp growth was driven by double-digit increases in the product segments Sugarbeet and Cereals. Exchange rate effects reduced net sales by –4.7%, mainly due to the strong depreciation in the Russian ruble and the Turkish lira against the euro. Portfolio effects had no significant impact on the KWS Group's net sales (of the continuing operations) in the year under review.

The Sugarbeet and Corn Segments (excluding sales of companies accounted for using the equity method) accounted for a major share of total net sales, namely 51.5% (47.7%) and 27.8% (30.8%) respectively. The share of the Cereals Segment in the year under review was virtually constant at 16.4% (16.5%). The Vegetables Segment accounted for 3.7% (4.4%) of total net sales.

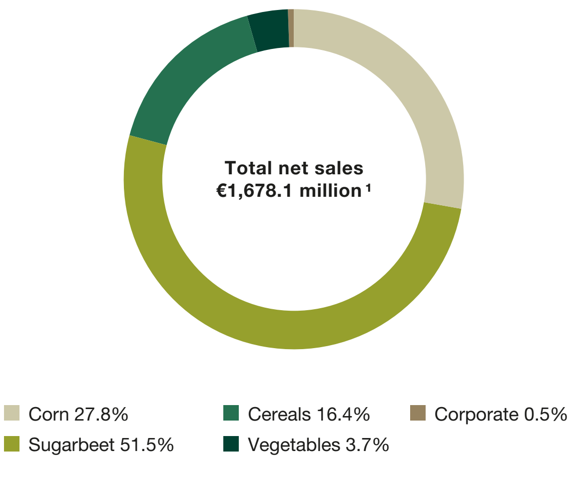
The region where we generated most of our business was Europe, which accounted for 73.6% (73.7%) of net sales (Germany: 18.3% (18.7%)). The share of net sales in North and South America accounted for 17.6% (18.3%) of our total net sales. Revenues from our North American and (on a pro

Net sales by region



1 Without sales of our at-equity-accounted consolidated companies

Net sales by segment



1 Without sales of our at-equity-accounted consolidated companies

rata temporis basis) Chinese equity-accounted companies are only included at the segment level (see our segment reporting starting on page 37).

Sharp improvement in key indicators for operating income

The KWS Group's operating income before depreciation and amortization (EBITDA), including effects from leases and hyperinflation, increased in fiscal 2023/2024 by 39.2% to €388.1 (278.8) million, while operating income (EBIT) rose by 54.8% to €302.0 (195.1) million. The EBIT margin likewise improved sharply to 18.0% (13.0%).

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

The KWS Group's cost of sales rose by 5.5% to €622.4 (589.9) million against the backdrop of the expansion of business and higher destruction and write-downs of inventories. The cost of sales ratio improved to 37.1% (39.3%) in particular due to price and product mix effects that impacted net sales. The gross profit on sales rose by 16.0% to €1,055.7 (910.4) million.

Selling expenses rose by 10.2% to €284.3 (258.0) million and thus less strongly than net sales. The selling expense ratio thus improved to 16.9% (17.2%).

Research and development expenditure rose by 8.6% in the period under review to €325.6 (299.8) million; the R&D intensity was 19.4% and thus below the level of the previous year (20.0%) due to the strong growth in net sales.

Administrative expenses rose by 6.7% to €149.6 (140.1) million, among other things due to higher personnel costs. The administrative expense ratio improved to 8.9% (9.3%).

The balance of other operating income and other operating expenses rose to €5.7 (–17.4) million, in particular due to the positive non-recurring contribution of €28.1 million from the divestment of the Chinese corn business. The related individual items are explained in detail in the Notes on page 125.

Net financial income/expenses falls sharply

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

Net income from equity investments includes the earnings from equity-accounted joint ventures, which decreased to € –24.3 (–12.3) million, in particular due to the higher loss made by our North American joint venture AgReliant.

The balance of financial expenses and financial income likewise fell sharply to €–25.6 (–11.5) million. This was mainly due to higher interest expenses, particularly in Germany and Türkiye. The other net financial income/expenses decreased mainly due to exchange rate effects amounting to €–4.6 (1.9) million. The above-mentioned changes led to a significant overall decline in net financial income/expenses to €–50.0 (–23.8) million.

Sharp increase in earnings after taxes from continuing operations

Earnings before taxes from continuing operations rose sharply by 47.1% to €252.0 (171.3) million. Income taxes increased to €67.9 (45.2) million, in particular due to the growth in earnings and change in the country mix, while the tax rate rose slightly to 27.0% (26.4%).

Earnings after taxes from continuing operations rose sharply by to €184.1 (126.1) million. Given that the number of shares is 33,000,000, earnings per share from continuing operations were €5.58 (3.82).

Earnings after taxes including the earnings from discontinued operations were €130.8 (127.0) million and thus slightly higher than in the previous year.

Financial situation

Selected key figures on the financial situation

in € millions	2023/2024	2022/2023	+/–
Cash and cash equivalents	222.4	173.0	28.6%
Net cash from operating activities	157.2	144.7	8.6%
Net cash from investing activities	–103.4	–100.1	3.3%
Free cash flow	**53.8**	**44.5**	**20.9%**
Net cash from financing activities	24.8	–59.3	>100.0%

Securing the KWS Group’s financial flexibility, enabling its profitable growth and preserving its independence are the core tasks of our financial management. Among other things, we ensure that by extensive liquidity planning, monitoring of cash flows, and hedging the risk of interest rate changes and currency risks. The main financial instruments used by the Group in the fiscal year, apart from a syndicated credit line and a loan from the European Investment Bank (EIB) to fund research and development, were in particular borrower’s notes and commercial papers with different loan periods and terms (see page section 7.11 in the Notes for the KWS Group on page 146 for the presentation of the main terms and conditions of our financing instruments).

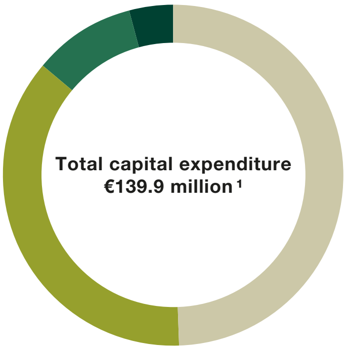
At June 30, 2023, the KWS Group had firmly promised, loans it had not used totaling €398.2 (381.3) million.

The maturity profile of the Group’s borrowings has a broad spread, with a high proportion of medium- and long-term financing.

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

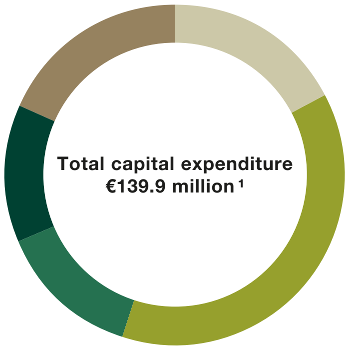
The net cash from operating activities increased in the period under review to €157.2 (144.7) million, while working capital (in particular inventories) also increased.

Capital expenditure by region



1 Without capital expenditures of our at-equity-accounted consolidated companies

Capital expenditure by segment



1 Without capital expenditures of our at-equity-accounted consolidated companies

The net cash from investing activities totaled €–103.4 (–100.1) million. The main focus of the KWS Group's capital spending in the year under review was on erecting and expanding production and research and development capacities. Construction of the new elite storehouse for processing and storing breeding material for sugarbeet was continued at the Einbeck location. Its investment volume is more than €50 million and it is scheduled to be completed in fiscal 2024/2025. In Ukraine, the focus was on expanding and modernizing production and processing plants for corn seed. In the Cereals Segment, we modernized and expanded our production plants in Germany, France and Poland, among other things. We expanded our breeding capacities in the Vegetables Segment. Across all segments, investments were made in office and laboratory equipment and in IT systems, among other things. Total capital spending in fiscal 2023/2024 (for continuing operations) totaled €139.9 (109.1) million. However, there were proceeds from disposal of non-current assets totaling €43.2 (3.5) million, in particular from the divestment of the Chinese corn business.

Depreciation and amortization increased in the year under review to €119.1 (95.4) million, in particular due to higher amortization of intangible assets in the Vegetables Segment and an allowance for an equity interest in Research & Development.

The free cash flow was €53.8 million and thus above the figure for the previous year (€44.5 million). The net cash from financing activities was €24.8 (–59.3) million. The main reason for the increase was higher borrowing to finance the company's operations. Cash and cash equivalents rose sharply to €222.4 million at the end of the period under review (previous year: €173.0 million).

For the discontinued operation, net cash from operating activities was €–0.7 (–6.9) million, net cash from investing activities was €–2.3 (1.5) million and net cash from financing activities was €–30.4 (0.3) million.

Assets

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

Due to the sale of the South American corn and sorghum business, it was classified as a discontinued operation. 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 (see the disclosures in the Notes on page 105 for further details).

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.

Total assets at June 30, 2024, were €2,956.1 (2,749.6) million. Noncurrent assets totaled €1,220.1 (1,326.8) million and current assets totaled €1,301.5 (1,420.7) million. The decrease in noncurrent and current assets is mainly due to the separate disclosure of assets held for sale totaling €434.5 (2.1) million.

Equity increased to €1,399.9 (1,291.1) million, mainly due to the net income for the year. The equity ratio was €47.4% and thus on a par with the previous year’s figure (47.0%).

The fall in noncurrent liabilities to €610.0 (762.0) million is attributable in particular to changes in the maturities of long-term financial liabilities. Current liabilities fell to €655.2 (696.5) million, in particular due to the separate disclosure of liabilities in connection with assets held for sale. Liabilities in connection with assets held for sale amounted to €291.0 (0.0) million.

Net debt (long-term and short-term borrowings from banks less cash and cash equivalents) improved to €385.1 (565.2) million, in particular due to the separate disclosure of liabilities in connection with assets held for sale.

Condensed balance sheet

in € millions	06/30/2024	06/30/2023	+/–
Assets			
Noncurrent assets	1,220.1	1,326.8	–8.0%
Current assets	1,301.5	1,420.7	–8.4%
Assets held for sale	434.5	2.1	>100.0%
Equity and liabilities			
Equity	1,399.9	1,291.1	8.4%
Noncurrent liabilities	610.0	762.0	–19.9%
Current liabilities	655.2	696.5	–5.9%
Liabilities in connection with assets held for sale	291.0	0.0	–
Total assets	**2,956.1**	**2,749.6**	**7.5%**

2.3.3 Segment Reports

Reconciliation with the KWS Group

The KWS Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The segments are presented in the Management Report in line with our internal corporate controlling structure in accordance with GAS 20. The main difference is that we do not carry the revenues and costs of our equity-accounted companies in the statement of comprehensive income (in accordance with IFRS 11). The KWS Group's net sales and EBIT are therefore lower than the total for the segments. The earnings contributed by the equity-accounted companies are instead included under net financial income/expenses. Our equity-accounted companies are included proportionately in the segment reports in line with our internal corporate controlling structure.

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

Reconciliation table (all key indicators relate to continuing operations)

in € millions	Segments	Reconciliation	KWS Group
Net sales	1,913.4	–235.3	1,678.1
EBIT	277.7	24.3	302.0
Number of employees (avg. FTE)	5,004	–331	4,673
Capital expenditure	145.7	–5.8	139.9
Total equity and liabilities	3,064.6	–108.5	2,956.1

The reconciliation between the KWS Group's statement of comprehensive income and the reporting by segments in fiscal 2023/2024 is impacted by our equity-accounted companies in North America and China (on a pro rata temporis basis).

Corn

Corn Segment

General industry-specific conditions: Decline in land under cultivation in all main corn regions
The general conditions for corn cultivation were challenging in all key agricultural regions in the year under review. The area under cultivation in the U.S., the world's largest corn producer, fell by around 3% as a result of low purchase prices.

In the European grain corn markets, adverse economic conditions for cultivation also dampened demand. However, the European market for silage corn, in which KWS is the leader, recorded stable growth in cultivation area.

In Brazil, one of the world's largest agricultural producers, the climate phenomenon El Niño had a significant impact on corn cultivation. Long periods of drought followed by rainfall and flooding led to a significant decline in area under cultivation and harvests.

The segment's performance: Sale of the corn business in South America and China
The composition of the Corn Segment underwent significant changes in the period under review. In October 2023, we divested the Chinese corn business (including licenses) to our joint venture partner there. In March 2024, we also concluded an agreement to sell our corn business in South America. The transaction, which comprises all breeding and sales activities for corn in South America (Brazil, Argentina, Paraguay and Uruguay) and all production sites for corn seed in Argentina and Brazil, was closed after the end of the period under review (see also "Report on events after the balance sheet date" on page 165) and will have a significant positive impact on KWS' key financial indicators such as net debt and the equity ratio. The South American corn business is classified as a discontinued operation in the 2023/2024 annual financial statements and is therefore not included

in the report for the Corn Segment. Comparative segment information has been adjusted retroactively.

The net sales from continuing operations in the Corn Segment fell by 5.0% to €701.5 (738.1) million in the year under review. Net sales declined by 0.6% on a comparable basis (excluding exchange rate and portfolio effects). There were negative exchange rate effects mainly from the depreciation of the Russian ruble and the Turkish lira against the euro.

We grew net sales in Europe on a comparable basis by around 4% despite a fall in land under cultivation. That increase is mainly attributable to higher sales prices. According to our own surveys, we again defended our leading position in the silage corn market in the year under review.

Net sales at our North American joint venture AgReliant declined by around 12%. In addition to negative exchange rate effects, our business recorded a decline in volumes in a fiercely competitive environment.

The increase in the segment's income to €39,1 (18.7) million is attributable to the positive contribution to earnings of approximately €28 million from the divestment of the Chinese corn business.

While our European corn business continued to show robust earnings strength with an EBIT margin of around 13% (14%) despite a decline in earnings, the EBIT of our U.S. joint venture AgReliant remained negative due to a lower than expected operating performance and adverse special effects.

Including the positive earnings contribution from the divestment of the Chinese corn business, the segment's EBIT margin rose from 2.5% to 5.6%.

Expansion of production plants in Europe
The segment's capital spending was €27.8 (25.9) million in the year under review. Apart from routine maintenance measures, we expanded our drying capacities in Türkiye, among other things, thereby significantly reducing our dependence on third-party providers. Alongside that, we increased our storage capacities in Buzet, France. We also modernized parts of our production plants in Romania so that we can keep meeting our high standards of quality, safety and environmental protection. We completed our extensive expansion of the seed processing plant in Ukraine. The aim is to ensure the availability of high-quality seed and to provide long-term support for reconstruction of the agricultural industry in Ukraine.

Key figures

in € millions		2023/2024	2022/2023	+/–
Net sales [1]		701.5	738.1	–5.0%
EBITDA [1,2]		77.8	51.7	50.5%
EBIT [1]		39.1	18.7	>100.0%
EBIT margin [1]	in %	5.6	2.5	–
Capital expenditure [1]		27.8	25.9	7.3%
Capital employed (avg.) [3]		767.1	923.1	–16.9%
ROCE (avg.) [1,4]	in %	5.1	2.0	–

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
2 EBITDA = EBIT (incl. IAS 29 Hyperinflation) + Depreciation (incl. IAS 29 Hyperinflation) + Amortization (incl. IAS 29 Hyperinflation)
3 Capital employed (average capital employed) = (quarterly figures at the reporting date for intangible assets + property, plant and equipment + inventories + trade receivables – trade payables)/4
4 ROCE = EBIT/capital employed (avg.)

Sugarbeet Segment

General industry-specific conditions: Sugar prices at a high level, slight increase in land under cultivation
As a result of limited supply volumes, global sugar prices reached long-term highs in the fall of 2023. Against this backdrop, purchase prices for sugarbeet were at a high level, offering farmers attractive conditions for growing sugarbeet. Global cultivation area grew by around 2% to 4.6 million hectares. In the course of the period under review, the supply situation on global markets eased, particularly due to higher sugar production in Europe and Brazil, with the result that sugar prices fell again significantly.

