

Quarterly Report
Q1 2022|2023

July 1, 2022, to September 30, 2022

**SEEDING
THE FUTURE**
SINCE 1856



KWS in Figures

KWS Group

in € millions	1st quarter of 2022/2023	1st quarter of 2021/2022	1st quarter of 2020/2021	1st quarter of 2019/2020	1st quarter of 2018/2019
Net sales and income					
Net sales	266.3	220.8	184.1	191.0	141.4
EBITDA	-7.1	-19.7	-27.3	-21.8	-21.9
EBIT	-33.1	-42.1	-50.5	-42.3	-34.3
Financial result	-29.8	-17.2	-15.2	-22.2	-18.3
Net income	-46.2	-43.3	-47.9	-46.6	-39.0
Financial position and assets					
Capital expenditure	20.9	19.1	19.9	19.3	19.5
Depreciation and amortization	26.0	22.4	23.2	20.6	12.4
Equity	1,218.9	1,012.9	906.8	930.7	826.9
Equity ratio in %	43.2	40.5	39.0	40.3	53.9
Net debt ¹	613.7	586.5	620.6	620.3	157.8
Total assets	2,820.3	2,501.4	2,325.2	2,307.9	1,533.5
Cash flow from operating activities	-54.7	-88.6	-91.6	-117.7	-100.9
Free cash flow	-72.0	-105.7	-112.1	-533.2	-123.4
Employees					
Number of employees ²	5,006	4,687	4,610	4,365	4,065
Key figures for the share					
Earnings per share in € ³	-1.40	-1.31	-1.45	-1.35	-1.18

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

² FTE: Full time equivalents

³ Earnings per share of previous periods adjusted due to share split

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Economic Performance and Key Financial Indicators

Importance of the First Quarter for the Fiscal Year

Our core markets are in the northern hemisphere, where our main sales drivers corn and sugarbeet seed are sown in the spring. Due to the strongly seasonal nature of our business, the first quarter (July 1 to September 30) contributes around 15% of our total net sales for the fiscal year. Only our winter cereals and winter oilseed rape seed business is largely finished 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 2022/2023

The KWS Group's business grew at a dynamic pace in the first quarter of 2022/2023. Net sales rose significantly by around 21%, with exchange rate effects having only a slight impact on them all in all.

Our business benefited from continuing positive conditions in the agricultural sector in the quarter under review. In particular, favorable market prices for agricultural commodities spurred demand for seed. The Cereals Segment, which generates a major part of its annual net sales in the first quarter, increased its net sales by 28%, mainly on the back of strong demand for oilseed rape and rye seed in Europe. Net sales in the Corn Segment rose by 15%, in particular due to growing business in Argentina. The Sugarbeet Segment grew its figure by 10%, but posts only low net sales in the first quarter due to seasonal reasons. Net sales from vegetable seed increased by 8%.

Earnings, financial position and assets

Earnings

Condensed income statement

in € millions	1st quarter of 2022/2023	1st quarter of 2021/2022	+/-
Net sales	266.3	220.8	20.6%
EBITDA	-7.1	-19.7	64.0%
EBIT	-33.1	-42.1	21.4%
Financial result	-29.8	-17.2	-73.3%
Earnings before tax	-62.9	-59.2	-6.3%
Income taxes	-16.7	-16.0	-5.0%
Net income	-46.2	-43.3	-6.7%
Earnings per share in €	-1.40	-1.31	-6.8%

Strong increase in net sales

The KWS Group's net sales for the first three months of fiscal 2022/2023 rose by around 21% to €266.3 (220.8) million. That was due in particular to a strong expansion of our cereals business in Europe.

Net sales by segment

Total net sales €266.3 million ¹

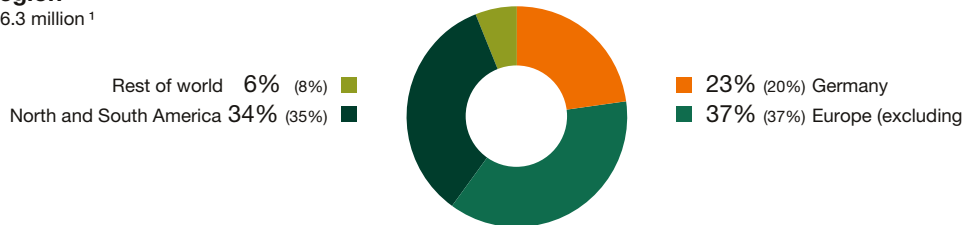


¹ Excluding net sales from our equity-accounted companies

The region where we generated most of our business was Europe, which accounted for 60% (57%) of net sales (Germany: 23% (20%)). Net sales from North and South America contributed 34% (35%) 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 €266.3 million ¹



¹ Excluding net sales from our equity-accounted companies

Operating result improved, negative net financial result

The KWS Group’s key indicators for operating result are typically negative in the first quarter, but they improved year over year. EBITDA was €–7.1 (–19.7) million and EBIT was €–33.1 (–42.1) million. Although we posted a much higher gross profit, there were, as planned, higher costs for research & development, sales and administration.

