

The background of the entire page is a photograph of a lush green valley. In the foreground, there are terraced rice fields filled with young rice seedlings. A person is walking through a narrow path between the terraces. The middle ground shows more terraced fields, some of which are flooded with water, reflecting the sky. In the background, there are dense green trees and misty mountains under a soft, hazy sky. The overall scene is peaceful and scenic.

2023 Annual Report

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KEY

-  Audited reference within the Annual Report
 -  Unaudited reference within the Annual Report s
 -  Unaudited reference on the Internet site
- Links to our glossary ([Mining Dictionary](#)) are underlined.

Title page: Our mineral fertilizers help farmers around the world to produce high-quality food to feed the world. The cover image was created with the help of AI.

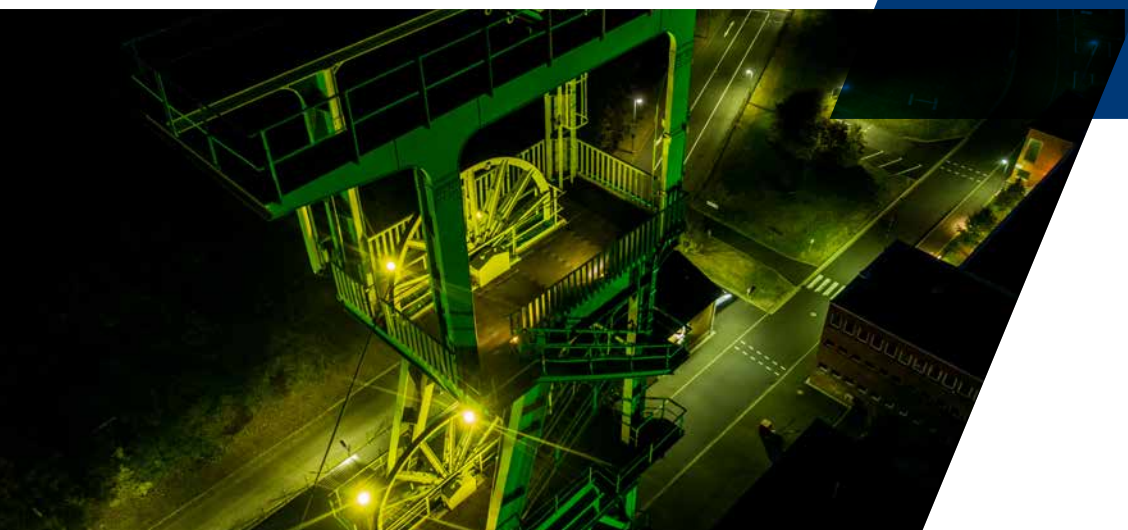
Our year 2023

12.3

million shares bought back

Share buyback successfully completed.

From May to November 2023, we bought back just under 12.3 million of our own shares at an average price of around €16 per share. This corresponds to 6.4 percent of the share capital at just under €200 million.



High creditworthiness

The rating agency Standard & Poor's (S&P) recognized our significantly improved financial position and high creditworthiness in 2023. Therefore, our rating was raised to BBB– (previously BB+) over the year, returning us to investment grade. S&P justified the improvement, in particular, with our significant debt reduction and forward-looking financial policy. We have, therefore, reached a strategic milestone we have pursued for several years.

Shareholders' participation in record earnings in 2022

With the dividend payment of €1 per share and the completed share buyback with a volume of around €200 million, we have given our shareholders an appropriate portion of our record earnings for 2022, taking into account the different interests within the shareholder structure.

Decarbonization as a goal

As we are aware of our responsibility, we are driving decarbonization forward. One of our goals is, therefore, to provide our customers in Europe and overseas with a low-emission value chain from production site to delivery in the long term. For this purpose, we are significantly reducing emissions while, at the same time, optimizing the use of energy.

[Find more news here](#) ↗

Our business decisions are in line with our climate strategy and our sustainability goals. For many years, we have been guided by the United Nations Sustainable Development Goals (SDGs) to achieve these goals.

On the following pages, you can see specific examples of the SDGs supported by our projects.

On track: Green potash production



Our Werra integrated plant today accounts for 45 percent of our European production. The transformation of the plant will make domestic potash production more sustainable and competitive within a few years. With the Werra 2060 lighthouse project, we are taking a major step towards the decarbonization of our European production. Germany will, therefore, become a pioneer on the way to producing green potash. At the same time, the project will increase the site's operating life. In this way, we will continue to be a reliable guarantor of long-term value creation and secure jobs, especially in structurally weak regions!



In this way, we support SDG 13.

Find out more at <https://sdgs.un.org/goals>



Unique due to specialties

Hunger is one of the biggest challenges worldwide. As a producer of fertilizers, K+S contributes to food security as well as sustainable and resource-conserving agriculture with its products. Recognizing global trends and finding customized solutions is our mission.

Due to the geological conditions in our German mines, we not only supply potassium chloride as a fertilizer, but also an extensive portfolio of high-quality fertilizer specialties. Unlike potassium chloride, these are either chloride-free, contain different nutrient formulations with magnesium, sulfur, sodium, and trace elements, or are water-soluble. These products are used

for crops with increased magnesium and sulfur requirements, such as rapeseed or potatoes, as well as for chloride-sensitive specialty crops such as citrus fruits, grapes, or vegetables. Fully water-soluble fertilizers can be used, for example, in fertigation (use of fertilizers in irrigation systems), especially for fruits and vegetables.



In this way, we support SDG 2.

Find out more at <https://sdgs.un.org/goals>



With our broad portfolio of specialties, we can supply many crops with the nutrients they need.

Sharing our knowledge with farmers



Comprehensive application advice boosts farmers' success.

We have many years of agricultural experience in the application of plant nutrients. In the sub-Saharan region in particular, we help farmers to benefit from this expertise and increase crop yields. We are active in countries such as India, Uganda, and Kenya. Our aim is to support farmers in the needs-based application of fertilizers to optimize crop yields and secure income.

In sub-Saharan countries, we pursue the downstream concept, in which agricultural fertilizers are offered in local agri-shops. This significantly improves access to yield-enhancing plant nutrients. Field trials directly on site, training, and digital solutions also support farmers in their daily work in a practice-oriented manner and in accordance with local soil and climate conditions.



In this way, we support SDGs 2 and 17.

Find out more at <https://sdgs.un.org/goals>



Salt – The all-rounder



As a spice, table salt, or preservative: Salt has been an essential part of our nutrition for thousands of years. Our table salts are produced and packaged to the highest quality, hygiene, and safety standards. In this way, we contribute to safe, high-quality nutrition – and bring taste to the plate. Pharmaceutical manufacturers worldwide rely on the quality and safety of our high-purity salts. Our crude salts are of natural origin and are refined into products of the highest purity in complex processes. The salts are certified and exceed the purity requirements specified in numerous pharmacopoeias. What's more, our salts are used in a wide variety of industries. As a component of plastics, in the mineral oil and textile industries, or in the manufacture of glass – they are an indispensable part of industrial value creation.



In this way, we support SDG 3.

Find out more at <https://sdgs.un.org/goals>



Intelligent leveraging of our infrastructure



Artificial light simulates sunshine and ensures optimum growing conditions at a depth of 725 meters.



We have recently established an organizational unit to develop new, future-oriented business areas. Part of this unit is, for example, the partnership with the Hanover-based innovation hub RootCamp. On this platform, established companies and start-ups are connected to implement new approaches and business models quickly and efficiently. Promising collaborations have already been established here: We are setting up the largest and most modern indoor shrimp farm in Europe at the Sigmundshall site by mid-2025 with the start-up Aquapurna. With this intelligent subsequent use of the site, we can also mitigate the negative environmental impact of shrimp farming, while strengthening green technology. Furthermore, we contribute to a sustainable and autonomous food supply in Europe.

We consider underground farming as another promising opportunity for leveraging our unique infrastructure. We want to make our disused mine premises available to producers, for example for the cultivation of medicinal cannabis at our Sigmundshall site.

Underground cultivation has numerous advantages: Besides constant climatic conditions underground, where the use of the available geothermal energy is possible in all seasons, the mines provide special access security. This offers operating cost advantages over the competition and, at the same time, reduces the environmental footprint.

Further sustainable opportunities for utilization are provided by the tailings pile infrastructure. Moreover, the development of the future hydrogen economy will be an important factor in the decarbonization of many industrial companies. With underground caverns, we can offer a storage location for energy sources such as hydrogen in the future.



In this way, we support SDG 9.
Find out more at <https://sdgs.un.org/goals> 7

This idea is a blast

Stricter limits for underground emissions will apply in the EU from 2025 onwards. This is a challenge for the entire industry, which we have faced in good time. With innovative ideas and many years of experience, we have succeeded in developing a new, low-emission explosive called Granulex. This explosive can be used to safely comply with the new limits – without any further changes to the extraction of our raw materials. What's more, our product can also support other companies within the mining industry in mastering future challenges.

Our subsidiary MSW-Chemie, therefore, laid the foundation for a new explosives factory in Langelsheim (Lower Saxony) back in September 2023. The new product will be manufactured there from 2024 onwards.



In this way, we support SDG 12.
Find out more at <https://sdgs.un.org/goals>



Our innovative Granulex explosive.



The blast holes are drilled underground with state-of-the-art technology before the explosives are backfilled and used.

E-mobility underground

The supply of fresh air underground is provided by a comprehensive ventilation system using fans. At the same time, diesel particles in the ambient air caused by the machines used pose particular challenges. We are constantly striving to further reduce these emissions underground to protect our miners. More and more electric vehicles are, therefore, also being used underground. Following extensive tests at the Zielitz plant (Saxony-Anhalt) since July 2023, we are using the prototype of a new electric loader there. The battery of the new vehicle has a significantly higher capacity of 28 kilowatt hours and provides us with more flexibility in underground operations.

The powerful battery covers peak loads, charges itself when braking, and facilitates battery-powered driving on gradients of up to 28 percent. The lithium-ion battery is also particularly safe and designed for a high number of charging cycles.

For replacement investments, we are also looking to increasingly replace our fleet of underground and surface vehicles with electric vehicles.



In this way, we support SDG 8.
Find out more at
<https://sdgs.un.org/goals>



Growing charging infrastructure in the mine.



Around 133 large vehicles will gradually be replaced by new e-models.

Log(ist)ically well positioned



We rely on various modes of transportation to supply our customers: rail, inland waterway, and seagoing vessels, containers, and trucks. One focus is on the use of more environmentally friendly rail- and waterways.

Logistics partnerships play an important role here: For many years already, we have relied on environmentally conscious rail transportation with DB Cargo. In October 2023, we extended this partnership ahead of schedule. DB Cargo will, therefore, remain K+S's leading logistics provider for the next ten years. The largest volumes of goods are transported on the Neuhof–Hamburg and Zielitz–Hamburg routes. From the port of Hamburg, our products are shipped to international markets.

From rail to vessel. Most of the potash and salt products are stored and transhipped at the Kalikai in Hamburg.



In this way, we support SDGs 9 and 15.

Find out more at <https://sdgs.un.org/goals>

OUR BOARD OF EXECUTIVE DIRECTORS¹

START OF MANDATE: DECEMBER 1, 2023



Dr. Burkhard Lohr

Chief Executive Officer (CEO)

Dr. Burkhard Lohr was born in Essen in 1963. After studying Business Administration at the University of Cologne, he joined Mannesmann AG in 1991. From 1993, he held various positions at Hochtief AG, Essen. In 2001, Burkhard Lohr received his doctorate (Dr. rer. pol.) from the Technical University of Braunschweig. Since 2006, as CFO of Hochtief AG, he was responsible for Finance, Investor Relations, Accounting, Controlling, and Taxes. In 2008, he also assumed the position of Labor Director. In 2012, he was appointed to the Board of Executive Directors of K+S Aktiengesellschaft, where he became Chairman on May 12, 2017. He has also been a member of the Board of Executive Directors of the International Fertilizer Association (IFA) since 2022.



Christina Daske

Member of the Board of Executive Directors
Labor Director

Christina Daske was born in Kassel in 1985. She studied Industrial Engineering and Management, with a focus on Mechanical Engineering and Economics, at the University of Kassel and completed an apprenticeship as an industrial mechanic at the same time. After starting her career in project management at Bombardier Transportation GmbH, Kassel, she joined K+S in 2012. Her professional positions included Head of Corporate Secretary and, from 2019, responsibility for Corporate Development and Innovation. In 2021, she took over the management of production at all active potash and rock salt plants of the K+S Group. On December 1, 2023, Mrs. Daske was appointed by the Supervisory Board to the Board of Executive Directors of K+S Aktiengesellschaft as Labor Director.

¹ The Supervisory Board of K+S Aktiengesellschaft and Mr. Riemensperger have mutually agreed on a separation, as Mr. Riemensperger took on a new challenge in another company in the second quarter of 2023. He left K+S at the end of February 2023.

For current information on the responsibilities of the individual members of the Board of Executive Directors, please refer to our bylaws for the Board of Executive Directors, which can also be found on the K+S website.

☐ www.kpluss.com/executivedirectors

START OF MANDATE: MARCH 15, 2023**Dr. Christian H. Meyer**

Member of the Board of Executive Directors
Chief Financial Officer (CFO)

Dr. Christian H. Meyer was born in Oldenburg in 1971. Following his training as a publishing house clerk, his studies in Business Administration and his doctorate (Dr. rer. pol.) at the Georg-August University of Göttingen, he began his professional career in 2004 at Deloitte GmbH Wirtschaftsprüfungsgesellschaft, where he has worked as a tax consultant, auditor, and most recently as a partner in Audit & Assurance. Since 2013, he has also held a lectureship in Group Accounting at the Faculty of Economics at the Georg-August University of Göttingen. He was appointed Chief Financial Officer of K+S Aktiengesellschaft by the Supervisory Board on March 15, 2023.

START OF MANDATE: FEBRUARY 20, 2023**Dr. Carin-Martina Tröltzsch**

Member of the Board of Executive Directors
Chief Operations Officer (COO)

Dr. Carin-Martina Tröltzsch was born in Bergisch Gladbach in 1968. She studied Agricultural Sciences at the Rheinische Friedrich-Wilhelms University in Bonn, where she received her doctorate (Dr. agr.) in early 1996. From 1996, she held various positions at DuPont de Nemours in Germany and abroad, including Sales Manager Germany, Logistics Operations Leader EMEA, and Managing Director Germany as well as Business Unit Leader Agriculture for Central Europe. In 2018, she assumed the role of CEO Germany, Austria, Switzerland at Corteva Agriscience, where she was most recently Head of Business Strategy & Development Europe. She was appointed to the Board of Executive Directors of K+S Aktiengesellschaft by the Supervisory Board on February 20, 2023.

For current information on the responsibilities of the individual members of the Board of Executive Directors, please refer to our bylaws for the Board of Executive Directors, which can also be found on the K+S website.
www.kpluss.com/executivedirectors



Dear shareholders, ladies and gentlemen,

Your K+S generated solid results last year. After the record year 2022, we achieved EBITDA of around €712 million, even though the earnings corridor expected a year ago could not be achieved, mainly due to price factors. Nevertheless, we robustly countered the ongoing upheavals in the market and challenges on the cost side caused by the increasing geopolitical conflicts.

Adjusted free cash flow reached around €311 million in the reporting year. The Board of Executive Directors and Supervisory Board will, therefore, propose a dividend of 70 cents per share for the 2023 financial year to the Annual General Meeting.

The proposal for the appropriation of profits follows our new distribution policy of returning 30 to 50 percent of the adjusted free cash flow generated annually to you, our shareholders. Our proposal takes into account the maintenance of a strong balance sheet as well as the expected business development and future investments.

The rating agency Standard & Poor's already upgraded the long-term rating of K+S in June 2023, thereby recognizing our significant debt reduction and forward-looking financial policy. Since then, K+S has again been rated in the investment grade range. We are very pleased to have reached this strategic milestone. This is something we've been working towards for several years!

K+S successfully completed the share buyback in November. The bought-back shares were subsequently canceled. Together with the dividend payment in 2022, K+S has, therefore, returned capital of around €390 million to you, our shareholders, as planned. Following the record year 2022, it was important for us to share this success with you and to take appropriate account of the different interests within our shareholder structure.

Dear Ladies and Gentlemen,

We want to become a pioneer for green potash and salt production in Germany. We have, therefore, set ourselves even more ambitious climate targets than before: We want to reduce our CO₂ emissions across the Group by a further 25 percent by 2030 and by a total of 60 percent by 2040. With the energy projects initiated at several sites in Germany, the expansion of combined heat and power generation in Canada, and the planned conversion from natural gas to green energy sources, the energy transformation is in full swing.

In accordance with our corporate strategy, we consistently pursued the transformation of our Werra integrated plant and the ramp-up of our Canadian plant in Bethune in the reporting year.

The implementation of Werra 2060 provides our integrated plant sites with prospects for the next decades, strengthens the competitiveness of your K+S, and safeguards sustainable value creation in the region. We are investing in the production of mineral fertilizer specialties urgently needed worldwide and, at the same time, reducing the costs per tonne by about 20 percent. Moreover, we are halving the plant's CO₂ emissions while simultaneously optimizing the use of energy and reducing process water by more than one million cubic meters per year.

At the Bethune site, we are driving the capacity increase forward with the successful expansion of secondary mining. In the long term, we want to ramp up production capacity to four million tonnes per year. This will gradually improve our cost position significantly.

Dear Ladies and Gentlemen,

The ramp-up in Bethune and, in particular, the implementation of Werra 2060 will require significant investments in the years 2024 to 2026. We are aware that cash flow generation could be limited during this period with the current price levels. We will, nevertheless, be all the stronger and more efficient afterwards to benefit more than ever before from the potash price increases expected by external market experts.

Dear Ladies and Gentlemen,

On behalf of the Board of Executive Directors, I would like to express my sincere gratitude to our employees for their great commitment and hard work over the past year. Their daily commitment is the main guarantee for achieving our common, ambitious goals.

For the current year 2024, we are confident that supply and demand on the potash market can regain their balance after the distortions of the past two years:

The observable return of supply from Russia and Belarus outside Europe and North America should be accompanied by a further normalization on the demand side worldwide. We, therefore, do not anticipate an oversupply on the potash market for the year as a whole. The extent to which this situation can lead to a price recovery overseas depends on the course of the spring season. During this period, demand from many important sales regions must be met simultaneously.

Against this background, we expect EBITDA to range between €500 million and €650 million for the 2024 financial year, assuming a price recovery overseas during the spring season and a sales volume in the Agriculture customer segment of 7.6 million tonnes, at the upper end of the range. In the event that prices for potassium chloride in Brazil remain at the level of the end of February 2024 and have effects on other sales markets, EBITDA could be at the lower end of the range with a fertilizer sales volume of 7.3 million tonnes. At the same time, after several years of price-related cost increases, a certain amount of cost relief, particularly for energy and freight, will have a positive impact.

Adjusted free cash flow should, nevertheless, at least break even, taking into account the continued elevated level of capital expenditure of around €550 million in total, particularly at the Werra site and in Canada.

Dear Shareholders,

We will continue to act decisively to successfully drive our Company forward on a strong economic and solid financial basis.

On behalf of the Board of Executive Directors, I would like to thank you for your confidence in K+S.

All the best!

A handwritten signature in blue ink, appearing to read "B. Lohr".

Dr. Burkhard Lohr
Chairman of the Board of Executive Directors



SUPERVISORY BOARD REPORT

Dr. Andreas Kreimeyer

Chairman of the Supervisory Board

Dear shareholder,

The year 2023 marks another important milestone in our Company's history: we have further developed our K+S in terms of both personnel and operations, while positioning the Company for the future. Despite dynamic, political, economic, and unexpected developments, we have once again proven our capability for stability and performance as an organization and a company, even in turbulent times. Looking back on twelve eventful months, this Annual Report provides you with comprehensive insights into the developments and challenges we encountered in the past financial year.

The global economy faced numerous challenges and our business was impacted by significant changes. The already complicated geopolitical situation following the COVID pandemic as well as the ongoing Russian war of aggression against Ukraine was further aggravated by the war in Gaza and caused additional uncertainty on the international markets.

Unfortunately, prices for our products and, therefore, the earnings level of K+S did not perform as originally planned. This development directly impacted our share price, which declined significantly over the course of the year.

We, nevertheless, achieved considerable success in these challenging times. Despite all the adversity, we returned a record sum of about 390 million euros to our shareholders, let our employees participate in the Company's success, and further reduced our debt. A particular milestone was the upgrade of our rating to investment grade in June 2023, which further confirms the stability and financial solidity of our Company.

Another important milestone in 2023 was the positioning of the Board of Executive Directors' team for the future. Following the appointment of Dr. Carin-Martina Tröltzsch and Dr. Christian H. Meyer, who already strengthened the Board of Executive Directors in the first quarter, we are now pleased to have achieved equal representation on the Board of Executive Directors with the appointment of Mrs. Christina Daske as Labor Director. This appointment also provides greater diversity in terms of the age distribution on the Board of Executive Directors. We are, therefore, fulfilling both our K+S Values and the requirements of the German Corporate Governance Code.

In the past financial year, we also made good progress in implementing our strategy. Our new climate strategy provides for a further significant reduction in our carbon footprint by 2030. Key components include the Werra 2060 project, the planning of which we have consistently driven forward, and the ramp-up of the Bethune plant. Both projects are fundamental to the future economic success of K+S. Furthermore, we have established a new organizational unit for the development of new, future-oriented business areas.

On behalf of the Supervisory Board, I would like to thank all employees for their outstanding commitment and loyalty in this difficult business environment. Our thanks also extend to the members of the Board of Executive Directors, who are guiding K+S through these challenges, as well as to the employee representatives and works councils, who are contributing to the achievement of ambitious goals in a constructive and forward-looking manner.

I would like to thank you, our shareholders, for your critical but always constructive support over the past year.

ADVISING THE BOARD OF EXECUTIVE DIRECTORS AND MONITORING OF MANAGEMENT

During the 2023 financial year, the Supervisory Board diligently performed the supervisory and advisory functions incumbent on it by law and in accordance with the Articles of Association and its bylaws. Numerous matters were discussed in depth and resolutions were adopted on transactions requiring approval. We continuously monitored the Board of Executive Directors' management of the Company and advised the Board on the governance of the Group. We were always involved in decisions of fundamental importance in a timely and appropriate manner. The Board of Executive Directors regularly briefed us promptly and comprehensively on the business development of the Company and its customer segments, the financial position, net assets, and earnings, the employment situation, the progress of important investment projects, planning, and the further strategic development of the Company. Deviations from planning were explained to the Supervisory Board in detail. The risk situation and risk management were carefully considered. The Supervisory Board received written reports from the Board of Executive Directors to prepare for meetings. In particular, the Chairman of the Supervisory Board also remained in close personal contact with the Board of Executive Directors beyond the meetings and regularly discussed significant events as well as upcoming resolutions. The shareholder and employee representatives regularly discussed important agenda items at separate meetings prior to meetings of the Supervisory Board.

In 2023, the plenary and committee meetings were predominantly held as physical meetings with a virtual attendance option. Eight Supervisory Board meetings were held in 2023. The average attendance rate of Supervisory Board members at these meetings was 91% in the reporting period. Three meetings were attended by all of the Supervisory Board members. At two meetings three members were unable to attend, at two meetings two members were unable to attend, and at one meeting one member was unable to attend. The absence was excused. Of the eight meetings of the **Audit Committee**, three were held in person and five virtually. One member was excused from one meeting. The **Nomination Committee** met twice, attended by all members. One of these meetings was held in person and one was held virtually. Of the five meetings of the **Personnel Committee**, one meeting was held in person and four meetings were hybrid meetings. All meetings were attended by all members. The **Strategy Committee** held a total of four meetings, three of which were held in person and one in hybrid form. One member was excused from one meeting. Of the three meetings of the **ESG Committee**, two meetings were held in person and one in hybrid form. At two meetings, one member was excused in each case. The **Special Committee** met four times virtually, attended by all members.

COMPOSITION OF THE BOARD OF EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD

The Supervisory Board of K+S Aktiengesellschaft and Mr. Holger Riemensperger have mutually agreed on a separation, as Mr. Riemensperger wanted to assume new challenges in another company. Mr. Riemensperger's mandate as a member of the Board of Executive Directors ended on February 28, 2023. On February 20, 2023, Dr. Carin-Martina Tröltzsch took up her position as a new member of the Board of Executive Directors at K+S. Dr. Christian H. Meyer assumed his position as Chief Financial Officer on March 15, 2023. The Supervisory Board appointed Mrs. Christina Daske as a member of the Board of Executive Directors and Labor Director as of December 1, 2023.

The composition of the Supervisory Board changed as follows in the year under review: On April 26, 2023, the elections of the employee representatives to the Supervisory Board of K+S Aktiengesellschaft were held. Mr. André Bahn, Mr. Lars Halbleib, Mr. Michael Knackmuß, Mr. Peter Trotha, and Mrs. Brigitte Weitz were elected as employee representatives. Mr. Gerd Kübler was elected as the representative of senior executives. Mrs. Petra Adolph and Mr. Ralf Becker were elected as representatives of the trade union. Following the expiration of Prof. Dr. Elke Eller's Supervisory Board mandate at the end of the 2023 Annual General Meeting, she was re-elected as a shareholder representative on the Supervisory Board. The mandates of Mrs. Jella Benner-Heinacher and Mr. Gerd Grimmig expired at the end of the 2023 Annual General Meeting. Mrs. Christiane Hölz and Mrs. Christine Wolff were newly elected to the Supervisory Board on May 10, 2023.

Following the Annual General Meeting of K+S Aktiengesellschaft, the members of the Supervisory Board elected the Deputy Chairmen of the Supervisory Board and held by-elections for the committees:

- + Mr. Ralf Becker was re-elected Deputy Chairman of the employee side of the Supervisory Board.
- + Mr. Thomas Kölbl was elected Deputy Chairman of the shareholder side of the Supervisory Board.
- + Mr. Ralf Becker is once again a member of the Mediation Committee in accordance with the German Co-Determination Act (MitbestG). Mr. André Bahn was also re-elected as an additional member.
- + Mr. Ralf Becker and Mr. André Bahn were also re-elected as members of the Strategy Committee.
- + Mrs. Petra Adolph, Mr. Ralf Becker, Mr. Lars Halbleib, and Mrs. Christiane Hölz were elected as additional members of the Audit Committee.
- + Mr. Ralf Becker, Prof. Dr. Elke Eller, and Mr. Michael Knackmuß were re-elected as members of the Personnel Committee.
- + Mrs. Christine Wolff was elected as a new member of the Nomination Committee.
- + Mrs. Petra Adolph, Mrs. Christiane Hölz, and Mr. Peter Trotha were elected to the ESG Committee. Mrs. Christiane Hölz also assumed the chair of the committee.

Philip Freiherr von dem Bussche left his position as a member of the Supervisory Board for health reasons with effect from August 11, 2023. In this course, Mr. Markus Heldt took over his position on the Strategy Committee and left the ESG Committee. Mr. Philip Freiherr von dem Bussche was succeeded by Mr. Carl-Albrecht Bartmer by court appointment as of January 23, 2024. The decision of the local court was served to K+S on January 29, 2024. He was elected to the ESG Committee and the Nomination Committee.

👁 Declaration on corporate governance, Supervisory Board committees and their members

SUPERVISORY BOARD MEETINGS

Six ordinary and two extraordinary Supervisory Board meetings were held in the 2023 financial year.

At its first meeting of the year on January 30, 2023, which was convened as an extraordinary meeting, the members of the Supervisory Board resolved on personnel matters at the level of the Board of Executive Directors. At the meeting on February 15, 2023, which was also held as an extraordinary meeting, the target agreements of the members of the Board of Executive Directors for the 2023 financial year, the determination of target achievement in 2022, and personnel matters at the level of the Board of Executive Directors were resolved.

In the presence of the auditors of the financial statements (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft), the Supervisory Board examined the annual financial statements, the consolidated financial statements, and the combined management report, including the non-financial statement and the remuneration report contained in the management report for the 2022 financial year, approved the financial statements on the recommendation of the Audit Committee, and, after intensive discussion, resolved to endorse the proposal of the Board of Executive Directors for the appropriation of profits at its ordinary meeting on March 14, 2023. The business situation and the outlook for the current year were discussed in detail and the proposed resolutions for the 2023 Annual General Meeting were also approved. The Chairs of the Nomination and Personnel, ESG, Audit, and Strategy Committees reported on their most recent meetings.

At the ordinary meeting on May 9, 2023, the Board of Executive Directors provided an overview on the development of the business situation in the first quarter of 2023 and reported on current developments in occupational safety. The Chairman of the Audit Committee reported to the Supervisory Board on its most recent meeting. The Supervisory Board also dealt with the Annual General Meeting as well as the request for additions to the agenda and announced counter motions.

The constituent meeting of the Supervisory Board was convened on May 15, 2023, at which the elections to the committees were held and the Deputy Chairmen were elected.

At the ordinary meeting on August 23, 2023, Mrs. Christina Daske was appointed as a member of the Board of Executive Directors. The Supervisory Board also discussed the amount of remuneration for the Board of Executive Directors, taking into account the future composition of the Board of Executive Directors. The Chairs of the ESG, Audit, and Strategy Committees reported on their most recent meetings. Following the recommendation by the Audit Committee, the Supervisory Board resolved to appoint PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft for the audit of the consolidated and financial statements, the non-financial statement, and the remuneration report for the 2023 financial year. Furthermore, the certificate on the audit of the system for compliance with the requirements arising from Section 32 of the German Securities Trading Act (WpHG) for 2022 was presented to the members of the Supervisory Board. The Board of Executive Directors reported to the Supervisory Board on the current business situation of the K+S Group. The meeting also focused on the corporate and dividend distribution strategy as well as the current status of the optimization of the existing business, the growth of the core business, and developments in the area of new business areas.