According to estimates by the Food and Agriculture Organization (FAO) of the United Nations, global sugar consumption continued to rise in the year under review, especially in Africa and Asia.

The segment's performance: Product innovations drive strong growth in net sales and EBIT
Net sales at the Sugarbeet Segment again rose sharply in the year under review to €864.9 (716.3) million, an increase of 20.7%. The growth was 27.5% on a comparable basis (excluding exchange rate and portfolio effects). There were negative exchange rate effects on net sales mainly from the depreciation of the Russian ruble, the Turkish lira and the US dollar against the euro.

Europe is the segment's most important market, accounting for 60.4% (59.6%) of total net sales, followed by North America with 26.5% (29.9%).

The segment's sharp increase in net sales resulted from a significant expansion of business in all key regions for global sugarbeet cultivation and once again underscores KWS' leading position in the market for sugarbeet seed.

Our sustainable product innovations CONVISO® SMART and CR+ played a substantial part in this and once again recorded high demand in the 2024 growing season. The combined share contributed by these innovations to total net sales increased to around 56% (49%). Against the backdrop of increasing regulation of pesticides and rising disease pressure as a result of climate change, these innovations make an important contribution to achieving stable beet yields with less use of pesticides.

The segment's income was €350.1 million thanks to the buoyant net sales trend and was significantly above the previous year's figure (€253.4 million).

While gross profit on sales was significantly higher (+21%), there were moderately higher selling expenses (+6%) and research and development expenditure (+6%). The EBIT margin improved sharply to 40.5% (35.4%).

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

Important capital spending projects

As planned, we continued construction of our new elite storehouse for processing and storing breeding material for sugarbeet at our Einbeck location in fiscal 2023/2024. At a cost of more than €50 million, the new building is the largest single investment in KWS' history. The new elite storehouse is expected to be put into operation in fiscal 2024/2025.

Among other things, we also invested in expanding our production plants in Türkiye and France and in constructing new greenhouses and offices in the U.S.

The segment's capital spending in the year under review was €58.5 (37.0) million and thus well above the figure for the previous year.

Key figures

in € millions		2023/2024	2022/2023	+/–
Net sales[1]		864.9	716.3	20.7%
EBITDA[1]		373.6	275.6	35.6%
EBIT[1]		350.1	253.4	38.2%
EBIT margin[1]	in %	40.5	35.4	–
Capital expenditure[1]		58.5	37.0	58.1%
Capital employed (avg.)[2]		519.1	449.9	15.4%
ROCE (avg.)[3]	in %	67.4	56.3	–

1 EBITDA = EBIT (incl. IAS 29 Hyperinflation) + Depreciation (incl. IAS 29 Hyperinflation) + Amortization (incl. IAS 29 Hyperinflation)
2 Capital employed (average capital employed) = (quarterly figures at the reporting date for intangible assets + property, plant and equipment + inventories + trade receivables – trade payables)/4
3 ROCE = EBIT/capital employed (avg.)

Cereals Segment

General industry-specific conditions: Prices for agricultural raw materials continue to decline
International prices for key agricultural raw materials such as wheat, oilseed rape and rye fell, in some cases significantly, in the course of the year under review. After their prices hit multi-year lows in the first quarter of 2024, they recovered slightly by the end of the period under review. This was due in particular to falling yield prospects for winter crops in Western Europe as a result of high levels of precipitation and increased disease and pest pressure. In some regions of Eastern Europe and in Spain, however, persistent water scarcity weighed on yield forecasts. In Russia, one of the world's largest cereal producers, the harvest forecasts for wheat also fell due to drought and late frost.

According to estimates by the Food and Agriculture Organization (FAO) of the United Nations, the level of supply on the global cereals markets was sufficient during the period under review.

The segment's performance: Double-digit growth in net sales and earnings
Net sales in the Cereals Segment in fiscal 2023/2024 rose sharply to €275.9 (247.1) million, mainly due to buoyant growth in oilseed rape, rye and wheat seed. That equates to an increase of 11.7%. Net sales grew by 14.5% on a comparable basis (excluding exchange rate and portfolio effects). There were negative exchange rate effects on net sales mainly from the depreciation of the Russian ruble against the euro.

As regards oilseed rape, favorable market conditions and robust demand for our portfolio of high-performance varieties in particular resulted in a significant expansion of business, with net sales rising by around 16%. We posted the largest growth in Germany, France and Eastern Europe. Oilseed rape business has become considerably more important for the Cereals Segment in recent years and in the period under review accounted for 31% of net sales (previous year: 30%).

Rye seed business also performed very well in the year under review, posting net sales growth of around 13%, in particular on the back of strong demand in Germany (+18%). Our business benefited in particular from the increasing use of rye in fodder and is underpinned by its excellent carbon footprint and high yield stability under dry conditions. Rye seed business accounts for around 38% (38%) and thus a significant share of the segment's net sales.

Net sales from wheat seed business increased by around 8%, mainly due to higher royalties, with the biggest growth being recorded in the UK.

Our sorghum activities in Brazil were also sold as part of the divestment of our corn business in South America. As a discontinued operation, they are no longer included in the Cereals Segment report. Comparative segment information has been adjusted retroactively.

The segment's income rose sharply by 28.6% to €50.4 (39.2) million thanks to the positive net sales trend. The EBIT margin increased to 18.3% and was thus also well above the level of the previous year (15.9%).

While gross profit increased (+21%), there were higher selling expenses (+9%). In addition, we further increased our research and development expenditure (+8%).

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

Investment in breeding and production continued

The segment's capital spending in the year under review was €17.5 (12.8) million and thus above that of the previous year. The main focus of investment activity was again on expanding and modernizing production plants in Germany, France and Poland, such as the seed processing plant at Wohlde, and modernizing breeding stations.

Key figures

in € millions		2023/2024	2022/2023	+/–
Net sales[1]		275.9	247.1	11.7%
EBITDA[1,2]		57.5	47.0	22.3%
EBIT[1]		50.4	39.2	28.6%
EBIT margin[1]	in %	18.3	15.9	–
Capital expenditure[1]		17.5	12.8	36.7%
Capital employed (avg.)[3]		170.0	172.4	–1.4%
ROCE (avg.)[1,4]	in %	29.6	22.8	–

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
2 EBITDA = EBIT (incl. IAS 29 Hyperinflation) + Depreciation (incl. IAS 29 Hyperinflation) + Amortization (incl. IAS 29 Hyperinflation)
3 Capital employed (average capital employed) = (quarterly figures at the reporting date for intangible assets + property, plant and equipment + inventories + trade receivables – trade payables)/4
4 ROCE = EBIT/capital employed (avg.)

Vegetables Segment

General industry-specific conditions: Vegetable market expected to grow
Experts estimate that the global vegetable market will be worth one trillion euros by 2024 – and rising. Average growth is expected to be 7% p.a. over the next five years. We expect global demand for vegetable seed to increase at a similarly buoyant rate.

Demand for vegetables is likely to be further boosted in the future by the growing number of vegans, health and wellness trends and the increasing popularity of vegetables as a source of protein. There is also a growing trend toward higher-priced organic vegetables.

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

The segment's performance: Decline in net sales and earnings, expansion of breeding activities as planned
Net sales at the Vegetables Segment fell year over year by 5.9% to €62.1 (66.0) million in the year under review. Net sales declined similarly by 5.6% on a comparable basis (excluding exchange rate and portfolio effects).

Spinach seed accounted for around two-thirds of the segment's net sales. While business in our main market, the U.S., remained stable, we recorded a year-on-year decline in demand in China, among other countries.

Despite an overall fall in net sales of around 12% in the period under review, we were able to maintain our leading position in spinach seed. We expect business to pick up and net sales to increase in fiscal 2024/2025 (see also the Forecast Report on page 94).

However, bean seed business, which accounts for around 29% of net sales and is the second-largest product group in the segment, grew by 11%, particularly in our main market, the U.S.

The segment's income fell sharply to €–34.7 (–11.8) million as a result of the operating performance, the planned increase in expenditure on establishing our vegetable breeding activities and higher amortization of intangible assets from the acquisition of Pop Vriend Seeds.

In light of the gradual switch to the "KWS" brand, the useful life of the "Pop Vriend" brand was adjusted in the year under review and the corresponding intangible assets were amortized to an amount of €10.4 million. In the future, marketing for the vegetable business will be conducted entirely under the KWS brand.

Including further effects from the purchase price allocation as part of company acquisitions amounting to €8.8 (11.2) million, the segment's income was reduced by a total of €19.2 (11.2) million as a result of amortization of intangible assets.

Expansion of vegetable breeding continued

KWS' strategic objective is to build a significant position in the vegetable seed market long-term. Our focus apart from spinach and beans is on the world's five most important crops in this segment: tomatoes, peppers, cucumbers, watermelons and melons. We are laying the foundations for this with the planned expansion of our vegetable breeding.

In March 2024, we officially opened our first breeding station in Mexico to drive the development of tomato and pepper varieties for the Mexican market and to conduct screening activities for cucumbers, melons and watermelons. The new breeding station in Navolato in the state of Sinaloa covers 10 hectares and comprises warehouses, offices, a large section for open-air cultivation and greenhouses with a total area of 4,500 m^2, which is set to grow by a further 5,000 m^2 in the coming years.

A new research and breeding station for developing tomato, melon and watermelon varieties was inaugurated in Brazil in June 2024. The site in Uberlândia in the western part of the state of Minas Gerais is 13 hectares in size and comprises warehouses, offices, 3,800 m^2 of greenhouses and 7 hectares of outdoor areas.

KWS is also expanding research and development capacities at its Andijk location in the Netherlands. A greenhouse, a research area for outdoor crops and an office and laboratory building will be established over 10,000 m^2 by spring 2025. The new greenhouse will be used for research into the outdoor crops spinach, beans, red beet and Swiss chard, among other things.

KWS now has vegetable breeding stations in Spain, Italy, the Netherlands, Türkiye, Brazil and Mexico.

Capital spending in the Vegetables Segment increased from €14.3 million in the previous year to €16.5 million.

Key figures

in € millions		2023/2024	2022/2023	+/–
Net sales		62.1	66.0	–5.9%
EBITDA [1]		–11.2	2.3	>100.0%
EBIT		–34.7	–11.8	>100.0%
EBIT margin	in %	–55.9	–17.8	–
Capital expenditure		16.5	14.3	15.4%
Capital employed (avg.) [2]		430.9	427.1	0.9%
ROCE (avg.) [3]	in %	–8.1	–2.8	–

1 EBITDA = EBIT (incl. IAS 29 Hyperinflation) + Depreciation (incl. IAS 29 Hyperinflation) + Amortization (incl. IAS 29 Hyperinflation)
2 Capital employed (average capital employed) = (quarterly figures at the reporting date for intangible assets + property, plant and equipment + inventories + trade receivables – trade payables)/4
3 ROCE = EBIT/capital employed (avg.)

Corporate

Corporate Segment

Key figures

in € millions	2023/2024	2022/2023	+/–
Net sales[1]	9.2	8.3	10.2%
EBITDA[1,2]	–101.2	–94.1	7.6%
EBIT[1]	–127.1	–115.0	10.5%
Capital expenditure	25.4	17.9	41.7%

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
2 EBITDA = EBIT (incl. IAS 29 Hyperinflation) + Depreciation (incl. IAS 29 Hyperinflation) + Amortization (incl. IAS 29 Hyperinflation)

Net sales in the Corporate Segment are mainly generated from our farms in Germany, France and Poland and increased to €9.2 (8.3) million in the period under review.

At the same time, since cross-segment costs for the KWS Group's central functions and research expenditure are charged to the Corporate Segment, its income is usually negative.

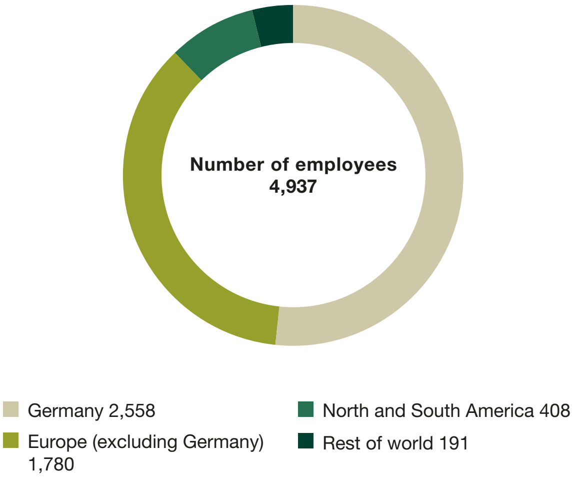
The segment's income fell to €–127.1 (–115.0) million, mainly due to general cost increases, especially for personnel, and planned higher expenses for research. Capital spending was €25.4 (17.9) million and thus above that of the previous year.

Alongside general spending on office and laboratory equipment and IT systems, the focus of our investment activity was on implementation of new ERP software and an efficiency project aimed at using heat from effluents.

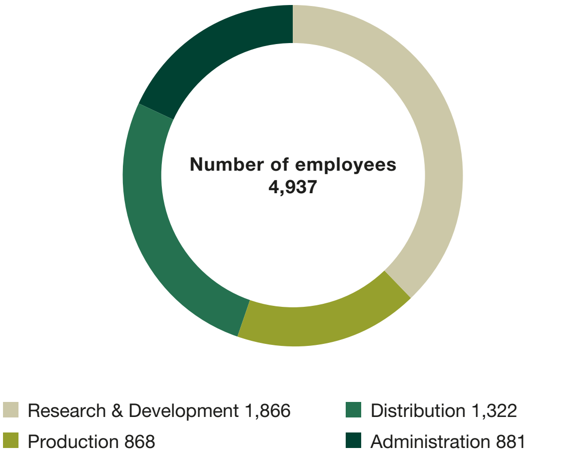
2.3.4 Employment Trends

The KWS Group employed an average of 4,937 (4,653) people (excluding seasonal workers and employees from the discontinued operation) in the year under review, a year-on-year increase of around 6%. 2,558 (2,417), or around 52.0% (52.0%) of the workforce, were employed in Germany. Once again, the area that accounted for the most employees was research and development, which made up 37.8% (37.3%) of the total workforce.