The financial result declined to €–29.8 (–17.2) million. Since the main contributions to earnings from the equity-accounted joint ventures and associated companies do not materialize until the third quarter, net income from equity-accounted financial assets in the first quarter is generally negative. It totaled €–19.0 (–16.9) million. The interest result fell sharply to €–6.9 (–1.6) million, in particular due to higher interest expenses in Brazil and Turkey. The net exchange loss from realized and unrealized foreign currency differences from financing activities was €–3.9 million.

Income taxes totaled €–16.7 (–16.0) million. That gave earnings after taxes of €–46.2 (–43.3) million or €–1.40 (–1.31) per share.

Financial situation

Selected key figures for the financial situation

in € millions	1st quarter of 2022/2023	1st quarter of 2021/2022	+/-
Cash and cash equivalents	192.8	220.0	-12.4%
Net cash from operating activities	-54.7	-88.6	38.3%
Net cash from investing activities	-17.4	-17.0	-2.4%
Free cash flow	-72.0	-105.7	31.9%
Net cash from financing activities	61.3	100.8	-39.2%

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 €-54.7 million and thus well above the figure for the same period of the previous year (€-88.6 million), mainly due to payments on account for seed deliveries for the upcoming sales season.

The net cash used in investing activities was €-17.4 million and thus at the level of the previous year (€-17.0 million). The KWS Group recorded additions to property, plant and equipment and intangible assets (excluding leases) totaling €20.9 (19.1) million in the first three months of 2022/2023. The focus of KWS' capital spending is on erecting and expanding production and research & development capacities.

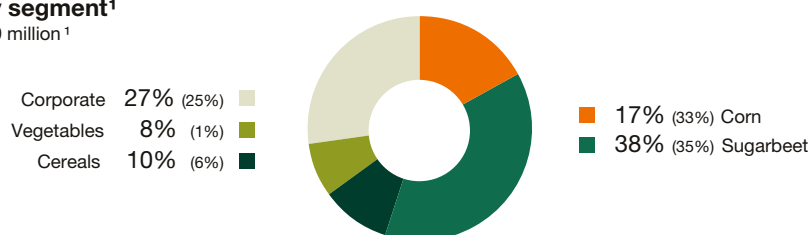
Capital expenditures by region¹

Total capital expenditure €20.9 million¹



Capital expenditure by segment¹

Total capital expenditure €20.9 million¹



¹ Excluding capital expenditure at our equity-accounted companies

The free cash flow improved to €-72.0 (-105.7) million. KWS partly uses a revolving line of credit and issues short-term commercial papers in order to finance its general business operations during the year. The net cash from financing activities fell sharply to €61.3 (100.8) million, while cash and cash equivalents declined to €192.8 (220.0) million.

Assets

Condensed balance sheet

in € millions	September 30, 2022	June 30, 2022	September 30, 2021
Assets			
Noncurrent assets	1,339.5	1,318.8	1,273.3
Current assets	1,480.8	1,333.0	1,228.2
Equity and liabilities			
Equity	1,218.9	1,245.9	1,012.9
Noncurrent liabilities	772.5	814.2	881.5
Current liabilities	828.9	591.7	607.0
Total assets	2,820.3	2,651.8	2,501.4

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

Current liabilities likewise increased, mainly due to a rise in trade payables and payments on account in Eastern Europe and South America in connection with seed deliveries for the coming sowing season. The equity ratio was 43.2% (40.5%), while total assets at September 30, 2022, were €2,820.3 (2,501.4) million. Net debt rose to €613.7 (586.5) million, in particular due to the buildup in inventories.

Employees

Number of full-time employees by region¹

	September 30, 2022	June 30, 2022	+/-
Germany	2,153	2,117	1.7%
Europe (excluding Germany)	1,629	1,634	-0.3%
North and South America	1,036	962	7.7%
Rest of world	189	195	-3.1%
Total	5,006	4,908	2.0%

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

At September 30, 2022, we had 5,006 full-time employees worldwide (June 30, 2022: 4,908).

Segment reports

Reconciliation with the KWS Group

The KWS Group's interim consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The segments are presented in the economic report in line with our internal corporate controlling structure in accordance with GAS 20. The main difference is that we no longer carry the pro-rata revenues and costs of our equity-accounted joint ventures and associated companies in the statement of comprehensive income.

