

Quarterly Report
Q1 2023 | 2024

July 1, 2023, to September 30, 2023

**SEEDING
THE FUTURE**
SINCE 1856



KWS in Figures

KWS Group

in € millions	1st quarter of 2023/2024	1st quarter of 2022/2023	1st quarter of 2021/2022	1st quarter of 2019/2020	1st quarter of 2018/2019
Net sales and income					
Net sales	267.7	266.3	220.8	184.1	191.0
EBITDA	-21.3	-7.1	-19.7	-27.3	-21.8
EBIT	-48.3	-33.1	-42.1	-50.5	-42.3
Net financial income/expense	-28.4	-29.8	-17.2	-15.2	-22.2
Net income for the period	-55.3	-46.2	-43.3	-47.9	-46.6
Financial position and assets					
Capital expenditure	22.4	20.9	19.1	19.9	19.3
Depreciation and amortization	27.0	26.0	22.4	23.2	20.6
Equity	1,245.8	1,218.9	1,012.9	906.8	930.7
Equity ratio in %	42.0	43.2	40.5	39.0	40.3
Net debt ¹	702.0	613.7	586.5	620.6	620.3
Total assets	2,963.0	2,820.3	2,501.4	2,325.2	2,307.9
Cash flow from operating activities	-101.8	-54.7	-88.6	-91.6	-117.7
Free cash flow	-122.4	-72.0	-105.7	-112.1	-533.2
Employees					
Number of employees ²	5,219	5,006	4,687	4,610	4,365
Key figures for the share					
Earnings per share in €	-1.67	-1.40	-1.31	-1.45	-1.35

¹ Short-term + long-term borrowings – cash and cash equivalents – securities

² FTE: Full time equivalents

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Economic Performance and Key Financial Indicators

Importance of the First Quarter for the Fiscal Year

Our core markets are in the northern hemisphere, where our main sales drivers corn and sugarbeet seed are sown in the spring. Due to the strongly seasonal nature of our business, the first quarter (July 1 to September 30) contributes around 15% of our total net sales for the fiscal year. Only our winter cereals and winter oilseed rape seed business is largely over by the end of the quarter. In addition, net sales of corn, soybean and sugarbeet seed from our activities in the southern hemisphere and from vegetable seed are included in these quarterly financial statements.

Economic Report

Business performance of the KWS Group in the first three months of 2023/2024

The KWS Group's business performance in the first quarter of 2023/2024 was stable overall. The Cereals Segment, which generates a major part of its annual net sales in the first quarter thanks to the winter sowing season, increased its net sales by around 5%, mainly on the back of strong demand for oilseed rape seeds in Europe. Net sales in the Corn Segment fell by approximately 16%, mainly due to a decline in demand in the summer season in Brazil, which accounts for a low share of total annual net sales. The Sugarbeet Segment grew its figure by 20%, but posts only low net sales in the first quarter due to seasonal reasons. Net sales from vegetable seed increased by 6%.

Earnings, financial position and assets

Earnings

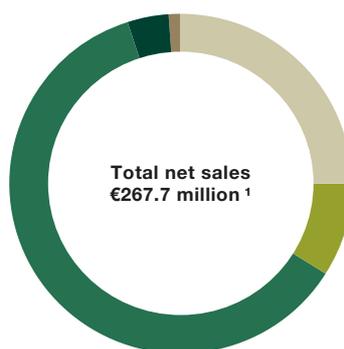
Condensed income statement

in € millions	1st quarter of 2023/2024	1st quarter of 2022/2023	+/-
Net sales	267.7	266.3	0.5%
EBITDA	-21.3	-7.1	> -100.0%
EBIT	-48.3	-33.1	-45.9%
Financial result	-28.4	-29.8	4.5%
Result of ordinary activities	-76.8	-62.9	-22.0%
Income taxes	-21.5	-16.7	-28.9%
Net income for the period	-55.3	-46.2	-19.6%
Earnings per share in €	-1.67	-1.40	-19.6%

Net sales at the level of the previous year

The KWS Group's net sales in the first three months of fiscal 2023/2024 were €267.7 million and thus at the level of the previous year (€266.3 million). Comparable net sales growth (excluding exchange rate and portfolio effects) was +0.4%. Exchange rate effects only had a slight impact all in all.