Employees by region



Employees by function



2.4 Sustainability Information (Combined Non-Financial Declaration)

2.4.1 General Information[1]

Overview of the status of implementation of key sustainability goals

Environmental objectives	Target in 2030	Section	2023/2024	2022/2023
Climate Change		**2.4.2**		
Emissions Scopes 1 and 2[4]	50% reduction (2050: net zero) compared with the baseline year 2020/2021 (47,587 t CO_2e)		48,379 t CO_2e	50,940 t CO_2e
Use of scorecards to measure local environmental performance	Use of scorecards at all production sites, including at processing plants and our own seed propagation areas		58 out of 71 locations	56 out of 71 locations
Water		**2.4.2**		
KWS Group's water consumption	Will be defined in fiscal year 2024/2025		498,732 m^3	n/a
Biodiversity and ecosystems		**2.4.2**		
Crops in breeding programs	27		23	23
Budget for resource-conserving research	>30% of the annual R&D budget on reducing the use of resources		21.9%	20.2%
Ratio of low-input varieties	Suitability of >25% of KWS' varieties for low-input farming		18.9%[1]	9.1%[2]
Innovations for Agriculture		**2.4.2**		
Annual yield gain	1.5% on average		1.1%[1]	1.3%[2]
Use of digital solutions on customers' fields	Use of digital solutions on >6 million hectares		2.9 million hectares	2.5 million hectares
Ratio of varieties for direct human nutrition	>40% of KWS' varieties can be used directly in human nutrition		35.9%[1]	63.0%[2]
Social objectives	**Target in 2030**	**Section**	**2023/2024**	**2022/2023**
Social engagement		**2.4.3**		
Ratio of expenditures as part of our social engagement	1% of operating income (EBIT) p.a.		0.7%	0.6%
Own Workforce		**2.4.3**		
OSHA incident rate at the KWS Group[3]	<5.0[5]		8.04[5]	8.16[5]
Employee engagement	The employee engagement target will be defined in 2024/2025; baseline year 2023/2024	2.4.3	74%	n/a
Governance objectives	**Target in 2030**	**Section**	**2023/2024**	**2022/2023**
Business Conduct		**2.4.4**		
Access to the Compliance Portal	95%		92%	80%

1 Recorded for the German and UK markets; the definition was adjusted in 2023/2024
2 Recorded for the German market
3 Rate of lost-time occupational accidents relative to hours worked (per 1 million working hours); OSHA = Occupational Safety and Health Administration
4 Emissions excluding the units to be sold in South America. There is a reconciliation with the emissions before the sale in section 'Climate Change'
5 The calculation logic was adjusted to 1 million working hours in 2023/2024 and the target figure was also adjusted accordingly

1 Not an audited part of the Combined Management Report

Our understanding of sustainability

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

"Our passion for plants sustains farming, food and planet"

The KWS Group's mission

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

Sustainability issues of moderate to high materiality

We derive the issues we report on in the Non-Financial Declaration from a materiality analysis based on the Corporate Sustainability Reporting Directive (CSRD). It was repeated in 2023/2024 and now follows the concept of double materiality. The relevant stakeholder groups were involved in that. The key stakeholder groups include not only our direct customers, i.e. farmers, but also our shareholders, suppliers and employees. We also include various stakeholders throughout the agricultural value chain in our analysis, such as policymakers, public authorities, non-governmental organizations, science, academia and the media. In order to identify issues that might be relevant to the updated materiality analysis, issues were also derived from the company's context in connection with our strategy and business model. The issues were evaluated as part of a value chain analysis and their materiality was analyzed in terms of their financial effect and impact.

The following issues of high materiality for the KWS Group were identified:

Environmental Aspects

- Climate Change
- Water
- Biodiversity and Ecosystems
- Innovations for Agriculture

Social Aspects

- Own Workforce
- Labor in the Value Chain

Governance

- Business Conduct

Sustainability-related issues that were categorized as being of high materiality are presented in the Non-Financial Declaration.

Legal disclosures

In accordance with Sections 289b et seq. and Sections 315b et seq. of the German Commercial Code (HGB), KWS is obliged to prepare a Non-Financial Declaration for the parent company KWS SAAT SE & Co. KGaA and the KWS Group disclosing details of the business model and related material corporate social responsibility (CSR) aspects (environmental issues, social issues, employee issues, human rights, and prevention of corruption and bribery), where these are necessary for an understanding of the course of business, business results, the situation of KWS SAAT SE & Co. KGaA and the KWS Group, and the effects on said aspects. The disclosures in the Combined Non-Financial Declaration relate to both KWS SAAT SE & Co. KGaA and the KWS Group, unless otherwise specified, but not to our joint ventures or associated companies.

The table below gives an overview of the CSR report aspects stipulated by law in accordance with Section 289c of the German Commercial Code (HGB) and other associated issues that require reporting, as well as references to the sections in which the required disclosures on concepts, results, risks and key performance indicators are made.

We did not identify any risks that exceeded the statutory materiality threshold defined in Section 289c (3) of the German Commercial Code (HGB). In addition, the KWS Group has not defined any non-financial performance indicators relating to controlling at present.

Index for the Non-Financial Declaration

Required HGB disclosures	Issues of high materiality	Reference to sections
Business model		2.4.1 General Information
Environmental issues	Climate Change Water Biodiversity and Ecosystems Innovations for Agriculture	2.4.2 Environmental Aspects 2.4.2 Environmental Aspects 2.4.2 Environmental Aspects 2.4.2 Environmental Aspects
Employee issues	Own Workforce	2.4.3 Social Aspects
Corruption and bribery	Business Conduct	2.4.4 Governance
Human rights	Own Workforce	2.4.3 Social Aspects
Social issues	Own Workforce Labor in the Value Chain	2.4.3 Social Aspects 2.4.3 Social Aspects
EU Taxonomy		2.4.2 Environmental Aspects

Sustainable Development Goals

KWS supports achievement of the Sustainable Development Goals (SDGs) under the UN's Agenda 2030 (www.un.org/sustainabledevelopment/sustainable-development-goals/). KWS feels it has a commitment in this regard and makes concrete contributions to the following SDGs through its business activities:

We will be guided by the SDGs in the future development of our company and intend to continue integrating them in the Group.

KWS' focal issues from the 17 Sustainable Development Goals (SDGs)

Economical	Ecological	Social

2.4.2 Environmental Aspects[2]

2.4.2.1 Climate Change

Improve operational footprint (Sustainability Ambition 2030)

Objective	Target in 2030	2023/2024	2022/2023
Scope 1 and Scope 2 emissions globally[1]	50% reduction (2050: net zero) compared with the baseline year 2020/2021	48,379 t CO_2e	50,940 t CO_2e
Rollout of scorecards to measure environmental performance	Use of scorecards at all production sites, including at processing plants and our own seed propagation areas	58 out of 71 locations	56 out of 71 locations

1 In this section, we comment on the development of energy and Scope 1 and Scope 2 emissions (calendar year) following the sale of our locations in South America. The tables include a reconciliation with the figures before their sale.

Energie und Emissionen

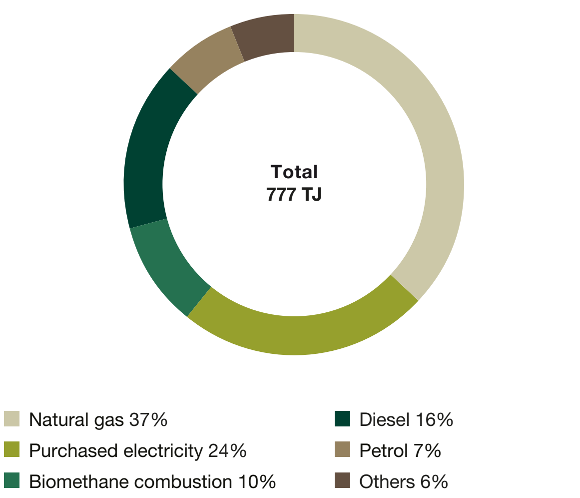
KWS has set itself the goal of reducing Scope 1 and Scope 2 emissions by 50% by 2030 compared with the baseline year 2020/2021 (47,587[3] tons of CO_2e). KWS therefore surpasses the 42% reduction required by the Science Based Targets Initiative (SBTi) for this period. Our aim is to reduce our emissions to net zero in 2050. Both objectives are geared toward meeting the 1.5 degree target defined in the Paris Agreement. In this section, we comment on the changes in energy and emissions excluding our locations in South America that were being sold as of June 30, 2024. We present a reconciliation table disclosing energy and emissions before the sale of the South American locations.

Energy

As a plant breeding company, KWS is part of the agricultural value chain. We mainly require heat for drying seed, and cold and heat for breeding work in greenhouses or climatic chambers, and for operating agricultural machinery. We currently cover these energy requirements predominantly with natural gas, by purchasing electricity from national power grids, and with diesel, but also by using energy obtained from biomass (biomethane, wood chips and corn cobs). The company also has its own photovoltaic systems at various locations and they help reduce the amount of energy that has to be purchased externally. Our global energy requirements totaled 777 (851) terajoules (TJ)[4] in calendar year 2023, of which 13% (15%) was covered by renewable energies[5]. The decrease in energy requirements was caused by lower consumption of natural gas, as well as a decline in combustion of corn cobs and purchased electricity. The energy intensity was 0.46 (0.57[6]) gigajoules (GJ) per €1,000 of net sales.

Energy consumption by energy type

in % of total



2 Not an audited part of the Combined Management Report

3 Baseline year excluding the South American locations that are to be sold (before their sale: 56,463 tons of CO_2e)

4 We use the relevant physical conversion variables to calculate energy consumption. In the year under review, we changed our energy accounting and now disclose our energy consumption before energy losses from gasoline and diesel engines.

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

6 The previous year's figure is 0.57 GJ per €1,000 of net sales both including and excluding the locations affected by the sale.

Energy consumption at the KWS Group

in GJ	2023	2022
Natural gas	288	316
Purchased electricity	184	199
Biomethane combustion	81	89
Diesel	125	131
Petrol	53	40
Others	47	75
Total	**777**	**851**
Total before sale	1,048	1,193

Emissions

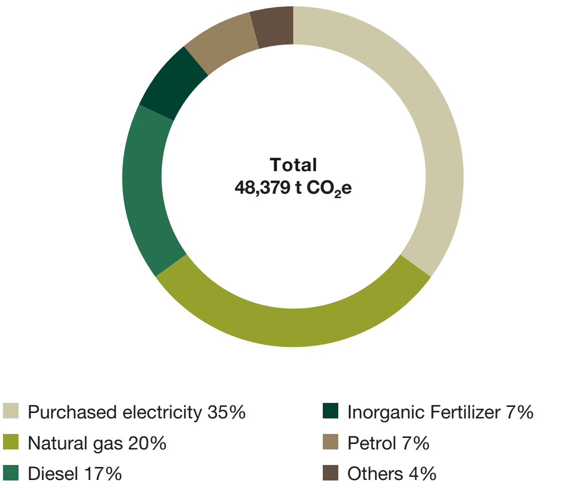
In order to achieve our emissions targets, we adjust our use of energy. We examine among other things increasing the use of biomass-based energy generation, expanding our own photovoltaic plants and purchasing green electricity under power purchase agreements, as well as energy efficiency measures. As part of that, we take into account both the potential of such projects to reduce emissions and their cost-effectiveness. In fiscal 2023/2024, the Executive Board decided to replace our use of natural gas in Germany with biomethane by 2027, and a supply agreement to this effect was concluded. A heat exchange concept with the municipal water treatment plant in Einbeck and the installation of photovoltaics to generate our own electricity in-house are also being implemented at present. Further measures for German locations are currently being examined or planned (including the use of wind power, district heating, the purchase of low-emission electricity, the use of heat pumps and heat exchangers, or other technical energy efficiency measures to reduce our energy requirements). The carbon policy described in the previous year was adopted in fiscal 2023/2024. In addition to technical and organizational regulations, it includes the introduction of an internal carbon price starting in fiscal 2024/2025 and the establishment of a 30% share of low-emission electricity generation by the company in-house. The policy applies worldwide. In the coming years, the focus of further cost-cutting measures will be on our foreign locations.

In fiscal 2023/2024, the KWS Group's Scope 1 and Scope 2 emissions were 48,379 (50,940) tons of CO_2e. The 5.0% reduction is due in particular to lower emissions from natural gas, purchased electricity and LPG. That gives an emission intensity of 28.8 (34.0[7]) kg of CO_2e per €1,000 of net sales. The Scope 1 and Scope 2 footprint of the parent company KWS SAAT SE & Co. KGaA was 12,387 (15,503) tons of CO_2e.

Emissions resulting from the use of biomass (biogas, corn cobs, wood chips, bioethanol and organic fertilizer) are mainly reported outside the GHG Scopes in accordance with the Greenhouse Gas Protocol (GHG Protocol).

Scope 1 and Scope 2 emissions

by source



These out-of-scope emissions in calendar year 2023 were 7,793 (10,897) tons of CO_2e for the KWS Group and 4,483 (4,930) tons of CO_2e for KWS SAAT SE & Co. KGaA.

7 The previous year's figure was 35.9 kg CO_2e per €1,000 of net sales (before sale of the South American locations).

Scope 1 and Scope 2 emissions by energy source

tons of CO_2e	2023	2022
Purchased electricity	17,074	18,293
Natural gas	14,628	16,038
Diesel	8,295	8,853
Inorganic Fertilizer	3,382	2,942
Petrol	3,258	2,568
Others	1,742	2,246
Total	**48,379**	**50,940**
Total before sale	60,667	65,278

The KWS Group's greenhouse gas emissions in accordance with the GHG Scopes and reconciliation with the figures before sale of the South American locations

Type of emissions	2023[1] (tons of CO_2e)	2022 (tons of CO_2e)	Delta (%)
Direct emissions (Scope 1)	31,210	32,538	–4.1
Indirect emissions (Scope 2)	17,169	18,402	–6.7
Total	**48,379**	**50,940**	**–5.0**
Total before the sale	60,667	65,278	–7.1
Biomass emissions (out of scope)	7,793	10,897	–28.5
Biomass emissions before the sale	15,685	22,100	–29.0

1 The measurement period for CO_2 is the calendar year

Methodology

We are guided by the requirements of the GHG Protocol in determining our greenhouse gas emissions. As part of that, our energy and fertilizer consumption is recorded worldwide, consolidated centrally and converted into CO_2 equivalents using emissions factors. We use factors from the Department for Environment, Food and Rural Affairs (DEFRA) for Scope 1 and factors from the International Energy Agency (IEA) for Scope 2 as part of that. Since the year under review, we have only included final data from the International Energy Agency (IEA) in the calculation; in the previous year, we used provisional data. Emissions from fertilizers are calculated using the "Metodologia do GHG Protocol da agricultura[8]." Our Scope 2 footprint is reported in accordance with the location-based method. In addition to Scope 1 and Scope 2 emissions, we report our emissions resulting from the use of biomass mainly outside the GHG Scopes, as they are not to be attributed to any scope according to the GHG Protocol. The consolidated group for the reported energy and emissions data in this section is the same as that for our financial reporting. The measurement period for energy and fertilizer data is January 1 to December 31, since we achieved the greatest data availability in this time period.

Scope 3 emissions

We recorded our Scope 3 emissions for the first time in fiscal 2023/2024 for the period from January 1, 2022, to December 31, 2022, as part of a pilot project. Our Scope 3 emissions[9] were 2,379,056 tons of CO_2e, with most of them being attributable to the GHG categories 3.10[10] "Processing of sold products" and 3.1 "Purchased goods and services." In fiscal 2024/2025, we plan to measure the emissions for the baseline year 2023 and the following year 2024 and to define and publish a target for them.

Rollout of environmental scorecards

In order to minimize the ecological impacts of its locations and operations, KWS strives to continuously improve internal processes, the technologies it uses and internal company standards. The locations themselves are responsible for the concrete application and operational implementation of resource-conserving measures. Concrete

8 See https://ghgprotocol.org/sites/default/files/standards_supporting/Metodologia.pdf.

9 Including the companies being sold in South America.

10 The data for cereals has been calculated on the basis of fiscal year 2018/2019.

minimum requirements in our global HSE (health, safety and environment) management activities ensure that all KWS locations are governed by comparable regulations.

We are continuing to work on establishing scorecards within the KWS Group as a means of evaluating the environmental performance of KWS locations worldwide. All production sites, including the processing plants and our own seed propagation areas, will thus be evaluated individually. The scorecard system will record data for criteria such as biodiversity, water protection and emissions. That will allow us to show the ecological footprint of our activities internally and tap potential for improvement at our locations. In fiscal 2023/2024, we obtained data for 58 (56) out of 71 production and propagation sites and used it as the basis for our scorecards. We plan to align the scorecards with the requirements of the Corporate Sustainability Reporting Directive (CSRD) in 2024/2025 in order to leverage any synergies.