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

Reconciliation table

in € millions	Segments	Reconciliation	KWS Group
Net sales	270.3	-4.0	266.3
EBIT	-51.9	18.9	-33.1
Number of employees as of September 30, 2022	5,445	-439	5,006
Capital expenditure	23.2	-2.3	20.9
Total assets	2,949.5	-129.2	2,820.3

Corn Segment

Net sales at the Corn Segment in the first quarter of 2022/2023 rose by around 15% to €82.1 (71.2) million, mainly on the back of higher prices in Argentina. In the regions of Europe and North America, no significant net sales were generated in the quarter under review due to seasonal reasons. Since the segment does not generate the major part of its annual net sales until the third quarter (January to March) the segment's earnings were again negative as customary for the quarter under review, also against the backdrop of cost increases due to inflation, and totaled €-46.5 (-40.1) million.

Sugarbeet Segment

The Sugarbeet Segment, which posts only low net sales in the first quarter due to seasonal reasons, increased its net sales to €20.1 (18.3) million in the quarter under review, mainly due to growth in North America and Eastern Europe. The segment's income was €-34.4 (-32.4) million, slightly below the level of the previous year, and was negatively impacted by the effects of hyperinflation in Turkey.

Cereals Segment

Net sales at the Cereals Segment rose sharply in the quarter under review to €155.7 (121.2) million, an increase of around 28%. This strong growth was once again driven by business with rye and oilseed rape seed, which rose by 27% and 26% respectively. The sharp increase in rye seed sales was attributable to a rise in demand and higher prices, as well as seasonal effects (in particular earlier sales in Germany compared to the same period of the previous year). Our variety portfolio of oilseed rape seed posted sharp growth (due to volume- and price-related factors), in particular in France. Net sales from wheat and barley seed were also pleasing. The Cereals Segment also recorded high growth rates with its catch crops and organic seed, areas with a highly promising future. With its broad portfolio and as one of Europe's leading breeding companies, KWS is well positioned to benefit from the move toward more sustainable agriculture. Given the strong growth in net sales and an improved product mix, the segment posted an above-proportionate increase in income to €62.3 (43.1) million.

Vegetables Segment

Net sales at the Vegetables Segment rose by around 8% to €10.9 (10.2) million, mainly due to higher sales of spinach seed in Asia. The segment's income improved to €-2.6 (-4.5) million due to lower effects from the purchase price allocation. Excluding these effects, the segment's income was €-0.2 (0.4) million. The segment's income also includes R&D expenditure of €3.2 (2.0) million aimed at the long-term establishment of vegetable breeding at KWS.

Corporate Segment

Net sales at the Corporate Segment were €1.5 (2.3) million. They are mainly generated from our farms. Since all cross-segment costs for the KWS Group's central functions and basic research expenditure are charged to the Corporate Segment, its income is usually negative. The segment's income was €-30.7 million and thus down on the previous year's figure of €-25.2 million, in particular due to higher expenditure on research & development.

Overview of the segments

in € millions	1st quarter of 2022/2023	1st quarter of 2021/2022
Net sales		
Corn	82.1	71.2
Sugarbeet	20.1	18.3
Cereals	155.7	121.2
Vegetables	10.9	10.2
Corporate	1.5	2.3
Total	270.3	223.2
EBIT		
Corn	-46.5	-40.1
Sugarbeet	-34.4	-32.4
Cereals	62.3	43.1
Vegetables	-2.6	-4.5
Corporate	-30.7	-25.2
Total	-51.9	-59.1

Opportunity and Risk Report

There has been no significant change in the situation as to opportunities and risks compared with at June 30, 2022. 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 63 of the 2021/2022 Annual Report.

Forecast Report

In view of the positive business performance in the first three months, the Executive Board now anticipates that the KWS Group will grow its net sales for fiscal 2022/2023 (on a comparable basis, excluding exchange rate and portfolio effects) by 10% to 12% (previously: 7% to 9%). An EBIT margin of between 10% and 11% is still anticipated. Our R&D intensity is expected to be in the range of 18% to 20%.

The previous forecasts for our product segments remain unchanged, and we still expect strong growth in net sales (on a comparable basis) and EBIT margins at the levels of the previous year.

You can find detailed information on the forecasts for the current fiscal year in the Combined Management Report starting on page 77 of the 2021/2022 Annual Report. All the forecasts are based on the assumption that there will be no change in the situation as to opportunities and risks at the KWS Group. An expansion or escalation of Russia's war of aggression on Ukraine could have a negative impact on our commercial activities in Russia and Ukraine.

Report on Events after the Balance Sheet Date

There were no events after September 30, 2022, that can be expected to have a significant impact on the KWS Group's earnings, financial position and assets.

