Annual Report 2020|2021

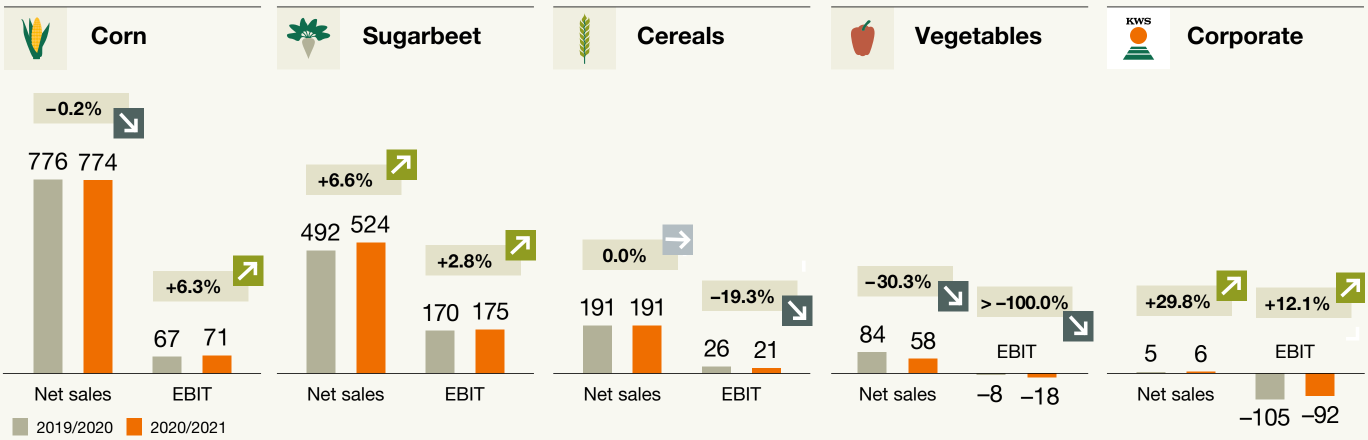
SEEDING
THE FUTURE
SINCE 1856

KWS

KWS in Figures

The KWS Group (in € millions)	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
Net sales and income						
Net sales	1,310.2	1,282.6	1,113.3	1,068.0	1,075.2	1,036.8
EBITDA	230.9	225.5	199.7	182.7	181.0	161.0
EBIT	137.0	137.4	150.0	132.6	131.6	112.8
as a % of net sales (EBIT margin)[1]	10.5	10.7	13.5	12.4	12.2	10.9
Net financial income/expenses	5.2	–7.8	–5.5	5.4	16.6	14.8
Net income for the year	110.6	95.2	104.0	99.7	97.7	85.3
Other figures on earnings						
R&D intensity in %	19.3	18.4	18.5	18.5	17.7	17.6
Key figures on the financial position and assets						
Capital expenditure	81.3	108.0	96.6	71.7	63.3	99.6
Depreciation and amortization	93.8	88.2	49.7	50.1	49.4	48.2
Equity	1,053.7	994.5	963.5	881.8	836.9	767.9
Equity ratio in %	44.3	44.5	45.5	58.1	56.0	53.5
Return on equity in %	10.9	10.1	12.1	12.3	13.1	11.9
Return on assets in %	5.7	5.3	7.6	7.1	7.3	7.0
Net debt[2]	475.6	495.7	497.9	37.4	48.5	87.9
Total assets	2,376.7	2,235.5	2,115.0	1,517.7	1,495.2	1,436.6
Capital employed (avg.)[3]	1,604.7	1,640.5	1,047.1	981.1	990.1	906.9
ROCE (avg.) in %[4]	8.5	8.4	14.3	13.8	13.3	12.4
Cash flow from operating activities	168.3	136.2	72.9	98.1	122.4	125.9
Free cash flow[1]	84.2	31.5	–5.6	30.0	57.6	33.7
Employees						
Number of employees (avg.)[5]	4,549	4,317	4,126	3,852	3,705	3,693
Personnel expenses	326.3	310.1	280.7	253.9	247.0	232.2
Key figures for the share in €						
Earnings per share in €[6]	3.35	2.89	3.15	3.02	2.96	2.58
Dividend per share in €[6, 7]	0.80	0.70	0.67	0.64	0.64	0.60

Segments (in € millions)



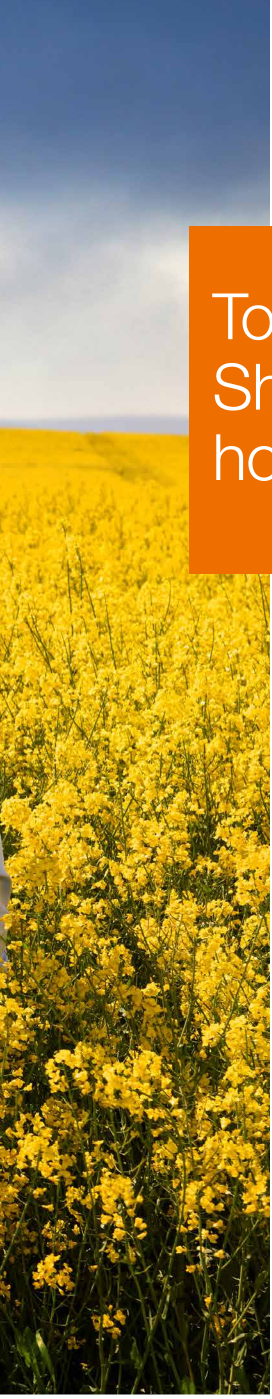
Reconciliation (in € millions)	Segments	Reconciliation	KWS Group
Net sales	1,553.8	–243.6	1,310.2
EBIT	157.2	–20.2	137.0

1 Adjusted for special effects from acquisition of the Pop Vriend Seeds Group. Information on interest paid changed.
2 Short-term + long-term borrowings – cash and cash equivalents – securities
3 Total capital employed at the end of the quarters (intangible assets + property, plant and equipment + inventories + trade receivables – trade payables)/4
4 EBIT/Capital Employed (avg.)
5 FTE: Full time equivalents
6 Earnings and dividend per share of previous periods adjusted due to share split
7 The dividend for 2020/2021 is subject to the consent of the 2021 Annual Shareholders' Meeting.

Contents

The cover photo shows a blooming oil radish from a catch crop in November in Brandenburg, Germany. Thanks to intensive breeding, this late-blooming catch crop is part of an effective strategy for preventing nematode infestation in sugarbeet. In connection with a nematode-tolerant sugarbeet variety, significant yield losses can be avoided in a natural way.

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



To Our Share-holders

Foreword of the Executive Board

Dear shareholders, partners and friends of KWS,

The past months have been challenging and often strenuous for all of us. I'm therefore all the more delighted to be able to present a good and successful year for KWS in this year's Annual Report.

The agricultural sector faces enormous challenges: It needs to create food security for the world's growing population, yet also tackle climate change, preserve biodiversity and conserve natural resources. Plant breeding can and will play a key part in addressing those challenges. As exemplified in the HFFA study published in the spring of 2021, plant breeding helps increase yields by almost 70% as an average across all the main crops grown in the EU. Moreover, without the continuous innovations by plant breeders, global cultivation area for these crops would have had to be increased by more than 21.5 million hectares since the year 2000 – an area roughly five times the size of Switzerland.

Throughout our 165-year history, we have always regarded seed as the starting point for progress in agriculture. Continuous further development is necessary to grow more food on less area and use fewer resources, as well as to enable production tailored to regional conditions. With the KWS Sustainability Ambition 2030, we are now setting a forward-looking yardstick for that very task and will constantly measure ourselves against its concrete specifications. This plan's guiding principle, sustainability begins with the seed, formulates our role and mission in developing solutions for efficient, yet sustainable agriculture.

New and adapted varieties help reduce the use of pesticides, fertilizer and other agricultural resources on fields, while delivering high and stable yields. Moreover, KWS' broad and growing portfolio makes an important contribution to promoting balanced crop rotations and biodiversity on fields – and providing a varied range of food on our plates.

We remain convinced that modern and new breeding methods are a key tool moving ahead in enabling sustainable agriculture, a secure supply of food and achievement of the targets laid out in the European Union's Farm to Fork Strategy. We therefore spent 19.3% of our net sales on research & development last year – expenditure that allows us to test new approaches independently and tackle projects proactively. That is our contribution to sustainability and agriculture with a viable future – and thus to ensuring KWS' future growth.

Thanks to our long-term strategy and independence, we as a company are able to keep on developing further and adapting to new conditions and circumstances. In view of the complex situation after the coronavirus pandemic broke out, we very swiftly established new ways to maintain dialogue with our employees, partners and customers. We will benefit long term from these creative solutions, which would have been inconceivable were it not for the exceptional dedication and commitment of our around 6,000 employees worldwide. That goes for our research & development as well as for our working relationship with farmers, customers and partners. We have kept our proximity to them and come even closer together thanks to new, digital technologies. After all, digitization is not new ground for us – it has been an important, forward-looking topic at KWS for years.

We can therefore look ahead full of optimism and at the same time take a look back at 165 years of KWS! My heartfelt thanks go out to all employees of KWS for their magnificent desire to achieve and their flexibility, whether they work under tougher conditions in the field, in our labs or from home. I also thank you – our customers, partners and shareholders – for the excellent working relationship and for your 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

Political responses to climate change have a particularly influential impact on KWS' business model. One example in this context is the EU's launch of its strategic Green Deal initiative, which envisages reducing the use of chemical pesticides by 50% and fertilizers by 20% by 2030. By the same year, 25% of arable land in Europe is to be converted to organic farming and a further 10% is to be rewilded. The resultant loss in productivity is an enormous challenge, but also offers us as a plant breeder opportunities and new potential to create value added. It is more important than ever to compensate for that loss by means of innovative, resistant and nutrient-efficient varieties, as well as to align the product portfolio more strongly toward the food sector, a move KWS has already instigated by establishing the Vegetables Segment.

As an independent seed specialist with a long-term focus, KWS makes substantial investments in research & development (R&D) so that it can remain a reliable provider of innovative varieties for its customers, i.e. farmers, in the future. We provide you with an insight into the improvements we are working on and how new technologies are contributing to advances in plant breeding on page 23 et seqq. of the Annual Report.

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 which require the Supervisory Board's approval in accordance with Section 111b of the German Stock Corporation Act (AktG).

The company's business policy, corporate and financial planning, profitability and situation, market trends and the competitive environment, research & 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

The Supervisory Board and the Management Board continued their constructive and trusting cooperation in the year under review.

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 full Supervisory Board of KWS SAAT SE & Co. KGaA held five regular meetings in fiscal 2020/2021, each of which was attended by all its members either in person or, due to the pandemic, via online media; the attendance rate for all Supervisory Board meetings was therefore 100%. 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 22, 2020. At this meeting, which was also attended by the independent auditor for fiscal 2019/2020, 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, 2020. 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 against the backdrop of the ongoing pandemic.

On December 15, 2020, the Supervisory Board dealt with strategic adjustments at the Corn Segment and with the "Strategic Planning 2031," which had just been commenced and is to be adopted in December 2021. It also evaluated potential acquisitions in KWS' still young Vegetables Segment, after which the Italian vegetable breeding company GENEPLANTA, which mainly breeds tomatoes, was acquired in the spring of 2021. The results of the breeding programs and opportunities for expansion in the Chinese corn market were on the agenda of the meeting on March 16, 2021. On June 22, 2021, the Executive Board submitted as usual the budget and medium-term planning to the Supervisory Board, which was then adopted by the Supervisory Board of KWS SE.

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 December 16, 2019, in accordance with Section 161 of the German Stock Corporation Act (AktG) together with the personally liable partner in October 2021. The Declaration of Compliance can be obtained on the company's website at www.kws.com/corp/en/company/investor-relations/corporate-governance.

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

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 2020/2021, each of which was attended by all members either in person or online; the attendance rate for all meetings of the Audit Committee was therefore 100%. In its meeting on September 23, 2020, 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 2019/2020, 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 2020/2021 were discussed in particular at the meeting on November 19, 2020. The meeting on February 17, 2021, discussed and defined the focus of the audit for fiscal year 2020/2021 in the presence of the appointed independent auditor. It also discussed the situation as regards the KWS Group's financing and the Semiannual Report 2020/2021 in detail. In addition, the Audit Committee dealt with the results of the self-assessment, which was conducted using a questionnaire. The members of the Audit Committee discussed in detail the quality and effectiveness of and future challenges facing the committee's work. In addition, the report by Internal Auditing for fiscal 2020/2021 was discussed and the audit plan for fiscal 2021/2022 was defined and adopted at the meeting on May 11, 2021. The risk situation, the 9M Quarterly Report for 2020/2021 and the KWS Group's insurance program 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 has no personnel responsibility for the management, in particular for the Executive Board of KWS SE. Nevertheless, we would like to take this opportunity to inform you about the upcoming changes at the general partner.

Dr. Léon Broers will leave the Executive Board of KWS SE when his contract of employment ends on December 31, 2021. In view of that, the responsibilities on the Executive Board, in particular those for Research & Development and for our young Vegetables Segment, had to be reorganized. The **Committee for Executive Board Affairs** of KWS SE therefore dealt intensively with the issues of successor planning and assignment of responsibilities on the Executive Board in the period under review and submitted the following proposals to the Supervisory Board.

As announced at the Annual Shareholders' Meeting on December 16, 2020, the Supervisory Board of KWS SE decided on December 15, 2020, to assign responsibility for Research & Development to Dr. Felix Büchting effective January 1, 2022. Felix Büchting studied agrobiology at the University of Hohenheim in Stuttgart and agricultural sciences and molecular biology at Oregon State University in Corvallis, where he gained his doctorate in the field of plant breeding. Felix Büchting will also remain in charge of Human Resources, but will hand over responsibility for cereals business to Dr. Peter Hofmann. At the same time, Peter Hofmann will take over the Vegetables Segment from Léon Broers. Léon Broers will assist him in his capacity as Head of the Business Unit Vegetables for further years from the Netherlands.

At its meeting on October 19, 2021, the Supervisory Board of KWS SE appointed Nicolás Wielandt as the fifth member of the Executive Board with effect from January 1, 2022. Nicolás Wielandt was born in Chile, studied agricultural sciences and has worked at the KWS Group for 15 years, initially as a controller, then as Managing Director at KWS Chile, subsequently as Head of Sugarbeet Middle East/ Africa and Eastern Europe, followed by five years as Head of the Business Unit Sugarbeet. Nicolás Wielandt has been Head of the Business Unit Corn Europe/Asia since July 1, 2019. He has been able to deepen and broaden his expertise in corn business in this post and therefore has the credentials for the challenging task of managing the strongly growing segment and ensuring its profitability. He will take over Corn Europe from Peter Hofmann and corn business in South America from Hagen Duenbostel. Hagen Duenbostel will remain in charge of KWS' joint ventures in China and North America for the time being.

In addition, the Supervisory Board of KWS SE decided that the subject areas of corporate governance, compliance and risk management are to be pooled under the responsibility of the CFO. Eva Kienle will take them over in the current fiscal year 2021/2022.

The **Nominating Committees** of the Supervisory Boards of KWS SAAT SE & Co. KGaA and KWS SE convened to discuss medium-term successor planning on both boards. Both committees intend to propose that Dr. Hagen Duenbostel be elected to the Supervisory Board of each company when his Executive Board contract ends in December 2024. Hagen Duenbostel, who has been a member of KWS' Executive Board since 2003, will not renew his contract, but has indicated that he would be prepared to serve on the Supervisory Boards of KWS SAAT SE & Co. KGaA and KWS SE. In order to ensure the two-year cooling-off period required by the German Corporate Governance Code, it is envisaged that Hagen Duenbostel will be relieved of his duties on the Executive Board at the Annual Shareholders' Meeting of KWS SAAT SE & Co. KGaA in December 2022 and thus leave the management team of KWS SAAT SE & Co. KGaA. However, he is to continue working on the boards of our joint ventures in China and North America.

The Nominating Committees are thus making preparations for a successor to Dr. Drs. h.c. Andreas J. Büchting, the longstanding Chairman of the Supervisory Boards of KWS SAAT SE & Co. KGaA and KWS SE. He has been a member and Chairman of both since 2007 and has reached the age limit stipulated in their bylaws. He will therefore not stand in the new elections for the Supervisory Boards scheduled in December 2022. That means that an interim member has to be appointed to serve during the cooling-off period for Hagen Duenbostel. The Nominating Committees therefore propose that Philip Freiherr von dem Bussche be elected to the Supervisory Boards of KWS SAAT SE & Co. KGaA and KWS SE for a period of two years. Philip von dem Bussche was a member of the Supervisory Board of the then KWS SAAT AG from 2000 to 2005 and moved to the Executive Board in 2005. In 2007, he took over as Chief Executive Officer from Andreas J. Büchting and retired from that post in 2014. As a holder of a degree in business management, entrepreneur and farmer, Philip von dem Bussche has intimate knowledge of the agricultural industry in general and KWS specifically. He is a member of the Supervisory Boards of K+S Aktiengesellschaft and Bernhard Krone Holding SE & Co. KG.

Andreas J. Büchting, Chairman of the Supervisory Board

In addition, the Committee for Executive Board Affairs of KWS SE has proposed to the Supervisory Board that Dr. Felix Büchting be appointed Chief Executive Officer when Hagen Duenbostel's cooling-off period commences in December 2022 and, in view of that, that his contract be extended until December 31, 2026, prior to the end of its term. The Supervisory Board of KWS SE endorsed this proposal at its meeting on October 19, 2021. With the early nomination of Felix Büchting to succeed Hagen Duenbostel, the appointment of Nicolás Wielandt to the Executive Board of KWS SE, and the above-described changes in responsibilities, the Supervisory Board is ensuring – as required by the German Corporate Governance Code – long-term succession planning for the Executive Board of the personally liable partner of KWS SAAT SE & Co. KGaA.

The Corn Segment's further development in the U.S. is exceptionally important in terms of the KWS Group's earnings in the next few years. Our joint venture AgReliant Genetics, LLC (AgR) has made significant progress in renewing its product portfolio, which will enable it to grow significantly in the coming years. In particular, Hagen Duenbostel was and is responsible for reorganizing the portfolio and for the resultant positive economic impact for the KWS Group. At the proposal of the Committee for Executive Board Affairs, the Supervisory Board therefore decided to grant Hagen Duenbostel an additional one-year variable payment ("one-year variable payment 2"), dependent on AgR's business performance, from fiscal year 2021/2022. We will report on that in the Compensation Report for fiscal 2021/2022.

In addition, the Committee for Executive Board Affairs dealt with the necessary adaptations to the Executive Board compensation system pursuant to the German Act Implementing the Second Shareholders' Rights Directive (ARUG II). The proposed adaptations were adopted by the Supervisory Board of KWS SE at its meeting on October 19, 2021, and, in agreement with the Supervisory Board of KWS SAAT SE & Co. KGaA, were submitted for approval to the Annual Shareholders' Meeting of KWS SAAT SE & Co. KGaA on December 2, 2021. We refer you to the Notice of the Annual Shareholders' Meeting for the content of the compensation system. We would only point out here that the future Executive Board compensation system, if approved by the Annual Shareholders' Meeting, will apply for the first time to Executive Board contracts concluded or extended after December 2, 2021.

Annual and consolidated financial statements and auditing

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover, the independent auditor chosen at the Annual Shareholders' Meeting on December 16, 2020, 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 2020/2021 and the financial statements of the KWS Group (IFRS consolidated financial statements), as well as the Combined Management Report of KWS SAAT SE & Co. KGaA and the KWS Group (Group Management Report), including the accounting reports, and awarded them its unqualified audit certificate. In addition, the auditor concluded that the audit of the financial statements did not reveal any facts that might indicate a misstatement in the declaration of compliance issued by the personally liable partner and the Supervisory Board in accordance with section 161 of the German Stock Corporation Act (AktG) with respect to the recommendations of the "Government Commission for the German Corporate Governance Code." The Non-Financial Declaration (Section 289b and Section 315b of the German Commercial Code (HGB)) in the Combined Management Report were likewise audited by the independent auditor.

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

The Audit Committee convened on September 23, 2021, to discuss the annual financial statements of KWS SAAT SE & Co. KGaA and the KWS Group's consolidated financial statements for the 2020/2021 fiscal year and accounting, along with the Combined Management Report. The independent auditor for fiscal 2020/2021 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 October 19, 2021. 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 2, 2021, 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 despite the difficult conditions still prevailing as a result of the COVID-19 pandemic, and for their contribution to the successful further development of KWS in fiscal 2020/2021.

Einbeck, October 19, 2021

Andreas J. Büchting

Dr. Drs. h.c. Andreas J. Büchting
Chairman of the Supervisory Board

KWS on the Capital Market

Performance

The COVID-19 pandemic remained the dominant issue impacting stock exchanges in fiscal year 2020/2021. Massive economic stimulus programs ensured that the major economies recovered quickly, thus improving stock market sentiment. Central banks' continuing expansionary monetary policy also helped shore up the situation. Interest rates were still low and shares therefore remained an attractive investment, with the result that the leading stock indexes climbed to new peaks.

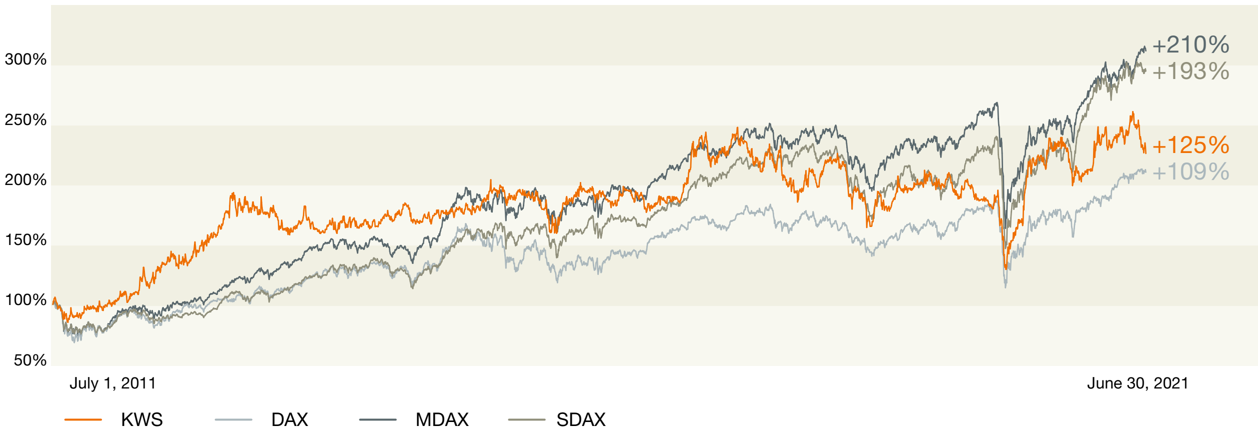
The DAX recorded a new all-time high of 15,730 points on June 15, 2021, before closing at 15,531 points on June 30, 2021 (June 30, 2020: 12,310)[1]. The SDAX, in which the KWS share is listed, turned in a similar performance and stood at 16,021 points on the balance sheet date, likewise well above the level of the previous year (11,536).

KWS' share posted a slightly positive performance as a whole in fiscal year 2020/2021 and had risen by just over 4% by its end. After a low of €61.10 at the end of October 2020, it rose sharply to around €80 in May 2021 on the back of increases in prices for agricultural raw materials. KWS' share ended June 2021 at €69.40. The average trading volume per day on XETRA fell from around 14,000 shares to approximately 9,000. The price of KWS' share has more than doubled in the past ten years.

Employee Stock Purchase Plan

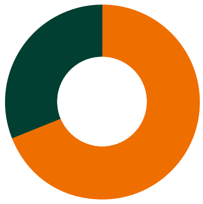
For more than 30 years KWS has offered its employees the chance to become shareholders in the company and thus share in its success. The content of our Employee Stock Purchase Plan remained unchanged in the year under review. Our employees were able to buy up to 2,000 KWS shares at a price of €53.04 (45.92), including a 20% discount, which the individual employees must pay tax on. 592 (476) employees in eight (six) European countries took up this offer and purchased a total of 76,120 (52,315) 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). A total of €5.6 (3.0) million was used to buy back the company's own shares, giving an average purchase price per share (including fees) of €73.02 (57.40). More details have been published in information released for the capital market and can be viewed on our website at www.kws.com/corp/en/company/investor-relations/.

The KWS share's performance over ten years



[1] Unless otherwise specified, the figures in parentheses are those for the previous year.

Shareholder structure at June 30, 2021
(33,000,000 shares)



Planned appropriation of profits

In view of the company's pleasing performance and the sharp increase in net income for the year, the Executive and Supervisory Boards will propose a dividend of €0.80 (0.70) per share for fiscal year 2020/2021 to the Annual Shareholders' Meeting on December 2, 2021. €26,4 (23.1) million would thus be distributed to KWS SAAT SE & Co. KGaA's shareholders. That corresponds to a dividend payout ratio of 23.9% (24.3%), 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, 2021	69.40
June 30, 2020	66.70
High and low	**in €**
High (May 19, 2021)	80.90
Low (October 29, 2020)	61.10
Average trading volume	**in shares/day**
2020/2021	9,203
2019/2020	14,354
Market capitalization	**in € million**
June 30, 2021	2,290
June 30, 2020	2,201
Earnings per share	**in €**
June 30, 2021	3.35
June 30, 2020	2.89

2. Combined Management Report 2020/2021 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 82. 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 added value for the farmer. 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 2020/2021, 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. That means most of the segment's net sales are 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 (more than 40%), followed by rapeseed, wheat and barley (a combined total of around 50%). 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, carrots and tomatoes. The segment generates just over one-third of its revenue in the U.S. KWS' strategic objective is to build a significant position in the vegetable seed market long term. Its focus 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 2020/2021. 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

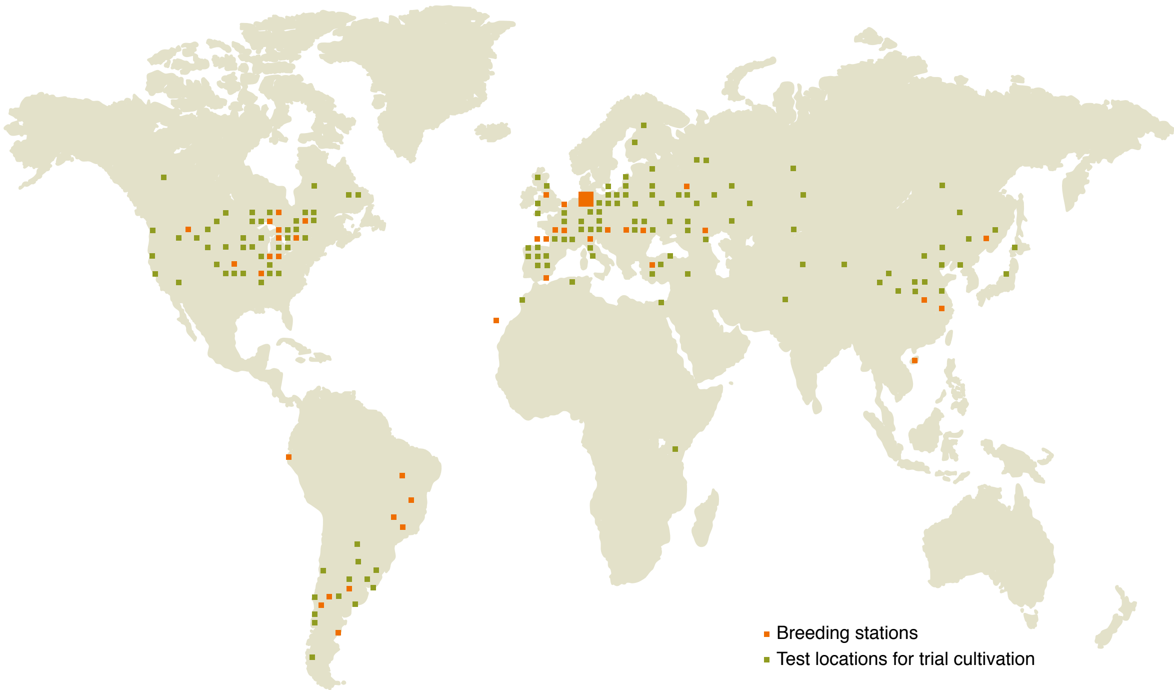
KWS' breeding processes are geared toward exploiting plants' potential as much as possible and leveraging that potential to tackle the major challenges of modern sustainable agriculture. Whether it is plants for producing food, fodder or energy, conventional, organic or genetically modified: KWS offers farmers 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 these external factors in our Opportunity and Risk Report on pages 69 to 78.