Net sales by segment

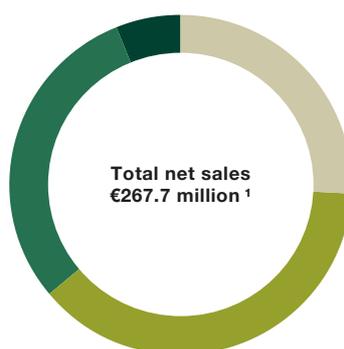


■ Corn 25% (29%) ■ Sugarbeet 9% (8%) ■ Cereals 61% (58%) ■ Vegetables 4% (4%) ■ Corporate 1% (1%)

¹ Excluding net sales from our equity-accounted companies

The region where we generated most of our business was Europe, which accounted for 64% (60%) of net sales (Germany: 26% (23%)). Net sales from North and South America contributed 30% (34%) of the total. Revenues from our North American and Chinese equity-accounted companies are only included at the segment level (see the section “Segment reports” on pages 8 to 9).

Net sales by region



■ Germany 26% (23%) ■ Europe (excluding Germany) 38% (37%) ■ North and South America 30% (34%) ■ Rest of world 6% (6%)

¹ Excluding net sales from our equity-accounted companies

Key indicators for operating income typically negative in Q1, net financial income/expenses on a par with the previous year

The KWS Group’s key indicators for operating income are typically negative in the first quarter. EBITDA was €–21.3 (–7.1) million, while EBIT was €–48.3 (–33.1) million. Although we posted a higher gross profit, there were, as planned, higher costs for research and development, sales and administration in particular.

Net financial income/expenses was €–28.4 (–29.8) million, on a par with the previous year. Since the main contributions to earnings from the equity-accounted joint ventures and associated companies do not materialize until the third quarter, net income from equity investments in the first quarter is generally well in the red. It totaled €–18.2 (–19.0) million. The interest result fell to €–9.1 (–6.9) million, in particular due to higher interest expenses.

Income taxes totaled €–21.5 (–16.7) million. That gave earnings after taxes of €–55.3 (–46.2) million or €–1.67 (–1.40) per share.

Financial situation

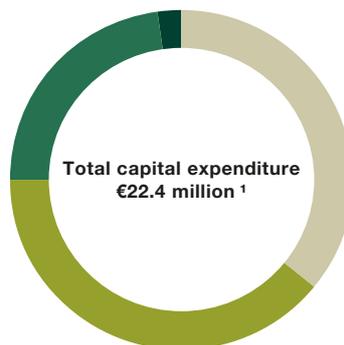
Selected key figures for the financial situation

in € millions	1st quarter of 2023/2024	1st quarter of 2022/2023	+/-
Cash and cash equivalents	175.3	192.8	-9.1%
Net cash from operating activities	-101.8	-54.7	-83.8%
Net cash from investing activities	-20.6	-17.4	-18.5%
Free cash flow	-122.4	-72.0	-69.9%
Net cash from financing activities	127.8	61.3	108.3%

The KWS Group's seasonal course of business impacts its cash flow statement, which changes significantly in the course of the year. The net cash from operating activities was €-101.8 (-54.7) million and thus well below the figure for the same period of the previous year, mainly due to the fall in operating income, the increase in working capital as part of the planned expansion of business and the KWS Group's seasonal course of business.

The increase in capital spending meant that the net cash from investing activities was €-20.6 million compared to €-17.4 million in the previous year. The KWS Group recorded additions to property, plant and equipment and intangible assets (excluding leases) totaling €22.4 (20.9) million in the first three months of 2023/2024. The main focus of KWS' capital spending is on erecting and expanding production and research and development capacities.

Capital expenditures by region



Germany 39% (44%) Europe (excluding Germany) 36% (33%) North and South America 23% (19%) Rest of world 2% (6%)

Capital expenditures by segments



Corn 42% (17%) Sugarbeet 32% (38%) Cereals 4% (10%) Vegetables 7% (8%) Corporate 15% (27%)

¹ Excluding net sales from our equity-accounted companies

The free cash flow fell to €-122.4 (-72.0) million. KWS partly uses a revolving line of credit and issues short-term commercial papers in order to finance its general business operations during the year. The net cash from financing activities increased sharply to €127.8 (61.3) million due to the raising of short-term loans, while cash and cash equivalents declined to €175.3 (192.8) million.

