

Quarterly Report
Q1 2021|2022

SEEDING
THE FUTURE
SINCE 1856



KWS in Figures

KWS Group

in € millions	1st quarter of 2021/2022	1st quarter of 2020/2021	1st quarter of 2019/2020	1st quarter of 2018/2019	1st quarter of 2017/2018
Net sales and income					
Net sales	220.8	184.1	191.0	141.4	136.0
EBITDA	-19.7	-27.3	-21.8	-21.9	-26.9
EBIT	-42.1	-50.5	-42.3	-34.3	-38.8
Net financial income/expense	-17.2	-15.2	-22.2	-18.3	-18.2
Net income for the period	-43.3	-47.9	-46.6	-39.0	-38.5
Financial position and assets					
Capital expenditure	19.1	19.9	19.3	19.5	11.8
Depreciation and amortization	22.4	23.2	20.6	12.4	11.9
Equity	1,012.9	906.8	930.7	826.9	781.3
Equity ratio in %	40.5	39.0	40.3	53.9	53.1
Net debt ¹	586.5	620.6	620.3	157.8	134.8
Total assets	2,501.4	2,325.2	2,307.9	1,533.5	1,472.2
Cash flow from operating activities	-88.6	-91.6	-117.7	-100.9	-74.9
Free cash flow	-105.7	-112.1	-533.2	-123.4	-87.5
Employees					
Number of employees ²	4,687	4,610	4,365	4,065	3,895
Key figures for the share					
Earnings per share in €	-1.31	-1.45	-1.35	-1.18	-1.17

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

² FTE: Full time equivalents

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Economic Performance and Key Financial Indicators

Importance of the First quarter for the Fiscal Year

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

Economic Report

Business performance of the KWS Group in the first three months of 2021/2022

The KWS Group posted a strong 20% increase in net sales in its opening quarter. Exchange rate effects only had a slight negative impact of -3%. The main revenue driver was the corn segment, which benefited from high growth in Brazil and Argentina. Apart from an earlier start to the winter sowing season, greater cultivation area and higher sales prices in Brazil, coupled with the continuing success of KWS' innovative varieties, had a significant positive impact on net sales. The Cereals Segment, which generates a major part of its annual net sales in the first quarter, likewise posted sharp growth of 11%. In particular, strong rapeseed seed business contributed to that. Net sales from vegetable seed declined, but business is expected to recover in the second half of the fiscal year. The Sugarbeet Segment posts only low net sales in the first quarter due to seasonal reasons.

Earnings, financial position and assets

Earnings

Condensed income statement

in € millions	1st quarter of 2021/2022	1st quarter of 2020/2021	+/-
Net sales	220.8	184.1	19.9%
EBITDA	-19.7	-27.3	27.8%
EBIT	-42.1	-50.5	16.6%
Net financial income/expenses	-17.2	-15.2	-13.2%
Result of ordinary activities	-59.2	-65.6	9.8%
Income taxes	-15.9	-17.7	10.2%
Net income for the period	-43.3	-47.9	9.6%
Earnings per share in €	-1.31	-1.45	9.7%

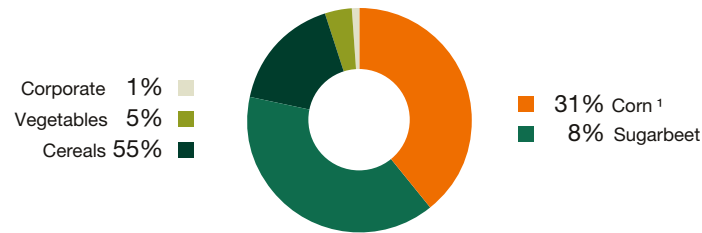
Sharp increase in net sales

The KWS Group's net sales in the first three months of fiscal 2021/2022 rose sharply by 19.9% to €220.8 (184.1) million. Assuming constant exchange rates, the growth was 23.0%.