At the ordinary meeting on October 19, 2023, the Chairmen of the Personnel, Nomination, Strategy, and Audit Committees reported on their most recent meetings. The Supervisory Board dealt intensively with current governance issues, the internal control system, the compliance management system, the risk management system, the work of Internal Auditing as well as the main features of the accounting processes, and the annual financial statements. It was also resolved to appoint Mr. Carl-Albrecht Bartmer as a member of the Supervisory Board by applying for a court appointment. Furthermore, the Supervisory Board again discussed the remuneration of the Board of Executive Directors.

The last meeting of the year was held on December 5, 2023. This was an ordinary meeting. The Chairs of the Strategy, Audit, ESG, and Personnel Committees reported on their last meetings. The planning of the K+S Group for 2024, including the financing and investment framework and projects requiring approval, was examined in detail – also in terms of its consistency with the strategic goals – and approved. Furthermore, the Board of Executive Directors provided information on current developments regarding the Werra 2060 project and the ramp-up of the Bethune plant. The joint declaration of compliance 2023/2024 by the Board of Executive Directors and the Supervisory Board was also approved.

👁 Declaration on corporate governance

COMMITTEE MEETINGS

In addition to the Mediation Committee required by law, the Supervisory Board has established six more committees to support its tasks and responsibilities: the Audit Committee, the Personnel Committee, the Nomination Committee, the Strategy Committee, the ESG Committee, and a special committee. An overview of these committees and their composition can be found in the management report from page 109 onwards and on the K+S Aktiengesellschaft website under "About K+S." There, you can also find the bylaws for the Supervisory Board and its committees.

The **Audit Committee** met a total of eight times in 2023. On March 2, 2023, in the presence of the auditor (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft) and the Board of Executive Directors, the committee intensively examined the 2022 annual financial statements of K+S Aktiengesellschaft, the 2022 consolidated financial statements, the combined management report including the non-financial statement contained in the management report and the remuneration report as well as the Board of Executive Directors' proposal for the appropriation of profit. Furthermore, the auditor reported on the quality of the audit.

At the extraordinary meeting on March 14, 2023, the Audit Committee recommended to the Supervisory Board to propose the engagement of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft for the audit of the consolidated and annual financial statements, the non-financial statement, and the remuneration report for the 2023 financial year to the Annual General Meeting.

On August 23, 2023, the committee recommended the engagement of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to audit the consolidated and financial statements, the non-financial statement, and the remuneration report for the 2023 financial year. In conclusion, the committee discussed the focal points of the 2023 audit and the results of the quality assessment conducted by the Supervisory Board for the audit of financial statements.

At the meeting on October 11, 2023, the Chief Compliance Officer provided a comprehensive report on the internal control system, the compliance management system, and the risk management system of the K+S Group. The committee acknowledged and approved the report. The Head of Internal Auditing reported on his work in the K+S Group. Furthermore, the committee dealt with the information report on income taxes and a financing concept for mining provisions.

At the meeting on November 28, 2023, the Audit Committee dealt intensively with the annual planning for 2024 and the projects requiring approval. The Audit Committee was also informed about the developments regarding consulting fees and donations/sponsoring, as well as the permissible non-audit services provided by the auditor.

On May 5, August 7, and November 10, 2023, the members of the Audit Committee, the Chief Executive Officer, and the Chief Financial Officer discussed the past quarters as well as the Quarterly Reports and Half-Year Financial Report due for publication.

The **Personnel Committee**, which prepares personnel decisions for the Supervisory Board and is responsible for other Board of Executive Directors' matters, met five times in 2023. It dealt with the termination of Mr. Riemensperger's mandate.

The Personnel Committee selected various candidates in a structured selection process with professional support, recommended them to the Supervisory Board for an interview, and issued a recommendation for the appointment of Mrs. Daske as a member of the Board of Executive Directors. The committee also dealt with the target agreement and target achievement of the Board of Executive Directors. Long-term succession planning for the Board of Executive Directors was also a focus.

Furthermore, the committee dealt with the amount of remuneration for the Board of Executive Directors and resolved an adjustment to the remuneration system for members of the Board of Executive Directors with regard to the multiple for the remuneration of individual members of the Board of Executive Directors compared to an ordinary member of the Board of Executive Directors with effect from January 1, 2024, and to submit this to the upcoming Annual General Meeting for approval.

A Chairman of the Board of Executive Directors should generally receive 1.5 times the remuneration of an ordinary member of the Board of Executive Directors, as before. The current Chairman of the Board of Executive Directors of K+S, Dr. Lohr, has twelve years of experience on the Board of Executive Directors, including seven years in the function of Chairman of the Board of Executive Directors, which is valuable management experience for the Company and the Board of Executive Directors as a whole. At the same time, he is responsible for inducting a new Board of Executive Directors team. In the view of the Supervisory Board, it is precisely such situations, which are particularly demanding for the Chairman of the Board of Executive Directors, that justify an adjustment to 1.7 times the remuneration of an ordinary member of the Board of Executive Directors.

The responsibility of the Chief Operations Officer for the two areas of production and sales, which are managed simultaneously, is also regularly characterized by considerable complexity. The Supervisory Board, therefore, believes that an adjustment of the remuneration to 1.2 times the remuneration of an ordinary member of the Board of Executive Directors is justifiable for a

member of the Board of Directors who is responsible for both production and sales ("Chief Operations Officer").

Detailed information on the amount of remuneration for the Board of Executive Directors in 2023 and the structure of the remuneration system approved by the Annual General Meeting on May 10, 2023, can be found from page 163 of the remuneration report prepared in accordance with Section 162 of the German Stock Corporation Act (Aktiengesetz, AktG).

The members of the **Nomination Committee** met two times in 2023. The subject of their consultations involved, in particular, short- and long-term succession planning for the Supervisory Board and the related selection of candidates under consideration of the competence profile, as well as future requirements of the corporate strategy.

The **Strategy Committee** met four times in 2023. It dealt intensively with the corporate strategy and, in particular, with digitalization and the projects Werra 2060, ramp-up of the Bethune plant, and the establishment of new business areas. Another focus was the energy transformation, which was discussed with members of the ESG Committee attending.

The **Mediation Committee** did not have to be convened in the past financial year.

The **ESG Committee** met three times. Reports on occupational safety and the sustainability KPIs were presented at all meetings. At the meeting on February 23, 2023, the ESG Committee discussed the non-financial statement in the presence of the auditor (PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft).

At its meeting on August 8, 2023, the focus was on occupational health management, diversity & inclusion, and energy & climate.

The last meeting of the year was held on November 15, 2023. At this meeting, the committee dealt with the CSRD and CS3D sustainability standards, sustainable supply chains, and the climate strategy.

👁 Corporate strategy, Climate strategy

The **Special Committee** established in January 2023 met four times. It dealt with measures to ensure compliance with internal business and conduct principles. The committee also examined the decisions made in connection with the geopolitical challenges.

The members of the Supervisory Board are responsible for the training and further development measures required for their duties, such as on changes in the legal framework, and are supported in this by the Company. Internal information events are offered as required for targeted further training. Prior to assuming office, it is discussed with new members of the Supervisory Board in what form they require support, e.g., with regard to German legislation, and K+S provides appropriate support.

An overview of the individualized attendance of Supervisory Board members at plenary and committee meetings can be found in the following table. All shareholder representatives physically attended the K+S 2023 Annual General Meeting. **A.1**

**ATTENDANCE OF MEETINGS BY MEMBERS OF THE SUPERVISORY BOARD OF K+S
AKTIENGESELLSCHAFT IN THE 2023 FINANCIAL YEAR**

A.1

Supervisory Board members	Meetings incl. committee meetings	Total number of full Board meetings	Attendance of full Board meetings	Total number of committee meetings	Attendance of committee meetings	Total attendance
	34; of which 14 physical, 8 hybrid, 12 virtual	8; of which 4 physical, 2 hybrid, 2 virtual		26; of which 10 physical, 6 hybrid, 10 virtual		
Dr. Andreas Kreimeyer	27	8	8	19	18	96%
Ralf Becker	29	8	8	21	20	97%
Thomas Kölbl	16	8	7	8	8	94%
Petra Adolph	19	8	8	11	11	100%
André Bahn	12	8	8	4	4	100%
Jella Benner-Heinacher (until May 10, 2023)	12	4	4	8	8	100%
Philip Freiherr von dem Bussche (until Aug. 10, 2023)	7	5	3	2	2	71%
Prof. Dr. Elke Eller	17	8	8	9	9	100%
Gerd Grimmig (until May 10, 2023)	5	4	3	1	1	80%
Lars Halbleib	16	8	8	8	8	100%
Markus Heldt	11	8	7	3	2	82%
Christiane Hölz (since May 10, 2023)	11	4	4	7	7	100%
Michael Knackmuß	13	8	6	5	5	85%
Gerd Kübler	8	8	8	–	–	100%
Dr. Rainier van Roessel	10	8	7	2	2	90%
Peter Trotha	15	8	6	7	6	80%
Brigitte Weitz	8	8	7	–	–	88%
Christine Wolff (since May 10, 2023)	5	4	4	1	1	100%
Total	241	125	91%	116	97%	92%

CONFLICTS OF INTEREST

No conflicts of interest of members of the Board of Executive Directors or the Supervisory Board requiring disclosure to the Annual General Meeting were reported to the Supervisory Board during the reporting period.

**AUDIT OF THE 2023 ANNUAL FINANCIAL STATEMENTS AND
CONSOLIDATED FINANCIAL STATEMENTS**

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt, audited the annual financial statements of K+S Aktiengesellschaft, prepared by the Board of Executive Directors in accordance with the provisions of the German Commercial Code (HGB), the consolidated financial statements prepared on the basis of the International Financial Reporting Standards, as adopted by the EU, and the supplementary German legal requirements required to be applied in accordance with Section 315e (1) HGB, and the combined management and Group management report for the 2023 financial year. The annual financial statements and the

consolidated financial statements both received unqualified audit opinions. In addition to the statutory audit, the Supervisory Board of K+S Aktiengesellschaft commissioned PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to audit the conformity with limited assurance of the combined non-financial statement in accordance with Sections 315b, 315c in conjunction with 289c to 289e HGB and Article 8 of the EU SF Taxonomy Regulation (Regulation (EU) No. 2020/852), and to conduct a formal and substantive audit of the remuneration report prepared in accordance with Section 162 AktG. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft reported the results to the Audit Committee of K+S Aktiengesellschaft at its meeting on February 28, 2024, and to the Supervisory Board at its meeting on March 12, 2024. Based on the audit procedures performed and the audit evidence obtained, no matters have come to the attention of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft that cause PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to believe that the combined non-financial statement of the Company for the period from January 1 to December 31, 2023, has not been prepared, in all material respects, in accordance with Sections 315b, 315c in conjunction with Sections 289c to 289e HGB, the EU SF Taxonomy Regulation, the delegated acts adopted in this respect, as well as the interpretation by the legal representatives presented in the "EU Taxonomy Regulation" section of the combined non-financial statement. The aforementioned documents, the Board of Executive Directors' proposal concerning the appropriation of profits, and the audit reports of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, each of which had been submitted to the members of the Audit Committee and the Supervisory Board on time, were each addressed extensively at the Audit Committee meeting held on February 28, 2024, as well as at the Supervisory Board meeting held on March 12, 2024, in the presence of the auditor. All questions raised at both meetings were answered satisfactorily by the Board of Executive Directors and the auditor. Following its own examination of the reports presented, the Supervisory Board did not raise any objections. It agreed with the Board of Executive Directors in its assessment of the position of K+S Aktiengesellschaft and of the Group and, at the suggestion of the Audit Committee, approved the financial statements for the 2023 financial year. The 2023 annual financial statements of K+S Aktiengesellschaft have, therefore, been adopted. The Supervisory Board agreed to the proposal of the Board of Executive Directors for the "Declaration on corporate governance" (page 108). The resolution on the appropriation of profits proposed by the Board of Executive Directors was also examined, particularly with regard to the present and expected future financial situation of the K+S Group. Following extensive discussions, the Supervisory Board also approved this proposal made by the Board of Executive Directors.

All the best!

On behalf of the Supervisory Board
Dr. Andreas Kreimeyer
Chairman of the Supervisory Board

Kassel (Germany), March 12, 2024

A handwritten signature in blue ink, reading "yours" followed by "Andreas Kreimeyer" in a cursive script.

K+S ON THE CAPITAL MARKET

In 2023, the stock markets were characterized, above all, by the ongoing Russian war against Ukraine, increasing geopolitical upheaval, the fight against inflation, and rising interest rates. The potash price trend in the first half of the year had a particular impact on the K+S share, which closed the 2023 stock market year at €14.31. This corresponds to a decline of 22% compared to the closing price of the previous year (€18.38) and compares with an increase of 8% for the MDAX. K+S has had an investment grade rating again since June 2023, and has, therefore, achieved an important financial target. Furthermore, K+S successfully completed the share buyback announced in March 2023 and reduced the number of outstanding shares by 12.3 million to 179.1 million.

CAPITAL MARKET DATA ¹

A.2

in € million		2019	2020	2021	2022	2023
Closing price on December 31	Xetra, €	11.12	7.79	15.19	18.38	14.31
Highest price	Xetra, €	18.61	11.20	16.33	35.36	23.01
Lowest price	Xetra, €	9.70	5.12	8.23	15.10	13.42
Shares outstanding on December 31	million	191.4	191.4	191.4	191.4	179.1
Average number of shares	million	191.4	191.4	191.4	191.4	187.3
Market capitalization on December 31	€ billion	2.1	1.5	2.9	3.5	2.6
Average trading volume per day	million units	1.40	1.68	1.32	1.31	1.01
Enterprise value (EV) on December 31	€ billion	6.7	6.1	4.7	4.4	3.8
Enterprise value to revenues (EV/revenues)	x-times	1.6	1.6	1.5	0.8	1.0
Enterprise value to EBITDA (EV/EBITDA)	x-times	10.5	13.7	4.4	1.8	5.3
Book value per share	€/share	23.49	11.61	27.48	35.11	36.31
Earnings per share, adjusted, excluding impairment effects	€/share	0.08	-0.83	2.54	7.81	0.86
Earnings per share, adjusted ²	€/share	0.41	-9.42	15.92	7.81	0.86
- thereof continuing operations	€/share	0.08	-10.04	11.40	7.81	0.86
- thereof impairment loss (-)/reversal of impairment loss (+) on property, plant and equipment and intangible assets	€/share	-	-9.21	8.86	-	-
- thereof discontinued operations	€/share	0.33	0.62	4.52	-	-
Dividend per share ³	€/share	0.04 ⁴	-	0.20	1.00 ⁴	0.70
Total dividend payout ³	€ million	7.7	-	38.3	191.4	125.4
Payout ratio (related to adjusted free cash flow) ^{3,5}	%	5.5	-	41.3	41.7	40.3
Payout ratio (related to adjusted Group earnings after tax) ^{3,5,6}	%	9.8	-	7.9	26.0	81.0
Dividend yield (closing price) ³	%	0.4	-	1.3	5.4	4.9

1 For the years 2019 to 2020, the figures relate to the continuing and discontinued operations of the K+S Group; from 2021, the figures relate to the continuing operations of the K+S Group.

2 The adjusted key figures include the result from operating forecast hedges for the respective reporting period, which eliminates effects from changes in the fair value of hedging transactions (see also 'Notes to the income statement and statement of comprehensive income' from page 209). Similarly, effects on deferred and cash taxes attributable to these transactions are also adjusted; tax rate 2023: 30.2% (2022: 30.2%).

3 In 2023, the figure corresponds to the proposed dividend.

4 In 2019, the dividend proposal was adjusted from the previous €0.15 to the minimum dividend to maintain eligibility for KfW funding. In 2022, the Board of Executive Directors and Supervisory Board have resolved to buy back own shares to the equivalent of up to around €1 per share resp. up to €200 million in total and subsequently cancel them in addition to the dividend of €1.00 per share.

5 In 2022, the payout ratio relates to dividend and share buyback.

6 In 2021, the payout ratio relates to adjusted Group earnings after tax, adjusted, excluding impairment effects.

THE SHARE

INTEREST RATE EXPECTATIONS INFLUENCED 2023 STOCK MARKET YEAR

The 2023 stock market year was characterized by four main factors: the Russian war against Ukraine, increasing geopolitical upheaval, the fight against inflation, and rising interest rates. Following a banking crisis in spring, which culminated in the bankruptcy of the major Swiss bank Credit Suisse in Europe, Germany's benchmark index DAX fell to 14,600 points. This low for the year was reached again in October, before the trend reversed. The background to this was the expectation of an "interest rate pause" or even interest rate cuts after the European inflation rate in November 2023 was once again closer to the ECB's target of 2.0%.

Ultimately, Germany's benchmark index DAX closed the year at 16,752 points, 20% higher compared with the start of the year. The MDAX closed at 27,137 points, an increase of 8%. The global MSCI World index also performed well, rising by almost 22% to close the year at 3,169 points. **A.3**

POTASH PRICE DEVELOPMENTS PUT K+S SHARES UNDER SIGNIFICANT PRESSURE

Following the rise in the K+S share price in January to up to €23.01 as a result of initially positive signals from the Brazilian market, the share price reflected the declining potassium chloride prices, in particular, as the year progressed. Despite continued restrictions on the supply of potassium chloride from

Belarus and Russia, the downward price trend seen since fall 2022 continued in the first half of 2023. This was mainly attributable to the wait-and-see attitude on the part of customers, which put prices under significant pressure. After Standard & Poor's (S&P) upgraded the credit rating to investment grade, the K+S share price rose slightly in June before falling over the remainder of the year against the backdrop of the sporadically negative perception of BHP's committee decision on the second phase of the Canadian Jansen project, ending the 2023 stock market year at a closing price of €14.31. This corresponds to a decline of 22% compared with the previous year's closing price (2022 year-end price: €18.38).

The short selling rate (only reportable short sales of 0.5% or more taken into account) at the end of the year increased to 3.28% compared with the previous year's level of 0.54% (source: German Federal Gazette).

📄 www.kpluss.com/share

SHARE PRICES OF COMPETITORS

We also track the share price development in comparison with our publicly traded competitors. These include, above all, the fertilizer producers Nutrien from Canada, Mosaic from the USA, and ICL from Israel. Particularly due to the potash price development in 2023, the shares of our competitors (Nutrien -23%, Mosaic -19%, ICL -29%) closed the year similar to the K+S share at -22%. **A.4**

K+S SHARE PERFORMANCE COMPARED WITH DAX, MDAX, AND MSCI WORLD IN 2023

A.3

in % (Index: December 31, 2022)



K+S SHARE PERFORMANCE COMPARED WITH COMPETITORS IN 2023

A.4

in % (Index: December 31, 2022)

**SHAREHOLDER STRUCTURE**

According to the free float definition of Deutsche Börse AG, the free float is 100%. By December 31, 2023, the following shareholders had notified us of shareholdings above the statutory reporting thresholds:

- Rossmann Beteiligungs GmbH: 4.63% (notification dated December 8, 2023)
- Norges Bank: 4.25% (notification dated November 9, 2023)¹
- BlackRock, Inc.: 3.83% (notification dated December 1, 2023)¹
- The Goldman Sachs Group, Inc.: 3.65% (notification dated May 26, 2022)¹

AMERICAN DEPOSITORY RECEIPTS FOR TRADING IN NORTH AMERICA

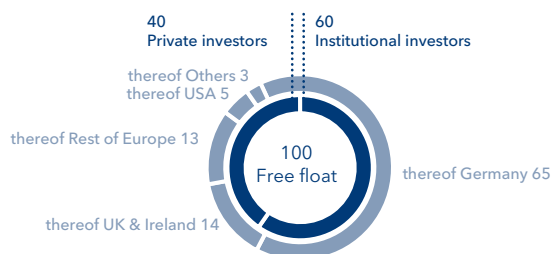
In North America, we have offered an American Depositary Receipts (ADR) program to assist investors there in trading in K+S securities since 2009 and are, therefore, expanding the international shareholder base. As ADRs are quoted in US dollars and the dividends are also paid in US dollars, they are essentially similar to US stocks. Two ADRs correspond to a single K+S share. ADRs are traded on the OTC (over-the-counter) market in the form of a "level 1" ADR program. The K+S ADRs are listed on the OTCQX trading platform. In the 2023 financial year, the ADRs declined from USD 9.88 on December 31, 2022, to USD 7.80 on December 31, 2023, a decrease of 21%. The delta to the development of the K+S share is currency-related.

- ☐ www.kpluss.com/adr
- ☐ www.otcmartets.com

SHAREHOLDER STRUCTURE

A.5

in %

**SHARE BUYBACK 2023**

The Board of Executive Directors and Supervisory Board decided to buy back shares (with subsequent cancellation of the shares) in addition to paying a dividend of €1.00 per share (total dividend payout: €191.4 million) to ensure an appropriate participation of our shareholders in the success of the 2022 financial year. In total, capital amounting to around €2 per share or €390 million was returned to shareholders.

The share buyback took place following the Annual General Meeting from May 16, 2023 to November 13, 2023. 12.3 million shares with a total volume of €198.6 million were acquired. Accordingly, the average buyback price was around €16.15 per share (excluding incidental costs). The shares were canceled on December 5, 2023. This reduced the number of outstanding

¹ The notification of the shareholding relates to the previous number of outstanding shares of 191.4 million.

shares by a good 6.4% from 191.4 million shares to 179.1 million shares.

SHAREHOLDERS' PARTICIPATION IN THE SUCCESS OF THE COMPANY

We announced our dividend policy with our strategy published in 2021. This provided for a basic dividend of 15 cents per share with the possibility to be increased by a discretionary premium in the event of good economic development. At the time this dividend policy was set, the focus was on rapidly reducing the Company's debt, securing its financing capability, and creating a solid balance sheet. Following the sale of the Americas operating unit, net financial liabilities were still in the higher triple-digit million euro range. Since the business development in 2022 has already resulted in significantly faster progress in debt reduction and K+S even succeeded in establishing a net asset position, the dividend policy for future decisions on shareholder participation in the Company's success was revised in 2023:

In future, the amount of the shareholder participation in K+S's corporate success will generally be based on the adjusted free cash flow (operative, excluding special effects). This key figure already takes into account the investments to optimize our existing business in terms of total shareholder return. K+S aims to return 30% to 50% of the adjusted free cash flow generated annually to shareholders. Capital is returned in the form of a dividend, which can be combined with a share buyback, if applicable. The possible combination of both instruments also aims to counteract large fluctuations in the annual dividend.

The following factors are applied in determining the exact percentage of adjusted free cash flow for shareholder participation:

- + Expected business development
- + Balance sheet structure
- + Expected development of capital expenditure

Furthermore, K+S wants to maintain a strong balance sheet and generally strives for a maximum leverage ratio (net debt/EBITDA) of 1.5x.

We would like our shareholders to participate appropriately in our success in the 2023 financial year. Against this backdrop, the Board of Executive Directors and Supervisory Board will propose to the Annual General Meeting a dividend for the 2023 financial year of €0.70 per share (total dividend payout: €125.4 million) (previous year: dividend of €1.00 per share; total dividend payout: €191.4 million; and share buyback of €198.6 million). As a result, 40% of the adjusted free cash flow of the year 2023 will be distributed (previous year: 42% of the of the adjusted free cash flow for 2022).

- 👁 Corporate strategy
- 👁 Report on expected developments

BONDS AND RATING

On December 14, 2022, the 3-month par call of our bond maturing in April 2023 was exercised and the bond matured on January 6, 2023. Only one bond with a volume of €278 million is currently outstanding. Despite declining potash prices, the bond price remained stable over the course of the year and closed the year at 99.66%. **A.6**

BOND PRICES AND YIELDS

A.6

in %	Dec. 31, 2023	
	Price	Yield
K+S bond (July 2024); coupon: 3.250% ¹	99.66	3.84

¹ 3-month par call available.

The rating agency Standard & Poor's (S&P) upgraded our rating from BB+ (outlook "positive") to BBB- (outlook "stable") on June 5, 2023. According to S&P, this was mainly attributable to the significant debt reduction and the forward-looking financial policy. K+S has, therefore, achieved its long-term goal of regaining an investment grade rating.

INVESTOR RELATIONS

RESEARCH COVERAGE ON K+S

The extensive research coverage of the K+S Group again reached a very good level in 2023. The banks analyzing us on a regular basis range from investment boutiques with regional expertise to major banks with an international approach. In the 2023 financial year, 19 banks analyzed us regularly (2022: 20).

📄 www.kpluss.com/analysts

At the end of the year, according to Bloomberg, 8 banking houses rated us as "Buy/Accumulate", 9 "Hold/Neutral", and 2 "Reduce/Sell". The average target price was €18.40.

K+S INVESTOR RELATIONS OFFERS COMPREHENSIVE RANGE OF INFORMATION

In 2023, we continued to comprehensively respond to the capital market's need for information. We had meetings with investors from Europe, North America, and Asia. Alongside virtual roadshows and conferences, we held and attended face-to-face events again. We, furthermore, organized numerous one-on-one meetings as well as conference calls. This year, we also maintained contact with retail shareholders not only by telephone and in virtual format, but also again at face-to-face events. A total of 34 roadshow and conference days were held, with around 500 individual investor contacts.

We provide a comprehensive range of information on our website and also publish interviews with members of the Board of Executive Directors on YouTube and LinkedIn as part of our regular financial reporting.

- 📺 www.youtube.com/user/kplussag
- 📺 www.linkedin.com/company/k-s-group

The aim of our investor relations work is transparent and fair financial communication with all market participants to maintain and strengthen confidence in the quality and integrity of our corporate governance and provide comprehensive, prompt, and fact-based information about our strategy, as well as about all events at the K+S Group that are relevant to the capital markets. Ongoing dialogue with proxy advisors as well as the decision makers of our investors when voting at the Annual General Meeting is also very important to us.

ABOUT THIS REPORT

This Annual Report combines the financial and sustainability reporting of K+S. The information is disclosed annually and relates to the reporting period from January 1 to December 31, 2023. The disclosures in the management report refer to the continuing operations of the K+S Group.

EXTERNAL AUDIT

For the financial year from January 1 to December 31, 2023, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) audited the consolidated financial statements of K+S Aktiengesellschaft, Kassel, as well as the "Combined management report" excluding the "Combined non-financial statement" and issued an unqualified audit opinion. The non-financial Group statement pursuant to Section 315b of the German Commercial Code, which was combined with the non-financial statement of the parent company pursuant to Section 289b of the German Commercial Code (hereinafter referred to as the "combined non-financial statement"), was audited in accordance with ISAE 3000 rev. with limited assurance. Furthermore, the content of the "Remuneration report" was audited.

👁 Corporate governance and monitoring, Non-financial performance indicators

Since the 2020 financial year, we have also been managing the Company using non-financial indicators. These have provided the basis for part of the long-term incentive (LTI) as a variable component of the remuneration of the Board of Executive Directors and all LTI-eligible employees since 2020 and were paid out for the first time in 2023. The LTI-relevant figures to be paid out were examined with reasonable assurance.

👁 Remuneration report

DATA RECORDING AND REPORTING LIMITS

Financial key indicators are disclosed for the business of the K+S Group, unless explicitly stated otherwise.

The consolidated financial statements include K+S Aktiengesellschaft and all significant affiliated companies. Subsidiaries of minor importance are not consolidated.

The key indicators recorded in the report have been rounded in accordance with standard commercial practice. Accordingly, rounding differences may occur, so that values in this report do not add up exactly to the totals given.

Diversity is a central component of our corporate culture. If, for reasons of readability, the masculine form is used in the German annual report, it is representative and unrestricted for persons of all genders (m/f/d).

Our Group-wide IT platform includes all major Group companies, a uniform Group chart of accounts, and standardized automated accounting processes. The collection of financial data is largely carried out via SAP systems. The collection of non-financial key performance indicators as part of the sustainability goals is mapped as a mandatory process in our business process software. Internal reporting is subject to multi-stage formalized controls to ensure the completeness and accuracy of the information.

We also record our key personnel indicators worldwide largely using SAP systems. They cover all fully consolidated companies. The recording of the indicator on employees' positive perception of an inclusive working environment is presented in the "Diversity & Inclusion" section. The majority of HSE indicators are recorded through an SAP system for all fully consolidated and non-consolidated companies.

Selected environmental indicators of the potash and salt production sites are recorded, analyzed, evaluated, and consolidated using Sphera's "Corporate Sustainability" environmental data management software. Performance indicators within the meaning of the CSR Directive Implementation Act (CSR-RUG) are calculated based on measured and extrapolated values and recorded via individual data sheets.

The majority of the procurement volume ordered through the procurement department is recorded using the SAP system for all fully consolidated companies.

We record our compliance indicator using a data sheet and include all K+S Group companies with a stake of at least 50%.

👁 Notes, List of shareholdings

COMBINED NON-FINANCIAL STATEMENT

All disclosures made and key indicators presented in the non-financial statement relate to the business activities of the K+S Group, including K+S Aktiengesellschaft, unless stated otherwise.

REPORTING STANDARDS

Pursuant to the CSR Directive, statements on material sustainability issues are included in the combined non-financial statement of the combined management report and are supplemented by references to other sections of the management report. References to information outside the combined management report are additional information and not part of the combined non-financial statement.

👁 Combined non-financial statement

The published sustainability information has been prepared in accordance with the international framework of the Global Reporting Initiative "GRI revised Universal Standards." The report is also based on the GRI G4 Sector Disclosures: Mining and Metals (2014). A GRI content index and a mapping to the UN Global Compact Principles can be found on our website.

📄 www.kpluss.com/gricontentindex

The contents of the Annual Report also represent the so-called Communication on Progress for the UN Global Compact, which was carried out as a questionnaire (CoP – Communication on Progress) for the first time in 2023. The Board of Executive Directors is expressly committed to the ten principles of the UN Global Compact. As a member, K+S supports the principles regarding human rights, labor standards, environmental protection, and anti-corruption.

