Annual Report 2021 | 2022

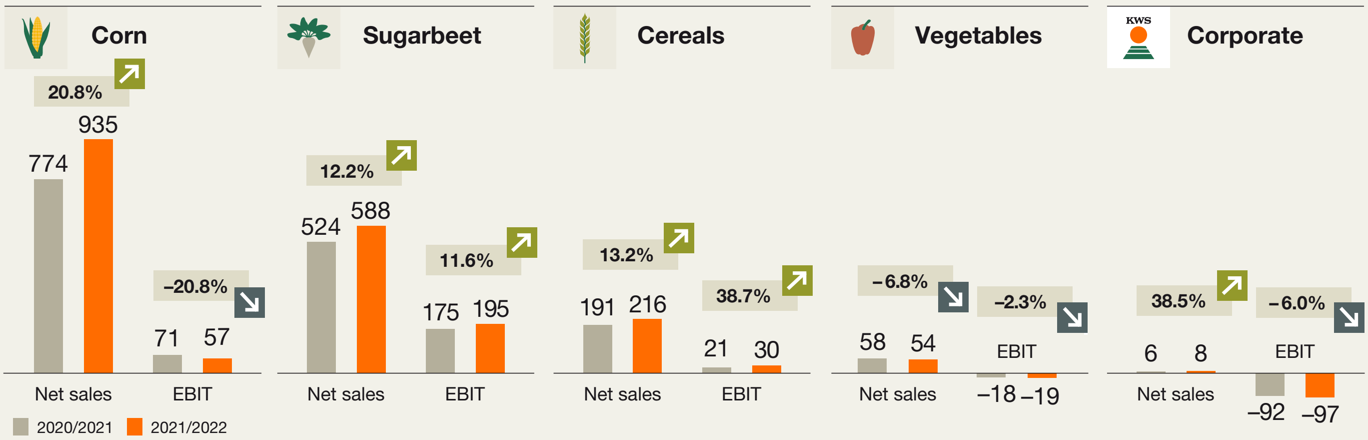
SEEDING
THE FUTURE
SINCE 1856

KWS

KWS in Figures

The KWS Group (in € millions)	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
Net sales and income						
Net sales	1,539.5	1,310.2	1,282.6	1,113.3	1,068.0	1,075.2
EBITDA	252.4	230.9	225.5	199.7	182.7	181.0
EBIT	155.1	137.0	137.4	150.0	132.6	131.6
as a % of net sales (EBIT margin)	10.1	10.5	10.7	13.5	12.4	12.2
Net financial income/expense	–16.9	5.2	–7.8	–5.5	5.4	16.6
Net income for the year	107.8	110.6	95.2	104.0	99.7	97.7
Other figures on earnings						
R&D intensity in %	18.6	19.3	18.4	18.5	18.5	17.7
Key figures on the financial position and assets						
Capital expenditure	93.5	81.3	108.0	96.6	71.7	63.3
Depreciation and amortization	97.4	93.8	88.2	49.7	50.1	49.4
Equity	1,245.9	1,053.7	994.5	963.5	881.8	836.9
Equity ratio in %	47.0	44.3	44.5	45.5	58.1	56.0
Return on equity in %	10.5	10.9	10.1	12.1	12.3	13.1
Return on assets in %	5.1	5.7	5.3	7.6	7.1	7.3
Net debt [1]	521.9	475.6	495.7	497.9	37.4	48.5
Total assets	2,651.8	2,376.7	2,235.5	2,115.0	1,517.7	1,495.2
Capital employed (avg.) [2]	1,667.9	1,604.7	1,640.5	1,047.1	981.1	990.1
ROCE (avg.) in % [3]	9.3	8.5	8.4	14.3	13.8	13.3
Cash flow from operating activities	100.3	168.3	136.2	72.9	98.1	122.4
Free cash flow [4]	9.5	84.2	31.5	–5.6	30.0	57.6
Employees						
Number of employees (avg.) [5]	4,865	4,549	4,317	4,126	3,852	3,705
Personnel expenses	355.8	326.3	310.1	280.7	253.9	247.0
Key figures for the share in €						
Earnings per share in € [6]	3.27	3.35	2.89	3.15	3.02	2.96
Dividend per share in € [6,7]	0.80	0.80	0.70	0.67	0.67	0.64

Segments (in € millions)



Reconciliation (in € millions)	Segments	Reconciliation	KWS Group
Net sales	1,802.5	–263.3	1,539.5
EBIT	165.7	–10.6	155.1

1 Short-term + long-term borrowings – cash and cash equivalents – securities
2 Total capital employed at the end of the quarters (intangible assets + property, plant and equipment + inventories + trade receivables – trade payables)/4
3 EBIT/Capital Employed (avg.)
4 Adjusted for special effects from acquisition of the Pop Vriend Seeds Group. Information on interest paid changed
5 FTE: Full-time equivalents
6 Earnings and dividend per share of previous periods adjusted due to share split
7 The dividend for 2021/2022 is subject to the consent of the 2022 Annual Shareholders' Meeting in December.

Contents

The cover photo shows ripening peas on a test field in southern Lower Saxony. Compared to other field crops, grain peas have a high crude protein content, which is interesting for feeding and for human nutrition. This is also the reason that in terms of the classic breeding goals, the protein content is the primary focus, in addition to stability and a high yield.

Executive Board
Peter Hofmann Sugarbeet, Vegetables, Cereals, Oilseed Rape/Special Crops & Organic Seed, Marketing & Communications
Nicolás Wielandt Corn Europe and South America
Eva Kienle Finance & Procurement, Controlling, Global Transaction Center, Legal Services & IP, IT, Compliance, Governance & Risk Management
Hagen Duenbostel (CEO) Corn North America, Corn China, Strategy
Felix Büchting Research & Breeding, Human Resources, Farming

To Our Share-holders

Foreword of the Executive Board

Dear shareholders, partners
and friends of KWS,

A sustainable food system – good for us, good for the planet.

Those are the words used by the EU Commission to herald in the realignment of agriculture in Europe. Sustainable food systems are at the core of the Farm to Fork Strategy for sustainable and inclusive growth. The objective is to boost the economy, increase people's health and quality of life, and enhance nature conservation. The EU Commission's goals are to safeguard the food supply despite climate change and biodiversity loss, reduce the ecological footprint of the EU's food system, and transition to competitive sustainability and a crisis-proof food system.

We're currently witnessing dramatic proof of the need for that. Russia's attack on Ukraine is causing immeasurable suffering to the population and is also negatively impacting food security and price stability around the world – especially in poorer countries. Our task as a food producer is to supply farmers with seed, even under these tough circumstances. We're not losing sight of our focus on delivering solutions for sustainable agriculture in the face of more difficult climatic conditions.

Our products and services are major production factors that contribute to the commercial success of a farm. Our research & development activities extend far beyond breeding high-yielding varieties. Our focus is also on crops with improved resistance to drought stress, pests and diseases, and thus on reducing the use of pesticides and on conserving the precious resource of water. Our digital solutions help farmers secure and further increase the yields per hectare they need. As a partner to farmers, we are thus making a clear contribution to more ecological agriculture, while enabling subsequent generations to run their farms successfully under constantly changing conditions.

We can now offer our customers innovative Cercospora-tolerant sugarbeet varieties, for example. This widespread leaf disease regularly causes significant losses in yield. The effectiveness of the available chemical fungicides is diminishing, and they aren't an ecological solution, either. The result of our many years of breeding is now the new CR+ varieties, which combine very high protection with excellent yield, thereby strengthening the position of sugarbeet as an important part of diverse crop rotations.

Another example is the development of new rapeseed varieties that can withstand one of the main pests, the cabbage stem flea beetle. The harvest of entire areas infested with this insect may be lost completely. The excellent genetics of KWS' new varieties are significantly less susceptible to infestation and help ensure profitable and sustainable rapeseed cultivation in Europe, particularly given the current shortages of oil plants.

These examples illustrate that innovative seed can and will play a key role in the transformation toward more sustainable agriculture. This means KWS, one of the world's leading plant breeding companies, has considerable economic potential – and we intend to leverage it.

As part of our strategic planning in the past fiscal year, we identified four main areas in which we aim to grow in the future through innovation: products and services for sustainable agriculture, linking our seed to digital offerings, expanding digital sales channels that foster customer proximity, and innovations for the growing market of plant proteins as the basis for sustainable food. We're thus aligning our business rigorously and promptly to the defining megatrends in agriculture.

Our motto "Seeding the Future – since 1856" stands over all our activities to promote sustainable agriculture. This is more than just a slogan. It's an expression of how we think and act in terms of generations. We continue to abide by this maxim, and at our last Annual Shareholders' Meeting we initiated a multistage generational change on the Executive and Supervisory Boards. Continuity, our character as a family business and independence will remain at the heart of how we run our company.

These guiding principles will help us to stay on course and expand our business even in troubled waters. My heartfelt thanks go out to KWS' employees worldwide for their great commitment and efforts. I also thank our customers, partners and shareholders for the successful working relationship and their trust in KWS.

I hope you find this Annual Report both informative and interesting.

Yours Hagen

Dr. Hagen Duenbostel
Chief Executive Officer

Report of the Supervisory Board

Russia's invasion of Ukraine not only marked a geopolitical turning point, but also deeply shook us at KWS. We have had ties with Ukraine that extend as far back as 1900, when we opened our first foreign location in Vinnytsia, in western Ukraine. Our thanks and support today go to our approximately 170 employees who have made it possible for us to supply farmers with seed under extremely difficult conditions and have thus made an important contribution to the country's future. However, we would also like to pay tribute to the many private initiatives by KWS colleagues who provided urgently needed, practical help. As a company, we will continue to stand by Ukraine and its people and help in its reconstruction in the shape of concrete projects.

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

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

The Company's business policy, corporate and financial planning, profitability and situation, market trends and the competitive environment, research & breeding and, along with important individual projects, risk management at the KWS Group, in particular in relation to preventive healthcare in the wake of the COVID-19 pandemic, were the subject of detailed discussions in the year under review.

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

Focal areas of deliberations

The Supervisory Board of KWS SAAT SE & Co. KGaA convened four times in fiscal 2021/2022, holding these meetings in hybrid form due to the pandemic. In addition, the Supervisory Board gathered at Pop Vriend Seeds in Andijk, in the Netherlands, for its budget meeting in June 2022. The presence of the Supervisory Board was always complete, but with Cathrina Claas-Mühlhäuser being prevented from attending two meetings.

At the beginning of the year under review, the Supervisory Board of KWS SAAT SE & Co. KGaA convened its meeting to discuss the financial statements on October 21, 2021. At this meeting, which was also attended by the independent auditor for fiscal 2020/2021, the Supervisory Board examined and approved the financial statements of KWS SAAT SE & Co. KGaA and approved the consolidated financial statements of the KWS Group as of June 30, 2021. This meeting was followed by a joint meeting of the two boards, at which the Supervisory Board heard reports on the Company's anticipated business performance in the current year and on the status of the "Strategic Planning 31," which covers a timescale of ten years.

The Supervisory Board adopted the "Strategic Planning 31," which – in addition to operational goals – primarily defines far-reaching sustainability objectives, on December 1, 2021. In addition, the new Head of KWS Research, Dr. Thomas Ehrhardt, informed the Supervisory Board about the status of the most important research projects. On December 2, 2021, the Supervisory Board was given a presentation of the "Succession Management System," which envisages structured succession planning for all key positions at the KWS Group.

The meeting on March 15, 2022, focused on the geopolitical crisis in Eastern Europe and the ways KWS' 170 employees in Ukraine and their families could be supported. In addition, the Supervisory Board received written reports on the current situation in Ukraine at short, regular intervals. As scheduled, the status of the breeding programs for all major crops was also presented to the Supervisory Board at this meeting.

On June 23, 2022, the Supervisory Board discussed the budget and medium-term planning, including ways of countering the significant cost increases. The Supervisory Board of KWS SE subsequently adopted the budget and planning.

Corporate governance

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

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

The Supervisory Board conducted a self-assessment in the year under review, in accordance with recommendation D.12 of the German Corporate Governance Code. It is carried out every two years and was accompanied by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. Based on the evaluation of specific questionnaires for the full Supervisory Board, the Audit Committee and the Executive Board, Deloitte determined that the Supervisory Board works in compliance with best practices.

The Annual General Meeting on December 2, 2021 was held again in a virtual format.

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

The **Audit Committee** convened for four joint meetings in fiscal 2021/2022, each of which was attended by all members either in person or online (with the exception of the meeting in February 2022, which Dr. Andreas J. Büchting was prevented from attending). In its meeting on September 23, 2021, the Audit Committee discussed the annual financial statements and accounting of KWS SAAT SE & Co. KGaA and the consolidated financial statements of the KWS Group for the fiscal year 2020/2021, along with the Combined Management Report and the proposal by the Executive Board on the appropriation of the profits. The Compliance Report and the 1st Quarterly Report for 2021/2022 were discussed in particular at the meeting on November 16, 2021. The meeting on February 11, 2022, discussed and defined the focus of the audit for fiscal year 2021/2022 in the presence of the appointed independent auditor. It also discussed the situation as regards the KWS Group's financing and the Semiannual Report 2021/2022 in detail. In addition, the report by Internal Auditing for fiscal 2021/2022 was discussed and the audit plan for the subsequent years was defined and adopted at the meeting on May 10, 2022. The risk situation, the 9M Quarterly Report for 2021/2022 and tax-related issues of the KWS Group were also discussed.

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

The Supervisory Board of KWS SAAT SE & Co. KGaA does not hold personnel responsibility as regards management, in particular in relation to the Executive Board of KWS SE. Nevertheless, we would like to take this opportunity to inform you about the personnel changes at the personally liable partner.

As we announced in last year's report, Dr. Léon Broers retired from the Executive Board of KWS SE when his contract of employment ended on December 31, 2021, after having been responsible for Research & Breeding on the Executive Board for 15 years. One indicator of our innovativeness has always been the number of official marketing approvals for new KWS varieties. It almost doubled during his tenure in the Executive Board to around 500 product approvals per annum. Our product portfolio also increased significantly with the addition of sunflower breeding in 2010, the tropical corn breeding program in Brazil in 2012, cereal breeding in North America starting in 2013, and most recently vegetable breeding in 2019 during the time he worked with us. We are well positioned in basic research and in our numerous application-oriented research projects. The large number of patents we hold is also testimony to this. Léon Broers is thus handing over a well-kept ship to his successor.

As had been announced at the Annual Shareholders' Meeting in December 2020, Dr. Felix Büchting took charge of Research & Development on January 1, 2022. He also remains in charge of Human Resources, but has handed over responsibility for cereals business to Dr. Peter Hofmann. At the same time, Peter Hofmann took over the Vegetables Segment from Léon Broers. Nicolás Wielandt joined the Executive Board as its fifth member effective January 1, 2022. A native of Chile, he is now responsible for Corn Europe and South America. Dr. Hagen Duenbostel will embark on his envisaged two-year cooling-off period at the end of the Annual Shareholders' Meeting of KWS SAAT SE & Co. KGaA on December 6, 2022. He will thus be released from his duties on the Executive Board and leave KWS SAAT SE & Co. KGaA's top management. Felix Büchting will succeed him as Chief Executive Officer of KWS SE, as we also announced in last year's report.

The **Nominating Committee** dealt with the revision of the profile of skills for the Supervisory Board of KWS SAAT SE & Co. KGaA in the year under review. The profile had to be adapted, in particular in view of the anticipated new recommendations in the German Corporate Governance Code. At its meeting on June 26, 2022, the Supervisory Board adopted the revised profile of skills along with a corresponding qualification matrix. We have published both of them on our homepage as part of the "Declaration on Corporate Governance." On the basis of the new profile of skills, the Nominating Committee then drew up proposals for candidates for the forthcoming election of the new Supervisory Board. The Supervisory Board endorsed the proposals of the Nominating Committee, with the result that it will propose the following shareholder representatives for election to the Supervisory Board of KWS SAAT SE & Co. KGaA at the Annual Shareholders' Meeting on December 6, 2022: The Deputy Chairwoman of the Supervisory Board, Dr. Marie Th. Schnell, and the current Chairman of the Audit Committee, Victor W. Balli, will be proposed for reelection. As reported last year, our former Chief Executive Officer, Philip Freiherr von dem Bussche, has agreed to stand for election during an interim period (cooling-off period of Hagen Duenbostel in 2023 and 2024). We are also delighted to announce that we have been able to win the services of Professor Dr. Dr. h.c. mult. Stefan W. Hell from Göttingen, who will strengthen our Supervisory Board's scientific expertise. The résumés of the candidates and a corresponding qualification matrix will be published along with the Notice of the Annual Shareholders' Meeting. I would add that these candidates will also be proposed for election to the Supervisory Board at the Annual Shareholders' Meeting of KWS SE on November 24, 2022.

Andreas J. Büchting, Chairman of the Supervisory Board

The committee satisfied itself that all the candidates also had the time expected for them to discharge their duties on the board. The aspect of diversity should be taken into account in filling posts on the Supervisory Board. In this context, the Supervisory Board decided in accordance with Section 111 (5) of the German Stock Corporation Act (AktG) that the ratio of women and men among the shareholder representatives on the Supervisory Board should not be less than 25% by June 30, 2027. However, the Supervisory Board is not responsible for setting a target figure for the employee representatives, since the regulations for election of employee representatives on the Supervisory Board do not specify any targets or a minimum figure for the ratio of women and men.

The employees of KWS' European subsidiaries (in the EU) elected their representatives for the future Supervisory Board of KWS SAAT SE & Co. KGaA on July 26, 2022. Under the regulations, one representative from Germany and a further representative from a foreign subsidiary were to be elected. The Chairwoman of the European Employees' Committee (EEC), Christine Coenen, was once again successful and will therefore begin her second term of office on our Supervisory Board in December. The workforce elected Eric Gombert from KWS France as a further representative. He is 54 years of age and is the head of our breeding station in Buzet, France. Eric Gombert has worked in the seed industry for more than 30 years, 15 of them with KWS. He has been a member of the EEC since 2015. I would like to take this opportunity to congratulate both employee representatives on their election.

Annual and consolidated financial statements and auditing

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover, the independent auditor chosen at the Annual Shareholders' Meeting on December 2, 2021, and commissioned by the Audit Committee, has audited the financial statements of KWS SAAT SE & Co. KGaA that were presented by the personally liable partner, KWS SE, and prepared in accordance with the provisions of the German Commercial Code (HGB) for fiscal 2021/2022 and the financial statements of the KWS Group (IFRS consolidated financial statements), as well as the Combined Management Report of KWS SAAT SE & Co. KGaA and the KWS Group (Group Management Report), including the accounting reports, and awarded them its unqualified audit certificate. In addition, the auditor concluded that the audit of the financial statements did not reveal any facts that might indicate a misstatement in the Declaration of Compliance issued by the personally liable partner and the Supervisory Board in accordance with Section 161 of the German Stock Corporation Act (AktG) with respect to the recommendations of the "Government Commission for the German Corporate Governance Code." The Non-Financial Declaration (Section 289b and Section 315b of the German Commercial Code (HGB)) in the Combined Management Report was likewise audited by the independent auditor.

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

The Audit Committee convened on September 9, 2022, to discuss the annual financial statements of KWS SAAT SE & Co. KGaA and the KWS Group's consolidated financial statements for the 2021/2022 fiscal year and accounting, along with the Combined Management Report. The independent auditor for fiscal 2021/2022 explained the results of its audit of the annual financial statements and consolidated financial statements. It pointed out that there were no grounds for assuming a lack of impartiality on the part of the independent auditor in its audit. The Audit Committee also dealt with the proposal by the personally liable partner on the appropriation of the net retained profit of KWS SAAT SE & Co. KGaA and recommended that the Supervisory Board approve it.

The Supervisory Board also held detailed discussions of questions on the agenda at its meeting to discuss the financial statements on September 26, 2022. The auditor took part in the meeting. It reported on the main results of the audit and was also available to answer additional questions and provide further information for the

Supervisory Board. According to the report of the independent auditor, there were no material weaknesses in the internal control and risk management system in relation to the accounting process. There were also no circumstances that might raise concerns about a lack of impartiality on the part of the independent auditor. The independent auditor did not provide any additional services.

In accordance with the final results of its own examination, the Supervisory Board endorsed the results of the audit and of the audit of the Non-Financial Declaration, among other things as a result of the preliminary examination by the Audit Committee, and did not raise any objections. The Supervisory Board gave its consent to the annual financial statements of KWS SAAT SE & Co. KGaA submitted by the personally liable partner, and to the consolidated financial statements of the KWS Group and the Combined Management Report of KWS SAAT SE & Co. KGaA and the KWS Group and recommended that the Annual Shareholders' Meeting on December 6, 2022, approve the annual financial statements of KWS SAAT SE & Co. KGaA prepared by the personally liable partner. The Supervisory Board also endorsed the proposal by the personally liable partner to the Annual Shareholders' Meeting on the appropriation of the net retained profit of KWS SAAT SE & Co. KGaA after having examined it.

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

Einbeck, September 26, 2022

Andreas J. Büchting

Dr. Drs. h. c. Andreas J. Büchting
Chairman of the Supervisory Board
KWS SAAT SE & Co. KGaA

KWS on the Capital Market

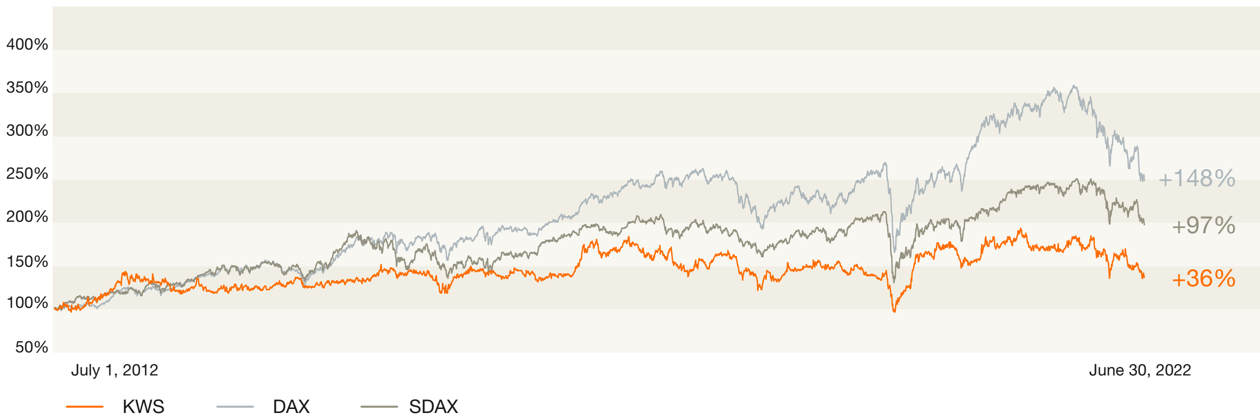
Stock markets and share performance
Global stock markets proved very robust up to the end of 2021, despite the ongoing COVID-19 pandemic and rising inflation. Leading stock indexes worldwide reached new highs in the wake of massive economic stimulus programs and central banks' expansionary monetary policy. The DAX recorded a new all-time high of 16,272 points on January 5, 2022.

However, global stock markets suffered heavy losses in the first half of 2022 against the backdrop of growing risks from the significant rise in inflation, Russia's invasion of Ukraine and tighter monetary policy. The DAX closed at 12,784 points on June 30, 2022, well down from the previous year (15,531). The SDAX, on which the KWS share is listed, fell by around 26% to stand at 11,881 on the balance sheet date (previous year: 16,021).

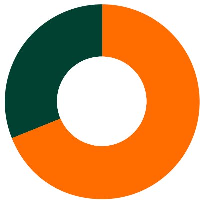
KWS' share was not able to buck this trend, falling by around 20% in fiscal 2021/2022. It stood at €55.80 at the end of June 2021 (previous year: €69.40). The average trading volume per day on XETRA fell from around 9,000 shares to approximately 7,700.

Employee Stock Purchase Plan
For more than 30 years KWS has offered its employees the chance to become shareholders in the Company and thus share in its success. 594 (592) employees in nine (eight) European countries participated in this year's Employee Stock Purchase Plan and purchased a total of 68,998 (76,120) shares. The acquired shares are subject to a lock-up period of four years. They cannot be sold, transferred or pledged during this period. As in previous years, the shares used for the Employee Stock Purchase Plan were acquired in accordance with Section 71 (1) No. 2 of the German Stock Corporation Act (AktG). More details have been published in information released for the capital market and can be viewed on our website at www.kws.com.

The KWS share's performance over ten years



Shareholder structure at June 30, 2022
(33,000,000 shares)



Planned appropriation of profits

In view of the Company's good performance, the Executive and Supervisory Boards will again propose a dividend of €0.80 (0.80) per share for fiscal year 2021/2022 to the Annual Shareholders' Meeting on December 6, 2022. €26.4 (26.4) million would thus be distributed to KWS SAAT SE & Co. KGaA's shareholders. This corresponds to a dividend payout ratio of 24.5% (23.9%), once again in line with the KWS Group's earnings-oriented policy of paying a dividend of 20% to 25% of its net income.

Key figures for the KWS share (Xetra®)	
ISIN	DE0007074007
Share class	Non-par
Number of shares	33,000,000
Index	SDAX
Closing price	**in €**
June 30, 2022	55.80
June 30, 2021	69.40
High and low	**in €**
High (November 15, 2021)	76.50
Low (March 7, 2022)	56.10
Average trading volume	**in shares/day**
2021/2022	7,687
2020/2021	9,203
Market capitalization	**in € millions**
June 30, 2022	1,841
June 30, 2021	2,290

2. Combined Management Report 2021/2022 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. We refer to the report aspects required under Sections 289b et seq. and Sections 315b et seq. of the German Commercial Code (HGB) in our “Non-Financial Declaration” on page 80. 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. They are indicated by the acronym NFD. 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 – from developing new varieties, multiplication 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. 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 fiscal 2021/2022, the KWS Group’s operational business consisted of five Business Units, which were grouped in the four product segments Corn, Sugarbeet, Cereals and Vegetables. The Business Units Sugarbeet, Cereals and Vegetables are identical to the segments of the same name. The Corn Segment contains the Business Unit Corn Europe/Asia and the Business Unit Corn Americas.

The Corn Segment is the KWS Group’s largest segment in terms of net sales. It 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. This means the lion’s share of the segment’s net sales is generated in the second half of the fiscal year (January to June). The segment generates a lower share of its revenue in the first two quarters, mainly from corn and soybean seed in South America. KWS is the market leader for silage corn in Europe.

The **Sugarbeet Segment** comprises sugarbeet seed breeding, production and distribution, as well as the development of diploid hybrid potatoes. KWS’ high-quality sugarbeet varieties are consistently some of the highest-yielding in the industry. KWS is the world market leader in sugarbeet seed, not least thanks to many innovations. Its main sales markets are the European Union, Eastern Europe, North America and Turkey, where the Company offers farmers efficient solutions for growing sugarbeet in the shape of locally adapted, multiple-resistant varieties. 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 breeding, production and distribution of seed for rye, wheat, barley and rapeseed. Rye accounts for the largest share of revenue from cereals (around 40%), followed by rapeseed, wheat and barley. KWS generates the remainder from other crops such as sorghum, peas, catch crops (e.g., mustard) and oats. Farmers in KWS' core markets (Germany, Poland, the UK, France and Scandinavia) predominantly sow cereals seed in the fall. Consequently, the segment generates most of its revenue in the first half of the fiscal year (July to December).

The **Vegetables Segment** comprises vegetable seed breeding, production and distribution. KWS is the world leader in spinach seed, which accounts for around 60% of the segment's net sales. Its portfolio also includes seed for beans, Swiss chard, red beet and tomatoes. The segment generates just about half its revenue in the U.S. KWS' strategic objective is to build a significant position in the vegetable seed market long-term. Our focus apart from spinach is on the world's five most important crops in this segment: tomatoes, peppers, cucumbers, watermelons and melons.

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

There were no significant changes in the KWS Group's composition and organization in fiscal 2021/2022. More details on the net sales and income contributed by the segments, including our joint ventures, can be found in our segment reports starting on page 33.

Main business processes

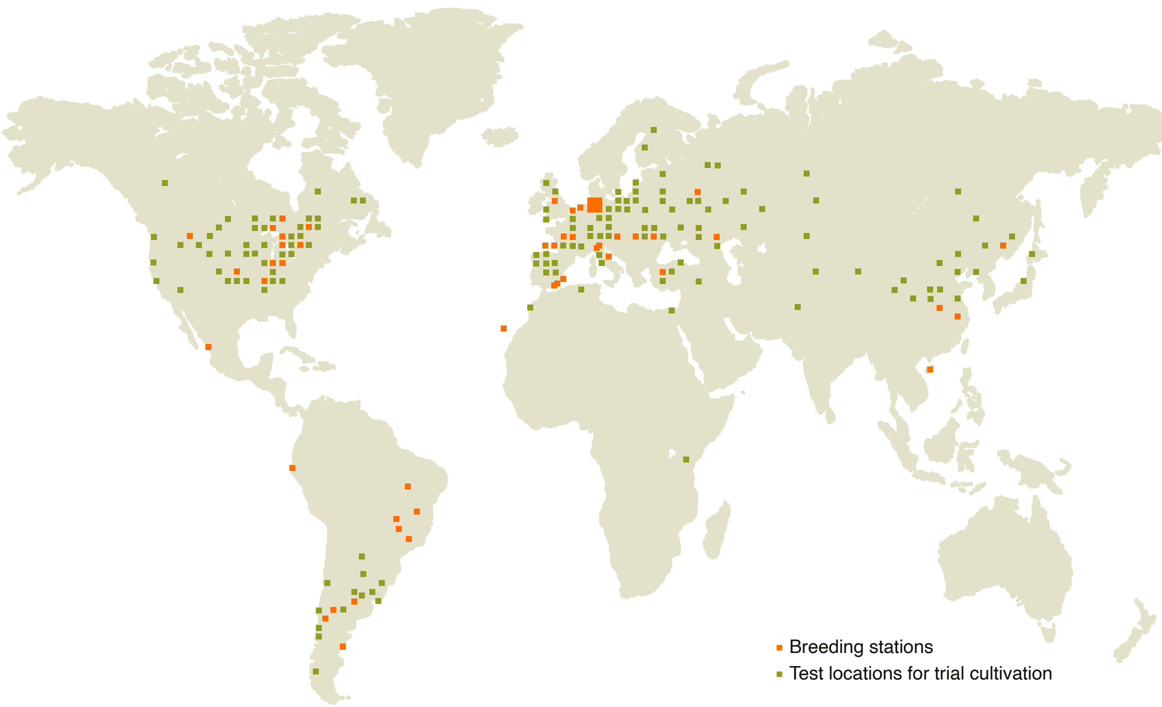
KWS' breeding processes are geared toward exploiting plants' potential as much as possible and leveraging that potential to tackle the major challenges of modern sustainable agriculture. Whether it is plants for producing food, fodder or energy, conventional, organic or genetically modified: KWS offers 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 test the individual candidates under a wide range of climatic and local conditions to determine 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 multiplication in selected cultivation regions also takes up to two years. Only then can the varieties be marketed via the various distribution channels.

Products, markets and external factors

KWS offers its customers – farmers – a broad range of agricultural crops that have been adapted by breeding to the conditions of their specific location. They include corn, sugarbeet, the cereals rye, wheat and barley, oil plants such as sunflower and rapeseed, catch crops, and alternative protein sources with a highly promising future, such as soybeans, peas and oats. Since KWS entered the vegetable business, its portfolio has also included spinach, tomato and bean seed. In addition to distributing seed, its consultants are also on hand to offer farmers advice on choosing and cultivating varieties. Moreover, we offer expert consulting with our digital services and on our website.

Our breeding and seed multiplication activities are subject to weather influences that cannot always be quickly compensated for with countermeasures. Economic policy decisions in the agricultural industry, which is strongly regulated worldwide, may also impact our business. You can find more details on the external factors in our Opportunity and Risk Report on pages 63 to 76.

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



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. It conducts basic research, produces and distributes sugarbeet and corn seed, and is home to a number of central functions. There are also currently 87 subsidiaries and associated companies in 34 countries. You can find a detailed breakdown of net sales by region on page 30. An overview of our subsidiaries and associated companies can be found in the Notes on pages 140 to 143.

2.1.3 Responsible Business Activity*

Mission and principles

As a company with a tradition of family ownership, we think across generations. Apart from our corporate objectives, responsible business activity with regard to people and the environment is therefore a firmly entrenched principle of how we run our company. As a profitable company that acts sustainably, we have the necessary entrepreneurial stability and freedom to operate largely independently of short-term interests.

Guidelines

Our guiding principles define the framework for our everyday work, so that we are able to create sustainable and profitable growth for our customers, employees and investors. Our strategic decisions and day-to-day actions in operational business are guided by the following company principles:

* Not an audited part of the Combined Management Report

- We leverage genetic potential through outstanding research and top-class breeding programs.
- We supply our farmers with seed of the very best quality.
- We aim to be a strong partner that earns the trust of our customers.
- We create entrepreneurial freedom and help people unfold their talents.

We also have a central policy framework (Group Standards) with which we create a common understanding of the freedoms and decision-making processes within the KWS Group. The Group Standards are continuously improved by means of constant monitoring and feedback. They complement our existing guiding principles, with the objective of preserving KWS' unmistakable profile, also against the backdrop of the Group's increasing internationalization.

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. Strategic planning is carried out regularly on a rolling basis.

As part of the strategic planning we updated in fiscal 2021/2022, 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 growth that are to support KWS' future success:

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

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

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

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

We expect the successful implementation of this strategic agenda to further boost KWS' growth.

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: independence, profitable growth, constant innovation and sustainability.

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.	Page 26 et seq.
	■ EBIT margin ≥ 10%	Page 26 et seq.
	■ A dividend payout ratio of 20% to 25% of the KWS Group's net income for the year	Page 138 (Notes)
Innovation	■ R&D intensity of at least 17% of consolidated net sales	Page 23
Independence	■ Retention of a control structure shaped by the family owners	Page 58 et seq.
Sustainability	■ Implementation of the KWS Sustainability Ambition 2030	Page 43 et seq. (NFD) and Sustainability Report 2021/2022

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 net sales by an average of at least 5% p.a. and achieve an EBIT margin of at least 10%.