2.4.2.2 Water

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

Water type	Consumption in 2023[1] in m^3
Tap water	90,577
Water from wells/groundwater	394,272
Surface water	11,622
Cistern water/rainwater	2,260
Total	**498,732**

1 Water consumption excluding the locations being sold in South America. Data collected for calendar year 2023.

Use of fresh water and water stress

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

Alongside water consumption in offices and research buildings, the highest levels of fresh water are used in watering the plants at our trial and in-house propagation locations. “Smart” drip irrigation that controls watering based on the plants’ needs is used in some of our greenhouses. We prescribe that the use of regenerative resources must be examined for new construction projects so that the use of groundwater can be reduced further. Our scorecards include questions on the subject of water stress. This captures qualitative data about whether production sites rely on renewable water sources (currently nine out of 58 production sites for which data is recorded) and whether locations are situated at or within areas of water stress (currently 22 out of 58 locations for which data is recorded).

In fiscal 2024/2025, we plan to review the methodology for recording water consumption and the targets for it and to adjust them if necessary.
We do not currently see an absolute reduction in water consumption as expedient due to the impact of the weather on our business model and the associated fluctuations in water consumption.

2.4.2.3 Biodiversity and Ecosystems

Enhance crop diversity (Sustainability Ambition 2030)

Objective	Target in 2030	2023/2024	2022/2023
Crops in breeding programs	27	23	23

Flexible and sustainable crop rotation in agriculture is part of our sustainable product strategy. We therefore offer our customers a broad portfolio of varieties for different crops. We plan to increase the number of our breeding programs from 23 (23) at present to 27 by 2030. A plant breeding program for agricultural crops is a systematic and science-based method of developing plants with improved traits and properties. It comprises the pinpointed crossing of plants to enhance desirable traits such as yield, resistance to diseases and pests, drought tolerance, nutrient efficiency and adaptability to different environmental conditions. A breeding program involves the selection of parent plants with the desired traits and the systematic implementation of crossing and selection processes over several generations. The goal is to develop varieties that meet farmers' needs, increase yields, improve food security and promote sustainable agricultural practices. Modern plant breeding programs also use advanced technologies such as genomics, marker-assisted selection and genetic engineering to speed up the breeding process and make it more efficient. Crop-specific development objectives are agreed annually between Research, the breeding departments, Production and Sales, submitted for the Executive Board to decide on and reported to the Supervisory Board. The number of breeding programs remained unchanged in fiscal 2023/2024.

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

Another indicator of the success of our breeding programs is the number of official variety approvals awarded per year. Only varieties of agricultural plant species that offer a clear improvement in cultivation or further processing (what is termed "value for cultivation and use") over already approved ones can be marketed in the EU. We obtained 559 variety approvals worldwide in fiscal 2023/2024 compared to 488 in the previous year.

Minimize required inputs (Sustainability Ambition 2030)

Objective	Target in 2030	2023/2024	2022/2023
Expenditures on reducing the use of resources	>30% of the annual R&D budget	21.9%	20.2%
Ratio of varieties for resource-conserving agriculture	Suitability of >25% of KWS' varieties for low-input farming	18.9% [1]	9.1% [2]

1 Recorded for the German and UK markets, excluding vegetable varieties
2 Recorded for the German market, excluding vegetable varieties

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

More than 30% of our annual R&D budget is to be spent on reducing the use of resources
In the future, we intend to spend more than 30% of our annual R&D budget specifically on reducing the use of resources (water, fertilizer and pesticides) in arable farming. To enable this, we are planning to develop varieties that, for example, are resistant to diseases or pathogens or have greater tolerance to climatic stress factors and therefore require less pesticide and work by the farmer. In fiscal 2023/2024, we spent 21.9% (20.2%) of the R&D budget [11] on breeding and developing resource-conserving varieties.

More than 25% of our portfolio of varieties are to be suitable for low-input farming
We develop resource-saving traits as part of our breeding activities. They include varieties that deliver yields that are customary for the market with little use of fertilizer, limited water availability or reduced use of chemical pesticides. At least one trait of a variety must enable lower resource use in cultivation and, at the same time, offer a yield potential that is customary for the market, in which case the variety is classified as resource-efficient. Very high yields may also result in varieties being awarded this classification, as they can achieve the same yield level as customary varieties with fewer resources. These “low-input varieties” must prove their performance under cultivation conditions, either in our internal trials or as part of official approval processes. We intend to further expand breeding of low-input varieties in the future so as to selectively add them to our portfolio.

Resource-conserving traits in sugarbeet are, for example, disease resistance, which may entail the use of less pesticide and reduce the number of times machines have to run over the field; in the case of oilseed rape, they are traits where there is demonstrably lower infestation by pests. In fiscal 2023/2024, we analyzed our variety portfolio in the UK for the first time and are reporting its aggregated share together with that for Germany. We currently provide our customers with a total of 312 (209) varieties [12] for sugarbeet, silage corn, winter oilseed rape, wheat, barley and rye in Germany and the UK, of which 59 (19) – or 18.9% (9.1%) – were classified by us as resource-efficient in fiscal 2023/2024. Recording of the portfolio is to be extended to other markets in the following years.

11 In R&D controlling, not all research and breeding activities that contribute to reducing the use of resources can be clearly separated from other breeding activities such as increasing yield. Consequently, the key figure includes the actual costs for individual R&D projects and a pro-rata share of the total costs for the breeding programs for corn, cereals and vegetables. This share is based on the ratio reported for sugarbeet, which was approximately 21% (19%) for fiscal 2023/2024.

12 Varieties that generated net sales in fiscal 2023/2024. In the previous year, only varieties in Germany were recorded; varieties in the UK were included in the analysis for the first time in the year under review.

2.4.2.4 Innovations for Agriculture

Objective	Target in 2030	2023/2024	2022/2023
Annual yield gain	1.5% on average	1.1%[1]	1.3%[2]
Use of digital solutions on customers' fields	Use of digital solutions on >6 million hectares	2.9 million hectares	2.5 million hectares
Ratio of varieties for human nutrition	>40% of KWS' varieties can be used directly in human nutrition	35.9%[1]	63.0%[2]

1 Recorded for the German and UK markets; the definitions have been reviewed and adjusted compared to the previous year
2 Recorded for the German market

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

Product innovation made by KWS

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

Based on the test results of all varieties in official trials in Germany and the UK over the past ten years, corn, wheat, barley, oilseed rape, rye and sugarbeet achieved an average yield gain of 1.1% (1.3%) p.a. for the German and UK markets. This key indicator is to be expanded to further countries in fiscal 2024/2025. The results were derived from data from official approval authorities.

In addition to the genetic makeup of the plant varieties, digital services also contribute to yield gain. KWS supported farmers on around 2.9 (2.5) million hectares with digital solutions by the end of fiscal 2023/2024. These solutions can be used to calculate the seed rate for specific subplots or to determine when to harvest plants, for example. As part of our Sustainability Ambition 2030, we aim to expand that figure to more than six million hectares.

In addition, our goal is for more than 40% of KWS' varieties to be suitable and intended for direct human consumption or use in a plant-based diet. Since more and more people are adopting a mainly vegetarian diet, we intend to cater for this growing demand for plant-based foods. In addition to our existing vegetable portfolio, our goal is to develop nutrient-rich varieties for the global market that, when harvested, can be used in food directly or with little processing. The share of varieties intended by KWS for direct use in human nutrition in fiscal 2023/2024 was 35.9% (63)% [13] for the German and UK markets.

13 The deviation from the previous year is due to the inclusion of the UK market and a correction to our KPI definition.

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

KWS Fit4NEXT catch crop mixtures offer European farmers solutions that support typical crop rotations. As an important component in sustainable arable farming, they contribute in diverse ways to successful cultivation of the main crop. They protect the climate and soil, promote biodiversity and also help limit unwanted accompanying plants and harmful nematodes. They are also important in maintaining and creating humus in arable land. Catch crop mixtures containing legumes also enable CO_2 to be bound in the soil by fixing atmospheric nitrogen and also reduce the use of fertilizer. The Fit4NEXT Field Check is a new digital tool for the German market that makes the specific performance of catch crop mixtures tangible. This applies both to nitrogen fixation and to the long-term binding of CO_2 and the formation of humus in the soil. The tool is available in the "myKWS" range of digital consulting services and has been developed for KWS' most important catch crop mixtures.

In addition, we have worked for years on developing biologicals as an alternative or complement to chemical means of seed treatment. They comprise microorganisms such as fungi and bacteria, as well as substances obtained from plants or microorganisms. We have treated sugarbeet, oilseed rape, corn and rye seed with biologicals since fiscal 2019/2020. Biological applications for further crops, such as sorghum, barley, spinach and beans, are being developed. In fiscal 2023/2024, we submitted further applications for approval so that biological seed treatments developed by us can be offered in further countries in the future, such as Slovakia, Belarus, Serbia and Moldova. Moreover, we are also continuing to establish biologicals as part of seed treatments in international markets such as North America (sugarbeet).

We are working to expand our portfolio of varieties for organic farming. As part of that, we have hired new personnel with specific expertise in organic farming for our breeding activities and for our trial technology in the past years. In addition, our trial areas were expanded and the quality of trials was improved by means of statistical analyses. In March 2024, the first rye variety KWS CREOR was also approved for organic farming by the German Federal Office of Plant Varieties. KWS has had its own location for organic farming in Germany, the Wiebrechtshausen monastery estate, for 20 years.

2.4.2.5 EU Taxonomy

The disclosures on the EU Taxonomy are made on the basis of Delegated Regulation (EU) 2021/2178 of the European Commission in conjunction with the International Financial Reporting Standards (IFRS) to be applied in the consolidated financial statements. Under Article 8 of the EU Taxonomy Regulation (EU) 2020/852 and the supplementary delegated acts, KWS is required to disclose the proportion of taxonomy-eligible net sales, capital expenditures (CapEx) and operating expenditures (OpEx) in relation to the following environmental objectives for fiscal 2023/2024:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems.

Taxonomy-eligible economic activities within the meaning of Article 1 No. 5 of the Delegated Act of July 6, 2021, to Article 8 of Regulation (EU) 2020/852 are those economic activities defined in the Delegated Act of June 4, 2021. Business activities that are not listed in the related annexes or that do not match the descriptions of business activities given there are not deemed to be taxonomy-eligible. The environmental objectives 1 to 2 already assessed in previous years were taken into account and the new economic activities defined in Delegated Regulation (EU) 2023/2486 of June 27, 2023, were assessed in relation to environmental objectives 3 to 6.

In fiscal 2023/2024, the taxonomy-eligible economic activities were examined for their environmental sustainability (taxonomy alignment) in relation to the environmental objectives of climate change mitigation and climate change adaptation. Environmental objectives 3 to 6 did not have to undergo a mandatory alignment examination in fiscal 2023/2024.

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

- it contributes substantially to the environmental objective in question;
- it does not significantly harm the other environmental objectives (DNSH = do no significant harm); and
- it is carried out in compliance with the minimum safeguards, such as observance of human rights (minimum safeguard criterion).

To determine whether activities meet the requirements for **taxonomy eligibility,** KWS' business activities were compared with those defined by the taxonomy in the Annexes to the Delegated Act of June 4, 2021, for environmental objectives 1 to 6 and relevant activities were assessed. The analysis revealed that no net sales could be allocated to the activities under the EU Taxonomy. Capital expenditures (CapEx) and operating expenditures (OpEx) assigned to taxonomy-eligible activities are aggregated at the level of the relevant asset items and income statement accounts.

To avoid double counting, the activities were assigned to only one environmental objective in terms of their impact on the environmental objectives. As part of this, taxonomy-eligible activities that account for less than one percent (<1%) of KWS' capital expenditures (CapEx) or operating expenditures (OpEx) as defined by the EU Taxonomy are not considered material and are therefore classified as taxonomy-non-eligible. The taxonomy-eligible activities classified as non-material total less than 3% (2%) of capital expenditures (CapEx) and less than 1% (1%) of operating expenditures (OpEx) in fiscal 2023/2024.

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

Fulfillment of the criteria relating to a substantial contribution and DNSH was verified by means of appropriate analyses. That included screening of relevant locations for potential physical climate risks relating to the DNSH criterion of "climate change adaptation."

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

As a result of the alignment examination, only criteria for activity "7.1. Construction of new buildings" could currently be fulfilled.

Net sales

As a plant breeding company, our core business activities are not currently included in Delegated Regulation (EU) 2023/2486 of June 27, 2023. Consequently, our revenue-generating activities for the fiscal year 2023/2024 are not taxonomy-eligible. The taxonomy-non-eligible net sales totaled €1,678.1 (1,500.3) million in fiscal 2023/2024 (see the Notes for the KWS Group, number 6.1).

Operating expenditures (OpEx)

No material taxonomy-eligible operating expenditures (OpEx) were identified. The taxonomy-non-eligible operating expenditures (OpEx) in fiscal 2023/2024 totaled €348.5 (337.3) million and mainly comprise R&D spending and expenditures on repairs and maintenance.

Capital expenditures (CapEx)

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

In fiscal 2023/2024, there were taxonomy-eligible, but not taxonomy-aligned, capital expenditures (CapEx) totaling €10.5 (30.6) million, or 6.7% (24.7%) of the KWS Group's total capital expenditures of €156.4 (124.0) million (see the Notes for the KWS Group, number 5 and 7.15). In fiscal 2023/2024, there were also taxonomy-aligned capital expenditures (CapEx) for the first time. They amounted to €26.7 million, or 17.1% of the KWS Group's total capital expenditures. There were thus taxonomy-non-eligible capital expenditures (CapEx) of €119,3 (93.4) million, or a share of 76.2% (75.3%).

The taxonomy-eligible activities relate to

- "7.1 Construction of new buildings" and
- "7.2 Renovation of existing buildings."

Taxonomy-aligned economic activities were identified in fiscal 2023/2024 in connection with the activity "7.1 Construction of new buildings" in relation to environmental objective 1. The new construction project "Elitespeicher," which includes a new building complex for seed production, is currently in the completion phase. It had not been finished by the balance sheet date (June 30, 2024) and is expected to be completed in 2024/2025. The new building was designed to meet high environmental standards, which were already taken into account during construction and had been approved by our Executive Board. The relevant criteria were analyzed on the basis of the taxonomy alignment examination. As a result, part of the CapEx (€26.7 million or 17.1% of the KWS Group's total capital expenditures) is already disclosed as a taxonomy-aligned activity in fiscal 2023/2024. The capital expenditures on construction of the Elitespeicher to date total €43.1 million. Other taxonomy-aligned activities were not identified.

Taxonomy reporting turnover

Fiscal year 2023/2024		2023/2024		Substantial contribution criteria				
Economic activities	Code	Turnover	Proportion of turnover 2023/2024	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy
		in T€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities								
A.1 Environmentally sustainable activities (taxonomy-aligned)								
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0	N/EL	N/EL	N/EL	N/EL	N/EL
Of which enabling		0	0	N/EL	N/EL	N/EL	N/EL	N/EL
Of which transitional		0	0	N/EL	N/EL	N/EL	N/EL	N/EL
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)								
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomyaligned activities) (A.2)		0	0	N/EL	N/EL	N/EL	N/EL	N/EL
A. Turnover of taxonomy-eligible activities (A.1 + A.2)		**0**	**0**	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**
B. Taxonomy-non-eligible activities								
Turnover of taxonomy-non-eligible activities		**1,678,118**	**100**					
Total		**1,678,118**	**100**					

Y – Yes, activity is taxonomy-eligible and taxonomy-aligned with the relevant environmental objective;
N – No, activity is taxonomy-eligible but not taxonomy-aligned with the relevant environmental objective;
EL – 'eligible': activity is taxonomy-eligible for the respective environmental objective;
N/EL – 'not eligible': activity is not taxonomy-eligible for the respective environmental objective.