We support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and also consider their requirements in this report. A mapping to the disclosures required by TCFD and our report content as well as a reconciliation to the CDP questionnaire can be found on our website. We also comply with the requirements of the Sustainability Accounting Standards Board (SASB). An overview of their requirements and the correlation to the corresponding sections in our report can also be found on our website. The information in this report is not part of the audit of the combined non-financial statement with limited assurance conducted in accordance with ISAE 3000 rev.

📄 www.kpluss.com/ratings-rankings

The non-financial statement (NFS) previously prepared in accordance with the CSR will be fundamentally expanded and revised as part of the Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standards (ESRS) for the 2024 Annual Report. The preparation and development of an ESRS implementation strategy has already begun in 2023 and will continue on an ongoing basis.

COMBINED MANAGEMENT REPORT

B

35 Combined management report

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BUSINESS MODEL

We enrich life for generations. K+S makes an important contribution to society: We help farmers to secure the world's food supply and in the production of high-quality food. With our products, we keep numerous system-relevant industries running. We enrich the daily lives of consumers and ensure safety in winter. With around 11,000 employees, production sites on two continents, and a global distribution network, we are a reliable partner for our customers. We are focusing even more strongly than before on fertilizers as well as on specialties and expanding our portfolio with customized products and services for our customers. We want to become leaner, more cost-efficient, more sustainable, more digital, and more performance-oriented. On a solid financial basis, we are striving to open up new markets and business models. We are committed to our social and environmental responsibility in all regions in which we operate.

COMPANY PROFILE

The operations of K+S comprise the global business with potash and magnesium products from our plants in Germany and our Canadian site in Bethune, as well as the European salt activities. Furthermore, it includes the waste disposal and recycling business in Germany, which has been operated together with REMEX GmbH, Düsseldorf, (REMEX) in the joint venture REKS GmbH & Co. KG, Düsseldorf, (REKS) since the closing on December 22, 2021, the granulation of animal hygiene products, the production of commercial explosives, and trading in a selection of basic chemicals. As part of the streamlining following the sale of the former Americas operating unit (closing of the transaction in April 2021), these business activities as well as the other activities of K+S Aktiengesellschaft have been combined to form a more efficient organization. Consequently, hierarchical levels have been eliminated and the management level that reports directly to the Board of Executive Directors has been significantly streamlined. The Board of Executive Directors performs the economic analysis and assessment, takes the operational decisions, and allocates the resources for this entirety. Therefore, K+S has been reporting based on a single segment within the meaning of IFRS 8 since the 2021 financial year.

K+S has a broad product range and is the only potash producer with production sites on two continents. This is a strong basis for supplying system-relevant products to numerous industries in the future as well and for making a decisive contribution to safeguarding the world's food supply. Particularly as a result of the significantly lower Russian and Belarusian supply of potassium chloride fertilizers since the beginning of 2022, the importance of K+S as a reliable supplier has increased, especially in Europe.

Moreover, during the COVID-19 pandemic, K+S proved that its business model can cope well with external shocks. The megatrends that will carry this business model into the future, such as the steadily growing world population and the resulting increase in demand for food, animal feed, and pharmaceutical products, remain intact.

We combine the interests of our customers in the Agriculture and Industry+ customer segments (there are still no segments within the meaning of IFRS 8, as we do not manage our business in accordance with these segments and there is no complete internal reporting for these segments). The Agriculture customer segment comprises our fertilizer business. The Industry+ customer segment combines business with customers from the Industry, Consumers, and Communities segments.

CUSTOMER SEGMENTS

AGRICULTURE: WE WANT TO HELP FARMERS SECURE THE GLOBAL FOOD SUPPLY

We sell our fertilizers on almost every continent. They are an essential component in the fertilization of all major arable crops, such as grain, corn, soy, rice, sugar cane, sugar beet, and also special crops such as potatoes, coffee, and tomatoes.

Products and services

The products of this customer segment are deployed as plant nutrients in agriculture. As natural products, these are also largely approved for organic farming under EU law. **B.1**

Potassium chloride

The universally applicable mineral fertilizer potassium chloride is used, in particular, for important crops such as grain, corn, rice, and soybeans. Potassium chloride is applied directly to fields in granular form, mixed with other straight fertilizers in bulk blenders or alternatively supplied as a fine-grain "standard" product to the fertilizer industry, which processes it with other nutrients to produce complex fertilizers.

Fertilizer specialties

The fertilizer specialties differ from potassium chloride, either because they are chloride-free, because of different nutrient formulas with magnesium, sulfur, sodium, and trace elements, or because they are water-soluble. These products are used for crops with higher magnesium and sulfur requirements, such as rapeseed or potatoes, and for chloride-sensitive specialty crops such as citrus, grapes, or vegetables. Fully water-soluble fertilizers are used, for example, in fertigation (use of fertilizers in irrigation systems), primarily for fruit and vegetables. The fertilizer specialties are marketed under the following product brands: KALISOP®, KORN-KALI®, ROLL-KALI®, PATENTKALI®, ESTA® KIESERIT, MAGNESIA-KAINIT®, SOLUMOP®, SOLUSOP®, SOLUCMS®, SOLUMAP®, SOLUMKP®, EPSO TOP®, EPSO MICROTOP®, EPSO COMBITOP®, EPSO PROFITOP®, EPSO BORTOP®.

AGRICULTURE – REVENUES BY PRODUCT GROUP

B.1

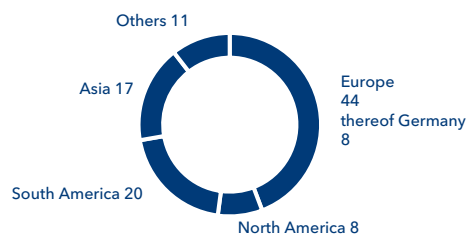
in %



AGRICULTURE – REVENUES BY REGION

B.2

in %



Major sales regions and competitive positions

More than one third of the Agriculture customer segment's revenues are generated in Europe. Here, we benefit from the logistically favorable proximity of our production sites to European customers, which not only increases efficiency, but also contributes to a lower CO₂ footprint. Other key sales regions are located in South America, particularly Brazil, and Asia. **B.2**

In terms of sales volume, including fertilizer specialties, K+S is the fifth-largest producer of potash products worldwide and the largest in Western Europe.

Due to the continuous ramp-up of our plant in Bethune, Canada, as well as lower exports from our competitor in Belarus as a result of sanctions and the significantly reduced export volumes of Russia, our global market share rose to a good 10% in 2022 (source: IFA, K+S). Although exports from Russia and Belarus increased again in 2023, our global market share should still be nearly 10% in 2023. The updated IFA figures for 2023 are expected in the summer of 2024. Major competitors include the North American companies Nutrien and Mosaic as well as the Russian producers Uralkali and EuroChem, Belaruskali from Belarus, ICL from Israel, APC from Jordan, and SQM from Chile.

INDUSTRY+: WE WANT TO PROVIDE SOLUTIONS THAT KEEP INDUSTRIES RUNNING, ENRICH THE LIVES OF CONSUMERS IN FOOD AND WATER SOFTENING, AND ENSURE SAFETY IN WINTER

In this customer segment, we combine our business activities with industrial products, products for consumers, as well as de-icing salts for cities and communities.

Our products are primarily used in the chemical, food, animal feed, and pharmaceutical industries. Furthermore, our potash, magnesium, and salt products are used in a variety of other industrial applications.

Our products are available to consumers on supermarket shelves throughout Europe.

Our de-icing salts ensure road safety in winter.

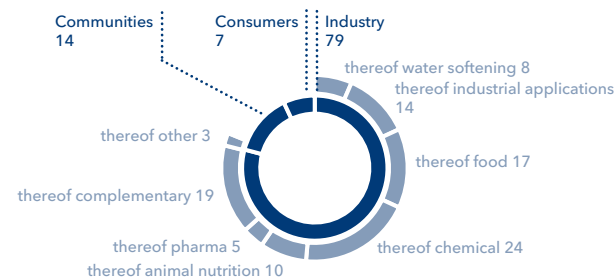
Products and services

In Europe, K+S offers a wide range of high-quality potash, magnesium, and salt products for industrial applications in various purity grades and special grain sizes. These are used, for example, in the chemical industry, where chlor-alkali electrolysis is applied to produce basic chemicals, which in turn are required for the production of plastics, foams, insulating materials, and a variety of other products. In the food industry, salt is also an indispensable raw material for improving the taste and nutritional content of food and as a preserving agent. As an alternative to reducing the sodium content in food, K+S also offers food-grade potassium chloride. Moreover, our products are used in the animal feed industry. Potash and salt products in pharmaceutical quality are used, for example, in dialysis, as an infusion solution, as an active ingredient or excipient in medicines, or as a carrier medium for vaccines. Our products are also used in a wide range of other industrial applications, such as in the construction industry, in the manufacture of glass, in metallurgical processes, in the textile industry, in biotechnology, in oil and gas exploration, in water softening, and in battery production. The brands in the industrial products business include, for example: APISAL®, AXAL®, KASA®, k-DRILL®, NUTRIKS®, REGENIT®, SOLSEL®. **B.3**

INDUSTRY+ – REVENUES BY PRODUCT GROUP

B.3

in %



K+S products for consumers include table salt, salt for water softening, as well as dishwashing salt. Household packs of de-icing salt for consumers supplement the product range in this segment. Product brands include, among others, CÉRÉBOS®, SALDORO®, VATEL® for table salt, as well as AXAL® for water softening and REGESOFT® as dishwashing salt.

Public road works authorities, winter service providers, as well as major commercial users obtain high-quality de-icing salt and brine from K+S and its subsidiary DSD (Deutscher Straßen-Dienst GmbH). Most of these contracts are concluded through public tenders. Other European countries are served either by our own national sales companies or by specialized distributors. An extensive warehouse and logistics network ensures excellent product availability for our customers, even in severe winters. Large volumes of our products are transported in an environmentally friendly manner by rail and vessel. For special requirements in terms of purity and temperature, premium de-icing agents are offered, which, for example, generate heat on contact with ice and snow through the addition of calcium chloride and act more efficiently than conventional products, particularly at very low temperatures. We use the DI-MIX® brand in Europe for this area of application.

Products and services Complementary Activities

As a service for third parties in the waste management sector and as a complementary activity, K+S, together with REMEX in the REKS joint venture, also uses selected underground cavities created as a result of the extraction of crude salt. The business represents responsible and sustainable waste disposal – both underground and above ground. REKS combines the traditional world of mining with modern circular economy. On the one hand, waste is safely removed from the biosphere through storage in these underground disposal sites; on the other hand, it is recovered by filling these cavities with residues from flue gas

cleaning as backfill materials. The salt deposits used for this purpose are separated from the ongoing operations of raw material extraction, are impermeable to gas and liquids, and are securely separated from the layers carrying groundwater. A combination of geological and technical barriers guarantees the highest possible safety. K+S offers the secondary aluminum industry a complete service for the recycling of salt slag. The joint venture also provides K+S with the best possible access to the optimum materials needed for the coverage of large tailings piles at the German potash sites in future.

At the Salzdetfurth site, large parts of the above ground infrastructure of an inactive potash plant are also used for granulating the well-known brand product CATSAN® for animal hygiene for MARS GmbH, among others.

Chemische Fabrik Kalk GmbH (CFK) trades in a selection of basic chemicals such as caustic soda, nitric acid, sodium carbonate (soda), as well as calcium and magnesium chloride.

At our subsidiary MSW-Chemie GmbH, we produce safe-to-handle commercial explosives, which are primarily used in mining. Among other things, we developed an emulsion explosive with low emissions to comply with occupational exposure limits.

- 🔗 Combined non-financial statement, Business Ethics & Human Rights
- 🔗 We promote sustainability

Major sales regions and competitive positions

Following the sale of the Americas operating unit in 2021, the majority of this customer segment's revenues is generated in Europe.

With products containing potash and magnesium for industrial, technical, and pharmaceutical applications, K+S is one of the world's most efficient suppliers and by far the largest in Europe. K+S is the European leader in salt products alongside its competitors Südwestdeutsche Salzwerte, Groupe Salins, and

Nobian. In underground disposal and recycling, the REKS joint venture is mainly active in Europe, where it is one of the leading suppliers.

Revenues from consumer products are mainly generated in Germany, France, Benelux, Portugal, Scandinavia, the Czech Republic, and other Eastern European markets.

K+S is the European leader in consumer products alongside its competitors Südwestdeutsche Salzwerte and Groupe Salins.

Revenues from de-icing salt are mainly generated in Germany, Scandinavia, the Czech Republic, Poland, and Benelux.

K+S is the European leader in de-icing salts alongside its competitors Südwestdeutsche Salzwerte and Groupe Salins.

LEGAL GROUP STRUCTURE

K+S Aktiengesellschaft holds shares, directly and indirectly, in its subsidiaries, both in Germany and abroad, which make a significant contribution to its financial performance. Along with K+S Aktiengesellschaft, the consolidated financial statements of the K+S Group also include all material equity investments. Subsidiaries of subordinate importance are not consolidated.

🔗 Notes, List of shareholdings

Significant subsidiaries are the directly held K+S Minerals and Agriculture GmbH and K+S Holding GmbH. K+S Holding GmbH is the parent company of K+S Netherlands Holding B.V., which holds, among other things, the shares in Group companies in Canada. K+S Minerals and Agriculture GmbH holds its foreign companies mainly through its own intermediate holding companies.

There are no changes to the scope of consolidation for the 2023 financial year.

VALUE CREATION¹

In the following, we present our business model using the value chain, which extends over the following six sections: Exploration, Mining, Production, Sales/Marketing, Logistics, and Application. All disclosures relate to continuing operations. **B.4**

EXPLORATION

Exploration provides insights into the dimensions and structure of the deposits, as well as their thickness and mineral content. We use the data obtained to calculate reserves in accordance with international standards. Worldwide, underground exploration is predominantly conducted by drilling boreholes and taking seismic measurements, which provide a spatial representation of the underground geological structures.

RESERVES AND RESOURCES

Our potash and rock salt deposits are either owned by the K+S Group or we have corresponding licenses or similar rights permitting the mining or solution mining of the raw material deposits and securing them over the long term. A distinction is made between reserves and resources for raw material deposit, the determination of which is based on internationally recognized standards and is carried out on a regular basis. Reserves are defined as the amount of an already developed raw material that can be extracted economically with the technical possibilities currently available. Deposits for which geological indicators point to corresponding raw material deposits but exploration has not yet progressed far enough are referred to as resources.

Our potash deposits in Germany contain reserves of about 1.2 billion tonnes of crude salt and resources of about 1.4 billion tonnes of crude salt. For our Bethune site in Canada, we report the reserves and resources in billion tonnes of potassium chloride as a finished product ready for sale. The reserves amount to 0.2 billion tonnes and the resources to about 0.9 billion tonnes.

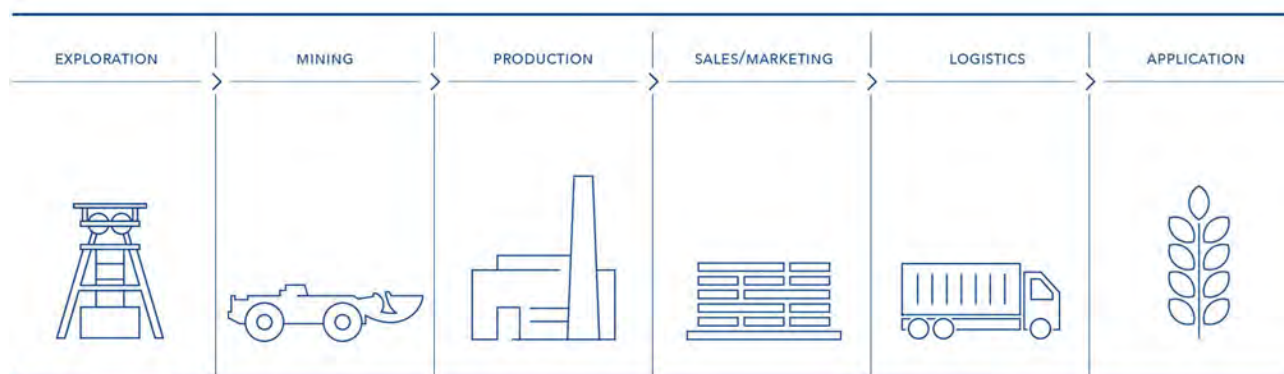
The K+S Group has reserves in its rock salt deposits amounting to 0.1 billion tonnes of crude salt in Europe. Furthermore, resources amounting to just under 0.4 billion tonnes of rock salt can be reported.

MINING

We extract raw materials in conventional underground mining as well as solution mining. Due to largely comparable mining processes, synergies can be achieved in the extraction of potash and magnesium products as well as salt. This involves the exchange of technical, geological, and logistical know-how as well as personnel and the coordinated procurement of machinery and auxiliary materials.

In underground mining, the crude salt is extracted in our mines by means of drilling and blasting. Large shovel loaders then transport the crude salt to crushing plants. From there, the crushed salt is transported to the conveyor shaft via belt conveyors. In this way, potassium chloride (KCl) and magnesium sulfate ($MgSO_4$)/kieserite ($MgSO_4 \cdot H_2O$) as well as rock salt (NaCl) are extracted in Germany.

VALUE CHAIN

B.4


¹ The contents of this section are unaudited voluntary disclosures not included in the audit.

Moreover, K+S has operations in [solution mining](#) for evaporated salt in the Netherlands and in Germany. Since summer 2017, we have also been extracting potassium chloride through solution mining at the Bethune potash plant in Saskatchewan, Canada.

In 2023, 34 million tonnes of crude salt were extracted from potash deposits in Germany. Furthermore, a good 2 million tonnes of potassium chloride were produced in Bethune as a finished product ready for sale. Production from rock salt deposits in Europe amounted to 5 million tonnes.

LONG-TERM PLANNING OF MINES

Once the raw materials of a mining operation are exhausted or their extraction becomes economically inviable, measures are initiated for its partial or complete closure. In Germany, decommissioning and post-closure maintenance are regulated, among other things, by the Federal Mining Act.

Potash production at the Sigmundshall site was discontinued as planned at the end of 2018. The technical measures required to secure the mine, which will continue for several years, were developed as part of an extensive project and have been agreed with the relevant authorities. The [flooding](#) of Sigmundshall began in 2021. Moreover, K+S decided to establish the [Innopark](#), an innovation center for testing and establishing new business fields, at the Sigmundshall site in November 2019, which is intended to complement research and development in the search for new markets and business models. The focus here is also on potential options for subsequent use of our infrastructure by start-ups for the construction of an indoor shrimp farm and underground farming.

👁 Research and development

The potential resumption of potash production at the Siegfried-Giesen site, which was shut down in 1987, was approved by a [planning approval decision](#) in January 2019. K+S will decide whether and when the project can be implemented, taking into account framework and market conditions.

In Lower Saxony, we are generally obliged to flood the remaining mine cavities if the sensible subsequent use of a decommissioned mine is not possible. A total of 26 mines have already been secured, two are currently being flooded, and one has been kept "dry."

PRODUCTION

The processing and refinement of raw materials is one of our core competencies. Our central position in Europe significantly contributes to our independence from imports, minimizing intercontinental trade routes, and therefore sustainably reducing

the carbon footprint of important products in our market segments. All of our mined mineral crude salts from natural deposits largely pass through multi-stage mechanical or physical processes of the highest efficiency, without changing their natural properties.

At the end of 2023, the annual production capacity of potash and magnesium products was a good 8 million tonnes.

In addition to the mineral [sylvinite](#) (11 to 25% potassium chloride content), the potash deposits in Germany also contain magnesium and sulfur (9 to 24% magnesium sulfate content), which are important for agriculture. Adapted to the respective crude salt situation at our sites, we use proven and innovative processes for [crystallization](#), [flotation](#), and, in some cases in combination with both, the [electrostatic separation process](#) (ESTA®) developed by us. The processing of magnesium sulfate crude salts, in particular, is a unique selling point in international comparison with respect to the corresponding crude salt deposits and processing using the ESTA® process.

The potash deposit in Bethune, Canada, contains crude salt with 26% potassium chloride. Following the completion of our plant in 2017, we have been using [solution mining](#) due to the depth of the deposit. In this process, minerals are dissolved from [caverns](#) and the saturated solution (brine) is pumped to the surface and processed into our products with the subsequent processes of evaporation, crystallization, and granulation. As the solution process is water- and energy-intensive, great efforts are made to preserve and reuse as much of the natural resources as possible.

The extraction and processing of potash crude salts generates solid residues and saline wastewater. A detailed description of our tailings pile management and water protection measures can be found in the section "Environment & Resources" in the combined non-financial statement from page 87 onwards.

K+S has an annual production capacity of about 9 million tonnes of salt and brine in Europe. Rock salt extracted underground is crushed to the desired grain size above ground. Evaporated salt is produced by evaporating the water in the brine and obtaining dissolved salt as a result.

PROCUREMENT

In 2023, K+S purchased technical goods, raw materials, and supplies, as well as services (incl. logistics services), from about 8,700 suppliers for about €2.3 billion (2022: €2.2 billion). The majority of our purchasing volume is incurred in production and in maintenance and expansion measures. Materials used in our production and products account for only a comparatively small share of the purchasing volume.

In accordance with the location of our sites, the K+S Group procures most of its materials and services from Germany (67%). Furthermore, materials and services are procured from Canada (14%), the Netherlands (3%), France (2%), the United States of America (2%), and the rest of the world (12%). Overall, 99% of our contractual partners come from OECD countries.

🔗 Combined non-financial statement,
Business Ethics & Human Rights

Open and fair cooperation is our aspiration in our collaboration with our suppliers and service providers. We select our suppliers and service providers in a systematic, transparent, and IT-supported process, and according to professional and economic criteria. We maintain long-term partnerships with our strategic suppliers and service providers to ensure, among other things, long-term supply, and cargo-space security.

LOGISTICS

Our Supply Chain Management governs and monitors the entire supply chain to ensure reliable global delivery to our customers on competitive terms and conditions. We use the various modes of transportation, taking into account their individual advantages, and incorporate the more environmentally friendly and economical railways and waterways as far as possible. We monitor costs using Group-wide key performance indicators, measure the performance of logistics systems, and improve them in a continuous process to maintain and increase customer satisfaction.

Each year, K+S transports an average of more than 25 million tonnes of goods, including double counts in the use of different modes of transportation. A network of storage, port, and distribution sites is available worldwide for this purpose.

OUR OWN LOGISTICS ACTIVITIES

K+S Minerals and Agriculture GmbH operates the "Kalikai" (potash quay) in Hamburg, one of the largest transshipment facilities for exports of bulk goods in Europe, with a storage capacity of around 400,000 tonnes. More than 3 million tonnes of potash and magnesium products are handled here every year. For the onward transportation of the goods, K+S Minerals and Agriculture GmbH has access to a multi-modal logistics provider that offers environmentally friendly transportation concepts for container transportation with its shareholding in modal 3 Logistik GmbH.

The state-of-the-art transshipment and storage facility for potash products in the Canadian port of Vancouver (Port Moody) comprises, among other things, an unloading station for rail cars, 1,260 meters of conveyor belts, as well as a 263-meter-long storage shed for a total of 160,000 tonnes of potash products. Freight trains with up to approx. 18,000 tonnes of product can be unloaded here and vessels with a capacity of up to 70,000 tonnes can be loaded at the facility's quay. K+S has 1,350 rail cars for transportation from the Bethune plant.

We have also invested in our own fleet of rail cars for our European rail traffic and have 404 freight cars.

LOGISTICS SERVICE PROVIDERS

Securing long-term freight capacity is very important to us. Most of our international transportation volume is forwarded by service providers with whom we maintain long-standing partnerships. At the end of 2023, for example, a ten-year contract extension including a new rail car construction program was concluded with DB Cargo.

SALES/MARKETING

We aim to be the most customer-focused, independent supplier of mineral products. High product quality and reliability are important prerequisites for this. We strive for the greatest possible proximity to our customers and want to offer them tailor-made products, which we distribute worldwide through our established sales network close to our customers.

We choose a specific go-to-market concept depending on the country. In India, for example, we train and advise farmers through our team of agronomists and distribute a wide range of water-soluble fertilizers directly to local retailers. With Grainpulse, an integrated agricultural company in Uganda, we produce tailor-made fertilizer blends, and offer farmers access to coffee and grain sales. As part of our specialty strategy, we have entered into a cooperation with our Serbian partner, Elixir, to supplement our product portfolio with fertigation products containing tMAP (water-soluble phosphate fertilizer) in the future.

Assured quality, on-time delivery, and expert advice should contribute significantly to customer loyalty. In quality management, we continuously strive to improve the quality of our products throughout the entire value chain. Our quality management system is based on DIN EN ISO 9001 and audited by external, accredited certification companies. We continuously evaluate our products regarding potential risks to health, safety, and quality, as well as their environmental compatibility. These evaluations are reviewed annually by external certifiers such as IFS and GMP+.

We ensure that the products are safe for people and nature when used responsibly and appropriately. We provide our customers with extensive information on products and services in product and safety data sheets. We issue declarations of conformity for our fertilizers in accordance with the current Fertilizer Products Regulation. This guarantees the legal compliance of our products worldwide. Since most of our products are chemically unmodified natural substances, they are exempt from mandatory registration under the European Chemicals Regulation REACH. All other substances are registered in accordance with the regulations.

APPLICATION

Products and services, their application as well as significant sales markets, and competitive positions are described in the "Company profile" presented within the customer segments.

APPLICATION ADVICE

In the Agriculture customer segment, professionally trained and globally active agronomists advise our customers and develop needs-based solutions. We also conduct extensive research and our own field trials to optimize the supply of nutrients. The focus here is on the composition, quantity, and application of nutrients in order to develop a customized portfolio. We focus on all major agricultural crops such as wheat, corn, rapeseed, sugar beet, potatoes, soybeans, and oil palms. Depending on the climate, soil, and application conditions, we develop customer and crop-specific solutions. These solutions serve to ensure the long-term fertility and performance of the soil as a natural resource.

As a service, we offer expert customer advice in the agricultural sector. We anticipate trends and research the changing framework conditions in terms of water and resource efficiency and related to soil fertility. Our goal is to optimize the supply of plant nutrients to crops, even under changing conditions. We provide technical application advice worldwide for our industrial products.

For our customers in the industrial sector, we provide technical application advice and suitable product solutions worldwide. We analyze our customers' needs and jointly develop solutions as well as recommendations for product applications or production processes.

We offer professional product training for major customers on specific topics to optimize the application and efficiency of our products for our customers.

We identify trends and opportunities for product innovation and support the development of new products. This includes analyzing technical feasibility and developing new areas of application as well as alternative products. Together with our customers, we conduct trials and practical application tests to further develop our product portfolio with tailor-made solutions and continuously optimize our customers' processes.

VALUE ADDED STATEMENT

The following value added statement indicates our contribution to private and public income. Value added is calculated from revenues and other income after deducting the cost of materials, depreciation, and amortization (excluding impairment effects) and other expenses. The allocation statement indicates which shares of the value added went to employees, shareholders, the government, and lenders, and which share is attributable to the Company. The value added statement relates to continuing operations. **B.5**

In the year 2023, our value added amounted to €1,229.0 million (2022: €2,884.0 million). Our employees received €976.5 million (2022: €929.2 million). This amount comprises wages and salaries, social security contributions and pension expenses. Taxes and duties of €68.4 million were paid to the local authorities (2022: €414.0 million). For interest expense, €21.7 million was paid to lenders (2022: €41.5 million). With the proposed dividend of €0.70 per share, shareholders will receive a total payout of €125.4 million (2022: €191.4 million). The Company is accumulating financial reserves, including other, of €37.1 million (2022: €1,307.9 million, of which nearly €200 million have been used for the buyback and subsequent withdrawal of own shares in 2023). **B.6**

👁 Report on expected developments, Shareholders' participation in the success of the Company

GENERATION OF VALUE ADDED

B.5

in € million	2022	2023
Revenues	5,676.6	3,872.6
Other income	382.1	154.9
Cost of material	-1,643.2	-1,655.8
Depreciation ¹	-443.8	-456.1
Other expenses	-1,087.7	-686.6
Value added	2,884.0	1,229.0

¹ Relates to depreciation and amortization of property, plant, and equipment and intangible assets and of investments accounted for using the equity method, adjusted for the amount of depreciation and amortization recognized directly in equity in connection with own work capitalized.

ALLOCATION OF VALUE ADDED

B.6

in € million	2022	2023
To employees (wages, salaries, social security)	929.2	976.5
To governments (taxes, levies)	414.0	68.4
To lenders (interest expense)	41.5	21.7
To shareholders (dividend) ¹	191.4	125.4
To shareholders (provisions; for later use in a share buyback program)	200.0	–
To the Company (financial reserves)	1,107.9	37.1
Value added	2,884.0	1,229.0

¹ In 2023, the figure corresponds to the proposed dividend.