Innovation
drives our business model. The need for innovative technology in plant breeding continues to increase. Climate change, significant population growth and changes in eating habits, where alternative protein sources are growing in importance, pose challenges for us. In addition, digitization is playing a greater and greater role in agriculture. In the year under review, we devoted around €286 million to research & development, and thus once again a significant share of our net sales. We are tackling these challenges with this spending and regard it as an investment in future growth.

Independence
has always been a key corporate objective for KWS. It is part of the shared values held by our customers and employees. Our independence and long-term orientation enable us in particular to invest in research & 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, the 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 concrete goals.

We refer you to the 2021/2022 Sustainability Report and to our homepage www.kws.com for details of our sustainability program.

Our business developed largely in line with our strategic objectives in the year under review. We deal with this and other details regarding the achievement of our objectives in the respective sections, which are referred to in the table on the corporate objectives.

KWS Sustainability Ambition 2030

Safeguard food production	Enhance crop diversity	Improve operational footprint
▪ 1.5% annual yield gain for farmers through ▪ progress in plant breeding and ▪ digital farming solutions on > 6 million hectares	▪ Increase number of crops with dedicated breeding programs from 24 to 27	▪ Reduce scope 1 and 2 emissions by 50% until 2030 and to net-zero by 2050 ▪ Establish score cards to provide transparency on ecological footprint of all seed production sites
Minimize input required	**Support sustainable diets**	**Foster social engagement**
▪ 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	▪ > 40% of KWS varieties are suitable for predominantly direct use in human nutrition	▪ 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

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, which 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. Controlling and the Business Partner 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 & 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, operating profitability (EBIT margin) and R&D intensity[2]. 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.

Management and control

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

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

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

2.1.6 Fundamentals of Research & Development

The objective of KWS' research & development work is to create high-performance varieties that meet various environmental and application requirements and deliver continuous value added to farmers. They include absolute yield, as well as issues such as yield stability, resistance to diseases, resource efficiency, cultivation characteristics or constituent properties. We accordingly continue to invest in expanding our research & breeding capacities.

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. As part of this, the new varieties are adapted to the specific environmental conditions of their target markets. Our breeders are assisted in that by a global network of various breeding and trial stations. This means candidate varieties can be tested under the location-specific conditions of their target markets over several years.

By applying leading-edge breeding methods, which are continually optimized by the use of molecular biology, IT or technical approaches, KWS has created sustainable progress in yields for decades. The Company also increases genetic diversity by new crossings, which is vital to improving crops. We contribute to sustainable agriculture by continuously improving yields, minimizing the use of resources, increasing varietal diversity and supporting sustainable nutrition.

2 R&D expenditure as a % of net sales

2.2 Research & Development Report

Key research & development figures

		2021/2022	2020/2021	+/-
R&D employees[1]	avg.	1,834	1,669	9.9%
Share of R&D employees relative to the total workforce	in %	35.8	34.5	–
R&D expenditure		286.4	252.2	13.6%
R&D intensity[2]	in %	18.6	19.3	–
Variety approvals[3]		486	494	–1.6%

1 Average headcount
2 As a % of net sales
3 Previous year's figure adjusted

Innovative seed plays a key role in tackling climate change and enabling sustainability in agriculture. With its 1,834 (1,669) employees and 486 (494) variety approvals worldwide, KWS' research & development organization made important contributions to achieving those goals in fiscal 2021/2022.

Our R&D activities focus on four main areas: securing food production through higher agricultural yields, minimizing the use of resources, increasing varietal diversity and supporting sustainable nutrition. As part of the KWS Sustainability Ambition 2030 (see also section 2.1.4 Objectives and Strategy) we have set ourselves long-term, challenging and measurable objectives in these areas.

There are also numerous current examples of how KWS' research & development helps deliver sustainable solutions in agriculture. Some of them are presented in this Research & Development Report to illustrate our work.

Corn: KWS is growing in the European grain corn market with new varieties
In recent years, KWS has continuously increased its competitiveness in Europe's major grain corn regions, such as France, Hungary and Romania. In what is still a fairly young market for us, our KWS KASHMIR variety is now one of the main corn varieties in Europe. The 2022 sowing season confirmed the strong trend in KWS' grain corn breeding, with numerous new approvals being awarded to high-performance varieties in the medium-early to medium-late market segment.

Our portfolio now also includes grain corn varieties that are better adapted to climate change. In particular, countries in Eastern and southeastern Europe are now affected by significant climatic changes with prolonged dry periods. In view of that, we are developing grain corn varieties with lower losses in yield under drought stress as part of a special research and breeding program. We can now offer KWS HYPOLITO, for example, a medium-late variety that exhibits excellent performance and yield stability under drought stress conditions.

The results from the official performance tests across regions, locations and maturity groups also point to further growth in our grain corn portfolio in the coming years.

Sugarbeet: Two powerful technologies combined – CONVISO® SMART and CR+
CONVISO® SMART and CR+ are two success stories at KWS. The innovative CONVISO® SMART system for controlling weeds in sugarbeet cultivation has now been successfully launched in 25 markets, achieving a share of up to 60% in some countries. CONVISO® SMART enables a significant reduction in the use of herbicides and thus helps protect the environment in beet cultivation.

The Cercospora-tolerant CR+ sugarbeet varieties offer maximum leaf health and a very high level of performance on fields that are heavily or lightly infested by the phytopathogenic Cercospora fungus. CR+ varieties also have the potential to significantly reduce the use of chemical fungicides.

The infestation pressure from Cercospora is also very high in many regions where we are enjoying market success with CONVISO® SMART. To enable our CONVISO® SMART customers to benefit from the breakthrough in Cercospora resistance breeding, too, we are now combining both technologies in one product. Initial variety candidates with both traits have already been developed and will be tested for the first time in official approval trials in 2022.

Rye: New varieties to defend against ergot
One major focus in our cereal breeding is on protection against ergot. The ergot fungus is a parasite that grows on plant ears and mainly affects rye and triticales. When a plant is infected during flowering, black resting structures called sclerotia are formed, especially when little pollen is available due to variety traits or poor weather. Ergot sclerotia contain toxic alkaloids that can cause severe poisoning symptoms in humans and animals if consumed. Stricter limits on maximum levels of ergot sclerotia and alkaloids for rye intended for consumption will apply in the European Union beginning in 2024. This makes protection against ergot even more important for rye farmers, and we expect demand for our varieties with very high ergot resistance to increase.

In recent years, we have expanded our R&D activities aimed at improving ergot resistance in rye and supplemented our PollenPlus® technology with additional pollen shedding genes through breeding. The result is varieties such as KWS GATANO or KWS TREBIANO, which exhibit greatly increased pollen shedding and therefore have exceptionally good ergot resistance. Our breeding success can also be seen in the shape of KWS TUTOR, a variety that gained approval in 2021. It impresses with one of the best ergot resistances compared to the other varieties examined in official tests. In the coming years, we will continue to expand the proportion of rye varieties with greatly increased pollen shedding in order to meet growing demand.

Peas and oats: Big chance for small crops
KWS sees great potential in the coming years for what have been regarded as “small” crops to date, such as peas and oats, which will gain in importance as people move toward a more plant-based diet.

We started breeding yellow grain peas back in the 1980s and are now the leader in France, the most important European market for peas. It takes an average of about seven years – from the initial crossing to market maturity – to develop new pea varieties. KWS cultivates trial fields for this purpose in numerous countries, including the U.S., Canada, Lithuania and Spain. In the future, we intend to further expand breeding activities and focus on optimizing specific traits, such as protein concentration and flavor.

Demand for oats also continues to rise. The high-fiber cereal has many positive properties for human nutrition and is not only consumed in the traditional form of flakes or bars, but is also increasingly used as oat milk and in producing meat substitutes. In addition, oats are a summer cereal and therefore of interest to farmers because they can expand the crop rotation and help suppress weeds. This crop therefore contributes to greater sustainability in agriculture. KWS has been successful for many years in breeding leading oat varieties, with a focus on France. Given the increased move toward plant-based nutrition, KWS will expand its breeding program to markets such as Germany and the UK in the future.

Vegetables: New breeding stations start operating
KWS made important progress in vegetable breeding in the last fiscal year. In Brazil and Mexico, we are working intensively to establish our own breeding stations. We have taken out a long-term lease on 13 hectares of land near Uberlândia in the Brazilian state of Minas Gerais, and construction work has commenced there.

In the focus of our research & development is the green peach aphid – a carrier of numerous plant-pathogenic viruses.

Alongside this, our local breeding team has launched activities relating to tomatoes, peppers, melons and watermelons. The first variety candidates for watermelons and melons are expected as early as fiscal 2022/2023. In Mexico, KWS has acquired ten hectares of land near Culiacan to set up its own breeding station and drive tomato breeding there. A pepper breeding program for the Mexican market is also being prepared.

In the center of European vegetable breeding near Almería, in Spain, we have acquired a 14.5-hectare site to build a breeding station with trial areas and offices. The location's focus will be on breeding tomatoes, cucumbers and peppers.

We also pressed ahead with expanding our research capacities. KWS is establishing a cell culture laboratory at Wageningen, in the Netherlands. The research lab is scheduled to start work at the beginning of the new fiscal year and will support our vegetable breeding activities with innovative technologies.

Research: More disease resistance – less chemical pesticide

Insect pests are a growing challenge for agriculture. They can either damage plants directly or act as vectors for plant diseases. Increasing regulatory restrictions on the use of chemical pesticides have intensified the trend away from using them to protect crops. KWS is therefore pursuing new approaches to reduce the use of pesticides, yet safeguard yields in a more sustainable way. Expansion of our phytopathology (plant diseases) unit is of key importance in this context. We took the first step in the last fiscal year by expanding insect breeding capacities. Insect-borne yellowing viruses that infect sugarbeet are a focus here. In the coming years, we will expand capacities to include further insects, crop species and fungal diseases. In addition to sugarbeet, our activities center on rapeseed, corn and cereals. The goal is to provide resistance breeding with the data needed to select resistant varieties throughout the year and in a high-throughput process.

2.3 Economic Report

2.3.1 Business Performance

General macroeconomic conditions

Fiscal 2021/2022 was again dominated by global challenges. In Europe and the U.S., government support programs and catch-up effects in connection with the COVID-19 pandemic led to a significant recovery in economic output. At the same time, inflationary tendencies intensified as a result of expansionary monetary policy and disruptions to supply chains.

Russia's invasion of Ukraine in February 2022 and the subsequent international sanctions sparked a further appreciable rise in the prices of raw materials in particular, such as fossil fuels and agricultural goods. At the end of the period under review, the rate of inflation was 8.6% in the European Union and 9.1% in the U.S.

The export-driven economies of Brazil and Argentina, our main markets in South America, benefited from rising demand for agricultural and industrial products. In Brazil alone, a year-on-year increase in agricultural cultivation area of around 6% is assumed in 2021/2022. At the same time, high vaccination rates against the coronavirus allowed economic and social activities to be largely maintained.

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

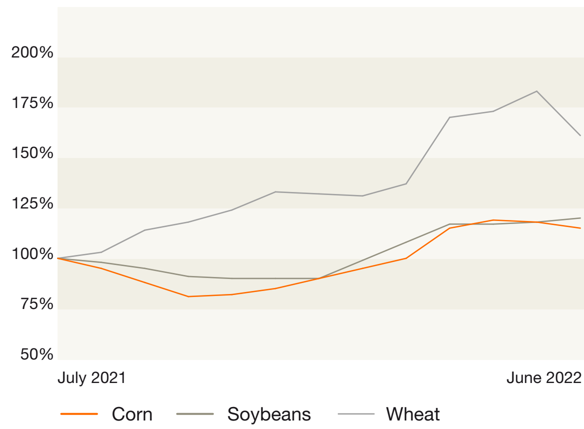
	Rate on balance sheet date	
	06/30/2022	06/30/2021
Argentina	131.27	113.68
Brazil	5.51	5.89
UK	0.86	0.86
Russia	53.86	86.20
Turkey	17.52	10.36
Ukraine	30.78	32.30
USA	1.05	1.19

In addition, if a country is suffering from hyperinflation, this erodes the value of its currency and is thus a relevant factor for KWS' business. According to the International Financial Reporting Standards, hyperinflation must be reflected in the accounts in relation to countries where the cumulative inflation rate has exceeded 100% over the past three years. That has been true of Argentina since fiscal 2018/2019. However, it has also applied to Turkey since the year under review.

General conditions in the agricultural sector

The agricultural sector underwent far-reaching changes in fiscal 2021/2022. Prices for key agricultural raw materials, such as corn, soybean and wheat, rose sharply in the period under review (see the chart), reaching all-time highs. This trend was reinforced by Russia's invasion of Ukraine, as both countries are considered major exporters of agricultural products.

Commodity Price Data



Source: World Bank

In connection with the war in Ukraine and the possible loss of agricultural exports, the United Nations, among others, fears the outbreak of food crises and starvation in the poorest countries of Africa and the Middle East. Although a large part of the agricultural area in Ukraine was able to be cultivated in the spring of 2022, there is a risk that crops cannot be harvested or exported if the hostilities continue.

Climate-related crop failures also exacerbated the availability of key agricultural raw materials on the world market in the period under review. For example, a lengthy heat wave in Canada in the summer of 2021 led to a 27% drop in the cereal harvest, and even a 43% fall for wheat.

Given the significantly higher purchase prices for agricultural raw materials, farmers can expect higher income in the current growing season and had a strong incentive to expand cultivation area. At the same time, their costs for fertilizers, pesticides and other operating resources also rose significantly during the year under review.

The higher prices for agricultural raw materials also impact the production costs of seed companies such as KWS. This particularly affects the costs of external seed multiplication. In some cases – depending on the contractual arrangements – they are directly linked to the prices on international commodity markets.

Guidance versus actual business performance of the KWS Group

Due to the overall economic and sector-specific uncertainties, there were significant changes to our estimates for 2021/2022 as a whole in the course of the year. They can be seen in the table below.

The KWS Group's consolidated net sales rose by more than 17% to €1,539.5 million and were thus well above the forecasts made during the year. The R&D intensity was 18.6%, within the forecast range of 18% to 20%.

The EBIT margin was 10.1% and was thus below our original forecast. During the year, we had assumed a lower margin due to uncertainties in the wake of Russia's invasion of Ukraine, price increases and volatile currencies (including the effects of adjustments due to hyperinflation in Argentina and Turkey).

Guidance versus actual business performance of the KWS Group

	Results in 2020/2021	Guidance for 2021/2022	Adjustments to the guidance during the year			Results in 2021/2022
		Annual Report 2020/2021	Semiannual Report	Ad hoc release as at 03/04/2022	9M Report	
Net sales	€1,310 million	5–7%	9–11%	6–8%	ca. 10%	€1,540 million 17.5%
R&D intensity	19.3%	18–20%	18–20%	18–20%	18–20%	18.6%
EBIT margin	10.5%	ca. 10%	ca. 10%	8–9%	8–9%	10.1% [1]

1 EBIT margin since FY 2021/2022 excluding net exchange rate gains or losses from financing activities of the KWS Group

Summary of the segments' course of business and comparison with the guidance [1]

Net sales in the **Corn Segment** rose sharply by 20.9% to €935.4 (774.0) million, in particular due to further expansion of business in South America, and were thus in line with our guidance (sharp increase).

A sharp increase in the cost of sales, expansion of our business in Brazil and negative impacts from the war in Ukraine weighed on the segment's income, which fell to €57.2 (71.3) million. Lower contributions to earnings from the joint venture AgReliant due to product-mix effects also had a negative impact. The segment's EBIT margin fell from 9.2% to 6.1%, in line with the updated guidance of a decline in the EBIT margin we issued in the 9M Quarterly Report for 2020/2021 (previously: at the level of the previous year).

Net sales in the **Sugarbeet Segment** rose by 12.2% to €588.4 (524.3) million, in line with our updated guidance in the Semiannual Report 2021/2022 (sharp increase, previously: at the level of the previous year). The significant expansion of business is attributable to the market success of innovative CONVISO® SMART and CR+ varieties. The EBIT margin in the Sugarbeet Segment was 33.1% and was thus, as forecast, at the level of the previous year (33.3%).

Net sales in the **Cereals Segment** rose sharply by 13.0% to €216.4 (191.2) million and were thus in line with the updated guidance in the Semiannual Report 2021/2022 (sharp increase, previously: slight increase). This positive trend was mainly driven by growing business in rapeseed, rye and wheat seed. The segment's EBIT margin likewise rose sharply to 13.6% (11.1%) and was thus in line with the updated guidance in the Semiannual Report 2021/2022 (sharp increase, previously: slight increase).

Net sales in the **Vegetables Segment**, in which the activities of Pop Vriend Seeds, the vegetable seed company acquired effective July 1, 2019, are consolidated, fell to €54.3 (58.2) million in the year under review. The segment's net sales were therefore lower than stated in the updated guidance in the 9M Quarterly Report for 2020/2021 (net sales at the level of the previous year). At the beginning of the fiscal year, we still assumed that net sales would increase sharply. Restrictions due to the coronavirus, poor weather conditions in seed multiplication in New Zealand and strong competition necessitated adjustments during the year.

As a result of the course of business and the planned expansion of our breeding activities, the segment's income fell slightly to €–18.5 (–18.1) million. Excluding effects from the purchase price allocation as part of company acquisitions, the segment's income declined to €0.6 (7.9) million. As forecast in the 9M Quarterly Report for 2020/2021, the EBIT margin was consequently below that of the previous year. At the beginning of the year, we had expected a significant improvement in it, but that did not materialize due to the above-mentioned effects.

Revenue (albeit slight) from our farms in Germany, France and Poland is grouped in the **Corporate Segment**. Since all cross-segment costs for the KWS Group's central functions and research expenditure are still charged to the Corporate Segment, its income is usually negative. The segment's income fell to €–97.7 (–92.0) million, mainly due to positive exchange rate effects from financial instruments reported in the previous year and higher research expenditure due to reclassification, and was thus in line with the guidance ("around €–100 million").

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

2.3.2 Earnings, Financial Position and Assets

Earnings

Condensed income statement

in € millions		2021/2022	2020/2021	+/–
Net sales		1,539.5	1,310.2	17.5%
EBITDA		252.4	230.9	9.3%
EBIT		155.1	137.0	13.2%
Net financial income/expense		–16.9	5.2	–
Result of ordinary activities		138.1	142.2	–2.9%
Income taxes		30.4	31.6	–3.8%
Net income for the year		107.8	110.6	–2.5%
Earnings per share	in €	3.27	3.35	–2.6%
EBIT margin	in %	10.1	10.5	–

Strong net sales growth, low exchange rate effects as a whole

The KWS Group increased its net sales sharply in the year under review to €1,539.5 (1,310.2) million or by 17.5% compared with the previous year. While the Corn, Sugarbeet and Cereals Segments posted double-digit growth, net sales from vegetable seed declined. Overall, exchange rate effects had a small impact throughout the fiscal year due to counter-acting trends. While we benefited considerably from changes in the value of the Brazilian real and the US dollar, high inflation in Turkey resulted in a significant depreciation of the Turkish lira against the euro.

The Corn and Sugarbeet Segments accounted for a major share of total net sales, namely 43.7% and 38.2%, respectively, (40.3% and 40.0%). The share of the Cereals Segment in the year under review was virtually constant at 14.1% (14.6%). The Vegetables Segment accounted for 3.5% (4.4%) of total net sales.

The region where we generated most of our business was Europe, which accounted for 61.6% of net sales (Germany: 16.3%). The share of net sales in North and South America increased sharply, mainly due to the expansion of business in Brazil, and accounted for 32.1% (27.3%) of our total net sales. Revenues from our North American and Chinese equity-accounted companies are only included at the segment level (see our segment reporting starting on page 33).

Sharp increase in EBITDA and EBIT

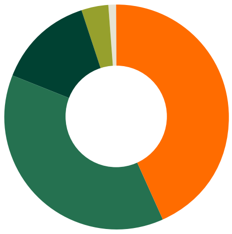
The KWS Group's operating income before depreciation and amortization (EBITDA), including effects from leases and hyperinflation, increased in fiscal 2021/2022 by 9.3% to €252.4 (230.9) million, while operating income (EBIT) rose by 13.2% to €155.1 (137.0) million. The increase was mainly due to the pleasing performance of the Sugarbeet and Cereals Segments. The EBIT margin was 10.1% and thus almost matched the previous year's figure (10.5%).

The KWS Group's cost of sales rose sharply by 21.7% to €694.3 (570.7) million in the year under review against the backdrop of the strong expansion of business, higher prices for agricultural raw materials and higher inventory write-downs. The cost of sales ratio was therefore 45.1% (43.6%).

Selling expenses rose by 15.2% to €281.3 (244.2) million and thus less strongly than net sales. The selling expense ratio therefore improved slightly to 18.3% (18.6%).

Net sales by region
Total net sales €1,539.5 million [1]

Net sales by segment
Total net sales €1,539.5 million [1]



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

Research & development expenditure rose by 13.6% in the period under review to €286.4 (252.2) million; the R&D intensity was 18.6% and thus at the high level of the previous year (19.3%).

Administrative expenses rose only slightly by 4.0% to €132.2 (127.1) million, among other things due to the phase-out of expenditure on the transformation project ONEGLOBE (optimization of the administrative functions and processes). The administrative expense ratio thus improved significantly to 8.6% (9.7%).

The balance of other operating income and other operating expenses fell to €9.7 (21.1) million, in particular due to exchange rate effects. The related individual items are explained in detail in the Notes on pages 107 to 108.

Net income for the year and earnings per share at the level of the previous year

Our net financial income/expense is made up of the net income from equity investments and the interest result. In addition, realized and unrealized foreign exchange differences from financing activities were reported within net financial income/expense for the first time in the year under review. The net exchange loss amounted to €11.5 million. Net income from equity investments includes the earnings from equity-accounted joint ventures, which decreased to €7.7 (17.4) million, in particular due to AgReliant's weak operating performance. The interest result fell slightly to €–13.1 (–12.2) million. Net financial income/expense declined sharply to €–16.9 (5.2) million on the back of these effects.

Earnings before taxes remained stable at €138.1 (142.2) million. Income taxes were €30.4 million compared with €31.6 million in the previous year, giving a tax rate of 22.0% (22.2%). Overall, the KWS Group generated net income of €107.8 (110.6) million in the year under review. Given that the number of shares is 33,000,000, earnings per share were €3.27 (3.35).

Financial situation

Selected key figures on the financial position

in € millions	2021/2022	2020/2021	+/–
Cash and cash equivalents	203.7	222.7	–8.5%
Net cash from operating activities	100.3	168.3	–40.4%
Net cash from investing activities	–90.9	–84.2	–
Free cash flow	**9.4**	**84.2**	**–**
Net cash from financing activities	–28.4	34.9	–

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, were in particular borrowers' notes and commercial papers with different loan periods and terms. Further tranches of the loan from the European Investment Bank (EIB) to fund research & development were also utilized. 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 decreased significantly to €100.3 (168.3) million, due in particular to the increase in working capital as part of the expansion of business in South America. In Brazil in particular, trade receivables increased sharply due to the high growth and longer payment periods customary in the market. Inventories likewise increased further against the backdrop of our growth targets. The net cash from investing activities totaled €–90.9 (–84.2) million in fiscal 2021/2022.

The main focus of the KWS Group's capital spending in the year under review was again on erecting and expanding production and research & development capacities. A sugarbeet seed production plant was completed in Russia. Investments were also made in warehouses in Italy and Germany. Expansion of drying and production capacities for corn seed was continued in South America, especially in Brazil. Investments were also made in new breeding capacities in Spain. Across all segments, investments were made in office and laboratory equipment and in IT systems, among other things. Total capital spending in fiscal 2021/2022 (excluding acquisitions, interest received and noncash additions) totaled €93.5 (81.3) million. Depreciation and amortization increased as planned in the year under review to €97.4 (93.8) million.

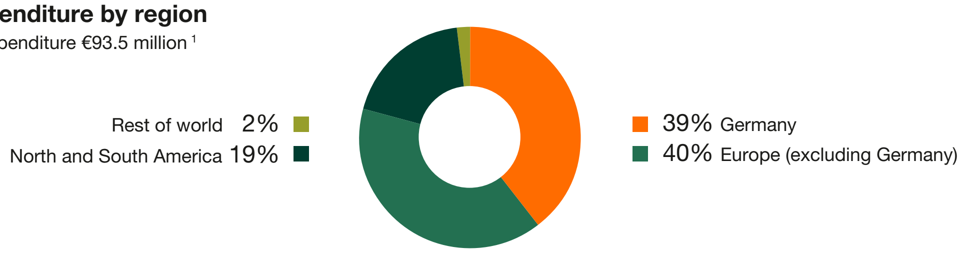
The free cash flow was €9.4 million compared with €84.2 million in the previous year, due to an increase in working capital requirements. The net cash from financing activities was €–28.4 million, well below the figure for the previous year (€34.9 million); this was mainly attributable to the repayment of loans. Cash and cash equivalents fell slightly to €203.7 (222.7) million.

Capital expenditure by segment

Total capital expenditure €93.5 million [1]

Capital expenditure by region

Total capital expenditure €93.5 million [1]



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

Assets

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

Total assets at June 30, 2022, were €2,651.8 (2,376.7) million. The rise was mainly attributable to an increase in current assets as a result of the expansion of business in South America; they totaled €1,329.0 (1,111.0) million, with trade receivables rising to €518.5 (449.5) million. Inventories increased sharply to €354.6 (266.6) million, mainly due to the planned business expansion and higher prime costs in seed multiplication.

Noncurrent assets increased to €1,318.8 (1,265.0) million. The increase in property, plant and equipment as part of our investing activities in the Corn, Sugarbeet and Corporate Segments is mainly offset by depreciation of property, plant and equipment and amortization of intangible assets identified as part of company acquisitions.

Equity increased to €1,245.9 (1,053.7) million, mainly as a result of the positive net income for the year and effects from currency translation for subsidiaries and the remeasurement of defined benefit plans. The equity ratio rose to 47.0% (44.3%).

The fall in noncurrent liabilities to €814.2 (839.0) million is attributable to higher interest rates used in remeasurement of pension commitments.

Trade payables increased sharply, among other things due to the expansion of business in South America. Contract liabilities increased as a result of payments on account received for the upcoming sales season in Eastern Europe. As a consequence, current liabilities likewise rose sharply to €591.7 (484.0) million.

Net debt (long-term and short-term borrowings from banks less cash and cash equivalents) increased to €521.9 (475.6) million.

Condensed balance sheet

in € millions	06/30/2022	06/30/2021	+/–
Assets			
Noncurrent assets	1,318.8	1,265.0	4.3%
Current assets	1,329.0	1,111.0	19.6%
Assets held for sale	4.0	0.7	–
Equity and liabilities			
Equity	1,245.9	1,053.7	18.2%
Noncurrent liabilities	814.2	839.0	–3.0%
Current liabilities	591.7	484.0	22.3%
Total assets	**2,651.8**	**2,376.7**	**11.6%**

2.3.3 Segment Report

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/expense. Our equity-accounted companies are included proportionately in the segment reports in line with our internal corporate controlling structure.

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

Reconciliation table

in € millions	Segments	Reconciliation	KWS Group
Net sales	1,802.8	–263.3	1,539.5
EBIT	165.7	–10.6	155.1
Number of employees avg.	5,507	–387	5,120
Capital expenditure	98.9	–5.4	93.5
Total assets	2,776.9	–125.1	2,651.8

The reconciliation between the KWS Group's statement of comprehensive income and the reporting by segments in fiscal 2021/2022 is impacted by our equity-accounted companies in the North American and Chinese corn markets. This applies to all key figures in the table above, with the main influences coming from North America.

Corn

Corn Segment

General industry-specific conditions: Prices for agricultural raw materials remain high
The general economic conditions for the Corn Segment were still positive in the year under review as sales prices for agricultural raw materials and, related to that, demand for high-quality seed remained high. Although Russia's invasion of Ukraine and general inflation meant that farmers' input costs, such as for energy, fertilizer, pesticides and seed, increased (in some cases sharply), profit per hectare remained relatively high. The COVID-19 pandemic only had a regional impact on agricultural production, such as in China.

The U.S. saw a significant shift in cultivation area from corn to soybean, as higher fertilizer costs made it advantageous for some farmers to grow soybean due to its lower nitrogen requirements.

Production of agricultural goods in Brazil, our most important sales market in Latin America, again grew on the back of strong global demand. Corn cultivation area there rose by around 9% year over year.

The segment's performance: Sharp rise in net sales; earnings decline
The Corn Segment again grew its net sales sharply by 20.9% to €935.4 (774.0) million in the year under review. The South America region, where net sales increased by more than 70%, made a major contribution to this. In addition to significant volume effects, we were also able to raise our prices and benefited from favorable exchange rate movements. In Brazil's important winter season (safrinha), we supplied the second-largest variety and were thus able to expand our market share. In Europe, we achieved sales growth of around 7%

in a highly competitive environment, while corn cultivation areas declined due to the war in Ukraine. In particular, our high-performance hybrid grain corn varieties again performed positively, enabling us to further strengthen our market position in this area and gain market share overall. Sunflower in particular recorded the largest increase in cultivation area in the EU 27, due to the shortage of vegetable oils. KWS has only been able to gain a slight share of growth in the sunflower market so far. We expect to launch new, high-performance varieties in 2023. Net sales of our U.S. joint venture AgReliant increased by around 3% in local currency terms, mainly on the back of higher sales volumes of soybean seed. In China, our business declined slightly against the backdrop of the restrictions due to the coronavirus.

A sharp increase in the cost of sales and negative impacts from the war in Ukraine weighed on the segment's income, which fell to €57.2 (71.3) million. In addition, selling expenses and research & development expenditure increased above-proportionately as a result of the expansion of our Brazilian business. Lower contributions to earnings from the joint venture AgReliant due to product mix effects also had a negative impact. The segment's EBIT margin fell from 9.2% to 6.1%.

Investments in further growth

The segment's capital spending was €32.0 (28.7) million in the year under review. Alongside routine maintenance measures, the main focus was on the renewed expansion of our production and processing plant in Brazil. Having increased our annual capacity from 900,000 to more than two million units in 2019, we now plan to expand it to more than four million units by fiscal 2026/2027. In Europe, we invested in particular in expanding our breeding capacities, for example for sunflower in France. We also expanded our seed processing operations in Romania and Ukraine.

Key figures

in € millions		2021/2022	2020/2021	+/–
Net sales		935.4	774.0	20.9%
EBITDA		95.8	106.1	–9.7%
EBIT		57.2	71.3	–19.8%
EBIT margin	in %	6.1	9.2	–
Capital expenditure		32.0	28.6	11.9%
Capital employed (avg.) [1]		788.9	694.6	13.6%
ROCE (avg.) [2]	in %	7.2	10.3	–

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

2 ROCE = EBIT / capital employed (avg.)

Sugarbeet

Sugarbeet Segment

General industry-specific conditions: Recovery in sugar prices; cultivation area stable
Against the backdrop of growing global sugar demand coupled with lower availability, world prices for raw and white sugar continued to rise during the fiscal year, reaching multiyear highs. In particular, below-average harvests in Brazil, the world's largest sugar producer, contributed to the supply shortage.

The prices paid for sugarbeet also increased as a consequence of higher sugar prices, offering favorable conditions for growing it. After a lengthy phase of decline globally, cultivation areas for sugarbeet remained stable overall in the period under review. While cultivation area in the European Union and North America declined slightly, it rose slightly in Eastern Europe and the other markets.

The segment's performance: Net sales and EBIT grow sharply
The segment's net sales increased sharply by 12.2% to €588.4 (524.3) million due to the great success of innovative KWS varieties. We are thus growing faster than the market and again underscoring KWS' leading position in the global sugarbeet seed market.

Europe is the segment's most important market, accounting for 59% (59%) of total net sales, followed by North America with 31% (32%).

Strong demand for CONVISO® SMART – an innovative system for controlling weeds – again drove our growth in the past fiscal year. These varieties are now available in 25 countries and accounted for 19%, and thus a significant share, of the segment's net sales. CONVISO® SMART enables stable yields in sugarbeet cultivation while reducing the use of pesticides, thus making a concrete contribution to sustainable agriculture.

Our new varieties with Cercospora tolerance (CR+) proved to be another growth driver. Against the backdrop of the growing spread of Cercospora, a leaf disease that reduces yields in sugarbeet cultivation, our CR+ varieties saw very strong demand in only their second year on the market. The new varieties were initially available only in some markets in the past sowing season. We plan to introduce CR+ varieties gradually in other markets moving ahead.

The segment's income rose to €195.0 (174.7) million on the back of the positive net sales.

While gross profit was much higher (+13%), there were higher selling expenses (+10%) and increased research and development expenditure (+15%). The EBIT margin was 33.1% and thus at the level of the previous year (33.3%).

We are continuing to invest strongly in expanding our breeding programs so that we can continue to provide sugarbeet growers with innovative seed in the future. The focus is on solutions to combat disease or insect infestation and to enable effective weed control.

Important capital spending projects completed
We completed extensive, multiyear capital spending projects in fiscal 2021/2022. The PIA (Production Extension and Innovation Einbeck) project, in which we are expanding our seed production plant in Einbeck, was completed in early 2022. In addition, we put a production plant in Russia into operation in January 2022. The segment invested a total of €32.4 million compared to €26.5 million in the previous year.

Key figures

in € millions		2021/2022	2020/2021	+/–
Net sales		588.4	524.3	12.2%
EBITDA		216.1	192.8	12.1%
EBIT		195.0	174.7	11.6%
EBIT margin	in %	33.1	33.3	–
Capital expenditure		32.4	26.5	22.3%
Capital employed (avg.)		386.5	357.9	8.0%
ROCE (avg.)	in %	50.4	48.8	–

Cereals

Cereals Segment

General industry-specific conditions: Sharp increase in prices for agricultural products
The industry environment in the period under review was characterized by significant price increases for agricultural products. After first being impacted by declining harvests, prices reached long-term highs following the outbreak of the Ukraine war, as Russia and Ukraine are considered major exporters of agricultural raw materials. For example, the price of wheat, one of the world's most important cereals, increased from around €200 to approximately €350 a ton on the Euronext exchange in the course of the year under review, reaching an all-time high of €450 a ton in May 2022. There were also similar price rises for other important agricultural raw materials.