Breeding and distribution 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 85 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 139 to 141.

2.1.3 Responsible Business Activity*

Mission and principles

As a family-run, listed company, 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 family-run 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 who 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. We believe that strategic success factors are in particular our intensive research & breeding of new, high-yielding varieties.

Corporate objectives of the KWS Group

Our corporate objectives are divided into four core topics: profitable growth, innovation, independence 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 seqq.
	EBIT-margin ≥10%	Page 26 et seqq.
	A dividend payout ratio of 20% to 25% of the KWS Group's net income for the year	Page 137 et seqq. (Notes)
Innovation	R&D intensity of at least 17% of consolidated net sales	Page 23 et seqq.
Independence	Retention of a control structure shaped by the family owners	Page 64 et seqq.
Sustainability	Implementation of KWS' Sustainability Ambition 2030	Page 43 et seqq. (NFD) and Sustainability Report 2020/2021

Profitable growth

is vital for our future development. Long-term profitable growth ensures we can retain our commercial independence. Key components are the good performance of our seed and a relationship of trust with farmers. 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 €250 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 employees. Our independence and long-term orientation enable us in particular to invest in research and breeding projects with an eye to the future.

Sustainability
Agriculture faces huge challenges globally. They include the world's growing population, increasingly severe consequences of climate change, and the preservation of biodiversity and natural resources. We believe that innovations in plant breeding play a key role in tackling these challenges.

Throughout our 165-year history, we have always regarded seed as the central starting point for improvements in agriculture. Proximity to farmers and continuous expansion of our research & development activities have helped us become established as a leading seed specialist. New varieties now help reduce the use of pesticides, fertilizer and other agriculture resources on fields, yet deliver higher and higher yields.

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

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

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

We refer you to the 2020/2021 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 that and other details of achievement of our objectives in the respective sections, which are referred to in the table on the corporate objectives.

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 derived from the strategic planning, which covers a timescale of ten years.

The targets set in the annual and medium-term planning are arrived at on the basis of the strategic planning, regional economic and legal situation, anticipated market 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. That serves to optimize our internal processes.

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 Finance Business Partners also advise decision-makers on economic optimization measures. In particular the heads of the product segments, the regional directors and the heads of research and breeding activities and the central functions are responsible for the content of the planning and current forecasts.

The Executive Board uses various indicators for planning, controlling and monitoring the business performance of the KWS Group and its operating units. The main indicators for the KWS Group are net sales, operating profitability (EBIT margin), adjusted EBIT margin (when appropriate), and R&D intensity. KWS' product segments, which are divided into Business Units, are in turn geared toward the main indicators of net sales and EBIT margin.

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 and 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 that, 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. That 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 annual progress in yields of around 1.5% for decades. The company also increases genetic diversity by new crossings, which is vital to improving crops. That is why KWS has supported various gene banks in different projects for years. By continuously improving yield and delivering new plant traits, we make a contribution to resource-conserving, sustainable agriculture.

2.2. Research & Development Report

Key research & development figures

		2020/2021	2019/2020	+/–
R&D employees [1]	ø	2,122	2,073	2.4%
Share of R&D employees relative to the total workforce	in %	35.4	36.3	–
R&D expenditure		252.2	236.1	6.8%
R&D intensity [2]	in %	19.3	18.4	–
Variety approvals		492	484	1.7%

1 Average headcount
2 As a % of net sales

In fiscal 2020/2021, our R&D expenditure increased by around 7% to €252.2 (236.1) million. We obtained 492 variety approvals worldwide, surpassing the high figure of the previous year (484) and thus once more demonstrating KWS' innovativeness.

Success on the Brazilian market with our own breeding material

KWS has operated in the important corn market of Brazil since 2012 and so is a relatively young company in that country. We were initially represented there only with licensed breeding material, but in fiscal 2018/2019 we began selling the first hybrid corn variety with KWS' own genetic material. K9606VIP3 is now one of the best-selling corn varieties on the Brazilian market. In particular, it boasts high yield stability. Moreover, it is not only resistant to corn stunt, one of the main bacterial corn diseases in South America, but is also distinguished by very high drought tolerance.

Our product pipeline means we are also well positioned in the Brazilian market moving ahead. A further new and highly promising corn variety, K7510VIP3, gained approval in the year under review and is about to be launched on the market. It is likewise high-yielding, is resistant to fungal diseases and has important traits for the Brazilian market.

New winter wheat varieties for Germany

Germany is one of our core markets for winter wheat in Europe. We maintain a separate breeding program for this market due to climatic conditions, market-specific quality criteria and specific requirements for agronomic properties and resistances. We were able to significantly increase our success in registering varieties bred under the program in the year under review. We obtained approval for six new varieties in the past two years alone. Four of the varieties are particularly high-yielding, have good resistance to diseases and deliver important qualities for use in baking bread. We anticipate that these new varieties will help us increase our market share in Germany sharply in the coming years.

Strong hybrid rapeseed varieties gain approval in France

Hybrid rapeseed varieties have become increasingly established in the past years. They offer the same or a better yield, as well as greater stability in the face of environmental factors and diseases. KWS has therefore geared its rapeseed program to hybrid breeding. Approval of six new hybrid varieties in France last year vindicates this strategy. A KWS variety achieved the highest yield in the official variety tests.

The variety HOSTINE not only has improved pod shatter resistance, but is also certified as having greater tolerance to turnip yellows viruses and also boasts a high oil content. Our portfolio also includes HODYSSEE, a hybrid variety with a particularly high protein content. The results from France mean we can also expect to obtain approvals for competitive hybrid rapeseed varieties in other markets in the future.

New solution for combating yellowing viruses in sugarbeet cultivation

KWS resumed its research into yellowing viruses in 2015, in anticipation of changes in the law relating to the application of pesticides containing neonicotinoids. Since then, we have been working at full pace on a breeding approach to combat viruses that cause yellowing in sugarbeet. Yellowing viruses are transmitted by aphids and can result in harvest losses of up to 50%. These aphids have been proliferating in Europe for years due to climatic changes and a lack of ways to combat them. Plant viruses themselves cannot be controlled by pesticides. This problem, which is of existential importance in sugarbeet production, can therefore be tackled only by developing resistant and tolerant varieties.

In order to reduce the losses caused by yellowing viruses, KWS launched its first tolerant variety under the integrated approach “Virus Yellow Protect” in the year under review. The variety MARUSCHA KWS has gained approval in the UK and Germany and all in all has good tolerance to yellowing viruses, in particular to beet mild yellowing virus. It also impresses with far better yields in situations where plants are infected by viruses. Further varieties are currently undergoing testing in official trials in France, Belgium, the Netherlands and Switzerland. We are working long term on developing varieties that exhibit very good resistance to all yellowing viruses, yet still ensure a high sugar yield on fields that are not infected.

Further expansion of vegetable breeding

KWS continues to expand its new business unit for vegetable seed. Last fiscal year, it took over the vegetable seed company Geneplanta S.r.l., Noceto/Parma, Italy. The company, which was established in 2011, focuses on breeding tomatoes and on producing and distributing tomato seed. The main sales regions currently include Italy and Mexico. By integrating Geneplanta we gain access to high-performance genetic material and can significantly speed up development of our own tomato breeding programs.

We are also focused on building our own tomato, cucumber, melon, watermelon and pepper breeding activities in Spain, Mexico, Brazil and Turkey.

We have also achieved progress in breeding as part of the vegetable activities of Pop Vriend Seeds, which we acquired in 2019. By crossing in a new resistance to mildew, we will be able to underpin our leading market position worldwide in spinach breeding.

Innovativeness in research enhanced by genome editing

One of the core tasks in our research work is to gain a better understanding of the molecular fundamentals of complex plant traits and leverage that knowledge to develop new varieties. Innovative technologies are vital in that. Genome editing technology has injected fresh impetus here in the past years. This technology allows us to identify genes far more quickly and test them directly in our high-performance material. Results from research can thus be incorporated sooner in product development. Moreover, analyses can be conducted with a lower number of plants, meaning we need fewer greenhouse tests and field trials. We currently use genome editing technology in KWS' research work on the crops corn, sugarbeet, wheat, rye and potatoes.

In addition, KWS is campaigning for innovative methods like genome editing to be able to be used in European agriculture, too. For example, we are participating in the demonstration and research project PILTON (which stands for "fungal tolerance in wheat through new breeding methods") that is funded and supported by the German Plant Breeders Association (BDP) and 60 plant breeding companies. As part of this joint project, we aim to highlight the benefits of these breeding methods for resource-conserving and productive agriculture with reference to a concrete example. The aim is to develop wheat plants with improved, multiple and durable fungal tolerance using new breeding methods. Wheat is one of the world's most important crops – but without protective measures up to one-third of the annual harvest would be lost due to fungal diseases. Multiple fungal tolerance could reduce crop failures and use of chemical pesticides.

Digitization and automation at KWS

Digitization is penetrating more and more areas of our research & development work. We can increasingly make breeding decisions on the basis of big data and using algorithms. Elsewhere, we are transferring important processes to technical systems so as to automate and increase the efficiency of workflows in the lab, greenhouse and field.

KWS' global testing and trials are benefiting more and more from "FieldExplorer," a geodata management platform we have developed in-house. Around 700 KWS staffers worldwide now use the system and the possibility of fully digitized field planning and field management it offers. Further application modules were added to the platform in fiscal 2020/2021. Two newly developed apps also allow it to be used on mobile devices. Our users in the field thus have access to various trial and production data and can enter their results and observations on the spot. We have already been able to increase efficiency in our testing and trials significantly by using this platform.

Digital solutions are also taking root in our greenhouses. Since last fiscal year, autonomous transportation vehicles and artificial intelligence have helped our research into drought stress in corn and sugarbeet plants. The self-driving vehicles automatically take the plants to various analysis stations so that their growth can be documented. We also gain insights into the water balance of plants with the aid of hyperspectral imaging and smart image processing software.

In addition, KWS is investigating and promoting new methods for precise, non-chemical weed control with the "FutureLive: Robotic weeding in the field" project, where it is testing innovative robot systems that remove weeds in a pinpointed manner thanks to artificial intelligence and high-precision GPS systems. The goal is to reduce use of pesticides long term and make organic sugarbeet cultivation more profitable.

2.3 Economic Report

2.3.1 Business Performance

General developments and business performance of the KWS Group

The general macroeconomic conditions in the year under review were still impacted by the COVID-19 pandemic. Following the pandemic's outbreak at the beginning of 2020 and the sharp slump in economic output, the global economy showed initial signs of recovery as of the second half of the year. The fall in infections in the course of the first half of 2021 resulted in a sharp pickup in overall economic activity, in particular in the developed economies. This trend was accompanied by higher inflation in industrialized countries like Germany and the U.S.

The pandemic exacerbated general economic conditions in some emerging countries. That led in some cases to a sharp devaluation in local currencies, such as in Brazil, Argentina and Turkey, which had a negative impact on KWS.

After a lengthy spell of low prices, the agricultural sector recorded price increases, in some cases on a significant scale, for agricultural commodities like corn and soybean in the year under review. This trend helped fuel an increase in cultivation area and so was supportive to KWS' business performance. The rise in prices for agricultural commodities was accompanied in some cases by higher seed multiplication costs.

In spite of tougher conditions in the wake of the COVID-19 pandemic, the KWS Group again managed in the year under review to supply farmers with seed in good time for the spring sowing season. Guided by the precept of ensuring the health and safety of our employees, we adapted business processes and rolled out new, digital formats for communicating with our customers. We also continued our extensive measures at our global locations based on or even exceeding the recommendations and directives of the national and international health authorities.

Guidance versus actual business performance of the KWS Group

In the course of the year, there were no significant changes to our assessment for the year as a whole. In our 9M Quarterly Report for 2020/2021, we put a more precise figure on our earnings guidance by stating that we expected an EBIT margin (excluding the noncash effects as part of the completed purchase price allocation for the acquisition of Pop Vriend Seeds) at the top end of the forecast of 11.0% to 13.0%.

The KWS Group's consolidated net sales rose by around 2% to €1,310.2 million and were thus in line with the forecast, namely net sales at the level as the previous year. The R&D intensity was 19.3%, slightly above the forecast range of 17% to 19%.

The EBIT margin was 10.5%. Excluding the noncash effects as part of the completed purchase price allocation for the acquisition of Pop Vriend Seeds, it was 12.5% and thus in line with the more precise guidance given in the 9M Quarterly Report for 2020/2021.

Guidance versus actual business performance of the KWS Group

	Results in 2019/2020	Guidance for 2020/2021	Adjustments to the guidance during the year			Results in 2020/2021
		Annual Report 2019/2020	Q1 Report	Semiannual Report	9M Report	
Net sales	€1,283 million	At the previous year's level	–	–	–	€1,310 million; +2.2%
R&D intensity	18.4%	17–19%	–	–	–	19.3%
EBIT margin [1]	13.3%	11–13%	–	–	At the upper end of the more precise guidance	12.5%

1 Excluding the effects of the purchase price allocation for Pop Vriend Seeds

Summary of the segments' course of business and comparison with the guidance[1]
Most of the net sales in the **Corn Segment** is generated in the second half of our fiscal year (January to June) during the spring sowing season in the northern hemisphere. A lesser share of revenue is earned in South America in the first two quarters. Net sales at the Corn Segment were €774.0 (775.7) million, i.e. at the level of the previous year and thus in line with the more precise guidance given in the 9M Quarterly Report for 2020/2021.

Exchange rate effects (in particular in relation to the Brazilian real) reduced net sales sharply by 8.5%; after adjustment for exchange rate effects, the segment's net sales rose by 8.3%. The main contributors to this growth were the Europe region (in particular Southeastern and Eastern Europe) and the South American markets Argentina and Brazil. However, our U.S. joint venture AgReliant posted lower net sales in the face of a challenging competitive environment.

The EBIT margin was 9.2% (8.6%) and, as forecast in the updated guidance in the 9M Quarterly Report for 2020/2021, was at the level of the previous year.

The main sales season for the **Sugarbeet Segment** is in the second half of our fiscal year (January to June). Our high-quality sugarbeet varieties were again some of the highest-yielding in the industry. The segment also benefited from the success of our CONVISO® SMART portfolio of varieties and initial net sales from varieties based on a new Cercospora tolerance (CR+). Cultivation area declined slightly as a whole.

The segment's net sales rose by 6.6% to €524.3 (491.8) million, a figure that was much better than anticipated in the more precise guidance given in the 9M Quarterly Report for 2020/2021 ("slight increase in net sales"; previously "at the level of the previous year"). Exchange rate effects reduced net sales by 6.4%; after adjustment for exchange rate effects, the segment's net sales rose by 13.0%. The EBIT margin in the Sugarbeet Segment was 33.3% and was slightly below the level of the previous year (34.6%).

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

Every year, the fall sowing season determines the main business trends of the **Cereals Segment**. Net sales were €191.2 (191.2) million and were thus, as expected, at the level of the previous year. In particular, there was an appreciable increase in net sales for wheat and rapeseed seed. Business operations with hybrid rye seed were stable, although exchange rate effects resulted in a fall in net sales in nominal terms. All in all, exchange rate effects reduced the segment's net sales slightly by around 3%. In the year under review, net sales from farms totaling €1.6 million were also reassigned from the Cereals Segment to the Corporate Segment. The segment's EBIT margin was 11.1% (13.8%), as forecast slightly below the level of the previous year.

The **Vegetables Segment**, in which the activities of Pop Vriend Seeds, the vegetable seed producer we acquired effective July 1, 2019, are consolidated, is impacted by seasonal factors only to a small degree. Net sales at the Vegetables Segment fell sharply to €58.2 (83.5) million, in particular due to lower demand for spinach seed in the wake of the COVID-19 pandemic. The segment's net sales were thus – also due to exchange rate effects – slightly below the updated guidance in the Semiannual Report 2020/2021 ("between €60 and €65 million"). Net sales in the food service market segment in the U.S., our key sales market, declined in particular.

The segment's income (adjusted for effects as part of the purchase price allocation for the acquisition of Pop Vriend Seeds) fell to €7.9 (18.1) million due to the decline in net sales; the EBIT margin of 13.6% was thus well below the more precise guidance given in the Semiannual Report 2020/2021 ("around 20%"). Including noncash effects from the purchase price allocation of inventories measured at fair value (€–4.1 million) and from amortization of acquired intangible assets (€–21.9 million), the segment's income was €–18.1 million.

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 basic research expenditure are still charged to the Corporate Segment, its income is usually negative. The segment's income improved sharply to €–92.0 (–104.6) million, mainly due to positive exchange rate effects from financial instruments and lower costs as a result of the pandemic, and was thus in line with the guidance ("improvement over the previous year").

2.3.2 Earnings, Financial Position and Assets

Earnings

Condensed income statement

in € millions		2020/2021	2019/2020	+/–
Net sales		1,310.2	1,282.6	2.2%
EBITDA		230.9	225.5	2.4%
EBIT		137.0	137.4	–0.3%
Net financial income/expenses		5.2	–7.8	–
Result of ordinary activities		142.2	129.5	9.8%
Income taxes		31.6	34.3	–7.9%
Net income for the year		110.6	95.2	16.2%
Earnings per share	in €	3.35	2.89	16.1%
EBIT margin	in %	10.5	10.7	–

Slight increase in net sales despite significant negative exchange rate effects
The KWS Group's net sales rose by 2.2% from €1,282.6 million in the previous fiscal year to €1,310.2 million in the year under review. Negative exchange rate effects reduced that figure sharply by 6.7%, in particular as a result of depreciation of the local currencies in Brazil, Argentina, Russia, the U.S. and Turkey against the euro. After adjustment for exchange rate effects, net sales rose by 8.8%.

The Corn and Sugarbeet Segments accounted for a major share of total net sales, namely 40.3% and 40.0% respectively. The share of the Cereals Segment in the year under review was virtually constant at 14.6% (previous year: 14.9%). The Vegetables Segment accounted for 4.4% (previous year: 6.5%) of total net sales.

The region where we generated most of our business was Europe, which accounted for 65.9% of net sales (Germany: 18.5%), while net sales from North and South America contributed 27.3% of the total. 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).

EBIT at the previous year's level, sharp increase in R&D expenditure
The KWS Group's operating income before depreciation and amortization (EBITDA) increased in fiscal 2020/2021 by 2.4% to €230.9 (225.5) million, while operating income (EBIT) was €137.0 (137.4) million and so at the level of the previous year.

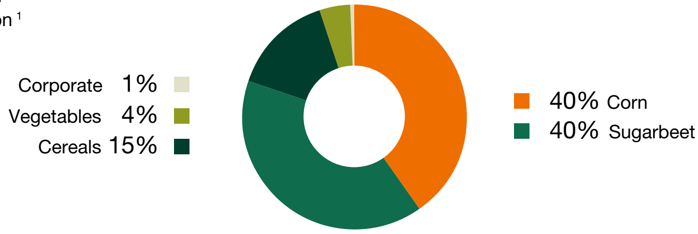
The EBIT margin was 10.5% following 10.7% in the previous year. Excluding noncash effects from the purchase price allocation of inventories measured at fair value (€–4.1 million) and from amortization of acquired intangible assets (€–21.9 million), the EBIT margin was 12.5%.

The KWS Group's cost of sales rose in the year under review by 3.8% to €570.7 (549.9) million, giving a cost of sales ratio of 43.6% (42.9%). The slight year-on-year increase in the ratio is mainly attributable to the higher cost of sales in the Corn and Sugarbeet Segments.

Selling expenses declined by 1.9% to €244.2 (248.8) million, mainly due to positive exchange rate effects.

Net sales by region
Total net sales €1,310.2 million [1]

Net sales by segment
Total net sales €1,310.2 million [1]



1 Without sales of our at equity accounted consolidated companies

Research & development expenditure rose sharply by 6.8% in the year under review to €252.2 (236.1) million; the R&D intensity increased accordingly to 19.3% (18.5%).

Administrative expenses declined slightly due to lower costs for the transformation project ONEGLOBE (optimization of the administrative functions and processes) and due to lower costs as a result of the pandemic and were €127.1 (129.5) million.

At €21.1 (19.1) million, the balance of other operating income and other operating expenses was at the level of the previous year. The related individual items are explained in detail in the Notes on pages 108 to 109.

Sharp increase in net income for the year and earnings per share

Our net financial income/expenses is made up of the net income from equity investments and the interest result. One component of income from equity investments is the income from equity-accounted joint ventures, which rose to €17.4 (10.8) million. The interest result improved to €–12.2 (–18.6) million, in particular due to advantageous financing terms and the fact that there were higher interest expenses in the previous year for interim financing as part of the company acquisition in the Vegetables Segment. Net financial income/expenses was thus €5.2 (–7.8) million. Earnings before taxes (EBT) rose by around 10% to €142.2 (129.5) million. Income taxes declined to €31.6 (34.3) million, in particular due to a non-recurring effect from adjustment of the anticipated rate of tax, giving a tax rate of 22.2% (26.5%). Overall, the KWS Group generated net income of €110.6 (95.2) million in the year under review. Given that the number of shares is 33,000,000, earnings per share were €3.35 (2.89).

Financial situation

Selected key figures on the financial position

in € millions	2020/2021	2019/2020	+/–
Cash and cash equivalents	222.7	119.7	86.0%
Net cash from operating activities	168.3	136.2	23.6%
Net cash from investing activities	–84.2	–499.9	–
Free cash flow	**84.2**	**–363.7**	**–**
Net cash from financing activities	34.9	–82.5	–

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 borrower's notes and bilateral loan agreements (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 rose to €168.3 (136.2) million, in particular due to the increase in earnings before depreciation and amortization. The net cash from investing activities totaled €–84.2 (–499.9) million in fiscal 2020/2021. This high figure of the previous year was attributable (to an amount of almost €400 million) to the acquisition of Pop Vriend Seeds. Our capital spending in the year under review was consistent with our long-term growth plans and focused on erecting and expanding production and research & development capacities. Expansion of sugarbeet seed production in Einbeck was continued and will be completed at the end of 2021. The focus of our capital spending in the Corn Segment was on expanding production and processing plants in Romania, Brazil and the U.S. The main emphasis in the Cereals Segment was again on expanding and modernizing breeding stations and production plants. Our cross-segment investments included new laboratory buildings in Einbeck. Total capital spending in fiscal 2020/2021 (excluding acquisitions, interest received and noncash additions) totaled €81.3 (108.0) million. Against the backdrop of the COVID-19 pandemic, the KWS Group pursued a cautious capital expenditure policy in the year under review. Depreciation and amortization increased as planned in the year under review to €93.8 (88.2) million.

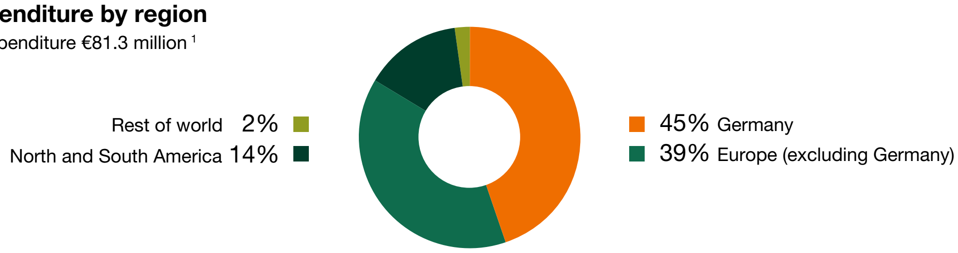
The net cash from financing activities was €34.9 million, well above the figure for the previous year (€–82.5 million); that was mainly attributable to cash proceeds from raised loans.

Capital expenditure by segment

Total capital expenditure €81.3 million [1]

Capital expenditure by region

Total capital expenditure €81.3 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 its 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, 2021, were €2,376.7 (2,235.5) million. The rise is mainly due to an increase in current assets, which totaled €1,111.0 (961.3) million. In particular, cash and cash equivalents increased sharply to €222.7 (119.7) million as a result of the change in cash flows. Inventories likewise increased sharply to €266.6 (216.6) million, mainly due to higher prime costs in seed multiplication.

Equity increased to €1,053.7 (994.5) million, in particular due to the net income for the year. The equity ratio was virtually unchanged at 44.3% (44.5%). Noncurrent liabilities rose to €839.0 (795.5) million due to further financial borrowings aimed at ensuring KWS continues on its growth trajectory. Net debt fell to €475.6 (495.7) million.

Condensed balance sheet

in € millions	06/30/2021	06/30/2020	+/–
Assets			
Noncurrent assets	1,265.0	1,273.7	–0.7%
Current assets	1,111.0	961.3	15.6%
Assets held for sale	0.7	0.4	75.0%
Equity and liabilities			
Equity	1,053.7	994.5	6.0%
Noncurrent liabilities	839.0	795.5	5.5%
Current liabilities	484.0	445.5	8.6%
Total assets	**2,376.7**	**2,235.5**	**6.3%**

2.3.3 Segment Reports

Reconciliation with the KWS Group

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

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

Reconciliation table

in € millions	Segments	Reconciliation	KWS Group
Net sales	1,553.8	–243.6	1,310.2
EBIT	157.2	–20.2	137.0
Number of employees Ø	6,422	–422	6,000
Capital expenditure	86.6	–5.2	81.3
Total assets	2,472.2	–95.5	2,376.7

The reconciliation between the KWS Group's statement of comprehensive income and the reporting by segments in fiscal 2020/2021 is impacted by our equity-accounted companies in the North American and Chinese corn markets. That applies to all key figures in the table above, with the main influences coming from North America.

Corn

Corn Segment

General industry-specific conditions: Sharp recovery in corn prices, high demand in Brazil
The general economic conditions for the Corn Segment improved sharply as a result of higher sales prices for agricultural raw materials and, related to that, greater demand for seed compared to the previous year. On the other hand, the market environment was hit only insignificantly by the impacts of the COVID-19 pandemic.

Cultivation area in the U.S., the world's largest corn producer, rose slightly as a result of higher sales prices, which reached a multi-year high in the course of the fiscal year. The agricultural industry in Brazil expanded sharply due to strong domestic and foreign demand for fodder. Corn cultivation area there rose by around 16% year over year. Cultivation area in Argentina remained unchanged, despite higher prices.