Assets

Condensed balance sheet

in € millions	September 30, 2023	June 30, 2023	September 30, 2022
Assets			
Noncurrent assets	1,344.4	1,326.8	1,339.5
Current assets	1,618.7	1,420.7	1,480.8
Equity and liabilities			
Equity	1,245.8	1,291.1	1,218.9
Noncurrent liabilities	583.9	762.0	772.5
Current liabilities	1,133.4	696.5	828.9
Total assets	2,963.0	2,749.6	2,820.3

The KWS Group's balance sheet during the year is impacted strongly by the seasonal nature of its business. There are thus usually significant changes in balance sheet items, in particular for working capital, in the course of the year. The year-on-year increase in current assets was mainly attributable to a sharp rise in inventories as part of the planned expansion of the KWS Group's business. In addition, trade receivables likewise increased sharply.

Current liabilities increased, mainly due to a rise in short-term borrowings as part of financing the KWS Group's working capital and due to the reclassification of long-term financial borrowings. The equity ratio was 42.0% (43.2%), while total assets at September 30, 2023, were €2,963.0 (2,820.3) million. Net debt rose to €702.0 (613.7) million due to the increase in working capital.

Employees

Number of full-time employees by region¹

	September 30, 2023	September 30, 2022	+/-
Germany	2,283	2,153	6.1%
Europe (excluding Germany)	1,677	1,629	2.9%
North and South America	1,073	1,036	3.6%
Rest of world	186	189	-1.6%
Total	5,219	5,006	4.2%

¹ Full-time employees (FTE) at the balance sheet date

At September 30, 2023, we had 5,219 full-time employees worldwide (September 30, 2022: 5,006).

Segment report

Reconciliation with the KWS Group

The KWS Group's interim consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The segments are presented in the economic report in line with our internal corporate controlling structure in accordance with GAS 20. The main difference is that we do not carry the pro-rata revenues and costs of our equity-accounted joint ventures and associated companies in the statement of comprehensive income.

The earnings contributed by the equity-accounted companies are instead included at the Group level under net financial income/expenses. In addition, their assets and liabilities are included separately in the KWS Group's balance sheet under the financial assets. Our equity-accounted companies are included proportionately in the segment reports in line with our internal corporate controlling structure.

Reconciliation table

in € millions	Segments	Reconciliation	KWS Group
Net sales	269.7	-2.0	267.7
EBIT	-65.6	17.3	-48.3
Number of employees as of September 30, 2023	5,612	-393	5,219
Capital expenditure	24.4	-2.1	22.4
Total assets	3,089.8	-126.7	2,963.0

Corn Segment

Net sales at the Corn Segment fell in the first quarter of 2023/2024 by around 16% to €68.9 (82.1) million. This was mainly due to a decline in demand in the summer season in Brazil, which accounts for a low share of total annual net sales. In the regions of Europe and North America, no significant net sales were generated in the quarter under review due to seasonal reasons. Since the segment does not generate the major part of its annual net sales until the third quarter (January to March), the segment's earnings were negative, as customary for the period under review, and totaled €-62.3 (-46.5) million.

Sugarbeet Segment

Net sales at the Sugarbeet Segment, which posts only low sales volumes in the first quarter due to seasonal reasons, rose to €24.2 (20.1) million in the quarter under review. This increase is mainly attributable to earlier deliveries compared with the previous year. The segment's income was €-35.7 (-34.4) million, on a par with the previous year.

Cereals Segment

Net sales at the Cereals Segment rose by around 5% year over year in the quarter under review to €163.1 (155.7) million; on a comparable basis¹, the increase was around 9%. The increase in net sales is mainly attributable to stronger demand and higher sales prices for oilseed rape seed (€ +9.9 million or +16%). Our product portfolio again performed impressively in national variety comparisons. However, we recorded a decline of €3.4 million (-4% year on year) in our rye seed business due to seasonal fluctuations in the first quarter. Net sales from our other activities in the Cereals Segment were at the level of the previous year. The segment's income rose to €71.5 (62.3) million on the back of its successful business performance.

Vegetables Segment

Net sales at the Vegetables Segment rose by around 6% to €11.6 (10.9) million, mainly due to higher sales of spinach seed in North America. The segment's income fell to €-6.4 (-2.6) million, in particular due to greater planned expenditure on expanding vegetable breeding.

Corporate Segment

Net sales at the Corporate Segment were €1.9 (1.5) million. They are mainly generated from our farms. Since all cross-segment costs for the KWS Group's central functions and basic research expenditure are charged to the Corporate Segment, its income is usually negative. The segment's income was €-32.7 million and thus down on the previous year's figure of €-30.7 million, in particular due to planned higher administrative expenses and research costs.