Given the significantly higher purchase prices for agricultural raw materials, farmers can expect higher income in the current growing season and had a strong incentive to expand cultivation area. At the same time, their costs for fertilizers, pesticides and other operating resources also rose significantly during the year under review.

The segment's performance: High growth in net sales and earnings
Net sales at the Cereals Segment rose sharply by 13.2% to €216.4 (191.2) million. This positive result was mainly driven by strong growth from rapeseed seed. That business was boosted by 42%, in particular on the back of favorable market conditions and an improved performance by the variety portfolio.

The largest increases were achieved in our core markets of Germany and France.

Our rye seed business also performed very well, particularly in Germany, increasing by 4%. Demand for rye seed is underpinned by the increasing use of rye in fodder and its high yield stability under dry conditions. Sales volumes of rye seed set a new record in the year under review, enabling us once again to underscore our leading position in this market segment. Rye seed business accounts for around 40%, and thus a significant share, of the segment's net sales.

Net sales from wheat seed business increased by around 7% thanks to positive market conditions, with the biggest growth being recorded in Germany, France and the UK. However, net sales from barley seed were slightly below the level of the previous year.

There was a sharp increase in net sales from business with sorghum, a type of millet adapted to hot and dry climatic conditions, mainly due to higher sales volumes in Brazil.

The segment's income rose sharply by 39% to €29.5 (21.3) million thanks to the pleasing level of net sales. The EBIT margin increased to 13.6% and was thus well above the level of the previous year (11.1%).

While gross profit increased (+13%), there were – as planned – higher selling expenses (+8%) due to numerous growth initiatives. In addition, we further increased our research and development expenditure (+10%).

The focus of our research and development work in the year under review remained on breeding high-performance varieties and their resource efficiency.

KWS aims to continue growing on the back of hybrid rye seed. In particular, the Eastern Europe and North America regions offer additional potential here.

Another focus is on breeding hybrid seed for wheat and barley. The Company also pressed ahead with its breeding programs for sorghum, wheat in the U.S., new rapeseed varieties in Europe and alternative protein sources with a highly promising future, such as peas and oats.

Investment in breeding and production continued

The segment's capital spending in the year under review was €6.6 (7.3) million and thus on a par with the previous year. The main focus of investment activity was again on expanding and modernizing production plants, in particular in Germany and France, and modernizing breeding stations.

Key figures

in € millions		2021/2022	2020/2021	+/–
Net sales		216.4	191.2	13.2%
EBITDA		39.2	30.7	27.7%
EBIT		29.5	21.3	38.5%
EBIT margin	in %	13.6	11.1	–
Capital expenditure		6.6	7.3	–9.6%
Capital employed (avg.)		156.6	147.3	6.3%
ROCE (avg.)	in %	18.9	14.5	–

Vegetables

Vegetables Segment

General industry-specific conditions: Challenging market environment
The general conditions for vegetable seed were again challenging in the year under review. While restrictions caused particularly by the coronavirus had recently curbed demand, out-of-home food consumption in particular recovered significantly in the current year, but did not reach its former level. Higher costs for energy and fertilizers, a shortage of raw materials and disruptions in supply chains aggravated the general conditions in vegetable farming. Far higher retail prices for fruit and vegetable products also dampened consumer demand.

In addition, climate-related challenges have continued to increase, with heat waves in southern Europe and the U.S. and torrential rains in India and New Zealand resulting in crop failures.

The segment's performance: Net sales and earnings lower year on year
Net sales in the Vegetables Segment, in which the activities of Pop Vriend Seeds, the vegetable seed company acquired effective July 1, 2019, are consolidated, fell to €54.3 (58.2) million in the year under review.

Spinach seed again accounted for the largest share of the segment's net sales, contributing just under 60%. While sales in the U.S. recovered slightly, we recorded declining demand in Europe and Asia. Although there was a noticeable pickup in out-of-home food consumption of spinach, there were also high seed inventories at distributors and intense competition. In addition, poor weather conditions during seed multiplication in New Zealand resulted in lower product availability.

Moreover, the resistance of our varieties to the fungal disease downy mildew, which is widespread in spinach cultivation, was no longer strong enough in some regions. In view of this, KWS developed new mildew-resistant varieties in the year under review and will commence production of them in the current fiscal year.

Bean seed business, which accounts for around 27% of net sales, was robust compared to the previous year. High prices for agricultural raw materials in Europe partly made the cultivation of beans less attractive for some farmers, thus preventing further growth in this area. In the year under review, KWS also posted initial net sales from the tomato breeding activities it acquired in the previous year.

As a result of the course of business and the planned expansion of our breeding activities, the segment's income fell slightly to €–18.5 (–18.1) million. Excluding effects from the purchase price allocation as part of company acquisitions, the segment's income declined to €0.6 (7.9) million.

Faster expansion of vegetable breeding
KWS made important progress in vegetable breeding in the last fiscal year and thus laid the foundation for future growth. In Brazil and Mexico, we are working intensively to establish our own breeding stations for tomatoes, peppers, melons and watermelons. The first variety candidates for watermelons and melons are expected as early as fiscal 2022/2023.

In the center of European vegetable breeding near Almería, in Spain, we have acquired a 14.5-hectare site to build a breeding station with trial areas and offices. The location's focus will be on breeding tomatoes, cucumbers and peppers.

We also pressed ahead with expanding our research capacities. KWS is establishing a cell culture laboratory at Wageningen, in the Netherlands. The research lab is scheduled to start work in the current fiscal year and will support our vegetable breeding activities with innovative technologies. Capital spending in the Vegetables Segment increased sharply overall from €1.3 million in the previous year to €9.0 million.

Key figures

in € millions		2021/2022	2020/2021	+/–
Net sales		54.3	58.2	–6.7%
EBITDA		3.0	5.5	–45.5%
EBIT		–18.5	–18.1	–2.2%
EBIT margin	in %	–34.1	–31.1	–
Capital expenditure		9.0	1.3	–
Capital employed (avg.)		420.4	437.6	–3.9%
ROCE (avg.)	in %	–4.4	–4.1	–

Corporate

Corporate Segment

Key figures

in € millions	2021/2022	2020/2021	+/–
Net sales	8.3	6.0	38.3%
EBITDA	–77.8	–70.3	–10.7%
EBIT	–97.5	–92.0	–6.0%
Capital expenditure	18.9	23.0	–17.8%

Net sales in the Corporate Segment totaled €8.3 (6.0) million. This was attributable in particular to a price-related increase in net sales at our farms in Germany, France and Poland.

At the same time, since all 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 €–97.5 (–92.0) million, mainly due to positive effects from financial instruments in the previous year, and to higher research expenditure due to reclassification. Capital spending was €18.9 (23.0) million and thus below that of the previous year.

Alongside general spending on office and laboratory equipment and IT systems, one focus of our investment activity was the construction of a new grain storage facility for the farm in Germany.

2.4 EU Taxonomy

NFD

The EU is also striving to transform the economy by specifying "green" investment requirements for the capital market. To this end, capital market-oriented companies such as KWS have been obliged to report on the nature and scope of ecologically sustainable economic activities using a predefined classification system termed the EU taxonomy.

There is still some easing of this reporting obligation for fiscal 2021/2022. The proportions of business activities regarded as taxonomy-eligible have to be reported. Taxonomy-eligible in this context denotes that an activity described by the EU taxonomy is performed by the Company. In turn, the proportions of taxonomy-eligible activities must be reported on using the defined key figures of revenue, capital expenditure (CapEx) and operating expenses (OpEx). Taxonomy-eligible economic activities within the meaning of Article 1 No. 5 of the Delegated Act dated July 6, 2021, supplementing Article 8 of Regulation (EU) 2020/852 are defined and stipulated in detail for the first two environmental objectives in Annexes I and II to the Delegated Act dated June 4, 2021. The described economic activities relate to the environmental objectives of climate change mitigation (Annex I) and climate change adaptation (Annex II). Business activities that are not listed in these annexes or that do not match the descriptions of business activities given there are not taxonomy-eligible.

To determine whether activities are taxonomy-eligible, the Sustainability, Finance and Controlling departments compared all of KWS' material business activities with those defined by the taxonomy in Annexes I and II and predefined relevant activities by means of a preliminary analysis focusing on KWS SAAT SE & Co. KGaA. The relevant activities were then specifically selected by means of internal screening of the emissions database and an external benchmark. To avoid double counting, all activities were evaluated in terms of their impact on the aspects of climate change mitigation and climate change adaptation and assigned to one of the two aspects. As part of this, individual taxonomy-eligible activities that account for less than one percent (<1%) of KWS' revenue (net sales),

NFD

capital expenditures (CapEx) or operating expenses (OpEx) as defined by the EU taxonomy are not considered material and are therefore not included in reporting. The taxonomy-eligible activities classified as non-material each total less than one percent of net sales, capital expenditures (CapEx) or operating expenses (OpEx) in the fiscal year 2021/2022.

All net sales were analyzed internally to determine whether they were taxonomy-eligible. Taxonomy-eligible net sales were determined on the basis of the relevant business transactions identified. Furthermore, an analysis was performed to determine whether the identified revenues can be allocated to revenue in accordance with IFRS. 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.

As a plant breeding and seed company, our core business activities are not currently defined in Annexes I and II. Consequently, our revenue-generating activities are not currently taxonomy-eligible. There were also no material taxonomy-eligible operating expenses (OpEx). Non-taxonomy-eligible net sales and operating expenses (OpEx) amounted to €1,539.5 million and €308.9 million, respectively, in the 2021/2022 fiscal year. However, there are capital expenditures (CapEx) we were able to assign to taxonomy-eligible activities. These activities are all exclusively assigned to the environmental objective of climate change mitigation and relate to transportation by means of passenger cars and light commercial vehicles as well as the renovation and construction of buildings.

Our capital expenditures (CapEx) in accordance with the taxonomy[1] in the fiscal year totaled €103.5 million and are disclosed on pages 105 and 136 in the Notes for the KWS Group. Of this amount, 26.09% (€27.0 million) was spent as a taxonomy-eligible proportion for transportation by means of passenger cars and light commercial vehicles as well as for the renovation and construction of buildings. A proportion of 73.91% (€76.5 million) was thus identified as being non-taxonomy-eligible.

1 Delegated Regulation (EU) 2021/2139; Annex I; number 1.1.2.1.

2.5 Environmental Report

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2.5.1 Product Innovations

Every year, KWS develops new varieties that have to meet the differing requirements of its customers, i.e., farmers, and reflect the conditions at the particular location and the regional climate. With our seed for sugarbeet, corn, various cereals and vegetables, rapeseed and catch crops, for example, we offer a broad range of products for conventional and organic farming.

We continuously work to further develop our varieties as part of our breeding programs. At the start of fiscal 2020/2021, we geared our breeding objectives more strongly to sustainability aspects, in particular by defining measurable goals (see section 2.1.4 Objectives and Strategy). Our focus in this is on increasing yields by an average of 1.5% a year, as well as on enhancing our varieties' resource efficiency, with the potential that offers for reducing use of necessary agricultural resources, such as fertilizers and pesticides. We also aim to increase the share of our varieties that are suitable for human consumption and expand our breeding programs from 24 to 27 crops in order to preserve biodiversity. Moreover, we strive to constantly improve the resilience of our varieties so as to further reduce potential losses due to diseases or extreme environmental influences. These crop-specific development objectives are agreed annually between Research, the respective breeding departments, Production and Sales, submitted for the Executive Board to decide on and reported to the Supervisory Board. The progress made over the past years is also examined and reported on regularly as part of that.

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Initial data for measuring the defined sustainability goals was collected in fiscal 2021/2022. As a result, KWS supported farmers on around 1.7 million hectares with digital solutions by the end of the fiscal year. These solutions can be used to calculate the seed rate for specific subplots or to determine when to harvest plants, for example. In addition, 19.8% of the R&D budget[1] was invested in breeding and developing resource-conserving varieties, enabling them to contribute to a reduction in the use of agricultural resources such as water, fertilizers or pesticides. KWS had breeding programs for a total of 24 crops at the end of the fiscal year.

Another indicator of our breeding progress, and one that has been reported on in previous years, is the number of official variety approvals granted each year. Only varieties 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, for example. We obtained 486 variety approvals worldwide in the fiscal year compared to 494 in the previous year[2].

One example of our breeding success is the following rye and sugarbeet varieties we have developed.

In the past years, we have worked on rye ergot resistance and added further pollen shedding genes to our PollenPlus technology through breeding. The result is varieties such as KWS GATANO or TREBIANO, which exhibit increased pollen shedding and therefore boast better resistance to the ergot fungus. Our success has also been confirmed by KWS TUTOR, a variety that gained approval in February 2021. It has one of the best ergot resistances compared to the other varieties examined in official tests.

1 In R&D controlling, not all research & breeding activities that contribute to reducing the use of resources can be clearly separated from other breeding activities such as increasing yield. Consequently, the key figure includes the actual costs for individual R&D projects and a pro-rata share of the total costs for the breeding programs for corn, cereals and vegetables. This share is based on the ratio reported for sugarbeet, which was approximately 19% for fiscal year 2021/2022. The ratio of the pro-rata R&D costs relative to the total key figure is 52% in the year under review.
2 The previous year's figure has been revised due to the inclusion of catch crop varieties.

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The infestation pressure from Cercospora is also very high in many regions where sugarbeet is grown and where we are enjoying market success with CONVISO® SMART. To enable our CONVISO® SMART customers to leverage our Cercospora resistance CR+, too, we are now combining both technologies in one product. Initial variety candidates with both traits have already been developed and will be tested for the first time in official approval trials in 2022. Compared to those without CR+, CR+ sugarbeet varieties boast greater leaf health coupled with higher yield potential on fields that are heavily or lightly infested by the phytopathogenic fungus.

With our KWS FIT4NEXT range of catch crop mixtures, we offer farmers in Europe an additional element for common crop rotations that they can use as break crops. Catch crop mixtures containing legumes can further improve the nitrogen efficiency of the entire crop rotation. The additional nitrogen that generates reduces the amount of fertilizer farmers need, while ensuring a favorable carbon footprint. Our catch crop mixtures also help improve soil fertility by binding nitrogen and forming humus, which can help protect the climate. In addition, other properties of catch crop mixtures, such as preventing erosion, suppressing weeds, reducing nematodes and increasing the diversity of beneficial organisms, enable sustainable and future-oriented arable farming.

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, rapeseed, corn and rye seed with biologicals since fiscal 2019/2020. Biological applications for further crops, such as sorghum, are being developed. In the year under review, we submitted further applications for approval so that biological seed treatments developed by us can be offered in additional countries. We also expanded our screening capabilities to identify usable biologicals and are supporting the development of these sustainable applications in academic research partnerships.

We intend to expand our portfolio of varieties for organic farming in the future. As part of this, we hired new personnel with specific expertise in organic farming for our breeding activities and for our trial technology in the period under review. With a location in Wiebrechtshausen, KWS has had its own site for organic farming in Germany for 20 years. In addition, we are continuously expanding our trial areas and improving the quality of trials by means of statistical analyses, enabling even more precise selection of candidate varieties under ecological conditions.

2.5.2 Product Quality and Safety

We want to supply top-quality seed to our farmers. So that we live up to that corporate principle, the entire process from breeding to seed processing is accompanied by extensive quality testing. KWS keeps on developing and establishing new technologies, processes and methods for improving product quality and safety. They include X-raying sugarbeet seed so as to obtain information on the seedling’s development or the use of image analysis methods in examining germination speed.

We set internal quality requirements, some of which exceed those demanded by law, such as our QualityPlus standard for cereals. These quality assurance measures are flanked by our Group-wide Integrated Management System (IMS), in which the various quality management systems are combined. The IMS not only comprises our internal rules and regulations and extensive process descriptions, but also audit management for controlling our internal and external audits. The majority of our

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German locations hold ISO 9001 (quality management) certification. Certification in accordance with ISO 14001 (environmental management) has previously focused on our Einbeck location, but is to be extended in fiscal 2022/2023 to include the German locations that were likewise already certified under ISO 9001. The extended certification is expected to be awarded in August.

We also hold further external certification. One example is SeedGuard, an industry-specific standard relating to proper use of seed treatments. Seven treatment facilities in Germany currently hold SeedGuard certification. Further locations will also be certified moving ahead. A further important certificate in the seed industry is the "Heubach test," a quality assurance measure to reduce dust-off in treated seed. In fiscal 2020/2021, the laboratory in Einbeck responsible for sample testing was awarded this recertification.

Responsible use of genetically modified organisms has always been an important issue. KWS works in compliance with the international "ETS – Excellence through Stewardship" industry standard, which is tailored specifically to this field. Here, too, we apply our quality management maxim "plan-do-check-act": Documented processes throughout the life cycle, training, defined quality controls, a network of local contact persons, internal and external audits, and a standardized approach to handling unforeseen events are key pillars of the system. The whole KWS Group has also been certified in accordance with this standard since 2015, and this certification was confirmed in 2022.

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A key component of our internal quality management is the annual Management Review Report, which is used as the basis for top management to confirm the effectiveness of the Integrated Management System. In addition, there is regular dialogue between the person in charge of governance and the responsible Executive Board member. In the period under review, interaction between governance and risk management was also intensified, since the effectiveness of risk mitigation measures is to be reviewed in the future by means of internal audits.

2.5.3 Emissions & Water

As a seed company, KWS is part of the agricultural value chain. For production-related reasons, seed development, multiplication and processing accounts for a significant proportion of the resources the Company uses. KWS uses cold storage cells in sugarbeet research and development to simulate cold weather dormancy, while an important factor in seed multiplication is to supply plants with water and nutrients, as well as the use of pesticides. Moreover, energy is used in drying and treating seed in the pre-cleaning and further processing stages.

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

We have recorded key consumption indicators for all German locations since fiscal 2008/2009. That process was internationalized in fiscal 2017/2018 and has been continuously expanded since. The internal materiality analysis we conducted in fiscal

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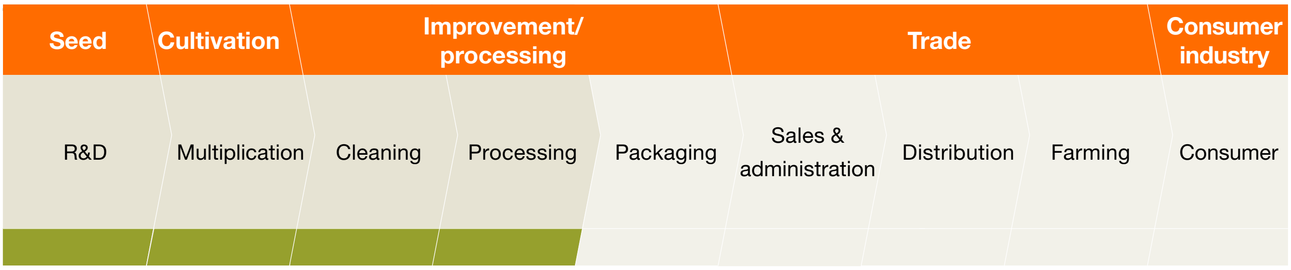
2019/2020 focused on the Company's own emissions and water consumption, among other things. As part of its Sustainability Ambition 2030, KWS rolled out scorecards for evaluating internal production sites, including the processing plants and internal seed multiplication areas, and has already analyzed them for some locations. Our goal is to leverage greater transparency on our production sites in the future, in order to support the choice of sustainable locations and investment planning. New approaches and developments are presented to the Executive Board and discussed as part of the Sustainability Ambition 2030. In addition, the Executive Board and Supervisory Board are informed about progress in sustainability management as part of annual reporting.

Agricultural value chain



KWS activities with high water and energy consumption

Emissions

In fiscal 2020/2021, we defined quantitative targets for continuously reducing the emissions caused by KWS. The Company aims to reduce all Scope 1 and Scope 2 emissions it causes by 50% by 2030. The goal is then to cut them to net zero by 2050 in accordance with current, science-based standards. The base year for that is fiscal 2020/2021. The Company is aiming at moving ahead to expand the target to include Scope 3 emissions, which are attributable to purchased goods and the use of services, for example.

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Scope 1 emissions are produced directly through the use of resources (such as combustion of gas or emissions from fertilizing fields). Scope 2 emissions, on the other hand, are caused indirectly by the purchase of electricity, district heating and district cooling. All emissions are recorded worldwide and consolidated centrally. That covers all companies in which KWS owns a stake of more than 50%, with the exception of holding companies. In the current fiscal year, emissions caused by the application of fertilizer by KWS were included in data collection.

Total emissions in fiscal 2021/2022 were 70,388 tons of CO_2e[1], of which the parent company KWS SAAT SE & Co. KGaA produced 23,443 tons.

1 The total emissions also include emissions from biomass.

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Emissions[1] of the KWS Group[2]

In tons of CO_2e[3]	Delta (%)	2021/2022	2020/2021[4]
Scope 1 emissions[5] – direct	+10%	41,601	37,657[6]
Scope 2 emissions – indirect	+4%	28,787	27,741

Emissions[1] of KWS SAAT SE & Co. KGaA[2]

In tons of CO_2e[3]	Delta (%)	2021/2022	2020/2021[4]
Scope 1 emissions[5] – direct	+2%	15,539	15,280[6]
Scope 2 emissions – indirect	+3%	7,904	7,699

1 Calculated in accordance with the Greenhouse Gas Protocol guidelines and using the location-based method. Does not match the Greenhouse Gas Protocol, as the emission factors used also include emissions from the upstream and downstream value chain

2 As a rule, the emissions relate to the fiscal year. In individual cases, the consumption figures for the calendar year were used due to lack of availability.

3 According to Ecoinvent cut-off 3.8 - IPCC 2013-climate change-GWP 100a-(kg CO_2-Eq) per 1 unit of reference product

4 Errors in the previous year's figures corrected

5 Emissions from fertilizer were calculated in accordance with "Metodologia do GHG Protocol da agricultura" (https://ghgprotocol.org/sites/default/files/standards_supporting/Metodologia.pdf)

6 Emissions from fertilizer application were included for the first time this year, and the previous year's figures were adjusted accordingly.

Water

Water is an important business resource for KWS as a seed specialist and plant breeder. It is vital in every phase of seed production – from research to the finished product that is ready for sale. We believe it is therefore our obligation to maximize eco-friendliness and efficiency in consuming water. Apart from our HSE Guidelines, our internal KWS-specific HSE Manual specifies that we aim to work in a way that conserves resources and to avoid process-related effluents as far as possible. Internal guidelines state that the use of renewable

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resources in construction projects must be examined so that, for example, use of groundwater can be reduced further. For example, energy-efficient construction of buildings, the use of solar energy, heat recovery from processes and also the use of other heat sources (use of effluents from the sewage treatment plant to generate heat for buildings) are aspects that are to be pursued in planning and implemented in new buildings.

Alongside water consumption in offices and research buildings, the highest levels of fresh water are used in watering the plants at our trial and multiplication locations. This is necessary so as to create the best-possible conditions for healthy seed and ensure a high yield in multiplication. The water we need is taken from local water supply networks or, if possible in a region, we use groundwater, surface water or rainwater. The issue of water was taken into account in defining the contents of our internal scorecards. In the future, we will ascertain whether production sites can use renewable water sources and whether sites are located at or within areas of water stress, for instance.

A reduction in absolute water consumption is unlikely due to KWS' growth trajectory and high dependence on the weather. We are currently recording and consolidating our global water consumption inside the Company. We are striving to develop a normative key performance indicator for water use intensity and suitable auditing systems in the future.

2.6 Employee Report

Over the generations, our employees have made KWS what it is today: an innovative, world-leading plant breeding company. This is due in great measure to their skills, mindsets, ideas and commitment. As a company with a tradition of family ownership, we attach importance to a high degree of personal initiative, personal and professional development, and a work culture marked by respect, openness, trust and team spirit.

2.6.1 Employment Trends

The KWS Group employed an average of 5,120 (4,833) people (excluding seasonal workers) in the fiscal year, a year-on-year increase of around 6%.

A total of 2,294 (2,201), or around 44.8% (45.6%) of the workforce, was employed in Germany. Once again, the area that accounted for the most employees was research and development, which made up 35.8% (34.5%) of the total workforce.

KWS was again able to offer reliable employment conditions worldwide in the third fiscal year under the coronavirus. It did not resort to short-time work or layoffs due to COVID-19, nor did it stop hiring employees for key projects.

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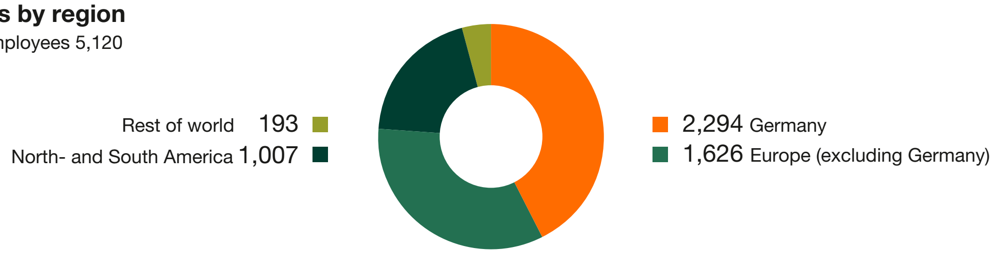
2.6.2 Occupational Health and Safety

The health and safety of our employees at all locations have top priority for us. We have internal stipulations that define local and international standards and communicate statutory requirements transparently so as to help achieve that objective.

One key component is our HSE Guidelines (Health, Safety and Environment). It contains consistent regulations on the issues of occupational health and safety, emergency preparedness, risk prevention and protection of the environment. Examples that can be cited here include regulations on what to do in the event of an emergency, prevention of explosions or procedures relating to emission-producing facilities. Under the HSE Guidelines, a workplace risk assessment must be created as the foundation for all technical, organizational and personal measures. This can be used as the basis for training and instruction required by law or appropriate to employees' functions. The Global HSE Manager is responsible for developing the HSE standards further. The currently applicable HSE stipulations and updates to them are usually communicated to the local companies through the local HSE Managers. The location's management is responsible for implementing them.

Employees by region
Number of employees 5,120



Employees by function
Number of employees 5,120

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In fiscal 2021/2022, we also revised the globally applicable HSE Guidelines and specified in more detail the role of managers in relation to occupational health and safety for employees. That involved new regulations on the issue of entrepreneurs' and operators' duties applicable to Germany. In addition to the globally valid contents of the HSE Guidelines, the associated defined procedures describe additional occupational health and safety obligations for employees who are tasked with entrepreneurs' and operators' duties in relation to buildings and technical facilities. Employees' occupational health and safety is a subject of continuous dialogue between internal specialists and external (insurance) partners. For example, our non-life insurer conducts multiple risk assessments a year at the KWS Group's locations in order to examine fire and explosion prevention measures, among other things, and issues appropriate recommendations if necessary. In the year under review, the Einbeck location was awarded the HPR (Highly Protected Risk) status by our non-life insurer. KWS thus meets a very high industry standard in terms of protection of property and its emergency organization at this location.

Our global and local HSE activities were significantly impacted by crisis management activities in the year under review. In cooperation with an incident team, HSE management used a global pandemic network that had been established in fiscal 2019/2020 in order to ensure efficient implementation of consistent internal and external requirements governing how to deal with the corona-virus at the Company. The incident team and, in particular, the HSE Manager acted here as the central point of contact within the KWS Group. As in the previous year, KWS has been able to maintain all core processes during the ongoing pandemic.

The first internationally planned HSE audits in the first half of fiscal 2021/2022 had to be canceled due to the COVID-19 pandemic. However, audits examining implementation of the HSE Guidelines were able to be held at multiple international locations in the second half.

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We also revised and expanded central recording of occupational accidents at the KWS Group. As part of this, we rolled out an adapted process relating to a new recording system, with the objective of gaining greater transparency globally on the number of accidents and days lost in all areas of the Company. Moving forward, KWS aims to leverage this transparency to measure annual accident rates and thus keep on improving employees' health and safety in the workplace. The accident rate (OSHA [1] incident rate) at the KWS Group [2] was 1.2, while that for KWS SAAT SE & Co. KGaA was 1.9. We regret to report that an employee in Chile suffered a fatal accident due to storm damage at a copse.

Since February 2022, our HSE activities have focused in particular on protecting our employees in Ukraine. Together with local colleagues and in intensive cooperation with our HR department, KWS employees and their families were supported in relocating within Ukraine and to neighboring countries.

2.6.3 Recruitment & Employee Loyalty

As an international company and in view of its growth plans, the KWS Group endeavors to win and keep suitable employees.

We use digital and traditional channels to reach out to potential applicants. This enables us to address each target group specifically, for example on social networks such as LinkedIn, XING, Glassdoor, kununu and Facebook. As a result, we were able to increase the number of our direct followers (e.g., on LinkedIn from around 84,000 in June 2021 to around 107,000 in June 2022) by staging targeted campaigns (in Berlin, for example) and actively publishing job advertisements on these networks. Apart from using common digital channels, we continued to take part in virtual career fairs in fiscal 2021/2022. This gave students the chance to participate in online presentations and – workshops and chat directly with employees.

1 OSHA incident rate = (number of fatal occupational accidents + incidents involving loss of 1 day or more) * 200,000 / total number of hours worked in the year under review.
2 Excluding the companies KWS Vegetables Italia SRL, Genective USA Corp., Pop Vriend Group, KWS Mexico and KWS Seeds Canada Ltd.

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Through the position of Lead of Global Scientific Affairs, we again engaged in intensive and direct dialogue with universities and research institutes in the field of research and development, in order to deepen our cooperation with them, with the goal of recruiting employees. We also award scholarships at universities and offer induction programs. As a result, we again accompanied many young people successfully on their path to gaining vocational qualifications in the past fiscal year. In Germany, 63 (79) trainees were employed in vocational training and seven (nine) students were on dual courses of study in the period under review.

Keeping employees with our company is very important for us. Our goal is therefore to continuously measure employee engagement in the future in order to identify action areas based on the results and to develop measures that will help to further strengthen employee engagement. Our mission is to create the right conditions for them in every phase of their employment. As part of onboarding, for example, we attach great importance not only to introducing new employees to their field of work and assignments, but also communicating the Company's values. With this goal in mind, we have developed the "Local Ambassador Program," which is used worldwide. Our "local ambassadors" are experienced, committed employees who organize the local induction events, accompany our new colleagues in their first days and weeks, and act as contacts for any questions they may have, so that they can feel at home with us from day one. Parts of our onboarding process, such as the monthly induction events in Berlin or Einbeck, were held virtually during the COVID-19 pandemic. In addition, a multi-day International Onboarding and Networking Summit (IONS) is held once a year specifically for managers who are new to the Company or are promoted from their previous position to a management role. Participants gain extensive insights into all areas of the Company, including the corporate and unit strategy, as well as the opportunity to network with each other and with top management.

We continue to believe that it is important to take the changing individual life circumstances of employees into account, especially as regards organization of their working time. Depending on their field of activity, we therefore offer various working time models, which allow them to strike a good work-life balance. For example, we have developed a global policy that generally permits mobile working for employees, where that is compatible with their specific activity and in compliance with local legislation. Where legally and operationally feasible, we also offer various part-time models on a temporary or permanent basis, as well as the possibility of taking leave in order to care for family members, for example.

In the annual independent rankings by the consulting firm Universum in 2022, KWS came in 54th (2020/2021: 43rd) in the area of sciences in the list of the 100 most popular employers in Germany. Our goal is to be among the top 50 employers again next year. We aim to achieve that in particular by attending career fairs and university events, where we can present KWS and persuade potential candidates of its great attractiveness as an employer. We enhance KWS' attractiveness as an employer with these measures.

2.6.4 Qualification, Further Training and Development

KWS' long-term commercial success is founded not only on its employees' commitment and satisfaction, but also on their personal skills and professional qualifications. KWS' range of education and development offerings is diverse and supports various learning objectives.

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We support our employees with tailored education and further training measures to help them build on their expertise and abilities. They are generally held as in-person or online events, although in-person training was largely suspended again in the period under review given the restrictions imposed as a result of the pandemic. To compensate for that, we kept on expanding our range of online training and continued our cooperation with a large online self-study platform. As a result, we can give our employees free digital access to various learning content during the COVID-19 pandemic and beyond.

In regular in-person or virtual development meetings, which are part of the annual performance and career development reviews, our employees formulate perspectives for their further development at KWS together with their managers. The meetings are to be used not only to jointly agree on future goals but also to define concrete continuing education and development measures aimed at enhancing employees' personal and professional skills and competence.

In addition to the individual performance and career development reviews between employees and their managers, we continued our global talent and successor management process in the year under review. As part of that, we identify talents up to the fourth tier and critical positions up to the third tier below the Executive Board, in order to ensure that functions that are critical to KWS' success are (re)filled. The Orientation Center (OC), an intensive evaluation of potential successors for senior management posts, was held annually up to the outbreak of the pandemic, but was suspended in the period under review due to COVID-19. The concept of the Orientation Center was revised in the current fiscal year and it will be staged again at shorter intervals starting in September of fiscal 2022/2023.

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In the International Development Program (IDP) we give identified high-potential individuals the opportunity to gain experience through cross-functional project work in an international team and to develop their management and leadership skills. The established development program was expanded in the past fiscal year to include a refined selection process using interviews and psychometric tests specifically tailored to this group. This enabled more pinpointed selection of the final participants. The accompanying events were held virtually and in person in the past fiscal year.

We are particularly committed to having all employees receive qualified leadership and support from their managers. KWS' existing competence model, which defines the core competencies of managers, was developed further in a participatory process over the past two years by means of interviews and an employee survey and renamed the "Leadership Capability Model" (LCM). Rollout of the new model is scheduled for fiscal 2022/2023. The objective of the enhanced model is to support continuous development of the whole organization against the backdrop of an increasingly agile and dynamic working world, and also to reflect the skills that are additionally required.

We are also continuously expanding the management development program we launched at the end of 2018. The new module "Leading Leaders" for experienced managers was rolled out in May 2022. Around 95 participants completed either the basic module "Leading Self" or the module "Leading Individuals" or began the "Leading Leaders" module in the current period under review.

The development program launched in October 2020 specifically for managers in our research and development organization was expanded further. It allows them to acquire management skills that promote innovation and flexibility in developing

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solutions. Around 200 managers are to take part in the program over a period of three years. Its contents include issues such as feedback and innovation culture, leadership in uncertain times and conflict management.