The segment's performance: Exchange rate effects reduce net sales, income increases
The Corn Segment generated net sales of €774.0 million in the year under review, i.e. around the level of the previous year (€775.7 million); after adjustment for exchange rate effects, the segment's net sales increased by 8.3%. The main contributors to this growth after adjustment for exchange rate effects were the South American markets Argentina and Brazil and the Europe region (Southeastern and

Eastern Europe). In Europe, the high-yielding hybrid varieties for grain corn we have launched in the past years performed very pleasingly in particular, with the result that we were able to strengthen our market position in this area significantly. Exchange rate influences in the Europe region, especially in Russia, Ukraine and Turkey, reduced net sales.

We significantly expanded our business volume and won market share in Brazil as a result of successful commercial launch of our high-performance hybrid corn varieties. However, the continuing depreciation of the Brazilian real against the euro reduced net sales growth by 28%. In Argentina, too, we recorded sharp growth in terms of local currency, but net sales were reduced in part by the depreciation of the Argentinean peso against the euro. Argentina was once more classified as a hyperinflationary economy in the year under review and we therefore applied IAS 29 “Financial Reporting in Hyperinflationary Economies” again in order to compensate for the effects of inflation.

In North America, net sales of our 50 : 50 joint venture AgReliant declined slightly. Exchange rate effects from the depreciation of the US dollar against the euro also reduced net sales sharply. In China, net sales at our joint venture KENFENG/KWS increased by around 6% after adjustment for exchange rate effects.

The segment’s income rose by 6.3% to €71.3 (67.1) million, in particular on the back of higher contributions to earnings in North America and Brazil. The segment’s EBIT margin rose slightly from 8.6% to 9.2%.

Continued investment in production plant

The segment’s capital spending was €28.7 (30.9) million in the year under review. The main capital spending projects included expansion and modernization of production and processing plants, such as in Romania, Brazil and the U.S.

Key figures

in € millions		2020/2021	2019/2020	+/–
Net sales		774.0	775.7	–0.2%
EBITDA		106.1	103.2	2.8%
EBIT		71.3	67.1	6.3%
EBIT margin	in %	9.2	8.6	–
Capital expenditure		28.7	30.9	–7.4%
Capital employed (avg.)[1]		694.6	744.2	–6.7%
ROCE (avg.)[2]	in %	10.3	9.0	–

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: Sharp increase in sugar prices, slight decline in cultivation area
Sugarbeet cultivation area in our core markets of the U.S. and Germany remained stable, while it declined in some EU markets and the UK. Total global cultivation area fell by around 3% year on year. However, the continuing COVID-19 pandemic only had a limited impact on the industry environment in the year under review. Global prices for raw and white sugar rose sharply in the course of the fiscal year, mainly due to low availability. Factors influencing that included a below-average harvest in Thailand and restrictions on exports from India. In addition, production of ethanol from sugar cane in Brazil increased as a result of higher crude oil prices.

The segment's performance: Increase in net sales and EBIT
The segment's net sales increased by 6.6% to €524.3 (491.8) million due to the growing success of innovative KWS varieties. Demand for CONVISO® SMART, an innovative system for controlling weeds, continued in the year under review, and these varieties are now available in 25 countries. In addition, initial net sales were

generated from the newly launched varieties based on a new Cercospora tolerance (CR+). The need to resow seed due to wintry weather conditions in the spring of 2021 had a positive impact on net sales, especially in France, Germany and the U.S. Exchange rate effects, mainly from the price of the euro relative to the US dollar and the Turkish lira, reduced net sales by 6.4%; after adjustment for exchange rate effects, the segment's net sales rose by 13.0%. However, the continuing COVID-19 pandemic did not have any significant impact on sugarbeet seed business.

The segment's income rose to €174.7 (170.1) million. This positive trend was offset by an increase in the cost of sales, in particular due to changes in the regulatory framework, as well as higher prime costs in seed multiplication due to weather conditions. There was also a negative impact from currency translation here. While selling expenses declined slightly due to the pandemic, our research & development expenditure was higher as planned.

The main focus here was on breeding natural resistances, given the increasing restrictions on the use of pesticides in the European Union. The EBIT margin was 33.3% and thus slightly below the level of the previous year (34.6%).

Focus on investments in seed production and biologicals

We continued our multi-year capital spending projects as planned in fiscal 2020/2021. The PIA (Production Extension and Innovation Einbeck) project, in which we are expanding our seed production plant in Einbeck, will be completed at the end of 2021. Further investments were made in a new production plant in Russia and in developing biologicals. These useful microorganisms are applied to the seed as a protective cover, with the aim of improving its stress tolerance to pests and abiotic factors such as drought. The segment invested a total of €26.5 million compared to €32.3 million in the previous year.

Key figures

in € millions		2020/2021	2019/2020	+/–
Net sales		524.3	491.8	6.6%
EBITDA		192.8	187.0	3.1%
EBIT		174.7	170.1	2.7%
EBIT margin	in %	33.3	34.6	–
Capital expenditure		26.5	32.3	–18.0%
Capital employed (avg.)		357.9	349.5	2.4%
ROCE (avg.)	in %	48.8	48.7	–

Cereals

Cereals Segment

General industry-specific conditions: Sharp increase in cereal prices
Despite the prevailing COVID-19 pandemic, the industry environment was robust in the period under review. Stronger global demand for agricultural products caused prices to rise, in some cases sharply. For example, the price of wheat, one of the world's most important cereals, increased from €180 to almost €210 a ton on the Euronext in the course of the year under review. That led to an increase in cultivation area for wheat, barley and rapeseed. However, cultivation area for rye in the EU fell by around 9%, since the prices paid for wheat were better.

The segment's performance: Net sales stable, income lower year on year
Net sales in the Cereals Segment were €191.2 (191.2) million and so at the same level of the previous year; after adjustment for exchange rate effects, they increased by around 3%. While barley seed business declined slightly by 5%, mainly due to the weather, net sales for rapeseed seed grew by 10% in the wake of rising prices. Wheat seed business likewise increased by around 10%, with the biggest growth being recorded in France and Eastern Europe. Net sales from hybrid rye seed were slightly down (by 4%) as a result of declining cultivation area in the EU and adverse exchange

rate effects. Nevertheless, we were able to increase sales volumes sharply in operations in our growth regions Russia and Ukraine; after adjustment for exchange rate effects, net sales remained stable. In the year under review, net sales from farms totaling €1.6 million were reassigned from the Cereals Segment to the Corporate Segment.

However, the medium-term growth prospects for hybrid rye remain as before due to its high yields, even in arid conditions, and greater animal welfare from use of rye in fodder. In addition, there was still high demand for seed for peas and oats, crops that are particularly rich in protein.

While net sales were at the level of the previous year, there were higher material and production costs and, as planned, higher selling expenses due to numerous growth initiatives. In addition, research & development expenditure rose sharply. The focus here was on breeding high-performance varieties and their resource efficiency. KWS aims to continue growing, especially on the back of hybrid rye. In particular, the Eastern Europe and North America regions offer additional potential here. 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. Overall, EBIT fell to €21.3 (26.4) million. The EBIT margin was 11.1% and was thus below the level of the previous year (13.8%).

Investment in breeding and production continued
The segment's capital spending in the year under review was €7.3 (10.1) million, slightly below the figure for 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		2020/2021	2019/2020	+/–
Net sales		191.2	191.2	0.0%
EBITDA		30.7	36.3	–15.4%
EBIT		21.3	26.4	–19.3%
EBIT margin	in %	11.1	13.8	–
Capital expenditure		7.3	10.1	–27.7%
Capital employed (avg.)		147.3	145.6	1.2%
ROCE (avg.)	in %	14.5	18.1	–

Vegetables Segment

General industry-specific conditions: COVID-19 pandemic weighs on the market environment
The general conditions for spinach seed – the main sales driver in the segment, contributing around 57% – were very challenging in the year under review. Demand, especially for fresh spinach, in restaurants and the food service market segment slumped strongly in the main market of the U.S. as a consequence of the COVID-19 pandemic. Sales of spinach seed also fell sharply against that backdrop.

The segment's performance: Sharp decline in net sales and income
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, were €58.2 million, well below the previous year's figure (€83.5 million).

The decline is largely attributable to lower sales of spinach seed due to the COVID-19 pandemic and negative exchange rate effects. However, business with bean seed increased by around 13% due to stronger demand for heat-tolerant beans in the U.S. market. The most important single market was the U.S., which accounted for around 37% of the segment's net sales.

The segment's income (adjusted for effects as part of the purchase price allocation for the acquisition of Pop Vriend Seeds) was €7.9 million; the EBIT margin of 13.6% was thus below the more precise guidance given in the Semiannual Report 2020/2021 ("around 20%"). Including noncash effects from the purchase price allocation of inventories measured at fair value (€–4.1 million) and from amortization of acquired intangible assets (€–21.9 million), the segment's income was €–18.1 million.

Further expansion of vegetable breeding

KWS continues to expand its new business unit for vegetable seed. Last fiscal year, it took over the vegetable seed company Geneplanta S.r.l., Noceto/Parma, Italy. The company, which was established in 2011, focuses on breeding tomatoes and on producing and distributing tomato seed. The main sales regions currently include Italy and Mexico. By integrating Geneplanta we gain access to high-performance genetic material and can significantly speed up development of our own tomato breeding programs.

We are also focused on building our own tomato, cucumber, melon, watermelon and pepper breeding activities in Spain, Mexico, Brazil and Turkey. As part of that, we pressed ahead with preparations for establishing breeding stations in these countries in the year under review.

Key figures

in € millions		2020/2021	2019/2020	+/–
Net sales		58.2	83.5	–30.3%
EBITDA		5.5	15.5	–64.5%
EBIT		–18.1	–7.5	>–100%
EBIT margin	in %	–31.1	–9.0	–
Capital expenditure		1.3	1.6	–18.8%
Capital employed (avg.)		437.6	479.5	–8.7%
ROCE (avg.)	in %	–4.1	–1.6	–

Corporate

Corporate Segment

Key figures

in € millions	2020/2021	2019/2020	+/–
Net sales	6.0	4.6	30.4%
EBITDA	–72.5	–87.1	16.8%
EBIT	–92.0	–104.6	12.1%
Capital expenditure	23.0	38.6	–40.4%

Net sales in the Corporate Segment totaled €6.0 (4.6) million. They are mainly generated from our farms in Germany, France and Poland. In the fiscal year, net sales from farms totaling €1.6 million were reassigned from the Cereals Segment to the Corporate Segment. Since all cross-segment costs for the KWS Group's central functions and basic research expenditure are still charged to the Corporate Segment, its income is usually negative. The segment's income improved sharply to €–92.0 (–104.6) million, mainly due to positive exchange rate effects from financial instruments and lower costs as a result of the pandemic. Capital spending was €23.0 (38.6) million and thus well below the previous year; the investments included new laboratory buildings in Einbeck.

NFD

2.4 Environmental Report

2.4.1 Product Innovations

Every year KWS develops new varieties that are intended to meet the differing requirements of 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, we offer a broad range of products for conventional and organic farming.

We continuously work to further develop our crops as part of our breeding programs. In fiscal 2020/2021 we revised our breeding objectives and, as shown in the graphic below, geared them more strongly to sustainability aspects. We aim to increase the share of our varieties that are suitable for human consumption and expand our breeding programs from 24 to 27 crops, for example. In addition, our focus is on increasing yields by an average of 1.5% a year, as well as on enhancing the diversity of our portfolio and our varieties' resource efficiency, with the potential that offers for reducing use of necessary agricultural resources, such as fertilizers and pesticides. We also strive to constantly improve the resilience of our crops and 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.

One indicator of our breeding progress is the official variety approvals granted every year. Only varieties that offer a clear improvement in cultivation or further processing over already approved ones can be marketed in the EU, for example. We obtained 492 variety approvals worldwide in the fiscal year compared to 484 in the previous year.

Sustainability starts with the seed

Safeguard food production

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

Enhance crop diversity

- Increase number of crops with dedicated breeding programs from 24 to 27

Minimize input required

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

Support sustainable diets

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

NFD

KWS varieties with our highly effective Cercospora tolerance, which have been developed to combat this leaf spot disease in sugarbeet, were awarded approvals in further countries, including Germany, France, the UK, Spain and Poland, in the fiscal year. These varieties mean farmers can safeguard sugar yields even in cases of severe infection, yet do not suffer losses in yield even when their crops are not infected. The varieties also have the potential to reduce the use of fungicides.

We are currently working on the issue of nitrogen use efficiency in relation to corn. At the beginning of 2021, the plants in the series of trials at four locations in Germany were tested under conditions where their supply of nitrogen was reduced (by 30–40%). That allows us to characterize our current hybrid varieties in terms of their nitrogen use efficiency and stress tolerance and improve these traits through breeding.

As part of our KWS FIT4NEXT range of catch crop mixtures, we offer solutions for common crop rotations in Europe and offer farmers the possibility of adopting other agricultural approaches or ones demanded by society, such as reducing nematodes in the soil or greening between cultivation phases. These products can also be used to prevent erosion, increase CO_2 binding, assist humus formation or promote biodiversity.

In addition, we have worked for years on biologicals as an alternative or complement to chemical means of seed treatment. They comprise microorganisms such as fungi and bacteria, but also various substances that can be obtained from plants or microorganisms. We have treated sugarbeet, rapeseed, corn and rye seed with biologicals since fiscal 2019/2020. We started developing biological applications for further crops, such as sorghum, in the year under review.

NFD

Our focus in the organic farming arena in the year under review was on variety development. As part of that, we hired new personnel with specific expertise in organic farming for our breeding activities and for our trial technology. KWS has its own location for organic farming in Germany, the Wiebrechtshausen monastery estate. In addition, we expanded our trial areas and improved the quality of trials by means of statistical analyses, enabling even more precise selection of candidate varieties under ecological conditions.

2.4.2 Product Quality and Safety

We want to offer our farmers top-quality seed. 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 untreated sugarbeet seed so as to obtain information on the seedling’s development or the use of image analysis methods in examining germination speed.

We aim to set internal standards of quality exceeding those required by law, for example with the aid of programs like QualityPlus 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. Apart from the fact that the majority of its German locations hold ISO 9001 certification, KWS is also certified in accordance with various standards. One of them is SeedGuard, an industry-specific standard relating to proper use of seed treatments. Six treatment facilities in Germany currently hold SeedGuard certification; others are to follow.

NFD

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.

2.4.3 Emissions & Water

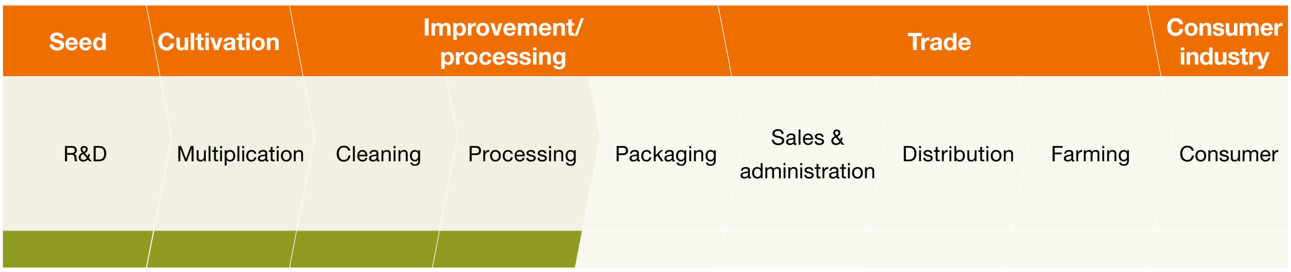
In order to minimize the ecological impacts of its locations and operations, KWS strives to continuously improve internal processes, the technologies it uses and internal company standards. The locations themselves are responsible for the concrete application and operational implementation of resource-conserving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

NFD

We have recorded key consumption indicators for all German locations since fiscal 2008/2009. That process was internationalized in fiscal 2017/2018 and continuously expanded since. In the past fiscal year, we adopted a new materiality analysis focusing on emissions and water consumption, among other things. We have also set ourselves the goal of rolling out scorecards for evaluating internal production sites, including the processing plants and internal seed multiplication areas. We can leverage greater transparency on our production sites in the future in order to support the choice of sustainable locations and investment planning.

Production-related reasons mean that most of the water and energy is consumed internally at KWS in the first phases of the agricultural value chain. Cold storage cells are used in sugarbeet research & development to simulate cold weather dormancy, while an important factor in seed multiplication is to supply plants with enough water, for example. Moreover, energy and water are used in drying and treating seed in the pre-cleaning and further processing stages.

Agricultural value chain



KWS activities with high water and energy consumption

NFD

Emissions

We concretized our sustainability goals last fiscal year as part of our strategic planning. In addition to objectives for research & development and social aspects, we defined quantitative targets for continuously reducing the emissions caused by KWS: KWS aims to reduce all Scope 1 and 2 emissions it causes by 50% by 2030. Scope 1 and 2 emissions are produced either directly through our own combustion or indirectly by purchasing energy. The base year for that is the past fiscal year 2020/2021. In addition, the emissions caused by KWS (Scope 1 and 2) are to be cut to net zero by 2050 in accordance with current, science-based standards. So that we can track our progress here, the current status of emissions reduction is to be reported annually to the Executive Board starting from the current year under review.

Recording of the emissions caused by KWS was further expanded in the period under review and consolidated worldwide with the aid of a new online platform. That covered all companies in which KWS owns a stake of more than 50%, with the exception of holding companies. Moving ahead, we aim to expand recording of emissions to include suppliers and service providers (Scope 3), for example.

Total emissions in the fiscal year were 64,455 tons of CO_2e[1], of which the parent company KWS SAAT SE & Co. KGaA produced 22,897 tons.

Emissions[1] (in tons of CO_2e)[2]	Emissions of the KWS Group	Emissions of KWS SAAT SE & Co. KGaA
Scope 1 emissions – direct[3]	36,914	15,198
Scope 2 emissions – indirect	27,541	7,699

1 Calculated in accordance with the Greenhouse Gas Protocol guidelines and using the location-based method
2 According to IPCC 2013-climate change-GWP 100a-(kg CO2-Eq) per 1 unit of reference product
3 Does not include emissions from our own use of fertilizers. Fertilizer is mainly applied by external service providers (Scope 3).

NFD

Water

Water is an important business resource for us 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 our obligation to maximize efficiency and eco-friendliness in consuming water. Apart from our HSE Guidelines, the HSE Manual specifies that we aim to work in a way that conserves resources and to avoid process-related effluents as far as possible. In fiscal 2019/2020 KWS also adopted guidelines stating that the use of renewable resources in construction projects must be examined so that, for example, use of groundwater can be reduced further. We also use rainwater for the sanitary facilities at our Einbeck location.

Alongside water consumption in offices and research buildings, the highest levels of fresh water are used in watering the fields at our trial and multiplication locations. That 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.

It is unlikely that we can minimize absolute water consumption long term, given our growing business activity and the strong variable influences of external factors (such as the temperature or precipitation). We are currently recording and consolidating our global water consumption. Development of a normative key performance indicator and suitable auditing systems was discussed by the Executive Board in fiscal 2020/2021 and we are striving to implement them in the future.

1 The total emissions also include emissions from biomass

2.5 Employee Report

Over the generations, our employees have made KWS what it is today: an innovative, world-leading plant breeding company. That 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.

2.5.1 Employment Trends

The KWS Group employed an average of 6,000 (5,709) people in the fiscal year, a year-on-year increase of around 5%.

2,323 (2,236), or around 39% (39%) of the workforce, were employed in Germany. Once again, the area that accounted for the most employees was research & development, who made up 35.4% (36.2%) of the total workforce.

Even in the coronavirus crisis, KWS was able to offer reliable employment conditions worldwide: It did not resort to short-time work or layoffs due to COVID, nor did it stop hiring employees for key projects.

NFD

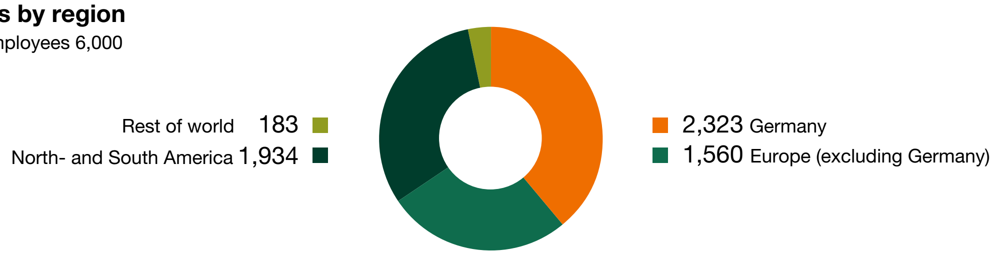
2.5.2 Occupational Health and Safety

We as a family business believe it is one of our core duties to ensure the health and safety of our employees at all locations. To enable that, we have internal stipulations that define local and international standards and present statutory requirements transparently. One key component is our HSE (health, safety and environment) Guideline. 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. That can be used as the basis for training and instruction required by law or appropriate to employees' functions. In Germany, employees must take and regularly retake examinations testing their expert knowledge on the subject of handling pesticides, for example. Apart from efficient process engineering, employees' occupational health and safety is a subject of continuous dialogue between internal specialists and external partners. Our non-life insurer conducts multiple risks assessments a year at the KWS Group's locations in order to examine fire and explosion prevention measures, for example, and issues appropriate recommendations if necessary.

Employees by region

Number of employees 6,000



Employees by function

Number of employees 6,000

NFD

The main internal stipulations are reviewed regularly and developed further. The Global HSE Manager is responsible for developing the HSE standards further. The currently applicable HSE stipulations and updates to them are mostly communicated to the local companies through the local HSE Managers. The location's management is responsible for implementing them.

All in all, our global and local HSE activities were significantly impacted by the COVID-19 pandemic in the year under review. In cooperation with an incident team, HSE management used a global pandemic network that had been established the previous year in order to ensure efficient implementation of consistent internal and statutory requirements governing how to deal with coronavirus at the company. These stipulations are developed and communicated on an ongoing basis, also because of the large differences in the pandemic's progression and regulations relating to it in the various regions. HSE management is the central point of contact at the KWS Group during the pandemic. 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 fiscal 2020/2021 had to be canceled due to the COVID-19 pandemic. Initial locations will now undergo such auditing in the coming fiscal year. Several audits examining implementation of the HSE Guidelines were held in Germany in the second half of the fiscal year.

We also revised and expanded central recording of occupational accidents at the KWS Group. As part of that, we rolled out an adapted process relating to a 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 at the workplace.

NFD

We also revised the globally applicable HSE Guidelines and specified in more detail the role of managers in relation to occupational health and safety. That will also involve new regulations on the issue of entrepreneurs' and operators' duties as part of the applicable procedures for the location of Germany.

2.5.3 Recruitment & Employee Loyalty

As an international company that continues to grow, the KWS Group endeavors to win and keep suitable employees.

We use digital and traditional channels to reach out to potential applicants. That enables us to address each target group specifically, for example on social networks such as LinkedIn, XING and Facebook. As a result, we were able to increase the number of our direct followers (e.g. on LinkedIn from around 57,000 in June 2020 to around 84,000 in June 2021) by publishing targeted campaigns and job advertisements on these networks. Apart from using common digital channels, we took part in virtual career fairs in fiscal 2020/2021. That gave students the chance to participate in online presentations and workshops and chat directly with employees.

Through the post of Global Lead of Scientific Affairs, we are also committed to direct dialogue with universities and research institutes in the field of research & 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, 79 (82) trainees were employed in vocational training and nine (ten) students were on dual courses of study in the period under review.[1]

1 The figures for the 2019/2020 financial year were subsequently corrected.

NFD

Keeping employees with the company is very important for us. Our goal is therefore to continuously measure employee engagement in the future in order to identify areas of action based on the results and to develop measures that contribute to further strengthening employee engagement. Our aim is to create the appropriate framework conditions for every phase of the employment relationship. 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 integrating them culturally and socially. Parts of our onboarding process, such as the monthly induction event in Berlin, were held virtually during the pandemic. 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, as far as business operations allow. Depending on their field of activity, we therefore offer various working time models, which also allows them to strike a good life-work balance. Where compatible with their specific activity and in compliance with local legislation, employees who work at a computer can also work remotely, an option that an increasing number of employees took up during the pandemic. 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.

We enhance KWS' attractiveness as an employer with these measures. That is evidenced by the fact that in the 2021 annual independent rankings by the consulting firm Universum, KWS came in 43rd (2020: 59th) in the area of sciences in the list of the 100 most popular employers in Germany.

NFD

2.5.4 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. In particular, intercultural training, as well as knowledge transfer in various subject areas and international development of (junior) executive staff, are gaining in importance.

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 in the period under review given the restrictions imposed as a result of the pandemic. To compensate for that, we continuously expanded our range of online training from May 2020 on and concluded an additional cooperation agreement with a large online learning platform. As a result, we can give our employees free digital access to various learning contents during the pandemic and beyond.

In regular 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. The restrictions due to the pandemic meant that the meetings were not held exclusively in person, as is usually the case, but instead in part virtually.

NFD

In addition to the individual performance and career development reviews between employees and their managers, we initiated a global talent and successor management process in the year under review. As part of that, we identified talents up to the fourth tier and critical posts 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 annual Orientation Center (OC), an intensive evaluation of potential successors for senior management posts, was suspended in the period under review due to the pandemic.

In the International Development Program (IDP) we give identified high potentials the opportunity to gain experience through cross-functional project work in an international team and to develop their management and leadership skills. The accompanying events were held virtually for the first time in the past fiscal year due to the restrictions entailed by the pandemic.

We are particularly committed to having all employees receive qualified leadership and support from their managers. That is why we are further developing the existing competence model defining the core competencies of managers at KWS. Its objective 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 next module "Leading Leaders" for experienced managers will be rolled out this fiscal year. More than 100 participants completed either the basic module "Leading Self" or the module "Leading Individuals" in the current period under review.

In October 2020, we also launched a management development program specifically for managers in our research & development organization. It allows them to acquire management skills that promote innovation and flexibility in developing 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 have initiated a Business Partner Academy for KWS Business Partners in all functions. The Business Partner Academy comprises development measures aimed at the role of Business Partner and required key competencies, and focuses on imparting more in-depth knowledge of KWS' business activities. Approximately 50 Business Partners have participated in the Academy's initial modules since October 2020.

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 that.

NFD

2.5.5 Labor and Social Standards

As an international, innovation-oriented company that aims to keep on growing, our mission is to provide good working conditions for our employees. Our goal is to uphold labor and social standards at KWS and in our supply chain.

Our global internal labor standards comprise technical, organizational and occupational health measures to prevent accidents and diseases at work. KWS is committed to internationally recognized human rights standards, such as those of the International Labour Organization (ILO) proscribing child, forced and compulsory labor. As part of that, we launched a project aimed at laying down new internal standards, measures and controls in the fiscal year.

Employees of the KWS Group have a written contract of employment that complies 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) and Employee Stock Purchase Plans where staff can buy shares in the company. Equal pay for the same activities is a fundamental principle of our basic compensation policy.

NFD

KWS is committed to the principle of non-discrimination and to equal opportunities and rights for its employees, regardless of gender, religion or belief, ethnic origin, age, handicap, skin color, language or sexual orientation. We have enshrined that in our Code of Business Ethics, which is binding on all employees. We believe that diversity of our employees, as displayed in their individual experience, knowledge, skills and ideas, is a key value and a competitive advantage. In this connection, KWS aims to increase the ratio of female managers further. The envisaged targets 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.