The Cereals and Corn Segments accounted for a major share of total net sales, namely around 55% (59%) and 31% (24%) respectively.

Net sales by segment

Total net sales €220.8 million ¹



¹ Excluding net sales of our equity-consolidated companies

The region where we generated most of our business was Europe, which accounted for 57% (62%) of net sales (Germany: 20% (21%)), while net sales from North and South America contributed 35% (30%) of the total. Revenues from our North American and Chinese equity-accounted companies are only included at the segment level (see the section “Segment reports” on pages 8 to 9).

Net sales by region

Total net sales €220.8 million ¹



¹ Without net sales of our equity consolidated companies

Improvement in key earnings figures (typically negative in Q1)

The KWS Group’s key figures for operating income and net income for the period are typically negative in the first quarter, but they improved year over year. EBITDA was €–19.7 (–27.3) million, while EBIT was €–42.1 (–50.5) million. A significantly improved gross profit was partly offset by increased functional costs for research & development, sales and administration.

Net financial income/expenses came to €–17.2 (–15.2) million. Since the earnings contributed by the equity-accounted companies do not materialize until the third quarter, net income from equity investments in the first quarter is well in the red. It totaled €–16.9 (–12.0) million. The interest result improved to €–1.6 (–3.2) million.

Income taxes totaled €–15.9 (–17.7) million. The result was net income for the period of €–43.3 (–47.9) million or €1.31 (–1.45) per share.

Financial situation

Selected key figures for the financial situation

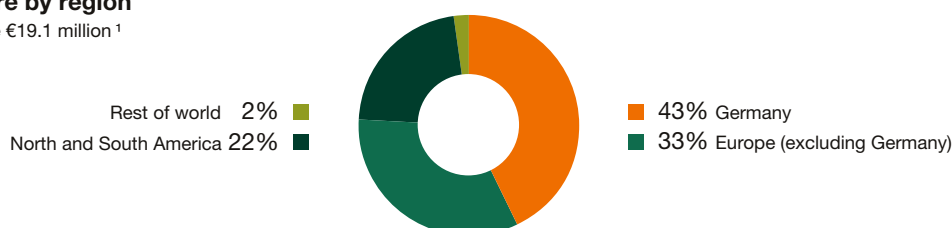
in € millions	1st quarter of 2021/2022	1st quarter of 2020/2021	+/-
Cash and cash equivalents	220.0	142.5	54.4%
Net cash from operating activities	-88.6	-91.6	3.3%
Net cash from investing activities ¹	-17.0	-20.6	17.5%
Free cash flow¹	-105.7	-112.1	5.7%
Net cash from financing activities ¹	100.8	141.2	-28.6%

¹ Previous year figures adjusted due to reclassification of the KWS FIDC reporting from cash flow from investing activities to cash flow from financing activities

The KWS Group's seasonal course of business impacts its cash flow statement, which changes significantly in the course of the year. The net cash from operating activities was €-88.6 (-91.6) million. The net cash used in investing activities fell to €-17.0 (-20.6) million. Capital expenditure in the period under review was €19.1 million and so at the level of the previous year (€19.9 million). The main focus of that was on erecting and expanding production and research & development capacities.

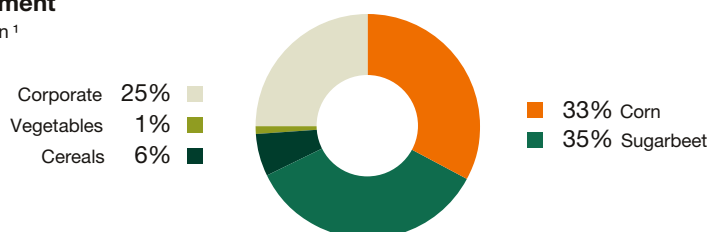
Capital expenditure by region

Total capital expenditure €19.1 million ¹



Capital expenditure by segment

Total capital expenditure €19.1 million ¹



¹ Without capital expenditures of our equity consolidated companies

KWS partly uses a revolving line of credit and issues short-term commercial papers in order to finance its general business operations during the year. The net cash from financing activities fell to €100.8 (141.2) million. Cash and cash equivalents rose sharply to €220.0 (142.5) million.