To support the further transition to our GLOBE (Global Business Excellence) target structure for administrative functions and the related implementation of the role of Business Partner, we initiated a Business Partner Academy for KWS Business Partners in all functions in October 2020 and continued it in the period under review. The Business Partner Academy comprises development measures aimed at the role of Business Partner and necessary key competencies, and focuses on imparting more in-depth knowledge of KWS' business activities. Approximately 70 Business Partners have participated in the academy's various modules since it was launched. We intend to continue focusing on qualifying and developing our employees and managers in the future and will expand our training portfolio nationally and internationally to enable this.

In order to reach high-potential individuals for KWS at an early stage, a new graduate program for a carefully selected group of talents entering the labor market for the first time was initiated in October 2021. The two-year program has two paths: the commercially oriented Growing into the Future, with its four six-month rotations in various business and functional areas, and the research-focused Growing with Science, in which participants spend twelve months within research and four three-month rotations in research-related units. Both paths include at least one international rotation. The program will be continued in the future.

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2.6.5 Labor and Social Standards

As an international, innovation-oriented company that aims to keep on growing, we believe that upholding labor and social standards at KWS and in our supply chain is of great importance.

Our global internal labor standards comprise technical, organizational and occupational health measures to prevent accidents and diseases at work. A major part of that is global, cross-functional crisis management, where the prime goal is to ensure the safety of our employees in situations such as the coronavirus pandemic and the war in Ukraine.

A crisis team was therefore formed in January 2022. As a precautionary measure in the event of war in Ukraine, it developed a contingency plan with a package of measures to support the 164 employees who work for us at four locations in Ukraine.

When the war broke out, we set up an international crisis network with appropriate communication channels so as to be able to keep in daily contact with our employees and offer them the greatest possible security. In this context, it was also important for us to provide the families of our employees with assistance, for example by establishing a safe point of contact and organizing accommodation as well as supplies.

At the same time, we took measures to give our employees and their families the best possible support after leaving Ukraine, including by organizing transportation and accommodation and offering financial assistance. Numerous KWS employees from many countries, especially Poland and Romania, also supported their Ukrainian colleagues in their free time during this difficult period and in some cases took them into their own families.

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KWS is committed to internationally recognized human rights standards, such as those of the International Labour Organization (ILO) proscribing child, forced and compulsory labor. To this end, we launched a project in the last year under review and expanded it further this year with the aim of integrating new internal standards defined in writing as well as appropriate measures and controls in our supply chains.

The contractual working conditions of employees of the KWS Group are defined in writing and comply with local labor and social insurance legislation. The overall compensation package for KWS employees takes into account their individual expertise, professional experience and local market circumstances. Depending on general local conditions, it consists of a basic salary, social benefits, performance-related payment components (if applicable), benefits in kind (if applicable) and Employee Stock Purchase Plans (if applicable) where staff can buy shares in the Company. Equal pay for the same activities is a fundamental principle of our basic compensation policy.

KWS is committed to the principle of non-discrimination and to equal opportunities and rights for its employees, regardless of gender, religion

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or belief, ethnic origin, age, disability, skin color, language or sexual orientation. We have enshrined this in our Code of Business Ethics, which is binding on all employees. We believe that the diversity of our employees, as displayed in their individual experience, knowledge, skills and ideas, is a key value and a competitive advantage. In this connection, KWS aims to further increase the ratio of female managers. The envisaged targets for KWS SAAT SE & Co. KGaA of 15% in the first management tier and 10% in the second management tier have already been achieved

Employees' interests are represented collectively to management by the locally elected Works Councils and the persons entrusted with representing young people and trainees. We also have a European Employees' Committee (EEC), a body that represents European employees and is responsible for cross-border matters within the EU. In regions where there is no collective employee representative body, we also attach importance to mutual respect and dialogue between regional management and employees.

2.7 Corporate Governance

2.7.1 Corporate Governance and Declaration on Corporate Governance*

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 in the long term and acting in terms of sustainability. The Executive Board (the personally liable partner KWS SE, whose Executive Board is responsible for management of the Company's business) and the Supervisory Board run and accompany KWS with the goal of ensuring it creates sustainable value added. They once again examined in the year under review whether the Company complies with the stipulations of the German Corporate Governance Code and issued the Declaration of Compliance in Accordance with Section 161 AktG (German Stock Corporation Act) to the effect that the Company complies almost fully with the code's recommendations.

You can find detailed information on corporate governance in our declaration on corporate governance in accordance with Section 289f of the German Commercial Code (HGB), which is available in full on our website at www.kws.com/corp/en/company/investor-relations/corporate-governance. The Remuneration Report for fiscal 2021/2022 is also available there.

2.7.2 Declaration of Compliance in Accordance with Section 161 AktG (German Stock Corporation Act)*

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

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2.7.3 Business Ethics & Compliance

The basis of our compliance concept is the implementation of our corporate culture. KWS' values are practiced when the compliance rules are applied. 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' compliance objectives, 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 our corporate culture.

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 that 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.

* Not an audited part of the Combined Management Report

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The Governance, Compliance and Risk Management (GCR) unit is the central point of contact for questions on our Code of Business Ethics and other related issues. It advises all divisions of the KWS Group in complying with laws, regulations and internal rules of conduct and controlling their observance. The focus is on the subjects of antitrust law, anti-corruption, prevention of money laundering, data protection and capital market law.

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 information and rules of conduct can be accessed by employees worldwide in the Compliance Portal on KWS' intranet. Around 80% (81%) of the total workforce has access to the Compliance Portal. In addition, all supervisors are obliged to inform their employees about compliance issues.

The entire system for compliance training and workshops was reorganized to enable the events to be held online due to global travel restrictions and home-office regulations. Large on-site workshops were replaced by numerous smaller online events.

In the year under review, the e-learning course on anti-corruption and antitrust law was rolled out further and a total of 2,285 employees were additionally invited to participate. Of these, 1,658 (73%) had completed the course by the end of the year under review. In addition, data protection training for employees at the EU companies was integrated in the e-learning program in the final quarter of the fiscal year. A total of 3,384 staff were enrolled for the training; 2,332 (69%) of the invited employees had completed it by the end of the year under review. Further e-learning modules are being prepared and will be rolled out gradually.

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Implementation and observance of individual compliance aspects are reviewed as part of audits. No significant violations of the international Anti-Corruption Policy or antitrust, data protection or money laundering regulations resulting in disciplinary consequences or official measures such as fines were reported to the compliance function in the year under review.

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 that. Employees can supply information on suspected violations to their supervisor, to the Compliance department or to the Compliance Reporting Platform. Information can be sent to the platform in any required language. Reports of suspected violations can also be submitted anonymously. The reported cases are investigated by KWS. Whistleblowers do not suffer any disadvantages unless they have obviously abused their right to report violations. They receive confirmation that their report has been received and may be contacted via the portal and asked to provide further information. Finally, whistleblowers are informed when the investigation has been completed.

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

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The Executive Board and the Supervisory Board's Audit Committee are informed once a year about the current status and latest developments of the Compliance Management System.

2.7.4 Responsibility in the Supply Chain

Compliance with norms and standards is an integral part of our corporate culture. We also demand the same from our suppliers and other service providers (termed "suppliers" in the following). We therefore obligate our suppliers to observe our Code of Business Ethics for Suppliers and abide by its principles on ethics and socially responsible conduct. The code states, for example, that our suppliers must not permit forced labor or child labor and must comply with the regulations on the minimum age for admission to employment defined in the latest version of ILO Convention No. 138. They are also to comply with the provisions on safety at work, product safety, protection of the environment and avoidance of corruption, as well as on the requirement to ensure fair competition and protection of personal data and third-party know-how.

The central sourcing concept aims to support standardized and cost-effective cooperation with external partners and observance of specific social or environmental standards. We will also include requirements from the German Supply Chain Due Diligence Act, which will be binding on KWS from 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. Initial calculations were conducted during the fiscal year and are expected to be validated by fiscal 2024/2025.

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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 also stipulates that these standards are also to be applied in agreements concluded with external seed multiplication partners.

KWS has further centralized its supplier data management over the past years. All countries are to be included in it as part of the centralization of administrative functions by the end of 2022. As part of supplier onboarding, a cross-unit preliminary check on various aspects relating to suppliers was carried out this fiscal year, with the objective of enabling KWS to centrally monitor and track compliance with its standards before any substantial business is concluded with a supplier. This process will be developed into a more extensive means of supplier validation that is to be automated moving forward. All existing suppliers are screened regularly to ascertain whether they are on sanctions lists.

Due to the COVID-19 pandemic, the audits planned for the first time to monitor compliance with the Code of Business Ethics for Suppliers could still not be carried out, but are planned for the future.

2.7.5 Remuneration Report

The Remuneration Report outlines the principles and salient features of the compensation systems for the Executive Board of KWS SE, the managing partner of KWS SAAT SE & Co. KGaA, and its Supervisory Board. It is no longer part of the Group Management Report. The Remuneration Report pursuant to Section 162 of the German Stock Corporation Act (AktG) for the fiscal year 2021/2022, together with the report on the substantive and formal audit by the independent auditor, can be found on our website at www.kws.com.

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

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

Composition of the subscribed capital

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

Restrictions relating to voting rights or the transfer of shares

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

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

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

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

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

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

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

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

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

- Hans-Joachim Tessner, Germany

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

- Dr. Arend Oetker, Germany

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

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

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

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

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

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

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

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

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

Amendments to the Articles of Association

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

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

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

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

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

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2.8 Social Report

2.8.1 Use of Genetic Resources and Intellectual Property

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

KWS is aware of its obligations in this regard and supports the various international access and benefit-sharing frameworks to protect the rights of indigenous peoples and sustainable use of biodiversity. Of prime mention in this respect are the Convention on Biological Diversity with the Nagoya Protocol and the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA). The ITPGRFA is particularly relevant to regulating transfer of genetic resources. KWS works through industrial associations, such as Euroseeds and the International Seed Federation (ISF), to ensure practicable means of securing sustainable access to genetic resources and preserving them now and in the future.

We have implemented a due diligence process to ensure compliance with these guidelines. All employees who work with genetic material are obligated to digitally register all materials used. Our Intellectual Property department then instigates an examination of where the genetic material has come from. Colleagues from our Legal department also provide assistance in more complex cases. In addition, new employees are offered training, and an annual seminar is held for all the employees involved. If an examination should find that the origin of the genetic material or the process by which it was obtained is unclear, we refrain from using it.

No deviations were identified as part of the above due diligence process in fiscal 2021/2022. As part of the Breeding Information Circle, KWS has begun to optimize IT processes relating to the documentation and approval of access to new genetic resources.

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The Breeding Information Circle, which is currently being developed, is a digital platform for integrating research information on all of KWS' crops. It enables information currently stored and used in individual tools to be linked and aggregated.

There is regular dialogue during the year with the Executive Board member responsible for research and breeding both in the context of the semiannual meetings of the ISF and also as and when required. An annual report to the Executive Board is only drawn up if specific issues or incidents have been identified as part of the due diligence process. No such incidents were reported in the year under review.

Access to genetic resources is also important with regard to intellectual property. That is why there is variety protection in plant breeding. It protects intellectual property, as well as ensuring access to protected varieties by means of the breeder's exemption, so that they can be used for further breeding. At the same time, patented traits that have been technically developed and are intended to offer resistance to pests or diseases, for example, are increasingly found in plant varieties. This trend will probably intensify as new breeding methods grow in importance. These traits have not yet been accessible for breeding in all European countries; KWS is therefore a strong advocate of licensing platforms that enable guaranteed access to genetic material and traits on fair terms. In the area of vegetables, KWS is thus a member of the International Licensing Platform Vegetable (ILP). A group of companies including KWS is currently developing a platform that is basically similar for crops, namely the Agricultural Crop Licensing Platform (ACLP), and it is to be implemented in this calendar year 2022. In addition, KWS offers its own patents relating to patented traits for licensing to interested parties. A standard licensing model for this is currently being formulated and is to be published on KWS' website soon.

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2.8.2 Social Commitment

Irrespective of its business activities, KWS wants to assume responsibility and contribute to developing solutions to social problems. KWS sees itself as an active member of society and thus wants to propagate its corporate values – such as farsightedness, proximity and reliability – beyond the Company and to society.

The content of our activity in this area is geared toward the United Nations' Sustainable Development Goals [1] and toward company-related topics. That is why KWS focuses its supraregional social commitment on promoting education in the field of natural and agricultural sciences. KWS' regional social engagement focuses on cultural, social and socioeconomic development in its – mostly rural – surrounding areas in order to increase the locations' attractiveness as a whole.

KWS' management underscores the importance of social commitment with its target of using around 1% of the Group's operating income (EBIT) for social commitment and social projects.

Internationally, our social commitment is organized on a decentralized basis and includes various long-term scholarship programs in cooperation with different universities as well as development partnerships. Our ongoing development cooperation activities in Peru and Ethiopia from the past years were supplemented by our engagement in Zambia in the last fiscal year. In Peru and Ethiopia, we support young researchers, in particular, in the conservation of plant genetic resources, plant breeding and the establishment of seed systems. KWS implements the regulations stipulated in the International Treaty on Plant Genetic Resources for Food and Agriculture as part of that.

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The focus is on corn and quinoa in Peru and on barley and wheat in Ethiopia. In Zambia, we teamed up with various partners to launch a project that is intended to enable local farmers to improve their seed development skills and knowledge of, and access to, different varieties of corn, sunflower, beans and sorghum. Above and beyond development cooperation, we initiated a project in Brazil that creates school gardens and also supports small infrastructure projects in less developed regions where seasonal workers mainly live.

The Company's social commitment in Germany is organized centrally and is concentrated mainly at the Company's headquarters in Einbeck.

The COVID-19 pandemic also impacted organization of our commitment at the Einbeck location in the past fiscal year, although cultural events were still able to be supported. KWS also promoted the digitization of schools to enable remote teaching. In addition, we supported social and educational institutions. We added a special form of engagement at the Einbeck location this year, when KWS sponsored the "Jugend forscht – Schüler experimentieren" ("Youth Researches – School Students Experiment") contest for young scientists.

In fiscal 2021/2022, KWS spent around €1.3 million [2] – or approximately 0.8% of its operating income (EBIT) – on its social commitment worldwide. Of that sum, approximately €0.7 million was spent on donations, development programs and corporate citizenship projects and €0.6 million on sponsorship activities. KWS SAAT SE & Co. KGaA accounted for 0.7% of this spending relative to the Group's operating income (EBIT).

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

2 Does not include KWS Peru S. A. C., KWS Maroc S. A. R. L. A. U., Kant-Hartwig & Vogel GmbH, KWS Vegetables Italia SRL a Socio Unico and KWS Vegetables Mexico S. A. de C. V.

2.9 Opportunity and Risk Report

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

2.9.1 Opportunity Management

Strategic opportunities

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

We can leverage these opportunities successfully only if we keep on improving our company in the areas of economics, ecology, social aspects and governance. To this end, we conduct internal analyses, set ourselves challenging goals, such as under the KWS Sustainability Ambition 2030, and work unswervingly toward achieving them. In our strategic planning, we regularly review whether our objectives are still appropriate. The strategic planning covers a ten-year time frame and is jointly formulated on a rolling basis, discussed and adopted by the Executive Board. Our strategy processes are oriented toward identifying future trends in good time, analyzing them and translating them into innovative company processes by means of strategic initiatives. We take new findings into account by adapting our administration or opening new lines of business, for example. We wish to report on our progress transparently. We will therefore expand the key performance indicators we publish in the future.

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

Innovative varieties and product performance

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

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

Modern breeding technology

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

Changes in demand

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

Operational opportunities

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

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

Investing in expansion of our production capacities and modernization of our seed processing offers opportunities in existing and adjacent markets. Further development of our variety portfolio and expansion of capacities are accompanied by expansion of our international distribution structures to enable tailored information and advice for our customers on the possible uses of our seed and so allow us to leverage further sales potential. In addition, continuous optimization of processes offers the KWS Group opportunities to increase productivity and digitization and improve cost structures.

Recording of operational opportunities was integrated in risk management in the year under review.

2.9.2 Risk Management

Risk management strategy and objectives

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

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 and corporate objectives.

If a risk does not entail any relevant opportunities, or if risks jeopardize achievement of the Group's key financial targets (10% EBIT margin, at least 5% net sales growth), they are to be avoided or their impact must be reduced as far as possible, taking cost-benefit considerations into account. Violations of the law and important corporate principles, such as respect for human rights, are totally unacceptable. To assess our risk-bearing capacity, we compare our equity and liquidity with the aggregate risk situation. 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 in that by the independent auditor of the financial statements as part of the statutory audit assignment. 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 in accordance with 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, incl. the Transaction Center	■ 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 (vision, mission, cornerstones, Group Standards, etc.)		

Central Risk Management processes
Our Central Risk Management process consists of the phases of identification, assessment, control, documentation, monitoring of risks and risk reporting. It is conducted regularly, usually twice a year. As part of risk identification, we record individual risks on an electronic platform and assess them qualitatively or quantitatively on the basis of Group-wide standards, in each case before (gross risk) and after (net risk) any countermeasures. As part of this, we calculate expected monetary values for all risks and classify the risks as "moderate," "medium" and "high." This allows us to prioritize the risks we record in a consistent manner in managing them. 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:

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) x net likelihood = risk score for an individual risk

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 required. Central Risk Management coordinates the entire risk management process and supports the departments in their tasks.

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

Control and monitoring systems*

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 in accordance with 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, 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.

In the current fiscal year, the Executive Board and Supervisory Board had no information to indicate any significant inefficiencies in the effectiveness of or any inadequacy in, 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))

Global Finance has structures and processes that enable proper and effective accounting and financial reporting. They include:

* Not an audited part of the Combined Management Report

- 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 through the use of the Global Transaction Center, in which a large part of 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 the Group companies, about changes in the financial statement preparation process on a quarterly basis

- Protection of accounting-related IT systems against unapproved access by means of authorization and access regulations for the IT accounting systems

- Ensuring the professional aptitude of employees involved in the accounting and financial reporting process by means of selection processes and training

Description of the KWS Group's current risk situation

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

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

In view of new requirements defined in the auditing standard IDW PS 340 and relating to measures by the Executive Board in accordance with Section 91 (2) of the German Stock Corporation Act (AktG), we made a number of adaptations to our risk management processes in the year under review. They included revising our risk categories and reallocating individual risks. Changes have been indicated where necessary. The affected categories therefore do not directly match those of the previous year. The changes in the risk situation as a whole are addressed in the overall statement on the risk situation by the Executive Board.

Operational risks

IT

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

Product quality

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

Production, interruptions to business operations

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

The category’s risk situation increased significantly compared to the previous year due to the Ukraine crisis. Gas shortages in particular pose a risk for European production sites and may potentially lead to restrictions or interruptions to business operations. We are countering this risk – as far as possible – by expanding our emergency heating oil reserves in the short term, making technical adjustments, for example to use LNG, taking contingency measures such as the establishment of crisis and expert teams, and switching in the medium to long term to a self-sufficient, low-emission energy supply based on renewable energies. The spread of hostilities in Ukraine may result in interruptions to business operations (corn seed production). The further tightening of sanctions against Russia may in turn lead to restrictions on our local sugarbeet seed production. Where necessary, we are countering this risk by expanding production at other locations.

Projects, company organization, 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 (M&As), for example, 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. In the year under review, we reassessed efficiency risks that were already known in connection with our internal standards, which is why the risk situation in this category has increased.

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 implemented a preventive crisis management system in January 2022, the prime goal of which was to protect all local employees and their families in the event of an outbreak of war. When the war broke out, we provided not only financial support, but also emergency accommodation in and outside Ukraine, and we also organized transportation, food supplies and modern communications technology. A crisis team continues to support local colleagues and collectively reassesses the situation on a weekly basis. Our business activities are not currently in close proximity to the fighting; however, we see a high risk to the health of our local colleagues due to the continuing air raids throughout the country and the ongoing war, factors that determine this category's current risk classification.

The pandemic continues to pose a health risk to our employees, but we do not currently view this risk critically given that vaccination rates are generally high. The risk situation is reassessed regularly, for example on the basis of changes in the sickness absence rate at KWS.

We 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 lower – also due to the fact that we have expanded our internal audits in this area.

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 intensifying battle for talents and experts on the labor market and the associated rise in internal requirements as regards retaining employees led to the higher risk classification in this risk category in the year under review.

Finance and capital markets

Tax risks

KWS operates in about 70 countries and is therefore subject to an array of complex national tax requirements and laws. Changes that are not detected in time and/or incomplete implementation of tax law, court rulings and interpretations by the fiscal authorities may have an effect on tax assets and liabilities, as well as on deferred tax assets and deferred tax liabilities. This can result in significant risks, which we counter by continuously identifying and assessing the tax frameworks and by central coordination through our Finance department. If necessary, tax provisions are formed on the basis of estimates. In the year under review, we completed the establishment of the central Group Tax department, which reassessed our tax exposure and initiated necessary measures. The category's risk classification fell.

Currency risks

Currency risks arise in particular from receivables and liabilities denominated in foreign currency. We address currency risks to a reasonable extent 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. Remaining currency risks from cash flows from operating activities in foreign currency are generally of minor significance. In fiscal 2021/2022, we hedged our intra-Group loans to a large part by using standard currency derivatives in order to reduce currency risks. In response to the Ukraine crisis, our foreign currency positions in Russia and Ukraine in particular were continuously reviewed to determine whether they were appropriate, and were reduced if necessary and where legally possible.

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.

Risk of counterparty defaults

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 were largely manageable due to the introduction of advance payments and remained low.

Capital market

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 to reputational risks and, in the medium term, to poorer conditions on the capital market. We are countering these risks by, among other things, increasing the number of staff (in terms of FTEs) in sustainability activities in the Corporate Segment in order to accelerate the implementation of processes from our Sustainability Ambition 2030 in addition to proactively providing relevant non-financial data.

Politics and the law

Compliance

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

Intellectual property (IP)

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

Regulatory risks

As part of modern agriculture and as an innovative plant breeding company, KWS also uses state-of-the-art breeding technologies to develop new, resource-conserving varieties. There is still a negative perception of new breeding technologies among the general public, despite the high standards in force and scientific facts to the contrary. New breeding technologies could speed up our variety development and improve its precision. The EU continues to impose tougher regulations on important research technologies and restrict the use of established operating resources. We conduct an intensive dialogue with all stakeholders on this issue and are increasing the internationalization of our research – without reducing our commitment in the EU.

Political instability

KWS faces political risks in many countries in the strongly regulated international agricultural industry. In addition, the tense global geopolitical situation in recent years has led to further risks for our business activities and growth plans in the Middle East and Eastern Europe. In the fiscal year, the outbreak of the Ukraine war in Eastern Europe had profound negative impacts on our business activities in Ukraine, Russia and Belarus. It resulted in 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 the cultivation area in Ukraine, an important future market for KWS, and the lack of export opportunities for farmers there. The repercussions were also felt at our other European locations, for example as a result of the prevailing energy crisis (see in particular the sections “Price developments and procurement” and “Production, interruptions to business operations”). Our business activities in Russia were impacted by the imposition of requirements and sanctions, despite the humanitarian importance of the seed market for the world food situation and prices. The reduced availability of services and spare parts may result in delays in operational processes and even critical interruptions to business operations. Thanks to prompt, centralized and local crisis management, we were able to mitigate individual risks, keep our business operations running in all affected countries and reduce the expected financial damage. All developments continue to be monitored by the Central Risk Management department and our product segments, pooled centrally and reported regularly to the Executive Board and Supervisory Board.

General legal risks

KWS faces risks from official proceedings and legal disputes. Legal disputes with suppliers, licensors, customers, employees, lenders and investors are possible and may result in payments or other obligations. There were no legal proceedings involving significant amounts in fiscal 2021/2022.

Markets and competition

Changes in cultivation area

Slight declines and shifts in cultivation areas are typical in agriculture and usually have no significant net impact on our business success. Extreme changes in cultivation areas – in particular where they affect strategically important crops and markets – have the potential to impact our local market success significantly due to lower demand for seed. They may be caused by factors such as a sudden drop in agricultural prices due to global crises or extreme weather events, or may be the consequence of high inventories as a result of good harvests. We counter such risks in the medium and long term by diversifying our product portfolio and expanding our market footprint. Risks from changes in cultivation area are impossible or difficult to reduce in the short term, but usually impact all market players alike. In Ukraine, the development of corn cultivation areas in 2023 depends, in particular, on whether the current massive export restrictions can be lifted.

Market trends

This covers local external risks in particular that may impact our business success and over whose emergence we have no – or currently only limited – direct influence. They include changes in demand and the local conditions of the respective market. In China, the opening of the market for genetically modified corn varieties by the authorities may turn into a disadvantage for KWS if our own product pipeline cannot deliver any, or cannot supply enough genetically modified traits, or government stipulations exclude KWS from this market. We are reducing this risk by reviewing our cooperation with local partners, through new licenses or by developing proprietary variety traits.

Competition and business partners

Strong competitive pressure, such as that due to aggressive pricing strategies by other market players, may have a negative impact on our business success. In particular, good local variety performance is the most effective means of protecting against this. Acquisition or licensing of technologies – such as genetically modified traits – is customary in the industry and necessary in markets such as North and 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.

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. Derivative financial instruments are used exclusively for hedging purposes and are insignificant overall. We are currently revising and improving the management of potential supply chain risks and plan to complete the project in the coming fiscal year. Due to rampant inflation worldwide and the ongoing supply crisis fueled by the war in Ukraine, additional massive price rises are to be expected in all relevant price indices, which resulted in the increase in the risk classification in this category. We explain the risks of possible shortages in the supply of natural gas in the category “Production, interruptions to business operations.”

Weather events and natural disasters

Extreme weather events such as heavy rain, flooding, storms or drought may impact key business processes. We mainly develop new varieties and multiply our seed outdoors, meaning these activities are exposed to weather events. Moreover, weather risks can be insured against only at economically unfavorable terms and conditions, if at all. In addition to local protection measures such as irrigation, flood control or greenhouses, we can limit risks through regional diversification. Contra-seasonal production in the southern hemisphere enables two cultivation cycles a year. In addition to extreme weather events, climate change is also causing a gradual increase in average temperatures, changes in regional average rainfall, and changes in disease or pest pressure. We counter this by continuously developing our varieties as part of our global breeding programs. The breeding objectives as part of this include drought resistance, standing power, better nutrient utilization and new resistances. Climate change thus also entails significant opportunities for KWS, which we explain in the section "Opportunity Management."

Strategic risk categories with an horizon up to ten years

Risk type	Risk category	Category classification	Previous year
Strategic	■ Limited Access to Technology	Noticeable	–
	■ Structural Change of Demand	Substantial	–
	■ Structural Underperformance of Products	Substantial	–

Risk categories with an horizon up to four years

Risk type	Risk category	Category classification	Previous year
Operational	Human Resources	Noticeable	Medium
	Information Technology	Substantial	Substantial
	Product Quality	Noticeable	Substantial
	Production and Business Interruption	Substantial	Substantial
	Projects, Corporate Organization and Process Management	Substantial	Substantial
	Health, Safety and Environment	Substantial	Substantial
Finance and capital markets	Capital Markets	Medium	–
	FX Risks	Medium	Medium
	Liquidity Risks	Low	Low
	Receivable Risks	Low	Low
	Tax Risks	Medium	Noticeable
Political and legal	Compliance Risks	Substantial	Noticeable
	General Legal Risks	Low	Low
	Intellectual Property (IP)	Medium	Medium
	Political Instability	Substantial	Low
	Regulatory Risks	Low	Low
Markets and competition	Acreage Developments	Medium	Medium
	Competition and Business Partners	Medium	Medium
	Market Developments	Medium	Medium
	Price Developments and Supply	Substantial Medium	Medium –
	Severe Weather and Natural Disasters		

Formulas aggregated view

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

Risk classification for aggregated risk categories

Risk class	Total sum of risk score of the category
Low	Smaller than 3
Medium	Between 3 and 8
Noticeable	Between 8 and 15
Substantial	Above 15

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

Overall statement on the risk situation by the Executive Board

The KWS Group's risk situation increased significantly in the fiscal year compared with the previous year, in particular due to the outbreak of the war in Ukraine, the very sharp rise in inflation and the disruptions to supply chains. In the context of the Ukraine crisis, initial measures were taken to protect employees and business processes even before the outbreak of war. In the course of this, the central crisis management team, together with the departments, ensured continuous monitoring of all developments, conducted regular analyses and initiated countermeasures where necessary and technically feasible. Reports were submitted directly to the Executive Board and the Supervisory Board.

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

2.10 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 of our business performance up to the end of fiscal 2022/2023 on June 30, 2023. In our forecast for the KWS Group's statement of comprehensive income in accordance with IFRS, we deal with the KWS Group's anticipated net sales, EBIT and R&D intensity. Our forecast for the segments contains comments on our net sales and EBIT expectations, 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.

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

There have not been any changes in the KWS Group's composition that are of significance for the forecast for its business performance in fiscal 2022/2023.

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

The KWS Group's economic performance in fiscal 2022/2023 will continue to be impacted by the challenging changes on global agricultural markets. Significantly higher prices for agricultural raw materials as a result of the war in Ukraine and lower harvests in some cases are expected to fuel high global demand for seeds. In this context, KWS also expects a sharp increase in sales prices for innovative seed.

At the same time, higher prices for agricultural raw materials will drive up the costs for seed multiplication. We also anticipate above-average price rises in most procurement categories as well as higher personnel costs as a consequence of strong inflationary trends. There are still significant currency risks in important markets, in particular in South America and Eastern Europe.

We expect the KWS Group to grow its net sales (on a comparable basis, excluding exchange rate and portfolio effects) by 7% to 9% in fiscal 2022/2023 compared with the previous year (€1,539.5 million).

We anticipate that the EBIT margin will be in the range of 10% to 11%. Our R&D intensity is expected to be in the range of 18% to 20%. 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.

2.10.3 Forecast for the Segments

In fiscal 2022/2023, we anticipate that the **Corn Segment** (on a comparable basis) will grow its net sales[1] sharply over the previous year (€935.1 million), in particular on the back of rising sales volumes in South America and Europe. We assume that competition will remain intense in North America. As far as can be seen at present, the EBIT margin is expected to be at the level of the previous year (6.1%).

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) will increase[1] sharply compared with the previous year (€588.4 million) and that the EBIT margin will be at the level of the previous year (33.1%).

We assume that net sales in the **Cereals Segment** (on a comparable basis) will rise[1] sharply compared to the previous year (€216.4 million). In particular, we expect rapeseed and hybrid rye seed business to boost growth here. The segment's earnings will benefit from an increase in sales of rye seed; at the same time, we are planning to expand our research and development and distribution activities further. We also anticipate a higher cost of sales, in particular from seed multiplication. All in all, we expect the EBIT margin to remain the same as in the previous year (13.6%).

The **Vegetables Segment** essentially comprises the net sales and earnings contributed by acquired vegetable seed businesses. Assuming a recovery in the market environment, in particular for spinach seed, we expect the segment's net sales[1] (on a comparable basis) to rise sharply compared to the previous year (€54.3 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. We anticipate that the EBIT margin will be above that of the previous year, among other things due to a sharp fall in noncash effects from the purchase price allocation as part of company acquisitions. We anticipate that the EBIT margin after adjustment for the above-mentioned effects will be on a par with that of the previous year (1.1%).

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 and continuation of the transformation project GLOBE, we expect the segment's EBIT to be around €–110.0 (–97.7) million.

Forecast for the 2022/2023 fiscal year

	Net sales	EBIT margin	R&D intensity
Statement of comprehensive income of the KWS Group	7–9%	10–11%	18–20%

1 Increase of more than 7%

2.11 Report on KWS SAAT SE & Co. KGaA and Non-Financial Declaration (Declaration Based on the German Commercial Code (HGB))

2.11.1 KWS SAAT SE & Co. KGaA

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 on the Internet at www.kws.com. 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	58 to 60
Disclosures on business activity, corporate strategy, corporate controlling and management, as well as explanations on business performance	16 to 42
Disclosures on the dividend	138 (Notes)
Disclosures on research and development	23 to 25
Disclosures on the report on events after the balance sheet date	139 (Notes)

KWS SAAT SE & Co. KGaA is the parent company of the KWS Group. It is responsible for strategic management and, among other things, multiplies 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 multiplication and distribution.

Earnings

Net sales at KWS SAAT SE & Co. KGaA in fiscal 2021/2022 increased sharply to €691.1 (618.0) million (guidance: slight increase in net sales). That increase is attributable to our corn and sugarbeet business. Gross profit likewise rose sharply to €390.5 (343.2) 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 €226.2 (204.5) million. Selling expenses rose to €82.9 (73.1) 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 €120.5 (120.3) million.

The balance of other operating income and other operating expenses was €1.7 (8.2) million. KWS SAAT SE & Co. KGaA's operating income improved slightly to €–40.8 million compared with €–46.5 million in the previous year (guidance: slight decline). Net financial income/expense is made up of the net income from equity investments and the interest result. Net income from equity investments fell sharply to €20.0 million (378.1) million. The high figure for the previous year was mainly due to dividend payouts from retained profits of foreign subsidiaries in connection with intra-Group financing. The interest result improved year on year to €–2.3 (–4.1) million, in particular as a result of lower interest expenses and higher interest income. Taking into account tax income, the net loss for the year was €13.0 million (previous year: net income of €321.4 million).

Financial position and assets

KWS SAAT SE & Co. KGaA's total assets in fiscal 2021/2022 increased to €1,687.5 (1,623.1) million. Fixed assets at the balance sheet date were €1,031.5 (1,016.3) million.

Property, plant and equipment rose slightly, while financial assets and intangible assets were at the level of the previous year. Inventories, in particular of unfinished goods, rose to €104.4 (79.8) million due to the planned increase in production quantities. Receivables and other assets declined to €479.9 (495.7) million, in particular as a result of the fall in receivables from affiliated companies. Liabilities at the balance sheet date rose to €1,012.4 (914.3) million, mainly due to an increase in liabilities to affiliated companies. KWS SAAT SE & Co. KGaA's equity decreased to €492.1 (531.3) million, giving an equity ratio of 29.2% (32.7%).

Employees

An average of 1,681 (1,633) 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 63 to 76.