¹ Excluding exchange rate and portfolio effects

Overview of the segments

in € millions	1st quarter of 2023/2024	1st quarter of 2022/2023
Net sales		
Corn	68.9	82.1
Sugarbeet	24.2	20.1
Cereals	163.1	155.7
Vegetables	11.6	10.9
Corporate	1.9	1.5
Total	269.7	270.3
EBIT		
Corn	-62.3	-46.5
Sugarbeet	-35.7	-34.4
Cereals	71.5	62.3
Vegetables	-6.4	-2.6
Corporate	-32.7	-30.7
Total	-65.6	-51.9

Opportunity and Risk Report

There has been no significant change in the situation as to opportunities and risks compared with at June 30, 2023. Risks that jeopardize the company's existence are not currently discernible. You can find detailed information on the risk management system and the risk situation at the KWS Group in the Combined Management Report starting on page 76 of the 2022/2023 Annual Report.

Forecast Report

Our assessment as regards the forecast has not changed compared with the statements made in the 2022/2023 Annual Report. We still expect the KWS Group to grow its net sales (on a comparable basis, excluding exchange rate and portfolio effects) by 3% to 5% in fiscal 2023/2024 compared with the previous year (€1,820 million). We anticipate that the EBIT margin will be in the range of 11% to 13%, while our R&D intensity is expected to be between 18% and 19%.

The previous forecasts for our product segments also remain unchanged. You can find detailed information on the forecasts for the current fiscal year in the Combined Management Report starting on page 89 of the 2022/2023 Annual Report. All the forecasts are based on the assumption that there will be no change in the situation as to opportunities and risks at the KWS Group. An expansion or escalation of Russia's war of aggression on Ukraine could have a negative impact on our commercial activities in Russia and Ukraine.

Report on Events after the Balance Sheet Date

On 31 October 2023, the Management Board of KWS SE, the general partner of KWS SAAT SE & Co. KGaA, KWS SE, ('Management Board') decided, with the approval of the Supervisory Board, to divest its 49% stake in the joint venture, KENFENG – KWS SEED CO., LTD, as well as the Chinese corn portfolio (including licenses) to the joint venture partner, Beidahuang Kenfeng Seed Co., Ltd. ("Kenfeng"), a member of the Beidahuang Group Co., Ltd. group ("Transaction").

The execution of the transaction is subject to the execution of purchase agreements, which are expected to be signed on November 18, 2023, subject to the approval of the relevant Chinese authorities and corporate bodies of the Beidahuang Group Co., Ltd. Group. The proceeds from the sale amount to a mid-double-digit million Euro amount. Details of the transaction and the exact amount of the purchase price were not disclosed. The Management Board expects the transaction to have a significant positive effect on operating profit and earnings after tax in the current financial year 2023/2024. The divestment of KWS's corn business in China is taking place primarily in light of changes in the regulatory environment. Upon completion of the transaction, KWS will reduce its business activities in China.

In addition, there were no events after September 30, 2023, that can be expected to have a significant impact on the KWS Group's earnings, financial position, and assets.

Consolidated Statement of Comprehensive Income

in € millions	1st quarter of 2023/2024	1st quarter of 2022/2023
I. Income statement		
Net sales	267.7	266.3
Operating income	-48.3	-33.1
Financial result	-28.4	-29.8
Earning before tax	-76.8	-62.9
Income taxes	-21.5	-16.7
Net income for the period	-55.3	-46.2
II. Other comprehensive income		
Items that may have to be subsequently reclassified as profit or loss	-6.8	12.8
Items not reclassified as profit or loss	0.0	0.1
Other comprehensive income	-6.8	12.9
III. Comprehensive income (total of I. and II.)		
Net income for the period after shares of minority interests	-55.3	-46.2
Share of minority interests	0.0	0.0
Net income for the period	-55.3	-46.2
Comprehensive income after shares of minority interest	-62.0	-33.3
Share of minority interests	0.0	0.0
Comprehensive income	-62.0	-33.3
Earnings per share in €	-1.67	-1.40