Assets

Condensed balance sheet

in € millions	September 30, 2021	June 30, 2021	September 30, 2020
Assets			
Noncurrent assets	1,273.3	1,265.0	1,270.8
Current assets	1,228.2	1,111.7	1,054.4
Equity and liabilities			
Equity	1,012.9	1,053.7	906.8
Noncurrent liabilities	881.5	839.0	846.9
Current liabilities	607.0	484.0	571.5
Total assets	2,501.4	2,376.7	2,325.2

The KWS Group's balance sheet during the year is impacted strongly by the seasonal course of its business. There are thus usually significant changes in balance sheet items, in particular for working capital, in the course of the year. The increase in current assets compared to the figure at September 30, 2020, was mainly attributable to higher cash and cash equivalents and inventories. Trade receivables increased as part of the expansion of business in the Corn and Cereals Segments.

Current liabilities increased, mainly due to a rise in trade payables. The equity ratio was 40.5% (39.0%), while total assets at September 30, 2021, were €2,501.4 (September 30, 2020: 2,325.2) million. Net debt was reduced to €586.5 (620.6) million.

Employees

Number of full-time employees by region¹

	September 30, 2021	June 30, 2021	+/-
Germany	2,018	1,976	2.1%
Europe (excluding Germany)	1,553	1,493	4.0%
North and South America	923	886	4.2%
Rest of world	193	180	7.2%
Total	4,687	4,535	3.3%

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

At September 30, 2021, we had 4,687 full-time employees worldwide (June 30, 2021: 4,535).

Segment reports

Reconciliation with the KWS Group

The segments are presented in the economic report in line with our internal corporate controlling structure in accordance with GAS 20. The pro-rata revenues and costs of our equity-accounted joint ventures and associated companies are not disclosed separately in the statement of comprehensive income.

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

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

Reconciliation table

in € millions	Segments	Reconciliation	KWS Group
Net sales	223.2	-2.5	220.8
EBIT	-59.1	17.1	-42.1
Number of employees as of September 30, 2021	5,119	-432	4,687
Capital expenditure	19.4	-0.3	19.1
Total assets	2,599.6	-98.2	2,501.4

Corn Segment

The Corn Segment grew its net sales by around 52% to €71.2 (46.9) million in the first quarter. Argentina and Brazil, our main markets in South America, made a major contribution to that and we expanded business strongly in them. Apart from an earlier start to the winter sowing season, greater cultivation area and higher sales prices in Brazil, coupled with the continuing success of KWS' innovative varieties, had a significant positive impact on net sales. In the regions of Europe and North America, we do not generate any significant net sales in the first quarter due to seasonal reasons. The segment's income was €-40.1 (-41.0) million.

Sugarbeet Segment

The Sugarbeet Segment posts only low net sales in the first quarter due to seasonal reasons. The figure for the quarter under review was €18.3 (16.1) million. The revenue mainly comes from the sale of sugarbeet seed in Chile and North Africa. The segment's income was €-32.4 million, on a par with the previous year's figure of €-32.2 million.

Cereals Segment

Net sales in the Cereals Segment in the quarter under review rose by around 11% to €121.2 (109.1) million. The increase was mainly due to sharp expansion in rapeseed seed business (+56%). Apart from favorable market conditions, the improved performance of KWS' variety portfolio was a further contributory factor. However, sales of rye seed fell by around 5%. The sharp increase in wheat prices has meant that growing rye has become economically disadvantageous in some regions by comparison. Wheat and barley seed business plays a minor role for KWS in the first quarter. The segment's income rose sharply to €43.1 (36.0) million.