Proportion of Turnover per Environmental Objective

	Proportion of turnover/total turnover	
in %	Aligned per objective	Eligible per objective
Climate change mitigation (CCM)	0	0
Climate change adaption (CCA)	0	0
Water and marine resources (WTR)	0	0
Circular economy (CE)	0	0
Pollution prevention and control(PPC)	0	0
Biodiversity and ecosystems (BIO)	0	0

	DNSH- criteria ('Does Not Significantly Harm')						Minimum safe-gurards	Proportion of taxono-my-aligned (A.1.) or -eligible (A.2.) turnover 2022/2023	Category enabling activity	Category transitional activity
Bio-diversity	Climate change mitigation	Climate change adaption	Water	Pollution	Kreislauf-wirtschaft	Bio-diversity				
Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
N/EL	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0**		
N/EL	N	N	N	N	N	N	N	0	E	
N/EL	N	N	N	N	N	N	N	0		T
EL; N/EL										
N/EL								**0**		
N/EL								**0**		

Taxonomy reporting operating expenses (OpEx)

Fiscal year 2023/2024		2023/2024		Substantial contribution criteria				
Economic activities	Code	OpEx	Proportion of OpEx 2023/2024	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy
		in T€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities								
A.1 Environmentally sustainable activities (taxonomy-aligned)								
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0	N/EL	N/EL	N/EL	N/EL	N/EL
Of which enabling				N/EL	N/EL	N/EL	N/EL	N/EL
Of which transitional				N/EL	N/EL	N/EL	N/EL	N/EL
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)								
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomyaligned activities) (A.2)		0	0	N/EL	N/EL	N/EL	N/EL	N/EL
A. OpEx taxonomy-eligible activities (A.1 + A.2)		**0**	**0**	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**
B. Taxonomy-non-eligible activities								
OpEx of taxonomy-non-eligible activities		**348,550**	**100**					
Total		**348,550**	**100**					

Y – Yes, activity is taxonomy-eligible and taxonomy-aligned with the relevant environmental objective;
N – No, activity is taxonomy-eligible but not taxonomy-aligned with the relevant environmental objective;
EL – 'eligible': activity is taxonomy-eligible for the respective environmental objective;
N/EL – 'not eligible': activity is not taxonomy-eligible for the respective environmental objective.

Proportion of OpEx per Environmental Objective

	Proportion of OpEx/total OpEx	
in %	Aligned per objective	Eligible per objective
Climate change mitigation (CCM)	0	0
Climate change adaption (CCA)	0	0
Water and marine resources (WTR)	0	0
Circular economy (CE)	0	0
Pollution prevention and control(PPC)	0	0
Biodiversity and ecosystems (BIO)	0	0

	DNSH- criteria ('Does Not Significantly Harm')						Minimum safe-gurards	Proportion of taxono-my-aligned (A.1.) or -eligible (A.2.) OpEx 2022/2023	Category enabling activity	Category transitional activity
Bio-diversity	Climate change mitigation	Climate change adaption	Water	Pollution	Kreislauf-wirtschaft	Bio-diversity				
Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
N/EL	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0**		
N/EL	N	N	N	N	N	N	N	0	E	
N/EL	N	N	N	N	N	N	N	0		T
EL; N/EL										
N/EL								**0**		
N/EL								**0**		

Taxonomy reporting capital expenditure (CapEx)

Fiscal year 2023/2024	2023/2024			Substantial contribution criteria				
Economic activities	Code	CapEx	Proportion of CapEx 2023/2024	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy
		in T€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities								
A.1 Environmentally sustainable activities (taxonomy-aligned)								
Construction of new buildings	CCM 7.1	26,706	17.1	J	N	N/EL	N/EL	N/EL
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**26,706**	**17.1**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Of which enabling								
Of which transitional								
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)								
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Construction of new buildings	CCM 7.1	7,929	5.1	EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	2,562	1.6	EL	N/EL	N/EL	N/EL	N/EL
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomyaligned activities) (A.2)		**10,491**	**6.7**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
A. CapEx taxonomy-eligible activities (A.1 + A.2)		**37,198**	**23.8**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
B. Taxonomy-non-eligible activities								
CapEx of taxonomy-non-eligible activities		**119,250**	**100**					
Total		**156,448**	**100**					

Y – Yes, activity is taxonomy-eligible and taxonomy-aligned with the relevant environmental objective;
N – No, activity is taxonomy-eligible but not taxonomy-aligned with the relevant environmental objective;
EL – ‘eligible’: activity is taxonomy-eligible for the respective environmental objective;
N/EL – ‘not eligible’: activity is not taxonomy-eligible for the respective environmental objective.

Proportion of CapEx per Environmental Objective

	Proportion of CapEx/total CapEx	
in %	Aligned per objective	Eligible per objective
Climate change mitigation (CCM)	17.1	23.8
Climate change adaption (CCA)	0	0
Water and marine resources (WTR)	0	0
Circular economy (CE)	0	0
Pollution prevention and control(PPC)	0	0
Biodiversity and ecosystems (BIO)	0	0

	DNSH- criteria ('Does Not Significantly Harm')						Minimum safe-gurards	Proportion of taxono-my-aligned (A.1.) or -eligible (A.2.) CapEx 2022/2023	Category enabling activity	Category transitional activity
Bio-diversity	Climate change mitigation	Climate change adaption	Water	Pollution	Kreislauf-wirtschaft	Bio-diversity				
Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
N/EL	J	J	J	J	J	J	J			
0.0%	**J**	**J**	**J**	**J**	**J**	**J**	**J**	**0**		
									E	
										T
EL; N/EL										
N/EL										
N/EL										
0.0%								**24.7**		
0.0%								**24.7**		

2.4.3 Social Aspects[14]

2.4.3.1 Social Engagement[15]

Foster social engagement

Objective	Target in 2030	2023/2024	2022/2023
Ratio of expenditures as part of our social engagement	1% of operating income (EBIT) p.a.	0.7%	0.6%

KWS sees itself as an active member of society and thus wants to translate its corporate values into active engagement outside the company. As a forward-looking company, KWS therefore assumes responsibility toward society. In general, our social engagement is organized locally. Our internal "Social Engagement" policy provides the framework for that. The content of our activity in this area is also geared toward the United Nations' Sustainable Development Goals.[16] KWS focuses its supraregional social engagement on promoting education in the field of natural and agricultural sciences. KWS' regional social engagement at its locations, both national and international, focuses on cultural, social and socioeconomic development in its – mostly rural – surrounding areas in order to increase the locations' attractiveness as a whole.

The development partnerships in Africa focused on the SeZIL (Seeds for Zambian Incomes and Livelihoods) project in Zambia, which benefits more than 1,000 smallholders and supplies them with new corn, bean, sorghum and sunflower varieties. The objective is to identify those best suited to their local contexts. Through our local partner, Good Nature Agro, we also trained farmers in seed production and enabled them to gain access to agricultural resources and forge market connections.

In Kenya, we are also working with a local cooperative to help diversify cultivation systems and improve farmers' access to high-yielding, more robust varieties. The focus here is on corn, sorghum, sunflower, oilseed rape and peas.

KWS supports diverse long-term scholarship programs supraregionally in cooperation with various universities to encourage young scientists. In fiscal 2023/2024, we awarded university scholarships in the field of research and development, Germany Scholarships in the field of human resources, and the Ferdinand von Lochow Scholarship to particularly committed students of agricultural sciences.

In addition, we support various formats to encourage young scientists and foster dialogue in the field of agricultural sciences. In addition, KWS is a long-standing sponsor of the "Jugend forscht – Schüler experimentieren" ("Youth Researches – School Students Experiment") state contest, with the goal of lastingly inspiring children and young people for STEM subjects (science, technology, engineering and mathematics). Several international collaborations with schools in fiscal 2023/2024 should be singled out. The project established in Brazil in the previous year was continued and further developed in the fiscal year. It aims to promote access to and the use of healthy food. In the Netherlands, a project was funded in collaboration with a seed breeding adventure center with the common goal of awakening young people's interest in and enthusiasm for vegetable breeding.

14 Not an audited part of the Combined Management Report

15 In this section, the South American companies currently being sold are included in the analysis.

16 No. 2 "Zero Hunger" and no. 17 "Partnerships for the Goals"

We continued our engagement in Ukraine in fiscal 2023/2024. We help alleviate various current social needs by means of donations. In addition, a contribution was made to maintaining scientific operation of an institute for agricultural microbiology.

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

Expenditures as part of our social engagement

in € millions	2023/2024	2022/2023
Expenditures as part of our social engagement[1]	**1.9**	**1.4**
of which for donations and development programs in Kenya and Zambia	1.3	0.9
of which for sponsorship activities	0.6	0.5
As a % of operating income (EBIT)	**0.7**	**0.6**
KWS SAAT SE & Co. KGaA's percentage share of expenditures relative to the KWS Group's operating income (EBIT)	**0.6**	**0.5**

1 Does not include KWS Maroc SARLAU, KWS Mexico, KWS Vegetables Italia S.R.L., KWS Paraguay S.R.L., Kant-Hartwig & Vogel GmbH and all joint ventures

2.4.3.2 Own Workforce

Foster social engagement

Objective	Target in 2030	2023/2024	2022/2023
OSHA incident rate at the KWS Group[1]	<5.0[2]	8.04	8.16[2]
Employee engagement	The employee engagement target will be defined in 2024/2025; baseline year 2023/2024	74%	n/a

1 Per 1 million working hours
2 Adjustment due to the new calculation logic in 2023/2024 based on 1 million working hours

Labor and Social Standards

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

The basis for that is the respective labor and social standards specified by law and, where applicable, by collective bargaining agreement.

KWS' main labor standards are:

- KWS ensures that regulations under labor and social insurance law are observed in all employment relationships.
- Worldwide, KWS implements the local statutory regulations in relation to the principle of "equal pay for equal work, taking into account individual expertise, professional experience and local market conditions."
- Our labor standards also include technical, organizational and occupational health measures to prevent accidents and diseases at work.
- In order to ensure we observe human rights when recruiting, hiring and employing staff, we are guided by prevailing anti-discrimination laws and the standards of the International Labour Organization (ILO) relating to child, forced and compulsory labor.
- Our labor and social standards apply to all the KWS Group's employees.

Human rights

KWS is committed to internationally recognized human rights standards, such as those of the UN's Universal Declaration of Human Rights and the International Labour Organization (ILO) proscribing child, forced and compulsory labor. We have enshrined the principles of the Universal Declaration of Human Rights in our Human Rights Policy.

Labor standards

The working conditions of employees of the KWS Group are governed by country-specific legislation and defined contractually. Our compensation structure is in line with standard market practices. Depending on the country and company, a KWS employee's compensation package consists of a basic salary and various social benefits.

In addition, again depending on the country and company, we offer employees the opportunity to share in the company's success, for example through performance-related and variable compensation models and an Employee Stock Purchase Plan. Benefits for full-time employees are also provided accordingly to part-time staff.

A key objective of our compensation policy is to ensure that employees are paid appropriately for their work, taking into account their individual expertise, professional experience and, where applicable, their individual performance and the local market situation. This principle is intended to make sure that employees with comparable qualifications and experience are paid the same for the same work at the respective locations.

The principle of equal pay is reflected in company regulations and collective bargaining agreements, where they exist. The same applies, for example, to regulations on working hours, vacation, business travel and semi-retirement.

Over half of our employees [17] worldwide are covered by regulations under collective bargaining agreements. The figure in Germany is more than 97% [18].

Employment relationships of our own workforce [19]

95% (93%) (Germany: 94% (89%) of our employees throughout the Group had a permanent employment contract in fiscal 2023/2024. [20] KWS also employed 920 (2,035) seasonal workers in harvesting in fiscal 2023/2024.

Employees [1] by type of contract

Ratio of women/men/non-binary persons (in %)	2023/2024 Permanent	2023/2024 Temporary	2022/2023 Permanent	2022/2023 Temporary
Full-time	33/67/0	45/55/0	31/69/0	46/54/0
Part-time	79/21/0	52/48/0	80/20/0	59/41/0
Seasonal workers [2]	50/50/0		37/63/0	

1 Including trainees and interns
2 No distinction is made between permanent and temporary seasonal workers.

Occupational Health and Safety [21]

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

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

To date, worldwide accident figures have been recorded on a consolidated basis in three fiscal years, which is why a reliable assessment of the accident frequency rate over time is only possible to a limited extent. A direct comparison with other industries indicates that KWS has a relatively low accident rate. Most accidents occur at our breeding and production sites. The OSHA incident rate for the KWS Group is 8.04 (8.16) and for KWS SAAT SE & Co. KGaA 11.13 (13.14 [22]) per 1 million working hours.

Achieving the goal under the Sustainability Ambition 2030 of reducing occupational accidents by 2030 should, from today's perspective, be reflected in an accident frequency rate of <5.0. To achieve that, the focal areas of accidents are assessed, after which targeted measures are taken in the form of training or, if necessary, decisions to change work processes.

17 Including trainees and interns, but excluding non-integrated companies

18 Including trainees and interns, but excluding non-integrated companies

19 The previous year's figures in this section have been taken unaudited from the 2022/2023 Sustainability Report

20 Excluding all seasonal workers, apprentices, and interns

21 The previous year's figures in this section have been taken unaudited from the 2022/2023 Sustainability Report.

22 The previous year's figure has been adjusted due to the new calculation logic based on 1 million working hours.

Work safety incidents and days lost at the KWS Group were as follows in 2023/2024:

Work safety incidents and days lost[1]

	2023/2024[2]	2022/2023[3]
Work safety incidents	191	204
of which lost time incidents	79	95
of which fatalities	0	0
Total days lost	1,318	1,310
Average number of days lost per incident	17	14
Countries where accidents are documented	11	8

1 Excluding all employment relationships with seasonal workers.
2 Excluding the South American companies currently being sold
3 The previous year's figures in this section have been taken unaudited from the 2022/2023 Sustainability Report.

Internal dialogue and collective representation of interests

We are committed to upholding ILO 87 "Freedom of Association and Protection of the Right to Organise Convention" and ILO 98 "Right to Organise and Collective Bargaining Convention." Employees' interests are represented collectively to their respective management by the locally elected Works Councils and the persons entrusted with representing young people and trainees and disabled employees.

There are codetermination bodies representing employees in Germany, France and the Netherlands, among other countries. They work closely and in a spirit of trust with the respective management and nurture open and constructive dialogue.

In countries where there is no collective employee representative body, we also nurture a spirit of mutual respect and open dialogue with employees. If the workforce wishes to have a collective representative body or such a body is prescribed by law, we support our employees in establishing it.

The European Employees' Committee (EEC) has been in existence as a European employee representative body since 2015 and has worked successfully and in a spirit of trust with the company's management on cross-border matters in the EU in all that time.

Diversity in the workforce

Demographic data[23]

The KWS Group employed an average of 4,937 (4,653) people (excluding seasonal workers and employees in South America affected by the sale) in the fiscal year.

2,558 (2,417) or around 52% (52%) of the workforce (excluding seasonal workers) were employed in Germany. The average age of our workforce[24] in the period under review was approximately 41 (40) years. 61% of employees were male, 39% female and 0% non-binary.

Employees by age group in %[1]

KWS Group	2023/2024	2022/2023
<30	18	19
30–50	60	60
>50	22	21

Germany	2023/2024	2022/2023
<30	17	18
30–50	59	58
>50	23	24

1 Average headcount including trainees and interns

Non-discrimination

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

23 The previous year's figures in this section have been taken unaudited from the 2022/2023 Sustainability Report.

24 Including trainees and interns

Diversity
We believe that diversity of our employees, as displayed in their individual educational background, training, skills, knowledge, experience, convictions and personalities, for instance, is a key value and a competitive advantage.

In fiscal 2022/2023, a five-year diversity concept was developed with the aim of promoting diversity among employees and managers and thus fostering an inclusive corporate culture. The resultant measures are intended to support all diversity dimensions, with a particular focus on age, gender and nationality.