Consolidated Balance Sheet

Assets

in € millions	September 30, 2023	June 30, 2023	September 30, 2022
Goodwill	123.4	123.7	123.0
Intangible assets	314.6	319.9	329.2
Right-of-use assets	44.5	46.6	41.9
Property, plant and equipment	606.0	595.0	576.0
Equity-accounted financial assets	142.2	155.6	179.2
Financial assets	7.0	6.9	10.4
Other non-current receivables	28.9	32.9	8.5
Deferred tax assets	77.8	46.3	71.4
Noncurrent assets	1,344.4	1,326.8	1,339.5
Inventories	608.5	409.1	543.8
Biological assets	4.2	6.2	3.5
Trade receivables	568.8	582.0	499.2
Cash and cash equivalents	175.3	173.0	192.8
Current tax assets	126.9	128.1	125.0
Other current financial assets	51.4	68.5	38.0
Other current assets	81.5	53.8	75.7
Current assets	1,616.6	1,420.7	1,478.1
Assets held for sale	2.1	2.1	2.6
Total assets	2,963.0	2,749.6	2,820.3

Equity and liabilities

Subscribed capital	99.0	99.0	99.0
Capital reserve	5.5	5.5	5.5
Retained earnings	1,141.2	1,186.5	1,114.3
Equity	1,245.8	1,291.1	1,218.9
Long-term provisions	97.6	97.3	96.0
Long-term borrowings	387.6	566.1	574.1
Noncurrent lease liabilities	36.4	38.3	35.3
Deferred tax liabilities	59.7	57.5	63.2
Other noncurrent financial/non-financial liabilities	2.6	2.8	3.9
Noncurrent liabilities	583.9	762.0	772.5
Short-term provisions	44.6	38.0	45.4
Short-term borrowings	489.7	172.1	232.5
Current lease liabilities	13.1	13.3	11.0
Trade payables	308.3	228.1	272.4
Current tax liabilities	40.4	34.0	34.5
Other current financial liabilities	18.5	36.2	12.9
Contract liabilities	108.5	79.7	116.1
Other current liabilities	110.3	95.0	104.0
Current liabilities	1,133.4	696.5	828.9
Liabilities	1,717.3	1,458.5	1,601.4
Total equity and liabilities	2,963.0	2,749.6	2,820.3

Consolidated Statement of Changes in Equity

Changes in equity

in € millions	Group equity
07/01/2022	1,245.9
Dividends paid	0.0
Net income	-46.2
Other comprehensive income	12.9
Total comprehensive income	-33.3
Other changes	6.3
09/30/2022	1,218.9
07/01/2023	1,291.1
Dividends paid	0.0
Net income	-55.3
Other comprehensive income	-6.8
Total comprehensive income	-62.0
Other changes	16.7
09/30/2023	1,245.8

Consolidated Cash Flow Statement

Cash proceeds and payments

July 1 to June 30 in € millions	1st quarter of 2023/2024	1st quarter of 2022/2023
Net income	-55.3	-46.2
Net cash from operating activities	-101.8	-54.7
Net cash from investing activities	-20.6	-17.4
Net cash from financing activities	127.8	61.3
Change in cash and cash equivalents	5.4	-10.7
Changes in cash and cash equivalents due to exchange rate, consolidated group and measurement changes	-3.0	-0.1
Cash and cash equivalents at beginning of period (July 1)	173.0	203.7
Cash and cash equivalents at end of period	175.3	192.8

Einbeck, November 2023
The Executive Board

Additional Disclosures

Share

Share data

KWS SAAT SE & Co. KGaA	
Securities identification number	707400
ISIN	DE0007074007
Stock exchange identifier	KWS
Transparency level	Prime Standard
Index	SDAX
Share class	No-par value shares
Number of shares	33,000,000

Financial Calendar

Date	
December 13, 2023	Annual Shareholders' Meeting 2023
February 8, 2024	Semiannual Report 2023/2024
May 14, 2024	9M Report 2023/2024
September 26, 2024	Publication of the 2023/2024 annual statements Annual Press Conference and Analysts' Conference

About this Report

The financial report can be downloaded on our websites 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 document contains forward-looking statements about future developments based on the current assessments of 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 subject to certain elements of uncertainty, risks and other factors that may result in significant deviations between expectations and actual circumstances. Examples of such risks and factors are market risks (such as changes in the competitive environment or risks of changes in interest or exchange rates), product-related risks (such as production losses as a result of bad weather, failure of production plants or quality-related risks), political risks (such as changes in the regulatory environment, including those with regard to the general regulatory framework for the cultivation of energy plants, or violations of existing laws and regulations, for example those regarding genetically modified organisms in seed) and general economic risks. Forward-looking statements must therefore not be regarded as a guarantee or pledge that the developments or events they describe will actually occur. We do not intend, nor do we assume any obligation, to update or revise these forward-looking statements, since they are based solely on circumstances on the day they were published.

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Lennart Ritscher

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