Forecast Report

KWS SAAT SE & Co. KGaA generates the main part of its net sales from sugarbeet and corn seed business and royalties from basic corn seed. Its further development depends, among other things, on the performance of our varieties, cultivation areas in our key markets and developments in our growth markets. On the basis of our planning, we anticipate a slight increase in net sales, in particular due to growing cereals and sugarbeet business. KWS SAAT SE & Co. KGaA's operating income is mainly impacted by the costs of central functions of the KWS Group and cross-segment research and development activities. As a result of the anticipated higher spending on research and development and on distribution activities, KWS SAAT SE & Co. KGaA's EBIT will likely be below that of the year under review.

NFD

2.11.2 Combined Non-Financial Declaration for the KWS Group

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 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.

In order to identify aspects that need to be reported in the Non-Financial Declaration, the relevant issues based on a Global Reporting Initiative (GRI) materiality analysis in fiscal year 2020/2021 were systematically reassessed to determine their impact on the environment and society and on the position of the KWS Group. The analysis was reviewed in the past fiscal year. As part of the Sustainability Ambition 2030, social commitment was included as a further material issue in our reporting. Further material issues were not identified. As a result, the subject areas of innovative and sustainable product development, product quality and safety, emissions, water, occupational health and safety, recruitment and employee loyalty, qualification, further training and development, employee engagement, human and labor rights, business ethics and compliance, responsibility in the supply chain, use of genetic resources and social commitment are therefore also defined as material within the meaning of the statutory regulations.

Significant effects of current developments on the non-financial issues, such as COVID-19 or developments in Ukraine, are reported in the respective sections. Given that we aim to conduct the GRI materiality analysis every two years, the next one is scheduled for fiscal 2022/2023.

NFD

The Executive Board concretized its comprehensive sustainability program with relevant targets and key performance indicators in the year under review. They are explained in the Non-Financial Declaration (starting on page 44).

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.

NFD

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

As part of preparation of the Non-Financial Declaration, we were guided by the GRI standards in conducting the materiality analysis. We did not use any other framework apart from that.

Index for the Non-Financial Declaration

Required HGB disclosures	Material issues for KWS	Reference to sections
–	–	2.4 EU Taxonomy
Business model	–	2.1.1 Business Model
Environmental issues	Innovative & Sustainable Product Development Product Quality and Safety Emissions Water	2.5.1 Product Innovations 2.5.2 Product Quality and Safety 2.5.3 Emissions & Water
Employee issues	Occupational Health and Safety Recruitment & Employee Loyalty Qualification, Further Training and Development Employee Engagement Human and Labor Rights	2.6.2 Occupational Health and Safety 2.6.3 Recruitment & Employee Loyalty 2.6.4 Qualification, Further Training and Development 2.6.5 Labor and Social Standards
Corruption and bribery	Business Ethics & Compliance	2.7.3 Business Ethics & Compliance
Human rights	Responsibility in the Supply Chain Human and Labor Rights	2.7.4 Responsibility in the Supply Chain
Social issues	Use of Genetic Resources	2.8.1 Use of Genetic Resources and Intellectual Property 2.8.2 Social Commitment

Einbeck, September 14, 2022

KWS SE

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

3. Consolidated Financial Statements for KWS SAAT SE & Co. KGaA 2021/2022

Consolidated Statement of Comprehensive Income

July 1 to June 30

in € thousand	Note no.	2021/2022	2020/2021
I. Income statement			
Net sales	6.1	1,539,518	1,310,232
Cost of sales	6.1	694,306	570,690
Gross profit on sales		**845,212**	**739,542**
Selling expenses	6.1	281,270	244,218
Research & development expenses	6.1	286,423	252,226
General and administrative expenses	6.1	132,161	127,142
Other operating income	6.2	85,628	71,446
Other operating expenses	6.3	75,928	50,369
Operating income		**155,058**	**137,032**
Financial income		12,242	6,145
Financial expenses		36,855	18,338
Income from equity-accounted financial assets		7,679	17,374
Financial result	**6.4**	**–16,934**	**5,181**
Earnings before taxes		**138,124**	**142,214**
Taxes	6.5	30,365	31,624
Net income for the year	**6.8**	**107,760**	**110,590**
II. Other comprehensive income			
Changes in reserve for currency translation differences on foreign operations	7.9	36,452	–38,993
Income from equity-accounted financial assets	7.9	18,021	–912
Items that may have to be subsequently reclassified as profit or loss		**54,473**	**–39,905**
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	7.9	550	2,666
Remeasurement gain/(loss) in defined benefit plans	7.9	25,723	4,073
Items not reclassified as profit or loss		**26,274**	**6,738**
Other comprehensive income after tax	**7.9**	**80,746**	**–33,167**
III. Comprehensive income (total of I. and II.)		**188,506**	**77,423**
Net income after shares of minority interests		**107,760**	**110,609**
Share of minority interests		0	–19
Net income for the year	**6.8**	**107,760**	**110,590**
Comprehensive income after shares of minority interests		188,506	77,442
Share of minority interests		0	–19
Comprehensive income		**188,506**	**77,423**
Diluted and basic earnings per share (in €)	**6.8**	**3.27**	**3.35**

Consolidated Balance Sheet

Assets

in € thousand	Note no.	06/30/2022	06/30/2021
Goodwill	7.1	122,991	122,643
Intangible assets	7.1	332,999	353,701
Right-of-use assets	7.15	44,414	43,671
Property, plant and equipment	7.2	565,870	506,267
Equity-accounted financial assets	7.3	186,776	173,736
Financial assets	7.5	10,104	9,436
Noncurrent tax assets		553	606
Other non-current receivables	7.14	14,388	7,330
Deferred tax assets	6.5	40,704	47,642
Noncurrent assets		**1,318,800**	**1,265,033**
Inventories	7.6	354,618	266,606
Biological assets	7.6	8,955	5,546
Trade receivables	7.7	518,508	449,501
Cash and cash equivalents	7.8	203,664	222,745
Current tax assets	7.7	124,475	91,546
Other current financial assets	7.7	55,257	40,592
Other current assets	7.7	63,524	34,488
Current assets		**1,329,001**	**1,111,024**
Assets held for sale	4	3,995	686
Total assets		**2,651,796**	**2,376,743**

Equity and liabilities

Subscribed capital	7.9	99,000	99,000
Capital reserve	7.9	5,530	5,530
Retained earnings	7.9	1,141,382	949,188
Equity	**7.9**	**1,245,911**	**1,053,718**
Long-term provisions	7.11	95,225	132,500
Long-term borrowings	7.11	613,588	601,080
Noncurrent lease liabilities	7.15; 7.11	37,228	37,465
Deferred tax liabilities	6.5	63,984	66,359
Other noncurrent financial / non-financial liabilities	7.11	4,141	1,605
Noncurrent liabilities	**7.11**	**814,165**	**839,009**
Short-term provisions	7.12	41,878	39,455
Short-term borrowings	7.12	111,991	97,225
Current lease liabilities	7.15; 7.12	11,923	10,961
Trade payables	7.12	201,702	153,748
Current tax liabilities	7.12	25,313	31,503
Other current financial liabilities	7.12	41,857	14,203
Contract liabilities	7.12	50,377	25,234
Other current liabilities	7.12	106,679	111,687
Current liabilities	**7.12**	**591,719**	**484,016**
Liabilities		**1,405,885**	**1,323,025**
Total equity and liabilities		**2,651,796**	**2,376,743**

Consolidated Statement of Changes in Equity

July 1 to June 30

in € thousand				Comprehensive other Group income	
	Subscribed capital	Capital reserve	Accumulated Group equity from earnings	Comprehensive other Group income	
				Reserve for currency translation differences on foreign operations	Reserve for currency trans lation differences on at equity accounted financial assets
06/30/2020	**99,000**	**5,530**	**1,031,127**	**–92,821**	**7,216**
Dividends paid			–23,100	0	0
Net income for the year			110,609	0	0
Other comprehensive income after tax			0	–38,993	–6,635
Total consolidated gains (losses)			**110,609**	**–38,993**	**–6,635**
Change in shares of minority interests			0	0	0
Capital increase from company funds			0	0	0
Other changes			5,016	0	0
06/30/2021	**99,000**	**5,530**	**1,123,652**	**–131,814**	**581**
07/01/2021	**99,000**	**5,530**	**1,123,652**	**–131,814**	**581**
Dividends paid			–26,400	0	0
Net income for the year			107,760	0	0
Other comprehensive income after tax				36,452	20,404
Total consolidated gains (losses)			**107,760**	**36,452**	**20,404**
Other changes			30,088	0	0
06/30/2022	**99,000**	**5,530**	**1,235,099**	**–95,362**	**20,985**

				Parent company	Minority interest	Group equity
			Comprehensive other Group income	Total		
	Reserve for cash flow hedge on at equity accounted financial assets	Net gain/ (loss) on equity instruments designated at fair value through other comprehensive income	Revaluation of defined benefit plans			
	0	**2,186**	**–57,879**	**994,360**	**139**	**994,498**
	0	0	0	–23,100	0	–23,100
	0	0	0	110,609	–19	110,590
	5,723	2,666	4,073	–33,167	0	–33,167
	5,723	**2,666**	**4,073**	**77,442**	**–19**	**77,423**
	0	0	0	0	–120	–120
	0	0	0	0	0	0
	0	0	0	5,016	0	5,016
	5,723	**4,852**	**–53,806**	**1,053,718**	**0**	**1,053,718**
	5,723	**4,852**	**–53,806**	**1,053,718**	**0**	**1,053,718**
	0	0	0	–26,400	0	–26,400
	0	0	0	107,760	0	107,760
	–2,384	550	25,723	80,746	0	80,746
	–2,384	**550**	**25,723**	**188,506**	**0**	**188,506**
	0	0	0	30,088	0	30,088
	3,339	**5,402**	**–28,083**	**1,245,911**	**0**	**1,245,911**

Consolidated Cash Flow Statement

July 1 to June 30

in € thousand	Note no.	2021/2022	2020/2021
Net income for the year	6.8	107,760	110,590
Depreciation/amortization and impairment on fixed assets	7.2; 7.1; 7.15	94,540	93,828
Increase/decrease (–) in long-term provisions		–1,666	–1,660
Increase/decrease (–) in short-term provisions		1,131	–12,430
Net gain (–)/loss (+) from the disposal of assetss		332	–465
Income tax expense (+)/-income (–)	6.5	30,365	31,382
Income tax payments (–)/-refunds (+)		–35,577	–37,347
Interest expense (+)/Interest income (–)	6.4	11,917	10,885
Increase (–)/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities		–196,788	–75,173
Increase/decrease (–) in trade payables and other liabilities not attributable to investing or financing activities		71,927	50,402
Proceeds and payments (+) from/for equity-accounted companies		12,660	5,609
Other noncash expenses/income (–)		3,723	–7,298
Net cash from operating activities		**100,323**	**168,322**
Proceeds from disposals of intangible assets		155	154
Payments (–) for capital expenditure on intangible assets		–10,725	–12,269
Proceeds from disposal of fixed assets		510	1,876
Payments (–) for capital expenditures for fixed assets		–83,425	–68,644
Proceeds from disposals of financial assets		0	–518
Payments (–) for capital expenditure on financial assets		0	0
Receipts from the disposal of consolidated subsidiaries and other business units		0	0
Cash outflows (–) for the acquisition of additional interests in subsidiaries		0	–8,285
Interest received (+)		2,610	3,524
Net cash from investing activities		**–90,874**	**–84,161**

July 1 to June 30

in € thousand	Note no.	2021/2022	2020/2021
Dividend payments (–) to owners	7.9	–26,400	–23,100
Payment (–) of principal portion of lease liabilities	7.15	–9,628	–11,905
Payment (–) of interest portion of lease liabilities	7.15	–936	–876
Interest paid (–) incl. transaction costs on issuance of promissory notes and borrowings		–14,378	–11,572
Proceeds from long-term borrowings		178,537	206,201
Repayment from long-term borrowings		–153,068	–116,695
Changes from proceeds (+)/repayments (–) of short-term borrowings		–2,554	–7,123
Net cash from financing activities		**–28,427**	**34,930**
Net cash changes in cash and cash equivalents and restricted cash		**–18,978**	**119,091**
Changes in chash and cash equivalents and restricted cash due to exchange rate, consolidated group and measurement changes		**–103**	**–16,083**
Cash and cash equivalents, including restricted cash, at beginning of year		222,745	119,737
Cash and cash equivalents, including restricted cash, at end of year	**8**	**203,664**	**222,745**
thereof restricted cash and cash equivalents at end of year		44	46

Notes for KWS SAAT SE & Co. KGaA 2021/2022

1. General Disclosures

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

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

The Executive Board of KWS SE, the personally liable partner of KWS SAAT SE & Co. KGaA, prepared the consolidated financial statements on September 14, 2022, and released them for distribution to the Supervisory Board. The Supervisory Board has the task of examining the consolidated financial statements and declaring whether it approves them.

2. Standards and Interpretations Applied for the First Time

The following standards and interpretations have been adopted and applied for the first time in fiscal year 2021/2022:

Standards and interpretations applied for the first time

Financial reporting standards and interpretations
IFRS 9/IAS 39/ IFRS 7/ IFRS 4/ IFRS 16 – Interest Rate Benchmark Reform (Phase 2)
IFRS 16 – Covid–19-Related Rent Concessions beyond 30 June 2021
IFRS 4 – Extension of the temporary exemption from applying IFRS 9

All changes to the accounting standards and interpretations and interpretations have no material effect on the impact on the consolidated financial statements of the KWS Group.

Standards and interpretations to be applied in future

The IASB has issued the following standards and amendments to standards whose application was not yet mandatory for the 2021/2022 fiscal year and for some of which the European Union had not yet completed the endorsement process. The following standards have not yet been applied by the KWS Group:

Standards and Interpretations to be applied in future

Financial reporting standards and interpretations	Mandatory first-time application
Annual Improvements to IFRS 2018–2020 Cycle	Fiscal year 2022/2023
IFRS 3 – Amendments to IFRS 3: Business Combinations – Reference to the Conceptual Framework	Fiscal year 2022/2023
IAS 16 – Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use	Fiscal year 2022/2023
IAS 37 – Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts: – Costs of Fulfilling a Contract	Fiscal year 2022/2023
IFRS 17 – Insurance Contracts, including amendments to IFRS 17: Initial application of IFRS 17 and IFRS 9 – Comparative Information	Fiscal year 2023/2024
IAS 1 – Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current including Deferral of Effective Date	Fiscal year 2023/2024
IAS 1 – Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	Fiscal year 2023/2024
IAS 8 – Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	Fiscal year 2023/2024
IAS 12 – Amendments to IAS 12: Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Fiscal year 2023/2024
IFRS 17 – Initial Application of IFRS 17 and IFRS 9: Comparative Information	Fiscal year 2023/2024

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

3. Accounting Policies

3.1 Consistency of accounting policies

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

The KWS Group published new Group-wide guidelines on currency management at the beginning of fiscal year 2021/2022. As a consequence, there was a change in the presentation of realized and unrealized foreign exchange differences in the income statement in relation to the KWS Group's financing activities, the aim of which was to improve clarity. The accounting policies for currency translation can be found in section 3.4.

Foreign currency differences from internal and external financing activities recognized in profit or loss are no longer carried under the items "Other operating income" or "Other operating expenses." Instead, they are carried in the financial result under the items "Financial income" and "Financial expenses." All foreign currency differences from operating activities recognized in profit or loss are still reported under the items "Other operating income" and "Other operating expenses." The following presents a reconciliation of the previous year's figures.

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

July 1 to June 30

in € thousand	Reported	Adjustment	After adjustment
	2020/2021		2020/2021
I. Income statement			
Net sales	1,310,232		1,310,232
Cost of sales	570,690		570,690
Gross profit on sales	**739,542**		**739,542**
Selling expenses	244,218		244,218
Research & development expenses	252,226		252,226
General and administrative expenses	127,142		127,142
Other operating income	71,446	23,368	48,078
Other operating expenses	50,369	21,276	29,093
Operating income	**137,032**		**134,941**
Financial income	6,145	23,368	29,513
Financial expenses	18,338	21,276	39,613
Income from equity-accounted financial assets	17,374		17,374
Net financial income/expenses	**5,181**		**7,274**
Earnings before taxes	**142,214**		**142,214**
Taxes	31,624		31,624
Net income for the year	**110,590**		**110,590**

3.2 Companies consolidated in the KWS Group

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

3.3 Consolidation methods

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

According to IAS 36, goodwill is not amortized, but tested for impairment at least once a year at the end of the year (impairment-only approach). Investments in insignificant unconsolidated subsidiaries are carried at fair value.

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

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

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

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

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

Non-controlling interests are recognized in the amount of the imputed percentage of equity in the consolidated companies.

3.4 Currency translation

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

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

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

Exchange rates for main currencies

		Rate on balance sheet date		Average rate	
1 EUR/		**06/30/2022**	**06/30/2021**	**2021/2022**	**2020/2021**
ARS[1]	Argentina	131.27	113.68	131.27	113.68
BRL	Brazil	5.51	5.89	5.92	6.43
GBP	UK	0.86	0.86	0.85	0.89
RUB	Russia	53.86	86.20	85.14	89.04
TRY[1]	Turkey	17.52	10.36	17.52	9.21
UAH	Ukraine	30.78	32.30	31.51	33.22
USD	USA	1.05	1.19	1.13	1.19

1 The average rate corresponds to the rate at balance sheet date due to application of IAS 29 for KWS ARGENTINA S.A and KWS TÜRK TARIM TICARET A.S.

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

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

Argentina was still classified as a hyperinflationary economy this fiscal year, as a result of which IAS 29 “Financial Reporting in Hyperinflationary Economies” was applied to KWS ARGENTINA S.A. In addition, inflation increased significantly in Turkey in fiscal year 2021/2022. The Turkish Statistical Institute reported a three-year cumulative inflation rate of 109% and a twelve-month inflation rate of 61% for March 2022. Given the current economic environment, it is expected that the cumulative inflation rate over the past three years will continue to exceed 100%. Accordingly, Turkey was classified as a hyperinflationary economy in fiscal year 2021/2022, with the result that IAS 29 was applied for the first time to subsidiaries based in Turkey. It was applied for the first time as if Turkey had always been classified as a hyperinflationary economy. The net gains or losses from the ongoing inflation of non-monetary assets and liabilities as well as equity and all items in the income statement are recognized in profit or loss under “Other operating result.”

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

Argentina’s IPC price index was 483.60 points at July 1, 2021, and rose by 64.0% in the current fiscal year to 793.03 points at June 30, 2022. Turkey’s Consumer Price Index (CPI) was 557.36 points at July 1, 2021, and rose by 75.5% in the current fiscal year to 977.9 points at June 30, 2022.

3.5 Classification of the statement of comprehensive income

The KWS Group has prepared the income statement using the cost-of-sales method. The costs for the functions include all directly attributable costs, including other taxes.

3.6 Recognition of income and expenses

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

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

If the contracts specify further performance obligations, such as granting of discount coupons, credit memos for returned goods and bonus points, in addition to seed delivery, they must be measured separately. The KWS Group uses empirical country-specific and seasonal figures and information on already announced returns to estimate the anticipated returns.

The level of the promised consideration is not adjusted by the effects of a financing component because the period for payment is usually less than 12 months.

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

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

Performance-based public grants are presented under the other operating income as part of profit/loss.

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

3.7 Intangible assets

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

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

The useful life of intangible assets is as follows:

Useful life of intangible assets

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

3.8 Property, plant, and equipment

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

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

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

Useful life of property, plant and equipment

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

Low-value assets are fully expensed in the year of purchase; they are reported as additions and disposals in the year of purchase in the statement of changes in fixed assets.

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

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

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

3.9 Leases

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

If the KWS Group is the lessee, leases are recognized as a right-of-use asset and lease liability in the balance sheet in accordance with the regulations of IFRS 16. In subsequent periods, the right-of-use asset is depreciated over the lease's term, taking into account the exercise of any renewal options. This depreciation is recognized in the respective function costs. Interest expense is accrued on the lease liability in the course of the lease and the liability is reduced by the lease payments that have been made. The effect from the accrued interest is recognized in the interest expense under net financial income/expenses.

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

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

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

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

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

3.10 Financial instruments

Classification and measurement

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

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

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

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

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

Impairment losses

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

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

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

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

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

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

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

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

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

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

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

Financial instruments in level 1 are measured using quoted prices in active markets for identical assets or liabilities. In level 2, they are measured by directly observable market inputs or derived indirectly on the basis of prices for similar instruments. Finally, input factors not based on observable market data are used to calculate the value of level 3 financial instruments.

3.11 Derivatives

The KWS Group uses derivatives to reduce currency and commodity price risks. It mainly uses forward exchange and currency swap deals as well as commodity options that are customary in the market for that purpose.
The KWS Group (with the exception of the equity-accounted joint venture AGRELIANT GENETICS LLC.) has not designated any existing derivatives as a hedging instrument.

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

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

3.12 Inventories and biological assets

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

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

3.13 Deferred taxes

Deferred taxes are calculated in accordance with IAS 12. Deferred taxes are calculated on differences between the carrying amounts of assets and liabilities between the IFRS and their tax base, including differences from consolidation measures, and on tax loss carryforwards, tax credits and interest carryforwards. Since it is not permissible to recognize deferred tax liabilities arising from initial recognition of goodwill, the KWS Group does not calculate any deferred taxes on them.

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

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

Deferred tax assets are recognized if it is considered probable that there will be sufficient future taxable profit against which the deductible temporary differences, tax loss carryforwards, tax credits and interest carryforwards can be offset. Deferred tax liabilities must be recognized for all taxable temporary differences. All deferred taxes must be assessed individually at each balance sheet date.

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

3.14 Income tax liabilities

The income tax liabilities comprise obligations from actual income taxes. The actual income taxes are calculated on the basis of the respective national taxable profit and regulations for the year. In addition, the actual taxes recognized in the fiscal year also include adjustments for any tax payments or refunds in respect of years that have not yet been definitively assessed, but excluding interest payments, interest refunds and penalties on payments of tax arrears.

If there is uncertainty over the income tax treatment, the KWS Group measures actual or deferred tax claims or liabilities in accordance with the regulations of IAS 12 and IFRIC 23. The KWS Group decides on a case-by-case basis whether the uncertain tax treatment should be considered independently or collectively together with one or more other uncertain tax treatments, depending on which approach provides better predictions of the resolution of the uncertainty.

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

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

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

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

3.15 Provisions for pensions and other employee benefits

The provisions for pensions and other employee benefits are calculated using actuarial principles in accordance with the projected unit credit method. Actuarial gains and losses must be recognized directly in equity in Other comprehensive income. The service costs (including past service costs) are recognized in operating income in accordance with the employees' assignment to the functions. If there are plan assets and the relevant requirements for netting them off are met, they are netted off against the associated obligations.

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

3.16 Other provisions

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

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

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

3.17 Contingent liabilities

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

3.18 Significant accounting judgments, estimates and assumptions

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

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

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

3.19 Impact of significant events

There were two significant events in fiscal 2021/2022 that have an impact on the assumptions and judgments of the KWS Group's accounting policies and resulted in an examination. They are the coronavirus pandemic and the war between Russia and Ukraine.

The **coronavirus pandemic** also impacted the global economy in fiscal year 2021/2022. In view of its influence on the KWS Group's activities, its potential impacts on assets, financial position and earnings are continuously analyzed.

The security situation in Europe has changed as a result of the **war between Russia and Ukraine,** resulting in significant impacts on the political, geopolitical and macroeconomic environment facing the KWS Group. Russia and Ukraine are important countries for the KWS Group from a business perspective.

Both these significant events and their impact on overall economic conditions were taken into account in the accounting policies at June 30, 2022.

Goodwill and intangible assets with an indefinite useful life underwent an annual impairment test at June 30, 2022, while the changes in the market situation due to the coronavirus pandemic and the war between Russia and Ukraine were reflected in the adopted budget and medium-term planning. All in all, there were no impairments for the cash-generating units and intangible assets with an indefinite useful life. In addition, indications of impairment of property, plant, and equipment and other intangible assets were examined against the backdrop of the conflict between Russia and Ukraine. All in all, the examination did not reveal any impairment losses.

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

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

4. Consolidated Group and Changes in the Consolidated Group

The number of companies consolidated in the KWS Group increased from 86 at June 30, 2021, to 87.

Number of companies including KWS SAAT SE & Co. KGaA

	06/30/2022			06/30/2021		
	Germany	Abroad	Total	Germany	Abroad	Total
Fully consolidated	13	61	74	13	60	73
Equity method	0	5	5	0	5	5
Joint operation	0	8	8	0	8	8
Total	**13**	**74**	**87**	**13**	**73**	**86**

Changes in the consolidated group

The KWS Group established the fully consolidated subsidiary KWS SEEDS CANADA LTD (Canada) on January 31, 2022. Its objective is to strengthen future expansion of hybrid rye business.

The fully consolidated subsidiary KWS SEEDS INDIA PRIVATE LIMITED (India) was founded on June 24, 2022, for the purpose of establishing future vegetable seed breeding.

The fully consolidated subsidiary KWS SERVICES NORTH AMERICA LLC (USA) was dissolved effective June 30, 2022.

Disposal group

At the end of March 2022, the KWS Group made the decision to sell the “PV Veg” (Pop Vriend Vegetable Seeds) division within the Vegetables Segment, as this division is not part of the core business of the Business Unit Vegetables. PV Veg comprises the POP VRIEND Group’s trading business, which mainly generates its net sales in the Middle East, Africa and Asia. Its disposal is expected to be completed in the course of fiscal year 2022/2023.

All the assets of the PV Veg division were classified as held for sale. They were still measured at their carrying amount, since it is lower than the fair value. The fair value was determined on the basis of the anticipated sales price less costs to sell.

The table below presents the main groups of assets allocated to the PV Veg division:

Assets held for sale “PV Veg”

in € thousand	06/30/2022
Goodwill	500
Inventories	1,971
Trade receivables	895
Total assets	**3,366**

5. Segment Reporting for the KWS Group

In accordance with its internal reporting and controlling system, the KWS Group is primarily organized according to the following business segments:

- Corn
- Sugarbeet
- Cereals
- Vegetables
- Corporate

The core competency for the KWS Group's entire product range, plant breeding, including the related biotechnology research, is essentially concentrated at the parent company KWS SAAT SE & Co. KGaA in Einbeck. The breeding material, including the relevant information and expertise about how to use it, is owned by KWS SAAT SE & Co. KGaA with respect to sugarbeet and corn and by KWS LOCHOW GMBH with respect to cereals. Product-related R&D costs are carried directly in the product segments Corn, Sugarbeet and Cereals. The activities of the Vegetables Segment are pooled at KWS VEGETABLES B.V. in Wageningen (the Netherlands) and its subsidiaries. Centrally controlled corporate functions are grouped in the Corporate Segment. The distribution and production of oil and field seed are reported in the Cereals and Corn Segments, in keeping with the legal entities currently involved.

The Executive Board is the main decision-making body and is responsible for allocating resources and assessing the earnings strength of the business segments. The segments and regions are defined in compliance with the internal controlling and reporting systems (management approach). The accounting policies used to determine the information for the segments are adopted in line with those used for the KWS Group. The only exception relates to consolidation of the equity-accounted joint ventures and associated companies that are assigned to the Corn Segment, namely AGRELIANT GENETICS LLC., AGRELIANT GENETICS INC., FARMDESK B.V. and KENFENG – KWS SEEDS CO., LTD. In accordance with internal controlling practices, they are included proportionately as part of segment reporting.

The presentation of net sales, income, depreciation and amortization, other noncash items, operating assets, operating liabilities and capital expenditure on noncurrent assets by segment have been determined in accordance with the internal operational controlling structure. The allocation of the above joint ventures and associated companies are consolidated proportionately on the same basis. In order to permit better comparability, they have been reconciled with the figures in the consolidated financial statements.

Sales per segment

in € thousand	Segment sales		Internal sales		External sales	
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021
Corn	935,461	774,167	85	120	935,376	774,047
Sugarbeet	588,544	524,370	105	63	588,439	524,307
Cereals	216,426	191,581	24	342	216,402	191,240
Vegetables	54,284	58,268	16	30	54,268	58,238
Corporate	22,211	18,702	13,913	12,712	8,298	5,990
Segments total	**1,816,925**	**1,567,088**	**14,143**	**13,266**	**1,802,783**	**1,553,822**
Elimination of equity-accounted financial assets					–263,265	–243,590
Sales according to group profit and loss statement					**1,539,518**	**1,310,232**

Segment sales contains both net sales from third parties (external sales) and net sales between the segments (intersegment sales). The prices for intersegment sales are determined on an arm's-length basis. Uniform royalty rates per segment for breeding genetics are used as the basis.

Technology revenues from genetically modified properties ("tech fees") are paid as a per-unit royalty on the basis of the number of units sold, due to their growing competitive importance.

Earnings, depreciation and amortization and other non-cash items per segment

in € thousand	Segment earnings		Depreciation and amortization		Other noncash items	
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021
Corn	57,162	71,292	38,591	34,852	–40,288	–10,957
Sugarbeet	194,970	174,748	21,149	18,064	–7,731	–1,742
Cereals	29,519	21,290	9,706	9,435	–1,591	–1,701
Vegetables	–18,526	–18,106	21,529	23,633	–412	–2,220
Corporate	–97,474	–91,976	19,723	21,707	–13,298	–14,722
Segments total	**165,651**	**157,247**	**110,699**	**107,692**	**–63,320**	**–31,342**
Elimination of at equity-accounted financial assets	–10,593	–20,214	–13,326	–13,864	18,916	29,600
Total without consideration of at equity-accounted fincancial assets	**155,058**	**137,032**	**97,373**	**93,828**	**–44,404**	**–1,742**
Net financial income/expenses	–16,934	5,181				
Earnings before taxes	**138,124**	**142,214**				

The income statements of the consolidated companies are assigned to the segments by means of profit center allocation. Operating income, an important internal parameter and an indicator of the earnings strength in the KWS Group, is used as the segment result. The operating income of each segment is reported as the **segment result**. The segment results are presented on a consolidated basis and include all directly attributable income and expenses. Items that are not directly attributable are allocated to the segments on the basis of an appropriate formula. **Depreciation and amortization charges** allocated to the segments relate exclusively to intangible assets and property, plant, and equipment.

The **other noncash items recognized in the income statement** relate to noncash changes in the allowances on inventories and receivables, and in provisions.

Operating assets and operating liabilities per segment

in € thousand	Operating assets		Operating liabilities	
	2021/2022	2020/2021	2021/2022	2020/2021
Corn	932,424	787,432	212,152	151,699
Sugarbeet	451,189	389,606	102,961	82,461
Cereals	160,069	138,734	45,546	41,036
Vegetables	427,682	437,148	7,944	7,969
Corporate	225,651	213,708	80,962	112,724
Segments total	**2,197,015**	**1,966,627**	**449,566**	**395,888**
Elimination of equity-accounted financial assets	–239,003	–216,076	–60,028	–39,696
Total without consideration of at equity-accounted fincancial assets	**1,958,011**	**1,750,551**	**389,539**	**356,193**
Others	693,785	626,192	1,016,346	966,832
KWS Group acc. to consolidated financial statements	**2,651,796**	**2,376,743**	**1,405,885**	**1,323,025**

The operating assets of the segments are composed of intangible assets, property, plant, and equipment, inventories, biological assets and trade receivables that can be charged directly to the segments or indirectly allocated to them by means of an appropriate formula.

The operating liabilities attributable to the segments include the borrowings reported on the balance sheet in accordance with the management approach, less financial liabilities, provisions for taxes and the portion of other liabilities that cannot be charged directly to the segments or indirectly allocated to them by means of an appropriate formula.

Investments in long-term assets by segment[1]

in € thousand	2021/2022	2020/2021
Corn	31,960	28,601
Sugarbeet	32,384	26,464
Cereals	6,606	7,264
Vegetables	8,989	1,273
Corporate	18,948	22,971
Segments total	**98,887**	**86,573**
Elimination of at equity-accounted financial assets	–5,387	–5,235
Investments according to group statement	**93,500**	**81,337**

1 Excluding Right-of-Use assets according to IFRS 16

The main capital spending for each segment is as follows:

- Corn: Expansion and modernization of production and processing plants, namely in Brazil
- Sugarbeet: Expansion of storage capacities in Italy and the production plant in Russia
- Cereals: Expansion and modernization of production plants, in particular in Germany
- Vegetables: Acquisition of breeding areas in Spain and Mexico
- Corporate: Expansion of the production plant in Einbeck and implementation of new ERP software

Disclosures by region

The disclosures on the regional composition of net sales and noncurrent operating assets have been made in accordance with the accounting policies to be applied to the consolidated financial statements of the KWS Group and thus without proportionate consolidation of the equity-accounted financial investments. Noncurrent operating assets comprise goodwill, other intangible assets, property, plant, and equipment, and financial assets.

The external net sales by sales region are broken down on the basis of the country where the customer is based. No individual customer accounted for more than 10% of total net sales in the current and the previous fiscal years.

External sales by region

in € thousand	2021/2022	2020/2021
Germany	251,333	242,468
Europe (excluding Germany)	696,460	620,869
thereof in France	138,131	122,678
North and South America	493,837	358,189
thereof in Brazil	205,837	109,152
thereof in the U.S.	216,066	194,623
Rest of world	97,888	88,706
KWS Group	**1,539,518**	**1,310,232**

Long-term assets by region

in € thousand	2021/2022	2020/2021
Germany	327,073	318,919
Europe (excluding Germany)	637,948	627,590
thereof in France	59,135	60,932
thereof in the Netherlands	435,010	453,390
North and South America	287,763	257,007
thereof in Brazil	42,149	35,214
thereof in the U.S.	212,642	197,867
Rest of world	10,371	5,937
KWS Group	**1,263,155**	**1,209,454**

6. Notes to the Consolidated Statement of Comprehensive Income

6.1 Net sales and function costs

Net sales increased by 17.5% to €1,539,518 (1,310,232) thousand. Net sales are mainly generated from seed deliveries (€1,392,427 thousand; previous year: €1,200,594 thousand) and royalties (€92,974 thousand; previous year: €81,025 thousand). A breakdown by segments and regions is provided in the segment reporting in section 5 of the Notes.