CORPORATE STRATEGY

With the implementation of our corporate strategy, we are strengthening the economic success of the Company in the future. Our focus is on the core business with potash and magnesium products. Our corporate strategy is characterized by three focal points: We want to optimize our existing business, expand and further develop our core business, as well as establish new business areas. Against the background of geopolitical developments, we have already reviewed our corporate strategy and conducted a comprehensive scenario analysis in 2022. This confirmed the aforementioned priorities. Our management focus remains on optimizing the existing business (70%). We also continue to drive forward the further development of our core business and the development of new business areas to make K+S more resilient in times of low potash prices. Accelerating the energy transformation of our sites is also a key strategic component in achieving our ambitious climate goals. The following still applies: Every business decision must be in line with our corporate and climate strategy as well as our sustainability goals. In the reporting year, we systematically enhanced our corporate strategy by further concretizing the Werra 2060 and Ramp-up Bethune projects. **B.7**

GUIDING PRINCIPLES OF STRATEGY AND MANAGEMENT FOCUS

B.7



OPTIMIZATION OF THE EXISTING BUSINESS

In this strategic focus, the transformation of the Werra plant is a decisive component. The aim of our extensive "Werra 2060" project is to strengthen competitiveness and to extend the life of the plant with increased and more stable production, to secure jobs in the long term, and to significantly reduce the ecological footprint of domestic potash production. We, therefore, want to fulfill our own ambition of being a pioneer in environmentally friendly and sustainable mining. By focusing production on wastewater-free treatment processes, the amount of process water for the Werra plant shall be more than halved. The steam requirement shall also be reduced as a result of the new treatment processes, enabling the power plants to be operated with significantly decreased natural gas requirements. The increased use of dry backfill will also enable so-called secondary mining. This shall significantly increase the yield of mineral-containing materials at the site and the expansion of the Wintershall tailings pile originally planned for the early 2030s shall no longer be necessary to the extent envisaged due to the use of the new technologies. The conversion of processes, which will be implemented during ongoing production, shall also be accompanied by further development of the product portfolio, particularly in the area of our specialties. The product portfolio shall become more competitive overall in terms of cost, sustainability, and quality criteria.

☐ www.kpluss.com/werra2060

At our Bethune and Zielitz sites, we efficiently produce potassium chloride as a standard product. We are improving all processes at these sites in accordance with the strategic principle of cost leadership. Our goal is to continuously reduce production costs and increase competitiveness. The upcoming ramp-up in Bethune by means of secondary mining is an important part of this. Additionally, measures are being prepared to expand production in Bethune more rapidly than previously planned.

In particular, the Werra 2060 project and the ramp-up in Bethune will lead to significantly increased capital expenditure over the next three years as communicated in fall of 2022.

In future, K+S wants to produce "green potash" with a very low CO₂ footprint – compared to today and compared to foreign competitors. For this purpose, K+S is pursuing two paths in parallel:

- + The transition in production and processing methods – from wet to dry processing (Werra 2060).
- + The transition in energy use – from fossil fuels to renewable energies. K+S already launched a pilot project for the use of power-to-heat at the Zielitz site a few years ago, thereby initiating the transition in energy use. Further power-to-heat plants are being installed at two other sites, replacing gas with electricity.

On the way to climate neutrality, the energy transformation is being driven forward focusing on a secure, robust, and economical energy supply. We are, therefore, proving that sustainable raw material extraction and "green" fertilizers are our future.

In the salt business, we focus on operational improvements rather than strategic growth.

Optimizing our existing business also involves focusing on digitalization and automation along the entire value chain. We particularly anticipate potential within production, sales, and the supply chain.

EXPANSION AND FURTHER DEVELOPMENT OF OUR CORE BUSINESS

The collaboration with the Swedish company, Cinis Fertilizer AB, on future cooperation in the synthetic production of potassium sulfate (SOP) represents a step towards the expansion and further development of our core business. K+S plans to supply Cinis Fertilizer with its entire demand for potassium chloride (MOP) and could, in turn, purchase potassium sulfate and sodium chloride from Cinis.

As we continue to further develop our product portfolio, we are not only considering the intensified expansion of fertigation, but also of adjacent nutrients. Our water-soluble products already contribute to the cultivation of crops in hot and dry regions of the world – even in desert regions. Our nutrients are also an important growth driver for irrigation under film and glass. An extensive range of advisory and other services complements our business model. In particular, digital services, such as digital platforms with partners enabling direct sales to farmers, our online store, and agronomic advice through webinars, will play an even greater role in our business in the future. We will also further intensify our presence directly with customers in selected local markets. As we expect higher capital expenditure in the next years, particularly due to the transformation of the Werra plant as part of the Werra 2060 project, we are focusing primarily on organic growth and cooperation with strong partners to expand our core business.

In 2023, we, therefore, signed an agreement with the Serbian Elixir Group for the supply of technical monoammonium phosphate (tMAP). tMAP is the most important water-soluble phosphorus fertilizer and has recently also been increasingly needed in battery production. Global demand is currently growing rapidly. Our partner Elixir will supply us with this globally sought-after fertilizer specialty from 2026, thereby strengthening our product portfolio of water-soluble fertilizers in the long term.

NEW BUSINESS AREAS

The market for sustainable waste management solutions is growing. We have, therefore, combined the operation and unique infrastructure of our modern waste management facilities with the sales network of our partner REMEX in the REKS joint venture. This business model also provides us with access to materials needed for covering our tailings piles in the future. As part of the circular economy, K+S deals with, among other things, the possibilities of processing residues or by-products from other industries in order to return them to the raw materials market. With our existing core competencies, we can process these secondary raw materials (e.g., recycling of aluminum salt slag), make a valuable addition to our product portfolio, and make an important contribution to the circular economy.

The switch to renewable energies is essential for the energy transformation. We will continuously increase the proportion of green energy at our sites. To this end, we are talking to interested partners and evaluating our infrastructure (e.g., tailings piles, mines, and open spaces) for possible local energy generation and storage. The development of the future hydrogen economy will be an important building block for the decarbonization of many industrial companies. With underground caverns, we can offer a storage location for energy sources such as hydrogen in the future.

Further promising uses for our unique infrastructure are currently being implemented at the Sigmundshall site. There, an indoor shrimp farm is being created in cooperation with the start-up, Aquapurna. Together, we are focusing on green and sustainable technologies to revolutionize shrimp farming and minimize the environmental impact. K+S is investing an amount in the low double-digit million euro range in the sustainable project and will act as the builder, landlord, and media supplier of the new farm. Aquapurna is receiving further funds for investments in the seven-figure range from private investors. The cooperation between the two companies was initiated by the RootCamp innovation hub. RootCamp is based in Hanover and is a platform that connects established companies and start-ups to implement new approaches and business models quickly and efficiently.

For particularly high-quality crops, we offer opportunities for indoor and underground farming. We have entered into a partnership with another start-up for the construction and operation of a pilot plant for the underground cultivation of medicinal cannabis at our Sigmundshall site. The underground cultivation of medicinal cannabis has numerous advantages for the producer: for example, constant climatic conditions and a high level of access security reduce operating costs while also reducing the ecological footprint.

🔗 We promote sustainability

OUR FINANCIAL TARGETS

With our corporate strategy, we safeguard our economic success in the future. We strive to achieve our financial targets on the basis of a solid balance sheet to meet the demands and return expectations of our investors.

- + On average, we want to earn our cost of capital over a 5-year cycle (ROCE > WACC).
- + Over this cycle, we also aim to achieve an average EBITDA margin of more than 20%.
- + We generally strive for a maximum leverage ratio (net debt/ EBITDA) of 1.5x.

With the strategy published in 2021, we had announced a dividend policy. This provided for a basic dividend of 15 cents per share with the possibility to be increased by a discretionary amount in the event of good economic development. At the time this dividend policy was established, the focus was on rapidly reducing the Company's debt, securing financing capability, and creating a solid balance sheet. Following the sale of the Americas operating unit, net financial liabilities were still in the high triple-digit million euro range. As that the business development in 2022 has already led to significantly faster progress in debt reduction and K+S has even been able to build up a positive net asset position, the dividend policy for future decisions on shareholder participation in the Company's success was revised in 2023:

In future, the amount of the shareholder participation in K+S's corporate success will generally be based on the adjusted free cash flow (operative, excluding special effects). This key figure already takes into account the investments to optimize our existing business with a view to the total shareholder return. K+S aims to return 30% to 50% of the adjusted free cash flow generated annually to shareholders. Capital is returned in the form of a dividend, which can be combined with a share buyback if appropriate. The possible combination of both instruments also aims to counteract large fluctuations in the annual dividend.

The following factors will be taken into account when determining the exact percentage of adjusted free cash flow for shareholder participation:

- + Expected business development
- + Balance sheet structure
- + Expected development of capital expenditure

With our strategy, we have set the course for the coming years. We will continue to drive forward and initiate numerous measures and projects within these guiding principles.

☐ www.kpluss.com/strategy

SUSTAINABILITY PROGRAM²

K+S is clearly committed to the issue of sustainability. Our commitment focuses on three areas of action: Society & Employees, Environment & Resources, and Business Ethics & Human Rights. We have set ourselves concrete sustainability targets and KPIs in the associated subject areas. We are constantly developing our sustainability management in dialogue with our stakeholders. We systematically assess relevant topics and social trends at an early stage. Our sustainability program addresses key sustainability topics.

Our key sustainability topics, which were last identified in 2021 based on the Global Reporting Initiative's "GRI Universal Standards 2016" guideline, remain relevant for 2023 following evaluation. A clear focus for our stakeholders is on the area of Environment & Resources. The topics of "Health & Safety" and "Compliance" are also of great relevance.

- 👁️ Combined non-financial statement
- 👁️ Declaration on Corporate governance, Sustainability management

² This section is part of the "Combined non-financial statement," which contains the disclosures pursuant to Sections 289c – 289e HGB and Section 315c HGB and, in accordance with Section 317 (2) sentence 4 HGB, is not part of the substantive audit performed as part of the audit of the financial statements, but was audited with limited assurance in accordance with ISAE 3000 rev.

OUR CLIMATE STRATEGY

We want to continue to actively promote the energy transition and support the goals of the Paris Agreement on Climate Change. We want to achieve climate neutrality at our production sites by 2045, however. This goal is very challenging for K+S and can only be achieved under certain conditions (supportive regulatory framework, expansion of renewable energies, better grid connection). We are making even faster progress with this ambitious plan than initially planned: Instead of reducing our emissions by 10% by 2030 compared to 2020, we now expect to achieve a 25% reduction in our CO₂ emissions³ (Scope 1 and 2 of the production sites) in the same period compared to the baseline year 2020⁴.

A review of the corporate strategy in response to geopolitical developments has confirmed this. The topic of supply security in terms of sustainable energy is given greater importance. The energy transformation aimed at securing the energy supply and reducing dependence on fossil fuels associated with the climate targets is accelerated and substantiated with concrete projects.

We have already significantly reduced our direct CO₂ emissions over the last three decades through the extensive use of highly efficient combined heat and power (CHP) technology, comprehensive energy-efficiency measures, and capacity reductions. The planned implementation of several new major measures will enable us to accelerate decarbonization. With our Werra 2060 transformation project, we are saving more energy than assumed at the time the target was set. At the Bethune site, we are planning to increase capacity and expand combined heat and power generation, which will significantly increase energy efficiency. Furthermore, we are switching from natural gas to biomass at our Borth salt works. All projects will take effect by 2030, so we believe it is realistic to reduce our emissions by a total of 25% between 2020 and 2030 and by 60% by 2040. The use of carbon offsets is not planned.

- 👁️ Combined non-financial statement, Energy & Climate
- 👁️ Optimization of the existing business

CONCRETE SUSTAINABILITY GOALS

The definition of specific goals by 2030 or 2040, respectively, and the regular reporting of performance indicators make our progress measurable.

- 👁️ Combined non-financial statement
- 👁️ Declaration on corporate governance

³ Any reference to CO₂ in this report refers to CO₂e.

⁴ In the event of significant changes in production volumes, the base value of the emissions can be adjusted.

REPORT ON ECONOMIC POSITION

In the 2023 financial year, the K+S Group generated revenues of €3.9 billion (2022: €5.7 billion) and EBITDA⁵ of €712.4 million. Adjusted free cash flow amounted to €311.2 million (2022: €932.0 million). All key figures are, therefore, significantly below the best result in the Company's history by far in the previous year (2022: €2.4 billion), which was mainly characterized by significantly higher potash prices.

The overview of the course of business as well as the disclosures of the earnings, financial, and asset position relate to the continuing operations of the K+S Group. The previous Americas operating unit has no longer been a reportable segment in accordance with IFRS 5 since the 2020 Annual Report and has since been reported as "discontinued operations." The sale was effected with closing on April 30, 2021. In 2023, there was still a negligible effect from discontinued operations in Group earnings after tax of €0.3 million (2022: €0.0 million).

👁 Notes, Other disclosures

price, which, after a similarly eventful year, was quoted at around USD 78 per barrel of Brent crude oil at the end of the year, around 4% below the previous year's level (December 31, 2022: USD 81). At around USD 83, however, the average price in 2023 was significantly lower than the previous year (2022: USD 100), reflecting market movements.

Prices for key agricultural commodities were largely stable until mid-2023. In the second half of the year, prices declined, in some cases significantly. Prices for corn (-32%), soybeans (-15%), and wheat (-25%) as well as palm oil (-14%) fell significantly over the year as a whole. **B.8**

OVERVIEW OF THE BUSINESS DEVELOPMENT

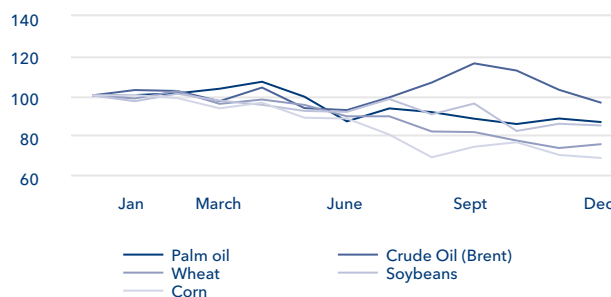
MACROECONOMIC ENVIRONMENT

Following the geopolitical events beginning in 2022, the global economy performed better than expected in the wake of the inflation shock as well as the massive tightening of monetary policy in 2023. Inflation fell, particularly against the background of the easing on the energy markets. In China, overall economic production picked up again in the third quarter. The pace of growth is still low by historical standards, however. By contrast, overall economic production in Europe remained weak. Unemployment rose only slightly from historically low levels.

Gas prices initially trended sideways on the energy markets in the first nine months of 2023. In the fourth quarter, a downward trend set in against the background of increasing security of supply. The Dutch TTF reference value, which is important for our German production sites, was around €30/MWh at the end of the year – compared to a natural gas price of around €70/MWh at the beginning of the year and a long-term normal level of less than €20/MWh. The fluctuations in gas prices impacted the oil

CHANGES IN COMMODITY PRICES ON A MONTHLY BASIS IN 2023 **B.8**

in % (Index: December 31, 2022)



Source: World Bank

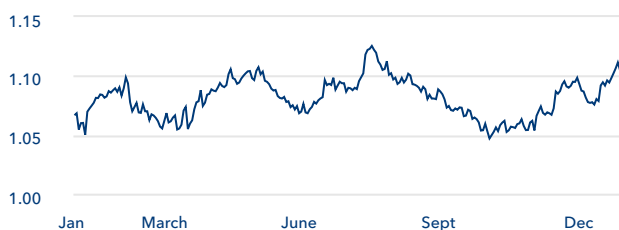
Against the US dollar, the euro has performed well over the past 12 months. Over the course of the year, the exchange rate trended within the trading range of just under 1.05 EUR/USD to slightly above 1.12 EUR/USD. At its low of just under 1.05 EUR/USD at the

⁵ EBITDA is defined as earnings before income taxes, interest, depreciation and amortization, adjusted for the amortization amount recognized directly in equity in connection with own work capitalized, the result of changes in the fair value of operating forecast hedges still outstanding, and changes in the fair value of operating forecast hedges recognized in prior periods. A reconciliation is provided on page 56.

beginning of October, however, it was always well away from parity, which was reached in 2022. At the end of the year, the stronger euro closed at 1.11 EUR/USD (December 31, 2022: 1.07 EUR/USD). At 1.08 EUR/USD, the US dollar was also slightly weaker on average for the year than in the previous year (2022: 1.05 EUR/USD). **B.9**

CHANGES IN THE EUR/USD EXCHANGE RATE IN 2023

B.9



Source: Bloomberg

IMPACT ON K+S

The changes in the macroeconomic environment described above had an impact on the business performance of K+S as follows:

- + Despite the decline in the prices of important agricultural commodities, the resulting yield prospects for farmers in the reporting period, also against the background of lower input costs, continued to provide an incentive to increase the yield per hectare by applying plant nutrients and increasing the area under cultivation overall.
- + The K+S Group's energy costs are particularly influenced by the cost of purchasing natural gas. Our long-term oriented purchasing agreements at favorable conditions fundamentally provide us with greater independence from short-term market price developments. At €455.2 million, the K+S Group's energy costs from primary sources in the 2023 financial year were slightly above the prior-year level (2022: €436.9 million). We benefited from our long-term purchasing agreements for a good two thirds of our energy requirements in Germany, but further agreements were only concluded at significantly higher prices after the start of the Russian war against Ukraine.

+ The freight costs of the K+S Group are significantly influenced by the prices for sea freight, rail freight, barges, and truckload shipments. As a result of declining crude oil prices as well as an improved supply and demand situation for freight space, mainly for overseas containers and bulk ships, freight rates began to normalize. Accordingly, the K+S Group's freight costs in the 2023 financial year were tangibly lower than in the previous year, primarily due to price factors.

+ Foreign currency hedging system: Due to the hedging instruments used, the exchange rate in the 2023 financial year, including hedging costs, averaged 1.09 EUR/USD. The average spot rate was 1.08 EUR/USD (2022: exchange rate 1.13 EUR/USD with an average spot rate of 1.05 EUR/USD).

👁 Financial position

INDUSTRY-SPECIFIC ENVIRONMENT

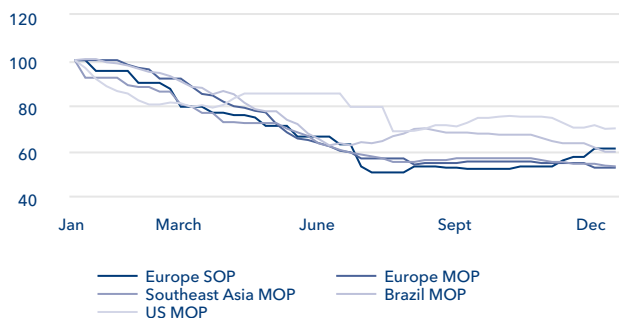
AGRICULTURE CUSTOMER SEGMENT

Demand in the Agriculture customer segment in the first six months of the 2023 financial year continued to be characterized by the wait-and-see attitude on the part of customers that has been evident since the second half of 2022. Weak demand continued to put pressure on potash prices in all regions. The conclusion of a contract between Chinese customers and Canpotex at the beginning of June, and the increase in demand in the run-up to the fall fertilization in summer 2023, then led to prices bottoming out. Despite the ongoing sanctions against Belarus as well as Russia's more difficult business opportunities as a result of the war against Ukraine, the affected competitors continuously increased their exports. By the end of the year, they had almost reached their historical sales volumes: The year-on-year increase in export volumes was sold in South America and Asia in particular. Overall, we estimate global potash sales in 2023 at a good 70 million tonnes (including 5 million tonnes of potassium sulfate and potash specialties with lower mineral content; global potash sales in 2022: 64 million tonnes) due to the wait-and-see attitude on the part of customers in the first half of the year and the approximately 7 million tonnes lower volumes from Russia and Belarus.

Prices for our fertilizer specialties have followed the price trend for potassium chloride, in some cases with a time lag. Overall, however, they are less volatile and, therefore, fell less sharply in 2023. **B.10**

DEVELOPMENT OF POTASH PRICES ON A WEEKLY BASIS IN 2023 **B.10**

in % (Index: December 31, 2022)



Source: Argus Media

INDUSTRY+ CUSTOMER SEGMENT

The Industry+ customer segment, with a wide range of product applications, was characterized overall by a slight decline in demand. While declining prices for potassium chloride in the fertilizer market also had a negative impact on large parts of the industrial products containing potash with a time lag, prices for our salt products rose significantly on average. Demand from the chemical industry and for products for other industrial applications (e.g., for the animal nutrition industry, water treatment, as well as the oil and gas industry) declined in the 2023 financial year, particularly due to the economic situation. In contrast, demand for consumer products continued to rise compared to the strong previous years.

As in the previous year, demand for de-icing salt was at an average level due to weather conditions.

KEY EVENTS AFFECTING THE BUSINESS DEVELOPMENT

+ On June 6, 2023, Canpotex (export organization of North American competitors Nutrien and Mosaic) publicly announced the conclusion of a new contract with Chinese customers for the supply of potassium chloride until the end of 2023 at a price of USD 307 per tonne. Although China plays a subordinate role in the regional portfolio of K+S, the decisive factors for the earnings situation of K+S were the price level that subsequently emerged worldwide, how quickly a recovery from this price level occurred, and what volumes would be demanded at the respective prices. K+S, therefore, already classified the achievability of the previously forecast ranges of key figures as unlikely in an ad hoc announcement dated June 14, 2023. At €712.4 million, EBITDA for 2023 was within

the EBITDA range of €600 to €800 million as forecasted in the H1/2023 Half-Year Financial Report and the corresponding ad hoc announcement on July 26, 2023. At 7.31 million tonnes, the sales volume of all products in the Agriculture customer segment was also within the expected range of 7.0 to 7.4 million tonnes (2022: 7.11 million tonnes). The average price in our product portfolio in the Agriculture customer segment decreased to €372/t (average price 2022: €628/t; average price 2021: €298/t) due to the developments described under "Industry-specific environment."

- + A large proportion of revenues in the Agriculture customer segment are invoiced in US dollars. The development of the US dollar against the euro over the course of the year had a positive impact on Group revenues reported in euros in the first quarter and a negative impact in the last three quarters compared to the previous year. Overall, there was a negative effect on Group revenues of €-17 million for the year as a whole. Due to our long-term currency hedging, we had negative EBITDA effects in 2022, which did not recur to the same extent in the reporting year, as the hedging rates were much closer to the spot rates. This resulted in a positive development in EBITDA year-on-year. A comparison of exchange rates can be found under "Macroeconomic environment/Impact on K+S."
- + K+S is one of the major consumers in Germany with a gas demand of about 6 TWh in Germany, which we use to generate electricity and heat for the processing of our crude salt in our co-generation plants. A description of energy costs can be found under "General economic conditions/Impact on K+S."
- + The balance sheet item of non-current provisions for mining obligations is affected by assumptions regarding the lifetimes of the plants, assumptions regarding cost and revenue trends, their inflation, long-term interest rate trends, and changes in legal requirements. As of December 31, 2023, non-current provisions from mining obligations amounted to €1,212.2 million (December 31, 2022: €932.4 million), of which only €239.6 million is due within 10 years (December 31, 2022: €236.6 million). The significant increase in values with long maturities is attributable to negative effects from changes in assumptions regarding inflation, interest rates, costs, and revenues, which could not be offset by positive effects from an increase in the average lifetimes of the plants. In terms of earnings, these changed assumptions had a negative impact of €45.6 million on EBITDA (2022: negative effect in the mid double-digit million range) and €43.4 million on the financial result (2022: positive effect of €72.5 million).

👁 Notes (22)

COMPARISON OF ACTUAL AND FORECAST BUSINESS DEVELOPMENT

EARNINGS FORECAST

The EBITDA level for 2023 anticipated in the 2022 Annual Report (already communicated in the context of the publication of the dividend and the share buyback in an ad hoc announcement on March 14, 2023) could not be achieved: Due to the continued tight potash market as a result of the sanctions against Belarus and the limited volumes from Russia, we had initially expected EBITDA of the K+S Group to range between €1.3 billion and €1.5 billion in March (record year 2022: €2.4 billion). In the Quarterly Report on May 9, 2023, we adjusted this assessment to an EBITDA range of €1.15 billion to €1.35 billion due to the continued wait-and-see attitude on the part of customers, which had a negative impact on the prices of our fertilizer products, as well as non-cash valuation effects from mining provisions. With the announcement of the contract concluded between Chinese suppliers and Canpotex and the possible impact of the significantly lower than expected contract price of USD 307/tonne on other sales regions, the achievability of this EBITDA range was classified as unlikely in an ad hoc announcement on June 14, 2023. The EBITDA forecast was lowered to a range between €600 million and €800 million in an ad hoc announcement on July 26, 2023. This was attributable to the price decline for potassium chloride, particularly in Brazil, which was stronger than initially expected, the subsequent price recovery, and possible negative effects as a result of the port strike in Canada. The range of €600 million to €800 million was confirmed with the publication of the Q3/2023 Quarterly Report on November 14, 2023. In the end, EBITDA reached €712.4 million.

For adjusted Group earnings after tax excluding impairment effects, a higher triple-digit million euro amount was forecasted in the 2022 Annual Report (2022: €1.5 billion). This expectation was lowered to a mid triple-digit million euro amount with the Quarterly Report on May 9, 2023, and to a low triple-digit million euro amount with the Half-Year Financial Report from August 10, 2023, in accordance with the reasons for the adjustment of the EBITDA range. Adjusted Group earnings after tax amounted to €161.9 million.

👁 Key events affecting the business development

In March 2023, we expected the return on capital employed (ROCE) to reach a low double-digit percentage (2022: 25.7%). This forecast was adjusted to a high single-digit to low double-digit percentage in the Quarterly Report on May 9, 2023, and to a low single-digit percentage from August 10, 2023, in the Half-Year Financial Report. ROCE amounted to 3.2% in the reporting year. **B.11**

CASH FLOW FORECAST

While an adjusted free cash flow of between €700 million and €900 million (2022: €932.0 million) was expected in the 2022 Annual Report, the forecast was adjusted to a range of €650 million to €850 million in the Quarterly Report on May 9, 2023, due to the developments on the potash market described in the earnings forecast. With the announcement of the China contract and the possible influence of the contract price on other sales regions, the achievement of this range was classified as unlikely in an ad hoc announcement on June 14, 2023. The cash flow forecast was lowered to a range of €300 million to €450 million in an ad hoc announcement on July 26, 2023. Adjusted free cash flow amounted to €311.2 million in the reporting year. A mid-triple-digit million euro amount was expected for the volume of capital expenditure in March 2023. This forecast was substantiated in the Half-Year Financial Report on August 10, 2023, to a figure of €550 million. The volume of capital expenditure amounted to €525.3 million in the reporting year (2022: €403.8 million).

FORECAST OF NON-FINANCIAL PERFORMANCE INDICATORS

Lost Time Incident Rate (LTI rate)

In the 2022 Annual Report, we forecasted that the LTI rate for 2023 should be below 8 (2022: 8.3). The increased measures to raise awareness of occupational health and safety have once again had an impact. At 7.6, this forecast was, therefore, more than achieved.

Reduction of saline process waters in Germany

Overall, the Company has set itself the target of reducing the saline process water to be disposed of from potash production in Germany by 500,000 m³ by 2030 compared with 2017 (2.7 million m³). After forecasting a process water volume of less than 3 million m³ for 2023, the actual volume amounted to 2.6 million m³. As a result of the low water levels in the Werra river in 2022 and the resulting reduced discharge possibility, the operation of the Werra plant had to be temporarily changed, so that the process water volume reached an exceptionally low level (2022: 2.3 million m³).

Specific CO₂ emissions

For the specific CO₂ emissions, calculated by the ratio of CO₂ emissions (Scope 1 and Scope 2) of all potash and rock salt producing sites in kilograms to the primary production volume of the Bethune, Hattorf, Neuhoof-Ellers, Unterbreizbach, Wintershall,

and Zielitz sites, the 2022 Annual Report forecasted that these emissions could be reduced slightly from a value of 271.6 kg per tonne in the base year. The value for specific CO₂ emissions in the 2023 financial year was 270.8 kg per tonne. **B.11**

TARGET/ACTUAL COMPARISON 2023

B.11

K+S Group		2022 Actual	2023 Forecast 2022 Annual Report	2023 Forecast Q1/2023	2023 Forecast Q2/2023	2023 Forecast Q3/2023	2023 Actual
Financial performance indicators							
EBITDA ¹	€ billion	2.4	1.3 to 1.5	1.15 to 1.35 ²	0.6 to 0.8 ²	0.6 to 0.8 ²	0.7
Capital expenditures (CapEx) ³	€ million	403.8	mid triple-digit million euro amount	mid triple-digit million euro amount	550	550	525.3
Group earnings after tax, adjusted, excluding impairment effects ⁴	€ million	1,494.0	high triple-digit million euro amount	mid triple-digit million euro amount	low triple-digit million euro amount	low triple-digit million euro amount	161.9
Adjusted free cash flow	€ million	932.0	700 to 900	650 to 850	300 to 450	300 to 450	311.2
Net financial liabilities (-)/net asset position (+)	€ million	+244.9	mid to high triple-digit million euro amount	mid to high triple-digit million euro amount	roughly stable compared to FY 2022	roughly stable compared to FY 2022	+125.0
ROCE, excluding impairment effects	%	25.7	low double-digit percentage	high single-digit to low double-digit percentage	low single-digit percentage	low single-digit percentage	3.2
EUR/USD exchange rate (during the year: for remaining months)	EUR/USD	1.05	1.08	1.08	1.08	1.08	1.08
Sales volumes Agriculture customer segment	t million	7.1	7.3 to 7.5	7.2 to 7.4	7 to 7.4	7 to 7.4	7.3
Average price in Agriculture customer segment in the full year	€/t	628.1	decrease of more than 20% compared to FY 2022	tangibly below Q1/2023 (499)	moderately to tangibly above Q2/2023 (334)	moderately to tangibly above Q3/2023 (331)	372.1
Sales volumes de-icing salt	t million	2.1	a good 2	about 2	about 2	just under 2	2.1
Non-financial performance indicators							
Lost Time Incident Rate (LTI rate)	x-times	8.3	below 8	–	–	–	7.6
Reduction of saline process waters in Germany	m ³ million	2.3	below 3	–	–	–	2.6
Specific CO ₂ emissions ⁵	kg CO ₂ e/t	–	slightly below 271.6	–	–	–	270.8

1 EBITDA is defined as earnings before income taxes, interest, depreciation and amortization, adjusted for the amortization amount recognized directly in equity in connection with own work capitalized, the result of changes in the fair value of operating forecast hedges still outstanding, and changes in the fair value of operating forecast hedges recognized in prior periods.