Vegetables Segment

Net sales at the Vegetables Segment fell year over year to €10.2 (13.3) million. Continued high inventory levels at distributors mean there is still moderate demand for spinach and bean seed at present. Business is expected to pick up in the second half of the fiscal year. As a result of the course of business and further expansion of the Business Unit Vegetables, the segment's income fell to €-4.5 (-3.3) million. Excluding effects from the purchase price allocation as part of company acquisitions, the segment's income was €0.4 (3.1) million.

Corporate Segment

Net sales in the Corporate Segment totaled €2.3 (1.8) million. They are mainly generated from our farms. Since all cross-segment costs for the KWS Group's central functions and basic research expenditure are charged to the Corporate Segment, its income is usually negative. At €-25.2 million, the segment's income was slightly below the level of previous year (€-22.0 million).

Overview of the segments

in € millions	1st quarter of 2021/2022	1st quarter of 2020/2021	+/-
Net sales			
Corn	71.2	46.9	52%
Sugarbeet	18.3	16.1	13%
Cereals	121.2	109.0	11%
Vegetables	10.2	13.3	-24%
Corporate	2.3	1.8	34%
Total	223.2	187.1	19%
EBIT			
Corn	-40.1	-41.0	2%
Sugarbeet	-32.4	-32.2	-1%
Cereals	43.1	36.0	20%
Vegetables	-4.5	-3.3	-37%
Corporate	-25.2	-22.0	-14%
Total	-59.1	-62.5	5%

Opportunity and Risk Report

There has been no significant change in the situation as to opportunities and risks compared with at June 30, 2021. Risks that jeopardize the company's existence are not currently discernible. You can find detailed information on the risk management system and the risk situation at the KWS Group in the Combined Management Report starting on page 69 of the 2020/2021 Annual Report.

Forecast Report

The Executive Board still anticipates that the KWS Group will grow net sales by 5% to 7%. The EBIT margin is expected to be around 10% and 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%.

You can find detailed information on the forecasts for the current fiscal year in the Combined Management Report starting on page 79 of the 2020/2021 Annual Report.

Report on Events after the Balance Sheet Date

There were no events after September 30, 2021, that can be expected to have a significant impact on the KWS Group's earnings, financial position and assets.

Statement of Comprehensive Income

in € millions	1st quarter of 2021/2022	1st quarter of 2020/2021
I. Income statement		
Net sales	220.8	184.1
Operating income	-42.1	-50.5
Net financial income/expenses	-17.2	-15.2
Result of ordinary activities	-59.2	-65.6
Income taxes	-15.9	-17.7
Net income for the period	-43.3	-47.9
II. Other comprehensive income after tax	0.2	-40.7
III. Comprehensive income (total of I. and II.)		
Net income for the period after shares of minority interests	-43.3	-47.9
Share of minority interests	0.0	0.0
Net income for the period	-43.3	-47.9
Comprehensive income after shares of minority interest	-43.0	-88.7
Share of minority interests	0.0	0.0
Comprehensive income	-43.1	-88.6
Earnings per share in €	-1.31	-1.45

Balance Sheet

Assets

in € millions	September 30, 2021	June 30, 2021	September 30, 2020
Goodwill	121.9	122.6	116.4
Intangible assets	346.4	353.7	361.3
Right-of-use assets	42.0	43.7	44.5
Property, plant and equipment	513.9	506.3	492.3
Equity-accounted financial assets	159.3	173.7	151.1
Financial assets	9.4	9.4	6.1
Noncurrent tax assets	0.3	0.6	0.6
Other non-current receivables	4.5	7.3	7.9
Deferred tax assets	75.6	47.6	90.5
Noncurrent assets	1,273.3	1,265.0	1,270.8
Inventories	378.6	266.6	314.4
Biological assets	1.3	5.5	1.5
Trade receivables	454.5	449.5	422.8
Cash and cash equivalents	220.0	222.7	142.5
Current tax assets	86.6	91.5	77.2
Other current financial assets	29.4	40.6	50.4
Other current assets	56.8	34.5	40.9
Current assets	1,227.3	1,111.0	1,054.1
Assets held for sale	0.8	0.7	0.4
Total assets	2,501.4	2,376.7	2,325.2