An integrative leadership culture plays a vital role here, as is reflected in our management training courses and in our newly introduced Leadership Capability Model, in which "promoting diversity and developing talents" is one of six key competencies. This model has already been integrated into our Assessment and Orientation Centers and will form a firm part of the annual performance and career development reviews starting in fiscal 2024/2025.

KWS aims to increase the ratio of female managers, among other things.

Ratio of female managers at the KWS Group

Objective	Target in 2030	2023/2024	2022/2023
First management tier	25% [1]	15%	19%
Second management tier	30% [1]	28%	27%

1 The targets apply up to fiscal 2026/2027

At KWS SAAT SE & Co. KGaA, the ratio of women in the first management tier is 17% (24%) and the target is 25% [1], while the ratio in the second management tier is 30% (29%) and the target 30% [25].

Family-friendly spirit
KWS is committed to family-friendly work. The life situations of our employees differ greatly and are highly individual – and so they also have different needs regarding when and where they work.

One of the factors that helps our employees achieve a good work-life balance is our wide range of working time models. Flextime models are available to almost all employees. We have developed a global policy that generally permits mobile working for our employees, where that is compatible with their specific activity and in compliance with local legislation.

At our Berlin location, which is home to employees from more than 60 nations, we are currently piloting the option of temporary remote working from abroad. In this way, we enable our employees to spend additional time with their families abroad.

Apart from working models that are highly flexible in terms of where and when employees can work, various part-time models are also used. Around 13% (10%) of our employees [26] worldwide (Germany: 20% (19%)) worked part-time in fiscal 2023/2024.

Recruitment and employee loyalty [27]
In view of the KWS Group's growth plans, demographic change and the growing shortage of skilled workers, our efforts to win the right employees and retain them is gaining greatly in importance.

To keep on enhancing recruitment at KWS, we launched a multiyear project in fiscal 2022/2023 to analyze the steps taken by an applicant from his or her first contact with KWS to becoming an employee. A particular focus here is on improving the application and selection processes in order to provide candidates with a faster, more transparent and more appealing solution in the future.

25 The targets apply up to fiscal 2026/2027

26 Including trainees and interns

27 The previous year's figures in this section have been taken unaudited from the 2022/2023 Sustainability Report.

KWS is particularly committed to encouraging young talents. That is the reason we award scholarships to universities and offer a global program for university graduates who mainly come from the fields of agricultural sciences and interdisciplinary courses such as international business administration with an agricultural interest. In fiscal 2023/2024, our graduate program was named the best of the top 20 graduate programs in Germany by the Graduateships organization.

We also believe it is important to offer good training opportunities. That is reflected in the quality of our training. For example, KWS SAAT SE & Co. KgaA has been awarded the "TOP TRAINING" seal of quality from Hanover Chamber of Industry and Commerce.

In Germany, we employed an average of 95 trainees and students on dual study courses and 24 interns in the year under review, once again successfully supporting many young people on their way to gaining their professional qualifications and starting their careers.

Participants in training programs in Germany

Annual average across all quarters	2023/2024	2022/2023
Trainees and students on dual study courses	95	107
Interns	24	42

The average length of service of employees at the Group level is more than 9 (9) years.

Employment details for our workforce[1]

Average for the year		2023/2024	2022/2023
Rate of new employee hires (in %)[2]	Global	15,5	15,4
Rate of employee turnover (in %)[3]	Globally (Germany)	9,5 (7,0)	10,8 (6,5)
Length of service[4] (in years)	Globally (Germany)	(10,9)	8,8 (10,9)

1 Excluding seasonal workers and non-integrated companies
2 Ratio to the average total workforce, including trainees and interns
3 Ratio of employees leaving the company within the period under review relative to the average total workforce
4 Average length of service since joining the KWS Group as a percentage of average total employment, excluding fixed-term contracts, trainees and interns

Our employees have been the key to our success for generations. The strong commitment of each individual and the will to give their best every day make the difference and are an expression of our unique culture.

In order to understand the needs of our employees even better and create a future-oriented working environment in which everyone continues to feel at home and respected, has a sense of belonging and can grow successfully together with KWS, we will continuously obtain feedback from our employees, also as part of the Sustainability Ambition 2030.

We therefore conducted the first Employee Engagement Survey in June 2024. Two-thirds[28] of our employees took part in the global survey. From the average of the positive responses ("fully agree" and "agree") to three key questions, we calculated an index for the first time. The result was 74%, a figure that expresses a high level of employee engagement and a positive attitude towards KWS. In fiscal 2024/2025, we will analyze the results, identify action areas and take appropriate measures.

28 Including Brazilian entities

Qualification, further training and development
Individual performance and career development reviews between employees and their managers are held once a year with the aim of helping our employees advance further. KWS has also implemented an annual talent and successor management process covering the critical positions for the company up to at least the third tier and all employees up to at least the fourth tier below the Executive Board. In this way, we aim to ensure qualified staffing of these key positions at KWS in the medium and long term, while offering our employees good development opportunities at the company. The Orientation Center (OC), a concept involving an intensive evaluation of potential talents to take over senior management posts, was staged twice in fiscal 2023/2024 and will also be held in the future at least twice a year with six high potentials each time.

We are particularly committed to having our employees receive qualified and values-based leadership, encouragement and support in their development from their managers. The new core competency model "Leadership Capability Model" (LCM) for managers was rolled out in fiscal 2023/2024. The new model has also been integrated into the ongoing development offerings under our management development program, the annual performance and career development review and other HR processes.

Our international management development program was also continuously expanded and continued in fiscal 2023/2024. In addition to the modules "Leading Self," "Leading Individuals" and "Leading Leaders" that have been successively implemented in recent years, two further modules were added in fiscal 2023/2024: "Emerging Leaders" and "Leadership Essentials." 227 employees from various KWS locations started or completed one or more modules of the management development program in fiscal 2023/2024.

A new comprehensive 15-month development program was designed for our high potentials in the early stages of their management careers and launched with the first group of 16 participants. The aim of the "Seed2Lead" program is to familiarize these high potentials with the basics of self-management, managing others and KWS' business processes in a compact form and across all functions and countries.

A special program for two different expert levels was developed in fiscal 2023/2024 to provide our specialists with even more intensive support in honing their soft skills. The first pilot group will embark on it in the fall of fiscal 2024/2025.

KWS' learning management system makes our international training and development offerings transparent and easy to access for our employees worldwide. This also comprises our internal subject-specific academies, such as the International Sugarbeet Academy, the Sales and Farming Academy, and the various self-learning offerings that extend beyond specialist training, such as LinkedIn Learning and Bookboon.

True to KWS' brand essence "Make yourself grow," we also intend to focus on encouraging and developing our employees and managers in the future and are continuously expanding our training portfolio nationally and internationally to achieve that.

2.4.3.3 Labor in the value chain
KWS expects its suppliers and service providers (hereinafter referred to as "suppliers") to comply with all internationally recognized standards relating to human rights, working conditions, ethical business practices and other relevant social and environmental requirements[29]. The framework for this is our Code of Business Ethics for Suppliers (hereinafter referred to as the "Supplier Code"). The Supplier Code reflects the underlying principles of the KWS Group's Code of Conduct and our Human

29 In this section, we use the term "value chain" as a synonym for our supply chains, which we define in accordance with Section 2 (5) of the German Supply Chain Due Diligence Act (LkSG), which exclusively comprises the upstream value chain.

Rights policy. The Supplier Code was updated in 2024 in line with the requirements of the German Supply Chain Due Diligence Act (LkSG) and will be published on our website in various languages in fiscal 2024/2025.

The Code includes requirements for our suppliers, such as combating child and forced labor, which are considered particularly relevant in our industry. Suppliers are also to comply with the provisions on safety at work, product safety, protection of the environment and avoidance of corruption, as well as on the requirement to ensure fair competition and protection of personal data and third-party know-how. We have also been a member of the United Nations Global Compact (UNGC) network since fiscal 2023/2024 and have thus officially committed to complying with the UN Guiding Principles on Business and Human Rights.

The central sourcing concept aims to support standardized and cost-effective cooperation with external partners and observance of specific social or environmental standards. We will also include requirements from the German Supply Chain Due Diligence Act (LkSG), which will be binding on KWS from January 1, 2024, or the expansion of our emissions management to cover Scope 3 emissions in our sourcing concept and related purchasing processes in the future.

Our goal is to strengthen sustainability in the supply chain by means of a centralized system that increases efficiency and productivity and minimizes the ecological footprint of our supply chain. Our Sourcing Policy, which defines the fundamental principles in the procurement process, and a largely centralized process landscape are the basis for making sure that our purchasing transactions worldwide can be conducted in accordance with consistent regulations. Purchase agreements relating to the supply of goods and services are concluded on the basis of standardized templates and specify the general conditions, including application of the Code of Business Ethics for Suppliers. A central Seed Purchasing Policy stipulates that these standards are also to be applied in agreements concluded with external seed propagation partners.

KWS has centralized its supplier data management over the past years. In fiscal 2023/2024, we audited compliance with LkSG-related issues for the first time as part of 13 visits to the premises of strategic suppliers. Audits of suppliers in risk regions and risk industries are planned in fiscal 2024/2025. Management of sourcing risks will be further automated in fiscal 2024/2025. Implementation of this commenced in fiscal 2023/2024.

2.4.4 Governance[30]

2.4.4.1 Business Conduct

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

Code of Business Ethics

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

Our Code of Business Ethics also covers the issue of international anti-corruption management as an integral part of our compliance system. On the basis of the regulations in the code, there is a policy of zero tolerance toward any form of corruption at the KWS Group, and this principle is stipulated as a Group-wide standard in the Anti-Corruption Policy. This standard applies regardless of whether bribery is prohibited by law, tolerated or permitted in the country in question. The Group-wide Anti-Corruption Policy defines the responsibilities, processes and regulations in relation to preventing corruption and bribery at the KWS Group.

Compliance training

Access to the Compliance Portal

Objective	Target in 2030	2023/2024	2022/2023
Access to the Compliance Portal	95%	92%[1]	80%

1 Excluding the locations being sold in South America

The Compliance Officers regularly provide information about the compliance system and its principles, as well as about frequently asked questions and the latest developments, in training courses, information events and workshops. Apart from this information, a broad range of aids is also available to our employees. Checklists, toolkits, instructional leaflets and other guides provide practical tips on observing compliance rules in everyday work. All compliance information and rules of conduct can be accessed by employees worldwide in the Compliance Portal on KWS' intranet. 92% (80%) of the total workforce has access to the Compliance Portal. In addition, all supervisors are obliged to inform their employees about compliance issues.

The e-learning courses we offer continued to be used in fiscal 2023/2024. Of the invited employees,

- 60% (56%) completed the training tool on anti-corruption and antitrust law,
- 61% (46%) the data protection training and
- 60% (66%) the training in prevention of money laundering.

Reporting of violations/whistleblower hotline

If an examination or report reveals indications of a compliance violation, the investigation is conducted in accordance with KWS' regulations "Procedures of Internal Compliance Notification." KWS' employees are obligated to report suspected violations; the open door principle applies to this. Employees can supply information on suspected violations to their supervisor, to the Compliance

30 Not an audited part of the Combined Management Report

department or to the Compliance Reporting Platform. The Compliance Reporting Platform also acts as a whistleblower hotline and can be called by employees and external third parties from our homepage in more than 50 languages 24/7. Reports of suspected violations can also be submitted anonymously. The reported cases are investigated by KWS. The most important information for KWS employees and external third parties alike, such as how violations can be reported and what happens to the reports, is summarized in a document on our homepage. Whistleblowers do not suffer any disadvantages unless they have obviously abused their right to report violations. They receive confirmation that their report has been received and may be contacted via the portal and asked to provide further information. Finally, whistleblowers are informed when the investigation has been completed.

If suspected cases prove to be violations, the system of sanctions is applied. In general, it can be applied to all types of compliance violations. The system of sanctions defines various criteria governing the measures to be taken, such as the gravity of the violations, the degree of the person's breach of duty, the functional level, behavior after the violation – help in investigating it or attempts to cover it up – as well as consequences of the violation, such as the threat of damage or actually incurred damage. The sanctions range from cautions or warnings to immediate dismissal and filing of charges.

Violations in fiscal 2023/2024

No significant violations of the international Anti-Corruption Policy or antitrust or money laundering regulations resulting in disciplinary consequences or official measures such as fines were reported to the compliance function in fiscal 2023/2024. There were no reportable data protection violations.

Adequacy of the Compliance Management System

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

Diversity of the Executive Board and the Supervisory Board

The Executive Board of KWS SE, the personally liable partner of KWS SAAT SE & Co. KGaA, had one woman and three men serving on it at June 30, 2024. Although there is no legal obligation to set targets for the ratio of women and men on the Executive Board of KWS SE, the Supervisory Board of KWS SE stipulates that the ratio of women to men on the Executive Board should not be less than 20%. As of June 30, 2024, the ratio of female members on the Executive Board was 25%.

The six-member Supervisory Board of KWS SAAT SE & Co. KGaA temporarily consisted of two women and three men as of June 30, 2024, following the death of one member. In accordance with Section 111 (5) of the German Stock Corporation Act (AktG), the Supervisory Board has to define a target for the ratio of women to men on the Supervisory Board and the date by which that target is to be achieved. Accordingly, the Supervisory Board of KWS SAAT SE & Co. KGaA decided at its meeting on June 23, 2022, that the ratio of women to men among the shareholder representatives on the Supervisory Board should not be less than 25% by June 30, 2027. As of June 30, 2024, the ratio of female and male shareholder representatives on the Supervisory Board was 60%, of whom 33% were female.

Dr. Felix Büchting	Dr. Peter Hofmann	Eva Kienle	Nicolás Wielandt
■ Research ■ Breeding ■ Global Human Resources ■ Farming ■ Group Strategy ■ Corporate Office & Services	■ Sugarbeet ■ Vegetables ■ Cereals ■ Oilseed Rape/Special Crops ■ Organic Seeds ■ Global Marketing & Communications	■ Global Finance & Procurement ■ Global Controlling ■ Global Transaction Center ■ Global Legal Services & IP ■ Global Information Technology ■ Group Compliance Office ■ Group Governance & Risk Management	■ Corn Europe ■ Corn South America ■ Corn North America ■ Corn China/Asia

Executive Board and Supervisory Board by gender

	Ratio on the Executive Board	Ratio on the Supervisory Board
Female	25 %	40 %
Male	75 %	60 %

Executive Board and Supervisory Board members by age group

	Ratio on the Executive Board	Ratio on the Supervisory Board
Younger than 30	0 %	0 %
Between 30 and 50 years	50 %	20 %
Aged 50 and above	50 %	80 %

Compensation of the Executive Board and the Supervisory Board

The compensation system for members of the Executive Board aims to promote the company's sustainable development and comply with the objectives of the German Act Implementing the Second Shareholder Rights Directive (SRD II) and the German Corporate Governance Code. Their total compensation includes not only a basic salary, but also performance-based components that are linked to the company's success, and fringe benefits. The compensation of the Executive Board is set by the company's general partner and approved by the Annual Shareholders' Meeting. The compensation for members of the Supervisory Board is governed by the Articles of Association and is based on the size of the company and their responsibilities. The company believes that a fixed compensation structure means that the Supervisory Board can better exercise its control function. The composition and level of the total compensation are disclosed in the Compensation Report for 2023/2024.

Manager to worker pay ratio

The manager to worker pay ratio, which denotes under the GRI (Global Reporting Initiative) the total compensation of the highest-paid employee relative to the average total compensation of all employees (with the exception of the highest-paid employee), was 19.8 (17.4) for all German companies in fiscal 2023/2024.