2 Includes negative valuation effects from mining provisions in the double-digit million euro range.

3 Relates to cash payments for investments in property, plant, and equipment and intangible assets, excluding leases in accordance with IFRS 16.

4 The adjusted key figures include the gains/losses from anticipatory forecast hedges for the respective reporting period; effects from changes in the fair value of hedges are eliminated. The effects on deferred and cash taxes are also adjusted; tax rate 2023: 30.2%.

5 New since 2023.

EARNINGS POSITION

REVENUES

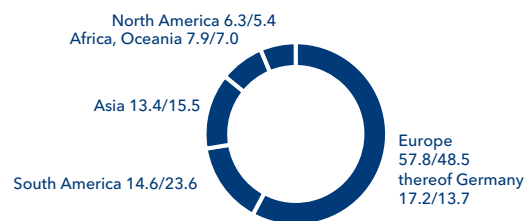
In the 2023 financial year, revenues of the K+S Group reached €3,872.6 million, compared with €5,676.6 million in the previous year. The lower level was mainly attributable to the price decline in the Agriculture customer segment following the record figures in 2022. Furthermore, lower sales volumes in the first half of the year, which were only partially offset by price-related higher revenues in the Industry+ customer segment, and improved sales volumes in the Agriculture customer segment in the second half of the year, also had an impact. **B.13, B.14**

In terms of breakdown by region, we continue to generate the largest share of revenues in Europe and increased this even further to just under 58% in 2023. South America accounted for around 15%, followed by Asia, Africa & Oceania, and North America with around 13%, 8%, and 6% of our total revenues, respectively. **B.12**

REVENUES BY REGIONS

B.12

in %



O 2023 / 2022

VARIANCE COMPARED TO PREVIOUS YEAR

B.13

in %

2023

Change in revenues	2023
- volume-/structure-related	-4.8
- price-/pricing-related	-26.7
- currency-related	-0.3
- consolidation-related	-

REVENUES BY QUARTER ¹

B.14

in € million	2022	Q1/2023	Q2/2023	Q3/2023	Q4/2023	2023	%
K+S Group	5,676.6	1,192.0	825.8	880.8	974.0	3,872.6	-31.8
Share of total revenues (%)	-	30.8	21.3	22.7	25.2	100.0	-

¹ The quarterly figures constitute unaudited voluntary content that was not subject to the audit of the financial statements.

ORDER DEVELOPMENT

Most of our business is not covered by long-term agreements on fixed volumes and prices. Instead, the business is characterized by long-term customer relationships as well as revolving framework agreements with non-binding volume and price indications.

In the de-icing salt business, public sector contracts are concluded through public tenders. As a rule, we participate in these from the second quarter for the upcoming early-fills and winter season, but also, in some cases, for subsequent winter seasons. The contracts include agreements on prices and maximum volumes. If the contractually agreed volumes are subject to fluctuations permitted by law depending on weather conditions, these volumes cannot be classified as order on hand. This also applies if volumes can be transferred to the following winter if demand is weak in a particular season.

For the reasons stated above, reporting of orders on hand is not relevant for the assessment of our profitability in the short and medium term.

DEVELOPMENT OF SIGNIFICANT COSTS

In the reporting year, the cost of goods sold increased from €3,219.3 million to €3,308.8 million. This was particularly attributable to higher energy and personnel costs over the year as a whole, which were only partially offset by lower freight and material costs. Following the inflationary cost burdens in recent years, costs in the first half of the year were still higher than in the same period of the previous year; in the second half of the year, they were already lower due to price factors, particularly for energy and freight. Marketing and general administrative expenses amounted to €183.5 million in the reporting year, compared with €186.3 million in the previous year. Other operating income amounted to €151.0 million (2022: €241.8 million) and other operating expenses amounted to €241.0 million (2022: €374.6 million). The balance of other operating income and other operating expenses improved by €42.9 million year-on-year. This was mainly attributable to an

improved balance of gains and losses from exchange rate differences/hedging transactions, lower expenses for disused plants and the Merkers post-closure maintenance, as well as higher other income as a result of refunds from natural gas deliveries.

👁 Notes (3), (4)

Income from investments amounted to €3.5 million (2022: €2.1 million). The result from operating anticipatory hedging transactions increased to €39.7 million in 2023 (2022: €-138.0 million). The hedging transactions for 2023 were concluded at a more favorable level than the previous year's transactions and were also closer to the EUR/USD spot rate than in the previous year due to the development of the US dollar against the euro. Furthermore, the market values of the outstanding hedging transactions had a positive effect.

The costs of materials, personnel, energy, and freight have a significant impact on the development of total costs. At €1,655.8 million, the cost of materials increased year-on-year, particularly due to price factors (2022: €1,643.2 million). Personnel expenses amounted to €976.5 million in 2023 and

were therefore moderately higher than in the previous year (2022: €929.2 million). Freight costs decreased to €594.9 million due to price factors (2022: €665.1 million). At €455.2 million, energy costs were higher than in the previous year (2022: €436.9 million), mainly due to price factors.

👁 Notes (2)

EARNINGS PERFORMANCE IN THE PAST FINANCIAL YEAR

OPERATING EARNINGS EBITDA

We manage the Company particularly through the earnings indicator EBITDA.

At €712.4 million, EBITDA was significantly below the figure for the record year 2022 (€2,422.9 million). As already described in the development of revenues, this was due, in particular, to price declines in the Agriculture customer segment and for industrial products containing potash. Higher energy and personnel costs over the year as a whole and a reduction in inventories could not be fully offset by lower freight and material costs. **B.15, B.16**

EBITDA BY QUARTER ^{1,2}

B.15

in € million	2022	Q1/2023	Q2/2023	Q3/2023	Q4/2023	2023	%
K+S Group	2,422.9	453.8	24.3	72.2	162.1	712.4	-70.6
Share of total EBITDA (%)	–	63.7	3.4	10.1	22.8	100.0	–

1 EBITDA is defined as earnings before income taxes, interest, depreciation and amortization, adjusted for the amortization amount recognized directly in equity in connection with own work capitalized, the result of changes in the fair value of operating forecast hedges still outstanding, and changes in the fair value of operating forecast hedges recognized in prior periods.

2 The quarterly figures constitute unaudited voluntary content that was not subject to the audit of the financial statements.

RECONCILIATION OF OPERATING EARNINGS AND EBITDA ^{1,2}

B.16

in € million	2022	2023
Earnings after operating hedges	1,999.6	325.0
Income (-)/expense (+) arising from changes in fair value of outstanding operating anticipatory hedges	10.4	-32.9
Elimination of prior-period changes in the fair value of operating anticipatory hedges	-30.9	-35.8
Earnings before operating hedges	1,979.1	256.3
Depreciation and amortization (+)/impairment losses (+)/reversals of impairment losses (-) on non-current assets	449.1	456.7
Capitalized depreciation ³	-6.8	-8.8
Impairment losses (+)/reversals of impairment losses (-) on investments accounted for using the equity method	1.5	8.2
EBITDA	2,422.9	712.4

1 Rounding differences may occur in percentages and figures.

2 These are key indicators not defined in the IFRS framework.

3 This relates to depreciation of assets used in the production of other items of property, plant, and equipment. Depreciation is capitalized as part of the cost of production and is not recognized in profit or loss.

FINANCIAL RESULT

The financial result amounted to €-28.0 million (2022: €135.1 million). In the previous year, the financial result was positively influenced by higher discount rates for mining provisions. Furthermore, exchange rate effects had a positive impact on the other financial result in the previous year as part of liquidity management.

GROUP EARNINGS AND EARNINGS PER SHARE

Group earnings after tax amounted to €209.9 million in the reporting year (2022: €1,508.3 million). A domestic Group tax rate of 30.2% (2022: 30.2%) was used to calculate income tax expense.

Following the Annual General Meeting, the Company bought back its own shares as part of the return of capital to shareholders from May 16, 2023, to November 13, 2023. A total of 12.3 million shares were acquired. The number of shares outstanding was, therefore, reduced by a good 6.4% from 191.4 million shares to 179.1 million shares. As of December 31, 2023, we did not hold any own shares. The average number of shares outstanding amounted to 187.3 million shares (2022: 191.4 million shares).

Accordingly, earnings per share amounted to €1.12 in the reporting year (2022: €7.88). There were no influences from acquisitions/divestments on Group earnings.

👁 Notes (11)

ADJUSTED GROUP EARNINGS AND ADJUSTED EARNINGS PER SHARE

We also report adjusted earnings after tax, which eliminate the effects of operating anticipatory hedges and, at the same time, serve as an internal performance indicator. The corresponding effects on deferred and cash taxes are also eliminated.

Adjusted earnings after tax amounted to €161.9 million (2022: €1,494.0 million). Adjusted earnings per share reached €0.86 in the reporting year (2022: €7.81). This was also based on 187.3 million no-par value shares (2022: 191.4 million no-par value shares). **B.17, B.18**

RECONCILIATION OF ADJUSTED GROUP EARNINGS AFTER TAX

B.17

in € million	2022	2023
Earnings after tax	1,508.3	209.9
Income (-)/expense (+) arising from changes in fair value of outstanding operating anticipatory hedges	10.4	-32.9
Elimination of prior-period changes in the fair value of operating anticipatory hedges	-30.9	-35.8
Elimination of resulting deferred taxes and cash taxes	6.2	20.8
Group earnings after tax, adjusted	1,494.0	161.9

EARNINGS PER SHARE ¹

B.18

	2022	Q1/2023	Q2/2023	Q3/2023	Q4/2023	2023	%
Earnings per share (€)	7.88	1.38	-0.24	-0.25	0.23	1.12	-85.8
Earnings per share, adjusted (€) ²	7.81	1.21	-0.29	-0.13	0.07	0.86	-88.9
Average number of shares (million)	191.4	191.4	190.6	186.7	180.7	187.3	-2.1

¹ The quarterly figures constitute unaudited voluntary content that was not subject to the audit of the financial statements.

² The adjusted key figures include the gains/losses from operating anticipatory hedges for the respective reporting period; effects from changes in the fair value of hedges are eliminated. In addition, related effects on deferred and cash taxes are adjusted; tax rate 2023: 30.2% (2022: 30.2%).

BUSINESS PERFORMANCE OF THE CUSTOMER SEGMENTS (NO SEGMENTS ACCORDING TO IFRS 8)

AGRICULTURE CUSTOMER SEGMENT

In the Agriculture customer segment, revenues declined to €2,721.3 million (2022: €4,465.6 million), mainly due to price factors. Revenues in Europe amounted to €1,202.9 million in 2023 (2022: €1,671.6 million) and €1,518.4 million overseas (2022: €2,794.0 million). In total, potassium chloride accounted for €1,661.1 million of revenues in the Agriculture customer segment (2022: €2,976.5 million) and fertilizer specialties for €1,060.2 million (2022: €1,489.2 million). **B.19, B.20, B.21**

👁 Industry-specific environment

The sales volume increased to a total of 7.31 million tonnes in 2023 (2022: 7.11 million tonnes). Following a wait-and-see attitude on the part of customers in the previous year, which lasted into the first half of 2023, and restrictions in logistics availability, sales volumes were significantly higher again in the second half of 2023, particularly in Europe. In the reporting year, 2.97 million tonnes were sold in Europe (2022: 2.81 million tonnes) and 4.34 million tonnes overseas (2022: 4.30 million tonnes). In total, potassium chloride accounted for 4.62 million tonnes of the sales volume (2022: 4.44 million tonnes) and fertilizer specialties for 2.69 million tonnes (2022: 2.67 million tonnes).

VARIANCE COMPARED TO PREVIOUS YEAR	B.19
in %	2023
Change in revenues	-39.1
- volume-/structure-related	-3.8
- price-/pricing-related	-34.9
- currency-related	-0.4
- consolidation-related	-

KEY INDICATORS AGRICULTURE CUSTOMER SEGMENT¹

B.20

in € million	2022	Q1/2023	Q2/2023	Q3/2023	Q4/2023	2023	%
Revenues	4,465.6	861.4	557.0	620.7	682.2	2,721.3	-39.1
- thereof potassium chloride	2,976.5	545.6	348.0	382.5	385.0	1,661.1	-44.2
- thereof fertilizer specialties	1,489.2	315.8	208.9	238.2	297.2	1,060.2	-28.8
Sales volumes (in million tonnes eff.)	7.11	1.73	1.67	1.87	2.04	7.31	+2.9
- thereof potassium chloride	4.44	1.10	1.11	1.19	1.22	4.62	+4.2
- thereof fertilizer specialties	2.67	0.63	0.56	0.68	0.82	2.69	+0.7

¹ The quarterly figures constitute unaudited voluntary content that was not subject to the audit of the financial statements.

DEVELOPMENT OF REVENUES, SALES VOLUMES, AND AVERAGE PRICES BY REGION^{1,2}

B.21

		2022	Q1/2023	Q2/2023	Q3/2023	Q4/2023	2023	%
Revenues	€ million	4,465.6	861.4	557.0	620.7	682.2	2,721.3	-39.1
Europe	€ million	1,671.6	340.1	231.9	300.1	330.8	1,202.9	-28.0
Overseas	USD million	2,931.6	559.3	353.9	349.0	377.8	1,640.0	-44.1
Sales volumes	million t eff.	7.11	1.73	1.67	1.87	2.04	7.31	+2.9
Europe	million t eff.	2.81	0.62	0.59	0.86	0.90	2.97	+5.6
Overseas	million t eff.	4.30	1.11	1.08	1.01	1.14	4.34	+1.1
Average price	€/tonne eff.	628.1	498.9	333.5	331.4	333.9	372.1	-40.8
Europe	€/tonne eff.	594.1	548.3	390.5	349.2	367.0	404.8	-31.9
Overseas	USD/t eff.	682.4	505.6	328.9	344.3	330.8	377.7	-44.7

¹ Revenues include both prices incl. and excl. freight and are based on the respective EUR/USD spot rates for overseas revenues. Hedging transactions were concluded for the majority of these sales revenues. The stated prices are also influenced by the respective product mix and should therefore only be regarded as a rough indication.

² The quarterly figures constitute unaudited voluntary content that was not subject to the audit of the financial statements.

KEY INDICATORS INDUSTRY+ CUSTOMER SEGMENT ¹

B.22

in € million	2022	Q1/2023	Q2/2023	Q3/2023	Q4/2023	2023	%
Revenues	1,211.0	330.6	268.7	260.1	291.9	1,151.3	-4.9
Sales volumes (in million tonnes)	6.83	1.79	1.39	1.55	1.89	6.62	-3.1
- thereof de-icing salt	2.08	0.59	0.32	0.44	0.75	2.10	+1.2

¹ The quarterly figures constitute unaudited voluntary content that was not subject to the audit of the financial statements.

INDUSTRY+ CUSTOMER SEGMENT

In the Industry+ customer segment, revenues in 2023 declined only moderately to a total of €1,151.3 million compared with the record figures in 2022 (2022: €1,211.0 million) due to lower volumes. Lower prices for industrial products containing potash due to falling prices for potassium chloride on the fertilizer market were offset by rising prices for our salt products. **B.23**

👁 Industry-specific environment

Overall, sales volumes of 6.62 million tonnes were below the level of the previous year (2022: 6.83 million tonnes); this was mainly due to the cyclical decline in demand from the chemical industry and for products for other industrial applications (e.g., for the food and animal nutrition industry, water treatment, and the oil and gas industry), which was partially offset by higher sales volumes of consumer products. **B.22**

VARIANCE COMPARED TO PREVIOUS YEAR

B.23

in %	2023
Change in revenues	-4.9
- volume-/structure-related	-8.5
- price-/pricing-related	3.6
- currency-related	-
- consolidation-related	-

KEY INDICATORS ON THE EARNINGS POSITION

MARGIN KEY INDICATORS

The EBITDA margin (EBITDA/revenues) reached 18.4%, compared with 42.7% in the prior-year period. Return on revenue (adjusted Group earnings after tax/revenues) reached 4.2% (2022: 26.3%). Neither key figure was able to match the record year 2022. **B.24**

MULTIPLE-PERIOD OVERVIEW OF MARGIN AND PROFITABILITY RATIOS ¹

B.24

Ratios in %	2019	2020	2021	2022	2023
Gross margin ²	17.1	-37.9	78.8	43.3	14.6
EBITDA margin	15.7	12.0	33.2	42.7	18.4
Return on revenue ³	1.9	-48.7	67.9	26.3	4.2
Return on equity after tax ³	1.8	-54.3	41.3	22.2	2.5
Return on total investments ³	2.6	-20.1	30.0	21.8	3.0
Working capital (€ million)	1,037.9	747.4	647.4	1,303.6	1,135.5
Operating assets (€ million)	8,140.6	6,090.6	6,738.6	6,683.5	6,987.7
Return on capital employed (ROCE)	2.3	-22.8	42.9	25.7	3.2
Weighted average cost of capital before tax	8.6	9.4	9.7	11.5	11.6
Value added (€ million)	-560.9	-2,576.5	2,001.6	1,095.1	-678.1

¹ For the years 2019 to 2020, the figures relate to the continuing and discontinued operations of the K+S Group; from 2021, the figures relate to the continuing operations of the K+S Group.

² The presentation of the income statement has been changed in line with the internal management structure and for the purpose of improving the industry benchmarking from the 2019 financial year onwards.

³ The adjusted key figures include the gains/losses from operating anticipatory hedges for the respective reporting period; effects from changes in the fair value of hedges are eliminated. In addition, related effects on deferred and cash taxes are adjusted; tax rate 2023: 30.2% (2022: 30.2%).

DERIVATION OF THE COST OF CAPITAL

The weighted average cost of capital for the K+S Group is calculated by adding the return expected by the equity investors on the equity share as well as the interest on debt on the interest-bearing debt share of total capital using the peer group method in accordance with IAS 36. As this is an after-tax perspective, the average interest on debt is reduced by the corporate tax rate.

The returns expected by equity investors derive from a risk-free interest rate plus a risk premium. The present-value equivalent average of the yields of government bonds denominated in euros with a maturity of 1 to 30 years according to the Svensson method was assumed as the risk-free interest rate. As at December 31, 2023, this amounted to 2.25% (2022: 2.25%). The risk premium was calculated on the basis of a market risk premium of 6.75% (2022: 7.25%) and the beta factor derived from the peer group of 1.16 compared with the MSCI World benchmark index. This results in an expected return of 10.1% (2022: 9.9%) for the equity investors.

The average interest rate on debt before tax was 3.3% (2022: 3.7%) and is derived from the rating of the peer group companies and a corresponding spread on the risk-free prime rate. After taking into account the normalized preliminary Group tax rate of 30.2%, this results in an average cost of debt after tax of 2.3% (2022: 2.6%).

As at December 31, 2023, the debt-equity ratio calculated using the peer group method was 34.0% (2022: 34.8%).

In total, this results in a weighted average cost of capital for the K+S Group, as well as for the individual operating units, of 8.1% (2022: 8.0%) after tax. The corresponding cost of capital before tax amounted to 11.6% (2022: 11.5%). Based on average capital employed of €8,055.2 million, this resulted in a pre-tax cost of capital of €934.4 million for 2023 (2022: €883.9 million).

PROFITABILITY RATIOS

The return on equity after tax amounted to 2.5% and the return on total assets to 3.0% in the reporting year (2022: 24.9% and 23.1%, respectively). The calculation of return on equity and return on total capital employed is shown in tables **B.25** and **B.26**.

CALCULATION OF RETURN ON EQUITY

B.25

in € million	2022	2023
Equity	6,720.0	6,503.1
Effects of fair value changes from operating anticipatory hedges	7.3	-40.7
Adjusted equity as at Dec. 31	6,727.3	6,462.4
Adjusted equity (LTM) ¹	6,004.1	6,594.9
Group earnings after tax, adjusted	1,494.0	161.9
Return on equity²	24.9%	2.5%

1 LTM = Average value of opening and closing value of the last twelve months.

2 The deviation from the previous year's figure in the 2022 Annual Report is due to the fact that the return on equity in the 2021 and 2022 financial years was based on adjusted equity as at December 31 in order to avoid distortions in the key figure due to the assets held for sale in 2021. As there were no material effects from this in 2022 and 2023, the return on equity is again calculated using the average value of adjusted equity.

CALCULATION OF RETURN ON TOTAL INVESTMENT

B.26

in € million	2022	2023
Balance sheet total	9,890.0	9,473.8
Effects from fair value changes	-22.0	-51.4
Effects from deferred tax	-43.9	-14.6
Adjusted balance sheet total as at Dec. 31	9,824.2	9,407.8
Adjusted balance sheet total (LTM) ¹	9,286.2	9,419.2
Adjusted earnings before interest and tax	2,142.5	283.0
Return on total assets²	23.1%	3.0%

1 LTM = Average value of opening and closing value of the last twelve months.

2 The deviation from the previous year's figure in the 2022 Annual Report is due to the fact that the return on total investment in the 2021 and 2022 financial years was based on adjusted balance sheet total as at December 31 in order to avoid distortions in the key figure due to the assets held for sale in 2021. As there were no material effects from this in 2022 and 2023, the return on total investment is again calculated using the average value of adjusted balance sheet total.

The return on capital employed (ROCE) of the K+S Group amounted to 3.2% in the year under review (2022: 25.7%) and was, therefore, significantly below our cost of capital of 11.6% before tax. The K+S Group, therefore, recorded a negative value added of €-678.1 million in the past financial year (2022: positive value added of €1,095.1 million). **B.27**

CALCULATION OF ROCE**B.27**

in € million	2022	2023
ROCE = Earnings before operating hedges/capital employed (annual average)	25.7%	3.2%
Earnings before operating hedges	1,979.1	256.3
Intangible assets	181.4	164.8
Property, plant, and equipment	6,292.8	6,588.8
Investments in affiliated companies and other shareholdings	42.8	79.1
Financial assets accounted at equity	166.4	155.0
Operating assets	6,683.5	6,987.7
Inventories	675.1	708.0
Trade receivables	1,143.7	759.8
Other assets	302.5	433.2
Trade payables	-312.9	-335.1
Other liabilities	-374.3	-287.9
Current provisions	-263.2	-194.9
Working capital, adjusted ¹	132.7	52.5
Working capital	1,303.6	1,135.5
Capital employed (LTM) ²	7,686.5	8,055.2

¹ Adjusted for CTA plan asset surpluses, receivables, and liabilities from cash investments, fair values of operating anticipatory hedges, reimbursement claims and corresponding obligations, as well as liabilities from finance leases.

² LTM = Average value of opening and closing value of the last twelve months.

FINANCIAL POSITION**PRINCIPLES AND GOALS OF THE FINANCIAL MANAGEMENT OF THE K+S GROUP****FINANCIAL MANAGEMENT IS CONTROLLED CENTRALLY**

The primary goals of financial management of the K+S Group include:

- + Securing liquidity and controlling it efficiently throughout the Group,
- + maintaining and optimizing financing capability, and
- + reducing financial risks, also by using financial instruments.

With central cash management, we control liquidity and optimize cash flows within the K+S Group. We continue to strive for a capital structure aligned to the criteria and key indicators for an investment grade rating to maintain our financing capability and achieve favorable costs of capital for debt and equity. On June 5, 2023, the rating agency Standard & Poor's (S&P) upgraded our rating from BB+ (outlook "positive") to BBB- (outlook "stable"). According to S&P, this was mainly attributable to the significant debt reduction and the forward-looking financial policy. K+S, therefore, achieved its long-term goal of regaining an investment grade rating. We manage our capital structure on the basis of the key performance indicators listed in table **B.28**.

- 👁 K+S on the capital market
- 👁 Net assets

Currency and interest rate management is performed centrally for all major Group companies. Derivative financial instruments are only entered into with banks with good credit ratings, are spread across several banks, as well as continuously monitored to reduce the risk of default.

KEY INDICATORS OF THE CAPITAL STRUCTURE ¹

B.28

	2019	2020	2021	2022	2023
Net financial liabilities/EBITDA ²	4.9	7.2	0.6	–	–
Net financial liabilities (incl. all lease liabilities)/EBITDA	5.4	7.8	0.7	–	–
Net debt/EBITDA	7.1	10.5	1.7	0.3	1.7
Net debt (excluding non-current provisions for mining obligations that are due after more than 10 years)/EBITDA	n.a.	n.a.	n.a.	0.1	0.4
Net debt/equity (%)	101.6	209.5	34.4	12.4	19.0 ³
Equity ratio (%)	42.4	26.5	60.3	67.9	68.6

1 For the years 2019 to 2020, the figures relate to the continuing and discontinued operations of the K+S Group; from 2021, the figures relate to the continuing operations of the K+S Group.

2 There are no net financial liabilities as of December 31, 2022.

3 Net debt also includes non-current provisions for mining obligations due in more than 10 years in the amount of €972.6 million. Excluding these obligations from net debt, the key indicator amounts to 4.1%.

CURRENCY HEDGING ¹

B.29

	2022	Q1/2023	Q2/2023	Q3/2023	Q4/2023	2023
EUR/USD exchange rate after premiums	1.13	1.10	1.11	1.10	1.06	1.09
Average EUR/USD spot rate	1.05	1.07	1.09	1.09	1.08	1.08

1 The quarterly figures constitute unaudited voluntary content that was not subject to the audit of the financial statements.

FOREIGN CURRENCY HEDGING SYSTEM

Fluctuations in exchange rates can lead to the value of the service supplied not matching the value of the consideration received because income and expenditures arise at different times in different currencies (transaction risks). Exchange rate fluctuations, in particular of the US dollar against the euro, impact the amount of our revenues and the equivalent value of our receivables. Key net positions (i.e., net revenues in US dollars less freight and other costs denominated in US dollars) are, therefore, hedged using derivatives, normally options or forward contracts, as part of the transaction hedging process.

These hedging instruments protect us against a worst-case scenario, while at the same time, giving us the opportunity to participate in a favorable exchange rate development. In 2023, the realized exchange rate of the euro against the US dollar averaged 1.09 EUR/USD including hedging costs (2022: 1.13 EUR/USD). **B.29**

Furthermore, currency effects arise in the case of subsidiaries whose functional currency is not the euro (translation risks): On the one hand, the results of these companies determined in foreign currencies are translated into euros at average exchange rates with an effect on earnings and, on the other hand, their net assets are translated at closing rates. The translations may result in currency-related fluctuations in the equity of the K+S Group.

These translation risks arising from the conversion of foreign currency are not hedged.

CAPITAL EXPENDITURES ANALYSIS

We calculate our capital expenditures as follows: **B.30**

RECONCILIATION CAPITAL EXPENDITURES		B.30	
in € million	2022	2023	
Additions to other intangible assets and property, plant, and equipment	621.7	919.7	
- Emissions rights	112.0	2.3	
- Leases	14.7	38.7	
- Interest costs	14.1	17.6	
- Capitalization of depreciation and amortization	6.8	8.8	
- Recultivation	69.3	326.9	
- Other	1.0	0.1	
Capital expenditures (CapEx)	403.8	525.3	

At €525.3 million, K+S capital expenditure in 2023 was above the previous year's level (2022: €403.8 million). A large part of this was due to maintenance investments, the energy transformation, initial preparatory investments for the Werra 2060 project, as well as the construction of a co-generation plant in Bethune and the ongoing cavern development there. Meeting regulatory requirements, such as compliance with occupational exposure

limits in underground mining operations through replacement investments in machines with state-of-the-art exhaust gas cleaning systems and electric drives, continued in 2023. Furthermore, capital expenditure was made on the construction of the production plant for the new low-emission emulsion explosive, Granulex. **B.31, B.32**

🔗 Combined non-financial statement, Environment & Resources

🔗 Combined non-financial statement, Environment, Health & Safety

At the end of the year, there were economic capital expenditure obligations for investment projects not yet completed amounting to €311.0 million (2022: €304.9 million).

CAPITAL EXPENDITURE BY QUARTER ^{1,2}

B.31

in € million	2022	Q1/2023	Q2/2023	Q3/2023	Q4/2023	2023	%
K+S Group	403.8	77.5	121.3	148.6	177.9	525.3	30.1
Share of capital expenditure (%)	–	14.8	23.1	28.3	33.9	100.0	–

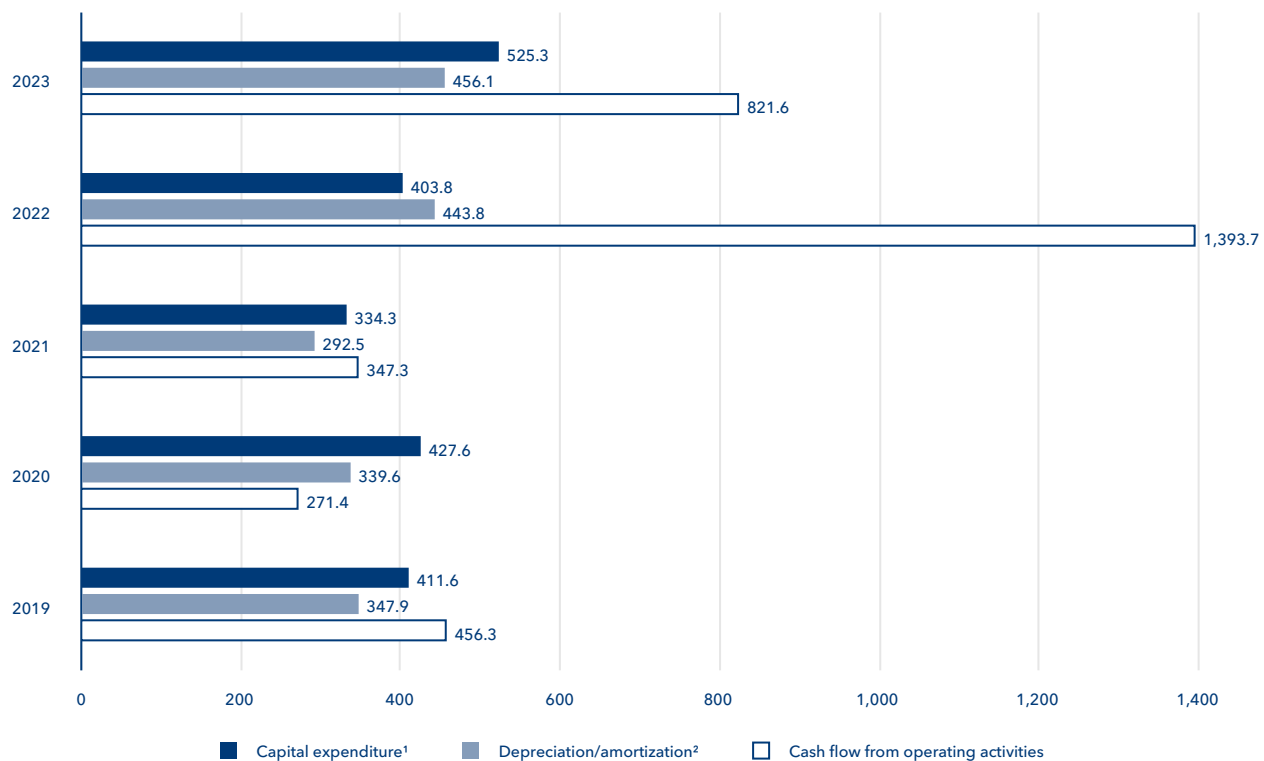
1 Relates to cash-effective investments in property, plant, and equipment and intangible assets, taking into account reimbursement claims from subsequent claims management, excluding lease additions in accordance with IFRS 16 (please refer to B.30 for reconciliation).