Consolidated Statement of Comprehensive Income

in € millions	1st quarter of 2022/2023	1st quarter of 2021/2022
I. Income statement		
Net sales	266.3	220.8
Operating income	-33.1	-42.1
Financial result	-29.8	-17.2
Earnings before tax	-62.9	-59.2
Income taxes	-16.7	-16.0
Net income	-46.2	-43.3
II. Other comprehensive income		
Items that may have to be subsequently reclassified as profit or loss	12.8	-39.6
Items not reclassified as profit or loss	0.1	0.0
Other comprehensive income	12.9	0.2
III. Comprehensive income (total of I. and II.)		
Net income after shares of minority interests	-46.2	-43.3
Share of minority interests	0.0	0.0
Net income	-46.2	-43.3
Comprehensive income after shares of minority interest	-33.3	-43.0
Share of minority interests	0.0	0.0
Comprehensive income	-33.3	-43.1
Earnings per share in €	-1.40	-1.31

Consolidated Balance Sheet

Assets

in € millions	September 30, 2022	June 30, 2022	September 30, 2021
Goodwill	123.0	123.0	121.9
Intangible assets	329.2	333.0	346.4
Right-of-use assets	41.9	44.4	42.0
Property, plant and equipment	576.0	565.9	513.9
Equity-accounted financial assets	179.2	186.8	159.3
Financial assets	10.4	10.1	9.4
Noncurrent tax assets	0.4	0.6	0.3
Other non-current receivables	8.1	14.4	4.5
Deferred tax assets	71.4	40.7	75.6
Noncurrent assets	1,339.5	1,318.8	1,273.3
Inventories	543.8	354.6	378.6
Biological assets	3.5	9.0	1.3
Trade receivables	499.2	518.5	454.5
Cash and cash equivalents	192.8	203.7	220.0
Current tax assets	125.0	124.5	86.6
Other current financial assets	38.0	55.3	29.4
Other current assets	75.7	63.5	56.8
Current assets	1,478.1	1,329.0	1,227.3
Assets held for sale	2.6	4.0	0.9
Total assets	2,820.3	2,651.8	2,501.4

Equity and liabilities

Subscribed capital	99.0	99.0	99.0
Capital reserve	5.5	5.5	5.5
Retained earnings	1,114.4	1,141.4	908.4
Equity	1,218.9	1,245.9	1,012.9
Long-term provisions	96.0	95.2	133.6
Long-term borrowings	574.1	613.6	645.0
Noncurrent lease liabilities	35.3	37.2	36.2
Deferred tax liabilities	63.3	64.0	65.7
Other noncurrent financial/non-financial liabilities	3.9	4.1	1.1
Noncurrent liabilities	772.5	814.2	881.5
Short-term provisions	45.4	41.9	40.0
Short-term borrowings	232.5	112.0	161.5
Current lease liabilities	11.0	11.9	10.5
Trade payables	272.4	201.7	210.2
Current tax liabilities	34.5	25.3	38.3
Other current financial liabilities	12.9	41.9	4.1
Contract liabilities	116.1	50.4	29.1
Other current liabilities	104.0	106.7	113.3
Current liabilities	828.9	591.7	607.0
Liabilities	1,601.4	1,405.9	1,488.5
Total equity and liabilities	2,820.3	2,651.8	2,501.4

Consolidated Statement of Changes in Equity

Changes in equity

in € millions	Group equity
07/01/2021	1,053.7
Dividends paid	0.0
Net income	-43.3
Other comprehensive income	0.2
Total comprehensive income	-43.1
Other changes	2.3
09/30/2021	1,012.9
07/01/2022	1,245.9
Dividends paid	0.0
Net income	-46.2
Other comprehensive income	12.9
Total comprehensive income	-33.3
Other changes	6.3
09/30/2022	1,218.9

Consolidated Cash Flow Statement

Cash proceeds and payments

July 1 to June 30 in € millions	1st quarter of 2022/2023	1st quarter of 2021/2022
Net income	-46.2	-43.3
Net cash from operating activities	-54.7	-88.6
Net cash from investing activities	-17.4	-17.1
Net cash from financing activities	61.3	100.8
Change in cash and cash equivalents	-10.7	-4.8
Changes in cash and cash equivalents due to exchange rate, consolidated group and measurement changes	-0.1	2.1
Cash and cash equivalents at beginning of period (July 1)	203.7	222.8
Cash and cash equivalents at end of period	192.8	220.0

Einbeck, November 2022
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 6, 2022	Annual Shareholders' Meeting
February 9, 2023	Semiannual Report 2022/2023
May 11, 2023	9M Report 2022/2023
September 27, 2023	Publication of the 2022/2023 annual statements

About this Report

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

Contacts

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

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

Sustainability
Wolf-Gebhard von der Wense
sustainability@kws.com
Phone: +49 5561 311-1393

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Safe Harbor Statement

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

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