The **cost of sales** increased by 21.7% to €694,306 (570,690) thousand, or 45.1% (43.6%) of sales. The main factors driving that were the strong expansion of business in the Corn, Sugarbeet and Cereals Segments and higher inventory write-downs. The total cost of goods sold was €493,122 (400,215) thousand. The impairment losses on inventories and the decreases in the impairment loss, which are carried as a reduction in the cost of materials in the period, are as follows:

July 1 to June 30

in € thousand	2021/2022	2020/2021
Impairment losses	63,263	42,749
Decreases in impairment loss	4,683	4,597

The impairment losses relate mainly to unsold seed. They are based on, among other things, empirical values (such as germination capacity) and expectations as to their substitution by new varieties.

Selling expenses increased by €37,052 thousand to €281,270 (244,218) thousand, or 18.3% (18.6%) of sales. The increase is mainly due to the expansion of business and increased travel activity compared with the previous year.

Research and development is recognized as an expense in the year it is incurred; in the year under review, this amounted to €286,423 (252,226) thousand. That was 18.6% (19.3%) of sales. Development costs for new varieties are not recognized as an asset because evidence of future economic benefit can only be provided after the variety has been officially certified.

General and administrative expenses rose only slightly by €5,019 thousand to €132,161 (127,142) thousand, among other things due to lower costs for the transformation project ONEGLOBE (optimization of the administrative functions and processes); they are thus 8.6% (9.7%) of sales.

6.2 Other operating income

July 1 to June 30

in € thousand	2021/2022	2020/2021
Foreign exchange gains	53,008	33,197
Performance-based public grants	12,227	9,910
Income from the reversal of provisions	1,826	5,607
Income from reversal of valuation allowance for trade receivables and recovery of written off receivables	9,252	3,505
Income from sales of fixed assets	77	2,940
Other income related to previous periods	123	1,405
Unrealized gain on derivatives measured at fair value through profit or loss	101	239
Income from loss compensation received	239	14
Miscellaneous other operating income	8,776	14,629
Total	**85,628**	**71,446**

The other operating income mainly comprises foreign exchange gains. The significant increase in foreign exchange gains is largely attributable to the high volatility of various currencies during the year, particularly in Eastern Europe and South America.

The other operating income also comprises government grants, and income from the reversal of allowances on receivables. The performance-based government grants mainly relate to breeding allowances and farm payments. The increase in income from the reversal of allowances is mainly attributable to receivables in Brazil. They were reversed in connection with the deposit of security for trade receivables.

6.3 Other operating expenses

July 1 to June 30

in € thousand	2021/2022	2020/2021
Foreign exchange losses	52,774	35,799
Valuation allowance on receivables	5,832	6,754
Loss on net monetary position (hyperinflation)	4,473	541
Unrealized loss on derivatives measured at fair value through profit or loss	1,109	148
Expenses relating to previous periods	347	2
Other expenses	11,393	7,127
Total	**75,928**	**50,369**

The other operating expenses mainly comprise foreign exchange losses and valuation allowances on receivables.

The significant increase in foreign exchange losses is largely attributable to the high volatility of various currencies during the year, particularly in Eastern Europe, Turkey and South America.

The increase in losses from the net monetary position (hyperinflation) is due to above-proportionate inflation in Argentina (€3,989 thousand) and the first-time application of IAS 29 for the Turkish subsidiaries (€484 thousand).

6.4 Net financial income/expenses

July 1 to June 30

in € thousand	2021/2022	2020/2021
Interest income	6,806	6,132
Income from other financial assets	42	14
Foreign exchange income	5,394	0
Financial income	12,242	6,145
Interest expense	17,831	16,151
Interest effects from pension provisions	1,162	1,273
Interest expenses for lease liabilities	936	876
Interest expense for other long-term provision	49	38
Foreign exchange losses	16,876	0
Financial expenses	36,855	18,338
Result from equity-accounted financial assets	7,679	17,374
Financial result	**–16,934**	**5,181**

Net financial income/expenses deteriorated compared to prior year, mainly due to net exchange losses from financing activities at the KWS Group, which are carried for the first time in the financial result.

Net income from the equity-accounted joint ventures and associated companies fell sharply compared to prior year due to lower earnings by AGRELIANT GENETICS LLC.

6.5 Taxes

Income tax expenses

in € thousand	2021/2022	2020/2021
Actual income taxes	**37,089**	**36,174**
thereof from previous years	–1,266	6,624
Deferred taxes	**–6,724**	**–4,550**
Income taxes	**30,365**	**31,624**

The KWS Group pays tax in Germany at a rate of 29.7% (29.8%). Corporate income tax of 15.0% (15.0%) and solidarity tax of 5.5% (5.5%) are applied uniformly to distributed and retained profits. In addition, trade tax is payable on profits generated in Germany. Trade income tax is applied at a weighted average rate of 13.9% (14.0%), resulting in a total tax rate of 29.7% (29.8%).

The profits generated by group companies outside Germany are taxed at the rates applicable in the country in which they are based. The tax rates in foreign countries vary between 2.0% (5.0%) and 35.0% (34.4%).

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

Deferred taxes

in € thousand	At 06/30/2021			Movements current year			
	Deferred tax assets	Deferred tax liabilities	Net value	Recognized in profit or loss	Other Comprehensive Income	Currency	Recognized in other comprehensive income
Intangible assets	298	66,858	**–66,559**	7,460	–10	69	59
Property, plant and equipment	276	18,809	**–18,534**	–1,326	–11	–479	–490
Biological assets	0	0	**0**	0	0	0	0
Financial assets	5,062	5,005	**57**	374	–508	75	–433
Inventories	11,757	4,174	**7,583**	1,002	0	–723	–723
Current assets	10,598	11,731	**–1,133**	2,106	–256	–207	–462
Noncurrent liabilities	43,306	5,983	**37,323**	2,788	–10,439	587	–9,852
of which pension provisions	21,316	0	**21,316**	–245	–10,439	40	–10,399
Current liabilities	20,738	3,741	**16,996**	–5,836	0	338	338
Deferred taxes recognized (gross)	**92,034**	**116,302**	**–24,268**	**6,569**	**–11,223**	**–341**	**–11,564**
Tax loss carryforward	5,552	0	**5,552**	154	0	277	277
Setting off	–49,943	–49,943	**0**	0	0	0	0
Deferred taxes recognized (net)	**47,642**	**66,359**	**–18,717**	**6,724**	**–11,223**	**–64**	**–11,287**

Deferred taxes

in € thousand	At 06/30/2022		
	Deferred tax assets	Deferred tax liabilities	Net value
Intangible assets	403	59,443	**–59,040**
Property, plant and equipment	570	20,921	**–20,350**
Biological assets	0	0	**0**
Financial assets	4,326	4,329	**–2**
Inventories	14,838	6,977	**7,861**
Current assets	7,861	7,350	**511**
Noncurrent liabilities	31,699	1,441	**30,258**
of which pension provisions	10,932	260	**10,672**
Current liabilities	13,566	2,067	**11,499**
Deferred taxes recognized (gross)	**73,264**	**102,527**	**–29,263**
Tax loss carryforward	5,983	0	**5,983**
Setting off	–38,543	–38,543	**0**
Deferred taxes recognized (net)	**40,704**	**63,984**	**–23,280**

Due to the use of tax loss carryforwards and tax credits on which no deferred taxes were recognized in the past, the actual tax expense fell by €3 (113) thousand.

There is a deferred tax expense of €514 (2,304) thousand from the allowance for deferred taxes on tax loss carryforwards and temporary differences in the year under review. The first-time recognition of deferred taxes and use of deferred taxes on loss carryforwards that had not previously been recognized result in deferred tax income of €593 (5) thousand.

No deferred taxes were formed for tax loss carryforwards totaling €4,944 (14,337) thousand that have not yet been utilized. Of these, €0 (72) thousand must be utilized within a period of five years. Loss carryforwards totaling €4,944 (14,265) thousand can be utilized without any time limit.

No deferred taxes were recognized on temporary differences totaling €27,929 (25,290) thousand associated with investments in subsidiaries, branches and associated companies, and interests in joint arrangements, where the KWS Group is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

In the year under review, there were surpluses of deferred tax assets from temporary differences and loss carryforwards totaling €18,885 (17,052) thousand at Group companies that made losses in the past period or the previous period. These were considered recoverable, since it is assumed that the companies in question will post taxable profits in the future. The fact is taken into account here that the KWS Group may realize income with a delay due to the long-term nature of research and development spending.

The reconciliation of the expected income tax expense to the reported income tax expense is derived on the basis of the consolidated income before taxes and the nominal tax rate for the Group of 29.7% (29.8%), taking into account the following effects:

Reconciliation of income taxes

in € thousand	2021/2022	2020/2021
Earnings before income taxes	138,124	142,214
Expected income tax expense[1]	**41,031**	**42,422**
Reconciliation with the reported income tax expense		
Differences from the Group’s tax rate	–8,655	–8,313
Effects of changes in the tax rate	–2,375	–8,216
Tax effects from:		
Expenses not deductible for tax purposes and other additions	6,643	6,451
Tax-free income	–6,216	–9,430
Other permanent deviations	–2,975	–353
Reassessment of the recognition and measurement of deferred tax assets	–166	2,186
Tax credits	0	–505
Taxes relating to previous years	–348	8,093
Other effects[2]	3,426	–710
Reported income tax expense	30,365	31,624
Effective tax rate	21.98%	22.24%

[1] Tax rate in Germany: 29.7% (29.8%)
[2] In other effects are €2m from the application of IAS 29 (Hyperinflation) included

The item "Taxes relating to previous periods" also includes the effects of estimating uncertain tax positions in connection with field tax audits at the KWS Group.

Effects from changes in tax rates relate in particular to the Dutch companies. The future realization of recognized deferred taxes for the Netherlands takes into account the influence of research and development activities on the effective tax. Tax rates have also changed in Argentina and Turkey in particular.

There is no definitive tax assessment in respect of several years at the Group. A tax audit in Germany and in a number of other countries has currently not been concluded. Since the KWS Group operates multinationally and there are numerous relationships between affiliated companies, queries on the subject of transfer prices in particular are expected from the local fiscal authorities. The KWS Group believes it has made adequate provisions for these years where the tax assessment is not concluded. As a result of future legislation or changes in the opinions of the fiscal authorities, and allowing for the fact that there is fundamentally some uncertainty in the area of transfer pricing, it is not possible to rule out that there may be tax refunds or payments of tax arrears for past years.

Other taxes, primarily real estate tax, are allocated to the relevant functions.

6.6 Personnel costs/employees

July 1 to June 30

in € thousand	2021/2022	2020/2021
Wages and salaries	282,792	259,697
Social security contributions, expenses for pension plans and benefits	73,052	66,600
Total	**355,844**	**326,297**

Personnel costs went up by 9.1%. The number of employees increased from 4,549 to 4,865, or by 6.9%. Of the 4,865 (4,549) employees, 4,631 (4,307) are permanent employees and 234 (242) are temporary employees. The number of trainees and interns is recorded separately and not included in the headcount. There were 116 (109) apprentices and interns at KWS at June 30, 2022.

Employees (FTE) by region

	2021/2022	2020/2021
Employees (FTE)		
Germany	2,083	1,978
Europe (excluding Germany)	1,590	1,475
North and South America	994	913
Rest of world	199	183
Total	**4,865**	**4,549**
Apprentices and interns	116	109

With our joint ventures and associated companies consolidated proportionately, the number of employees was 5,286 (5,004).

6.7 Share-based payment

Employee Stock Purchase Plan

KWS has an Employee Stock Purchase Plan. All employees who have been with the Company for at least one year without interruption and have an employment relationship that has not been terminated at a KWS Group company that participates in the program are eligible to take part. That also includes employees who are on maternity leave or parental leave or who are in semi-retirement.

Each employee can acquire up to 2,000 shares. A bonus of 20% is deducted from the purchase price, which depends on the price applicable on the key date. The shares are subject to a lock-up period of four years beginning when they are posted to the employee's securities account. The right to a dividend, if declared by KWS SAAT SE & Co. KGaA, exists during the lock-up period. Holders can also exercise their right to participate in the Annual Shareholders' Meeting during the lock-up period. They can dispose freely of the shares after the lock-up period.

In the year under review, 68,998 (76,120) shares were repurchased for the Employee Stock Purchase Plan at a total price of €4,730 (5,558) thousand and transferred directly to the employees. The total cost for issuing shares at a reduced price was €640 thousand in the past fiscal year (previous year: €1,521 thousand).

Long-term incentive (LTI)

The stock-based compensation plans awarded at the KWS Group are recognized in accordance with IFRS 2 "Share-based Payment." The incentive program, which was launched in fiscal 2009/2010, involves stock-based payment transactions with cash compensation, which are measured at fair value at every balance sheet date. Members of the Executive Board are obligated to acquire shares in KWS SAAT SE & Co. KGaA every year in a freely selectable amount ranging between 35% and 50% of the gross performance-related bonus. Along with that, members of the first management level below the Executive Board likewise take part in an LTI program. As part of this program, they are obligated to invest in shares in KWS SAAT SE & Co. KGaA every year in a freely selectable amount ranging between 10% and 40% of the gross performance-related bonus. The shares acquired under the LTI program may be sold at the earliest after a regular holding period of five years beginning at the time they are acquired (end of the quarter in which the shares were acquired). In addition to the shares being unlocked, the entitled persons are paid a long-term incentive (LTI) in the form of cash compensation after the holding period for the tranche in question. Its level is calculated on the basis of KWS SAAT SE & Co. KGaA's share performance and on the KWS Group's return on sales (ROS), measured as the ratio of operating income to net sales, over the holding period. For persons with contracts as of July 1, 2014, the cash compensation for members of the Executive Board is a maximum of one-and-half times (for the Chief Executive Officer two times), and for members of the first management level below the Executive Board a maximum of two times their own investment (LTI cap). The costs of this compensation are recognized in the income statement over the period and, taking the cash compensation in January and February 2022 into account, were €697 (737) thousand in the period under review. The provision for it at June 30, 2022, was €2,780 (2,920) thousand. The LTI fair values are calculated by an external expert.

6.8 Net income for the year

The net income for the year denotes the KWS Group's after-tax profit. It was €107,760 (110,590) thousand on operating income of €155,058 (137,032) thousand and net financial income/expenses of €–16,934 (5,181) thousand and after taxes totaling €30,365 (31,624) thousand. The return on sales (net income for the year relative to net sales) was 7.0% and thus below the previous year (8.4%). Net income for the year after minority interest was €107,760 (110,609) thousand. Diluted/ undiluted earnings per share are calculated by dividing the net income for the year (€107,760 thousand) by 33,000,000 shares and was €3.27 (3.35).

7. Notes to the Consolidated Balance Sheet

7.1 Intangible assets

Intangible assets

in € thousand	Patents, industrial property rights and software	Goodwill	Intangible Assets
Gross book values: 07/01/2021	**477,474**	**122,642**	**600,116**
Currency translation	1,471	848	2,318
Adjustment for hyperinflation IAS 29	29	0	29
Additions	10,725	0	10,725
Disposals	401	0	401
Transfers	–21	0	–21
Transfers held for sale (IFRS 5)	0	500	500
At 06/30/2022	**489,275**	**122,990**	**612,265**
Amortization and impairment: 07/01/2021	**123,773**	**–1**	**123,772**
Currency translation	1,360	0	1,360
Additions	31,469	0	31,469
Disposals	246	0	246
Transfers	–79	0	–79
Gross book values: 06/30/2022	**156,277**	**–1**	**156,276**
Net book values: 06/30/2022	**332,998**	**122,990**	**455,989**
Net book values: 06/30/2021	**353,701**	**122,643**	**476,344**

€ thousand	Patents, industrial property rights and software	Goodwill	Intangible Assets
Gross book values: 07/01/2020	**460,327**	**117,289**	**577,616**
Currency translation	178	403	581
Change in consolidation scope	4,144	4,950	9,094
Additions	12,417	0	12,417
Disposals	3,200	0	3,200
Transfers	3,608	0	3,608
At 06/30/2021	**477,474**	**122,642**	**600,116**
Amortization and impairment: 07/01/2021	**91,966**	**–1**	**91,965**
Currency translation	232	0	232
Additions	33,092	0	33,092
Impairment	2,223	0	2,223
Disposals	3,046	0	3,046
Transfers	–694	0	–694
Gross book values: 06/30/2021	**123,773**	**–1**	**123,772**
Net book values: 06/30/2021	**353,701**	**122,643**	**476,344**
Net book values: 06/30/2020	**368,361**	**117,290**	**485,651**

Intangible assets include purchased varieties, rights to varieties and distribution rights, brands, customer relationships, software licenses for electronic data processing, and goodwill. The current additions of €10,725 (12,417) thousand related to software licenses and patents, as well as ongoing implementation of a new ERP system. Amortization of intangible assets amounted to €31,469 (33,092) thousand. The carrying amount of the technology from acquisition of the POP VRIEND SEEDS Group is €257,907 (266,708) thousand.

The POP VRIEND brand is regarded as having an indefinite useful life, since the KWS Group intends to keep on using it and the period of time in which the brand yields an economic benefit can therefore not be determined. The carrying amount is €20,752 thousand, as in the previous year. The recoverable amount of the POP VRIEND brand was calculated in fiscal 2021/2022 by applying the value in use at the level of the relevant cash-generating unit of the POP VRIEND Group. In the previous year, the recoverable amount for the POP VRIEND brand was assessed separately using the license price analogy method due to the fact that the POP VRIEND Group had been acquired recently. In determining the value in use of the POP VRIEND cash-generating unit, the forecast cash flows of the budgeting and medium-term and long-term planning are used in accordance with the technology assets' remaining useful life of 27 years. The planning is based on the long-term expectations of the POP VRIEND Group with average annual net sales growth in the mid single-digit range, an average operating margin in the mid double-digit range and using a WACC before taxes of 6.26% (5.24%). Sensitivity analyses were also carried out, in which a 10% reduction in future net sales and a 10% increase in the cost of capital were assumed. The sensitivity analyses did not reveal the need to recognize an impairment loss.

Goodwill and intangible assets with an indefinite useful life obtained as part of company acquisitions are tested for impairment at least once a year. To enable that, cash-generating units have been defined in line with internal budgeting and reporting processes. In the KWS Group, these are the Business Units. To test for impairment, the carrying amount of each Business Unit is determined by allocating the assets and liabilities, including attributable goodwill and intangible assets. An impairment loss is recognized if the recoverable amount of a Business Unit is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use of a cash-generating unit. The recoverable amount in fiscal 2021/2022 was determined on the basis of the value in use of the respective cash-generating unit excluding the Business Unit Vegetables.

The impairment test uses the expected future cash flows on which the medium-term plans of the companies, which are grouped in segments, are based; these plans, which cover a period of four years in general, have been approved by the Executive Board. They are based on historical patterns and expectations about future market development and include an allocation of the KWS Group's corporate units.

For all Business Units for which the recoverable amount is calculated by means of the value in use, the key assumptions on which corporate planning is based include assumptions about price trends for seed, in addition to the development of market shares and the regulatory framework. In this connection, average net sales growth in the mid single-digit percentage range has been assumed for the KWS Group's detailed planning horizon. Company-internal projections take the assumptions of industry-specific market analyses, company-related growth perspectives and appropriate cost efficiencies into account.

The recoverable amount for the Business Unit Vegetables is calculated as the fair value less costs to sell. Measurement is based on the present value of future cash flows derived from planning (fair value hierarchy level 3). This takes into account not only the medium-term but also the long-term net sales and earnings expectations from establishment of KWS' vegetable breeding operations. For this reason, the estimate of future cash flows covers a long-term period extending beyond the basic detailed planning period until a stable state is reached in fiscal 2039/2040. Further important foundations were laid for the Business Unit's future long-term growth in fiscal 2021/2022. The Company is working to establish its own breeding stations for tomatoes, peppers, melons and watermelons at its locations in Brazil and Mexico. The focus of vegetable breeding in Spain is on tomatoes, cucumbers and peppers. In addition to the long-term developments in the Business Unit Vegetables, we also assume that the market environment for existing vegetable seed crops, particularly for spinach seed, will soon recover. Accordingly, we expect a significant year-on-year increase in net sales as early as fiscal 2022/2023.

The discount rate at the KWS Group has been derived as the weighted average cost of capital (WACC).

WACC before taxes

Business Unit in %	2021/2022	2020/2021
Corn America	9.92	8.63
Corn Europe/Asia	8.14	7.08
Sugarbeet	7.73	7.02
Cereals	7.78	6.85
Vegetables	6.13	7.29

The change in the WACC before taxes of the Business Unit Corn America is mainly attributable to the increase in the underlying country risk premium. A long-term growth rate of 1.5% (1.5%) has been assumed here for all Business Units beyond the detailed planning horizon in order to allow for extrapolation in line with the expected inflation rate.

The impairment tests conducted at the end of fiscal year 2021/2022 confirmed that the existing goodwill is not impaired.

Goodwill

in € thousand	06/30/2022	06/30/2021
Vegetables	99,576	100,076
Corn America	17,020	16,185
Cereals	3,984	3,989
Others	2,411	2,392
Total	**122,991**	**122,643**

Sensitivity analyses were also carried out for all cash-generating units to which goodwill is allocated. As part of that, it was assumed that the future cash flows would fall by 10%, the weighted average cost of capital would increase by 10% and the long-term growth rate would fall by 1 percentage point. The sensitivity analyses did not reveal the need to recognize an impairment loss for any cash-generating unit.

7.2 Property, plant, and equipment

Reconciliation of carrying amount of property, plant and equipment

in € thousand	Land and buildings	Technical equipment and machinery	Operating and office equipment	Prepayments for assets under construction	Property, plant and equipment
Gross book values: 07/01/2021	**420,204**	**307,538**	**131,760**	**49,349**	**908,851**
Currency translation	6,513	4,537	2,457	9,564	23,071
Adjustment for hyperinflation IAS 29	8,893	8,249	2,745	273	20,159
Additions	18,620	21,154	10,505	32,496	82,775
Disposals	338	1,551	2,577	221	4,687
Transfers	20,768	31,427	3,045	–55,292	–51
At 06/30/2022	**474,660**	**371,355**	**147,935**	**36,168**	**1,030,118**
Depreciation and impairment: 07/01/2021	**125,987**	**188,509**	**88,089**	**0**	**402,585**
Currency translation	2,251	4,638	2,014	0	8,903
Adjustment for hyperinflation IAS 29	2,258	4,685	1,387	0	8,329
Additions	13,587	22,837	11,845	0	48,270
Disposals	97	1,380	2,368	0	3,845
Transfers	–546	553	0	0	7
Gross book values: 06/30/2022	**143,440**	**219,842**	**100,967**	**0**	**464,248**
Net book values: 06/30/2022	**331,220**	**151,513**	**46,968**	**36,168**	**565,870**
Net book values: 06/30/2021	**294,218**	**119,029**	**43,671**	**49,349**	**506,266**

in € thousand	Land and buildings	Technical equipment and machinery	Operating and office equipment	Prepayments for assets under construction	Property, plant and equipment
Gross book values: 07/01/2020	**389,360**	**299,341**	**130,179**	**36,889**	**855,769**
Currency translation	–6,103	–5,426	–1,994	–214	–13,738
Adjustment for hyperinflation IAS 29	3,028	1,964	1,171	–260	5,904
Change in consolidation scope	10	20	11	0	40
Additions	13,768	11,520	10,386	33,246	68,920
Disposals	1,303	6,312	2,593	131	10,340
Transfers	21,444	6,431	–5,400	–20,181	2,295
At 06/30/2021	**420,204**	**307,538**	**131,760**	**49,349**	**908,851**
Depreciation and impairment: 07/01/2020	**105,120**	**174,559**	**81,912**	**0**	**361,591**
Currency translation	–999	–2,790	–830	0	–4,619
Adjustment for hyperinflation IAS 29	637	730	593	0	1,961
Additions	12,801	21,481	11,701	0	45,983
Disposals	1,011	5,616	2,302	0	8,929
Transfers	9,438	145	–2,986	0	6,597
Gross book values: 06/30/2021	**125,987**	**188,509**	**88,089**	**0**	**402,585**
Net book values: 06/30/2021	**294,218**	**119,029**	**43,671**	**49,349**	**506,266**
Net book values: 06/30/2020	**284,240**	**124,782**	**48,267**	**36,889**	**494,178**

The main focus of the KWS Group's capital spending in the year under review was again on erecting and expanding production and research and development capacities. A sugarbeet seed production plant was completed in Russia. Investments were also made in warehouses in Italy and Germany. Expansion of drying and production capacities for corn seed was continued in South America, especially in Brazil. Investments were also made in new breeding capacities in Spain and Mexico.

First-time application of IAS 29 in Turkey results in an effect on the opening balance sheet values of the net carrying amounts for property, plant, and equipment totaling €3,235 thousand (of which gross carrying amounts are €6,068 thousand and depreciation is €2,833 thousand).

7.3 Equity-accounted financial assets

Equity-accounted joint ventures

The joint ventures AGRELIANT GENETICS LLC. and AGRELIANT GENETICS INC., which the KWS Group operates together with its joint venture partner Vilmorin, are recognized at equity. They are both classified together as significant joint ventures.

The joint ventures AGRELIANT GENETICS LLC. and AGRELIANT GENETICS INC. are closely affiliated operating units. The main business activity of the two joint ventures is the production and sale of corn and soybean seed in North America.

The following disclosures relate to the two joint ventures, which KWS runs with its joint venture partner Vilmorin and an identical management team.

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

in € thousand	06/30/2022	06/30/2021
Stake in the joint ventures	50%	50%
Current assets	346,361	275,652
thereof cash and cash equivalents	43,488	32,584
Noncurrent assets	230,509	213,537
Current liabilities	255,197	194,684
thereof current financial liabilities (excluding trade payables and other liabilities and provisions)	119,850	105,527
Noncurrent liabilities	4,576	2,646
Net assets (100%)	317,096	291,859
Group share of net assets (50%)	158,548	145,929
Goodwill	8,802	8,802
Carrying amount for the stake in the joint ventures	**167,350**	**154,731**
Net sales	512,158	466,908
Depreciation and amortization	26,772	26,207
Net income for the year	7,286	24,070
Comprehensive income (100%)	39,995	21,062
Comprehensive income (50%)	19,997	10,531
Group share of comprehensive income	**19,997**	**10,531**
Dividend payment (100%)	**13,624**	**5,837**

In addition, FARMDESK B.V. was included as an insignificant joint venture in the KWS Group's consolidated financial statements using the equity method.

Equity-accounted associated companies

In the year under review, the Chinese joint venture KENFENG – KWS SEED CO., LTD. was classified as a significant associated company and is included in the KWS Group's consolidated financial statements using the equity method.

Disclosures on significant associated companies accounted for using the equity method

in € thousand	06/30/2022	06/30/2021
Stake in the associated company	49%	49%
Current assets	28,046	28,657
thereof cash and cash equivalents	22,552	11,493
Noncurrent assets	15,884	15,864
Current liabilities	7,047	8,087
Noncurrent liabilities	156	124
Net assets (100%)	36,728	36,309
Group share of net assets (49%)	17,996	17,792
Carrying amount for the stake in the associated company	**17,996**	**17,792**
Net sales	40,813	42,770
Depreciation and amortization	1,793	1,566
Net income for the year	8,948	11,333
Comprehensive income (100%)	12,350	10,125
Comprehensive income (49%)	6,051	4,961
Group share of comprehensive income	**6,051**	**4,961**
Dividend payment (100%)	**11,933**	**5,491**

In addition, IMPETUS AGRICULTURE, INC. was also included as an insignificant associated company in the KWS Group's consolidated financial statements at a carrying amount of €637 (851) thousand using the equity method.

7.4 Proportionately consolidated joint operations

The assets and liabilities and revenue and expenses from the joint operations are included proportionately (at 50%) in the consolidated financial statements. The main activity of the proportionately consolidated GENECTIVE S.A., including its subsidiaries, is development of genetically improved traits for crops. The proportionately consolidated joint operation AARDEVO B.V., including its subsidiary, specializes in developing potato seed.

7.5 Financial assets

This item mainly comprises the investments in the capital investment fund MLS Capital Fund II (financing of projects / access to biotechnology developments) totaling €9,435 (8,777) thousand, which are measured at fair value through other comprehensive income due to the long-term nature of the investment. The remainder relates to a large number of financial investments that – taken individually – are insignificant, such as other interest-bearing loans, shares in cooperatives, and other securities.

7.6 Inventories and biological assets

Inventories and biological assets

in € thousand	06/30/2022	06/30/2021
Raw materials and consumables	66,423	43,721
Work in progress	152,619	114,042
Immature biological assets	8,955	5,546
Finished goods	132,766	106,118
Right of return	2,810	2,725
Total	**363,573**	**272,152**

Inventories and biological assets increased by €91,421 thousand or 33.6%. Immature biological assets relate to living plants in the process of growing (before harvest) at the farms. The field inventories of the previous year have been harvested in full and the fields have been newly tilled in the year under review. Government subsidies of €1,083 (1,744) thousand, for which all the requirements were met at the balance sheet date, were granted for agricultural activity in the fiscal year. Future government subsidies depend on the further development of European agricultural policy.

7.7 Current receivables and other assets

Current receivables and other assets

in € thousand	06/30/2022	06/30/2021
Trade receivables	518,508	449,501
Current tax assets	124,475	91,546
Other current financial assets	55,257	40,592
Other current assets	63,524	34,488
Total	**761,764**	**616,127**

The trade receivables include €13,955 (12,999) thousand in receivables from joint ventures and joint operations.

The need to recognize impairment losses at June 30, 2022, was analyzed using the provision matrix on the basis of the expected losses. To enable that, the receivables were grouped by geographical region and the length of time they were overdue and multiplied by appropriate default rates. Receivables that are overdue by more than 360 days and are no longer subject to an enforcement measure have been classified as uncollectible and written off in full.

The maximum exposure to the risk of default from trade receivables is the carrying amount reported on the balance sheet and is as follows at June 30, 2022:

Credit risk exposure on trade receivables

in € thousand					
	Overdue in days				
	not overdue	1–180 days	181–360 days	> 360 days	Total
06/30/2022					
Expected credit loss rate	1.00%	2.00%	38.00%	87.00%	
Total gross amount at default	463,920	52,613	6,231	22,019	544,783
Expected credit loss	**3,567**	**1,198**	**2,393**	**19,116**	**26,274**
06/30/2021					
Expected credit loss rate	1.00%	4.00%	53.00%	99.00%	
Total gross amount at default	397,702	54,204	7,260	21,316	480,482
Expected credit loss	**3,839**	**2,094**	**3,872**	**21,177**	**30,982**

The credit risks were reflected by the following allowances at June 30, 2022, and in the previous year:

Change in allowances on receivables

in € thousand	2021/2022	2020/2021
07/01	**30,981**	**33,848**
Changes in consolidation scope and exchange rates	–1,084	993
Addition	5,832	5,947
Disposal	208	6,328
Reversal	9,247	3,479
06/30	**26,274**	**30,981**

The current tax assets of €124,475 (91,546) thousand mainly comprise value-added tax claims, tax subsidies from research and development, and receivables from other taxes.

Other current financial assets include deposited security related to derivative positions totaling €1,243 (0) thousand.

Other current assets include advance payments made on account totaling €52,317 (25,108) thousand.

7.8 Cash and cash equivalents

This item comprises cash and cash equivalents in the form of cash on hand, checks, and immediately available balances at banks, as well as securities.

Cash and cash equivalents at June 30, 2022, were €203,613 (177,169) thousand. Securities at the balance sheet data amounted to €51 (45,577) thousand.

As in the previous year, the annual impairment test of cash and cash equivalents did not result in any need to recognize impairment losses.

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

At June 30, 2022, the KWS Group had undrawn promised loan facilitates totaling €379,000 (250,000) thousand.

7.9 Equity

The fully paid-up capital of KWS remains €99,000 thousand. The no-par bearer shares are certificated by a global certificate for 33,000,000 shares. The Company does not hold any shares of its own. KWS has Authorized Capital of up to €9,900 thousand at the balance sheet date.

The capital reserves essentially comprise the premium obtained as part of share issues.

The other reserves and net retained profit essentially comprise the net income generated in the past by the companies included in the consolidated financial statements, minus dividends paid to shareholders, and the net retained profit. The reserve for currency translation, the reserve for remeasurement gains and losses on defined benefit plans, the reserve for currency translation for equity-accounted financial assets, the reserve for the changes in value of the cash flow hedges of the equity-accounted joint ventures, and the reserve for revaluation of at equity instruments (with changes in value in the other comprehensive income) are also comprised here. Differences from translation of the functional currency of foreign business operations into the currency used by the Group in reporting (euro) are carried in the item Reserve from currency translation differences on foreign operations. The item Revaluation of net liabilities/assets from defined benefit plans includes the actuarial gains and losses on defined benefit plans. Differences from translation of the functional currency of equity-accounted foreign business units into the currency used by the Group in reporting (euro) are carried in the reserve for currency translation for equity-accounted financial assets.

The other changes in equity include effects from the hyperinflation of the equity components of the subsidiaries in Argentina and Turkey in accordance with IAS 29. First-time application of IAS 29 in Turkey results in an effect on the opening balance sheet values for the Group's equity totaling €3,702 thousand.

Other comprehensive income

in € thousand		2021/2022			2020/2021	
	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Items that may have to be subsequently reclassified as profit or loss	**54,473**	**0**	**54,473**	**–39,905**	**0**	**–39,905**
Changes in reserve for currency translation differences on foreign operations	36,452	0	36,452	–38,993	0	–38,993
Changes on reserve for currency translation differences on at equity accounted financial assets	18,021	0	18,021	–912	0	–912
Items not reclassified as profit or loss	**36,967**	**–10,694**	**26,274**	**8,813**	**–2,074**	**6,738**
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	657	–107	550	3,300	–635	2,666
Revaluation of net liabilities/assets from defined benefit plans	36,310	–10,587	25,723	5,513	–1,439	4,073
Other comprehensive income	**91,440**	**–10,694**	**80,746**	**–31,092**	**–2,074**	**–33,167**

The objective of the KWS Group's capital management activities is to pursue the interests of shareholders and employees in accordance with the corporate strategy and earn a reasonable return on investment. The KWS Group is not subject to any external minimum capital requirements. One main goal is to retain the trust of investors, lenders and the market so as to strengthen the Company's future business development. The KWS Group's capital management activities intend to optimize the average cost of capital. Another goal is a balanced mix of equity and debt capital. Consolidated net income for the year (after taxes and minority interests) is €107,760 (110,609) thousand. However, there was a total dividend payout of €26,400 (23,100) thousand in December 2021. This ensures the adequate financing of future operating business expansion in the long term.