2 The quarterly figures constitute unaudited voluntary content that was not subject to the audit of the financial statements.

CAPITAL EXPENDITURES COMPARED TO DEPRECIATION AND AMORTIZATION, AND CASH FLOW FROM OPERATING ACTIVITIES

B.32

in € million



1 Relates to cash-effective investments in property, plant, and equipment and intangible assets, taking into account reimbursement claims from subsequent claims management, excluding lease additions in accordance with IFRS 16 (please refer to B.30 for reconciliation).

2 Relates to depreciation and amortization of property, plant, and equipment and intangible assets and of investments accounted for using the equity method, adjusted for the amount of depreciation and amortization recognized directly in equity in connection with own work capitalized.

OVERVIEW OF CASH FLOWS

B.33

in € million	2022	2023	%
Cash flow from operating activities	1,393.7	821.6	-41.0
Cash flow from investing activities ¹	-908.6	-189.8	-79.1
Free cash flow	485.1	631.8	+30.2
Adjustment for acquisitions/disposals of securities and other financial investments	446.9	-320.6	-
Adjusted free cash flow	932.0	311.2	-66.6

¹ The composition of the cash flow from investing activities can be found in the statement of cash flows on page 190.

LIQUIDITY ANALYSIS

In the 2023 financial year, cash flow from operating activities amounted to €821.6 million, compared with €1,393.7 million in the previous year. The lower level of funds tied up in working capital, which was also impacted by the repayment of factoring in the previous year, as well as lower interest and tax payments only partially offset the decline in EBITDA.

In the reporting year, the adjusted cash flow from investing activities amounted to €-510.4 million, compared with €-461.7 million in the prior-year period. In 2022, this was negatively impacted by expenses for the purchase of CO₂ certificates in the amount of €111.2 million. Planned higher payments for capital expenditure for the investment projects described from page 62 onwards led to the increase in 2023.

Overall, adjusted free cash flow (excluding acquisitions/disposals of securities and other financial investments) amounted to €311.2 million, compared with €932.0 million in the previous year. **B.33**

Cash flow from financing activities amounted to €-795.9 million in the reporting year (2022: €-559.6 million), mainly due to the repayment of a bond and the return of capital to our shareholders to participate in the Company's success for the 2022 financial year.

As of December 31, 2023, net cash and cash equivalents amounted to €144.5 million (December 31, 2022: €312.9 million).

FINANCING ANALYSIS

Following the significant reduction in debt as part of the sale of the Americas operating unit in 2021 and the very good operating business development in 2022, the K+S Group has been able to report a net asset position since September 30, 2022. Cash and cash equivalents as well as financial investments, therefore, exceed the existing financial and lease liabilities.

SLIGHT INCREASE IN EQUITY RATIO

As of the balance sheet date, equity decreased from €6,720.0 million in the previous year to €6,503.1 million as a result of the share buyback. The equity ratio increased again to 68.6% (December 31, 2022: 67.9%).

SHARE OF LIABILITIES LARGELY STABLE

Non-current liabilities including non-current provisions decreased to €1,853.4 million as of December 31, 2023 (December 31, 2022: €1,898.8 million). Non-current liabilities accounted for 19.6% of total assets (December 31, 2022: 19.2%). The coverage ratio II (equity and non-current liabilities in relation to non-current assets) amounted to 118.0% at the end of the year. **B.34, B.35**

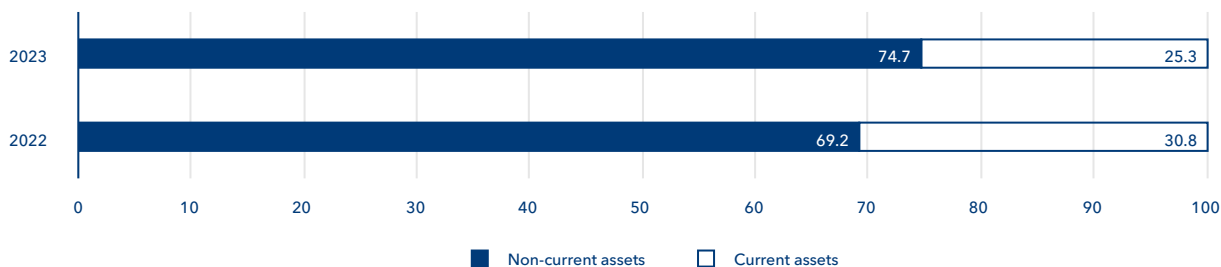
Current liabilities decreased to €1,117.3 million as of December 31, 2023 (December 31, 2022: €1,271.2 million). As a result, the share of total assets amounted to 11.8% as of December 31, 2023 (December 31, 2022: 12.9%).

Overall, liabilities decreased again; the further reduction in financial liabilities was offset by an increase in mining provisions.

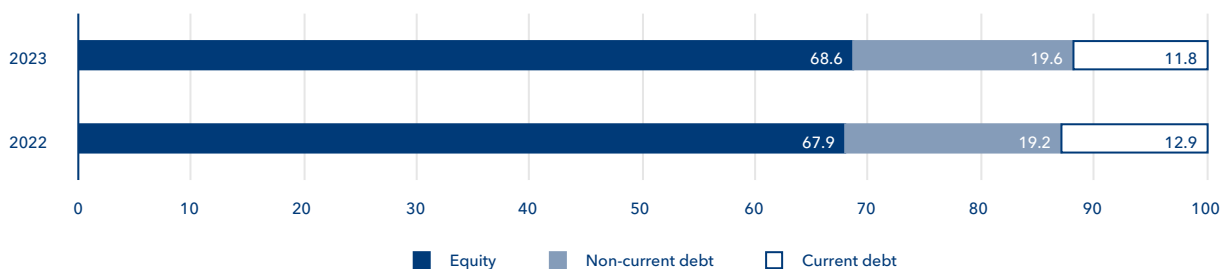
👁 Notes, Balance sheet

ASSETS**B.34**

in %

**EQUITY AND LIABILITIES****B.35**

in %

**FINANCIAL LIABILITIES**

As of December 31, 2023, financial liabilities amounted to €383.0 million (December 31, 2022: €730.6 million). On December 14, 2022, the 3-month par call of our bond issued in 2017 was called

and the bond matured on January 6, 2023. Our remaining financial liabilities are largely attributable to the outstanding shares of the corporate bond issued in July 2018. **B.36**

🔗 K+S on the capital market, Bonds and rating

NET DEBT**B.36**

in € million	Dec. 31, 2022	Dec. 31, 2023
Cash and cash equivalents	320.0	152.2
Non-current securities and other financial investments	14.8	7.0
Current securities and other financial investments	665.8	354.1
Financial liabilities	-730.6	-383.0
Lease liabilities from finance lease contracts	-25.1	-5.3
Net financial liabilities (-)/net asset position (+)	244.9	125.0
Lease liabilities excluding liabilities from finance lease contracts	-144.0	-142.5
Net financial liabilities (-)/net asset position (+) (incl. all leasing liabilities)	100.9	-17.4
Provisions for pensions and similar obligations	-2.7	-8.1
Non-current provisions for mining obligations	-932.4	-1,212.2
- thereof payable within 10 years	-236.6	-239.6
Net debt	-834.2	-1,237.7
Net debt excluding non-current provisions for mining obligations that are due after more than 10 years	-138.4	-265.1

PROVISIONS

The non-current provisions of the K+S Group relate, in particular, to mining obligations as well as pensions and similar obligations.

Provisions for non-current mining obligations increased to €1,212.2 million (December 31, 2022: €932.4 million) as a result of changed cost and revenue assumptions as well as interest rate adjustment effects, of which €239.6 million is due within 10 years (December 31, 2022: €236.6 million).

- 👁 Key events affecting the business development
- 👁 Notes (22)

Non-current provisions for pensions and similar obligations recorded an increase to €8.1 million (December 31, 2022: €2.7 million) due to negative interest rate effects. The average weighted actuarial interest rate for pensions and similar obligations was 3.6% as at December 31, 2023 (December 31, 2022: 4.2%). The actuarial valuation of pension provisions is based on the projected unit credit method in accordance with IAS 19.

- 👁 Notes (21)

SIGNIFICANCE OF OFF-BALANCE-SHEET FINANCING INSTRUMENTS FOR THE FINANCIAL POSITION AND NET ASSETS

In accordance IFRS 16, all leases are recognized in the statement of financial position. There are exceptions only for short-term, low-value, and variable leases. These have no material impact on the economic position of the K+S Group.

NET ASSETS

ANALYSIS OF ASSET STRUCTURE

The total assets of the K+S Group amounted to €9,473.8 million as of December 31, 2023 (December 31, 2022: €9,890.0 million). Property, plant, and equipment increased slightly to €6,588.8 million (December 31, 2022: €6,292.8 million). The share of investments accounted for using the equity method (REKS GmbH & Co. KG, K+S Baustoffrecycling GmbH) amounted

to €155.0 million; further information can be found in the Notes (15). Inventories increased to €708.0 million (December 31, 2022: €675.1 million), partly due to higher costs, particularly for raw materials, consumables, and supplies; further information can be found in the Notes (17). Trade receivables decreased to €759.8 million due to the significantly lower potash prices (December 31, 2022: €1,143.7 million). Cash and cash equivalents, current and non-current securities, and other financial investments amounted to €513.3 million as of the balance sheet date and were, therefore, significantly lower than the previous year's figure (December 31, 2022: €1,000.6 million) following the further repayment of financial liabilities and the participation of shareholders in the Company's success for the 2022 financial year.

As of December 31, 2023, this figure almost offset the amount of financial and lease liabilities, resulting in net financial debt including all lease liabilities of €-17.4 million (December 31, 2022: net asset position including all lease liabilities of €100.9 million). As of December 31, 2023, the net asset position amounted to €125.0 million (December 31, 2022: €244.9 million). As of 31 December 2023, the net debt of the K+S Group increased to €1,237.7 million (31 December 2022: €834.2 million); this was mainly due to the increase in non-current provisions, particularly for mining obligations. Net debt, excluding non-current provisions for mining obligations that fall due after more than 10 years, amounted to € 265.1 million as at December 31, 2023 (December 31, 2022: € 138.4 million). Cash outflows due within the next 10 years are particularly decisive for the assessment of financing capability. The key figure net debt (excluding non-current provisions for mining obligations due in more than 10 years)/EBITDA is, therefore, also shown in table **B.28**.

- 👁 Financial position
- 👁 Key events affecting the business development
- 👁 Notes (22)

The ratio of non-current to current assets amounted to 75:25. **B.37, B.38**

MULTIPLE-PERIOD OVERVIEW OF ASSETS ¹**B.37**

in € million	2019	2020	2021	2022	2023
Property, plant, and equipment, intangible assets	8,208.5	6,155.5	6,486.4	6,474.2	6,753.7
Financial assets, non-current securities, and other financial investments	113.2	47.9	94.8	57.7	86.3
Inventories	789.3	832.5	496.5	675.1	708.0
Trade receivables	724.7	475.8	569.5	1,143.7	759.8
Cash and cash equivalents, current securities, and other financial investments	333.2	212.2	604.3	985.8	506.3

¹ For the years 2019 to 2020, the figures relate to the continuing and discontinued operations of the K+S Group; from 2021, the figures relate to the continuing operations of the K+S Group.

MULTIPLE-PERIOD OVERVIEW OF THE FINANCIAL POSITION ¹**B.38**

in € million	2019	2020	2021	2022	2023
Equity	4,495.1	2,222.6	5,259.2	6,720.0	6,503.1
Equity ratio (%)	42.4	26.5	60.3	67.9	68.6
Non-current liabilities	4,721.1	3,834.7	2,469.6	1,898.8	1,853.4
- thereof provisions for pensions and similar obligations	232.2	224.9	16.0	2.7	8.1
- thereof provisions for mining obligations	910.6	946.9	1,017.4	932.4	1,212.2 ⁴
Non-current provisions as share of total equity and liabilities (%)	12.4	16.1	13.7	10.9	14.4
Current liabilities	1,376.0	2,330.1	995.5	1,271.2	1,117.3
- thereof trade payables	241.3	305.6	257.2	312.9	335.1
Financial liabilities	3,398.9	3,369.2	1,191.0	730.6	383.0
Net financial liabilities (-)/net asset position (+)	-3,116.6	-3,217.4	-606.3	+244.9	+125.0
Net debt	4,565.7	4,656.8	1,808.0	834.2	1,237.7 ⁴
Debt-equity ratio (%) ²	75.6	151.6	22.6	10.9	5.9
Debt-equity ratio II (%) ³	101.6	209.5	34.4	12.4	19.0 ⁴
Working capital	1,037.9	747.4	647.4	1,303.6	1,135.5
Cash flow from operating activities	639.8	428.5	347.3	1,393.7	821.6
Adjusted free cash flow	139.7	-42.2	92.7	932.0	311.2
Cash flow from/(used in) financing activities	11.0	-79.9	-2,190.9	-559.6	-795.9

¹ For the years 2019 to 2020, the figures relate to the continuing and discontinued operations of the K+S Group; from 2021, the figures relate to the continuing operations of the K+S Group.

² Financial liabilities/equity

³ Net debt/equity.

⁴ Includes non-current provisions for mining obligations with maturities of more than 10 years in the amount of €972.6 million.

RESTRICTED ASSETS

In 2005, we began funding the pension obligations of our domestic Group companies through a contractual trust arrangement (CTA model). This contribution is associated with an earmarking of funds. Furthermore, there are reinsurance policies that also qualify as plan assets under IFRS. In accordance with IFRS, such obligations are presented in the balance sheet as a net liability. Assets restricted in connection with pension obligations amounted to €280.3 million in 2023, compared with €279.9 million in the previous year. At the balance sheet date, there were also plan assets for obligations from lifetime working

accounts amounting to €53.0 million (2022: €46.1 million), which have also been netted in the balance sheet.

👁 Notes (21)

ASSETS NOT RECOGNIZED IN THE BALANCE SHEET

As of December 31, 2023, other financial liabilities arising from uncompleted investments amounted to €311.0 million (December 31, 2022: € 304.9 million).

ASSESSMENT OF THE CURRENT ECONOMIC SITUATION BY THE BOARD OF EXECUTIVE DIRECTORS⁶

K+S generated solid earnings in the 2023 financial year. Following the record year 2022, we achieved a decent annual result with EBITDA of around €712 million, even though the earnings corridor expected a year ago could not be achieved, mainly due to price factors. Nevertheless, we have responded with resilience to the persistent distortions in the market and challenges on the cost side caused by the increasing geopolitical conflicts.

In the reporting year, the adjusted free cash flow amounted to around €311 million. The Board of Executive Directors and Supervisory Board will therefore propose a dividend of 70 cents per share for the 2023 financial year to the Annual General Meeting.

The proposal for the appropriation of profits is in line with our new distribution policy of returning 30 to 50% of the adjusted free cash flow generated annually to shareholders. Our proposal takes into account the maintenance of a strong balance sheet as well as the expected business development and future investments.

The rating agency Standard & Poor's had already upgraded the long-term rating of K+S in June 2023, thereby recognizing our significant debt reduction and forward-looking financial policy. Since then, K+S has again been rated in the investment grade range. We are very pleased to have reached this strategic milestone, which we have been striving for for several years.

K+S successfully completed the share buyback in November. The bought-back shares were subsequently canceled. Together with the dividend payment in 2022, K+S has, therefore, returned capital of around €390 million to its shareholders as planned. After the record year 2022, it was important for us to let our shareholders participate in this success and to take appropriate account of the different interests within our shareholder structure.

In line with our strategy, we systematically pushed ahead with the transformation of our Werra integrated plant and the ramp-up of our Canadian plant in Bethune in the reporting year.

The implementation of Werra 2060 should provide our sites of the Werra integrated plant with prospects for the next decades, strengthens the competitiveness of K+S, and ensures sustainable value creation in the region. We are investing in the production of mineral fertilizer specialties urgently needed worldwide. Moreover, it is a decisive step towards the decarbonization of our production and the production of green potash. We want to significantly reduce emissions while, at the same time, optimizing energy use. Furthermore, we are converting the energy supply at our Borth salt plant from natural gas to biomass. We are, therefore, taking a major step towards achieving climate-neutral production at our salt sites by 2030.

At the Bethune site, we are driving forward the expansion of capacity with the successful expansion of secondary mining as well as the expansion of combined heat and power generation. This will significantly improve both our energy efficiency and our cost position.

Against this background, we have set ourselves even more ambitious climate goals than before: By 2030, we want to reduce our CO₂ emissions across the Group by a further 25% compared to the base year 2020 and by a total of 60% by 2040.

We are also implementing process improvements at our sites and leveraging opportunities presented by the use of artificial intelligence. In principle, this is not new territory for K+S, but it opens up additional, very promising opportunities for us: examples include the use of autonomous loading vehicles underground, predictive maintenance, and an even more efficient recovery of the valuable materials in our crude salt.

In the years ahead, we will, therefore, be making significant investments in the optimization of our existing business, in economic growth, and in the sustainable further development of the Company.

⁶ As of: March 6, 2024.

RESEARCH AND DEVELOPMENT

Research and development make an important contribution to many strategic and operational projects at K+S and cover a wide range from product development to the optimization of our production processes. In the area of optimizing our existing business, there is a continuous need for development to make new findings from research and development available for use at our plants and to find customer-specific and site-adapted solutions. A current major task of research and development is to support the reduction of production costs and the transformation process to further reduce the environmental footprint of our production through innovative and robust concepts – a prime example of this is the Werra 2060 project to transform the Werra plant, in which processes developed in-house are now being implemented on an industrial scale.

We will continue to pursue intensive research and development to make our processes more efficient and sustainable, further improve the quality of existing products, and drive forward new business areas, such as the alternative use of our unique infrastructure.

📄 www.kpluss.com/werra2060

RESEARCH KEY INDICATORS

Research and development costs totaled €12.4 million in the reporting period (2022: €11.6 million). In this context, only research and development in the narrower sense is considered. Despite lower revenues in 2023, investments in research and development continued unabated in order to drive innovation. Capitalized development expenditure decreased to €3.9 million in the year under review (2022: €8.1 million) and mainly related to the development projects for underground and above-ground sorting as well as a demonstration plant for the production of K+Soy, a new potassium and sulfur fertilizer. **B.39**

RESEARCH AND DEVELOPMENT ACTIVITIES	B.39	
in € million	2022	2023
Research and development costs	11.6	12.4
Research intensity (research costs/revenues)	0.2%	0.3%
Capitalized development investments	8.1	3.9

RESEARCH INSTITUTIONS AND COOPERATIONS

K+S ANALYTICS AND RESEARCH CENTER

The K+S Analytics and Research Center (ARC) at the Unterbreizbach site serves internal research throughout the K+S Group. At the end of 2023, a total of 104 (2022: 94) employees worked here. In laboratories and test facilities, they conduct research to develop new ideas towards their practical suitability or market maturity. A key focus here is the procedural optimization of our existing production processes as well as the development and implementation of new processes. The ARC also conducts research into new fertilizer and salt products. The ARC's central laboratory is accredited to DIN EN ISO/IEC 17025:2018-03.

INNOVATION AT K+S

The Innovation & Digital Transformation unit works in close coordination with our customer segments and sites in defined target areas to optimize existing business and identify as well as evaluate new business areas in accordance with our corporate strategy. The unit manages the Innovation Hub RootCamp in Hanover in cooperation with SpinLab Accelerator GmbH. The RootCamp is now one of the leading AgTech & Bioeconomy Innovation Hubs in Europe. In 2023, cooperation projects with selected start-ups were once again successfully implemented in close cooperation with K+S. The start-up, Aquapurna, for example, successfully developed at RootCamp and is building an

indoor shrimp farm at the former K+S site in Sigmundshall, near Hanover. Furthermore, the constant climatic conditions in old mine workings as well as the unique access security underground are being utilized for the cultivation of medicinal cannabis (underground farming) for research purposes by another start-up.

PUBLIC-PRIVATE COOPERATION

The Institute of Applied Plant Nutrition (IAPN) is operated as a public-private partnership by K+S together with the Georg-August-University of Göttingen. Scientific research on plant nutrition combined with plant and yield physiology is conducted here, to identify the effects of nutritional status in detail and enhance our expertise in the field of fertilization.

The International Magnesium Institute (IMI) based in Fuzhou, China, is a cooperation between K+S and Fujian Agriculture and Forestry University. The IMI is financed by Shenzhen K+S Trading Co. Ltd. based in Shenzhen, China. The aim of the cooperation is to anchor knowledge about the important plant nutrient magnesium in particular, but also about potassium, more deeply in research, teaching, and advisory services. Application questions can be answered quickly and competently due to targeted linking with marketing and sales activities.

SELECTED RESEARCH AND DEVELOPMENT PROJECTS

A key focus of research and development is the optimization of our existing production processes. Examples of projects successfully completed in 2023 include the following:

+ K+S is the only potash producer that uses the electrostatic separation process (ESTA®) developed in-house as a climate-friendly sorting process. As part of the search for new, suitable processing aids for this ESTA® process, promising alternatives were identified in laboratory and pilot plant trials, as well as operational tests. These alternatives enable even more efficient operation of our sorting processes.

- + In cooperation with a machine manufacturer and the RWTH Aachen University, further automation steps are being worked on for the blast hole drilling rig. In the next step, the system structure with sensors and network integration will be further developed.
- + An innovative process can already be used to separate residues from the crude salt suitable for backfilling underground, thereby potentially increasing the concentration of mineral-containing materials in the extraction process. The pilot plant for sensor-supported sorting in the mine, which is currently in operation at the Zielitz plant, has provided important practical findings on sorting.
- + A new cooling pond simulation tool was developed at the ARC for our Canadian Bethune potash plant and validated with real data from operations. Enhancement and optimization options for secondary mining are being developed using advanced models.

The development of new products is another key focus of research and development. The following new product developments in 2023 are just a few examples:

- + A new type of potassium and sulfur fertilizer (K+Soy), which is produced with an innovative granulation process, potentially complements the K+S soil fertilizer segment. A patent application has been filed for the new process. In 2023, a demonstration plant was put into operation at the Bergmannsseggen-Hugo plant and first trial batches were produced.
- + K+S is working on a tailor-made biostimulant portfolio to complement the existing fertilizer product family. The ACCELO® range, with high-quality humic acids, was launched on the market, and further products will follow in 2024.
- + The effect of adjuvants on the uptake behavior of micronutrients through the leaves of selected crops was investigated in numerous container and field trials. The product formulations selected in collaboration with the ARC and the Sabanci University of Istanbul were tested in grain (wheat, barley, oats) and soybeans. Compared with variants without selected adjuvants, higher nutrient concentrations in plant growth and, therefore, a higher efficiency of the micronutrient-containing foliar fertilizers were proven.

- + In cooperation with independent research institutions, the mineral supply of livestock is being investigated. The focus is on magnesium supplementation in animal nutrition for pigs. Further promising projects for other livestock species are being continued. The aim is to optimize the product portfolio and gain new insights into the effectiveness of feed products.
- + Sodium reduction in food is a current global trend. With KaliSel®, K+S provides a good opportunity for sodium reduction with improved salt perception in salt-reduced foods such as bread or sausage. We are working on a national and international level with various independent research institutes on further customized solutions to expand the current product portfolio.

TRADEMARK AND PATENT PORTFOLIO

The K+S Group holds 48 patent families worldwide (2022: 47), which are protected by 151 national rights. The patents are applied in such areas as granulate production, the ESTA®, and flotation.

The number of national and regional trademark rights in the K+S Group amounted to 1,902 at the end of 2023. They result from 353 basic trademarks (2022: 1,935 trademark rights and 344 basic trademarks).

EMPLOYEES

Our employees significantly contribute to the success of our Company. The central task of HR management and managers is, therefore, to attract the best employees, promote their individual development within the Company, and retain them in the long term. We attach great importance to ensuring that our employees can develop their full potential in different teams. In this context, our values constitute the basis for our daily cooperation. Furthermore, it is important to take greater account of the realities of our employees' everyday working lives, meet the demands of a changing society, and position ourselves as an attractive employer.

CREATING THE RIGHT BASIS

A solid education and continuous training are the basis for the excellent performance of our employees and, therefore, for the success of the entire Company. On a continuous basis, about 600 women and men complete vocational training or dual studies. Moreover, K+S successfully develops its own future managers with further training programs at the Technical College for Business and Technology in Clausthal-Zellerfeld, StudiumPlus, and the K+S Management Program.

Challenges in implementing our strategy arise, in particular, in mechanical engineering, electrical engineering, automation and construction technology, chemistry and process engineering, as well as IT and digitalization, as we are experiencing an increasingly difficult labor market environment in these areas.

In workshops on recruiting skilled workers, ideas for measures were developed, prioritized, and transferred to a project framework in 2023. This framework is divided into four sub-projects (key topics): expanding training in terms of quantity and quality and positioning it for the future, supporting a balanced gender distribution, recruiting and integrating foreign specialists, and developing concepts for health-friendly and attractive shift models. All four areas are aimed at positioning K+S as an attractive employer for the future, retaining and developing our own employees, and leveraging untapped potential on the labor market.

The remuneration system was also further developed in both the collectively agreed and non-tariff areas to ensure continued perception as an attractive employer on the labor market.

The systematic expansion of social media activities (Google, Facebook, Instagram, LinkedIn, Xing, and other online networking platforms), which started in 2021 and continued in 2023, has had a major impact and reach among the target groups. In 2023, a "Corporate Influencer Program" (ambassador program consisting of 15 employees from different areas of the Company) was launched on the LinkedIn social media platform. The aim of this program is to send authentic and unfiltered Company impressions to potential new employees. The desired reach and impact of the ambassador program have already been exceeded. The response and awareness levels are high.

☐ www.linkedin.com/company/k-s-group

Potential and succession management at K+S were also further enhanced during the reporting period and personnel development processes were improved. High-potential employees and successor candidates are identified and individual development paths are defined as part of regular potential rounds. Managers are supported in their tasks in potential and succession management as part of management training.

The digitalization of HR processes made further progress in 2023. The collaboration between K+S and the HR management system currently in use has been extended by a further five years. We will, therefore, continue to create greater added value for personnel, employees, and managers by mapping additional processes in the system. From now on, our experience with the system will lead to further process-related optimizations and to an increase in the efficiency of administrative processes.

OUR WORKFORCE

As of December 31, 2023, the K+S Group employed a total of 11,598 employees or 11,447 FTEs, respectively (2022: 11,233 employees or 11,097 FTEs). **B.40**

EMPLOYEES OF THE K+S GROUP		B.40
in FTE as per December 31 ¹	2022	2023
K+S Group	11,097	11,447

¹ FTE = Full-time equivalents; part-time positions are weighted according to their respective share of working hours.

Our workforce consists of 85.4% (2022: 85.2%) employees covered by collective bargaining agreements, 9.3% (2022: 9.5%) non-tariff employees, and 5.3% (2022: 5.3%) trainees. On average, our employees are 42 years old and have been with us for 14 years. The fluctuation rate, i.e., the ratio of staff departures to the average number of employees, was 6.0% in the reporting year (2022: 6.9%).

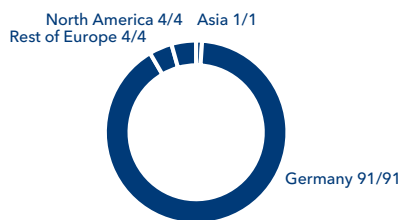
👁 Declaration on corporate governance

As an internationally operating company, diversity and inclusion are elementary components of K+S's corporate culture.

👁 Combined non-financial statement, Diversity & Inclusion

Some 91% of our 11,598 employees (2022: 91%) are based in Germany. **B.41**

EMPLOYEES BY REGION		B.41
in %		



○ 2023 / 2022

AS PART OF OUR EMPLOYEE RETENTION PROGRAM, WE PROMOTE

...THE HEALTH AND SAFETY OF OUR EMPLOYEES

Health is the most important human asset. With our health promotion programs, we support the healthy lifestyle of our employees. Alongside advice and prevention services such as vitality coaching, we provide our employees with appropriately designed workplaces and workflows.

The safety of our employees is our top priority. Therefore, we have implemented occupational safety programs at all our sites, reflecting local conditions and site-specific challenges. Of course, we regularly check their success through internal audits.