Equity and liabilities

Subscribed capital	99.0	99.0	99.0
Capital reserve	5.5	5.5	5.5
Retained earnings	908.4	949.2	802.1
Minority interest	0.0	0.0	0.1
Equity	1,012.9	1,053.7	906.8
Long-term provisions	133.6	132.5	139.8
Long-term borrowings	645.0	601.1	572.4
Noncurrent lease liabilities	36.2	37.5	38.3
Deferred tax liabilities	65.7	66.4	88.8
Other noncurrent financial/non-financial liabilities	1.1	1.6	7.7
Noncurrent liabilities	881.5	839.0	846.9
Short-term provisions	40.0	39.5	48.1
Short-term borrowings	161.5	97.2	190.7
Current lease liabilities	10.5	11.0	11.0
Trade payables	210.2	153.7	150.2
Current tax liabilities	38.3	31.5	42.8
Other current financial liabilities	4.1	14.2	8.2
Contract liabilities	29.1	25.2	21.2
Other current liabilities	113.3	111.7	99.3
Current liabilities	607.0	484.0	571.5
Liabilities	1,488.5	1,323.0	1,418.4
Total equity and liabilities	2,501.4	2,376.7	2,325.2

Statement of Changes in Equity

Changes in equity

in € millions	Group interests	Minority interests	Group equity
07/01/2020	994.4	0.1	994.5
Net income for the year	-47.9	0.0	-47.9
Other income after taxes	-40.7	0.0	-40.7
Total comprehensive income	-88.6	0.0	-88.7
Other changes	0.9	0.0	0.9
09/30/2020	906.6	0.1	906.8
07/01/2021	1,053.7	0.0	1,053.7
Net income for the year	-43.3	0.0	-43.3
Other income after taxes	0.2	0.0	0.2
Total comprehensive income	-43.1	0.0	-43.1
Other changes	2.3	0.0	2.3
09/30/2021	1,012.9	0.0	1,012.9

Cash Flow Statement

Cash proceeds and payments

in € millions	1st quarter of 2021/2022	1st quarter of 2020/2021
Net income for the period	-43.3	-47.9
Net cash from operating activities	-88.6	-91.6
Net cash from investing activities¹	-17.0	-20.6
Net cash from financing activities¹	100.8	141.2
Change in cash and cash equivalents	-4.8	29.0
Changes in cash and cash equivalents due to exchange rate, consolidated group and measurement changes	2.1	-6.2
Cash and cash equivalents at beginning of period (July 1)	222.7	119.7
Cash and cash equivalents at end of period	220.0	142.5

¹ Previous year figures adjusted due to reclassification of the KWS FIDC reporting from cash flow from investing activities to cash flow from financing activities

Einbeck, November 2021
The Executive Board

Additional Disclosures

Share

Share data

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

Financial Calendar

Date	
December 2, 2021	Annual Shareholders' Meeting (virtual)
February 14, 2022	Semiannual Report 2021/2022
May 12, 2022	9M Report 2021/2022
September 28, 2022	Publication of the 2021/2022 annual statements, Annual Press Conference and Analysts' Conference

About this Report

The quarterly report can be downloaded on our websites at www.kws.de and www.kws.com. The KWS Group's fiscal year begins on July 1 and ends on June 30. Unless otherwise specified, figures in parentheses relate to the same period or date in the previous year. There may be rounding differences for percentages and numbers.

Contacts

**Investor Relations and
Financial Press**
Peter Vogt
investor.relations@kws.com
Phone: +49 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

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Grimsehlstrasse 31
P.O. Box 1463
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Germany

Safe Harbor Statement

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

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