2.6 Corporate Governance

2.6.1 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 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. You can find the Compensation Report starting on page 55.

2.6.2 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 www.kws.com/corp/en/company/investor-relations/declaration-of-corporate-governance.html.

NFD

2.6.3 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.

NFD

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, 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.

The Compliance department 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, prevention of corruption and money-laundering, data protection and capital market law.

* Not an audited part of the Combined Management Report

NFD

The Compliance Officers regularly provide information about the compliance system and its principles, as well as about the latest issues and developments, in training courses, information events and workshops. Apart from this information, a broad range of aids is also available to our employees. Checklists, 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 81% of the total workforce has access to the Compliance Portal. In addition, all supervisors are obliged to inform their employees about compliance issues. Supervisors can also enroll their employees directly in compliance training courses. In the year under review, the Compliance department implemented a software solution that allows e-learning offerings on the subject of compliance to be held online. About 1,700 employees registered for the anti-corruption and antitrust law training from when the software was rolled out up to the end of the fiscal year, and about 1,300, or 73%, of them completed it. Further e-learning offerings are being prepared and will soon be rolled out. This system has proven its value, especially during the COVID-19 pandemic. In addition, 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 order to maintain the intensity of training.

Implementation and observance of individual compliance aspects is reviewed as part of audits. An internal compliance audit was also held in the fiscal year; no critical deviations were identified in it. In addition, the Compliance Officers conduct an assessment termed risk scoring together with the Risk Management and Finance functions, the results of which are used as the basis to make and derive decisions for the companies under analysis. No violations of the international Anti-Corruption Policy or antitrust, data protection or money laundering

NFD

regulations resulting in disciplinary consequences or official measures such as fines were reported to headquarters in fiscal 2020/2021.

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 Chief Compliance Officer 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 and is also accessible to employees. 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 consequently range from cautions, warnings to immediate dismissal and filing of charges.

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.

NFD

2.6.4 Responsibility in the Supply Chain

KWS has a global sourcing and production structure and, like any other international company, has to deal with a wide range of different social legislation frameworks. As stated in the previous section “2.5.5 Labor and Social Standards,” observance of human rights is a fundamental and universal principle for KWS. Apart from responsibility for our internal process standards, compliance with the applicable labor standards in the global supply chain is also an integral part of our corporate culture. We also aim to ensure that our suppliers and other service providers (termed “suppliers” in the following) also comply with current and future standards

We expect our suppliers to commit to our Code of Business Ethics for Suppliers and abide by its principles on ethics and socially responsible conduct. The code details, 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 organization and future review of compliance with our standards and processes is currently being revised. In the future, our central procurement concept will aim at cost-efficient cooperation with external partners as well as maintaining specific social or environmental standards such as those from the Supply Chain Act.

NFD

Our Sourcing Policy, which defines fundamental principles in the procurement process and was updated in the period under review, and a largely centralized process landscape are the basis for making sure that our purchasing transactions worldwide can be conducted in accordance with our internal regulations. Standardized templates for purchase agreements relating to the supply of goods and services have been introduced and specify the general conditions, including application of the Code of Business Ethics for Suppliers. A central Seed Purchasing Policy is also being prepared. It is expected to come into force at the beginning of the current fiscal year.

KWS has further centralized its supplier data management over the past few years. As part of supplier onboarding, a cross-unit preliminary check on the individual suppliers, such as whether they are blacklisted and what their credit score is, is carried out so that KWS can centrally monitor and track compliance with its standards before any substantial business is concluded with a supplier. All existing suppliers are screened twice a week to ascertain whether they appear in sanctions lists. These processes are being expanded into a more extensive means of supplier validation (Know Your Supplier Program). It was prepared in the period under review and is expected to be activated in the opening quarters of the next fiscal year 2021/2022. The audits KWS had planned for the first time to monitor compliance with the Code of Business Ethics for Suppliers could not be conducted during the COVID-19 pandemic.

NFD

As part of corporate governance, KWS employees are given an overview of compliance training relating to the company's Code of Business Ethics during the onboarding process. In addition, procurement staffers are provided with training on those subjects and kept up-to-date on changes to the law. Several training courses for the procurement workforce were held by the Global Compliance department in fiscal 2020/2021, including on identifying and avoiding human rights violations and unethical labor practices.

2.6.5 Compensation Report

The Compensation 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 also explains the level and structure of their compensation. The Executive Board's compensation was approved by the Annual Shareholders' Meeting on December 17, 2019, and that of the Supervisory Board on December 14, 2018.

The Compensation Report takes into account the recommendations of the applicable version of the German Corporate Governance Code dated December 16, 2019. The Compensation Report also contains all the disclosures and explanations required under the German Commercial Code (HGB), including the relevant principles of German Accounting Standard No. 17 (GAS 17), and under the International Financial Reporting Standards (IFRS). In addition, it partly takes into account the requirements stipulated in the new version of the German Stock Corporation Act (AktG), which would need to be applied for the first time to fiscal years starting after December 31, 2020. The Compensation Report is part of the Combined Management Report for KWS SAAT SE & Co. KGaA and the Group that has been audited by the independent auditor; these disclosures are not additionally presented in the Notes (Section 289a (2) and Section 315a (2) of the German Commercial Code (HGB)).

Salient features of the compensation system for members of the Executive Board of KWS SE, the managing partner of KWS SAAT SE & Co. KGaA

The compensation system for members of the Executive Board is geared toward the KWS Group's strategic planning and aims to promote the company's successful and sustainable development and largely comply with the objectives of the new version of the German Stock Corporation Act (AktG) and the German Corporate Governance Code. The system also takes into account the fact that the Executive Board has overall responsibility for managing the company's business. To ascertain whether remuneration is in line with usual levels within the company itself, the Supervisory Board took into account the relationship between the Executive Board's compensation and the compensation of senior managers and the workforce in Germany as a whole, and how compensation has developed over time. In order to assess whether the specific total compensation of Executive Board members is in line with usual levels compared to other enterprises, the following peer group of other third-party entities was used as a benchmark. The peer group was chosen based on the enterprise's size and its international orientation.

Peer group

No.	Enterprise
1	Symrise AG
2	Deutz AG
3	Qiagen NV
4	Sartorius AG
5	Hamburger Hafen und Logistik AG
6	Koenig & Bauer AG
7	Carl Zeiss Meditec AG
8	Cancom SE
9	Vossloh AG
10	SMA Solar Technology AG
11	Software AG
12	SGL Carbon SE

Development of the compensation system was accompanied by an independent compensation consultant.

It comprises the following components:

- A basic fixed annual salary
- A one-year variable payment
- A multi-year variable payment (LTI) in the form of an incentive based on the stock price
- Fringe benefits (in particular pension benefits and benefits in kind)

The gross **basic annual salary** is €375,000. The Chief Executive Officer receives an extra "CEO bonus" of 25% on top of the basic annual salary.

The **one-year variable payment** is dependent on the KWS Group's sustained earnings performance ("sustained net income"). The assessment period for that is the last three fiscal years before payment of the component, with the latter being adjusted for the provision currently set up for the one-year variable payment. The one-year variable payment is 0.5% of the KWS Group's average net income for the year in the assessment period, but at most €600,000. The maximum amount increased from €500,000 to €600,000 as of fiscal 2020/2021 because the KWS Group's sustained net income exceeded €100 million in each of the two fiscal years 2018/2019 and 2019/2020. The one-year variable payment is made after submission of the consolidated financial statements of KWS SAAT SE & Co. KGaA to the Annual Shareholders' Meeting, i.e. usually in December. An individually determined amount for the multi-year variable payment is deducted from the total calculated one-year variable payment; the remainder is paid out in cash.

Members of the Executive Board are obligated to define a freely selectable amount ranging from 35% to 50% of each gross one-year variable payment for acquiring shares in KWS SAAT SE & Co. KGaA (reinvestment). The acquired shares are subject to a holding period of five years as of when they are acquired (usually on the first stock market trading days after the one-year variable payment has been made).

These share acquisitions by the Executive Board members form the basis for the **multi-year variable payment.** When the holding period ends, the members of the Executive Board receive a one-off payment calculated on the basis of the performance of KWS SAAT SE & Co. KGaA's stock and the KWS Group's return on sales over the holding period.

The following formula is used to calculate the multi-year variable payment: average applicable share price of KWS SAAT SE & Co. KGaA multiplied by the number of acquired shares, minus any markdowns based on the trend for average return on sales (ROS). The goal of that is in particular to gear compensation toward strategic planning and to support the company's successful and sustainable development.

The share price to be applied is determined on the basis of the average closing prices of KWS SAAT SE & Co. KGaA's share in electronic trading on the Frankfurt Stock Exchange (Xetra) at the end of each quarter during the holding period.

There is a markdown on the multi-year variable payment if the average return on sales (ROS), i.e. the KWS Group's operating income divided by net sales, falls below 10% in the holding period. The segment reporting of the KWS Group (including the equity-accounted companies) is the basis for determining that. The markdown is 25% if the average ROS is less than 10%, 50% if the average ROS is less than 9%, and 100% if the average ROS is less than 8%.

The multi-year variable payment is at most 150% of the reinvestment made by each Executive Board member and at most 200% in the case of the reinvestment made by the Chief Executive Officer. KWS SE can claim back the one-year variable payment and/or multi-year variable payment (clawback option). The Supervisory Board can also take exceptional developments into account to a reasonable extent.

Fringe benefits, such as means of transport and communication, premiums for accident and D&O insurance, payments to discharge the employer's contribution to social insurance as well as various pension commitments are granted without any modification.

Applying the compensation system currently in force, the following **maximum annual compensation** is set for members of the Executive Board (given a one-year variable payment cap of €600,000). Apart from the basic salary and any CEO bonus, it consists of the one-year variable payment, the multi-year variable payment, fringe benefits and pension costs. If Executive Board members also serve on Supervisory Boards within the Group, their payment for that is offset. If they serve on Supervisory Boards outside the Group, their payment for that is not offset.

If the **contract with an Executive Board member is terminated,** the outstanding multi-year variable payment components are usually calculated and disbursed immediately.

Maximum compensation

in €	
Dr. Hagen Duenbostel	1,809,940.00
Dr. Léon Broers	1,532,000.00
Dr. Felix Büchting	1,532,000.00
Dr. Peter Hofmann	1,538,224.00
Eva Kienle	1,532,000.00
Total	**7,944,164.00**

Any payments made to an Executive Board member due to early termination of their Executive Board activity will not exceed twice the annual compensation (severance cap) and shall not constitute remuneration for more than the remaining term of the employment contract. If post-contractual non-compete clauses apply, the severance payment will not be taken into account in the calculation of any compensation payments.

Significant agreements subject to the condition of a change in control pursuant to a takeover bid have not been concluded. The compensation agreements between the company and members of the Executive Board of the personally liable partner and governing the case of a change in control stipulate that any such compensation will be limited to the applicable maximum amounts specified by the German Corporate Governance Code. An Executive Board member is not entitled to severance payment if his or her activity on the Executive Board ends by mutual agreement at the request of the Executive Board or there are special grounds for the company to terminate the employment relationship.

Compensation for serving members of the Executive Board of KWS SE in fiscal 2020/2021
The total compensation to be reported for the Executive Board in accordance with Section 314 (1) No. 6a of the German Commercial Code (HGB) in conjunction with German Accounting Standard No. 17 (GAS 17) was €5,898 (5,428) thousand in fiscal 2020/2021. 35.8% (38.3%) was accounted for by the basic annual salary, including fringe benefits, 44.0% (46.1%) by one-year variable components and 20.2% (15.6%) by multi-year variable components. The tables below provide an overview of the total compensation granted in the fiscal year on an individualized basis (excluding pension costs) and in the previous year by way of comparison:

Total compensation 2020/2021

in €	Cash compensation				LTI FV[2]	Total	LTI
	Basic compensation	Fringe benefits	Performance-related bonus[1]	Total	Grant		Cost
Dr. Hagen Duenbostel	468,750.00	13,664.28	528,773.63	1,011,187.91	244,713.69	1,255,901.60	312,406.46
Dr. Léon Broers	375,000.00	25,953.78	528,773.63	929,727.41	244,713.69	1,174,441.10	298,953.62
Dr. Felix Büchting	375,000.00	22,413.30	528,773.63	926,186.93	244,713.69	1,170,900.62	35,862.47
Dr. Peter Hofmann	375,000.00	26,189.68	528,773.63	929,963.31	195,730.47	1,125,693.78	136,141.53
Eva Kienle	375,000.00	25,882.98	528,773.63	929,656.61	244,713.69	1,174,370.30	153,769.59
Total	**1,968,750.00**	**114,104.02**	**2,643,868.15**	**4,726,722.17**	**1,174,585.23**	**5,901,307.40**	**937,133.67**

Total compensation 2019/2020

in €	Cash compensation				LTI FV[2]	Total	LTI
	Basic compensation	Fringe benefits	Performance-related bonus[1]	Total	Grant		Cost
Dr. Hagen Duenbostel	468,750.00	13,349.76	500,000.00	982,099.76	234,016.87	1,216,116.63	257,633.00
Dr. Léon Broers	375,000.00	25,801.42	500,000.00	900,801.42	235,209.96	1,136,011.38	253,567.66
Dr. Felix Büchting (since 01/01/2019)	375,000.00	21,923.70	500,000.00	896,923.70	47,610.13	944,533.83	5,084.50
Dr. Peter Hofmann	375,000.00	25,710.36	500,000.00	900,710.36	168,453.51	1,069,163.87	124,622.63
Eva Kienle	375,000.00	25,186.80	500,000.00	900,186.80	161,863.09	1,062,049.89	137,503.93
Total	**1,968,750.00**	**111,972.04**	**2,500,000.00**	**4,580,722.04**	**847,153.55**	**5,427,875.59**	**778,411.71**

1 A maximum of 65% of this is paid out, at least 35% must be reinvested (MVV).
2 Actuarial assessment by an external third party

Since 2006, KWS has had a defined contribution plan for pensions for Executive Board members, which takes the form of an annual fixed contribution to a provident fund backed by a guarantee. In fiscal 2020/2021, €378 (378) thousand was paid for pension commitments to members of the Executive Board.

Pension commitments

in €	06/30/2021
Dr. Hagen Duenbostel	90,000.00
Dr. Léon Broers	72,000.00
Dr. Felix Büchting	72,000.00
Dr. Peter Hofmann	72,000.00
Eva Kienle	72,000.00
Total	**378,000.00**

From when they began working for KWS, the Executive Board members Dr. Hagen Duenbostel and Dr. Peter Hofmann have also been given a defined benefit pension commitment, which was concluded before 2006. The funds to cover this commitment are allocated in the form of a pension provision on the basis of an expert report. The pension provisions in accordance with IAS 19 thus changed by €–7 (53) thousand (of which €14 thousand was interest expenses and €–21 thousand from revaluation effects). There were thus pension provisions totaling €1,612 (1,619) thousand for active members of the Executive Board of KWS SAAT SE & Co. KGaA.

Pension commitments

in €	06/30/2021	06/30/2020	Interest expenses	Revaluation effects
Dr. Hagen Duenbostel	1,191,519.00	1,198,941.00	10,191.00	–17,613.00
Dr. Peter Hofmann	420,761.00	420,383.00	3,573.00	–3,195.00
Total	**1,612,280.00**	**1,619,324.00**	**13,764.00**	**–20,808.00**

The compensation of former members of the Executive Board and their surviving dependents amounted to €1,238 (1,419) thousand. Pension commitments in accordance with IAS 19 (2011) recognized for this group of persons amounted to €6,780 (7,140) thousand as of June 30, 2021. The pension commitments for three former members of the Executive Board are backed by a guarantee.

No loans were granted to members of the Executive Board and the Supervisory Board in the year under review.

Due to the transitional period (before mandatory application of the new SRD II for fiscal years starting after December 31, 2020), we still refer for the time being in the tables below to the recommendations in Clause 4.2.5 (3) of the German Corporate Governance Code (DCGK) in the version dated February 7, 2017, and present the individual awards and receipts for each member of the Executive Board.

The target compensation, including the agreed lower and upper limits, is shown under “Grant.” The LTI grants are assessed at the present value at the time of acquisition of the last tranche of shares. The details on the receipts show the same figures as under “Grant” for the fixed compensation and fringe benefits. The receipt for fiscal years 2020/2021 and 2019/2020 (amounts in each case before deduction of the reinvestment in shares) is stated for the one-year variable payment (performance-related bonus), as is the amount for the multi-year variable payments (LTI), whose planned term ends in the year under review. In turn, the pension costs are presented in accordance with IAS 19 and do not constitute a receipt in the narrower sense, but serve to illustrate the overall compensation.

Executive Board compensation in accordance with Clause 4.2.5 of the German Corporate Governance Code (DCGK)

in €			Grant			Receipt
			2020/2021	2019/2020	2020/2021	2019/2020
		Min.	Max.			
Dr. Hagen Duenbostel (Chief Executive Officer)						
Fixed payment	468,750.00	468,750.00	468,750.00	468,750.00	468,750.00	468,750.00
Fringe benefits	13,664.28	13,664.28	13,664.28	13,349.76	13,664.28	13,349.76
Subtotal	**482,414.28**	**482,414.28**	**482,414.28**	**482,099.76**	**482,414.28**	**482,099.76**
Performance-related bonus	516,707.10	0.00	600,000.00	500,000.00	528,773.63	500,000.00
Total cash compensation	**999,121.38**	**482,414.28**	**1,082,414.28**	**982,099.76**	**1,011,187.91**	**982,099.76**
Multi-year variable payment						
LTI 2013/2014						286,808.20
LTI 2014/2015					239,629.88	
LTI 2018/2019				234,016.87		
LTI 2019/2020	244,713.69	0.00	500,018.22			
Subtotal	**1,243,835.07**	**482,414.28**	**1,582,432.50**	**1,216,116.63**	**1,250,817.79**	**1,268,907.96**
Pension costs [1]	100,191.00	100,191.00	100,191.00	100,994.00	100,191.00	100,994.00
Total compensation	**1,344,026.07**	**582,605.28**	**1,682,623.50**	**1,317,110.63**	**1,351,008.79**	**1,369,901.96**
Maximum compensation [2]			1,809,940.00	1,609,940.00		

Executive Board compensation in accordance with Clause 4.2.5 of the German Corporate Governance Code (DCGK)

in €			Grant			Receipt
			2020/2021	2019/2020	2020/2021	2019/2020
		Min.	Max.			
Dr. Léon Broers						
Fixed payment	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00
Fringe benefits	25,953.78	25,953.78	25,953.78	25,801.42	25,953.78	25,801.42
Subtotal	**400,953.78**	**400,953.78**	**400,953.78**	**400,801.42**	**400,953.78**	**400,801.42**
Performance-related bonus	516,707.10	0.00	600,000.00	500,000.00	528,773.63	500,000.00
Total cash compensation	**917,660.88**	**400,953.78**	**1,000,953.78**	**900,801.42**	**929,727.41**	**900,801.42**
Multi-year variable payment						
LTI 2013/2014						257,461.80
LTI 2014/2015					239,629.88	
LTI 2018/2019				235,209.96		
LTI 2019/2020	244,713.69	0.00	375,013.67			
Subtotal	**1,162,374.57**	**400,953.78**	**1,375,967.45**	**1,136,011.38**	**1,169,357.29**	**1,158,263.22**
Pension costs [1]	72,000.00	72,000.00	72,000.00	72,000.00	72,000.00	72,000.00
Total compensation	**1,234,374.57**	**472,953.78**	**1,447,967.45**	**1,208,011.38**	**1,241,357.29**	**1,230,263.22**
Maximum compensation [2]			1,532,000.00	1,357,000.00		

1 In accordance with IAS 19R from commitments for pensions and other pension benefits; this relates to costs for the company, not the actual entitlement or payment.
2 The total compensation is limited individually to a maximum overall amount per fiscal year.

Executive Board compensation in accordance with Clause 4.2.5 of the German Corporate Governance Code (DCGK)

in €	Grant				Receipt	
	2020/2021			2019/2020	2020/2021	2019/2020
		Min.	Max.			
Dr. Felix Büchting						
Fixed payment	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00
Fringe benefits	22,413.30	22,413.30	22,413.30	21,923.70	22,413.30	21,923.70
Subtotal	**397,413.30**	**397,413.30**	**397,413.30**	**137,113.81**	**397,413.30**	**396,923.70**
Performance-related bonus	516,707.10	0.00	600,000.00	500,000.00	528,773.63	500,000.00
Total cash compensation	**914,120.40**	**397,413.30**	**997,413.30**	**275,000.04**	**926,186.93**	**896,923.70**
Multi-year variable payment						
LTI 2013/2014						0.00
LTI 2014/2015					0.00	
LTI 2018/2019				47,610.13		
LTI 2019/2020	244,713.69	0.00	375,013.67			
Subtotal	**1,158,834.09**	**397,413.30**	**1,372,426.97**	**275,000.04**	**926,186.93**	**896,923.70**
Pension costs [1]	72,000.00	72,000.00	72,000.00	72,000.00	72,000.00	72,000.00
Total compensation	**1,230,834.09**	**469,413.30**	**1,444,426.97**	**311,000.04**	**998,186.93**	**968,923.70**
Maximum compensation [2]			1,532,000.00	1,357,000.00		

Executive Board compensation in accordance with Clause 4.2.5 of the German Corporate Governance Code (DCGK)

in €	Grant				Receipt	
	2020/2021			2019/2020	2020/2021	2019/2020
		Min.	Max.			
Dr. Peter Hofmann						
Fixed payment	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00
Fringe benefits	26,189.68	26,189.68	26,189.68	25,710.36	26,189.68	25,710.36
Subtotal	**401,189.68**	**401,189.68**	**401,189.68**	**325,804.65**	**401,189.68**	**400,710.36**
Performance-related bonus	516,707.10	0.00	600,000.00	500,000.00	528,773.63	500,000.00
Total cash compensation	**917,896.78**	**401,189.68**	**1,001,189.68**	**800,000.00**	**929,963.31**	**900,710.36**
Multi-year variable payment						
LTI 2013/2014						0.00
LTI 2014/2015					75,268.36	
LTI 2018/2019				168,453.51		
LTI 2019/2020	195,730.47	0.00	299,948.90			
Subtotal	**1,113,627.25**	**401,189.68**	**1,301,138.58**	**958,176.48**	**1,005,231.67**	**900,710.36**
Pension costs [1]	75,573.00	75,573.00	75,573.00	75,883.00	75,573.00	75,883.00
Total compensation	**1,189,200.25**	**476,762.68**	**1,376,711.58**	**1,035,986.48**	**1,080,804.67**	**976,593.36**
Maximum compensation [2]			1,538,224.00	1,363,224.00		

1 In accordance with IAS 19R from commitments for pensions and other pension benefits; this relates to costs for the company, not the actual entitlement or payment.
2 The total compensation is limited individually to a maximum overall amount per fiscal year.

Executive Board compensation in accordance with Clause 4.2.5 of the German Corporate Governance Code (DCGK)

in €			Grant			Receipt
	2020/2021			2019/2020	2020/2021	2019/2020
		Min.	Max.			
Eva Kienle						
Fixed payment	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00	375,000.00
Fringe benefits	25,882.98	25,882.98	25,882.98	25,186.80	25,882.98	25,186.80
Subtotal	**400,882.98**	**400,882.98**	**400,882.98**	**331,234.81**	**400,882.98**	**400,186.80**
Performance-related bonus	516,707.10	0.00	600,000.00	500,000.00	528,773.63	500,000.00
Total cash compensation	**917,590.08**	**400,882.98**	**1,000,882.98**	**800,000.00**	**929,656.61**	**900,186.80**
Multi-year variable payment						
LTI 2013/2014						64,743.62
LTI 2014/2015					95,851.95	
LTI 2018/2019				161,863.09		
LTI 2019/2020	244,713.69	0.00	375,013.67			
Subtotal	**1,162,303.77**	**400,882.98**	**1,375,896.65**	**955,608.68**	**1,025,508.56**	**964,930.42**
Pension costs [1]	72,000.00	72,000.00	72,000.00	72,000.00	72,000.00	72,000.00
Total compensation	**1,234,303.77**	**472,882.98**	**1,447,896.65**	**1,027,608.68**	**1,097,508.56**	**1,036,930.42**
Maximum compensation [2]			1,532,000.00	1,357,000.00		

1 In accordance with IAS 19R from commitments for pensions and other pension benefits; this relates to costs for the company, not the actual entitlement or payment.
2 The total compensation is limited individually to a maximum overall amount per fiscal year.

The table below shows the percentage change in the total compensation of Executive Board members relative to EBIT and the average compensation for employees in Germany (per full-time equivalent (FTE)) over the past five fiscal years (2016/2017 to 2020/2021).

Development of compensation

in €	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Dr. Hagen Duenbostel	1,055,597	1,089,116	1,101,737	1,216,117	1,255,902
Change from the previous year in %		3.2%	1.2%	10.4%	3.3%
Dr. Léon Broers	975,083	1,014,116	1,025,966	1,136,011	1,174,441
Change from the previous year in %		4.0%	1.2%	10.7%	3.4%
Dr. Felix Büchting (since 01/01/2019)			275,000	944,534	1,170,901
Change from the previous year in %				243.5%	24.0%
Dr. Peter Hofmann	857,072	962,741	958,176	1,069,164	1,125,694
Change from the previous year in %		12.3%	–0.5%	11.6%	5.3%
Eva Kienle	884,198	949,977	955,609	1,062,050	1,174,370
Change from the previous year in %		7.4%	0.6%	11.1%	10.6%
EBIT in € millions	131.6	132.6	150.0	137.4	137.0
Change from the previous year in %		0.8%	13.1%	–8.4%	–0.3%
Average employee compensation per FTE (Germany) [1]	67,448	68,413	69,039	72,733	74,636
Change from the previous year in %		1.4%	0.9%	5.4%	2.6%

1 Without Executive Board

Overall target compensation for the Executive Board in fiscal 2021/2022

The Supervisory Board has defined a specific overall target compensation for each member of the Executive Board in fiscal 2021/2022. The Supervisory Board believes it is in reasonable proportion to the tasks and performance of the Executive Board members and the company's situation. The overall target compensation includes the gross basic annual salary of €375,000. The Chief Executive Officer receives an extra "CEO bonus" of 25% on top of the basic annual salary. In addition, the overall compensation is to include a one-year variable payment of 0.5% of the KWS Group's average net income for the past two fiscal years and take into account the net income budgeted for the current fiscal year – but at most €600,000 – if the targets are fully achieved. The one-year variable payment for fiscal 2021/2022 will be limited by this maximum amount, taking into account the budget assumptions. As regards the multi-year variable payment, members of the Executive Board are obligated to reinvest a percentage of their (gross) one-year variable payment in shares in KWS SAAT SE & Co. KGaA. That can be between 35% and 50% of their (gross) one-year variable payment, which means that a concrete target cannot be defined here. However, the multi-year variable payment is at most 150% of the reinvestment made by each Executive Board member and at most 200% in the case of the reinvestment made by the Chief Executive Officer. Due to the reinvestment, the multi-year variable payment exceeds the one-year variable payment less the reinvestment in percentage terms.

Compensation of the Supervisory Board of KWS SAAT SE & Co. KGaA

The compensation for members of the Supervisory Board is governed by the Articles of Association and is based on the size of the company and their duties and responsibilities. The company believes that the fixed compensation structure, which is therefore no longer linked to the company's business performance, means that the Supervisory Board can better exercise its control function. The compensation system for the Supervisory Board complies with the recommendations of the German Corporate Governance Code.