👁 Combined non-financial statement, Health & Safety

... NEW TALENTS

Today, we are already thinking about tomorrow. We are, therefore, preparing our junior staff for the challenges of the future. With our specialist and management development program, we introduce talented employees to new tasks in a targeted manner and accompany them on their way. By doing this, we ensure long-term succession planning and open up new opportunities for our employees.

👁 Developing and promoting employees

... THE IDEAS OF OUR EMPLOYEES

Ideas are the engine for innovation. Our idea management system improves processes and products and strengthens K+S's competitiveness. Of course, every employee is welcome to participate. The quality of our idea management has also been recognized externally in the past and was awarded the Deutscher Ideenmanagement Preis (German Idea Management Award) by the Institute for Ideas and Innovation Management in a nationwide competition.

👁 Idea management/Continuous improvement process

... THE PERSONAL DEVELOPMENT OF OUR EMPLOYEES

In employee reviews, managers and employees jointly discuss appropriate training and development measures. On top of measures required by law and within the Company, we also offer the opportunity to attend specialist and interdisciplinary training courses, IT and language courses, as well as special seminars for managers.

Managers and employees meet at least once a year for a feedback meeting. Goals and development measures for the following twelve months are derived from this. The annual review should also include an exchange of views on joint cooperation.

👁️ Developing and promoting employees

... BALANCING WORK AND FAMILY LIFE

K+S wants to promote and support the balance between work and family. Family-friendly work structures, room for diversity, as well as individual offers are intended to enable our employees to achieve a good balance between professional and family tasks.

We support our employees in balancing work and family life within the scope of our Company's possibilities, among other things with flexible working time models, working from home, and childcare options tailored to the needs of our employees. An external family service also offers the arrangement of care options for relatives or children in need of care and immediate help with psychological stress.

... THE SENSE OF UNITY

The K+S Fanshop has been online since 2020. K+S advertising materials from the areas of clothing, household, hobbies, and electronics, as well as our own salt products for private use, can be purchased here. Employees, customers, and those interested in K+S can buy the items and have them conveniently delivered to their homes.

📄 www.ks-fanshop.de

EMPLOYEE REPRESENTATION/TRADE UNION

K+S maintains a trusting and cooperative relationship with employee representatives at Company, inter-Company, and trade union level. Based on this long-standing cooperation, sustainable agreements were once again reached with the German Mining, Chemical and Energy Industrial Union (IGBCE), the Central Works Council, and the local works councils in 2023.

In cooperation with IGBCE, the salaries of our employees covered by the collective bargaining agreement were increased. Adjustments to the collective bargaining agreement were also negotiated to reflect demographic challenges.

In view of rising inflation in 2023, the payment of an inflation compensation premium was agreed with the employee representatives.

A general works agreement on the introduction of bicycle leasing at K+S was concluded with the Central Works Council, as well as on advisory and support services to improve the work-life balance and mental health.

REMUNERATION

In the K+S Group, we pursue the goal of remunerating our employees in a performance-related, market-oriented, and comparable manner. The German collective bargaining agreement applies to our tariff employees, which also contains a component for performance assessment in the remuneration framework agreement. Our non-tariff functions are evaluated based on uniform Group-wide criteria as part of the regulations governing our non-tariff remuneration system. We ensure performance fairness and market conformity through regular market comparisons.

In 2023, personnel expenses amounted to €976.5 million. This was moderately above the previous year's level (2022: €929.2 million). Personnel expenses per employee (FTE) amounted to €86,751 in the reporting year (2022: €85,401) and were, therefore, higher than in the previous year due to collectively agreed and non-tariff pay increases as well as the payment of an inflation adjustment premium. The share of variable remuneration components included in personnel expenses, which allows our employees to participate in the Company's success and their individual performance as part of a performance-related remuneration system, amounted to €42.9 million or around 4% in 2023 (2022: €59.1 million or around 6%).

DEVELOPING AND PROMOTING EMPLOYEES

For us, the expertise and innovative strength of our workforce are key drivers of the Company's success. Therefore, we continuously develop our employees' skills and make the best possible use of them. At the same time, we are constantly on the lookout for talented individuals who will advance our continuous development process with creative ideas.

TRAINING

We believe that well-trained and committed specialists make a decisive contribution to our success. We, therefore, place a particular focus on training our employees ourselves to optimally cover our individual needs. At the German companies of the K+S Group, a total of 586 women and men were undergoing qualified vocational training or dual courses of study as of December 31, 2023 (2022: 569). With 187 new trainees hired in 2023, we are tangibly above the previous year's figure (2022: 169). At 5.7%, the ratio of trainees to employees in Germany at the end of the year was at the prior-year's level (2022: 5.7%). In most cases, we offer trainees permanent employment. The retention rate for trainees was around 90% (2022: around 90%). In addition to the established vocational training program, K+S also offers retraining opportunities. As at December 31, 2023, 26 people were taking part in such training.

STAFF DEVELOPMENT

As part of the Group's strategic staff development, the global K+S competency model shall provide a uniform approach for human resources development throughout the Group.

Regular potential rounds are held, among other things, to retain and develop our employees. These take place at different levels of the organization.

The main aim of the potential management process is to identify employees with high potential and promote them specifically in their continued development. We have set ourselves the goal of creating specific development measures within the scope of the talent rounds, which especially encourage learning within the scope of current tasks and learning from each other. This process is based on the annual performance and development review between employees and managers. This review provides the opportunity for the discussion partners to share their wishes and expectations regarding the professional and personal development of the employees on an equal footing and to agree on specific measures. Employees and managers, in turn, exchange information on the respective status within the course of the year.

🔗 Combined non-financial statement

FURTHER EDUCATION AND TRAINING

Further training and education measures are supported and promoted to safeguard our need for qualified employees in the long term.

Corresponding measures are planned and provided by the Company according to requirements. We offer specialists and managers a wide range of training courses to impart general and Company-specific knowledge. The average duration of training per employee in Germany last year was 7.8 hours. Depending on the Company's needs, we award scholarships for full-time bachelor's or master's degree courses. In Canada, we support employees who continue their education in line with their job description at a university recognized by us by reimbursing all or part of their tuition fees.

IDEA MANAGEMENT/CONTINUOUS IMPROVEMENT PROCESS

Idea management and the continuous improvement process (CIP) at K+S provide employees with the opportunity of actively participating in and shaping operational processes and structures. The system contributes to realizing the corporate strategy with the ideas implemented and the resulting savings. In 2023, a total of 11,235 ideas were submitted (2022: 10,271). The benefit over a period of 2.5 years⁷, i.e., the economic effect generated less the costs of idea management, remains at the prior-year's level of €11.1 million (2022: €11.3 million).

COMPANY PENSION SCHEME

K+S wants to support employees in securing their standard of living at an old age. Every employee of the participating German Group companies who makes use of one of the three models for company pension schemes (pension fund, chemical pension fund, direct insurance) will be supported by K+S. K+S subsidizes the pension benefits in accordance with the statutory or collectively agreed requirements. Employees convert the contributions to the company pension scheme from their remuneration subject to social security contributions. The majority of the pension programs for employees of the foreign Group companies consist of a defined contribution pension savings plan, which is mainly financed by the employees themselves and subsidized by the employer. In 2023, we spent a total of €5.1 million (2022: €4.6 million) on the defined contribution plans.

👁 Notes (21)

⁷ Our measurement of the profitability effect is based on an average value obtained from a 3-year assessment, in which the savings generated by these ideas are determined for quantifiable ideas. As these savings are usually generated on a recurring annual basis, this value was multiplied by a factor of 2.5 years less all allocated costs from idea management. The factor 2.5 was determined by K+S.

COMBINED NON-FINANCIAL STATEMENT⁸

This combined non-financial statement (NFS) has been prepared in accordance with the statutory requirements under Sections 289c-289e of the German Commercial Code (HGB), Section 315c of the German Commercial Code (HGB), and the Regulation (EU) 2020/852 of the European Parliament and of the European Council of June 18, 2020, on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter EU Taxonomy Regulation). Additionally, the Global Reporting Initiative's international framework "GRI revised Universal Standards" served as an aid in the preparation of this report. All disclosures made and key figures presented in this NFS, including previous year's figures, relate to the business activities of the K+S Group including K+S Aktiengesellschaft, unless otherwise indicated. The overview below allocates the legally required information reported in the non-financial statement to the chapters in which the sustainability activities of the K+S Group are described. Additionally, an allocation to the Sustainable Development Goals (SDGs) is made on the level of the subgoals.

- 👁 Declaration on corporate governance, Sustainability management
- 🔗 About this report

INDEX TO THE COMBINED NON-FINANCIAL STATEMENT

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NFS component	Included in chapter	SDG-relevant information ¹	Reference
Business model	Business model Corporate strategy Sustainability management	–	pp. 36 pp. 45 pp. 121
Risks	Report on risks and opportunities	–	pp. 136
EU Taxonomy Regulation	EU Taxonomy Regulation	–	pp. 97
Aspect			
Environmental matters	Resource efficiency	SDG 12.2, 12.5, 15.1	pp. 87
	Energy & Climate	SDG 12.2, 13.1	pp. 91
Employee matters	Health & Safety	SDG 8.8	pp. 78
	Diversity & Inclusion	SDG 5.1, 5.5, 8.5	pp. 80
Social matters	Stakeholder dialogue	SDG 16.7	pp. 81
Respect for human rights	Human Rights	SDG 8.7	pp. 96
Combating corruption and bribery	Compliance & Anti-Corruption	SDG 16.5	pp. 95
Supply chain (self-determined)	Sustainable supply chains	SDG 8.7	pp. 94

¹ This is additional information. It is not a principal component of the limited assurance audit performed in accordance with ISAE 3000 rev.

⁸ This section is part of the combined non-financial statement, which contains the disclosures required by Sections 289c-289e HGB and Section 315c HGB and, in accordance with Section 317 (2) sentence 4 HGB, is not part of the substantive audit performed as part of the audit of the financial statements, but was audited with limited assurance in accordance with ISAE 3000 rev.

With the corporate strategy, K+S is clearly committed to sustainability and to social, economic, and environmental responsibility in all regions in which we operate as a company. Sustainability is firmly anchored in our mission statement: "We are pioneers in environmentally friendly and sustainable mining." Attention to the EU Principles for Sustainable Raw Materials confirms our commitment. The principles were developed and agreed by the Raw Materials Supply Group (RMSG), the EU Commission, as well as other authorities and institutions. These principles provide a better understanding of the conditions under which sustainable raw material extraction and processing takes place in Europe.

☐ www.kpluss.com/eu-principles

The K+S Sustainability program is an integral part of the corporate strategy and addresses the key sustainability issues of the K+S Group. We have set ourselves goals in the action areas of Society & Employees, Environment & Resources, as well as Business Ethics & Human Rights. On this basis, we have developed corresponding concepts that we want to implement by 2030 at the latest. The remuneration system at management level is partly linked to our sustainability goals. These goals have been made verifiable with non-financial indicators. Following evaluation, our material sustainability topics identified in 2021 were still relevant for 2023, as there were no significant changes to the framework conditions. A tabular display of our areas of action with the associated sustainability goals and non-financial indicators can be found in the "Corporate strategy" chapter.

- 👁 Corporate strategy, Sustainability program
- 👁 Remuneration report
- 👁 Declaration on corporate governance, Sustainability management

Each sustainability goal has a sponsor at the Board of Executive Directors level who provides the necessary resources. At the subordinate management level, so-called KPI owners are responsible for achieving the goal and the KPI. The processes and measures for achievement are in turn cascaded down to the respective subordinate organizational levels, the KPI representatives, and the KPI managers. For explanation:

- + KPI sponsor: Responsible for strategic objective; provides necessary resources
- + KPI owner: Responsible for goal and KPI, as well as their achievement⁹
- + KPI representer: Delegate for the technical supervision of KPI management
- + KPI manager: Management of the measures, collection of the KPI, and its reporting¹⁰

If major deviations from the described targets are identified, the KPI representative defines countermeasures in consultation with the respective KPI owner who in turn decides on the measures to be taken, if necessary in consultation with the KPI sponsor.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Companies are an important partner in achieving the 17 global Sustainable Development Goals (SDGs). The SDGs were adopted in New York in September 2015 as the centerpiece of the "2030 Agenda for Sustainable Development" and signed by all UN member states.

K+S contributes to the global Sustainable Development Goals (SDGs), on the one hand, through the value contribution of its products along the product life cycles and, on the other hand, through the Company's own processes along the value chain.

- ☐ www.kpluss.com/product-responsibility
- ☐ www.kpluss.com/sustainability-goals-sdgs

Furthermore, the K+S Group incorporates the SDGs strategically as part of sustainability management. Along the areas of action in which K+S is engaged in sustainability matters, information in accordance with the CSR Directive Implementation Act (CSR-RUG) is described below with reference to the SDGs incl. subgoals.

SOCIETY & EMPLOYEES

We strive to satisfy our customers every day. With selected sustainability activities, we want to meet their interests and those of our important stakeholders while also contributing to the Sustainable Development Goals (SDGs). In the "Health & Safety" topic area, we provide safe working environments for our employees (SDG 8.8). Our activities in the topic area "Diversity & Inclusion" counteract discrimination (SDG 5.1) and strive for equal

⁹ Due to the complexity of the KPIs for liquid and solid residues, a coordinating function was established in addition to the KPI owner in October 2022.

¹⁰ For the Resource Efficiency KPI, the role of manager reporting was added to gather and bundle information.

opportunities for women (SDG 5.5) as well as equal treatment in terms of remuneration (SDG 8.5).

- 👁 Employees
- 👁 Declaration on corporate governance, Sustainability management
- 📄 www.kpluss.com/society-and-employees

HEALTH & SAFETY SDG 8.8

The health and safety of our employees is the highest priority for K+S. We have the guiding principle: "We always put safety and the protection of health first and act sustainably in everything we do." Providing a healthy and safe working environment for the protection of our employees is, therefore, a top priority. Based on the corporate policy for health, safety, environment, quality, and sustainability, we continuously develop and improve our processes to protect health and to ensure occupational safety.

K+S actively pursues the identification of potential hazards and work-related stress to take prompt measures for the continuous improvement of occupational health and safety. In this respect, we rely on a proactive approach in identifying potential risks at an early stage and taking countermeasures.

We cooperate closely with external communication experts in complementing these internal efforts by conducting regular campaigns and activities for occupational health and safety (OHS). Together with these experts, we design information campaigns, training courses, and other measures to raise awareness of safety issues and promote a preventative attitude.

These measures reflect our commitment to the highest standards of occupational health and safety. By taking proactive approaches both internally and externally, we strive to ensure a safe and healthy working environment for all employees.

The K+S Group has also adopted the management system for occupational health and safety in accordance with the BGRCI "Sicher mit System" seal of quality based on DIN ISO 45001. In 2023, the first sites were successfully certified in accordance with DIN ISO 45001. Matrix certification is planned for 2024. Information bodies support the coordination of implementation as well as the integration of other management standards.

- 👁 Environment & Resources
- 👁 Employees

The exchange and monitoring of current developments in occupational health and safety within the K+S Group takes place in committees and specialist bodies on a global and national level. In Germany, for example, a committee comprising works council members as well as employer representatives regularly advises on overriding and strategic issues relating to health and occupational safety. New specialist committees in occupational safety were also implemented in 2023. The AU-P committee¹¹ deals with occupational accidents with the potential for life-changing or even fatal consequences. The aim is to ensure open communication on incidents between the sites and management as well as the prompt derivation of cross-site measures.


In 2023, we continued our initiative of providing occupational health and safety training for managers and employees. Our aim is to create an even safer working environment through the implementation of numerous targeted measures by 2025. We are intensifying the involvement of our managers in health and safety issues to achieve this goal. This includes pursuing individual goals as part of specific agreements.

We are strengthening cooperations with our management levels, including members of the Board of Executive Directors, representatives of the business unit management level, as well as plant managers. Together, we will further develop and implement occupational health and safety measures to promote a sustainable safety culture in our organization. This collaborative partnership is a key component of our strategy to continuously improve and ensure the long-term safety and well-being of our employees.

In 2023, we awarded the "Saint Barbara" occupational health and safety prize to five winners at three different sites. One example is the introduction of "lean management" at the Zielitz site for the so-called route determination and standardization of work processes to increase occupational safety.

¹¹AU-P = occupational accidents with the potential for life-changing or fatal consequences.

OCCUPATIONAL SAFETY

 Goal: Providing a healthy and safe work environment to protect our employees who constitute our most valuable capital. The K+S vision is to completely avoid accidents at work. We aim to reduce the number of accidents at work among our employees, measured as working hours lost per one million hours worked (lost time incident rate, LTI rate), to zero by 2030.

For this goal, we are developing a joint occupational health and safety strategy to gradually reduce the LTI rate and create an improved safety culture by 2025. In cooperation with the national and international sites, a regular exchange takes place on the implementation of our joint occupational health and safety strategy.

In 2023, 811 occupational accidents occurred at our sites worldwide (2022: 650), including 135 occupational accidents with lost time (2022: 134). The LTI rate for the K+S Group in 2023 amounted to 7.6 (2022: 8.3; base year 2017: 11.5). Compared to the previous year, the number of days lost due to accidents was reduced by 3% and the average severity of accidents by 11%. The increase in the accident log rate in 2023 is due to the good reporting culture at the sites. The safety culture improved through, among other things, greater involvement of managers in occupational health and safety and other implemented measures.

In 2023, it was found that the processes for recording occupational safety indicators had not yet been implemented for the last two years at new sales companies. These were supplemented accordingly and further control mechanisms will be introduced in future.

The total injuries rate (occupational accidents divided by hours worked, multiplied by one million) is 45.5 (2022: 40.1).

Our risk assessment processes ensure that work-related hazards are identified at an early stage and appropriate measures are derived. For the prevention of psychological hazards in the workplace, corresponding risk assessments have been carried out at our sites. The workshops for conducting the mental risk assessments have been completed at all production sites. The sites are currently working on implementing the identified measures.

In the past financial year, we also implemented various measures and campaigns aimed at promoting skills in individual decision-making and the competence to act, as well as responsible safety and health behavior. These include raising awareness of the need to prevent hand-arm injuries through overarching and behavior-oriented measures and concepts. In 2023, the safety culture at K+S was assessed at all German sites in cooperation with an external service provider. Based on the results of the safety culture survey, overarching and site-specific programs of measures to improve the safety culture will now be developed and implemented in the coming years. The technical recording of near misses using a separate IT solution has been implemented at the Werra site and will be successively rolled out to the other German sites in 2024.

HEALTH

Our occupational health promotion and prevention programs supplement the management systems with measures to improve health competencies. These measures range from traditional health care courses and seminars to early cancer detection measures and counseling services. The programs and measures are planned specifically at each site and are aligned to the relevant needs and local conditions.

Health care and advice is provided by company doctors at the German sites. Likewise, operational capabilities and fitness for hazardous activities are carried out for self-protection and the protection of third parties in accordance with statutory standards. Company doctors also assist with the further development of occupational health management and are involved in carrying out risk assessments and evaluating working conditions.

Prof. Dr. med. Broding holds the professorship for occupational medicine and occupational health management at the University of Witten/Herdecke. He has many years of experience in the mining industry in a senior plant physician function and supports K+S in occupational medicine issues, associated processes, and developing projects at the sites in Germany. Prof. Dr. med. Broding assumes responsibilities in national occupational safety committees and the assessment of hazardous substances. Activities and new scientific findings of the professorship interact with K+S's own occupational health protection measures. The continuous improvement of employee health and maintaining the long-term health of K+S employees are primary goals.

An important aspect of health care is reliable compliance with occupational exposure limits (OELs) underground. Following the introduction of new OELs for nitrogen oxides and particulate diesel emissions underground in Germany by the Federal Ministry of Labour and Social Affairs (BMAS), we made further progress with our extensive implementation project for the German sites. In this way, for instance, we continued to implement projects for the use of state-of-the-art diesel engine technology and electric technology, the development of lower-emission explosives, and the optimization of underground ventilation.

- 👁️ Report on the economic position, Capital expenditure analysis
- 👁️ Report on risks and opportunities
- 👁️ Research and development

DIVERSITY & INCLUSION SDG 5.1, 5.5, 8.5

At K+S, we continue developing diversity and inclusion as important elements of our corporate culture and further promote these aspects. Bringing together different skills, perspectives, and experiences is of central importance to us. Against this background, diversity and inclusion are consistently demanded and supported by management as well as promoted by HR functions as business partners in all employee processes.

The basis for diversity and inclusion is the appreciation of all employees. Diversity defines the composition of our workforce. Inclusion describes the active embrace of this diversity in everyday work. K+S does not accept any discrimination and affirms this, among other things, in the General Works Agreement (GBV) entitled "Partnership-based Conduct in the Workplace." The agreement is a clear commitment to trust, tolerance, and respect in the workplace. Managers act as role models and bear special responsibility. We have, therefore, set ourselves the priority of further promoting leadership that is appreciative and free of prejudice. We also strive for a more balanced gender distribution, promote cross-generational working and knowledge sharing, and encourage our employees to question processes. We want to promote the inclusion of our performance-impaired employees and a work-life balance for all employees.

We have defined the acknowledgment and promotion of diversity and inclusion in our values. As a signatory to the UN Global Compact, a United Nations initiative on responsible corporate governance, and the Charter of Diversity, we confirm our self-conception in the form of corporate commitments in Germany.

- 📄 www.unglobalcompact.org
- 📄 www.charta-der-vielfalt.de/en

👋 Goal: Hiring and developing a workforce that reflects the places in which we do business. Fostering an inclusive environment that enables all employees to thrive and contribute to innovation as well as results. This goal will be achieved if, by 2030 at the latest, more than 90% of our employees perceive the working environment as inclusive.

Within the Company, sentiment is evaluated by pulse surveys on specific topics every three to five years. The most recent Diversity & Inclusion Index calculated in 2022 is 87%. Diversity and inclusion are part of our corporate culture and substantiate a holistic approach that concerns all employees and especially managers.

The measures to promote diversity and inclusion are cross-cutting tasks and will be adjusted to the requirements of the respective sites. Our Diversity & Inclusion working group in Germany, which is comprised of representatives from the sites, raises awareness and promotes the topic at the sites. Through the Diversity & Inclusion working group, we also want to promote the topics with our international sites.

Traditionally, more men than women work in mining. As at December 31, 2023, 88.3% of our workforce, based on the number of employees in the companies of the K+S Group, were men and 11.7% were women. At K+S Aktiengesellschaft, the proportion of women at management level L1 is 10.0% and at management level L2 28.6%. The average age of the K+S Group workforce is 41.6 years. The proportion of severely disabled employees in the K+S Group in Germany is 5.1% on average.

- 👁️ Employees
- 👁️ Declaration on corporate governance, Target figures 1st and 2nd level below the Board of Executive Directors

In an increasingly difficult labor market, K+S wants to ensure that the necessary employees can be recruited for all areas. We have intensified our efforts worldwide to increase the number of applicants free of discrimination and in compliance with equal opportunities. In Germany, K+S supports, among other things, the Zukunftstag, which offers young people the opportunity to learn about various professions. We also actively participate in the nationwide initiative "MINT Zukunft schaffen" (MINT = mathematics, information technology, natural sciences, technology). The initiative has set itself the goal of getting schoolchildren interested in MINT professions and drawing attention to the MINT skills shortage in Germany.

K+S promotes awareness of diversity and inclusion through participation in the German Diversity Day or the targeted expansion of activities on social media. We are committed to a prejudice-free working environment and working conditions without discrimination. In 2023, K+S again expanded the Diversity Day into a Diversity Week, in which we dedicated ourselves to the idea of diversity at the German sites with a focus on "more balanced gender distribution". As part of a Germany-wide campaign, we conducted a survey of our employees, some of which were linked on social media. Employees were also provided with additional information on the topic of diversity and inclusion. Findings from the survey are further elaborated on in internal working groups.

👁 Employees

In 2022, the K+S management initiative "One shift ..." was introduced to promote the exchange between our managers and employees as well as to provide both parties with a change of perspective. This involves members of our management team swapping their day-to-day work for a shift with a colleague from the operating units at one of the production sites, e.g., underground. This is usually followed by a return visit from the colleague. The initiative is one of the ten best leadership initiatives in the German-speaking world (announcement of the application & placement in the St. Gallen Leadership Award). We want to continue on this positive path and will extend the initiative to our second management level in 2024 in addition to the Board of Executive Directors and the first management level.

Diversity and inclusion are also an integral part of management development at K+S, for example in the Leadership Academy, a development program for prospective and, more recently, senior managers.

Our employee development tools also refer to our diversity and inclusion goals. Among other things, annual potential rounds are held at various levels of the organization to retain and develop our employees. Their purpose is to identify employees with potential and support them in their further development. The focus is on learning with and from each other. When developing candidates with potential, we strive for a balanced mix in terms of nationality, age, length of service, and gender.

While centrally managed initiatives are in place, decentralized measures to promote diversity and inclusion are also being developed at the sites of our Company. This year, the management team at our Neuhof-Ellers site addressed diversity and inclusion for the first time in a closed meeting. In particular, the issue of "unconscious bias" was addressed and the awareness of managers was raised. Our French company signed the Charte de la Diversité in April 2023. As part of this, our French colleagues have committed to participating in our "Unconscious Bias" e-learning course.

A comprehensive range of digital courses, including diversity and inclusion training, has been made available to ensure that all our employees have access to a wide range of training opportunities. The training courses are available at all national and international sites and can be accessed in various languages.

👁 Employees

New communication and dialogue formats were further developed in 2023. These included, in particular, the internal K+S portal, the internal digital magazine scoop+, digital lecture events (#verbundenbleiben) and information systems at the K+S sites (K+S live), which were further expanded.

STAKEHOLDER DIALOGUE SDG 16.7

We consider stakeholders to be all individuals or organizations that influence or could influence issues with which our business activity is linked, or who could be impacted by our business operations. The dialogue with our customers and business partners, the capital market, political representatives, non-governmental organizations, the communities in which our sites are located, and our employees is very important to us. The aim is to engage in a dialogue that is beneficial for all sides, to seek new developments and to share viewpoints. K+S informs its stakeholders, using different formats, and uses various channels to share information with specific target groups. **B.43**

OVERVIEW OF STAKEHOLDER DIALOGUE: CONTENT AND DIALOGUE FORMATS

B.43

Employees The success of the Company is based on the skills and success of our employees. Employees' concerns are addressed at regular works meetings. The intranet, digital event formats, and the digital employee magazine promote mutual exchange and the transfer of information.	Main topics	HR policy decisions, remuneration, training, communication, corporate development, investment projects and initiatives, strategy, health and safety, etc.
	Methods	Meetings, committee work, joint projects, events/conferences (digital or face-to-face), Annual Report, blogs and social media, intranet, employee magazine, internal communication and employee meetings of the Board of Executive Directors at sites, etc.
Media representatives As a multiplier for a broad public, we provide media representatives from a wide range of channels with regular and transparent information about new developments at K+S and are available to answer questions.	Main topics	New developments, events, facts and figures, environmental and energy issues, site news.
	Methods	Press releases, newsletters, website, press conferences and discussions, tours, telephone calls.
Customers and business partners Dialogue with our customers helps us to better understand their needs and align our products and services accordingly. We provide comprehensive information on the internet. In addition to personal discussions, satisfaction analyses provide us with concrete indications for improvements.	Main topics	Quality assurance, production conditions, adherence to regulations and standards, compliance, etc.
	Methods	Surveys, meetings, user training, trade fairs, joint projects, social media, press and public relations, plant tours, etc.
Shareholders/investors/analysts/banks We present our business at regular roadshows and conferences, answer questions raised by representatives of the capital market, and gather suggestions and ideas.	Main topics	Company assessment, corporate strategy, goals, financing, capital allocation, results, risks/opportunities, competition, sustainability issues, etc.
	Methods	Annual General Meeting, Annual Report, quarterly reporting, Capital Markets Day, meetings with analysts/investors/banks/rating agencies, virtual meetings, website, surveys, phone calls, conferences, roadshows, social media, etc.
Politics and administration As a member of various associations and organizations, we contribute our positions directly or indirectly to the political debate in national and European dialogues with representatives of governments, specialist authorities, and parliaments.	Main topics	Social acceptance, social license to operate, environmental issues, climate and energy issues, industrial and raw materials issues, economic developments, strategic direction, job security, etc.
	Methods	Personal discussions (digital and face-to-face), background rounds, committee work, Parliamentary Evening, press and public relations, letters, CEO participation in business delegation at political trips abroad, site visits, etc.
Site communities It is important for us to be good neighbors to the communities and regions in which our sites are located. We create trust at the sites through dialogue with the communities and residents.	Main topics	Social acceptance, environmental issues, projects to improve water protection, economic development, job opportunities, structural change, etc.
	Methods	Meetings with selected stakeholders, events, information offices, open houses, press and public relations, plant tours, meetings with elected representatives, citizens' telephone, information in community newspapers on the plant's activities, citizens' information events, website, citizens' consultation hours, explanations of projects in district and city council meetings, bilateral talks, etc., or mediation, round tables in conflict situations.
Non-governmental organizations/general public We provide comprehensible explanations of potash mining in Germany under the conditions of international competitiveness and international as well as national environmental legislation by means of various formats.	Main topics	System relevance, social acceptance, potash mining, projects to improve water protection, environmental issues, job security, etc.
	Methods	Public information events, presence at trade fairs and specialist conferences, plant tours and mine excursions, website, social media, information office, personal discussion, etc.

Our values form the basis for our interaction with our stakeholders and demonstrate the standards we set for our work.