Capital structure

in € thousand	06/30/2022	06/30/2021
Equity	**1,245,911**	**1,053,718**
Long-term financial borrowings	613,588	601,080
Other noncurrent liabilities	200,577	237,929
Short-term borrowings	111,991	97,225
Other noncurrent liabilities	479,728	386,791
Total capital	**2,651,796**	**2,376,743**
Equity ratio (%)	**47.0**	**44.3**

The focus in selecting financial instruments is on financing with matching maturities, which is achieved by controlling the maturities. Long-term financial borrowings increased by €12,508 thousand (previous year: increase of €79,336 thousand).

7.10 Minority interests

There are no minority interests in the KWS Group at June 30, 2022.

7.11 Noncurrent liabilities

Noncurrent liabilities decreased by €24,844 thousand (previous year: increase of 43,544 thousand). A borrower's note loan totaling €37,000 thousand was repaid during the fiscal year. Consequently, the remaining liabilities from borrower's note loans, using the effective interest method, were €309,662 thousand at June 30, 2022, and have remaining maturities through 2029.

Noncurrent liabilities

in € thousand	06/30/2022	06/30/2021
Long-term provisions	95,225	132,500
Long-term borrowings	613,588	601,080
Trade payables[1]	304	242
Deferred tax liabilities	63,984	66,359
Other noncurrent financial liabilities[1]	0	62
Lease liabilities	37,228	37,465
Other noncurrent liabilities[1]	3,837	1,301
Total	**814,165**	**839,009**

1 These positions are shown consolidated in the balance sheet.

Long-term provisions

in € thousand	06/30/2021	Changes in the consolidated group, currency	Interest expenses from compounding	Addition	Adjustment not affecting profit or loss	Consumption	Reversal	06/30/2022
Pension provisions	122,388	727	1,173	1,898	–36,310	4,239	0	85,638
Other provisions	10,111	–26	49	7,242	0	7,583	207	9,587
Total	**132,500**	**701**	**1,222**	**9,140**	**–36,310**	**11,822**	**207**	**95,224**

The pension provisions are based on defined benefit obligations, determined by years of service and pensionable compensation. They are measured using the accrued benefit method under IAS 19, on the basis of assumptions about future development. The assumptions in detail are that wages and salaries in Germany will increase by 3.00% (3.00%) annually, in the U.S. by 4.50% (3.50%) annually and in the rest of the world by 2.63% to 7.00% (2.00% to 2.10%) annually. An annual increase in pensions of 2.00% (2.00%) is assumed in Germany. The discount rate in Germany was 3.20% compared with 0.89% the year before, 4.65% in the U.S. compared with 2.95% the year before, and between 2.74% and 7.00% (0.25% and 1.65%) in the rest of the world.

The following mortality tables were used at June 30, 2022:

- In Germany: The 2018 G mortality table of Klaus Heubeck
- Abroad: Mainly Pri–2012 Private Retirement Plans Mortality Table Projection Scale MP–2021 and INSEE TD/TV 15–17.

A retirement age of 65 years is imputed for Germany, a retirement age of 65 years is imputed for the U.S., and a retirement age of 66 years is imputed for France.

Nature and scope of the pension benefits

In Germany

The following benefits are provided under a company agreement relating to the Company retirement pension program:

- An old-age pension at the age of 65
- An early retirement pension before the age of 65, coupled with benefits from the early retirement pension from the statutory pension insurance program
- An invalidity pension for persons who suffer from occupational disability or incapacity to work as defined by the statutory pension insurance program
- A widow's or widower's pension

For benefit obligations backed by a guarantee by an insurance company toward three former members of the Executive Board, the plan assets of €7,064 (8,776) thousand correspond to the present value of the obligation. In accordance with IAS 19, the pension commitments are netted off against the corresponding plan assets.

Abroad

The defined benefit obligations abroad mainly relate to pension commitments in the U.S. Share funds and bonds were mainly invested as plan assets to cover them. All employees who have reached the age of 21 are entitled to benefits. In addition, each employee must have worked at least one year and at least 1,000 working hours to earn an entitlement.

The legal and regulatory framework of the pension plan in the U.S. is based on the U.S. Employee Retirement Income Security Act (ERISA), which sets minimum standards for pension plans, including the minimum funding level. In accordance with U.S. regulations, the funding level is determined on the basis of a regular assessment in order to avoid benefit restrictions.

The following benefits are granted from the pension plan:

- An old-age pension at the age of 65
- An early retirement pension before the age of 65 – to be eligible, the employee must be at least 55 and the minimum vesting period is five years
- A pro-rata pension if the employee reaches the minimum vesting period of five years, but is below 55.

The pension plans are mainly subject to the following risks:

Investment and return

The present value of the defined benefit obligation from the pension plan is calculated using a discount rate defined on the basis of the returns on high-quality fixed-income corporate bonds. If the income from the plan assets is below this rate of interest, that may result in general in a shortfall in the plan. The corporate bonds and share funds are chosen to ensure risk diversification and managed by an external fund manager.

Change in interest rates

The fall in the returns on corporate bonds and thus the discount rate will result in an increase in the obligations, which is only partly compensated for by a change in the value of the plan assets.

Life expectancy

The present value of the defined benefit obligation from the plan is calculated on the basis of the best-possible estimate using mortality tables. An increase in the life expectancy of the entitled employees results in an increase in the plan liabilities.

Salary and pension trends

The present value of the defined benefit obligation from the plan is calculated on the basis of future salaries/pensions. Consequently, increases in the salary and pension of the entitled employees results in an increase in the plan liabilities.

In previous years, the KWS Group countered the usual risks of direct obligations by converting the pension obligations from defined benefit to defined contribution plans. As a result, subsequent benefits will be provided by a provident fund backed by a guarantee. The existing obligations, which are partly covered by plan assets, are funded from the operating cash flow and are subject to the previously mentioned measurement risks.

Changes in accrued benefit entitlements

in € thousand		2021/2022			2020/2021	
	Germany	Abroad	Total	Germany	Abroad	Total
Accrued benefit entitlements from retirement obligations on July 1	**122,864**	**32,007**	**154,871**	**127,760**	**32,318**	**160,078**
Service cost	748	2,037	2,785	789	1,723	2,512
Interest expense	1,072	964	2,036	1,099	789	1,888
Actuarial gains (–)/losses (+)	–32,993	–8,584	–41,577	–1,650	–474	–2,125
of which due to a change in financial assumptions used for calculation	–32,079	–7,924	–40,003	–758	–435	–1,193
of which due to demographic assumptions	0	130	130	0	–878	–878
of which due to experience adjustments	–914	–790	–1,705	–892	838	–54
Pension payments made	–4,823	–893	–5,716	–5,133	–736	–5,870
Exchange rate changes	0	3,801	3,801	0	–1,644	–1,644
Other changes in value	0	0	0	0	32	32
Accrued benefit entitlements from retirement obligations on June 30	**86,868**	**29,332**	**116,199**	**122,864**	**32,007**	**154,871**

Change in planned assets

in € thousand		2021/2022			2020/2021	
	Germany	Abroad	Total	Germany	Abroad	Total
Fair value of the planned assets on July 1	**8,776**	**23,707**	**32,483**	**10,361**	**20,620**	**30,981**
Interest income	75	787	863	85	529	614
Income from planned assets excluding amounts already recognized as interest income	–1,164	–4,103	–5,266	–997	4,385	3,388
Pension payments made	–624	–769	–1,392	–673	–639	–1,312
Contributions to plan assets	0	886	886	0	0	0
Exchange rate changes	0	3,073	3,073	0	–1,134	–1,134
Other changes in value	0	–85	–85	0	–54	–54
Fair value of the planned assets on June 30	**7,064**	**23,496**	**30,561**	**8,776**	**23,707**	**32,483**

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

Reconciliation with the balance sheet values for pensions

in € thousand		2021/2022			2020/2021	
	Germany	Abroad	Total	Germany	Abroad	Total
Accrued benefit entitlements from retirement obligations on June 30	86,867	29,332	116,199	122,864	32,007	154,871
Fair value of the planned assets on June 30	7,064	23,496	30,561	8,776	23,706	32,482
Balance sheet values on June 30	**79,803**	**5,836**	**85,638**	**114,088**	**8,301**	**122,389**

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

Effects on the statement of comprehensive income

n € thousand		2021/2022			2020/2021	
	Germany	Abroad	Total	Germany	Abroad	Total
Service cost	748	2,037	2,785	789	1,723	2,512
Net interest expense (+)/income (–)	996	177	1,173	1,013	260	1,274
Amounts recognized in the income statement	**1,744**	**2,214**	**3,958**	**1,802**	**1,983**	**3,785**
Gains (–)/losses (+) from revaluation of the planned assets (excluding amounts already recognized as interest income)	1,164	4,103	5,266	997	–4,385	–3,388
Actuarial gains (–)/losses (+) due to a change in financial assumptions used for calculation	–32,079	–7,924	–40,003	–758	–878	–1,636
Actuarial gains (–)/losses (+) due to a change in demographic assumptions	0	130	130	0	–435	–435
Actuarial gains (–)/losses (+) due to experience adjustments	–914	–790	–1,705	–892	838	–54
Amounts recognized in other comprehensive income	**–31,829**	**–4,481**	**–36,311**	**–653**	**–4,859**	**–5,513**
Total (amounts recognized in the statement of comprehensive income)	**–30,085**	**–2,268**	**–32,353**	**1,149**	**–2,876**	**–1,727**

The service cost is recognized in operating income in the respective functional areas by means of an appropriate formula. Net interest expenses and income are carried in the interest result.

The fair value of the plan assets was split over the following investment categories:

Breakdown of the planned assets by investment category

in € thousand		2021/2022			2020/2021	
	Germany	Abroad	Total	Germany	Abroad	Total
Corporate bonds		6,714	6,714		6,398	6,398
Equity funds		15,283	15,283		15,714	15,714
Consumer industry		2,486	2,486		2,874	2,874
Finance		2,411	2,411		2,391	2,391
Industry		1,646	1,646		1,808	1,808
Technology		2,871	2,871		2,950	2,950
Health care		1,954	1,954		1,897	1,897
Other		3,915	3,915		3,794	3,794
Cash and cash equivalents		1,499	1,499		1,595	1,595
Reinsurance policies	7,064		7,064	8,776		8,776
Planned assets on June 30	**7,064**	**23,496**	**30,560**	**8,776**	**23,707**	**32,483**

The plan assets abroad relate mainly to the U.S.

There is no active market for the reinsurance policies in Germany. There is an active market for the other plan assets: The fair value can be derived from their stock market prices. 69.24% (previous year: 65.81%) of the corporate bonds have an AAA rating.

The following sensitivity analysis at June 30, 2022, shows how the present value of the obligation would change given a change in the actuarial assumptions. No correlations between the individual assumptions were taken into account in this, i.e. if an assumption varies, the other assumptions were kept constant. The projected unit credit method used to calculate the balance sheet values was also used in the sensitivity analysis.

Sensitivity analysis

in € thousand		Effect on obligation in 2021/2022			Effect on obligation in 2020/2021	
	Change in assumption	Decrease	Increase	Change in assumption	Decrease	Increase
Discount rate	+/–100 bps[1]	16,954	–13,600	+/–100 bps[1]	27,767	–21,655
Anticipated annual pay increases	+/–50 bps	–887	961	+/–50 bps	–1,263	1,361
Anticipated annual pension increase	+/–25 bps	–2,127	2,215	+/–25 bps	–3,585	3,755
Life expectancy	+/–1 year	–3,315	3,357	+/–1 year	–5,510	5,656

1 Lower limit 0%

The following undiscounted payments for pensions (with their due dates) are expected in the following years:

Anticipated payments for pensions

in € thousand			2021/2022
	Germany	Abroad	Total
2022/2023	4,854	1,142	5,997
2023/2024	4,917	1,118	6,035
2024/2025	4,929	1,339	6,268
2025/2026	4,864	1,314	6,178
2026/2027	4,855	1,484	6,338
2027/2028–2031/2032	24,136	9,120	33,256

Anticipated payments for pensions

in € thousand			2020/2021
	Germany	Abroad	Total
2021/2022	4,936	933	5,869
2022/2023	4,955	995	5,950
2023/2024	5,005	1,012	6,017
2024/2025	4,990	1,207	6,197
2025/2026	4,929	1,238	6,166
2026/2027–2030/2031	24,373	8,039	32,412

The weighted average time at which the pension obligations are due is 12.7 (15.5) years in Germany and 18.0 (21.0) years abroad.

Defined contribution plans

Apart from the above-described pension obligations, there are other old-age pension systems. However, no provisions have to be recognized for them, since there are no further obligations above and beyond payment of the contributions (defined contribution plans). These comprise benefits that are funded solely by the employer and allowances for conversion of earnings by employees.

The total pension costs for fiscal 2021/2022 were as follows:

Pension costs

in € thousand		2021/2022			2020/2021	
	Germany	Abroad	Total	Germany	Abroad	Total
Cost for defined contribution plans	3,467	881	4,348	2,855	838	3,693
Service cost for the defined benefit obligations	748	2,037	2,785	789	1,723	2,512
Pension costs	**4,215**	**2,918**	**7,132**	**3,643**	**2,561**	**6,204**

In addition, contributions of €15,724 (15,799) thousand were paid to statutory pension insurance institutions.

The costs for defined contribution plans in Germany mainly related to the provident fund backed by a guarantee. The contributions to this pension plan were €3,212 (2,968) thousand. In addition, the benefit obligation from salary conversion was backed by a guarantee that exactly matches the present value of the obligation of €5,584 (5,223) thousand.

Other provisions

The other provisions mainly comprise provisions by the German companies for semi-retirement and loyalty bonuses.

7.12 Current liabilities

Current liabilities

in € thousand	06/30/2022	06/30/2021
Short-term provisions	**41,878**	**39,455**
Current liabilities to banks	107,256	92,694
Other current financial liabilities	4,735	4,531
Short-term borrowings	**111,991**	**97,225**
Trade payables	**201,702**	**153,748**
Tax liabilities	**25,313**	**31,503**
Other current financial liabilities	**41,857**	**14,203**
Lease liabilities	**11,923**	**10,961**
Other current liabilities	**106,679**	**111,687**
Contract liabilities	**50,377**	**25,234**
Total	**591,719**	**484,016**

Trade payables include liabilities of €519 (301) thousand resulting from reverse factoring agreements between suppliers and financial institutions. There is no change in presentation, as such liabilities continue to constitute debts for the payment of goods received or delivered and are realized within the normal business cycle.

The tax liabilities of €25,313 (31,503) thousand include amounts for the year under review and the period for which the external tax audit has not yet been concluded. Of that figure, income taxes account for €13,931 (21,377) thousand and other taxes (in particular value-added tax) account for €11,382 (10,125) thousand.

The increase in contract liabilities to €50,377 (25,234) thousand is mainly due to advance payments received from our customers in Eastern Europe in connection with seed deliveries for the upcoming sales season. Advance payments received are always recognized as revenues in the next fiscal year. Contract liabilities increased from €19,191 thousand in the previous year to €25,234 thousand.

Short-term provisions

in € thousand	06/30/2021	Changes in the consolidated group, currency	Addition	Consumption	Reversal	06/30/2022
Obligations from sales transactions	16,950	793	4,481	8,948	304	12,972
Other obligations	22,505	500	20,190	12,766	1,522	28,907
Total	**39,455**	**1,292**	**24,671**	**21,714**	**1,826**	**41,878**

The obligations from sales transactions essentially relate to guarantees, obligations for services received that have not been invoiced (licenses) and sales commission obligations, where they are not contained in the trade payables. The other obligations relate to litigation risks, provisions from procurement transactions, such as compensation for breeding areas, and other provisions that cannot be assigned to the group of sales transactions.

7.13 Hedging instruments and derivative financial instruments

Hedging transactions

in € thousand	06/30/2022			06/30/2021		
	Nominal volume	Net book values	Fair value	Nominal volume	Net book values	Fair value
Currency hedges	18,988	1,003	1,003	16,634	205	205
Interest-rate hedges	0	0	0	8,000	–62	–62
Commodity hedges	14,920	–567	–567	0	0	0
Total	**33,908**	**436**	**436**	**24,634**	**143**	**143**

Currency hedges have a remaining maturity of up to four years. All commodity derivatives have a maturity of less than one year.

7.14 Financial instruments

In general, the fair values of financial assets and liabilities are calculated on the basis of the market data available on the balance sheet date and are assigned to one of the three hierarchy levels in accordance with IFRS 13. The principal market, i.e. the market with the largest volume of trading and the greatest business activity, is used to calculate the fair value. If this market does not exist for the asset or liabilities in question, the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability, after taking into account transaction costs, is used. These are active and accessible markets for identical assets and liabilities, where the fair value results from quoted prices that are observable (level 1 input factors).

The KWS Group has commodity derivatives that are assigned to level 1 in the current fiscal year.

The level 2 input factors relate to equity instruments (fund shares) and derivative financial instruments that have been concluded between Group companies and banks. The fair values of such financial instruments are measured on the basis of market data that is directly or indirectly connected with the financial instrument. The level 3 input factors cannot be derived from observable market information. There were no reclassifications between the levels in the fiscal year.

The carrying amounts and fair values of the financial assets (financial instruments), split into the measurement categories in accordance with IFRS 9, are as follows:

06/30/2022

in € thousand	Financial assets				
	Fair values	Carrying amounts			
		At amortized cost	At fair value through other comprehen-sive income	At fair value through profit and loss	Total carrying amount
Financial assets					
Financial assets	10,104	2	10,102	0	10,104
Other non-current receivables	14,388	12,981	0	1,408	14,388
of which derivative financial instruments	1,408	0	0	1,408	1,408
Trade receivables	518,508	518,508	0	0	518,508
Cash and cash equivalents	203,664	203,664	0	0	203,664
Other current financial assets	55,257	55,049	0	208	55,257
of which derivative financial instruments	208	0	0	208	208
Total	**801,922**	**790,204**	**10,102**	**1,616**	**801,922**

06/30/2021

in € thousand					Financial liabilities
	Fair values				Carrying amounts
		At amortized cost	At fair value through other comprehen-sive income	At fair value through profit and loss	Total carrying amount
Financial assets					
Financial assets	9,433	2	9,433	0	9,436
Other non-current receivables	7,330	7,330	0	0	7,330
Trade receivables	449,501	449,501	0	0	449,501
Cash and cash equivalents	222,745	222,745	0	0	222,745
Other current financial assets	40,592	40,352	0	239	40,592
of which derivative financial instruments	239	0	0	239	239
Total	**729,602**	**719,932**	**9,433**	**239**	**729,604**

The financial assets and derivative financial instruments are measured and carried at fair value. The fair value of the long-term fund shares contained in the financial assets is measured using generally accepted methods based on directly and indirectly observable market inputs.

The fair value of currency derivatives is the present values of the payments related to these balance sheet items. These instruments are mainly forward exchange and currency swap deals. They are measured on the basis of quoted exchange rates and yield curves available from the market data and allowing for counterparty risks. Commodity derivatives are mainly measured on the basis of current market prices.

The carrying amounts and fair values of the financial liabilities (financial instruments), split into the measurement categories in accordance with IFRS 9, are as follows:

06/30/2022

in € thousand	Financial liabilities			
	Fair values	Carrying amounts		
		At amortized cost	At fair value through other comprehen-sive income	Total carrying amount
Financial liabilities				
Long-term borrowings	567,555	613,588	0	613,588
Long-term trade payables	304	304	0	304
Short-term borrowings	111,991	111,991	0	111,991
Short-term trade payables	201,702	201,702	0	201,702
Other current financial liabilities	41,857	40,677	1,180	41,857
of which derivative financial instruments	1,180	0	1,180	1,180
Total	**923,410**	**968,263**	**1,180**	**969,443**

06/30/2021

in € thousand	Financial liabilities			
	Fair Values	Carrying amounts		
		At amortized cost	At fair value through other comprehen-sive income	Total carrying amount
Financial liabilities				
Long-term borrowings	615,308	601,080	0	601,080
Long-term trade payables	242	242	0	242
Other noncurrent financial liabilities	62	0	62	62
of which derivative financial instruments	62	0	62	62
Short-term borrowings	97,225	97,225	0	97,225
Short-term trade payables	153,748	153,748	0	153,748
Other current financial liabilities	14,203	14,169	34	14,203
of which derivative financial instruments	34	0	34	34
Total	**880,786**	**866,463**	**96**	**866,559**

The fair value of long-term borrowings was calculated on the basis of discounted cash flows. To enable that, interest rates for comparable transactions and yield curves were used.

Due to the generally short times by which trade payables and other current financial liabilities (excluding derivatives) are due, it is assumed that their carrying amounts are equal to the fair value.

The table below shows the financial assets and liabilities measured at fair value:

Assets and liabilities measured at fair value

in € thousand	06/30/2022				06/30/2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative financial instruments without application of hedge accounting under IFRS 9	0	1,616	0	1,616	0	239	0	239
Financial assets	0	10,102	0	10,102	0	9,433	0	9,433
Financial assets	**0**	**11,718**	**0**	**11,718**	**0**	**9,673**	**0**	**9,673**
Derivative financial instruments without application of hedge accounting under IFRS 9	513	666	0	1,180	0	96	0	96
Financial liabilities	**513**	**666**	**0**	**1,180**	**0**	**96**	**0**	**96**

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

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

in € thousand	2021/2022	2020/2021
Financial assets measured at fair value through other comprehensive income	550	2,666
Financial assets measured at fair value through profit or loss	1,679	239
Financial assets measured at amortized cost	9,764	2,883
Financial liabilities measured at amortized cost	–17,831	–16,153
Financial liabilities measured at fair value through profit or loss	–1,330	–148

The net gains for assets measured at fair value through other comprehensive income include income from non-terminable interests in investment funds.
The net gains from financial assets and net losses in financial liabilities measured at fair value through profit or loss solely comprise changes in the market value of derivative financial instruments.

The net gains from financial assets measured at amortized cost mainly include effects from changes in the allowances for impairment.

The net losses from financial liabilities measured at amortized cost result mainly from interest expense.

Credit risks

The credit risk is the risk that a business partner does not fulfill its obligations as part of a financial instrument or contract with a customer, resulting in a financial loss. The KWS Group is exposed to credit risks in its operational activities mainly in relation to trade receivables.

In order to control the credit risks resulting from receivables from customers, a regular creditworthiness analysis is conducted in accordance with the credit volume. If a customer's credit risk is classified as high, it is reduced by means of security. This includes, in particular, credit insurance, prepayments, down payments, promissory notes and guarantees. Depending on the contract's design, reservation of ownership of goods is agreed with our customers. Credit limits are defined for our customers. Credit limits, outstanding claims and the collection of receivables are analyzed in regular meetings of the Credit Committee. For details of the exposure to the risk of default at June 30, 2022, please refer to section 7.7 of the Notes.

Credit risks from financial transactions are controlled centrally by the Treasury department. In order to minimize risks, financial transactions are exclusively conducted within defined limits with banks and partners who always have an investment grade. Compliance with the risk limits is constantly monitored. The limits are adjusted depending on the credit volume only subject to the approval of the regional or divisional management and the Executive Board.

Liquidity risks

Liquidity risk is the risk that funds to settle due payment obligations cannot be obtained on time or at all.

Liquidity is managed in the Eurozone by the central Treasury unit using a cash pooling system. Liquidity requirements are generally determined by means of cash planning and are covered by cash and promised credit lines.

As part of its liquidity management, the KWS Group ensures that it complies with the financial covenants that have been agreed as part of specific interest-bearing loans and relate to the capital structure. The lenders have the right to terminate the loan agreements in question immediately if these requirements are not met. The KWS Group complied with all agreed financial covenants in the fiscal year.

The table below shows the KWS Group's liquidity analysis for non-derivative and derivative financial liabilities. The table is based on contractually agreed, undiscounted payment flows (interest and payments of principal):

Fiscal year 2021/2022

in € thousand	Book value				Cash flows
Liquidity analysis of financial liabilities	**06/30/2022**	**06/30/2022 total**	**Due in < 1 year**	**Due in > 1 year and < 5 years**	**Due in > 5 years**
Financial liabilities	725,580	740,560	120,873	433,825	185,862
Trade payables	202,006	202,006	201,702	304	0
Other financial liabilities	40,677	40,677	40,677	0	0
Lease liabilities	49,151	52,187	12,017	24,251	15,919
Nonderivative financial liabilities	**1,017,414**	**1,035,430**	**375,269**	**458,380**	**201,781**
Payment claim	0	5,420	5,420	0	0
Payment obligation	0	5,865	5,865	0	0
Derivative financial liabilities	**1,180**	**445**	**445**	**0**	**0**

Fiscal year 2020/2021

in € thousand	Book value				Cash flows
Liquidity analysis of financial liabilities	**06/30/2021**	**06/30/2021 total**	**Due in < 1 year**	**Due in > 1 year and < 5 years**	**Due in > 5 years**
Financial liabilities	698,305	723,402	86,138	333,048	304,217
Trade payables	153,989	153,989	153,748	242	0
Other financial liabilities	14,169	14,169	14,169	0	0
Lease liabilities	48,426	49,908	18,277	20,685	10,946
Nonderivative financial liabilities	**914,889**	**941,469**	**272,331**	**353,975**	**315,163**
Payment claim	0	13,685	13,685	0	0
Payment obligation	0	13,806	13,540	206	61
Derivative financial liabilities	**96**	**121**	**–145**	**206**	**61**

The cash flows of the derivative financial liabilities for forward exchange deals are presented as an undiscounted gross amount. These derivative financial instruments are settled in gross. Net settlement is envisaged for commodity derivatives. Accordingly, cash flows are presented on a net basis.

Currency risks
Currency risks are where the fair value or future cash flows of a financial instrument are subject to fluctuations due to exchange rate changes. The KWS Group is mainly exposed to currency risks as part of its financing activities with foreign subsidiaries. Derivative financial instruments (forward exchange deals and currency swaps) are concluded to hedge against currency risks from intra-Group financing. The Company ensures that the derivative financial instrument is commensurate with the risk to be hedged.

In order to assess the currency risk, the sensitivity of a currency to fluctuations was determined. The calculated figures relate to the portfolio of financial instruments at the balance sheet date and show the hypothetical effect on income and equity for one year. After the euro, the US dollar is the most important currency in the KWS Group. All other currencies are of minor importance. The currency risk mainly results from intra-Group receivables and liabilities from financing activity. The average USD/EUR exchange rate in the fiscal year was 1.13 (1.19). If the US dollar depreciated by 10%, the extra expense would be €2,584 (1,005) thousand. If the US dollar appreciated by 10%, the extra income would be €2,584 (1,005) thousand.

Risk of changes in interest rates
The risk of changes in interest rates is where the fair value or future cash flows of a financial instrument are subject to fluctuations due to changes in market interest rates.

The risk of changes in interest rates is controlled by means of a balanced portfolio of fixed-interest and variable-interest loans. Interest rate swaps are concluded if there is a high risk of interest rate variability in the portfolio. As part of them, the KWS Group exchanges the difference between fixed-interest and variable-interest amounts determined with reference to a previously agreed nominal amount with a contractual partner at defined intervals of time.

Interest rate sensitivity is a measure for showing the interest rate risk. The interest rate sensitivity analysis was conducted for the portfolio of financial instruments with a variable interest rate at the balance sheet date and shows the hypothetical effect on income for one year. The variable-interest components of the KWS Group's interest expenses and interest income were determined to calculate it. In a scenario analysis, the effects of an increase/reduction of one percentage point (100 base points) in the relevant underlying capital market interest rate on the interest result were calculated. An increase in all relevant rates of interest of 1 percentage point would result in additional interest expense of €187 (243) thousand. A reduction in the rate of interest of 1 percentage point would add a further €187 thousand in income.

Commodity price risks
Price volatility of certain agricultural raw commodities has an impact on the KWS Group. In its procurement transactions, the KWS Group is partly exposed to a risk from fluctuating market prices for agricultural commodities.

The KWS Group mitigates the impact of market price risks on operating income by hedging them with derivative financial instruments. Options and swaps on commodity futures exchanges are used in that.

As part of analysis of the market price risk, a sensitivity analysis is performed based on the portfolio of financial instruments at the balance sheet date. The values calculated show the hypothetical impact of a 10% change in forward market quotations on operating income for one year.

A 10% increase in the year-end price of commodity futures would result in additional expense of €571 thousand.
A 10% decrease in the year-end price of commodity futures would add a further €634 thousand in income.

7.15 Leases

Book values of right-of-use assets

in € thousand	06/30/2022	06/30/2021
Land and buildings	34,468	34,592
Technical equipment and machinery	321	664
Operating and office equipment	9,625	8,415
Total	**44,414**	**43,671**

Additions to rights of use for leased assets totaling €9,947 (8,703) thousand were recognized in fiscal 2021/2022 and the amortization on them was as follows:

Depreciation of right-of-use assets

in € thousand	2021/2022	2020/2021
Land and buildings	4,428	5,874
Technical equipment and machinery	359	420
Operating and office equipment	4,517	4,275
Total	**9,304**	**10,569**

Expenses for short-term leases and for leases relating to low-value assets totaled €16,615 (14,426) thousand in the period under review.

Short-term lease liabilities totaled €11,923 (10,961) thousand and long-term lease liabilities €37,228 (37,465) thousand at June 30, 2022. The maturity analysis of the lease liabilities is presented in section 7.14 of the Notes. Lease payments totaled €9,628 (11,905) thousand in fiscal 2021/2022. Interest expenses from interest accrued on the lease liabilities were €936 (876) thousand.

In general, lease agreements are concluded without extension or termination options. Possible cash outflows of €21,902 (20,880) thousand for existing options to extend a property rental agreement were not included in determining the lease liabilities since there is no reasonable certainty as to whether the options will be exercised.

The KWS Group also acts as a lessor. There is currently a long-term sublease agreement, which has been classified as a financial lease in relation to the main lease agreement. The interest income was €30 (55) thousand. The sublease is reported under the other noncurrent receivables to an amount of €3,936 (4,328) thousand and under the other current receivables to an amount of €627 (598) thousand. The annual income from the sublease is €697 (692) thousand. The lease agreement contains a clause permitting annual adjustment of the lease payment depending on market circumstances.

7.16 Contingent liabilities and other financial obligations

The obligations from uncompleted capital expenditure projects, mainly relating to property, plant, and equipment, and other capital commitments amount to €32,606 (16,661) thousand.

There are guarantees with respect to third parties amounting to €188,171 (76,412) thousand. As in previous years, they are mainly guarantees KWS has given to banks for the credit lines of the subsidiary KWS SEMENTES LTDA. There are also still guarantees toward non-Group third parties for the obligations of the joint venture AGRELIANT GENETICS, LLC (which include payment obligations to banks and license payments). The likelihood that these guarantees will be utilized is seen as low, based on the experience of previous years. No claims have yet been made.

There were contingent liabilities from tax-related matters at June 30, 2022. €18,958 thousand of these contingent liabilities relate to possible obligations of the Brazilian subsidiary KWS SEMENTES LTDA. to pay certain tax levies on agricultural companies. KWS SEMENTES LTDA.'s obligation to pay contributions is being clarified and the probability of the obligation occurring is considered to be low.

8. Notes to the Consolidated Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the KWS Group in the three categories of operating activities, investing activities and financing activities. The effects of exchange rate changes and changes in the consolidated group have been eliminated from the respective balance sheet items, except those affecting cash and cash equivalents.

As in previous years, cash and cash equivalents are composed of cash (on hand and balances with banks) and current securities.

Financial liabilities changed as follows this year and in the previous year:

Changes in financial liabilities

in € thousand		Cash flows		Non-cash-effective changes			
	06/30/2021		Changes in the scope of consolidation	Currency	New IFRS 16 contracts	Other effects	06/30/2022
Financial liabilities	698,305	22,915	0	4,345	0	15	725,580
Lease liabilities	48,426	–9,628	0	1,363	9,947	–957	49,151
	06/30/2020						06/30/2021
Financial liabilities	615,407	82,383	355	74	0	86	698,305
Lease liabilities	51,300	–11,905	0	557	8,703	–229	48,426

9. Other Notes

9.1 Proposal for the appropriation of net retained profits

The net retained profits of KWS SAAT SE & Co. KGaA are €282,010 (321,395) thousand.

A proposal will be made to the Annual Shareholders' Meeting that an amount of €26,400 (26,400) thousand should be used to pay a dividend of €0.80 (0.80) for each of the 33,000,000 shares.

9.2 Total remuneration of the Supervisory Board and the Executive Board and of former members of the Supervisory Board and the Executive Board of KWS SAAT SE & Co. KGaA

The compensation of the members of the Supervisory Board was converted to a purely fixed compensation pursuant to the resolution adopted by the Annual Shareholders' Meeting in December 2017. Members of the Supervisory Board who are members of a committee – with the exception of the Chairman of the Supervisory Board – receive an additional fixed payment therefor. The total compensation for members of the Supervisory Board amounts to €620 (620) thousand, excluding value-added tax. The total compensation for members of the Supervisory Board of KWS SE, the personally liable partner of KWS SAAT SE & Co. KGaA, in the year under review amounted to €195 (195) thousand, excluding value-added tax.

In fiscal year 2021/2022, total Executive Board compensation amounted to €6,193 (5,773) thousand.

The variable compensation, which is calculated on the basis of the net income for the year of the KWS Group, is made up of a bonus and a long-term incentive. The bonus totals €2,558 (2,644) thousand; there are contributions from the long-term incentive tranche for 2021/2022 totaling €458 thousand (tranche for 2020/2021: €650 thousand). Pension provisions totaling €984 (1,612) thousand were formed for two members of the Executive Board at KWS SAAT SE & Co. KGaA.

Compensation of former members of the Executive Board and their surviving dependents amounted to €1,315 (1,238) thousand. Pension provisions recognized for this group of persons amounted to €4,484 (6,780) thousand as of June 30, 2022, before being netted off with the relevant plan assets.

9.3 Related party disclosures

Transactions with related parties in accordance with IAS 24 are all business dealings that are conducted with the reporting entity by entities or natural persons or their close family members, if the party or person in question controls the reporting entity or is a member of its key management personnel, for example.