The members of the Supervisory Board receive a fixed annual payment of €60,000 for their work. The Chairperson receives three times and the Deputy Chairperson one-and-a-half times said amount. Members of the Supervisory Board receive separate payment for their work on committees; the Chairperson of the Supervisory Board does not receive additional compensation for his or her work on committees. Members of the Supervisory Board who are members of a committee receive an additional payment of €10,000 therefor. The Chairperson of a committee receives two times said amount. The additional compensation for members of the Audit Committee is €20,000. The Chairperson of the Audit Committee receives three times said amount. Additional compensation is owed only for participation in one committee, namely at the amount that is the highest to which the member in question is entitled for his or her work on a committee. If a person is a member of the Supervisory Board or a committee or holds the office of Chairperson or Deputy Chairperson of the Supervisory Board or Chairperson of a committee for only part of the fiscal year or if a fiscal year is shorter than the calendar year, the payment is granted only on a pro rata temporis basis. Members of the Supervisory Board also receive reimbursement of their expenses incurred in connection with exercise of their office and, up to the end of 2019, the value-added tax due on their payment.

The total compensation for members of the Supervisory Board of KWS SAAT SE & Co. KGaA in the year under review was €620 (620) thousand.

Total compensation of the Supervisory Board of KWS SAAT SE & Co. KGaA

in €	Fixed	Work on committees	Total 2020/2021	Total 2019/2020
Dr. Andreas J. Büchting [1]	180,000.00	0.00	180,000.00	180,000.00
Dr. Marie Theres Schnell [2]	90,000.00	20,000.00	110,000.00	110,000.00
Victor W. Balli [3]	60,000.00	60,000.00	120,000.00	120,000.00
Jürgen Bolduan	60,000.00	20,000.00	80,000.00	80,000.00
Cathrina Claas-Mühlhäuser	60,000.00	10,000.00	70,000.00	70,000.00
Christine Coenen	60,000.00	0.00	60,000.00	60,000.00
	510,000.00	**110,000.00**	**620,000.00**	**620,000.00**

1 Chairman
2 Deputy Chairwoman
3 Chairman of the Audit Committee

Total compensation of the Supervisory Board of KWS SE

in €	Fixed	Attendance fee	Total 2020/2021
Dr. Andreas J. Büchting [1]	60,000.00	0.00	60,000.00
Dr. Marie Theres Schnell [2]	45,000.00	0.00	45,000.00
Victor W. Balli	30,000.00	30,000.00	60,000.00
Cathrina Claas-Mühlhäuser	30,000.00	0.00	30,000.00
	165,000.00	**30,000.00**	**195,000.00**

1 Chairman
2 Deputy Chairwoman

The total compensation for members of the Supervisory Board of KWS SE in the year under review was €195 thousand.

2.6.5 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 shareholder 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 and 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 right can be excluded with the consent of the Supervisory Board, subject to certain conditions defined in the authorization.

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

NFD

2.7 Social Report

2.7.1 Use of Genetic Resources

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. 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 latter 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. Unfortunately, the meeting of the ITPGRFA's Governing Body was delayed considerably due to the COVID-19 pandemic, with the result that the preparatory working groups and dialogue with government advisors and the ITPGRFA Secretariat were significantly reduced compared to previous years.

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, whereupon our Intellectual Property department 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 modules, and an annual update meeting on

NFD

the issue 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 2020/2021. As part of the Breeding Information Circle, KWS has begun to further optimize IT processes relating to the documentation and approval of access to new genetic resources. The Breeding Information Circle, which is currently being developed, is a digital platform for integrating research information on all of KWS' crops. It enables information currently stored and used in individual tools to be linked and aggregated.

There is regular dialogue during the year with the Executive Board member responsible for research & 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 fiscal year.

2.7.2 Social Commitment*

As a forward-looking international company, we are committed to living up to our responsibility toward society. The content of our activity in this area is geared toward the United Nations' Sustainable Development Goals.

Our social engagement focuses on developing the regions around our locations, which are mostly of a rural character, at the cultural, social and socioeconomic level in order to foster the general welfare of residents and increase the locations' attractiveness as a whole. Children and young people are particularly dear to our heart. A further focus is on promoting education and science, in particular in the field of natural and agricultural sciences.

We sustained our social commitment without restriction in fiscal 2020/2021, a year that was overshadowed by the COVID-19 pandemic. We maintained our involvement in cultural events, continued to sponsor and support artists, and adapted events and our sponsorship as required. In addition, we supported social and educational institutions. We also provided funding to help address requirements arising due to the pandemic, such as digitization of schools in Northeim District so as to lastingly improve means of remote teaching and learning. At the initiative of the still young non-profit organization MyGatekeeper from Hanover, with the backing of KWS and in cooperation with Einbeck Council, Northeim District Council and the association Bildungsregion Südniedersachsen e.V., the project "#vernetzteLernregion – Gemeinschaft(lich) gestalten!" (#connectedLearningRegion – Shaping our community together!") was launched, with the common goal of enhancing media competence at schools long term and creating a modern learning environment for students.

Through its locations, KWS is also involved in ongoing development cooperation activities in Peru and Ethiopia, in particular with the aim of supporting young researchers 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. The focus is on corn and quinoa in Peru and on barley and wheat in Ethiopia.

In fiscal 2020/2021, KWS spent around €1.4 million – or approximately 1% of its operating income (EBIT) – on its social commitment worldwide. Of that sum, approximately €0.6 million was spent on donations and development cooperation in Peru and Ethiopia and €0.8 million on sponsorship activities. We have set ourselves the goal of using 1% of our operating income (EBIT) for our social commitment and social projects in the future, too.

* Not an audited part of the Combined Management Report

2.8 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.

2.8.1 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. They are identified as part of our strategic planning. The strategic planning covers a ten-year time frame and is jointly formulated on a rolling basis, discussed and adopted by the Executive Board. Vice versa, we regard not being able to seize strategic opportunities efficiently, in good time or in full as a strategic risk. Consequently, the results of the strategic planning are also incorporated in risk management. 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 currently see diverse strategic opportunities for the KWS Group arising from external megatrends. We describe some of them by way of example in the following.

To succeed in achieving sustainable, profitable growth in the future as well, our prime goal must be to retain and increase our innovativeness. In particular, 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 & 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 keep on making agricultural processes more and more sustainable. The development and use of innovative crop rotations, new cultivation systems, new resistances and tolerances or nutrient efficiencies have the potential to stabilize yields, reduce the use of resources such as fertilizer, pesticide or water, and increase biodiversity. Higher yields can result in less cultivation area being required. In addition, the carbon footprint per unit yield can be reduced with more efficient plant varieties. KWS is working to develop new products, crop rotations and cultivation systems to leverage this potential.

New data analysis methods 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 time machines have to run over the field. These technologies will gain in practical relevance in the future. We already use them in our research & breeding processes. We need to develop and establish new, highly promising technologies in order to avoid risks such as competitive disadvantages.

New, permanent customer needs – differing from region to region – are emerging and that entails long-term opportunities and risks. While meat consumption is declining in Europe, for example, it is steadily increasing in other countries. 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. We are also committed to expanding our direct contact with customers on a lasting basis so that we can sell our products successfully. We already have a presence in global sales networks and so can be reached directly by our customers.

Operational opportunities

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

Unlike strategic opportunity management, operational opportunity management is not fully integrated in risk management at present.

2.8.2 Risk Management

The main aspects and players in risk management at KWS

Weighing up opportunities and risks is an integral part of all decision-making at our company. We strive to address risks openly and proactively. We understand the term "risks" as denoting events and potential developments, both inside and outside the 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. Deliberate risks can be taken if that offers opportunities that are consistent with the KWS Group's strategic planning. If there are risks that do not harbor relevant opportunities in return or they jeopardize achievement of the Group's key financial indicators, they must be avoided or their impact must be mitigated as best possible from the cost-benefit perspective. Any violation of key corporate principles, such as observance of human rights, cannot be tolerated in any shape or form.

The departments assess and document short-term operational risks in monthly risk reports submitted to company management. Medium-term risks are ascertained as part of global risk identification at least twice a year.

The Executive Board is responsible for Group-wide risk management. The Supervisory Board or the Audit Committee review 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 latter's statutory audit assignment.

The Risk Committee consists of representatives from all divisions who have a good knowledge of the issue of risks. It convenes at least 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

Supervisory Board		
Executive Board		
Risk Committee		
Central Risk Management		
Business areas	**Controls and monitoring**	**Independent controls**
▪ Business Units ▪ Research & Development ▪ Global and Group functions incl. Transaction Center	▪ Controlling (incl. early risk warning) ▪ Control system Financial Reporting ▪ Compliance Management ▪ Risk Management ▪ Other systems (e.g. Quality Management, Stewardship, etc.)	▪ Internal Audits
KWS Governance (vision, mission, cornerstones, group standards, etc.)		

Our **risk management system** is based on the internationally recognized COSO II model (Committee of Sponsoring Organizations of the Treadway Commission). Its objective is to implement a consistent, continuous and Group-wide risk management process in which all divisions (Business Units, Group Functions, Global Functions, R&D, and the Managing Directors of significant subsidiaries) are integrated. Our risk management process consists of the phases of identification, assessment, control, documentation, monitoring of risks and risk reporting. It is conducted regularly, usually twice a year. As part of risk identification, we record individual risks on an electronic platform and assess them qualitatively or quantitatively on the basis of Group-wide standards, in each case before (gross risk) and after (net risk) any countermeasures. As part of that, we calculate expected monetary values where possible and classify them as "moderate," "medium" and "significant." We take into account linkages between risks in assessing the likelihood of their occurrence. The individual risks are classified as below as part of assessment:

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 million				
	High ≥ €15 million				

Risk classification for single risks

Risk classes	Expected loss value
Moderate	< €1 million
Relevant	> €1 million – ≤ €5 million
Significant	≥ €5 million and/or critical health risks

We decide systematically on what appropriate countermeasures to take to manage risks. They may be measures to reduce risks, constant monitoring of them or taking out insurance, for example. The KWS Group's current risk situation is aggregated by central risk management into risk types and 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.

Control and monitoring systems

We meet the statutory requirements for **early detection of risks** with our controlling and risk management processes.

The **internal control and risk management system in relation to the accounting process (Section 315 (4) of the German Commercial Code (HGB))** is the responsibility of Global Finance and comprises structures and processes that enable proper and effective accounting and financial reporting. That includes ensuring that business transactions are included in accounting consistently, promptly and correctly and that all statutory accounting regulations, standards and internal guidelines are implemented throughout the Group. A consistent system that is subject to the Group's regulations on accounting makes it easier to ensure that the consolidated financial statements comply with the rules. The following are examined regularly: the completeness of financial reporting, the Group's uniform accounting, measurement and account allocation stipulations, and the authorization and access regulations for IT systems used in accounting. Intra-Group transactions are consolidated appropriately and in full.

All subject areas that are the responsibility of the central Compliance department are controlled by the **KWS Compliance Management System.** The system is based on seven criteria in accordance with IDW PS 980: culture, objectives, risks, program, organization, communication and monitoring. Its goal is to prevent violations of the law and internal compliance regulations. The Compliance Management System is continuously developed further on the basis of risk analyses and findings from auditing projects, as well as to reflect new statutory requirements. Apart from that, there are other compliance topics that are controlled directly by the departments in question.

Internal auditing is the responsibility of Global Finance and is carried out by an external service provider. The topics in an audit are defined annually on a risk-oriented and process-independent basis. Their status is reported – likewise annually – to the Audit Committee.

Risk situation at the KWS Group

Here we provide a summarized report on the medium or high individual risks involving net financial damage of at least €7.5 million, taking into account the medium-term effects we are aware of. We group the individual risks by their type and category. The sequence of the risk types is based on the aggregated expected monetary values of the identified risks. If the risk classes of the categories have changed compared to the previous year, we explain that in the respective sections. Strategic opportunity and risk categories are derived from our strategic planning and cover a ten-year time frame. Because of the longer time frame over which they are analyzed, they are not comparable to the other categories. Strategic opportunities and risks are therefore explained separately in the section "Opportunity Management." The changes in the medium-term risk situation as a whole are addressed in the overall statement on the risk situation by the Executive Board.

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).

Operational risks

IT

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

Product quality

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

Production, 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 Group-wide 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.

All in all, the category's risk situation fell slightly year on year. That was mainly attributable to our measures to prevent production losses due to the pandemic and the elimination of short-term capacity bottlenecks in production.

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. There was an increase in this category's risk situation in the year under review due to temporary process inefficiencies and a greater workload.

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. Despite the many protective measures we have taken worldwide, the pandemic remains a significant threat to our employees. The category's risk situation therefore remains high.

Procurement

As part of our global sourcing processes, we are subject to price fluctuations. That may present opportunities as well as risks. 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. There were above-average increases in relevant price indexes toward the end of the year under review, and they were the reason why this category's risk situation rose.

Human Resources

Our HR strategy aims to recruit and keep qualified employees at KWS long term, as well as to offer them further development opportunities that reflect our and their needs. That may result in the risk of not being able to fill vacancies promptly or of losing employees. We counter this risk by continuously further developing our HR strategy. Among other things, we are committed to growing our brand as an attractive employer, fostering talents, and expanding the KWS Group to new locations near where appropriate resources are available (science clusters such as St. Louis and urban centers like Berlin). In addition, short-term compensatory measures may be applied to counter personnel risks.

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.

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. Geopolitical insecurities in the Middle East and the still strained situation in Eastern Europe may also have a negative impact on our business activities and growth plans. Although the situation as regards the individual political risks was very dynamic in the year under review, the category's aggregated risk situation remained largely unchanged.

General legal risks

KWS faces risks from official proceedings and legal disputes. Legal disputes are possible with suppliers, licensors, customers, employees, lenders and investors and may result in payments or other obligations. There were no legal proceedings involving significant amounts in fiscal 2020/2021.

Finance and capital markets

Tax risks

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

Currency risks

Currency risks arise in particular from receivables and liabilities denominated in foreign currency. 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. In fiscal 2020/2021, we hedged our intra-Group loans to a large part in order to reduce currency risks. We also reduce our transaction risks by means of natural hedging, incurring expenses in the same currency in which we generate revenue.

Liquidity

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. A short-term increase in the cost of borrowing on the capital market was observed last year; however, the situation eased in the year under review despite the ongoing pandemic, resulting in a slight reduction in the category's risk situation.

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.

Markets and competition

Cultivation areas and price trends

Slight declines and shifts in cultivation area are typical in agriculture and usually have no significant net impact on our business success. Extreme changes in cultivation area – in particular where they affect strategically important crops and markets – have the potential to impact our market success significantly. 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. Moreover, weather risks can often be insured against only at economically unfavorable terms and conditions, if at all.

Market trends

This covers in particular local external risks that are closely linked to our business model and over whose emergence we have no or currently only limited direct influence. They include changes in demand, fluctuations in cultivation area, or extreme, locally confined weather events. We examine whether insurance cover makes economic sense in order to reduce such risks. Potential supply chain risks are also maintained in this category. We are currently revising how supply chain risks are controlled. The increase in extreme weather events and growing relevance of supply chain standards resulted in a slight rise in this category's risk situation.

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 that. Acquisition or licensing of technologies – such as genetically modified traits – is customary in the industry and necessary in markets such as North or South America. We strive to reduce the related risks by developing our own innovations, which may also be attractive to competitors, and through long-term license agreements.

Category, aggregated, ten year horizon

Risk opportunity type	Risk opportunity category
Strategically	Innovation
	New customer requirements
	Sustainability in the Agriculture
	Digital farming

You can find a more detailed explanation in the "Opportunity Management" section.

Category, aggregated, four year horizon

Risk type	Risk category	Current risk classification	Previous year	Tendency
Operational risks	IT	Substantial	Substantial	→
	Product quality	Substantial	Substantial	→
	Production, interruptions to business operations	Noticeable	Substantial	↘
	Projects, company organization, process management	Noticeable	Medium	↗
	Health, safety and environment	Substantial	Substantial	→
	Procurement	Medium	Not listed	↗
	Human Resources	Medium	Medium	→
Politics and legal	Compliance	Noticeable	Noticeable	→
	Intellectual property (IP)	Medium	Medium	→
	Regulatory risks	Low	Low	→
	Political instability	Low	Low	→
	General legal risks	Low	Low	→
Finance and capital markts	Tax risks	Noticeable	Noticeable	→
	Currency risks	Medium	Medium	→
	Liquidity	Low	Medium	↘
	Risk of counterparty defaults	Low	Low	→
Markets and competition	Market trends	Medium	Medium	→
	Cultivation areas and price trends	Medium	Not listed	↗
	Competition and business partners	Medium	Medium	→

You can find a more detailed explanation in the "Risk situation at the KWS Group" section above.

Risk classification for aggregated risk categories

Risk classes	Total expected loss values single risks
Low	≤ €3 million
Medium	> €3 million – €8 million
Noticeable	> €8 million – €15 million
Substantial	≥ €15 million and/or critical health risks

Overall statement on the risk situation by the Executive Board

We have tackled the COVID-19 pandemic since January 2020 with a wide range of measures. We have developed them further and adapted them to the situation at hand over that time. Developments at the KWS Group continue to be monitored locally, with details on them being pooled centrally and reported every month to our global managers. The worldwide situation as regards infections remains uneasy in view of new mutations of the virus and very large local differences in incidence and vaccination rates. Consequently, there are still health risks for our employees despite the many protective measures. Restrictions to KWS' business operations are still possible, although we assess their likelihood as being low at present. They still include the absence of staff due to infection or quarantine measures, restrictions in seed multiplication and logistics processes, fluctuations in demand, cultivation area and market prices, the creditworthiness of customers and suppliers, uncertainties on the capital markets, and strong fluctuations in exchange rates. Aided by the measures we have implemented and the experience we have gained in the past one-and-half years, we believe we have established an effective system of protection that is adequately designed to reflect the local situation as regards infections. In the year under review, we did not suffer any significant restrictions to our operations as a result.

Other changes to risks are described in the categories above. Since the effects mostly balance each other out as a whole, the risk situation for the KWS Group is unchanged by and large following the increase last year.

In view of the available assessments and countermeasures we have initiated, risks that jeopardize the company's existence are not discernible at present. Moreover, we see at present no indications that interdependencies might result in risks that could jeopardize 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.

Announcement

In view of new external requirements defined in the auditing standard PS 340 and relating to measures by the Executive Board in accordance with Section 91 (2) of the German Stock Corporation Act (AktG), we are planning to adapt our risk management system in fiscal year 2021/2022 and will explain the changes in the next Risk Report.

2.9 Forecast Report

The expectations of management outlined here are based on our corporate planning and the information it takes into account, including market expectations, strategic decisions, regulatory measures or exchange rate trends. They are subject to the same premises as the consolidated financial statements and forecast our business performance up to the end of fiscal 2021/2022 on June 30, 2022. 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.

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

There have not been any significant changes in the KWS Group's composition that are of significance for the forecast for its business performance in fiscal 2021/2022.

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

The KWS Group's economic performance will likely not be impacted significantly by the effects of the global COVID-19 pandemic in fiscal 2021/2022. However, sharp increases in the prices of agricultural raw materials will raise the costs of multiplying seed. We also anticipate above-average price rises in a number of procurement categories. There are still significant currency risks in important markets, in particular in South America and Eastern Europe.

In view of the brightening mood in the agriculture sector and (in some cases sharp) increases in the prices of agricultural raw materials, we assume that there will be growing demand for seed in fiscal 2021/2022.

We expect the KWS Group to grow its net sales by 5% to 7% over the previous fiscal year (€1,310.2 million). We anticipate an EBIT margin of around 10% and that it will be in a range from 11% to 12% after adjustment for the noncash effects from purchase price allocations as part of company acquisitions. 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.

2.9.3 Forecast for the Segments

In fiscal 2021/2022, we anticipate that the **Corn Segment** with grow its net sales sharply over the previous year (€774.0 million), in particular on the back of rising sales volumes in South America and Europe due to the launch of new, high-performance varieties. 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 (9.2%).

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 will benefit from further growth due to CONVISO® SMART seed and the launch of new, Cercospora-tolerant (CR+) varieties. We expect the segment's net sales to be on a par with the previous year (€524.3 million), as will the EBIT margin (33.3%).

We assume that net sales in the **Cereals Segment** will rise slightly compared to the previous year (€191.2 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 & development and distribution activities further. All in all, we anticipate that the EBIT margin will rise slightly compared to the previous year (11.1%).

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 in the food services segment, we expect the segment's net sales to rise sharply compared to the previous year (€58.2 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 and the EBIT margin after adjustment for the noncash effects from the purchase price allocation as part of company acquisitions will be well above those of the previous year.

Revenue (albeit slight) from our farms in Germany, France and Poland is grouped in the **Corporate Segment.** Since all cross-segment costs for the KWS Group's central functions and research expenditure are still charged to the Corporate Segment, its income is usually negative. In view of the planned cost developments and continuation of the transformation project ONEGLOBE, we expect the segment's EBIT to be around €–100.0 (–92.0) million.

Forecast for the 2021/2022 fiscal year

	Net sales	EBIT margin[1]	R&D intensity
Statement of comprehensive income of the KWS Group	5–7%	11–12%	18–20%

1 Adjusted for non-cash effects from purchase price allocation in the context of company acquisitions

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

2.10.1 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 in the Internet at www.kws.com/corp/en/company/investor-relations/. 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)
On the Compensation Report, in accordance with Section 289 (4) of the German Commercial Code (HGB) and explanatory report of the Executive Board	55 to 67
On business activity, corporate strategy, corporate controlling and management, as well as explanations on business performance	16 to 42
On the dividend	137 (Notes)
On research & development	23 to 25
On the report on events after the balance sheet date	138 (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 & 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 2020/2021 rose to €618.0 (571.2) million, in particular on the back of an increase in the Sugarbeet Segment. Research & development expenditure, which is pooled at KWS SAAT SE & Co. KGaA, was increased as planned to €204.5 (194.4) million. Selling expenses fell to €73.1 (75.1) 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 €120.3 (121.0) million. The balance of other operating income and other operating expenses was €8.2 (4.4) million. KWS SAAT SE & Co. KGaA's operating income was €–46.5 million compared to the previous year's figure of €–42.1 million, a reduction that was attributable in particular to higher costs of sales as a result of crop failures due to the weather in our seed multiplication activities. Net financial income/expenses is made up of the net income from equity investments and the interest result. Net income from equity investments rose sharply to €378.1 (30.8) million. The year-on-year change was mainly due to dividend payouts from retained profits of foreign subsidiaries in connection with intra-Group financing. The interest result improved to €–4.1 (–8.5) million, in particular as a result of lower interest expenses payable to affiliated companies due to refinancing. Taking into account tax expenditures, the net income for the year was €321.4 million (previous year: a net loss of €27.9 million).

Financial position and assets

KWS SAAT SE & Co. KGaA's total assets in fiscal 2020/2021 increased to €1,623.1 (1,554.5) million. Fixed assets at the balance sheet date were

€1,016.3 (1,014.8) million. Inventories rose to €79.8 (66.3) million on the back of higher production, Receivables and other assets were €495.7 (462.4) million. Liabilities to affiliated companies at the balance sheet date fell to €914.3 (1,121.2) million. KWS SAAT SE & Co. KGaA's equity increased to €531.3 (233.0) million due to the net income for the year, giving an equity ratio of 32.7% (15.0%).

Employees

An average of 1,633 (1,544) 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 69 to 78.

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 in Eastern Europe. We currently anticipate a slight increase in net sales, mainly from corn 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 & development activities. As a result of the anticipated higher spending on research & development and on distribution activities, KWS SAAT SE & Co. KGaA's EBIT will likely be well below that of the year under review.

NFD

2.10.2 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 issues that need to be reported in the Non-Financial Declaration, the relevant issues based on a 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. On the basis of this analysis, the individual issues 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, and use of genetic resources were identified as material within the meaning of the statutory regulations. Material effects of the COVID-19 pandemic on the non-financial issues are reported in the respective sections, where necessary. Given that we aim to conduct the GRI materiality analysis every two years, the next one is scheduled for fiscal 2022/2023. In the year under review, the Executive Board adopted a comprehensive sustainability program with corresponding goals and KPIs. They are explained in the Management Report (page 20 in section 2.1.4 Objectives and Strategy; Sustainability). They are to be implemented at the company in coming reporting periods, and their relevance for controlling is to be examined.

NFD

The table below gives an overview of the CSR report aspects stipulated by law in accordance with Section 289c of the German Commercial Code (HGB) and other associated issues that require reporting, as well as references to the sections in which the required disclosures on concepts, results, risks and key performance indicators are made. We did not identify any risks that exceeded the statutory materiality threshold defined in Section 289c (3) of the German Commercial Code (HGB). In addition, the KWS Group has not defined any non-financial performance indicators relating to controlling at present.