2.5 Opportunity and Risk Report

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

2.5.1 Opportunity Management

Strategic opportunities
We define strategic opportunities as being developments that are of significant importance for the KWS Group and have a lasting positive impact on our commercial success. We can leverage these opportunities successfully only if we always keep on improving our company in terms of economics, ecology, social engagement and governance. We set ourselves challenging and long-term objectives for that, such as the KWS Sustainability Ambition 2030. These objectives are developed on the basis of extensive analyses that include the identification and evaluation of future trends. We turn the objectives into strategic initiatives, the results of which are further translated into innovative corporate processes.

Our objectives and initiatives are regularly reviewed as part of our strategic planning. This planning covers the ten-year period ahead of us and is conducted at regular intervals. It is jointly formulated in multiple units, discussed and finally adopted by the Executive Board. The company's objectives can be retained, adapted or expanded as a result of the insights gained in strategic planning. For example, new fields of business can be tapped or administrative processes adjusted and improved.

We see a particular strategic opportunity in the growing importance of sustainability in agricultural practice. Our breeding objectives are geared toward increasing yields while improving plant health and nutrient use efficiencyto potentially reduce the need for pesticides and fertilizer. Apart from the possibility of cutting costs, these variety traits also give our customers a means to reduce their emission footprint and operate in a more climate-friendly manner. Our diverse portfolio of crops also enables crop rotation that conserves the soil's fertility and binds emissions by fostering humus formation. Thanks to this broad offering, we can supply both conventional and organic farms with varieties and services.

There are further opportunities for the KWS Group to expand or adapt its field of business. The individual areas of opportunity are listed and explained in the following section.

Innovative varieties and product performance
To succeed in achieving sustainable growth in the future as well, our prime goal must be to retain and increase our innovativeness. That is particularly important, especially in times of climate change, when resilient varieties that deliver reliable yields have to ensure that the population has enough food. It is vital for us to increase plants' yield potential, enhance resource efficiency or develop their resistance and tolerance to detrimental influences, of whatever type. That requires continuous and intensive research work, since it takes up to ten years for a new variety to gain approval and be put on the market. We therefore invest a double-digit percentage of our net sales in research and development projects every year in order to achieve our goal of an average yield progress of 1.5% per annum. However, our complex research and breeding processes are also subject to risks that may result in regional weaknesses in our portfolio. They include external factors such as changing disease patterns as a result of climate change or new statutory regulations on reducing the use of operating resources, as well as internal factors such as technical problems and process delays. The varieties we develop must meet high quality requirements. The performance of our varieties is reassessed every year by management and the Supervisory Board so that we can respond immediately to weaknesses in our portfolio if necessary.

Our product – seed – stands right at the beginning of the agricultural value chain. Continuous and forward-looking breeding work can make the agricultural process chain more sustainable. The introduction and use of new cultivation systems, resistances and tolerances or nutrient efficiencies can help increase and stabilize yields, reduce the use of resources such as fertilizer, pesticide or water, and promote biodiversity. Varieties with improved resource utilization mean the carbon footprint per unit yield can be reduced. At the same time, higher yields per unit area can also result in less cultivation area being required. KWS is working to develop such products and cultivation systems to leverage this potential.

Modern breeding technology

Plant breeders are developing new varieties to meet all of the challenges caused by the consequences of climate change, new pests, reduced fertilizer use and the need to deliver high-quality agricultural products. KWS uses the most suitable breeding methods for that. Increasing complexity and the growing pace of change also mean we have to use state-of-the-art technologies and analysis methods so as to speed up our variety development and improve its precision. These new methods complement our plant breeders' toolset and offer additional opportunities to improve plants in a targeted way through breeding. KWS is working on the hybridization of potatoes, wheat and barley using a combination of new methods and conventional breeding, as well as exploiting the natural resilience offered by hybrid breeding, with market launches planned in the coming years. High-yielding hybrid potato, wheat and barley varieties can make an important contribution to increasing land efficiency in agriculture.

New data analysis methods also increase efficiency in plant breeding and agriculture. Agricultural areas can be farmed in a tailored way thanks to automated data capture and transmission, big data analytics, robotics or artificial intelligence. For example, drone or satellite technology can quickly detect incidences of infestation or disease in the field so that they can be combated in a targeted and pinpointed manner. That helps reduce the use of pesticides and the number of times machines have to run over the field. We already use these technologies in our research and breeding processes. They are becoming increasingly relevant in agricultural practice and vegetable cultivation.

We need to develop our own or scout for further new, highly promising methods and technologies and then establish them in our processes in order to avoid risks such as competitive disadvantages.

Changes in demand

New, permanent customer needs – varying from region to region – are emerging, and that entails long-term opportunities and risks. While meat consumption in countries such as Germany, France or Italy has declined continuously in recent years, for example, it continues to grow in other countries such as China and Portugal or remains relatively high elsewhere, such as in the U.S. We take into account relevant long-term trends by establishing and expanding new product lines and by including new crops in our portfolio. We thus have a broad product portfolio so as to enable our company to respond to these long-term developments and the opportunities that arise. At the same time, one-sided dependencies can be reduced as a result. We want to provide new varieties long term in order to further expand the range of products for direct and balanced human nutrition.

We nurture direct contact with our customers so that we can keep on marketing our products successfully in the future. As part of that, we continuously strive to expand and optimize our sales channels. That also allows us to identify trends or changes in demand directly and immediately.

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

Market opportunities arise from our fledgling activities in the vegetable market, with which we are tapping a new field of business and new customer segments. We see a further opportunity in restructuring our country organizations and the associated sales units in the most important core markets for our crops. With our holistic approach of providing customers with a single point of contact for KWS' entire portfolio of crops, we strive to forge an even better relationship with our customers. At the same time, we adapt and optimize background processes so that customers are supplied with KWS' varieties and services from a single source in the future.

In summary, investing in expansion of our production capacities and modernization of our seed processing offers opportunities in existing and adjacent markets. Further development of our variety portfolio and expansion of production capacities are accompanied by steps to enhance our international distribution structures. In addition, continuous optimization of processes offers the KWS Group opportunities to increase productivity and digitalization and improve cost structures. Recording of operational opportunities is part of risk management.

2.5.2 Risk Management

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

We strive to address risks openly. A proactive and open risk culture is part of that. Speaking about risks should be established practice in our daily work. KWS applies an entrepreneurial attitude to risk, i.e. deliberate risks can be taken if that offers opportunities that are consistent with the KWS Group's strategic planning, corporate objectives and internal standards. If a risk does not entail any relevant opportunities, or if risks jeopardize achievement of the Group's key financial targets (10% EBIT margin, at least 5% net sales growth), they are to be avoided or their impact must be reduced as far as possible, taking cost-benefit considerations into account. Violations of the law and important corporate principles, such as respect for human rights, are totally unacceptable. To assess our risk-bearing capacity, we compare our equity and liquidity with the aggregate risk situation and also look at strategic key financial indicators such as the anticipated EBIT margin. As part of that, we also consider anticipated developments for the coming fiscal year. The results are included in the Executive Board's overall assessment of the risk situation.

Responsibility

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

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

Supervisory Board		
Executive Board		
Risk Committee		
Central Risk Management		
Divisions (1st line)	**Control and monitoring systems (2nd line)**	**Process-independent controls (3rd line)**
■ Business Units ■ Research & Development ■ Global functions	■ Controlling (incl. early detection) ■ Internal control system, accounting processes ■ Compliance Management ■ Risk Management ■ Other systems (such as Quality Management, Stewardship, etc.)	■ Internal Auditing
KWS Governance (Group and process standards, corporate culture, training)		

Central risk management process

Our central risk management process consists of the phases of identification, assessment, control, documentation, monitoring of risks and risk reporting. It is conducted regularly, usually twice a year. As part of risk identification, we record individual risks on an electronic platform and assess them qualitatively or quantitatively on the basis of Group-wide standards, in each case before (gross risk) and after (net risk) any countermeasures. As part of that, we calculate expected monetary values for all risks and classify the risks as “moderate,” “medium” and “high.” This enables end-to-end comparability of all recorded risks, which in turn forms the basis for prioritizing risk control measures. We query linkages between risks as part of risk identification, document them and take them into account in risk assessment in evaluating the likelihood of their occurrence. We record risks that impact our short-term (one-year), medium-term (four-year) and long-term (ten-year) planning horizon. The individual risks are classified as follows:

We decide systematically on what appropriate countermeasures to take to manage risks, in particular high risks. They may be measures to reduce risks, constant monitoring of them or taking out insurance, or the acceptance of risks (where no measures are possible or make economic sense), for example. The KWS Group’s current risk situation is aggregated by central risk management into risk categories and reported first to the Risk Committee. On that basis, the Risk Committee discusses how to deal with the risks and submits recommendations to company management if

Scheme for assessing individual risks

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

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

Risk classification for single risks

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

Formula assessment of single risks

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

required. Central risk management coordinates the entire risk management process and supports the departments in their tasks. In designing the system, we are guided by applicable standards such as the COSO II Framework.

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

Control and monitoring systems [1]

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

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

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

3rd line: Independent audits by Internal Auditing

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

Comprehensive manual and automated controls have been established at the various levels and are subject to regular reviews by the company. Identified control weaknesses are discussed and

1 Not part of the audited Management Report

measures are initiated to eliminate them. Two control weaknesses were identified in the past financial year, for which mitigating measures were taken.

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

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

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

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

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

Description of the KWS Group's current risk situation

Here we report in summarized form on known medium or high individual risks with a net impact of at least €7.5 million and an event horizon of up to ten years. All individual risks are assigned to predefined risk categories and then reported in summary form under these categories. We summarize the aggregated risk situation in these risk categories using four-level risk classes ranging from "Low" to "Substantial". If the risk classes of the categories have changed compared to the previous year, we explain this in the respective paragraphs. Our strategic risks arise primarily from lost long-term opportunities. We therefore explain these separately in the Opportunity management section.

There are currently no non-financial risks that are very likely to occur and have a serious impact on the reportable aspects in accordance with Section 289c HGB.

The development of the overall risk situation is discussed addressed in the overall statement on the risk situation by the Executive Board.

Strategic risk categories with an horizon up to ten years

Risk Type	Risk Category	Risk classification 23/24	Risk classification 22/23	Risk Trend
Strategic	■ Structural change of demand	Substantial	Substantial	→
	■ Structural underperformance of products	Substantial	Substantial	→
	■ Limited access to technology	Noticeable	Noticeable	→

Risk categories with a horizon of up to four years

Risk Type	Risk Category	Risk classification 23/24	Risk classification 22/23	Risk Trend
Operational	■ Communication	Medium	Medium	→
	■ Health, Safety and Environment	Substantial	Substantial	→
	■ Human Resources	Noticeable	Noticeable	→
	■ Information Technology	Substantial	Substantial	→
	■ Product Quality	Medium	Noticeable	↘
	■ Production and Business Interruption	Noticeable	Substantial	↘
	■ Projects, Corporate Organization and Process Management	Noticeable	Substantial	↘
Political and legal	■ Compliance risks	Substantial	Substantial	→
	■ General legal risks	Low	Low	→
	■ Intellectual Property (IP)	Medium	Medium	→
	■ Political Instability	Substantial	Substantial	→
	■ Regulatory risks	Medium	Noticeable	↘
	■ Social risks	Medium	–	↗
Markets and competition	■ Climate change & natural disasters	Medium	Medium	→
	■ Competition and business partners	Substantial	Noticeable	↗
	■ Price developments & supply	Substantial	Substantial	→
	■ Market trends	Medium	Medium	→
Finance and capital markets	■ Capital markets	Medium	Medium	→
	■ FX risks	Noticeable	Noticeable	→
	■ Liquidity risks	Low	Low	→
	■ Receivable risks	Low	Low	→
	■ Tax risks	Medium	Medium	→

Risk classification for aggregated risk categories

Risk class	New threshold values (Risk score)	Threshold values (Risk score)
Low	smaller than 10	smaller than 3
Medium	between 10 and 20	between 3 and 8
Noticeable	between 20 and 30	between 8 and 15
Substantial	above 30	above 15

Formulas aggregated view

Formula
1: Net impact (in € million) × Net-likelihood = Risk Scoring of a single risk
2: ∑ of reported risk scores within a category = Risk scoring of a category

Operational risks

IT

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

Product quality

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

Production and business interruption

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

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

There are still risks of potential restrictions or interruptions to business operations. We continue to work on switching in the medium to long term to a low-emission energy supply based on renewable energies. The spread of hostilities in Ukraine may result in interruptions to business operations (corn seed production). Our seed production in Russia is subject to high political risks. The Russian Ministry of Agriculture is still making efforts to increase localization and control of the local seed market. We regularly monitor and evaluate the situation.

The category's risk situation fell in the year under review. We see fewer production risks in relation to corn.

Projects, corporate organization and process management

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

Health, safety and environment

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

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

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

Human resources

Recruiting the right employees for KWS, offering them diverse development opportunities and striving for a long-term working relationship with them are factors that are crucial to our business success. In order to counter potential risks such as the loss of employees or lengthy vacancies, we regularly review our attractiveness and positioning as an employer. In this way, we prevent any future staffing risks through structured succession planning, continuously expand our employer brand on the external market, and strengthen our employees' loyalty through attractive development programs and compensation at a fair market level. The battle for talents and experts on the labor market remained intense and so there was an associated rise in internal requirements in relation to retaining employees. We rolled out a new employee satisfaction survey in the year under review and to be carried out regularly in future, in order to gain a better understanding of and address our employees' needs.

Communication

In the course of our business activities, we are exposed to various reputational risks worldwide. These may result from inadequate or misleading communication regarding our business strategies, our innovation processes or environmental and social responsibility, our continued presence in the Russian seed market and our position on patents and may be reflected in negative reporting about KWS. To counteract these risks, we nurture continuous and open communication with various target groups. They include shareholders, customers, employees, NGOs and the general public.

Finance and capital markets

Tax risks

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

Currency risks

Currency risks arise, in particular, from receivables and liabilities denominated in foreign currency. Where it appears economically appropriate, we address currency risks through the usual hedging instruments and internal standards in order to reduce the influence on the KWS Group's earnings and assets situation. We also reduce our transaction risks by means of natural hedging, when expenses are incurred in the same currency in which we generate revenue. In fiscal 2023/2024, we hedged our intra-Group loans to a large part by using standard currency derivatives in order to reduce currency risks.

Liquidity risks

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

Receivable risks

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

Capital markets

In view of the diverse and increasing demands placed on business by the capital market, inadequate data and processes, especially non-financial ones, can lead in the medium term to poorer conditions on the capital market. In the year under review, we made further changes to our non-financial reporting to comply with the upcoming Corporate Sustainability Reporting Directive (CSRD), including conducting a new materiality analysis with the Executive Board. An internal project to enable first-time reporting in accordance with the CSRD was launched.

Politics and the law

Compliance

Our company is exposed to potential compliance risks that may result from violations of antitrust, competition, anti-corruption and money laundering law, sanctions and data protection requirements. Violations may result in serious consequences under criminal and civil law, including financial penalties and the possible loss of our business license.

Under our compliance policy, the Code of Business Ethics and our Group Standards, we sensitize and obligate our managers and employees to undertake to act in accordance with laws, contracts, internal guidelines and our corporate values and raise their awareness in this regard. Regular communication, instruction and training and advice are intended to ensure compliance. We rigorously investigate reports of compliance violations. Nevertheless, violations due to unawareness or legal unclarity, for example, cannot be ruled out categorically. As is expressly pointed out, sanctions are imposed if our compliance regulations are violated.

Intellectual property (IP)

Protecting intellectual property is vital to companies that conduct research if they wish to preserve their freedom of action and keep on generating value. The seed-specific property rights under “variety protection” ensure they are compensated for the years-long process of research, breeding and development of new varieties and that third parties cannot market the same variety at no costs to themselves. KWS uses patents to protect certain plant traits, in particular if they have been developed or produced by means of technical methods. In order to secure its freedom of action and avoid infringing third-party proprietary rights, KWS has implemented far-reaching due diligence processes throughout the company.