The personally liable partner KWS SE provides business management services on behalf of KWS SAAT SE & Co. KGaA.

Related parties

in € thousand	Deliveries and services provided		Received deliveries and services		Receivables		Payables	
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021
KWS SE	0	0	6,221	5,885	0	0	3,132	3,721
At equity accounted joint ventures	6,685	4,919	5,103	5,106	6,505	5,463	3,545	2,552
At equity accounted associ-ated companies	6,655	6,602	0	0	6,367	6,366	100	100
Other related parties	36	37	115	116	0	0	836	947

As part of its operations, the KWS Group procures goods and services worldwide from a large number of business partners. They also include companies in which the KWS Group has an interest or on which representatives of the KWS Group's Supervisory Board exert a significant influence. The services for joint ventures and associated companies are mainly rendered under existing license agreements. The services received from joint ventures relate to research activities. Transactions with related companies are generally conducted at arm's length and are of minor importance for the Group in terms of volume.

As part of Group financing, short- and medium-term term loans are taken out from and granted to subsidiaries at market interest rates.

The compensation of members of the Executive Board comprises short-term employee benefits, share-based payment benefits and post-employment benefits. Individualized disclosures on the compensation of members of the Executive Board and the Supervisory Board are presented in the Compensation Report. The Compensation Report can be found on our website at: www.kws.com.

There were also no business transactions or legal transactions that required reporting for related parties in fiscal 2021/2022.

9.4 Disclosure

The following subsidiaries with the legal form of a corporation within the meaning of Section 264 (3) and 264b of the German Commercial Code (HGB) have utilized the exemption provided in Section 264 (3) of the German Commercial Code (HGB) as regards preparation of financial statements and their publication:

- KWS LOCHOW GmbH, Bergen
- KWS Landwirtschaft GmbH, Einbeck
- Betaseed GmbH, Frankfurt am Main
- KWS SAATFINANZ GmbH, Einbeck
- Delitzsch Pflanzenzucht GmbH, Einbeck
- Kant-Hartwig & Vogel GmbH, Einbeck
- Agromais GmbH, Everswinkel
- KWS Berlin GmbH, Berlin
- KWS INTERSAAT GmbH, Einbeck
- Euro-Hybrid Gesellschaft für Getreidezüchtung mbH, Einbeck
- KWS Klostergut Wiebrechtshausen GmbH, Northeim-Wiebrechtshausen
- RAGIS Kartoffelzucht- und Handelsgesellschaft mbH, Einbeck

KWS SAAT SE & Co. KGaA prepares the consolidated financial statements for the largest and smallest group of companies.

9.5 Audit of the annual financial statements

On December 2, 2021, the Annual Shareholders' Meeting of KWS SAAT SE & Co. KGaA elected the accounting firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, to be the Group's auditors for fiscal year 2021/2022.

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

in € thousand	2021/2022	2020/2021
a) Audit of the consolidated financial statements	843	927
b) Other certification services	89	60
c) Tax consulting	0	0
d) Other services	0	0
Total fee paid	**932**	**987**

Other certification services in fiscal 2021/2022 essentially comprised non-audit services as part of the voluntary audit of the Non-Financial Declaration and auditing of the Compensation Report.

9.6 Report on events after the balance sheet date

There have been no events of particular significance that might have an impact on the presentation of the KWS Group's earnings, financial position and assets since the end of the fiscal year.

9.7 Declaration of compliance with the German Corporate Governance Code

KWS SAAT SE & Co. KGaA issued the declaration of compliance with the German Corporate Governance Code required by Section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) in September 2022 and made it accessible to its shareholders on the Company's homepage at www.kws.com.

9.8 List of shareholdings

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

Fiscal year 2021/2022			
Name and Company's registered office	**Currency**	**Interest held**	**Footnote**
		Total in %	
Fully consolidated subsidiaries (direct)			
Germany			
AGROMAIS GMBH, Everswinkel	€	100.00	1
BETASEED GMBH, Frankfurt am Main	€	100.00	1
DELITZSCH PFLANZENZUCHT GMBH, Einbeck	€	100.00	1
EURO-HYBRID GESELLSCHAFT FÜR GETREIDEZÜCHTUNG MBH, Einbeck	€	100.00	
KANT-HARTWIG & VOGEL GMBH, Einbeck	€	100.00	1
KWS BERLIN GMBH, Berlin	€	100.00	1
KWS INTERSAAT GMBH, Einbeck	€	100.00	
KWS KLOSTERGUT WIEBRECHTSHAUSEN GMBH, Northeim-Wiebrechtshausen	€	100.00	
KWS LANDWIRTSCHAFT GMBH, Einbeck	€	100.00	1
KWS LOCHOW GMBH, Bergen	€	100.00	1
KWS SAATFINANZ GMBH, Einbeck	€	100.00	
RAGIS KARTOFFELZUCHT- UND HANDELSGESELLSCHAFT MBH, Einbeck	€	100.00	
Foreign			
KWS ARGENTINA S.A., Balcarce/Argentinia	ARS	100.00	28
KWS BULGARIA EOOD., Sofia/Bulgaria	BGN	100.00	
KWS SEMENA S.R.O., Bratislava/Slovakia	€	100.00	
KWS SRBIJA D.O.O., Neu Belgrad/Serbia	RSD	100.00	
SEMILLAS KWS CHILE LTDA., Rancagua/Chile	CLP	100.00	

Fiscal year 2021/2022			
Name and Company's registered office	**Currency**	**Interest held**	**Footnote**
		Total in %	
Fully consolidated subsidiaries (indirect)			
Foreign			
BEIJING KWS AGRICULTURE TECHNOLOGY CO., LTD., Beijing/China	CNY	100.00	8
BETASEED FRANCE S.A.R.L., Bethune/France	€	100.00	3
BETASEED RUS LLC, Moskau/Russia	RUB	100.00	32
BTS TURKEY TARIM TICARET LIMITED SIRKETI, Eskisehir/Turkey	TRY	100.00	3
EUROPSEEDS B.V., Enkhuizen/Netherlands	€	100.00	18
GLH SEEDS INC., Bloomington/USA	USD	100.00	4
KLEIN WANZLEBENER SAATZUCHT MAROC S.A.R.L.A.U., Casablanca/Marocco	MAD	100.00	9
KWS AGRICULTURE RESEARCH & DEVELOPMENT CENTER, Hefei/China	CNY	100.00	8
KWS AUSTRIA SAAT GMBH, Vienna, Austria	€	100.00	3
KWS BENELUX B.V., Amsterdam/Netherlands	€	100.00	3
KWS CEREALS USA LLC, Champagne/USA	USD	100.00	4
KWS FIDC, Rio de Janeiro/Brazil	BRL	100.00	33
KWS FRANCE S.A.R.L., Roye/France	€	100.00	3
KWS GATEWAY RESEARCH CENTER LLC, St. Louis/USA	USD	100.00	4
KWS INTERNATIONAL HOLDING B.V., Emmeloord/Netherlands	€	100.00	6
KWS INTERNATIONAL HOLDING II B.V., Emmeloord/Netherlands	€	100.00	3
KWS ITALIA S.P.A., Forli/Italy	€	100.00	3
KWS KUBAN O.O.O., Krasnodar/Russia	RUB	100.00	7

Fiscal year 2021/2022			
Name and Company's registered office	**Currency**	**Interest held**	**Footnote**
		Total in %	
KWS LOCHOW POLSKA SP.Z O.O., Kondratowice/Poland	PLN	100.00	3
KWS MAGYARORSZÁG KFT., Györ/Hungary	HUF	100.00	3
KWS MAIS FRANCE S.A.R.L., Champol/France	€	100.00	3
KWS MOMONT RECHERCHE S.A.R.L., Mons-en-Pevele/France	€	100.00	11
KWS MOMONT S.A.S., Mons-en-Pevele/France	€	100.00	3
KWS OSIVA S.R.O, Velké Mezirici/Czech Republic	CZK	100.00	3
KWS PARAGUAY SRL, Asuncion/Paraguay	PYG	100.00	12
KWS PERU S.A.C., Lima/Peru	PEN	100.00	5
KWS PODILLYA T.O.V., Kiew/Ukraine	UAH	100.00	10
KWS POLSKA SP.Z O.O., Poznan/Poland	PLN	100.00	3
KWS R&D INVEST B.V., Emmeloord/Netherlands	€	100.00	3
KWS R&D RUS LLC, Lipezk/Russia	RUB	100.00	7
KWS RUS O.O.O., Lipezk/Russia	RUB	100.00	23
KWS SCANDINAVIA A/S, Guldborgsund/Denmark	DKK	100.00	3
KWS Seed Science & Technology (Sanya) Co., Ltd., Sanya/China	CNY	100.00	3
KWS Seeds Canada, LTD., Calgary/Canada	CAD	100.00	3
KWS SEEDS INC., Bloomington/USA	USD	100.00	3
KWS SEEDS INDIA PRIVATE LIMITED, New Delhi/ India	INR	100.00	3
KWS SEEDS LLC, Bloomington/USA	USD	100.00	4
KWS SEMENTES LTDA., Patos de Minas/Brazil	BRL	100.00	29
KWS SEMILLAS CANARIAS S.L.U., Gran Canaria/Spain	€	100.00	3
KWS SEMILLAS IBÉRICA S.L., Zaratán/Spain	€	100.00	3
KWS SEMINTE S.R.L., Bukarest/Romania	RON	100.00	25
KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA., São Paulo/Brazil	BRL	100.00	30
KWS SJEME D.O.O., Osijek/Croatia	HRK	100.00	3
KWS SUISSE S.A., Basel/Switzerland	CHF	100.00	3
KWS TÜRK TARIM TICARET A.S., Eskisehir/Turkey	TRY	100.00	3
KWS UK LTD., Thriplow/Great Britain	GBP	100.00	3
KWS UKRAINA T.O.V., Kiew/Ukraine	UAH	100.00	23
KWS VEGETABLES B.V., Heythuysen/Netherlands	€	100.00	3
KWS VEGETABLES ITALIA S.R.L A SOCIO UNICO, Noceto/Parma/Italy	€	100.00	16
KWS VEGETABLES MEXICO S.A. de C.V., Mexico City/ Mexico	MXN	100.00	31
POP VRIEND HOLDING B.V., Amsterdam/Netherlands	€	100.00	16
POP VRIEND INTERNATIONAAL B.V., Andijk/ Netherlands	€	100.00	18
POP VRIEND SEEDS B.V., Andijk/Netherlands	€	100.00	18
POP VRIEND TOHUMCULUK VE TARIM ÜRÜNLERI SANAYI VE TICARET LIMITED SIRKETI , Istanbul/Turkey	TRY	100.00	19

Fiscal year 2021/2022			
Name and Company's registered office	**Currency**	**Interest held**	**Footnote**
		Total in %	
PV TOHUMCULUK TARIM ÜRÜNLERI SANAYI VE TICARET LIMITED SIRKETI, Izmir/Turkey	TRY	100.00	20
SEED PLANT KWS O.O.O., Lipetsk/Russia	RUB	100.00	7
Equity-accounted joint ventures			
AGRELIANT GENETICS INC., Chatham/Canada	CAD	50.00	
AGRELIANT GENETICS LLC, Westfield/U.S.	USD	50.00	13
FARMDESK B.V., Antwerp/Belgium	€	50.00	22
Equity-accounted associated companies			
IMPETUS AGRICULTURE INC., Lewes/USA	USD	38.82	21
KENFENG - KWS SEED CO., LTD., Beijing/China	CNY	49.00	
Joint operations (proportionately consolidated)			
AARDEVO B.V., Nagele/Netherlands	USD	50.00	14
AARDEVO NORTH AMERICA LLC, Boise/USA	USD	50.00	15
GENECTIVE CANADA INC., Montreal/Canada	CAD	50.00	26
GENECTIVE Japan K.K., Chiba/Japan	JPY	50.00	26
GENECTIVE KOREA, Sangdaewon-dong/Korea	KRW	50.00	26
GENECTIVE S.A., Chappes/France	€	50.00	
GENECTIVE TAIWAN LTD., Taipeh City/Taiwan	TWD	50.00	26
GENECTIVE USA Corp., Weldon/USA	USD	50.00	26
Unconsolidated subsidiaries			
VAN RIJN BALCAN S.R.L., Vulcan/Romania	RON	100.00	2

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

9.9 Supervisory Board and Executive Board of KWS SAAT SE & Co. KGaA in fiscal 2021/2022

9.9.1 Supervisory Board

Members	Other seats 2021/2022
Dr. Drs. h. c. Andreas J. Büchting Göttingen Agricultural Biologist Chairman of the Supervisory Board of KWS SAAT SE & Co. KGaA and KWS SE	
Dr. Marie Theres Schnell Munich Graduate in Communications Deputy Chairman of the Supervisory Board of KWS SAAT SE & Co. KGaA and KWS SE	*Membership of comparable German and foreign oversight boards:* ■ DR. SCHNELL GmbH & Co. KGaA, Munich (member of the Advisory Board)
Victor W. Balli Zurich (Switzerland) Chemical Engineer Chairman of the Audit Committee of KWS SAAT SE & Co. KGaA and KWS SE	*Membership of comparable German and foreign oversight boards:* ■ Givaudan SA, Vernier (Switzerland) (Chairman of the Audit Committee, member of the Board of Directors and the Compensation Committee) ■ Medacta International SA, Frauenfeld (Switzerland) (member of the Board of Directors and Chairman of the Audit Committee) ■ Hemro AG, Bachenbülach (Switzerland) (member of the Management Board) ■ Sika AG, Baar (Switzerland) (member of the Board of Directors,of the Audit Committee and of the ESG Committee) ■ Louis Dreyfus Holding B.V., Amsterdam (Netherlands) (member of the Supervisory Board and Chairman of the Audit Committee)
Jürgen Bolduan Einbeck Seed Breeding Employee Member of the Supervisory Board of KWS SAAT SE & Co. KGaA Chairman of the Central Works Council of KWS SAAT SE & Co. KGaA	
Cathrina Claas-Mühlhäuser Frankfurt am Main Businesswoman Member of the Supervisory Board of KWS SAAT SE & Co. KGaA and KWS SE	*Membership in other legally required supervisory boards:* ■ CLAAS KGaA mbH, Harsewinkel (Chairwoman) *Membership of comparable German and foreign oversight boards:* ■ CLAAS KGaA mbH, Harsewinkel (Chairwoman of the Shareholder's Committee)
Christine Coenen Einbeck Interpreter Member of the supervisory board of KWS SAAT SE & Co. KGaA Chairwoman of the European Employees' Committee (EEC) of KWS SAAT SE & Co. KGaA	
Dr. Arend Oetker Berlin Honorary member of the Supervisory Board of KWS SAAT SE & Co. KGaA and KWS SE	

9.9.2 Supervisory Board committees

Committee	Chairman/Chairwoman	Members 2021/2022
Audit Committee	Victor W. Balli	Dr. Drs. h. c. Andreas J. Büchting Jürgen Bolduan
Nominating Committee	Dr. Marie Theres Schnell	Dr. Drs. h. c. Andreas J. Büchting Cathrina Claas-Mühlhäuser

9.9.3 Executive Board

Members	Other seats
Dr. Hagen Duenbostel Einbeck Chief Executive Officer Corn Southamerica, Group Compliance, Group Governance & Risk Management (until 12/31/2021) Corn Northamerica, Corn China/Asia, Group Strategy, Corporate Office & Services	*Membership in other legally required supervisory boards:* ▪ Hero AG, Lenzburg (Switzerland) (member of the Board of Administration) ▪ C.H. Boehringer Sohn AG & Co. KG, Ingelheim (member of the advisory group)
Dr. Léon Broers (until 12/31/2021) Einbeck Research & Breeding, Vegetables	
Dr. Felix Büchting Einbeck Cereals, Oilseed Rape/Special Crops & Organic Seed (until 12/31/2021) Research & Breeding (since 01/01/2022) Human Resources, Farming	
Dr. Peter Hofmann Einbeck Corn Europe (until 12/31/2021) Cereals, Oilseed Rape/Special Crops & Organic Seed (since 01/01/2022) Sugarbeet, Global Marketing & Communications	
Eva Kienle Göttingen Group Compliance, Group Governance & Risk Management (since 01/01/2022) Finance & Procurement, Controlling, Global Transaction Center Legal Services & IP, IT, KWS Digital Innovation Accelerator	*Membership in other legally required supervisory boards:* ▪ Zumtobel Group AG, Dornbirn (Austria) (member of the Supervisory Board and Chairwoman of the Audit Committee)
Nicolás Wielandt (since 01/01/2022) Einbeck Corn Europe and Southamerica	

Einbeck, September 14, 2022

KWS SE

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

Independent Auditor's Report

To KWS SAAT SE & Co. KGaA

Report on the audit of the consolidated financial statements and of the group management report

Opinions
We have audited the consolidated financial statements of KWS SAAT SE & Co. KGaA, Einbeck, and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income for the fiscal year from 1 July 2021 to 30 June 2022, and the consolidated balance sheet as at 30 June 2022, consolidated statement of changes in equity and consolidated cash flow statement for the fiscal year from 1 July 2021 to 30 June 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of KWS SAAT SE & Co. KGaA, which was combined with the management report of the Company, for the fiscal year from 1 July 2021 to 30 June 2022. We have not audited the content of the parts of the group management report specified in the appendix to the auditor's report and the Company information stated therein that is provided outside of the annual report and is referenced in the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 30 June 2022 and of its financial performance for the fiscal year from 1 July 2021 to 30 June 2022, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the parts of the group management report listed in the appendix to the auditor's report.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions
We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 July 2021 to 30 June 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

(1) Revenue recognition from the sale of seed

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

In the consolidated financial statements of KWS SAAT SE & Co. KGaA, revenue from the sale of seed is recognized when control is transferred to the customer, allowing for contractually agreed returns. Due to different contractual agreements and judgment exercised in assessing expected return deliveries, therefore is an elevated risk of misstatement in relation to the proper recognition of revenue on an accrual basis.

Auditor's response

During our audit, we considered, based on the criteria defined in IFRS 15, the accounting policies applied in accordance with the internal accounting instructions in the consolidated financial statements of KWS SAAT SE & Co. KGaA for the recognition of revenue. Our response included an examination of whether control was transferred to the customers upon the sale of seed. We analyzed the process implemented by the Executive Board of KWS SAAT SE & Co. KGaA for the recognition of seed sales, taking into account knowledge about actual returns. Based on analytical procedures defined group-wide, we examined whether the significant revenue items for fiscal year 2021/2022 correlate with the corresponding trade receivables to identify any irregularities in the development of revenue. With a view to the recognition of revenue on an accrual basis, we also obtained balance confirmations from customers and performed data analyses to identify any irregularities in comparison with the prior year.
We analyzed the recognition of revenue based on the contractual arrangements on a sample basis with regard to the requirements of IFRS 15. Based on analytical procedures carried out on historical data and the analysis of the underlying contracts, we examined the calculation of expected returns of seed and their deduction from revenue.

Overall, our procedures relating to the recognition of revenue from the sale of seed did not lead to any reservations.

Reference to related disclosures

With regard to the recognition and measurement policies applied for the recognition of revenue from the sale of seed, refer to the disclosure in note 3.6 "Recognition of income and expenses" in section 3 "Accounting Policies" in the notes to the consolidated financial statements.

(2) Impairment testing of goodwill and brands

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

The goodwill and brands with an indefinite useful life presented in the consolidated financial statements of KWS SAAT SE & Co. KGaA result from the acquisition of subsidiaries and are a significant balance sheet item.

Goodwill and brands with an indefinite useful life are tested for impairment as of 30 June each year. The result of these tests is highly dependent on the executive directors' estimate of future cash flows and the respective discount rates used.

In light of the definition of the cash-generating units, the complexity of the valuation and the judgment exercised during valuation, the impairment tests for goodwill and brands with an indefinite useful life were a key audit matter.

Auditor's response
During our audit, among other things, we obtained an understanding of the methods used to carry out the impairment tests including an examination of the suitability of the procedure for performing an impairment test in accordance with IAS 36. In doing so, we analyzed the planning process and the operating effectiveness of the controls implemented therein. We discussed the significant planning assumptions with the executive directors and compared these with the results and cash inflows realized in the past. Our assessment of the results of the impairment tests as of 30 June was based among other things on a comparison with general and industry-specific market expectations underlying the expected cash inflows. Based on our understanding that even relatively small changes in the discount rates used can at times have significant effects on the amount of the business value calculated, we analyzed the inputs used to determine the discount rates and reperformed the calculation with regard to the relevant requirements of IAS 36. In addition, we analyzed the sensitivity analyses performed by the executive directors of KWS SAAT SE & Co. KGaA on the impairment tests of goodwill and brands with an indefinite useful life in order to estimate any potential impairment risk associated with a reasonably possible change in one of the significant assumptions used in the valuation.

We obtained evidence that the divisions represent the lowest level within the Group at which independent cash inflows are generated and goodwill is monitored for internal management purposes. Our auditor's response also included the disclosures in the notes to the consolidated financial statements of KWS SAAT SE & Co. KGaA in relation to the requirements of IAS 36.

Our procedures did not lead to any reservations relating to the valuation of goodwill and brands with an indefinite useful life.

Reference to related disclosures
With regard to the recognition and measurement policies applied for goodwill and brands with an indefinite useful life, refer to the disclosure on intangible assets in section 3 "Accounting Policies" in the notes to the consolidated financial statements. For the related disclosures on judgments by the executive directors and sources of estimation uncertainty as well as the disclosures on goodwill and brands with an indefinite useful life, refer to note 7.1 "Intangible assets" in section 7 "Notes to the Consolidated Balance Sheet" in the notes to the consolidated financial statements.

(3) Current and deferred income taxes

Reasons why the matter was determined to be a key audit matter
The KWS SAAT SE & Co. KGaA Group operates in different legal jurisdictions with the resulting complexity of the recognition of current and deferred income taxes, namely the transfer prices used, changes in tax legislation and intragroup financing. To calculate the provision for tax obligations and deferred tax items, the executive directors of KWS SAAT SE & Co. KGaA must exercise judgment in assessing tax matters, estimating tax risks and with regard to the realization of deferred tax assets.

Auditor's response
The executive directors of KWS SAAT SE & Co. KGaA regularly engage external tax experts to validate their own risk assessment. We called on our tax specialists to consider these tax assessments. Our specialists also analyzed the correspondence with the competent tax authorities and the assumptions used to calculate provisions for current taxes and deferred taxes, considering in particular the applicable transfer prices, based on their knowledge and experience of how the authorities and courts currently apply the relevant legal provisions. In addition, we involved tax specialists from our international network with the relevant knowledge of the respective local jurisdictions and regulations. We critically assessed the assumptions on the recoverability of deferred tax assets, in particular by analyzing the assumptions with respect to projected future taxable income and by comparing them to the internal business plan. Our auditor's response also included the disclosures in the notes to the consolidated financial statements of KWS SAAT SE & Co. KGaA on current and deferred income taxes.

Our procedures did not lead to any reservations relating to the recognition of current and deferred income taxes.

Reference to related disclosures
With regard to the recognition and measurement policies applied for current and deferred income taxes, refer to the disclosure on deferred taxes and income tax liabilities in section 3 “Accounting Policies” in the notes to the consolidated financial statements and, with regard to the information on income taxes, no. 6.5 “Taxes” in section 6 “Notes to the Consolidated Statement of Comprehensive Income” in the notes to the consolidated financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG [“Aktiengesetz”: German Stock Corporation Act] on the German Corporate Governance Code, which is part of the Declaration on Corporate Governance, as well as for the paragraph “Control and monitoring systems” in section 2.9.2 “Risk Management” of the group management report. In all other respects, the executive directors are responsible for the other information. The other information comprises the parts of the annual report listed in the appendix. We obtained a version of this other information prior to issuing our auditor’s report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group’s financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and profitability of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached file KWS_SAAT_SE_KA_LB_ESEF_30.06.2022.zip and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the accompanying file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 July 2021 to 30 June 2022 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the accompanying file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410 10.2021). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the Annual Shareholders' Meeting on 2 December 2021. We were engaged by the Supervisory Board on 30 May 2022. We have been the group auditor of KWS SAAT SE & Co. KGaA without interruption since fiscal year 2016/2017.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

Other matter – Use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the version to be published in the Bundesanzeiger [German Federal Gazette] – are merely electronic renderings of the audited consolidated financial statements and the audited management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Martin von Michaelis.

Appendix to the auditor's report:

1. Parts of the group management report whose content is unaudited

We have not audited the content of the following parts of the group management report:

- The combined non-financial declaration for KWS SAAT SE & Co. KGaA and the KWS Group contained in section 2.11.2 "Combined Non-Financial Declaration for the KWS Group" of the group management report, including any information in other sections referred to in this declaration. The respective sections are marked "NFE" in the margin.
- The declaration on corporate governance and the declaration of compliance in accordance with Sec. 161 AktG which are published on the websites stated in sections 2.7.1 "Corporate Governance and Declaration on Corporate Governance" and 2.7.2 "Declaration of Compliance in Accordance with Section 161 AktG (German Stock Corporation Act)," which are part of the group management report.

Furthermore, we have not audited the content of the following disclosures extraneous to group management reports. Disclosures extraneous to group management reports are such disclosures that are not required pursuant to Secs. 315, 315a HGB or Secs. 315b to 315d HGB:

- Section 2.1.3 "Responsible Business Activity"
- Section 2.4 "EU Taxonomy"
- Section 2.5 "Environmental Report"
- Section 2.6.2 "Occupational Health and Safety"
- Section 2.6.3 "Recruitment & Employee Loyalty"
- Section 2.6.4 "Qualification, Further Training and Development"
- Section 2.6.5 "Labor and Social Standards"
- Section 2.7.3 "Business Ethics and Compliance"
- Section 2.7.4 "Responsibility in the Supply Chain"
- Section 2.8 "Social Report"
- Section 2.9.2 "Risk Management," paragraph "Control and monitoring systems"

2. Additional other information

The other information comprises the following parts of the annual report, of which we obtained a version prior to issuing this auditor's report, in particular the sections:

- Foreword of the Executive Board
- Report of the Supervisory Board
- KWS on the Capital Market
- KWS in Figures

but not the consolidated financial statements, not the management report disclosures whose content is audited and not our auditor's report thereon.

3. Company information outside of the annual report referenced in the group management report

We have not audited the content of the following information that is cross-referenced in the management report:

- Remuneration Report pursuant to Section 162 of the German Stock Corporation Act (AktG)

Berlin, 14 September 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

von Michaelis	Dr. Janze
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Independent Auditor's Report on a Limited Assurance Engagement

To KWS SAAT SE & Co. KGaA, Einbeck

We have performed a limited assurance engagement on the non-financial statement of KWS SAAT SE & Co. KGaA, Einbeck, (hereinafter the "Company"), which is combined with the non-financial statement of the Group, comprising the chapter "2.11.2 Combined Non-Financial Declaration for the KWS Group" of the combined management report and the chapters "2.1.1 Business Model", "2.4 EU Taxonomy", "2.5.1 Product Innovations", "2.5.2 Product Quality and Safety", "2.5.3 Emissions & Water", "2.6.2 Occupational Health and Safety", "2.6.3 Recruitment & Employee Loyalty", "2.6.4 Qualification, Further Training and Development", "2.6.5 Labor and Social Standards", "2.7.3 Business Ethics and Compliance", "2.7.4 Responsibility in the Supply Chain", "2.8.1 Use of Genetic Resources and Intellectual Property" and "2.8.2 Social Commitment" in the combined management report being incorporated by reference for the period from 1 July 2021 to 30 June 2022 (hereinafter the "combined non-financial statement").

Responsibilities of the executive directors

The executive directors of the Company are responsible for the preparation of the combined non-financial statement in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code] and Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder as well as in accordance with their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as set out in section "2.4 EU Taxonomy" of the combined non-financial statement.

These responsibilities of the Company's executive directors include the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a combined non-financial that is free from material misstatement, whether due to fraud (manipulation of the combined non-financial statement) or error.

The EU Taxonomy Regulation and the Delegated Acts adopted thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "2.4 EU Taxonomy" of the combined non-financial statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and quality assurance of the auditor's firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements – in particular the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors] in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QS 1) and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the auditor

Our responsibility is to express a conclusion with limited assurance on the combined non-financial statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's combined non-financial statement is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors disclosed in section "2.4 EU Taxonomy" of the combined non-financial statement.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the sustainability organization and stakeholder engagement,
- Inquiries of the executive directors and relevant employees involved in the preparation of the combined non-financial statement about the preparation process, about the internal control system related to this process, and about disclosures in the combined non-financial statement,
- Inquiries of the employees regarding the selection of topics for the combined non-financial statement, the risk assessment and the policies of the Company and the Group for the topics identified as material,
- Inquiries of employees of the Company and the Group responsible for data capture and consolidation as well as the preparation of the combined non-financial statement, to evaluate the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the disclosures in the combined non-financial statement,
- Identification of likely risks of material misstatement in the combined non-financial statement,
- Inspection of the relevant documentation of the systems and processes for collecting, aggregating and validating the relevant data in the reporting period and testing such documentation on a sample basis,
- Analytical procedures on selected disclosures in the combined non-financial at the level of the Company and the Group,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data,
- Evaluation of the process to identify the economic activities taxonomy-eligible and the corresponding disclosures in the combined non-financial statement,
- Evaluation of the presentation of the combined non-financial statement.

In determining the disclosures in accordance with Art. 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined non-financial statement of the Company for the period from 1 July 2021 to 30 June 2022 is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors as disclosed in section “2.4 EU Taxonomy” of the combined non-financial statement.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

General Engagement Terms and Liability

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Eschborn/Frankfurt am Main, 14 September 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Meyer Wirtschaftsprüferin [German Public Auditor]	Johne Wirtschaftsprüferin [German Public Auditor]

Declaration by Legal Representatives

We declare to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, financial position and earnings of the Group in compliance with the generally accepted standards of consolidated accounting, and that an accurate picture of the course of business, including business results, and the Group's situation is conveyed by the Group Management Report, which is combined with the Management Report of KWS SAAT SE & Co. KGaA, and that it describes the main opportunities and risks of the Group's anticipated development.

Einbeck, 14 September 2022

KWS SE

Dr. Hagen Duenbostel   Dr. Felix Büchting   Dr. Peter Hofmann

Eva Kienle   Nicolás Wielandt

Additional Information

Financial calendar

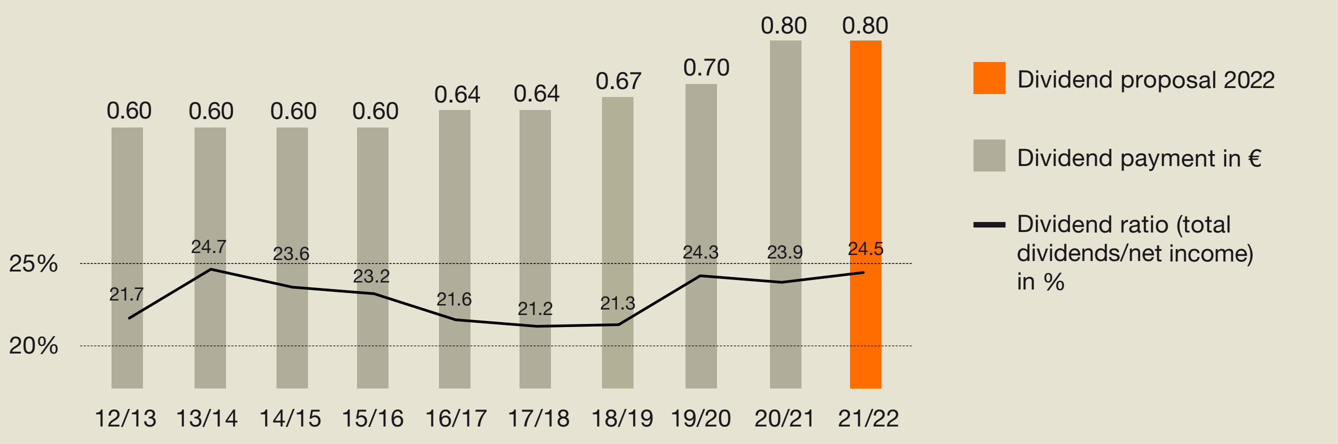
Date	
November 14, 2022	Quarterly Report Q1 2022/2023
December 6, 2022	Annual Shareholders' Meeting
February 9, 2023	Semiannual Report 2022/2023
May 11, 2023	Quarterly Report 9M 2022/2023
September 27, 2023	Publication of 2022/2023 financial statements, annual press and analyst conference

KWS share

Key data of KWS SAAT SE &Co. KGaA	
Securities identification number	707400
ISIN	DE0007074007
Stock exchange identifier	KWS
Transparency level	Prime Standard
Index	SDAX
Share class	Non-par
Number of shares	33,000,000

Dividend

Dividend payment and dividend ratios of the past ten years



About this report

The Annual Report can be downloaded on our Internet sites at www.kws.de and www.kws.com. The KWS Group´s fiscal year begins on July 1 and ends on June 30. Unless otherwise specified, figures in parentheses relate to the same period or date in the previous year. There may be rounding differences for percentages and numbers

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Safe harbor statement

This Annual Report includes forward-looking statements based on the assumptions and estimates of KWS SAAT SE & Co. KGaA’s management. These forward-looking statements may be identified by words such as “forecast,” “assume,” “believe,”“assess,” “expect,” “intend,” “can/may/might,” “plan,” “should” or similar expressions.

These statements are based on current assessments and forecasts of the Executive Board and the information currently available to it and are subject to certain elements of uncertainty, risks and other factors that may result in significant deviations between expectations and actual circumstances. These factors may be, for example, changes in the overall economic situation, the general statutory and regulatory framework, and the industry.

KWS SAAT SE & Co. KGaA does not warrant that the future development and actual results achieved in the future match the assumptions and estimates expressed in this Annual Report and shall not assume any liability if they do not. Forward-looking statements must therefore not be regarded as a guarantee or pledge that the developments or events they describe will actually occur. KWS SAAT SE & Co. KGaA does not intend, nor does it assume any obligation, to update forward-looking statements in order to adapt them to events or developments after the date of this report.

Photo credits

Frank Stefan Kimmel ■ Roman Thomas

Date of publication: September 27, 2022

This translation of the original German version of the Annual Report has been prepared for the convenience of our English-speaking shareholders. The German version is legally binding.

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