As part of preparation of the Non-Financial Declaration, we were guided by the GRI standards in conducting the materiality analysis. 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
Business model	–	2.1 Fundamentals of the KWS Group
Environmental issues	Innovative & Sustainable Product Design Product Quality and Safety Emissions Water	2.4.1 Product Innovations 2.4.2 Product Quality and Safety 2.4.3 Emissions & Water
Employee issues	Occupational Health and Safety Recruitment & Employee Loyalty Qualification, Further Training and Development Employee Engagement Human and Labor Rights	2.5.2 Occupational Health and Safety 2.5.3 Recruitment and Employee Loyalty 2.5.4 Qualification, Further Training and Development 2.5.5 Labor and Social Standards
Corruption and bribery	Business Ethics & Compliance	2.6.3 Business Ethics & Compliance
Human rights	Responsibility in the Supply Chain Human and Labor Rights	2.6.4 Responsibility in the Supply Chain
Social issues	Use of Genetic Resources	2.7.1 Use of Genetic Resources

Einbeck, September 23, 2021

KWS SE

Dr. Hagen Duenbostel | Dr. Léon Broers | Dr. Felix Büchting | Dr. Peter Hofmann | Eva Kienle

3. Annual Financial Statements for the KWS Group 2020/2021

Statement of Comprehensive Income

July 1 to June 30

in € thousand	Note no.	2020/2021	2019/2020
I. Income statement			
Net sales	6.1	1,310,232	1,282,552
Cost of sales	6.1	570,690	549,899
Gross profit on sales		**739,542**	**732,653**
Selling expenses	6.1	244,218	248,821
Research & development expenses	6.1	252,226	236,102
General and administrative expenses	6.1	127,142	129,451
Other operating income	6.2	71,446	81,250
Other operating expenses	6.3	50,369	62,163
Operating income		**137,032**	**137,366**
Interest and similar income		6,145	5,482
Interest and similar expenses		18,338	24,097
Income from equity-accounted financial assets		17,374	10,773
Net financial income/expenses	6.4	**5,181**	**–7,842**
Earnings before taxes		**142,214**	**129,524**
Taxes	6.5	31,624	34,305
Net income for the year	6.8	**110,590**	**95,220**
II. Other comprehensive income			
Changes in reserve for currency translation differences on foreign operations	7.9	–38,993	–39,596
Income from equity-accounted financial assets	7.9	–912	1,469
Items that may have to be subsequently reclassified as profit or loss		**–39,905**	**–38,127**
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	7.9	2,666	1,313
Remeasurement gain/(loss) in defined benefit plans	7.9	4,073	–5,148
Items not reclassified as profit or loss		**6,738**	**–3,835**
Other comprehensive income after tax	7.9	**–33,167**	**–41,962**
III. Comprehensive income (total of I. and II.)		**77,423**	**53,258**
Net income after shares of minority interests		**110,609**	**95,331**
Share of minority interests		–19	–111
Net income for the year	6.8	**110,590**	**95,220**
Comprehensive income after shares of minority interests		77,442	53,333
Share of minority interests		–19	–75
Comprehensive income		**77,423**	**53,258**
Diluted and basic earnings per share (in €)	6.8	**3.35**	**2.89**

Balance Sheet

Assets

in € thousand	Note no.	06/30/2021	06/30/2020
Goodwill	7.1	122,643	117,290
Intangible assets	7.1	353,701	368,361
Right-of-use assets	7.15	43,671	46,349
Property, plant and equipment	7.2	506,267	494,179
Equity-accounted financial assets	7.3	173,736	161,960
Financial assets	7.5	9,436	6,230
Noncurrent tax assets		606	674
Other non-current receivables	7.15	7,330	8,072
Deferred tax assets	6.5	47,642	70,590
Noncurrent assets		**1,265,033**	**1,273,705**
Inventories	7.6	266,606	216,606
Biological assets	7.6	5,546	15,869
Trade receivables	7.7	449,501	432,569
Cash and cash equivalents	7.8	222,745	119,737
Current tax assets	7.7	91,546	83,409
Other current financial assets	7.7	40,592	63,391
Other current assets	7.7	34,488	29,741
Current assets		**1,111,024**	**961,321**
Assets held for sale	4	686	441
Total assets		**2,376,743**	**2,235,467**

Equity and liabilities

Subscribed capital	7.9	99,000	99,000
Capital reserve	7.9	5,530	5,530
Retained earnings	7.9	949,188	889,830
Minority interest	7.10	0	139
Equity	7.9	**1,053,718**	**994,498**
Long-term provisions	7.11	132,500	140,074
Long-term borrowings	7.11	601,080	521,744
Noncurrent lease liabilities	7.15; 7.11	37,465	39,896
Trade payables	7.11	242	264
Deferred tax liabilities	6.5	66,359	92,265
Other noncurrent financial liabilities	7.11	62	207
Other noncurrent liabilities	7.11	1,301	1,014
Noncurrent liabilities	7.11	**839,009**	**795,465**
Short-term provisions	7.12	39,455	52,467
Short-term borrowings	7.12	97,225	93,663
Current lease liabilities	7.15; 7.12	10,961	11,404
Trade payables	7.12	153,748	109,747
Current tax liabilities	7.12	31,503	41,840
Other current financial liabilities	7.12	14,203	17,133
Contract liabilities	7.12	25,234	19,191
Other current liabilities	7.12	111,687	100,059
Current liabilities	7.12	**484,016**	**445,504**
Liabilities		**1,323,025**	**1,240,969**
Total equity and liabilities		**2,376,743**	**2,235,467**

Statement of Changes in Equity

July 1 to June 30

in € thousand					Parent company
	Subscribed capital	Capital reserve	Accumulated Group equity from earnings		Comprehensive other Group income
				Reserve for currency translation differences on foreign operations	Reserve for currency translation differences on at equity accounted financial assets
06/30/2019	**99,000**	**5,530**	**955,651**	**–53,225**	**5,747**
Dividends paid			–22,110		
Net income for the year			95,331		
Other comprehensive income after tax				–39,596	1,469
Total consolidated gains (losses)			**95,331**	**–39,596**	**1,469**
Change in shares of minority interests			0	0	0
Capital increase from company funds			0	0	0
Other changes			2,256	0	0
06/30/2020	**99,000**	**5,530**	**1,031,127**	**–92,821**	**7,216**
07/01/2020	**99,000**	**5,530**	**1,031,127**	**–92,821**	**7,216**
Dividends paid			–23,100		
Net income for the year			**110,609**		
Other comprehensive income after tax				–38,993	–6,635
Total consolidated gains (losses)			110,609	–38,993	–6,635
Change in shares of minority interests			0	0	0
Other changes			5,016	0	0
06/30/2021	**99,000**	**5,530**	**1,123,652**	**–131,814**	**581**

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	Total	Minority interest	Group equity
			Parent company		
		Comprehensive other Group income	Total		
0	**873**	**–52,731**	**960,845**	**2,702**	**963,547**
			–22,110	0	–22,110
			95,331	–111	95,220
0	1,313	–5,148	–41,962	36	–41,926
0	**1,313**	**–5,148**	**53,369**	**–75**	**53,294**
0	0	0	0	–2,488	–2,488
0	0	0	0	0	0
0	0	0	2,256	0	2,256
0	**2,186**	**–57,879**	**994,360**	**139**	**994,498**
0	**2,186**	**–57,879**	**994,360**	**139**	**994,498**
			–23,100	0	–23,100
			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	5,016	0	5,016
5,723	**4,852**	**–53,806**	**1,053,718**	**0**	**1,053,718**

Cash Flow Statement

July 1 to June 30

in € thousand	Note no.	2020/2021	2019/2020
Net income for the year		110,590	95,220
Depreciation/amortization and impairment on fixed assets		93,828	88,429
Increase/decrease (–) in long-term provisions		–1,660	–3,596
Increase/decrease (–) in short-term provisions		–12,430	750
Net gain (–)/loss (+) from the disposal of assets		–465	–563
Income tax expense (+)/-income (–)		31,382	34,305
Income tax payments (–)/-refunds (+)		–37,347	–33,526
Interest expense (+)/Interest income (–)		10,885	17,093
Increase (–)/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities		–75,173	–77,879
Increase/decrease (–) in trade payables and other liabilities not attributable to investing or financing activities		50,402	27,464
Proceeds and payments (+) from/for equity-accounted companies		5,609	5,408
Other noncash expenses/income (–)		–7,298	–16,949
Net cash from operating activities		**168,322**	**136,157**
Proceeds from disposals of intangible assets		154	12
Payments (–) for capital expenditure on intangible assets		–12,269	–14,939
Proceeds from disposal of fixed assets		1,876	1,852
Payments (–) for capital expenditures for fixed assets		–68,644	–99,001
Proceeds from disposals of financial assets		–518	152
Payments (–) for capital expenditure on financial assets		0	–492
Receipts from the disposal of consolidated subsidiaries and other business units		0	3,075
Cash outflows (–) for the acquisition of additional interests in subsidiaries		–8,285	–395,254
Interest received (+)		3,524	4,733
Net cash from investing activities		**–84,161**	**–499,863**

July 1 to June 30

in € thousand	Note no.	2020/2021	2019/2020
Dividend payments (–) to owners and minority shareholders	7.9	–23,100	–22,110
Payment (–) of principal portion of lease liabilities	7.15	–11,905	–14,376
Payment (–) of interest portion of lease liabilities	7.15	–876	–1,184
Interest paid (–) incl. transaction costs on issuance of promissory notes and borrowings		–11,572	–16,619
Proceeds from long-term borrowings		206,201	0
Repayment of long-term borrowings		–116,695	–36,500
Changes from proceeds (+)/repayments (–) of short-term borrowings		–7,123	8,304
Net cash from financing activities		**34,930**	**–82,484**
Net cash changes in cash and cash eqivalents and restricted cash		**119,091**	**–446,190**
Changes in cash and cash equivalents and restricted cash due to exchange rate, consolidated group and measurement changes		**–16,083**	**–8,501**
Cash and cash equivalents, including restricted cash, at beginning of year		119,737	159,757
Cash and cash equivalents, including restricted cash, at end of year		222,745	–294,935
Plus/Minus cash deposited in a trust account for the acquisition of Pop Vriend Seeds Group		0	414,672
Cash and cash equivalents at end of year	8	**222,745**	**119,737**
thereof restricted cash and cash equivalents at end of year		46	91

Notes for the KWS Group 2020/2021

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 23, 2021, 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 2020/2021:

Standards and interpretations applied for the first time

Financial reporting standards and interpretations
Amendments to References to the Conceptual Framework in IFRS Standards
IFRS 3 – Amendments to Business Combinations: Definition of a Business
IFRS 9, IAS 39, IFRS 7 – Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (Phase 1)
Amendments to IFRS 16 "COVID-19-Related Rent Concessions"
Amendments to IAS 1 "Presentation of Financial Statements" and **IAS 8** "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Material

At the date of signing, all amendments to the financial reporting standards and interpretations, applied as of July 1, 2020, do not have a significant impact on the consolidated financial statements of the KWS Group.

Standards and interpretations to be applied in future

The IASB has issued the following standards and amendments to standards whose application was not yet mandatory for the 2020/2021 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 KWS Group:

Standards and Interpretations to be applied in future

Financial reporting standards and interpretations	Mandatory first-time application
Amendments to IFRS 4 "Insurance Contracts"	Fiscal year 2021/2022
IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (Phase 2)	Fiscal year 2021/2022
Annual Improvements to IFRSs 2018–2020 Cycle	Fiscal year 2022/2023
Amendments to IFRS 3 "Business Combinations"	Fiscal year 2022/2023
Amendments to IAS 16 "Property, Plant and Equipment"	Fiscal year 2022/2023
Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"	Fiscal year 2022/2023
IFRS 17 – "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"	Fiscal year 2023/2024
Amendments to IAS 1 "Presentation of Financial Statements": Classification of Liabilities as Current or Non-current – Deferral of Effective Date	Fiscal year 2023/2024
Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"	Fiscal year 2023/2024
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	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 annual 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.

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.

Starting with this fiscal year, the short-term and long-term lease liabilities are disclosed separately in the balance sheet in order to enhance transparency and consistency in how the right-of-use assets are presented. The disclosures for the previous year have been changed accordingly. In the previous year, these amounts were carried under the other short-term and long-term liabilities. In addition, the two items that make up cash and cash equivalents (cash and cash equivalents, and securities) have been grouped together in fiscal 2020/2021 to better facilitate the reconciliation between the balance sheet and cash flow statement. In addition, the presentation of the statement of changes in equity was revised in the year under review in order to ensure a more understandable presentation. The disclosures for the previous year have been adjusted accordingly.

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 group companies 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/		**06/30/2021**	**06/30/2020**	**2020/2021**	**2019/2020**
ARS [1]	Argentina	113.68300	78.85460	113.68300	78.85460
BRL	Brazil	5.89340	6.05730	6.42570	5.01039
GBP	UK	0.85775	0.91360	0.88650	0.87829
RUB	Russia	86.20260	78.68120	89.03760	74.32688
UAH	Ukraine	32.30180	29.95000	33.22300	28.08884
USD	USA	1.18900	1.12100	1.19280	1.10569

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

The difference resulting from the application of annual average rates on a monthly basis to the net profit for the period in the income statement at the rate on balance sheet date is taken directly to equity. According to IAS 21, exchange differences resulting from loans to foreign subsidiaries 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. Gains and losses from current inflation of non-monetary assets and liabilities and of equity are recognized in the income statement.

The IPC was 321.97 points on July 1, 2020, and rose by 50.2% in the current fiscal year to 483.60 points on June 30, 2021.

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 twelve 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. Other income, such as interest, royalties and dividends, is recognized in the period in which it accrues as soon as there is a contractual or legal entitlement to it.

Performance-based public grants are carried 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. 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 are 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 operating income in the income statement on a straight-line basis over the lease's term.

The KWS Group's leases primarily relate to lease agreements for office space, land and 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 are 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.

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 (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. Common derivative financial instruments are essentially used to hedge interest rate and foreign currency risks. 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 their market value 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. 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 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)
- Determination of the fair value of intangible assets, tangible assets and liabilities acquired as part of a business combination and determination of the service lives of the purchased intangible assets and tangible assets (section 4 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 7.12 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 the coronavirus pandemic

The coronavirus pandemic impacted the global economy in 2020/2021. In view of its influence on the KWS Group's activities, the potential impacts on assets, financial position and earnings are continuously assessed. A more detailed explanation of the effects can be found in the Group Management Report.

The general macroeconomic conditions were taken into consideration in the measurement policies applied at June 30, 2021.

Goodwill and intangible assets with an indefinite useful life underwent an annual impairment test at June 30, 2021, while the changes in the market situation due to the coronavirus pandemic 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.

The effect on other assets, such as trade receivables and inventories, was continually examined with regard to the impact of coronavirus 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, considered in assessing the potential impact of the coronavirus pandemic on trade receivables.

4. Consolidated Group and Changes in the Consolidated Group

The number of companies consolidated in the KWS Group decreased from 88 at June 30, 2020, to 86 at June 30, 2021.

Number of companies including KWS SAAT SE & Co. KGaA

	06/30/2021			06/30/2020		
	Germany	**Abroad**	**Total**	**Germany**	**Abroad**	**Total**
Fully consolidated	13	60	73	13	63	**76**
Equity method	0	5	5	0	4	**4**
Joint operation	0	8	8	0	8	**8**
Total	**13**	**73**	**86**	**13**	**75**	**88**

Acquisition of KWS VEGETABLES ITALIA S.R.L. (formerly GENEPLANTA S.R.L.)

As part of expansion of its business unit for vegetables, the KWS Group took over all of the shares in KWS VEGETABLES ITALIA S.R.L., Noceto/Parma, Italy, on March 9, 2021. The company, which was established in 2011, focuses on breeding, producing and distributing tomato seed. Its main sales regions include Italy and Mexico.

The transferred consideration was €8,086 thousand and is composed of a cash component of €7,886 thousand and a purchase price tranche of €200 thousand, which is due in September 2022.

The net assets acquired in return at the time of initial consolidation are composed as follows:

Fair Value of the identifiable assets and liabilities as at the date of acquisition

in € thousand	03/09/2021
Assets	**5,095**
Intangible assets	4,144
Property, plant and equipment	40
Financial assets	683
Deferred tax assets	180
Cash and cash equivalents	11
Other assets	37
Liabilities	**1,959**
Long-term financial liabilities	289
Short-term financial liabilities	80
Trade payables	66
Short-term provisions	295
Other short-term liabilities	203
Deferred tax liabilities	1,026
Total identifiable net assets at fair value	**3,136**
Goodwill arising on acquisition	**4,950**

The acquired intangible assets identified as part of the purchase price allocation relate to customer relationships (€3,600 thousand) and technologies (€529 thousand). The amortization periods for the intangible assets are between four and ten years.

The goodwill from acquisition of the company totals €4,950 thousand and mainly reflects access to markets and synergy potentials that will significantly speed up development of KWS' own global tomato breeding programs. The goodwill is not tax-deductible.

The deferred tax liabilities from acquisition of the company relate exclusively to intangible assets and inventories and have been taken into account at a tax rate of 24%.

KWS VEGETABLES ITALIA S.R.L. generates net sales and income solely for the Vegetables Segment. The consolidated financial statements of the KWS Group contain net sales of €305 thousand and income after taxes of €–154 thousand from KWS VEGETABLES ITALIA S.R.L. Assuming that the company had been acquired effective July 1, 2020, net sales at the Vegetables Segment would have increased by 1.4% and there would have been an insignificant change to the consolidated net income for the year.

Other changes in the consolidated group

KWS SERVICES EAST GMBH was merged with KWS AUSTRIA SAAT GMBH on February 10, 2021, retroactively effective July 1, 2020.

On August 14, 2020, the KWS Group participated in establishing KWS FIDC and acquired 100% of the equity interests in the company. The initial capital contribution was €7,720 thousand. The company is included as a fully consolidated subsidiary in the consolidated financial statements. The company uses most of its funds to purchase receivables.

The subsidiary KWS VEGETABLES MEXICO S.A. DE C.V. (Mexico) was founded on September 2, 2020, for the purpose of establishing future vegetable seed breeding. In addition, the subsidiary BETASEED RUS LLC (Russia) was established on November 23, 2020, for the purpose of distributing sugarbeet seed. KWS SEED SCIENCE & TECHNOLOGY CO., LTD (China) was established on November 24, 2020. Its objective is to strengthen future expansion of breeding business in China.

The KWS Group's stake in the company IMPETUS AGRICULTURE, INC. was diluted to less than 50% as a result of a capital increase on December 29, 2020. The KWS Group's stake at June 30, 2021, was 38.82%. As a result, the KWS Group lost the possibility of controlling the company. After disposal of assets (€64 thousand), liabilities (€1 thousand) and minority interests (€116 thousand), re-classification of currency gains (€123 thousand) recognized in the Other comprehensive income, and first-time at-equity measurement at fair value (€923 thousand), there was a deconsolidation gain of €1,099 thousand. This was carried as other operating income. From now on, IMPETUS AGRICULTURE, INC. is included in the consolidated financial statements as an associated company using the equity method.

The companies POP VRIEND RESEARCH B.V., BELAMI B.V., POP VRIEND VEGETABLES SEEDS B.V., POP VRIEND PRODUCTION B.V. and POP VRIEND SEEDS USA B.V. were merged with POP VRIEND SEEDS B.V. effective December 31, 2020. CHURA B.V. was also merged with POP VRIEND HOLDING B.V. (formerly BIRIKA B.V.), likewise effective December 31, 2020.

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 for Sugarbeet and Corn, including the relevant information and expertise about how to use it, is owned by KWS SAAT SE & Co. KGaA, and for Cereals it is owned by KWS LOCHOW GMBH. Product-related R&D costs are carried directly in the product segments Corn, Sugarbeet and Cereals. The activities of the Vegetables Segment are aggregated in 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 (management approach) 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	
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020
Corn	774,167	776,093	120	423	774,047	775,669
Sugarbeet	524,370	491,898	63	52	524,307	491,846
Cereals	191,581	191,348	342	185	191,240	191,163
Vegetables	58,268	83,523	30	0	58,238	83,523
Corporate	18,702	18,207	12,712	13,593	5,990	4,615
Segments acc. to management approach	**1,567,088**	**1,561,069**	**13,266**	**14,253**	**1,553,822**	**1,546,816**
Elimination of equity-accounted financial assets					–243,590	–264,264
Segments acc. to consolidated financial statements					**1,310,232**	**1,282,552**

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	
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020
Corn	71,292	67,072	34,852	36,143	–10,957	–36,047
Sugarbeet	174,748	170,062	18,064	16,897	–1,742	1,254
Cereals	21,290	26,357	9,435	9,917	–1,701	–6,169
Vegetables	–18,106	–7,543	23,633	23,083	–2,220	–1,135
Corporate	–91,976	–104,626	21,707	17,489	–14,722	–11,133
Segments acc. to management approach	**157,247**	**151,323**	**107,692**	**103,528**	**–31,342**	**–53,230**
Elimination of equity-accounted financial assets	–20,214	–13,957	–13,864	–15,377	29,600	47,922
Segments acc. to consolidated financial statements	**137,032**	**137,366**	**93,828**	**88,151**	**–1,742**	**–5,308**
Net financial income/expenses	5,181	–7,842				
Earnings before taxes	**142,214**	**129,524**				

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	
	2020/2021	**2019/2020**	**2020/2021**	**2019/2020**
Corn	787,432	759,323	151,699	149,741
Sugarbeet	389,606	371,019	82,461	71,612
Cereals	138,734	137,992	41,036	33,498
Vegetables	437,148	454,552	7,969	8,223
Corporate	213,708	207,211	112,724	117,770
Segments acc. to management approach	**1,966,627**	**1,930,096**	**395,888**	**380,845**
Elimination of equity-accounted financial assets	–216,076	–232,576	–39,696	–58,066
Segments acc. to consolidated financial statements	**1,750,551**	**1,697,521**	**356,193**	**322,779**
Others	626,192	537,946	966,832	918,190
KWS Group acc. to consolidated financial statements	**2,376,743**	**2,235,467**	**1,323,025**	**1,240,969**

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	2020/2021	2019/2020
Corn	28,601	30,901
Sugarbeet	26,464	32,308
Cereals	7,264	10,088
Vegetables	1,273	1,568
Corporate	22,971	38,583
Segments acc. to management approach	**86,573**	**113,449**
Elimination of equity-accounted financial assets	–5,235	–5,415
Segments acc. to consolidated financial statements	**81,337**	**108,034**

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

The capital expenditure in the Corn Segment mainly relates to expansion and modernization of production and processing plants, such as in Romania, Brazil and the U.S. The Sugarbeet Segment's capital expenditure relates mainly to continued expansion of sugarbeet seed production at the Einbeck location. Further investments were made in a new production plant in Russia. The capital expenditure in the Cereals Segment mainly relates to expansion and modernization of production plants, in particular in Germany and France, and modernization of breeding stations. The capital expenditure in the Corporate Segment relates, among other things, to expansion of a new laboratory building in Einbeck, but was well below the figure for the previous year.

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	2020/2021	2019/2020
Germany	242,468	239,835
Europe (excluding Germany)	620,869	573,205
thereof in France	122,678	112,449
North and South America	358,189	378,527
thereof in Brazil	109,152	110,187
thereof in the U.S.	194,623	222,410
Rest of world	88,706	90,985
KWS Group	**1,310,232**	**1,282,552**

Long-term assets by region

in € thousand	2020/2021	2019/2020
Germany	318,919	313,829
Europe (excluding Germany)	627,590	621,712
thereof in France	60,932	63,820
thereof in the Netherlands	453,390	465,558
North and South America	257,007	252,110
thereof in Brazil	35,214	29,921
thereof in the U.S.	197,867	199,521
Rest of world	5,937	6,719
KWS Group	**1,209,454**	**1,194,370**

6. Notes to the Income Statement

6.1 Net sales and function costs

Net sales increased by 2.2% to €1,310,232 (1,282,552) thousand. Net sales are mainly generated from seed deliveries (€1,200,594 thousand; previous year: €1,174,301 thousand) and royalties (€81,025 thousand; previous year: €81,276 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 3.8% to €570,690 (549,899) thousand, or 43.6% (42.9%) of sales. The key factors in this development were higher cost of sales in the Corn and Sugarbeet Segments. The total cost of goods sold was €400,215 (357,408) 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	2020/2021	2019/2020
Impairment losses	6,883	8,666
Decreases in impairment loss	4,597	5,441

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

Selling expenses decreased by €4,603 thousand to €244,218 (248,821) thousand, or 18.6% (19.4%) of sales. The fall is mainly attributable to exchange rate effects.

Research & development is recognized as an expense in the year it is incurred; in the year under review, this amounted to €252,226 (236,102) thousand. That was 19.3% (18.4%) 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 decreased by €2,309 thousand to €127,142 (129,451) thousand due to lower costs as a result of the pandemic; they represent 9.7% of sales, after 10.1% the year before.

6.2 Other operating income

July 1 to June 30

in € thousand	2020/2021	2019/2020
Foreign exchange gains	33,197	42,355
Performance-based public grants	9,910	8,200
Income from the reversal of provisions	5,607	1,560
Income from reversal of valuation allowance for trade receivables and recovery of written off receivables	3,505	6,591
Income from sales of fixed assets	2,940	846
Other income related to previous periods	1,405	2,742
Unrealized gain on derivatives measured at fair value through profit or loss	239	1,289
Income from loss compensation received	14	400
Gain on net monetary position (hyperinflation)	0	651
Miscellaneous other operating income	14,629	16,615
Total	**71,446**	**81,250**

The other operating income mainly comprises foreign exchange gains, 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 income from the reversal of provisions includes the partial reversal of a provision totaling €4,000 thousand to a current level of €1,000 thousand due to a reassessment of possible license price payments in connection with the development of hybrid potatoes.

6.3 Other operating expenses

July 1 to June 30

in € thousand	2020/2021	2019/2020
Foreign exchange losses	35,799	42,310
Valuation allowance on receivables	6,754	11,870
Loss on net monetary position (hyperinflation)	541	0
Unrealized loss on derivatives measured at fair value through profit or loss	148	2,810
Expenses relating to previous periods	2	38
Other expenses	7,127	5,135
Total	**50,369**	**62,163**

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

6.4 Net financial income/expenses

July 1 to June 30

in € thousand	2020/2021	2019/2020
Interest expenses	16,151	21,514
Interest income	6,132	5,462
Interest effects from pension provisions	1,273	1,294
Interest expenses for lease liabilities	876	1,184
Interest expense for other long-term provisions	38	105
Income from other financial assets	14	20
Interest result	**–12,193**	**–18,615**
Result from equity-accounted financial assets	17,374	10,773
Net income from equity investments	**17,374**	**10,773**
Net financial income/expenses	**5,181**	**–7,842**

Net financial income/expenses improved, mainly due to better financing terms in Germany and exchange rate effects in Brazil. The interest effects from pension provisions comprise interest expenses (compounding) and the planned income.

Net financial income/expenses from the equity-accounted joint ventures improved sharply year on year due to higher earnings by AGRELIANT GENETICS LLC.

6.5 Taxes

Income tax expenses

in € thousand	2020/2021	2019/2020
Actual income taxes	**36,174**	**45,101**
thereof from previous years	6,624	6,102
Deferred taxes	**–4,550**	**–10,797**
Income taxes	**31,624**	**34,304**

The KWS Group pays tax in Germany at a rate of 29.8% (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 14.0% (14.0%), resulting in a total tax rate of 29.8% (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 5.0% (6.0%) and 34.4% (34.4%).

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

Deferred taxes

in € thousand	At 06/30/2020						
	Deferred tax assets	Deferred tax liabilities	Net value	Recognized in profit or loss	Other Comprehensive Income	Currency	Recognized in other comprehensive income
Intangible assets	438	78,452	**–78,014**	11,722	–352	85	–268
Property, plant and equipment	826	19,254	**–18,428**	–106			
Biological assets	0	4	**–4**	4			
Financial assets	2,242	3,211	**–969**	1,247	–292	69	–222
Inventories	11,602	4,978	**6,624**	959			
Current assets	19,143	20,768	**–1,625**	372	157	–37	119
Noncurrent liabilities	47,259	6,939	**40,320**	–1,808	–1,561	372	–1,189
of which pension provisions	23,782	0	**23,782**	–1,270	–1,570	374	–1,196
Current liabilities	22,030	2,265	**19,765**	–2,736	–43	10	–33
Deferred taxes recognized (gross)	**103,540**	**135,871**	**–32,331**	**9,655**	**–2,091**	**499**	**–1,592**
Tax loss carryforward	10,656	0	**10,656**	–5,105			
Setting off	–43,606	–43,606	**0**	0			
Deferred taxes recognized (net)	**70,590**	**92,264**	**–21,675**	**4,550**	**–2,091**	**499**	**–1,592**

in € thousand	At 06/30/2021		
	Deferred tax assets	Deferred tax liabilities	Net value
Intangible assets	298	66,858	**–66,559**
Property, plant and equipment	276	18,809	**–18,534**
Biological assets	0	0	**0**
Financial assets	5,062	5,005	**56**
Inventories	11,757	4,174	**7,583**
Current assets	10,598	11,731	**–1,133**
Noncurrent liabilities	43,306	5,983	**37,323**
of which pension provisions	21,316	0	**21,316**
Current liabilities	20,738	3,741	**16,996**
Deferred taxes recognized (gross)	**92,034**	**116,302**	**–24,268**
Tax loss carryforward	5,552	0	**5,552**
Setting off	–49,943	–49,943	**0**
Deferred taxes recognized (net)	**47,642**	**66,359**	**–18,717**

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 €113 (332) thousand.

There is a deferred tax expense of €2,304 (3,413) 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 €5 (602) thousand.