Regulatory risks

As part of modern agriculture and as an innovative plant breeding company, KWS also uses state-of the-art breeding technologies to develop new, resource-conserving varieties. There is still a negative perception of new breeding technologies among the general public, despite the high standards in force and scientific facts to the contrary. New breeding technologies could speed up our variety development and improve its precision. The statutory restrictions on the use of pesticides also led to risks for KWS in the past. Some pesticides cannot be adequately replaced in our breeding processes, which may result in higher disease incidence, weed pressure, and rising seed production and breeding costs. We conduct an intensive dialogue with relevant stakeholders on this issue and are increasing the internationalization of our research – without reducing our commitment in the EU. In the year under review, we recorded a slight decline in the risk situation in this category.

Political instability

KWS faces political risks in many countries in the strongly regulated international agricultural industry. The tense global geopolitical situation worldwide impacts our business activities and growth plans in the Middle East and Eastern Europe. In Eastern Europe, the continuation of the Ukraine war continues to pose high risks to our business activities in Ukraine, Russia and Belarus. There are still health risks for our Ukrainian employees (see the section “Health, safety and environment”), but also a large number of business risks, such as a decline in cultivation area in Ukraine, an important future market for KWS, and export opportunities for farmers there remain restricted.

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

General legal risks

KWS is exposed to risks arising from official proceedings and legal disputes with suppliers, licensors, customers, employees, lenders and investors. They may result in payments or other obligations. One court case was pending in the 2023/2024 fiscal year, but as the proceedings currently stand, it does not pose any significant financial risk.

Social risks

However, we also operate in markets where there are indications of insufficient compliance with social standards. In some countries, for example, child labor, forced labor and inadequate working standards exist in agriculture. We systematically recorded these risks in the year under review, which led to an increase in the risks in this category. We use these findings to design our measures, which are intended to be applied both preventively and in response to violations. We continue to work on expanding our due diligence system and, in this connection, published our Human Rights Policy for the first time in the spring of 2024. We will update it regularly in the future and make our objectives and efforts transparent. A Human Rights Officer was appointed to coordinate establishment of the due diligence system within the KWS Group.

Markets and competition

Market trends

This covers in particular local external risks that may impact our business success and over whose emergence we have no or currently only limited direct influence. This includes demand trends and local conditions in the respective market, as well as requirements from farmers to our sales organization. We reduce this risks by reviewing our cooperation with local partners, through new licenses or by developing proprietary varieties and traits. We are also continuously working on expanding and optimizing our sales channels.

Competition and business partners

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

Price developments and procurement

We are exposed to potential price fluctuations, delays and reduced availability in our global purchasing activities. We counter these risks by pooling our purchasing power in a centralized Procurement Management unit and, in particular, we adopt a structured approach in relation to the organization, management and long-term development of supplier relationships. Hedging instruments in the form of commodity derivatives are used to offset fluctuations in the prices of raw materials to a limited extent. In the year under review, we managed potential supply chain risks in a structured manner for the first time as part of the newly launched due diligence process, had the related activities reviewed internally and reported the results to the Executive Board and Supervisory Board. We will continue to expand the due diligence system in the coming year and plan to introduce further process improvements and standards, such as a revised Code of Business Ethics for Suppliers.

Climate change and natural disasters

We are increasingly experiencing extreme weather events, such as heavy rain, flooding, storms or drought, which may impact key business processes. We mainly develop new varieties and propagate our seed outdoors, meaning these activities are exposed to weather events. Moreover, weather risks can be insured against only at economically unfavorable terms and conditions, if at all. In addition to local protection measures such as irrigation, flood control or greenhouses, we can limit risks through regional diversification. Contra-seasonal production in the southern hemisphere enables two cultivation cycles a year. In addition to extreme weather events, climate change is also causing a gradual increase in average temperatures, changes in regional average rainfall, and changes in disease or pest pressure. We counter this by continuously optimizing 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.”

Overall statement on the risk situation by the Executive Board

The KWS Group’s net risk position at the end of the fiscal year was slightly lower compared with the previous year, due in particular to lower energy supply and production downtime risks as well as the decline in inflation. The high political risks as a result of Russia’s localization efforts remain. They are having a negative impact on our local seed supply (import quotas) and business development there. Teams of experts analyze, assess and control risk-related developments on an ongoing basis and report to the Executive Board as and when required. In Ukraine, we continue to maintain measures to protect employees and business processes.

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

Adjustments to risk reporting 2024/2025

In the reporting year, we added new categories to our risk categories and merged existing categories with others. As a result, we will be better able to cluster risks according to the sustainability categories of Environment, Social and Governance (ESG) in future. In this context, we have also defined new threshold values for our four-level risk classes. As a result, we are taking into account both the lower number of risk categories in the future and the KWS Group’s increased earnings performance in the past reporting years. From the coming year, we will report on the risk situation in accordance with these changes.

Strategic risk categories with an horizon up to ten years

Risk Type	Risk Category	Risk classification
Strategic risks	▪ Change of geopolitical alliances and market access	Substantial
	▪ Limited access to technology	Substantial
	▪ Structural change of demand	Substantial
	▪ Structural underperformance of products	Medium

Risk categories with a horizon of up to four years

Risk Type	Risk Category	Risk classification
Operative risks	▪ Human Resources	Low
	▪ Incidents	Substantial
	▪ Influence on cultivation	Low
	▪ Price and supply chain	Medium
	▪ Product & service quality	Low
ESG risks	▪ Environment	Low
	▪ Governance	Medium
	▪ Social	Noticeable
Legal and compliance	▪ Compliance risks	Noticeable
	▪ Other legal risks	Low
Financial risks	▪ Financing & liquidity	Low
	▪ FX risks	Medium
	▪ Receiveable risks	Low
	▪ Tax risks	Low
Reputational risks	▪ Public perception and customer trust	Low

2.6 Forecast Report

The expectations of management outlined here are based on our corporate planning and the information it takes into account, including market expectations, strategic decisions, regulatory measures or exchange rate trends. They are subject to the same premises as the consolidated financial statements and forecast our business performance up to the end of fiscal 2024/2025 on June 30, 2025. In our forecast for the KWS Group's statement of comprehensive income, we deal with the KWS Group's anticipated net sales (on a comparable basis, excluding exchange rate and portfolio effects), anticipated EBIT margin and anticipated R&D intensity. In our forecast for the segments, we deal with the anticipated net sales (on a comparable basis, excluding exchange rate and portfolio effects), and the anticipated EBIT margin, including the contributions made by our equity-accounted companies, which are included proportionately in the segment reports in line with our internal corporate controlling structure.

2.6.1 Changes in the KWS Group's Composition that are Significant for the Forecast

Following the agreements reached in March 2024 to sell the South American corn and sorghum business, it will be disclosed as a discontinued operation in KWS' financial reporting until the transaction is closed.

The forecasts for fiscal 2024/2025 relate to KWS' continuing operations.

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

The KWS Group's economic performance in fiscal 2024/2025 will continue to be impacted by the challenging changes on global agricultural markets. The increased occurrence of weather extremes as a result of climate change are making the general conditions in agriculture more volatile. The associated fluctuations in supply and demand impair planning security for farmers and thus also for us as a seed vendor. However, our broad product portfolio enables us to counter these fluctuations.

There are still significant currency risks in important markets, in particular in Türkiye and Eastern Europe.

Due to a generally subdued agricultural environment and an anticipated significant decline in business in Russia as a result of import restrictions and localization efforts for seed, we expect growth in fiscal 2024/2025 to be less buoyant than in previous years.

We expect the KWS Group to grow its net sales on a comparable basis (excluding exchange rate effects) by 2% to 4% over the previous year (€1,678 million).

We anticipate that the EBIT margin will be in the range of 14% to 16%, while our R&D intensity is expected to be between 18% and 19%. Due to the strongly seasonal nature of our business as a result of the great importance of the spring sowing season and external factors that are difficult to anticipate, such as the weather and fluctuations in cultivation area, we are providing ranges in our forecasts here, since more detailed statements on our net sales and earnings performance cannot yet be made with sufficient reliability.

2.6.3 Forecast for the Segments

In fiscal 2024/2025, we anticipate that the **Corn Segment** (on a comparable basis, excluding exchange rate and portfolio effects), will grow its net sales slightly compared with the previous year (€701.5 million), in particular on the back of growth in Europe. We assume that competition will remain intense in North America. As far as can be seen at present, the EBIT margin is expected to be at the level of the previous year (5.6%).

In the **Sugarbeet Segment**, our high-yielding portfolio of varieties will likely mean another successful fiscal year for us. We assume that sugarbeet cultivation area will remain stable all in all. The segment's business performance should benefit from further growth due to CONVISO® SMART seed and demand for Cercospora-tolerant

(CR+) varieties. We expect that the segment's net sales (on a comparable basis, excluding exchange rate and portfolio effects), will increase slightly compared with the previous year (€864.9 million) and that the EBIT margin will be at the level of the previous year (40.5%).

In the **Cereals Segment**, we assume (on a comparable basis, excluding exchange rate and portfolio effects), that net sales will decline sharply compared with the previous year (€275.9 million), as we anticipate stronger losses in our Russia business as a result of import restrictions on seed. We also expect the EBIT margin to fall sharply compared with the previous year (18.3%).

The **Vegetables Segment** essentially comprises the net sales and earnings contributed by acquired vegetable seed businesses. Assuming a stable market environment, in particular for spinach seed, we expect the segment's net sales (on a comparable basis, excluding exchange rate and portfolio effects), to rise sharply compared to the previous year (€62.1 million). There are also costs for establishing an international breeding program and the Business Unit in the segment. Consequently, the number of employees will probably increase further. The segment's income also includes noncash effects from the purchase price allocation as part of company acquisitions. Due to the above-mentioned effects, we expect the EBIT margin to be negative and at the level of the previous year (–55.9%).

Revenue (albeit slight) from our farms in Germany, France and Poland is grouped in the **Corporate Segment**. Since all cross-segment costs for the KWS Group's central functions and research expenditure are still charged to the Corporate Segment, its income is usually negative. In view of the planned cost developments, we expect the segment's EBIT to be approximately €–130.0 (–127.1) million.

Forecast for the 2024/2025 fiscal year

	Net sales growth[1]	EBIT margin	R&D intensity
Statement of comprehensive income of the KWS Group	2–4%	14–16%	18–19%

1 On a comparable basis, excluding exchange rate and portfolio effects

2.7 Further Information

2.7.1 Corporate Governance and Declaration on Corporate Governance[1]

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

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

2.7.2 Compliance declaration in accordance with Section 161 AktG (German Stock Corporation Act)[1]

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

2.7.3 Remuneration Report[1]

The Remuneration Report outlines the principles and salient features of the compensation systems for the Executive Board of KWS SE, the managing partner of KWS SAAT SE & Co. KGaA, and its Supervisory Board. It is no longer part of the Group Management Report. The Remuneration Report pursuant to Section 162 of the German Stock Corporation Act (AktG) for the fiscal 2023/2024, together with the report on the substantive and formal audit by the independent auditor, can be found on our website at www.kws.com/corp/en/company/investor-relations.

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

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

Composition of the subscribed capital

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

Restrictions relating to voting rights or the transfer of shares

There may be restrictions relating to voting rights or the transfer of shares as a result of statutory or contractual provisions. For example, shareholders are barred from voting under certain conditions pursuant to Section 136 of the German Stock Corporation Act (AktG) in conjunction with Section 278 (3) of the German Stock Corporation Act (AktG) or Section 44 of the German Securities Trading Act (WpHG); the bars on voting pursuant to Section 285 of the German Stock Corporation Act (AktG) must also be observed for personally liable partners at a partnership limited by shares

1 Not an audited part of the combined management report

(KGaA). In addition, no voting rights accrue to the company on the basis of the shares it holds (Section 71b AktG).

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

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

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

1. The voting shares, including mutual allocations, of the persons, companies and foundations stated below each exceed 10% and total 69.3%:

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

2. The voting shares of the persons stated below, including mutual allocations and allocations of voting shares of Dr. Drs. h.c. Andreas J. Büchting, Germany, AKB Stiftung, Hanover, Büchting Beteiligungsgesellschaft mbH, Hanover, Zukunftsstiftung Jugend, Umwelt und Kultur, Einbeck, and RETOKE Holding Vermögensverwaltungsgesellschaft mbH & Co. KG, Bad Schwartau, each exceed 10% and total 54.8%:

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

3. The voting shares of the shareholder named below, including allocations of the persons, companies and foundations named in 1. above, exceed 10% and total 69.3%:

- Hans-Joachim Tessner, Germany

4. The voting shares of the shareholder named below, including allocations of all the persons, companies and foundations named in 2. above, exceed 10% and total 56.0%:

- Dr. Arend Oetker, Germany

5. The voting shares of the shareholders named below, including allocations of all the persons, companies and foundations named in 2. above, exceed 10% and total 55.0%:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Disclosures	Page(s)
Report in accordance with Section 289 (4) of the German Commercial Code (HGB) and explanatory report of the Executive Board	96 to 99
On business activity, corporate strategy, corporate controlling and management, as well as explanations on business performance	18 to 47
On the dividend	164 (Notes)
On research and development	26 to 28
On the report on events after the balance sheet date	165 (Notes)

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

Earnings

Net sales at KWS SAAT SE & Co. KGaA in the year under review increased sharply to €970.6 (825.4) million (guidance: slight increase in net sales). The increase resulted, in particular, from growing cereals and sugarbeet business. Gross profit likewise rose sharply to €592.4 (475.8) million due to the expansion in business. Research and development expenditure, which is pooled at KWS SAAT SE & Co. KGaA, was increased as planned to €269.3 (251.6) million. Selling expenses rose to €101.0 (98.4) million. Most of the administrative expenses at the KWS Group are incurred at KWS SAAT SE & Co. KGaA. General and administrative expenses in the year under review totaled €157.2 (136.4) million. The balance of other operating income and other operating expenses was €26.9 (9.3) million. KWS SAAT SE & Co. KGaA's operating income improved sharply to €91.8 million following €–19.9 million in the previous year (guidance: lower year on year), in particular thanks to the increase in our high-margin sugarbeet business. The interest result fell to €–11.0 (–6.1) million, in particular as a result of higher interest expenses. Taking into account taxes totaling €27.8 (4.2) million, the net income for the year was €72.1 million (previous year: net loss of €–4.1 million).

Financial position and assets

KWS SAAT SE & Co. KGaA's total assets in fiscal 2023/2024 increased to €1,982.5 (1,742.3) million. Fixed assets at the balance sheet date were €1,059.3 (1,038.1) million. Property, plant and equipment and intangible assets rose sharply, while financial assets were slightly below the level of the previous year. Inventories rose to €135.6 (119.6) million due to the planned increase in production quantities. Receivables and other assets increased sharply to €665.4 (523.3) million, in particular as a result of the rise in receivables from affiliated companies. Liabilities at the balance sheet date rose to €1,239.4 (1,078.3) million, mainly due to an increase in liabilities to affiliated companies and due to higher financial borrowings from banks. KWS SAAT SE & Co. KGaA's equity increased to €503.9 (461.5) million due to the higher net retained profits, giving an equity ratio of 25.5% (26.5%).

Employees

An average of 1,834 (1,737) people were employed at KWS SAAT SE & Co. KGaA in the year under review.

Risks and opportunities

The opportunities and risks at KWS SAAT SE & Co. KGaA are essentially the same as at the KWS Group. It shares the risks of its subsidiaries and associated companies in accordance with its respective stake in them. You can find a detailed description of the opportunities and risks and an explanation of the internal control and risk management system (Section 289 (4) of the German Commercial Code (HGB)) on pages 80 to 93.

Forecast Report

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

Einbeck, September 10, 2024

KWS SE

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