No deferred taxes were formed for tax loss carryforwards totaling €14,337 (5,561) thousand that have not yet been utilized. Of these, €72 (923) thousand must be utilized within a period of five years. Loss carryforwards totaling €14,265 (4,638) thousand can be utilized without any time limit.

No deferred taxes were recognized on temporary differences totaling €25,290 (41,806) 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 €17,052 (46,198) 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 & 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 29.8% (29.8%), taking into account the following effects:

Reconciliation of income taxes

in € thousand	2020/2021	2019/2020
Earnings before income taxes	142,214	129,524
Expected income tax expense[1]	**42,422**	**38,637**
Reconciliation with the reported income tax expense		
Differences from the Group's tax rate	–8,313	–6,613
Effects of changes in the tax rate	–8,216	–73
Tax effects from:		
Expenses not deductible for tax purposes and other additions	6,451	4,203
Tax-free income	–9,430	–8,391
Other permanent deviations	–353	–435
Reassessment of the recognition and measurement of deferred tax assets	2,186	–162
Tax credits	–505	–568
Taxes relating to previous years	8,093	7,757
Other effects	–710	–51
Reported income tax expense	31,624	34,304
Effective tax rate	22.2%	26.5%

1 Tax rate in Germany: 29.8% (29.8%)

Income taxes relating to other periods include in particular effects from field tax audits that have been completed and future 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 & development activities on the effective tax. Excluding the changes to tax rates, the effective tax rate in the year under review would have been 28.0%.

There is no definitive tax assessment in respect of several years at the Group. The KWS Group believes it has made adequate provisions for these years where the tax assessment is not concluded. Future legislation or changes in the opinions of the fiscal authorities mean that 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	2020/2021	2019/2020
Wages and salaries	259,697	246,215
Social security contributions, expenses for pension plans and benefits	66,600	63,858
Total	**326,297**	**310,073**

Personnel costs went up by 5.2%. The number of employees increased from 4,317 to 4,549, or by 5.4%. Of the 4,549 (4,317) employees, 4,307 (4,052) are permanent employees and 242 (265) are temporary employees. The number of trainees and interns is recorded separately and not included in the headcount (the previous year's figures have been adjusted accordingly). There were 109 (97) trainees and interns at KWS at June 30, 2021.

Employees by region

	2020/2021	2019/2020
Employees		
Germany	1,978	1,857
Europe (excluding Germany)	1,475	1,417
North and South America	913	879
Rest of world	183	164
Total	**4,549**	**4,317**
Trainees and interns		
Germany	109	97

With our joint ventures and associated companies consolidated proportionately, the number of employees was 5,004 (4,780).

6.7 Share-based payment

Employee Stock Purchase Plan

The KWS Group has established 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, 76,120 (52,315) shares were repurchased for the Employee Stock Purchase Plan at a total price of €5,558 (2,957) thousand and transferred directly to the employees. The total cost for issuing shares at a reduced price was €1,521 thousand in the past fiscal year (previous year: €555 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 2021 into account, were €737 (1,163) thousand in the period under review. The provision for it at June 30, 2021, was €2,920 (2,560) thousand. The LTI fair values are calculated by an external expert.

6.8 Net income for the year

The KWS Group’s net income for the year was €110,590 (95,220) thousand on operating income of €137,032 (137,366) thousand and net financial income/expenses of €5,181 (–7,842) thousand and after taxes totaling €31,624 (34,305) thousand. The return on sales (net income for the year relative to net sales) was 8.4% (7.4%), well up over the previous year. Net income for the year after minority interest was €109,450 (95,331) thousand. Diluted/undiluted earnings per share are calculated by dividing the net income for the year (€110,590 thousand) by 33,000,000 shares and was €3.35 (2.89).

7. Notes to the Balance Sheet

7.1 Intangible assets

Reconciliation of carrying amount of intangible assets

in € 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: 07/01/2020	**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**

in € thousand	Patents, industrial property rights and software	Goodwill	Intangible Assets
Gross book values: 07/01/2019	**139,200**	**26,190**	**165,390**
Currency translation	–4,594	–4,027	–8,620
Change in consolidation scope	320,277	95,126	415,403
Additions	14,080	0	14,080
Disposals	8,683	0	8,683
Transfers	47	0	47
At 06/30/2020	**460,327**	**117,289**	**577,616**
Amortization and impairment: 07/01/2019	**73,315**	**0**	**73,315**
Currency translation	–4,306	–1	–4,307
Additions	31,626	0	31,626
Impairment	0	0	0
Disposals	8,671	0	8,671
Transfers	2	0	2
Gross book values: 06/30/2020	**91,966**	**–1**	**91,965**
Net book values: 06/30/2020	**368,361**	**117,290**	**485,651**
Net book values: 06/30/2019	**65,885**	**26,190**	**92,075**

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 €12,417 (14,080) thousand related to software licenses and patents, as well as implementation of a new ERP system. The impairments for intangible assets totaling €2,223 thousand relate to software implementation projects for which no longer-term use is intended anymore. The impairment is included in the administrative expenses of the Corporate Segment. Amortization of intangible assets amounted to €33,092 (31,626) 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 for the POP VRIEND brand is calculated separately using the license price analogy method, allowing for the POP VRIEND Group's sales planning, for which average annual net sales growth in the mid-single digit percentage range has been assumed, and applying a WACC before taxes of 5.24% (5.22%). A growth rate of 1.5% (1.5%) has been assumed for extrapolation beyond the detailed planning horizon. Sensitivity analyses were also carried out, in which a 10% reduction in future net sales, a 10% increase in the cost of capital, and a reduction in the long-term growth rate to 1% were assumed. The sensitivity analyses did not reveal the need to recognize an impairment loss.

In order to meet the requirements of IFRS 3 in combination with IAS 36 and to determine any impairment of goodwill, 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 2020/2021 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, have been approved by the Executive Board. They are based on historical patterns and expectations about future market development.

For all of the KWS Group's sales markets, 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. 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 discount rate at the KWS Group has been derived as the weighted average cost of capital (WACC).

WACC before taxes

Business Unit in %	2020/2021	2019/2020
Corn America	8.63	6.10
Corn Europe/Asia	7.08	6.29
Sugarbeet	7.02	6.28
Cereals	6.85	6.30
Vegetables	7.29	7.72

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 growth rate of 1.5% (1.5%) has been assumed here 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 2020/2021 confirmed that the existing goodwill is not impaired.

Goodwill

in € thousand	06/30/2021	06/30/2020
Vegetables	100,076	95,126
Corn America	16,185	15,966
Cereals	3,989	3,866
Others	2,392	2,333
Total	**122,643**	**117,290**

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 and 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
Impairment	0	0	0	0	0
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**

in € thousand	Land and buildings	Technical equip-ment and machinery	Operating and office equipment	Prepayments and assets under construction	Property, plant and equipment
Gross book values: 07/01/2019	**343,058**	**253,941**	**124,332**	**62,318**	**783,649**
Currency translation	–5,550	–5,969	–4,064	–3,120	–18,703
Adjustment for hyperinflation IAS 29	3,174	1,281	739	–806	4,389
Change in consolidation scope	8,442	2,136	172	0	10,750
Additions	19,893	25,594	12,181	36,267	93,934
Disposals	1,289	4,429	4,892	7,594	18,204
Transfers	21,633	26,787	1,710	–50,176	–47
At 06/30/2020	**389,360**	**299,341**	**130,179**	**36,889**	**855,769**
Depreciation and impairment: 07/01/2019	**102,746**	**160,950**	**75,439**	**0**	**339,135**
Currency translation	–1,296	–3,429	–1,790	0	–6,516
Adjustment for hyperinflation IAS 29	446	541	382	0	1,370
Additions	11,589	20,216	12,714	0	44,519
Impairment	0	0	0	0	0
Disposals	8,468	4,060	4,387	0	16,915
Transfers	104	341	–447	0	–2
Gross book values: 06/30/2020	**105,120**	**174,559**	**81,912**	**0**	**361,591**
Net book values: 06/30/2020	**284,240**	**124,782**	**48,267**	**36,889**	**494,178**
Net book values: 06/30/2019	**240,312**	**92,991**	**48,893**	**62,318**	**444,514**

The main focus of the KWS Group's capital spending in the year under review remained on increasing production and research & development capacities. There was an expansion of the plants for sugarbeet seed production in Germany and Russia, as well as investment in the completion of the research building in Einbeck and of the greenhouse in Lochow, as well as in breeding stations. and drying and production capacities for corn seed were increased further in South America, in particular in Brazil.

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	06/30/2021	06/30/2020
Stake in the joint ventures	50%	50%
Current assets	275,652	286,724
thereof cash and cash equivalents	32,584	34,605
Noncurrent assets	213,537	241,357
Current liabilities	194,684	247,475
thereof current financial liabilities (excluding trade payables and other liabilities and provisions)	105,527	123,398
Noncurrent liabilities	2,646	3,971
Net assets (100%)	291,859	276,634
Group share of net assets (50%)	145,929	138,317
Goodwill	8,802	8,802
Carrying amount for the stake in the joint ventures	**154,731**	**147,119**
Net sales	466,908	510,621
Depreciation and amortization	26,207	28,707
Net income for the year	24,070	12,664
Comprehensive income (100%)	21,062	16,147
Comprehensive income (50%)	10,531	8,073
Group share of comprehensive income	**10,531**	**8,073**
Dividend payment	**5,837**	**5,936**

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	06/30/2021	06/30/2020
Stake in the associated company	49%	49%
Current assets	28,657	22,000
thereof cash and cash equivalents	11,493	11,410
Noncurrent assets	15,864	16,471
Current liabilities	8,087	8,951
Noncurrent liabilities	124	260
Net assets (100%)	36,309	29,259
Group share of net assets (49%)	17,792	14,337
Carrying amount for the stake in the associated company	**17,792**	**14,337**
Net sales	42,770	40,524
Depreciation and amortization	1,566	1,629
Net income for the year	11,333	9,081
Comprehensive income (100%)	10,125	9,637
Comprehensive income (49%)	4,961	4,722
Group share of comprehensive income	**4,961**	**4,722**
Dividend payment	**5,491**	**4,980**

In addition, in the year under review, IMPETUS AGRICULTURE, INC. was included as an insignificant associated company in the KWS Group's consolidated financial statements 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 its own traits for genetically improving crops. The proportionately consolidated joint operation AARDEVO B.V., including its subsidiaries, 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 €8,777 (5,450) 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	06/30/2021	06/30/2020
Raw materials and consumables	43,721	32,990
Work in progress	114,042	70,843
Immature biological assets	5,546	15,869
Finished goods	106,118	110,219
Right of return	2,725	2,553
Total	**272,152**	**232,475**

Inventories and biological assets increased by €39,677 thousand, or 17.1%, a figure that includes cumulative impairment losses on the net realizable value totaling €49,280 (51,559) thousand. 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. Public subsidies of €1,744 (€1,872) thousand, for which all the requirements were met at the balance sheet date, were granted for agricultural activity in the fiscal year. Future public subsidies depend on the further development of European agricultural policy.

7.7 Current receivables and other assets

Current receivables and other assets

in € thousand	06/30/2021	06/30/2020
Trade receivables	449,501	432,569
Current tax assets	91,546	83,409
Other current financial assets	40,592	63,391
Other current assets	34,488	29,741
Total	**616,127**	**609,109**

The trade receivables include €12,999 (10,331) thousand in receivables from joint ventures and joint operations.

This item also includes trade receivables totaling €14,554 thousand that were transferred to third parties under factoring agreements. Transferred receivables were not derecognized, since all the risks remain with the KWS Group. In this connection, a liability toward the factoring company was recognized to the same amount and carried under short-term financial liabilities. All the receivables sold to factoring companies are due in less than one year, which means that the fair value of the receivables and related liabilities equals the carrying amount in each case.

The need to recognize impairment losses at June 30, 2021, 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, 2021:

Credit risk exposure on trade receivables

in € thousand		Overdue in days			
	not overdue	1–180 days	181–360 days	> 360 days	Total
06/30/2021					
Expected credit loss rate	0.97%	3.86%	53.33%	99.35%	
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**
06/30/2020					
Expected credit loss rate	0.83%	5.15%	44.86%	96.15%	
Total gross amount at default	391,315	42,066	6,518	26,517	466,417
Expected credit loss	**–3,258**	**–2,168**	**–2,924**	**–25,497**	**–33,848**

The credit risks were reflected by the following allowances at June 30, 2021, and in the previous year:

Change in allowances on receivables

in € thousand	2020/2021	2019/2020
07/01	**33,848**	**32,909**
Changes in consolidation scope and exchange rates	993	–3,900
Addition	5,947	12,193
Disposal	6,328	1,101
Reversal	3,479	6,252
06/30	**30,981**	**33,848**

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, 2021, were €177,169 (91,472) thousand. Securities amounting to €45,577 (€28,266) thousand relate to money market accounts of our U.S. subsidiaries.

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

At June 30, 2021, the KWS Group had firmly promised loans it had not used totaling €250,000 (200,000) thousand.

7.9 Equity

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

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

The other reserves and net retained profit essentially comprise the net income generated in the past by the companies included in the consolidated financial statements, minus dividends paid to shareholders, and the net retained profit. 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 venture, and the reserve for revaluation of at equity instruments (with changes in value in the other comprehensive income) are also carried here.

Differences from translation of the functional currency of foreign business operations into the currency used by the group in reporting (euro) are carried in the item Reserve from currency translation differences on foreign operations. The item Revaluation of net liabilities/assets from defined benefit plans includes the actuarial gains and losses on defined benefit plans. Differences from translation of the functional currency of equity-accounted foreign business units into the currency used by the group in reporting (euro) are carried in the reserve for currency translation for equity-accounted financial assets.

Other comprehensive income

in € thousand			2020/2021			2019/2020
	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Items that may have to be subsequently reclassified as profit or loss	**–39,905**	**0**	**–39,905**	**–38,127**	**0**	**–38,127**
Changes in reserve for currency translation differences on foreign operations	–38,993	0	–38,993	–39,596	0	–39,596
Changes on reserve for currency translation differences on at equity accounted financial assets	–912	0	–912	1,469	0	1,469
Items not reclassified as profit or loss	**8,813**	**–2,074**	**6,738**	**–5,630**	**825**	**–3,835**
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	3,300	–635	2,666	1,891	–354	1,313
Revaluation of net liabilities/assets from defined benefit plans	5,513	–1,439	4,073	–7,521	1,179	–5,148
Other comprehensive income	**–31,092**	**–2,074**	**–33,167**	**–43,757**	**825**	**–41,962**

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. 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 income (after taxes and minority interests) is €109,450 (95,331) thousand. However, there was a total dividend payout of €23,100 (22,110) thousand in December 2020. This ensures the adequate financing of future operating business expansion in the long term.

Capital structure

in € thousand	06/30/2021	06/30/2020
Equity	**1,053,718**	**994,498**
Long-term financial borrowings	601,080	521,744
Other noncurrent liabilities	237,929	273,721
Short-term borrowings	97,225	93,663
Other noncurrent liabilities	386,791	351,841
Total capital	**2,376,743**	**2,235,467**
Equity ratio	**44.3%**	**44.5%**

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 €64,999 thousand (previous year: increase of €339,474 thousand).

7.10 Minority interests

There are no minority interests in the KWS Group at June 30, 2021.

7.11 Noncurrent liabilities

Noncurrent liabilities increased by €29,207 (431,087) thousand. KWS utilized a loan of €150,000 thousand from the European Investment Bank (EIB) in the current fiscal year. The financing provided by the EIB is specifically intended for research & development activities in the EU and has a term of twelve years.

In addition, borrower's note loans totaling €53,000 thousand were repaid in the course of the fiscal year. Consequently, the remaining liabilities from borrower's note loans, using the effective interest method, were €346,506 thousand at June 30, 2021, and have remaining maturities through 2029.

Noncurrent liabilities

in € thousand	06/30/2021	06/30/2020
Long-term provisions	132,500	140,074
Long-term borrowings	601,080	521,744
Trade payables	242	264
Deferred tax liabilities	66,359	92,265
Other noncurrent financial liabilities	62	207
Lease liabilities	37,465	39,896
Other noncurrent liabilities	1,301	1,014
Total	**839,009**	**795,465**

Long-term provisions

in € thousand	06/30/ 2020	Changes in the consoli-dated group, currency	Interest expenses from com-pounding	Addition	Adjust-ment not affecting profit or loss	Con-sumption	Reclassi-fication	Reversal	06/30/ 2021
Pension provisions	129,098	–1,056	1,274	11,706	–5,513	13,059	0	62	122,388
Other provisions	10,976	–80	38	3,326	0	1,819	–2,328	0	10,111
Total	**140,075**	**–1,136**	**1,311**	**15,032**	**–5,513**	**14,878**	**–2,328**	**62**	**132,500**

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

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 3.50% (3.50%) annually and in the rest of the world by 2.00% to 2.10% (2.00% to 2.40%) annually. An annual increase in pensions of 2.00% (2.00%) is assumed in Germany. The discount rate in Germany was 0.89% compared with 0.85% the year before, 2.95% in the U.S. compared with 2.85% the year before, and between 0.25% and 1.65% (0.30% and 1.40%) in the rest of the world.

The following mortality tables were used at June 30, 2021:

- In Germany: The 2018 G mortality table of Klaus Heubeck
- Abroad: Mainly Pri-2012 Private Retirement Plans Mortality Table Projection Scale MP-2020 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 €8,776 (10,361) 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 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, the result is 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		2020/2021			2019/2020	
	Germany	Abroad	Total	Germany	Abroad	Total
Accrued benefit entitlements from retirement obligations on July 1	**127,760**	**32,318**	**160,078**	**127,401**	**26,924**	**154,325**
Service cost	789	1,723	2,512	881	1,516	2,396
Interest expense	1,099	789	1,888	1,138	895	2,034
Actuarial gains (–)/losses (+)	–1,650	–474	–2,125	3,335	3,473	6,808
of which due to a change in financial assumptions used for calculation	–758	–435	–1,193	1,970	3,502	5,472
of which due to demographic assumptions	0	–878	–878	0	–363	–363
of which due to experience adjustments	–892	838	–54	1,365	334	1,700
Pension payments made	–5,133	–736	–5,870	–4,994	–778	–5,772
Exchange rate changes		–1,644	–1,644		340	340
Other changes in value	0	32	32	0	–52	–52
Accrued benefit entitlements from retirement obligations on June 30	**122,864**	**32,007**	**154,871**	**127,760**	**32,318**	**160,078**

Change in planned assets

in € thousand		2020/2021			2019/2020	
	Germany	Abroad	Total	Germany	Abroad	Total
Fair value of the planned assets on July 1	**10,361**	**20,620**	**30,981**	**10,191**	**18,386**	**28,577**
Interest income	85	529	614	94	646	740
Income from planned assets excluding amounts already recognized as interest income	–997	4,385	3,388	743	68	811
Pension payments made	–673	–639	–1,312	–667	–608	–1,276
Contributions to plan assets	0	0	0	0	1,873	1,873
Exchange rate changes		–1,134	–1,134		272	272
Other changes in value		–54	–54		–17	–17
Fair value of the planned assets on June 30	**8,776**	**23,707**	**32,483**	**10,361**	**20,620**	**30,981**

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		2020/2021			2019/2020	
	Germany	Abroad	Total	Germany	Abroad	Total
Accrued benefit entitlements from retirement obligations on June 30	122,864	32,007	154,871	127,760	32,318	160,078
Fair value of the planned assets on June 30	8,776	23,706	32,482	10,361	20,619	30,980
Balance sheet values on June 30	**114,088**	**8,301**	**122,389**	**117,399**	**11,699**	**129,098**

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

Effects on the statement of comprehensive income

in € thousand		2020/2021			2019/2020	
	Germany	Abroad	Total	Germany	Abroad	Total
Service cost	789	1,723	2,512	881	1,516	2,396
Net interest expense (+)/income (–)	1,013	260	1,274	1,045	249	1,294
Amounts recognized in the income statement	**1,802**	**1,983**	**3,785**	**1,925**	**1,765**	**3,690**
Gains (–)/losses (+) from revaluation of the planned assets (excluding amounts already recognized as interest income)	997	–4,385	–3,388	–743	–68	–811
Actuarial gains (–)/losses (+) due to a change in financial assumptions used for calculation	–758	–878	–1,636	1,970	3,502	5,472
Actuarial gains (–)/losses (+) due to a change in demographic assumptions	0	–435	–435	0	–363	–363
Actuarial gains (–)/losses (+) due to experience adjustments	–892	838	–54	1,365	334	1,700
Amounts recognized in other comprehensive income	**–653**	**–4,859**	**–5,513**	**2,592**	**3,405**	**5,997**
Total (amounts recognized in the statement of comprehensive income)	**1,149**	**–2,876**	**–1,727**	**4,517**	**5,170**	**9,687**

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	2020/2021			2019/2020		
	Germany	Abroad	Total	Germany	Abroad	Total
Corporate bonds		6,398	6,398		5,496	5,496
Equity funds		15,714	15,714		13,751	13,751
Consumer industry		2,874	2,874		2,546	2,546
Finance		2,391	2,391		2,010	2,010
Industry		1,808	1,808		1,525	1,525
Technology		2,950	2,950		2,288	2,288
Health care		1,897	1,897		1,988	1,988
Other		3,794	3,794		3,394	3,394
Cash and cash equivalents		1,595	1,595		1,373	1,373
Reinsurance policies	8,776		8,776	10,361		10,361
Planned assets on June 30	**8,776**	**23,707**	**32,483**	**10,361**	**20,620**	**30,981**

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. 65.81% (previous year: 62.8%) of the corporate bonds have an AAA rating.

The following sensitivity analysis at June 30, 2021, 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 2020/2021			Effect on obligation in 2019/2020		
	Change in assumption	Decrease	Increase	Change in assumption	Decrease	Increase
Discount rate	+/–100 bps[1]	27,767	–21,655	+/–100 bps[1]	29,169	–22,682
Anticipated annual pay increases	+/–50 bps	–1,263	1,361	+/–50 bps	–1,333	1,467
Anticipated annual pension increase	+/–25 bps	–3,585	3,755	+/–25 bps	–3,762	3,941
Life expectancy	+/–1 year	–5,510	5,656	+/–1 year	–5,754	5,908

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			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

Anticipated payments for pensions

in € thousand			2019/2020
	Germany	Abroad	Total
2020/2021	5,070	937	6,007
2021/2022	5,038	917	5,955
2022/2023	5,070	1,050	6,120
2023/2024	5,110	1,050	6,160
2024/2025	5,079	1,229	6,308
2025/2026 – 2029/2030	24,935	6,997	31,932

The weighted average time at which the pension obligations are due is 15.5 (15.8) years in Germany and 21.0 (19.8) 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 2020/21 were as follows:

Pension costs

in € thousand			2020/2021			2019/2020
	Germany	Abroad	Total	Germany	Abroad	Total
Cost for defined contribution plans	2,855	838	3,693	2,925	1,011	3,936
Service cost for the defined benefit obligations	789	1,723	2,512	881	1,516	2,396
Pension costs	**3,643**	**2,561**	**6,204**	**3,806**	**2,527**	**6,333**

In addition, contributions of €15,799 (15,965) 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 €2,968 (2,718) thousand. In addition, the benefit obligation from salary conversion was backed by a guarantee that exactly matches the present value of the obligation of €5,223 (4,885) thousand.

7.12 Current liabilities

Current liabilities

in € thousand	06/30/2021	06/30/2020
Short-term provisions	**39.455**	**52.467**
Current liabilities to banks	92.694	63.074
Other current financial liabilities	4.531	30.589
Short-term borrowings	**97.225**	**93.663**
Trade payables	**153.748**	**109.747**
Tax liabilities	**31.503**	**41.840**
Other current financial liabilities	**14.203**	**17.133**
Lease liabilities	**10.961**	**11.404**
Other current liabilities	**111.687**	**100.059**
Contract liabilities	**25.234**	**19.191**
Total	**484.016**	**445.504**

The tax liabilities of €31,503 (41,840) thousand include amounts for the year under review and the period for which the external tax audit has not yet been concluded.

Short-term provisions

in € thousand	06/30/2020	Changes in the consolidated group, currency	Addition	Consumption	Reclassification	Reversal	06/30/2021
Obligations from sales transactions	29,040	–387	3,222	11,187	–2,172	1,565	16,950
Other obligations	23,428	–195	9,419	9,527	3,422	4,042	22,505
Total	**52,468**	**–582**	**12,641**	**20,714**	**1,250**	**5,607**	**39,455**

The obligations from sales transactions essentially relate to 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 Derivative financial instruments

Hedging transactions

in € thousand	06/30/2021			06/30/2020		
	Nominal volume	Net book values	Fair value	Nominal volume	Net book values	Fair value
Currency hedges	16,634	205	205	218,341	–2,616	–2,616
Interest-rate hedges	8,000	–62	–62	31,000	–197	–197
Total	**24,634**	**143**	**143**	**249,341**	**–2,812**	**–2,812**

As in the previous year, all currency hedges have a remaining maturity of less than one year. The interest rate hedges have a remaining maturity of more than five years.

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 did not hold any financial instruments that can be assigned to level 1 in the year under review.

The level 2 input factors relate to derivative financial instruments that have been concluded between KWS Group companies and banks. The prices can thus be derived indirectly from active market prices for similar assets and liabilities. The level 3 input factors cannot be derived from observable market information.

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:

06/30/2021

in € thousand	Financial assets				
	Fair values	Carrying amounts			
		At amortized cost	At fair value through other comprehensive income	At fair value through profit and loss	Total carrying amount
Financial assets					
Financial assets	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**

06/30/2020

in € thousand	Financial assets				
	Fair values	Carrying amounts			
		At amortized cost	At fair value through other comprehensive income	At fair value through profit and loss	Total carrying amount
Financial assets					
Financial assets	6,230	0	6,230	0	6,230
Other noncurrent financial assets	8,072	8,072	0	0	8,072
Trade receivables	432,569	432,569	0	0	432,569
Cash and cash equivalents	119,737	119,737	0	0	119,737
Other current financial assets	63,391	62,542	0	849	63,391
of which derivative financial instruments	849	0	0	849	849
Total	**629,999**	**622,921**	**6,230**	**849**	**629,999**

The financial assets and derivative financial instruments are measured and carried at fair value. The fair value of trade receivables, other current financial assets, and cash and cash equivalents is the same as the carrying amounts as a result of the short time in which these instruments are due.

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 (level 2).

The fair value of derivative financial instruments is the present values of the payments related to these balance sheet items. These instruments are mainly forward exchange deals. They are measured on the basis of quoted exchange rates and yield curves available from the market data and allowing for counterparty risks (level 2).

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:

06/30/2021

in € thousand	Financial liabilities			
	Fair values	Carrying amounts		
		At amortized cost	At fair value through other comprehensive 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**

06/30/2020

in € thousand	Financial liabilities			
	Fair values	Carrying amounts		
		At amortized cost	At fair value through other comprehensive income	Total carrying amount
Financial liabilities				
Long-term borrowings	527,379	521,745	0	521,745
Long-term trade payables	264	264	0	264
Other noncurrent financial liabilities	207	0	207	207
of which derivative financial instruments	207	0	207	207
Short-term borrowings	93,663	93,663	0	93,663
Short-term trade payables	109,747	109,747	0	109,747
Other current financial liabilities	17,133	13,472	3,661	17,133
of which derivative financial instruments	3,661	0	3,661	3,661
Total	**748,394**	**738,891**	**3,868**	**742,759**

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

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

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

Assets and liabilities measured at fair value

in € thousand	06/30/2021				06/30/2020			
	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	239	0	239	0	849	0	849
Financial assets	0	9,433	0	9,433	0	6,230	0	6,230
Financial assets	**0**	**9,673**	**0**	**9,673**	**0**	**7,078**	**0**	**7,078**
Derivative financial instruments without application of hedge accounting under IFRS 9	0	96	0	96	0	3,868	0	3,868
Financial liabilities	**0**	**96**	**0**	**96**	**0**	**3,868**	**0**	**3,868**

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

in € thousand	2020/2021	2019/2020
Financial assets measured at fair value through other comprehensive income	2,666	1,313
Financial assets measured at fair value through profit or loss	–239	–1,289
Financial assets measured at amortized cost	2,883	182
Financial liabilities measured at amortized cost	–16,153	–21,391
Financial liabilities measured at fair value through profit or loss	148	2,810

The net gains for assets measured at fair value through other comprehensive income include income from non-terminable interests in investment funds.

The net losses from financial assets and net gains 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 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, 2021, 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 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		13,685	13,685	0	0
Payment obligation		13,806	13,540	206	61
Derivative financial liabilities	**96**	**121**	**–145**	**206**	**61**

Fiscal year 2019/2020

in € thousand	Book value	Cash flows			
Liquidity analysis of financial liabilities	**06/30/2020**	**06/30/2020 total**	**Due in < 1 year**	**Due in > 1 year and < 5 years**	**Due in > 5 years**
Financial liabilities	615,407	625,390	85,166	306,584	233,639
Trade payables	110,012	110,012	109,747	264	0
Other financial liabilities	17,340	17,129	16,922	207	0
Lease liabilities	51,300	54,010	11,614	23,811	18,585
Nonderivative financial liabilities	**794,058**	**806,540**	**223,450**	**330,866**	**252,224**
Payment claim		165,981	165,981	0	0
Payment obligation		172,115	171,971	126	18
Derivative financial liabilities	**3.868**	**6.135**	**5.991**	**126**	**18**

The cash flows of the derivative financial liabilities mainly relate to forward exchange deals and are presented as an undiscounted gross amount. These derivative financial instruments are settled in gross.

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 1.19 (1.11). If the US dollar depreciated by 10%, the extra expense would be €1,005 thousand (previous year: extra income of €23,562 thousand). If the US dollar appreciated by 10%, the extra income would be €1,005 thousand (previous year: extra expense of €23,562 thousand). The net income for the year would change accordingly.

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 €243 (700) thousand. Due to the contractual arrangements relating to negative interest rates, a reduction in the rates of interest of 1 percentage point would not have any significant impact on net income for the year.

7.15 Leases

Book values of right-of-use assets

in € thousand	06/30/2021	06/30/2020
Land and buildings	34,592	37,678
Technical equipment and machinery	664	689
Operating and office equipment	8,415	7,982
Total	**43,671**	**46,349**

Additions to rights of use for leased assets totaling €8,703 (30,590) thousand were recognized in fiscal 2020/2021 and the amortization on them was as follows:

Depreciation of right-of-use assets

in € thousand	2020/2021	2019/2020
Land and buildings	5,874	5,194
Technical equipment and machinery	420	384
Operating and office equipment	4,275	5,059
Total	**10,569**	**10,637**

Expenses for short-term leases and for leases relating to low-value assets totaled €14,426 (12,437) thousand in the period under review.

Short-term lease liabilities totaled €10,961 (11,404) thousand and long-term lease liabilities €37,465 (39,896) thousand at June 30, 2021. The maturity analysis of the lease liabilities is presented in section 7.14 of the Notes. Lease payments totaled 11,905 (14,376) thousand in fiscal 2020/2021. Interest expenses from interest accrued on the lease liabilities were €876 (1,184) thousand.

In general, lease agreements are concluded without extension or termination options. Possible cash outflows of €20,880 (20,683) 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 €55 (25) thousand. The sublease is reported under the other noncurrent receivables to an amount of €4,328 (4,682) thousand and under the other current receivables to an amount of €598 (586) thousand. The annual income from the sublease is €692 (589) 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 €16,661 (29,439) thousand.

There are guarantees with respect to third parties amounting to €76,412 (95,537) 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 still guarantees toward a non-Group third party for the license payments of the joint venture AGRELIANT GENETICS, LLC. The likelihood that these guarantees will be utilized is seen as slight, based on the experience of previous years. No claims have yet been made.

As in the previous year, there are no other contingent liabilities that need to be reported at the balance sheet date.

8. Notes to the 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:

Changes in financial liabilities

in € thousand		Cash flows			Non-cash-effective changes		
	06/30/2020		Changes in the scope of consolidation	Currency	New IFRS 16 contracts	Other effects	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 €321,395 thousand (previous year: net retained profits of €23,100 thousand).

A proposal will be made to the Annual Shareholders' Meeting that an amount of €26,400 thousand (previous year: €23,100 thousand) should be used to pay a dividend of €0.80 (previous year: €0.70) 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 (185) thousand, excluding value-added tax.

In fiscal year 2020/2021, total Executive Board compensation amounted to €5,820 (€5,428) thousand. The variable compensation, which is calculated on the basis of the net profit for the period of the KWS Group, is made up of a bonus and a long-term incentive. The bonus totals €2,562 (2,500) thousand; there are contributions from the long-term incentive tranche for 2020/2021 totaling €1,175 thousand (tranche for 2019/2020: €847 thousand). Pension provisions totaling €1,612 (1,619) 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 €1,238 (1,419) thousand. Pension provisions recognized for this group of persons amounted to €13,809 (14,837) thousand as of June 30, 2021, 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.

Pursuant to the change in legal form to a partnership limited by shares on July 2, 2019, 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	
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020
KWS SE	0	0	5,885	5,330	0	556	3,721	0
At equity accounted joint ventures	4,919	3,134	5,106	10,906	5,463	25,072	2,552	1,897
At equity accounted associated companies	6,602	6,546	0	0	6,366	6,283	100	0
Other related parties	37	18	116	117	0	0	947	1,058

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 and on which representatives of the KWS Group's Supervisory Board exert a significant influence. Business dealings with these companies are always conducted on an arm's length basis and are not material in terms of volume.

As part of Group financing, short- and medium-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, which is part of the Combined Management Report.

There were also no business transactions or legal transactions that required reporting for related parties in fiscal 2020/2021.

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 16, 2020, the Annual Shareholders' Meeting of KWS SAAT SE & Co. KGaA elected the accounting firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover, to be the Group's auditors for fiscal year 2020/21.

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

in € thousand	2020/2021	2019/2020
a) Audit of the consolidated financial statements	927	1,370
b) Other certification services	60	50
c) Tax consulting	0	0
d) Other services	0	0
Total fee paid	**987**	**1,420**

Other certification services in fiscal 2020/2021 essentially comprised non-audit services as part of the voluntary audit of the Non-Financial Declaration.

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 has issued the declaration of compliance with the German Corporate Governance Code required by Section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) and made it accessible to its shareholders on the company's home page at www.kws.com.

9.8 List of shareholdings

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

Fiscal year 2020/2021			
Name and Company's registered office	**Currency**	**Interest held**	**Footnote**
		Total in %	
Fully consolidated subsidiaries (direct)			
Germany			
KWS LOCHOW GMBH, Bergen	€	100.00	1
KWS INTERSAAT GMBH, Einbeck	€	100.00	
AGROMAIS GMBH, Everswinkel	€	100.00	1
KWS KLOSTERGUT WIEBRECHTSHAUSEN GMBH, Northeim-Wiebrechtshausen	€	100.00	
KWS LANDWIRTSCHAFT GMBH, Einbeck	€	100.00	1
RAGIS KARTOFFELZUCHT- UND HANDELSGESELLSCHAFT MBH, Einbeck	€	100.00	
KWS SAATFINANZ GMBH, Einbeck	€	100.00	
DELITZSCH Pflanzenzucht GMBH, Einbeck	€	100.00	1
EURO-HYBRID GESELLSCHAFT FÜR GETREIDEZÜCHTUNG MBH, Einbeck	€	100.00	
BETASEED GMBH, Frankfurt am Main	€	100.00	1
KANT-HARTWIG & VOGEL GMBH, Einbeck	€	100.00	1
KWS BERLIN GMBH, Berlin	€	100.00	1
Foreign			
KWS SRBIJA D.O.O., New Belgrade/Serbia	RSD	100.00	
SEMILLAS KWS CHILE LTDA., Rancagua/Chile	CLP	100.00	27
KWS SEMENA S.R.O., Bratislava/Slovakia	€	100.00	
KWS BULGARIA EOOD., Sofia/Bulgaria	BGN	100.00	
KWS ARGENTINA S.A., Balcarce/Argentina	ARS	100.00	28
Fully consolidated subsidiaries (indirect)			
Foreign			
KWS MAGYARORSZÁG KFT., Győr/Hungary	HUF	100.00	3
KWS FRANCE S.A.R.L., Roye/France	€	100.00	3
KWS SUISSE S.A., Basel/Switzerland	CHF	100.00	3
KWS ITALIA S.P.A., Forlì/Italy	€	100.00	3
KWS POLSKA SP.Z O.O., Poznań/Poland	PLN	100.00	3
KWS OSIVA S.R.O, Velké Mezirici/Czech Republic	CZK	100.00	3
KWS SJEME D.O.O., Osijek/Croatia	HRK	100.00	3
KWS BENELUX B.V., Amsterdam/Netherlands	€	100.00	3
KWS AUSTRIA SAAT GMBH, Vienna/Austria	€	100.00	3
KWS MAIS FRANCE S.A.R.L., Champol/France	€	100.00	3
KWS R&D INVEST B.V., Emmeloord/Netherlands	€	100.00	3
BETASEED FRANCE S.A.R.L., Bethune/France	€	100.00	3
KWS SEEDS LLC (former BETASEED INC.), Bloomington/U.S.	USD	100.00	24

Fiscal year 2020/2021			
Name and Company's registered office	**Currency**	**Interest held**	**Footnote**
		Total in %	
GLH SEEDS INC., Bloomington/U.S.	USD	100.00	4
KWS CEREALS USA LLC, Champagne/U.S.	USD	100.00	4
KWS UK LTD., Thriplow/United Kingdom	GBP	100.00	3
KWS PERU S.A.C., Lima/Peru	PEN	100.00	5
KWS SEMINTE S.R.L., Bukarest/Romania	RON	100.00	25
KWS SCANDINAVIA A/S, Guldborgsund/Denmark	DKK	100.00	3
KWS RUS O.O.O., Lipezk/Russia	RUB	100.00	23
KWS R&D RUS LLC, Lipezk/Russia	RUB	100.00	7
KWS SEMILLAS IBÉRICA S.L., Zaratán/Spain	€	100.00	3
KWS SEEDS INC., Bloomington/U.S.	USD	100.00	3
KWS TÜRK TARIM TICARET A.S., Eskisehir/Turkey	TRY	100.00	3
KWS UKRAINA T.O.V., Kiew/Ukraine	UAH	100.00	23
KWS LOCHOW POLSKA SP.Z O.O., Kondratowice/Poland	PLN	100.00	3
KWS GATEWAY RESEARCH CENTER LLC, St. Louis/U.S.	USD	100.00	4
POP VRIEND HOLDING B.V., Amsterdam/Netherlands	€	100.00	16
POP VRIEND SEEDS B.V., Andijk/Netherlands	€	100.00	18
EUROPSEEDS B.V., Enkhuizen/Netherlands	€	100.00	18
POP VRIEND INTERNATIONAAL B.V., Andijk/Netherlands	€	100.00	18
POP VRIEND TOHUMCULUK VE TARIM ÜRÜNLERI SANAYI VE TICARET LIMITED SIRKETI , Istanbul/Turkey	TRY	100.00	19
PV TOHUMCULUK TARIM ÜRÜNLERI SANAYI VE TICARET LIMITED SIRKETI, Izmir/Turkey	TRY	100.00	20
KWS SEMILLAS CANARIAS S.L.U., Gran Canaria/Spain	€	100.00	3
BTS TURKEY TARIM TICARET LIMITED SIRKETI, Eskisehir/Turkey	TRY	100.00	3
KWS AGRICULTURE RESEARCH & DEVELOPMENT CENTER, Hefei/China	CNY	100.00	8
KWS INTERNATIONAL HOLDING B.V., Emmeloord/Netherlands	€	100.00	6
KWS VEGETABLES B.V., Heythuysen/Netherlands	€	100.00	3
KLEIN WANZLEBENER SAATZUCHT MAROC S.A.R.L.A.U. Casablanca/Morocco	MAD	100.00	9
KWS SEMENTES LTDA., Curitiba/Brasil	BRL	100.00	29
KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA., São Paulo/Brasil	BRL	100.00	30
KWS SERVICES NORTH AMERICA LLC, Bloomington/U.S.	USD	100.00	4
KWS PODILLYA T.O.V., Kiew/Ukraine	UAH	100.00	10
BEIJING KWS AGRICULTURE TECHNOLOGY CO., LTD., Beijing/China	CNY	100.00	8
KWS MOMONT RECHERCHE S.A.R.L., Mons-en-Pévèle/France	€	100.00	11
KWS MOMONT S.A.S., Mons-en-Pévèle/France	€	100.00	3
KWS PARAGUAY SRL, Asunción/Paraguay	PYG	100.00	12
KWS KUBAN O.O.O., Krasnodar/Russia	RUB	100.00	7

Fiscal year 2020/2021			
Name and Company's registered office	**Currency**	**Interest held**	**Footnote**
		Total in %	
SEED PLANT KWS O.O.O., Lipetsk/Russia	RUB	100.00	7
KWS INTERNATIONAL HOLDING II B.V., Emmeloord/Netherlands	€	100.00	3
KWS VEGETABLES MEXICO S.A. de C.V., Mexico City/Mexico	MXN	100.00	31
BETASEED RUS LLC, Moscow/Russia	RUB	100.00	32
KWS VEGETABLES ITALIA S.R.L A SOCIO UNICO, Noceto/Parma/Italy	€	100.00	16
KWS Seed Science & Technology (Sanya) Co., Ltd., Sanya/China	CNY	100.00	3
KWS FIDC, Rio de Janeiro/Brasil	BRL	100.00	33
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			
KENFENG - KWS SEEDS CO., LTD., Beijing/China	CNY	49.00	
IMPETUS AGRICULTURE INC., Lewes/U.S.	USD	38.82	21
Joint operations (proportionately consolidated)			
GENECTIVE S.A., Chappes/France	€	50.00	
GENECTIVE CANADA INC., Montreal/Canada	CAD	50.00	26
GENECTIVE TAIWAN LTD., Taipeh City/Taiwan	TWD	50.00	26
GENECTIVE USA Corp., Weldon/U.S.	USD	50.00	26
GENECTIVE Japan K.K., Chiba/Japan	JPY	50.00	26
GENECTIVE KOREA, Sangdaewon-dong/Korea	KRW	50.00	26
AARDEVO B.V., Nagele/Netherlands	USD	50.00	14
AARDEVO NORTH AMERICA LLC, Boise/U.S.	USD	50.00	15
Unconsolidated subsidiaries			
KWS R&D PRIVATE LIMITED, Hyderabad/India	RS	100.00	2
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 PARTICIPACOES SOUTH AMERICA LTDA.
6 Subsidiary of KWS INTERSAAT GMBH
7 Subsidiary of KWS RUS O.O.O.
8 Subsidiary of EURO-HYBRID GMBH
9 Subsidiary of KWS BENELUX B.V.
10 Subsidiary of KWS UKRAINA T.O.V.
11 Subsidiary of KWS MOMONT S.A.S.
12 Subsidiary of KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA. and KWS SEMENTES LTDA.
13 Participation of GLH SEEDS INC.
14 Participation of RAGIS RAGIS KARTOFFELZUCHT- UND HANDELSGESELLSCHAFT MBH
15 Subsidiary of AARDEVO B.V.
16 Subsidiary of KWS VEGETABLES B.V.
17 Subsidiary of POP VRIEND HOLDING B.V. and KWS VEGETABLES B.V.
18 Subsidiary of POP VRIEND HOLDING B.V und CHURA B.V.
19 Subsidiary of POP VRIEND INTERNATIONAL B.V.
20 Subsidiary of POP VRIEND TOHUMCULUK VE TARIM ÜRÜNLERI SANAYI VE TICARETLIMITED SIRKETI
21 Subsidiary of KWS R&D INVEST B.V.
22 Participation of KWS INTERNATIONAL HOLDING B.V.
23 Subsidiary of EURO-HYBRID GMBH and KWS SAATFINANZ GMBH
24 Subsidiary of KWS SEEDS LLC.
25 Subsidiary of KWS INTERSAAT GMBH and of 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 Participation 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 and Executive Boards of KWS SAAT SE & Co. KGaA in fiscal 2020/2021

9.9.1 Supervisory Board

Members	Other seats 2020/2021
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 Chemie GmbH, 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) (member of the Board of Directors, the Audit Committee 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 and Chairman of the Audit Committee – since March 2019) ■ Louis Dreyfus Holding B.V., Amsterdam (Netherlands) (member of the Supervisory Board and 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 of other legally mandated 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 2020/2021
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 North and Southamerica, Corn China, Group Compliance, Group Strategy, Group Governance & Risk Management	*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 Einbeck Research & Breeding, Vegetables	
Dr. Felix Büchting Einbeck Cereals, Oilseed Rape/Special Crops & Organic Seed, Human Resources, Farming	
Dr. Peter Hofmann Einbeck Sugarbeet, Corn Europe, Cereals, Marketing & Communications	
Eva Kienle Göttingen Global Finance & Procurement, Global Controlling, Global Transaction Center Global 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)

Einbeck, September 23, 2021

KWS SE

Dr. Hagen Duenbostel | Dr. Léon Broers | Dr. Felix Büchting | Dr. Peter Hofmann | Eva Kienle

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 2020 to 30 June 2021, and the consolidated balance sheet as at 30 June 2021, consolidated statement of changes in equity and consolidated cash flow statement for the fiscal year from 1 July 2020 to 30 June 2021, 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 2020 to 30 June 2021. In accordance with the German legal requirements, we have not audited the content of the parts of the group management report listed in the appendix to the auditor’s 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 2021 and of its financial performance for the fiscal year from 1 July 2020 to 30 June 2021, 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 2020 to 30 June 2021. 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. In light of the large number of different contractual agreements and the resulting judgment exercised in assessing expected returns, we consider revenue recognition to be complex and therefore to pose an elevated risk of misstatement.

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 and the accounting and valuation requirements for the recognition of seed sales, in particular taking into account knowledge about actual returns. Based on analytical procedures defined group-wide, we examined whether the significant revenue items for fiscal year 2020/2021 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

Pursuant to IAS 36, the internal management and reporting structure serves as the basis for designating cash-generating units to which the respective items of goodwill are allocated.

At KWS SAAT SE & Co. KGaA, goodwill and brands are monitored and managed at divisional level.

Goodwill and brands 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 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 goodwill impairment tests 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 procedures did not lead to any reservations relating to the valuation of goodwill and brands.

Reference to related disclosures
With regard to the recognition and measurement policies applied for goodwill and brands, refer to the disclosure on intangible assets in section 3 "Accounting Policies" in the notes to the consolidated financial statements. For the related disclosures on judgments by the executive directors and sources of estimation uncertainty as well as the disclosures on goodwill, refer to note 7.1 "Intangible assets" in section 7 "Notes to the 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 matters affecting 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 Income Statement" in the notes to the consolidated financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises the parts of the group management report listed in the appendix to the auditor's report as well as the other parts of the annual report, except for the audited consolidated financial statements and group management report and our auditor's report, in particular the Declaration by Legal Representatives pursuant to Sec. 297 (2) Sentence 4 HGB, the “Foreword of the Executive Board” section of the annual report and the Report of the Supervisory Board pursuant to Sec. 171 (2) AktG [“Aktiengesetz”: German Stock Corporation Act]. 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 assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance in accordance with Sec. 317 (3b) HGB on the electronic reproduction of the consolidated financial statements and the group management report prepared for publication purposes

Opinion

We have performed assurance work in accordance with Sec. 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file KWS SAAT SE_KA_KLB_ESEF_30.06.2021 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 only extends 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 in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 July 2020 to 30 June 2021 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above.

Basis for the opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file in accordance with Sec. 317 (3b) HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Our responsibilities under that standard are further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the requirements for quality control systems set forth in IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (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 reproduction 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 considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and the audited group management report as well as other documents to be published to the operator of the Bundesanzeiger [German Federal Gazette].

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 non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error, 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 electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction 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) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the Annual Shareholders' Meeting on 16 December 2020. We were engaged by the Supervisory Board on 11 July 2021. 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).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dr. Christian Janze.

Appendix to the auditor's report:
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 2.10.2 "Combined Non-Financial Declaration for the KWS SE & Co. KGaA 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 information in section 2.6.1 "Corporate Governance Report and Declaration on Corporate Governance."

Furthermore, we have not audited the content of the following disclosures extraneous to management reports. Disclosures extraneous to 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 "Environmental Report"
- Section 2.5.2 "Occupational Health and Safety"
- Section 2.5.3 "Recruitment and Employee Loyalty"
- Section 2.5.4 "Qualification, Further Training and Development"
- Section 2.5.5 "Labor and Social Standards"
- Section 2.6.3 "Business Ethics and Compliance"
- Section 2.6.4 "Responsibility in the Supply Chain"
- Section 2.7 "Social Report".

Hanover, 23 September 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Ludwig	Dr. Janze
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Independent Auditor's Limited Assurance Report

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German PDF version of the combined non-financial statement 2020/2021 of KWS SAAT SE & Co. KGaA. The following text is a translation of the original German Independent Assurance Report.

To KWS SAAT SE & Co. KGaA, Einbeck

We have performed a limited assurance engagement on the group non-financial statement of KWS SAAT SE & Co. KGaA according to § 315b HGB ("Handelsgesetzbuch": German Commercial Code), which is combined with the non-financial statement of the parent company according to § 289b HGB, consisting of the chapter "2.10.2 Combined Non-Financial Declaration for the KWS Group" in the combined management report and the chapters "2.1 Fundamentals of the KWS Group", "2.4.1 Product Innovations", "2.4.2 Product Quality and Safety", "2.4.3 Emissions and Water", "2.5.2 Occupational Health and Safety", "2.5.3 Recruitment and Employee Loyalty", "2.5.4 Qualification, Further Training and Development", "2.5.5 Labor and Social Standards", "2.6.3 Business Ethics and Compliance", "2.6.4 Responsibility in the supply chain" and "2.7.1 Use of Genetic Resources" in the combined management report being incorporated by reference (hereafter combined non-financial statement), for the reporting period from 1 July 2020 to 30 June 2021.

Management's responsibility

The legal representatives of the Company are responsible for the preparation of the combined non-financial statement in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility includes the selection and application of appropriate methods to prepare the combined non-financial statement as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a combined non-financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the combined non-financial statement based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the combined non-financial statement of the Company has been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between June and September 2021, we performed amongst others the following assurance and other procedures:

- Inquiries of employees and inspection of documents regarding the selection of topics for the combined non-financial statement, the risk assessment and the concepts of the parent company and the group for the topics that have been identified as material,

- Inquiries of employees responsible for data capture and consolidation as well as the preparation of the combined non-financial statement, to evaluate the reporting processes, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the combined non-financial statement,
- Identification of likely risks of material misstatement in the combined non-financial statement,
- Inspection of relevant documentation of the systems and processes for compiling, aggregating and validating relevant data in the reporting period and testing such documentation on a sample basis,
- Analytical evaluation of disclosures of the parent company and on Group level as well as selected sites relating to the quality of the reported data,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected qualitative statements and data,
- Evaluation of the presentation of disclosures in the combined non-financial statement.

Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the combined non-financial statement of KWS SAAT SE & Co. KGaA for the period from 1 July 2020 to 30 June 2021 has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

Intended use of the assurance report

We issue this report on the basis of the engagement agreed with KWS SAAT SE & Co. KGaA. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

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 assume 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 do not update the assurance 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 result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 23 September 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter	Annette Johne
Wirtschaftsprüferin	Wirtschaftsprüferin
[German Public Auditor]	[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, 23 September 2021
KWS SE

Hagen Duenbostel | Léon Broers | Felix Büchting

Peter Hofmann | Eva Kienle

Additional Information

Financial calendar

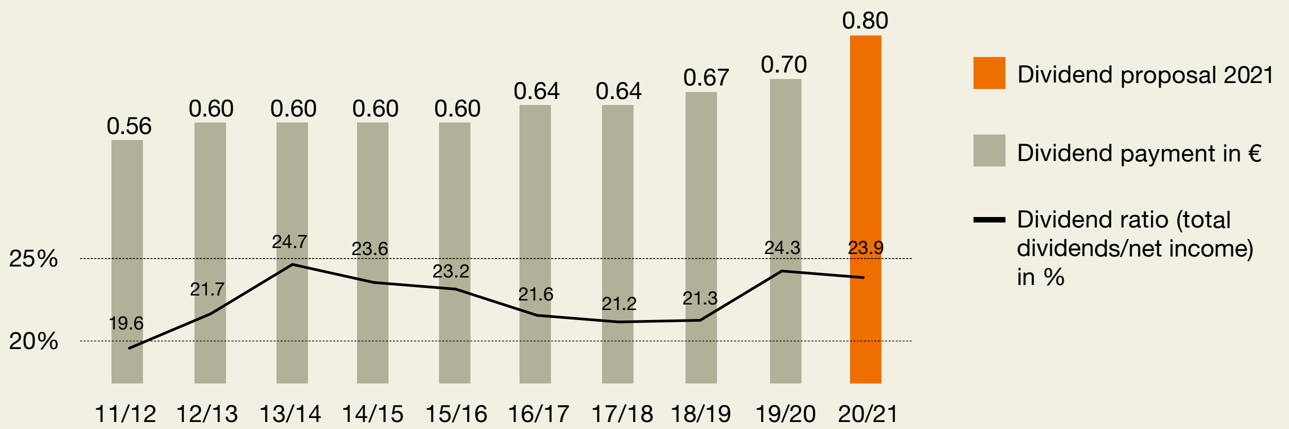
Date	
November 18, 2021	Quarterly Report Q1 2021/2022
December 2, 2021	Annual Shareholders' Meeting
February 14, 2022	Semiannual Report 2021/2022
May 12, 2022	Quarterly Report 9M 2021/2022
September 28, 2022	Publication of 2021/2022 financial statements, annual press and analyst conference

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.

Contact

Investor Relations and Financial Press
Peter Vogt
investor.relations@kws.com
Phone: +49 (0) 30 816914-490

Press
Gina Wied
press@kws.com
Phone: +49 5561 311-1427

Sustainability
Marcel Agena
sustainability@kws.com
Phone: +49 5561 311-1393

Editor
KWS SAAT SE & Co. KGaA
Grimsehlstrasse 31
P.O. Box 1463
37555 Einbeck
Germany

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.

Photos/illustrations

Manuel Babolin ■ Paul Epp ■ Andrea Favarin ■ Frank Stefan Kimmel ■ Karsten Koch ■ Roman Thomas

Date of publication: October 20, 2021

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.

KWS SAAT SE & Co. KGaA
Grimsehlstrasse 31
P.O. Box 1463
37555 Einbeck/Germany
www.kws.com