👁 Corporate governance, Our values

In the past financial year, we provided opportunities for dialogues with our stakeholders at a variety of events. The Board of Executive Directors, the heads of the customer segments, and the managers of the central functions hosted employee meetings of various formats in the 2023 reporting year to provide information to K+S employees. They also entered into dialogue with them on current business development topics and ongoing projects. This included, in particular, information on the current business development, the implementation of the strategy, as well as other current topics and projects.

👁 Corporate strategy

The Board of Executive Directors and Supervisory Board jointly agreed to hold another virtual Annual General Meeting in May 2023 after weighing up all the advantages and disadvantages. We attached particular importance to direct communication with our shareholders during the general debate. Shareholders once again had the opportunity to submit their speeches and ask questions live during the general debate by video and audio transmission. Shareholders' rights were, therefore, taken into account to the same extent as if the event had been held in person. In addition to shareholder and investor discussions by telephone/virtually, physical and hybrid roadshows, conferences, and private shareholder events were held again. The Annual Press Conference and the Analysts' Conference of 2023 were also held as face-to-face or hybrid event. This provided journalists with the opportunity to talk directly to the Board of Executive Directors. For information on the performance of the K+S share, our competitors, and relevant indices please refer to the "K+S on the capital market" chapter.

👁 K+S on the capital market

We are in regular communication with political representatives at site, state, federal, and EU level. Our capital city office in Berlin plays a particularly important role at the federal level, informing political representatives in government, ministries, parliament, associations, and other sociopolitical groups about for K+S important policy-relevant issues and seeking dialogue.

The annual St. Barbara celebration – the parliamentary evening in Berlin to engage in discussion with federal political stakeholders – was held at the end of November 2023. St. Barbara celebrations were also held at our plant sites.

K+S is a member of the Extractive Industries Transparency Initiative (EITI) with the aim of combating corruption in the international extraction of raw materials.

📄 www.d-eiti.de/en

📄 www.rohstofftransparenz.de/en

STAKEHOLDER DIALOGUE AT OUR SITES

In the 2023 reporting year, we also continued and further intensified the stakeholder dialogue with environmental associations, political representatives, communities, and the interested public, particularly regarding current projects and plans. In 2023, for example, the Neuhof-Ellers potash plant was, in particular, involved in intensive dialogue with community representatives, a citizens' initiative, and local residents regarding the planned covering of the potash tailings pile, as both the project period, the land consumption, and the impact that might have resulted from the transportation of the covering material were rejected as too onerous. In addition to a project website as well as continuous and intensive press work, an externally moderated round table was set up to involve all stakeholders and keep them informed about the process. The basis for its work is a key issues paper, which was jointly adopted following trusting negotiations between K+S, the community, and the citizens' initiative. It describes the framework conditions under which a joint solution is to be sought. In Wunstorf, near Hanover, the impact on local residents caused by the transportation of saline water by rail to flood the disused Sigmundshall mine was largely reduced by adjusting rail operations. The main topic of the dialogue with local residents, the town of Wunstorf, as well as other authorities and politicians, is now the question of whether geothermal energy can be extracted from the disused and flooded potash mine. K+S is engaged in a constructive exchange with partners from the Hanover region.

At the Werra plant, intensive negotiations with the Hessian state association of the Bund für Umwelt- und Naturschutz Deutschland (BUND) resulted in a settlement of pending summary proceedings against the discharge permit into the Werra. As part of a further settlement, K+S undertook to optimize the discharge of saline water under the existing discharge permit from the beginning of 2024 in such a way that, in total, a positive contribution is made to the fauna-flora habitat area (FFH area) between Philippsthal and Heringen in particular, but also to the Werra and Weser. For this section of water between the Hattorf and Wintershall discharge points, BUND and the Company have

agreed to comply with an additional target value for chloride of 600 mg/l at the Wintershall intake sampling point. Furthermore, K+S has made a binding commitment to meet even stricter requirements for compliance with the mineral concentration at the Gerstungen gauge. In all cases, there was also close exchange with the relevant authorities, local politicians, and regional elected representatives.

Our Bethune plant in Saskatchewan, Canada, is of particular importance due to its size. Besides the traditional stakeholders from political representatives, the community, and the interested public, the First Nations are special stakeholders here. K+S engages in regular exchange with the different indigenous communities in various formats and participates in symposia. Our Community Report in Canada also provides an information service of its own, which provides extensive insights into our partnership with the regions in which we operate.

📄 www.ks-potashcanada.com/community-report/

K+S is currently developing a solar salt project in Western Australia. Here, we are also in constant contact with local residents, the communities in the region, and politicians. As in Canada, the Traditional Owners (Australia's indigenous people and Torres Strait Islanders) are of particular importance here.

📄 www.kpluss.com/ashburton-salt

DONATIONS AND SPONSORING

We provide funding for selected projects in the areas of education, social affairs, and culture. The Board of Executive Directors has defined uniform terms and conditions for donations and sponsorship. K+S does not make donations to political parties, including related or affiliated organizations or individuals. Donations (continuing operations) totaled €0.6 million in 2023. The decrease compared to 2022 (€1.3 million) is mainly attributable to the absence of the major donation of €0.5 million made by K+S Aktiengesellschaft in 2022 for humanitarian aid in Ukraine.

📄 www.kpluss.com/society-and-employees

ENVIRONMENT & RESOURCES

The K+S Group continuously pursues efforts to reduce the impact on nature and landscape associated with the extraction and processing of raw materials as much as possible. With our investments in research and development, we constantly respond to the latest trends. In the future, we will also be breaking new ground in the disposal of our residues, setting state-of-the-art standards. As part of the K+S Sustainability Goals 2030, we have also set ourselves goals in the areas of "Resource Efficiency" as well as "Energy & Climate."

📄 www.kpluss.com/environment-and-resources

📄 www.kpluss.com/werra2060

We regularly track the progress of our environmental goals. In the "Resource Efficiency" and "Energy & Climate" topics, we promote the efficient use of natural resources and the prevention of mining-related residues (SDG 12.2, SDG 12.5) as well as the sustainable use of terrestrial and inland freshwater ecosystems (SDG 15.1). We strengthen our adaptive capacity to climate-related hazards and natural disasters operationally by developing adaptation solutions and at the strategic level (SDG 13.1), e.g., by optimizing our portfolio holistically while reducing our environmental footprint in line with our climate strategy, adjusting process water disposal by using storage basins, or, indirectly, tailings pile greening for the reduction of saline wastewater to be discharged. Our environmental management supports us in achieving our goals. Our production sites in Germany are certified to DIN EN ISO 50001:2018 for energy management. Individual sites have an environmental management system for subareas in accordance with DIN EN ISO 14001:2015. The Neuhof-Ellers site achieved certification in accordance with IFA Protect & Sustain in 2022 with very good results. National and international expert committees have been set up to increase efficiency and exchange experience.

The reported environmental indicators for our potash and salt production sites are recorded, analyzed, evaluated, and consolidated using the "Corporate Sustainability" environmental data management software. For the environmental metrics as well as the non-financial key performance indicators defined as part of the sustainability goals, we separately disclose the type of recording as well as the limits of reporting.

🔗 [About this report](#)

CAPITAL EXPENDITURE AND OPERATING COSTS TO REDUCE ENVIRONMENTAL IMPACTS

In 2023, capital expenditure to reduce environmental impacts increased significantly by €21.1 million to €140.0 million (2022: €118.9 million). The increased level is mainly attributable to projects in air pollution control and climate protection, which are financed from the established climate protection fund. These included planning services and material orders for the construction of a natural gas-fired combined heat and power (CHP) plant at the Bethune site and the installation of two new steam boilers with lower emissions at the Wintershall site.

👁 Corporate strategy, Climate strategy

Capital expenditure allocated to waste management was also up year-on-year. The main additions to assets were attributable to a planned expansion of underground recovery capacity at the Bernburg site to enable additional waste volumes to be used for backfilling underground cavities.

Capital expenditure in water protection was moderately below the previous year's level. This mainly results from the major investments implemented and completed in 2022 on the first construction phases of the ongoing tailings pile expansions at the German potash sites in Hattorf and Wintershall. In 2023, capital expenditure focused on the continuation of project work on the expansion areas in Zielitz and Phase 2 of the expansion in Hattorf. The focus of capital expenditure was once again on the installation of the necessary base sealing and additions to property, plant, and equipment for energy supply. The construction of a cut-off wall around the tailings area at the Canadian potash site in Bethune is also attributable to water protection. Due to the groundwork required, capital expenditure on this long-term project was significantly higher year-on-year. Capital expenditure on the recycling of saline water at the

Sigmundshall site in Lower Saxony continued at a high level. The aim is to expand the second transportation route via the Mittelland Canal, which went into operation at the beginning of 2023, enabling larger volumes of saline water from the Werra and Neuhoof-Ellers plants to be disposed of off-site. As an important component of wastewater management, the project increases disposal reliability for the potash plants, on the one hand, and ensures continuous flooding of the closed mine cavities in Sigmundshall, on the other hand. In 2023, capital expenditure focused on the acquisition of additional container cars for transportation on the railroad line from the Werra-Fulda area to the Friedrichshall site. From there, the delivered saline water is transported by inland vessel via the Mittelland Canal and via a laid pipeline to the Kolenfeld shaft, where it reaches the Sigmundshall mine via a downpipe. Furthermore, once this relevant permit has been obtained, highly concentrated saline water is to be stored underground in the Springen mine field (Merkers mine) in Thuringia. After capital expenditure on the major project was largely completed in 2022, only comparatively small amounts of capital expenditure were required for the minor remaining work in 2023. The projects to reduce process water implemented at the Hattorf site since 2021 were also completed. The measures involve the recycling of process solutions in existing process steps to reduce the volume of saline water to be disposed of. **B.44**

In addition to the environmental capital expenditures described above, there are other capital expenditure projects to meet regulatory requirements for compliance with occupational exposure limits.

👁 Health

👁 Report on economic position, Capital expenditure analysis

CAPITAL EXPENDITURES TO REDUCE ENVIRONMENTAL IMPACTS¹

B.44

in € million	2022	2023	Deviation	%
Water protection	102.2	93.7	-8.5	-8.3
Prevention of air pollution and climate protection	10.2	33.4	+23.2	> +100
Waste management	2.9	8.9	+6.0	> +100
Nature conservation ² and soil remediation	3.6	3.9	+0.3	+8.3
Other	-	-	-	-
Total	118.9	140.0	+21.1	+17.7

¹ The figures in the report have been rounded in accordance with standard commercial practice. Accordingly, rounding differences may occur, so that values in this report do not add up exactly to the totals given.

² Including landscape conservation.

Operating costs include non-capitalized costs to reduce the environmental impacts of our business activities. In total, they increased by €45.4 million to €363.9 million in the reporting year (2022: €318.5 million). This noticeable increase was attributable to higher expenses for the disposal of solid and liquid production residues, which are reported under water protection. Cost increases in connection with the ongoing expansion of the tailings piles at the Hattorf, Wintershall, and Zielitz potash sites were a key factor here. As the backfilling of the expansion areas progressed, scheduled depreciation and amortization for the investments in the applied base sealing increased year-on-year and higher costs were incurred for ongoing operations. Furthermore, additional costs were incurred for the preparation of the area and the positive conclusion of the permit procedure in spring 2023 prior to the start of tailings pile operations on Phase 2 expansion in Hattorf. Further cost increases resulted from the ongoing work to cover the plateaus of the two large tailings piles at the Werra potash plant. Following the start of construction on the tailings pile in Hattorf in the second half of 2022, the first areas of the Wintershall tailings pile were also covered in 2023 once a permit had been granted. The further cost increases in water protection are mainly attributable to volume-related higher costs for the off-site disposal of saline water from the Werra plant. Saline water was removed from the local interim storage facilities and storage basins and transported to Lower Saxony to flood the disused Sigmundshall mine to increase the flexibility of the plant's wastewater management. In contrast, lower water protection costs were incurred for the underground disposal of solid factory residues from the Unterbreizbach site. This was attributable to the new backfill area available since fall 2022, which can be operated with less mining effort to bring in the residues compared to the previously used mine cavities.

The decline in costs in the combined area of air pollution control and climate protection is attributable to lower costs for the consumption of CO₂ certificates subject to a charge, which were acquired as part of European emissions trading for the regular operation of the German potash sites. The decisive factor was the production-related lower consumption of natural gas at the sites and the resulting lower need for CO₂ certificates to cover emissions.

The higher cost level in waste management is mainly attributable to increased disposal costs and a higher volume of underground waste at the German potash sites (including the replacement of large equipment and vehicles to comply with occupational exposure limits).

The operating costs essentially comprise supplementary measures to reduce environmental impacts. These measures relate, in particular, to water protection, air pollution control, and climate protection, waste management, nature conservation, as well as soil remediation. Operating costs and depreciation for production facilities for water protection, integrated into the production processes and enabling the production of additional sales products, are not included. In their entirety, both the costs for the supplementary measures to reduce environmental impacts and the integrated costs not disclosed here are components of the production costs and, therefore, increase the specific costs per tonne of product produced. **B.45**

OPERATING COSTS TO REDUCE ENVIRONMENTAL IMPACTS¹

B.45

in € million	2022	2023	Deviation	%
Water protection	234.8	281.9	+47.1	+20.1
Prevention of air pollution and climate protection	66.0	62.0	-4.0	-6.1
Waste management	10.9	12.8	+1.9	+17.4
Nature conservation ² and soil remediation	1.1	1.2	+0.1	+9.1
Other	5.7	5.9	+0.2	+3.5
Total	318.5	363.9	+45.4	+14.3

¹ The figures in the report have been rounded in accordance with standard commercial practice. Accordingly, rounding differences may occur, so that values in this report do not add up exactly to the totals given.

² Including landscape conservation.

RESOURCE EFFICIENCY SDG 12.2, 12.5, 15.1

Efficient use of our resources is of major importance to K+S. As a mining company, the focus is on the efficient extraction and processing of our raw materials, especially for the reduction of liquid and solid mining residues. The goals set in this regard have been summarized under the topic of "Resource efficiency".

WATER

Water is a very important resource for K+S. We use water of various qualities in many processes. We need water in production processes and in mining and extraction at certain deposits. Saline wastewater, which we have to dispose of, is generated from production processes and in the area of tailings piles. Across the Group, we aim to keep water-related impacts to a minimum. For this purpose, we have set ourselves specific goals.

We assess environmentally relevant business risks as part of our Group-wide risk and opportunity management. In 2023, we updated our Group-wide water stress analysis and identified site-specific water stress. The selection and prioritization of water-related measures lies in the responsibility of the sites, taking site-specific conditions into account.

👁 Report on risks and opportunities

WATER WITHDRAWAL

In 2023, the K+S Group withdrew a total of 142.1 million m³ (2022: 140.0 million m³) of water from various sources for extraction and production. At 102.0 million m³ (2022: 103.3 million m³), river water withdrawals in 2023 are slightly below the previous year's level. At 34.5 million m³ (2022: 31.0 million m³) the withdrawal of saline water from seas and other saline sources is above the level of the previous year. The increased withdrawal of seawater is the result of an increased demand for cooling water at our Frisia site in the Netherlands. The majority (90.3%; 2022: 86.6%) of our water is withdrawn from sites without high water stress. **B.46**

WATER WITHDRAWAL**B.46**

in m ³ million	2022	2023
Seawater and other saline water	31.0	34.5
River water	103.3	102.0
Groundwater	4.5	4.5
Drinking water and water from municipal water utilities	1.1	1.1
Total water withdrawal	140.0	142.1

LIQUID MINING RESIDUES (WASTEWATER)

The extraction and processing of our raw materials as well as the tailings pile operations generate saline wastewater. K+S is working intensively to reduce these quantities permanently and has set itself a target for 2030 for this purpose. The quantity and composition of the process wastewater as well as the tailings piles water depend on many factors, such as the local crude salt quality, the processing methods applied, and the product portfolio. Therefore, saline wastewater differs in its salt content and composition at the production sites.

Within the framework of potash crude salt processing as well as the disposal of residues, the official and legal requirements, such as those from WHG (Water Resources Act) or AwSV (Ordinance on Installations for the Handling of Substances Hazardous to Water), are complied with. Compliance with the requirements set out in the necessary approvals and permits, for example for the discharge of saline wastewater into the Werra, is ensured by the wastewater management of the respective production site. Continuous measurements of the salt content at defined measuring points in surface waters provide the basis for the alignment of the so-called discharge control. This controls the volume, composition, and time of the plant's wastewater discharge. Additionally, the responsible authority verifies compliance with the approvals and permits as well as its specifications by means of further controls, such as through measurements at official measuring points.

In 2023, the Group-wide volume of saline wastewater discharged into surface waters amounted to 5.2 million m³ (2022: 3.8 million m³) for potash production and 0.2 million m³ (2022: 0.2 million m³) for salt production. It was, therefore, higher than in the previous year. The higher discharge volume resulted from the significantly higher water levels in the watercourses in 2023 compared to the previous year. At the Bethune site in Canada, 6.4 million m³ (2022: 7.0 million m³) of saline wastewater was discharged underground in 2023 (injection). Injection takes place at depths (> 800 m) far below the aquifers usable for drinking and industrial water. Adverse effects on humans and the environment are not anticipated, as several geological separation layers, in

particular, prevent adverse effects on the groundwater. Furthermore, only minimal use of the existing underground storage capacities prevents any impact on the groundwater. With the expiry of the injection permit for the discharge of saline process wastewater into the subsurface, injection in Germany has been finally discontinued as of December 31, 2021. The monitoring required by the authorities in connection with the injection will be continued. This will also document the termination of injection and future developments in the subsurface to the authorities and regularly reported to the Weser River Basin Community (FGG). **B.47**

In addition to discharge into surface waters and supra-regional disposal in disused mines and caverns, local storage in suitable mine cavities is to be used as a further disposal route in future. In 2023, an increased amount of saline water was transported nationwide to disused pits and caverns. In 2023, the volume disposed of in this way amounted to 2.9 million m³ (2022: 1.9 million m³).

WASTEWATER		B.47
in m ³ million	2022	2023
Wastewater		
Wastewater discharged into municipal sewage treatment plants	0.2	0.2
Process water in river water	96.2	99.0
Water and wastewater in mines or caverns ¹	0.1	0.1
Saline wastewater²		
Injection ³	7.0	6.4
Saline wastewater in mines or caverns	1.9	2.9
Saline wastewater into seawater and other saline waters	29.7	33.2
Saline wastewater into surface water	4.0	5.4
Saline wastewater in potash production	3.8	5.2
Saline wastewater in salt production	0.2	0.2

1 Change in data collection in 2022 to increase data quality.


2 Total mineralization (TDS, total dissolved solids) > 1 g/l.

3 Injection exclusively at the Bethune plant in Canada.

The local storage of highly concentrated saline water with a specific composition underground in the Springen mine field (Merkers mine) is to serve as a further component of the disposal of process water in the future once the necessary permit has been obtained; the complex approval procedure and the official review of the approval documents are still ongoing.

The discharge of saline wastewater into the Werra river will continue to be carried out under the water law permit issued by the Kassel Regional Council on December 23, 2021, and in compliance with the specifications of the Weser River Basin Community (FGG) for the third river management period (2021–2027). In June 2022, BUND Landesverband Hessen (“BUND Hessen”) filed an urgent appeal against the discharge permit of December 23, 2021. The urgent proceedings were settled amicably by mutual agreement with BUND in September 2023. As part of the agreement, we promised to achieve further relief for the Werra and Weser rivers by optimizing the discharge of saline wastewater. In mid-December 2022, K+S became aware of an application for a review of standards filed by BUND Landesverband Hessen and the citizens’ initiative “Für ein lebenswertes Werratal” (For a livable Werra Valley), which is directed against the salt management plan and the federal states involved in FGG Weser. In October 2023, K+S was summoned to appear in these proceedings by order of VGH Kassel and will accompany the proceedings as a defendant.

☐ www.fgg-weser.de

 Goal: By 2030, we intend to reduce the volume of process water from potash production requiring disposal in Germany by 500,000 m³ compared with 2017. This reduction will be achieved without considering the effects resulting from the commissioning of the KCF plant¹² and the shutdown of production at our Sigmundshall plant in 2018. Only 2.2 million m³ of process water per year is, therefore, intended to have to be disposed of from German potash production from 2030 onwards.

In 2023, potash production in Germany resulted in 2.6 million m³ (2022: 2.3 million m³) of process water for disposal in absolute terms. Compared to the adjusted base year of 2017, this volume was 0.06 million m³ lower in 2023 (2022: 0.4 million m³). The adjusted base year of 2017 refers to the volume of process water to be disposed of in 2017 with the deduction of the full effect of the KCF plant¹² (-1.5 million m³) and the end of production in Sigmundshall (-0.3 million m³).

¹² KCF plant = Kainite crystallization and flotation plant.

We assume the target of reducing process water by 500,000 m³ by 2030 will be achieved much earlier and significantly exceeded with the implementation of the Werra 2060 project and the associated savings in process water to a total of 1 million m³ per year.

- 👁 Report on risks and opportunities
- 👁 Research and development
- 📄 www.kpluss.com/werra2060

The Canadian K+S Bethune plant is not within the scope of the objective. It was in the start-up phase in 2018 and is built according to the state-of-the-art. The environmental impact of the plant was already assessed and comprehensively considered prior to commissioning in 2017.

SOLID MINING RESIDUES (WASTE)

Solid mining residues regularly occur during the extraction and processing of potash crude salts. These residues are disposed of on tailings piles, considering the respective site conditions, existing permits, as well as the minimization of environmental impacts by taking into account and further developing the state-of-the-art. Environmental impacts are analyzed and prevention options optimized as part of our extensive and long-standing approval procedures.

TAILINGS PILES MANAGEMENT

In 2023, we disposed of 30.1 million tonnes (2022: 30.0 million tonnes) of solid residues at our potash sites. Extensive monitoring programs include, for instance, groundwater, deformation, and dust measurements as well as vegetation ecology surveys. They monitor all potential, unavoidable effects of the tailings piles. The data generated from these measurements is available to the approval authorities. In addition, the operation of the tailings piles is monitored by regularly recurring inspections by the approval authorities. We communicate closely with the relevant authorities on the planning and implementation of measures. The existing tailings pile capacities depend in each case on the volume of crude salt extraction and the crude salt composition. Depending on the respective site, expansions of the existing tailings piles are necessary to secure potash production in the long term.


+ The tailings pile expansion at the Hattorf site was divided into two further phases (Phases 2 and 3). The application for the expansion of the Hattorf tailings pile (Phase 2) was approved in April 2023 with a positive planning approval decision. The planning documents for Phase 3 were submitted in 2022. With the planned commissioning of the Phase 2 tailings pile expansion area in summer 2023, it has been ensured that production can continue uninterrupted.

- + With the positive planning approval for the tailings pile expansion at Zielitz in 2020, tailings disposal is guaranteed until the 2050s.
- + The tailings pile expansion at the Wintershall site also received a positive planning approval in 2020. This will provide tailings pile capacities for around nine years. Continuous production operations are, therefore, assured.
- + At the Unterbreizbach (Thuringia) and Wintershall (Hesse) sites of the Werra integrated network, wet processing methods are to be discontinued from the end of 2027 if possible, the Wintershall site is to be converted to a dry processing method and the Unterbreizbach site is to continue operating as a refining site. K+S is focusing on the further development of the so-called electrostatic separation (ESTA®) process to dry sort salt minerals without using water. Additionally, a further developed mining process in chamber pillar construction (Room-and-pillar mining) is being applied. In this process, most of the previously unused crude salt is extracted from the pillars and any cavities created are filled with backfill, thereby stabilizing the remaining pillars.


📄 www.kpluss.com/werra2060

This will significantly increase the yield of materials with mineral content at the Werra site, and at the same time, reduce the generation of solid and liquid residues. As a result, the expansion of the Wintershall tailings pile planned for the early 2030s will no longer be necessary to the extent envisaged.

The approval process for tailings pile expansions entails an obligation on our part to provide compensatory and replacement measures. If possible, we try to go beyond the statutory requirements and design the measures in such a way that they generate high added value for the environment. These include long-term, large-scale projects aimed at promoting biodiversity. For this purpose, new habitats for animals and plants are created or existing habitats are enhanced. Reforestation is primarily carried out on areas suitable for nature conservation with the aim of conserving agricultural land. Furthermore, we carry out species protection measures prior to the start of the interventions to ensure ecological-functional continuity without interruption.

 Goal: Further reducing environmental impacts and conserving natural resources by reassessing the potential of residues previously stored in tailings piles is our Group-wide goal. From 2030, we aim to use 3 million tonnes of residues per year for purposes other than tailings pile operations. We aim to achieve this goal through alternative recovery of tailings pile material and residue avoidance by increasing raw material yields. We record the key figure on a project-specific basis according to the type of residue recovery and avoidance, respectively. This figure relates to the sites at which solid residues are produced. These are the Werra, Zielitz, and Neuhoef-Ellers plants.

In 2023, we were able to save 0.3 million tonnes (2022: 0.2 million tonnes) of residues by implementing technical measures for increasing the raw material yield or for recovering them for operational use. We continued the measures initiated in 2018 to reduce residues, such as the rock salt pre-separation underground and the optical sorting process step, and further optimized operational processes at the sites as well as the implementation of new processes, e.g., intensified sylvinitic mining with backfilling.

 Goal: By 2030, we aim to cover an additional 155 ha of tailings pile area and, therefore, further reduce or prevent the generation of tailings pile water. This involves covering large and medium-sized tailings piles, which will be implemented additionally to the existing coverage in the base year of 2017 (approx. 70 ha). These include tailings piles at the active Wintershall, Hattorf, Neuhoef-Ellers, and Zielitz sites, and the inactive Sigmundshall, Niedersachsen, Friedrichshall, Bergmannsseggen-Hugo, and Siegfried-Giesen sites. In 2030, we will, therefore, have covered a total of 225 ha of tailings pile area. The covered tailings pile area relates to the surface area of the tailings pile that is relevant for the reduction of tailings water. For this purpose, the covered area is projected onto the surface area. We monitor the progress by annual measurements. In case of time-delayed measurements compared to the reporting period, the annual values are based on extrapolations. In 2023, an additional 7.3 ha (2022: 4.0 ha) of tailings pile area could be covered. Since 2017, we have, therefore, covered a total area of 21.4 ha. Many sites are currently in planning and approval processes for tailings pile coverage.

+ The surface sealing (MSO) planned at the Hattorf site has been optimized again due to general conditions under licensing law. An application was submitted for the permanent covering of the tailings pile top with a soil cover and underlying plastic

sealing strip, which was granted by the approval authority in the summer of 2022. The permit provides for implementation of the tailings pile plateau cover of 6.5 ha by the end of 2024. The permanent top cover will eliminate the need for temporary polders. A thin-film cover is planned on the sides of the tailings pile and will be implemented after the pending permit. The planning for the tailings pile covering at the Wintershall site is analogous to Hattorf. The application for the tailings pile top cover at the Wintershall site was submitted to the approval authority in the summer of 2022 and approved at the end of December 2022.

- + At the Neuhoef-Ellers site, K+S, the community of Neuhoef and the Neuhoef Environmental Citizens' Initiative agreed on an open-ended review of alternative measures to reduce tailings pile water and the establishment of a round table as part of a joint key issues paper in May 2023. Against this background, the thick layer cover in its current form will no longer be pursued. Instead, alternative, sustainable options that are technically feasible, effective and proportionate are to be implemented, subject to legal admissibility
- + For the Hugo site, the feasibility study on the basis of findings and results of the already conducted and the ongoing experiments in laboratories, greenhouses, and free fields shows covering tailings piles is technically possible.
- + Due to the requirements of the tailings pile expansion at the Zielitz site, an infiltration inhibition layer is expected to be implemented in 2025. Other covering methods are also being tested.
- + The covering of the Friedrichshall tailings pile was finalized with final renaturation measures and the dismantling of infrastructure facilities in 2022.
- + Furthermore, K+S applied for the covering of the tailings pile Niedersachsen in Wathlingen. In the first instance, approval was granted for the construction of the recycling site ahead of schedule. Between October 2021 and September 2022, a mediation process was conducted on-site with environmental associations and municipal representatives as well as specialist authorities. At the end of February 2023, the permit of the planning approval for the tailings pile covering in Wathlingen was granted. The implementation of work on covering the tailings pile is currently suspended due to legal proceedings.
- + At the Sigmundshall plant, the tailings pile covering will be continued in regular operation and further areas of the tailings pile top and sides will be covered.

 Report on risks and opportunities
 www.kpluss.com/REKS

ENERGY & CLIMATE SDG 12.2, 13.1


As a resources company, we operate many energy-intensive processes along the entire value chain, from extraction of the raw materials and production to transportation of the finished product.

ENERGY

The K+S Group generates most of its global energy requirements for electricity and heat in its own power plants using primary energy sources. We purchase any additional energy required on the market. Minor surpluses of self-generated electricity are sold on the market. Our efforts to achieve the most energy-efficient extraction of raw materials and factory production possible are ongoing.

As a long-term commitment, K+S supports the goals of the Paris Agreement to achieve climate neutrality by 2050. For K+S, this goal is very challenging and can only be achieved under certain conditions. Since 2021, our Company has been consistently pursuing its own climate strategy, which we revised in 2023 and made even more ambitious. The new climate strategy is presented in the "Corporate strategy" chapter from page 45. All of the goals listed below correspond to the previous strategy that was still valid in 2023.

- 👁 Emissions
- 👁 Corporate strategy, Sustainability program

 Goal: Our previous goal was to reduce the absolute CO₂ emissions (CO₂e) of the K+S Group worldwide by 10% by 2030 (base year 2020: 2.13¹³ million tonnes CO₂e¹⁴)¹⁵. In 2023, we reviewed this target and updated it as part of the new climate strategy. Our goal is now to reduce the absolute CO₂ emissions (CO₂e) of the K+S Group worldwide by 25% by the end of 2030 and by 60% by the end of 2040. Here we refer to our Scope 1 and 2 emissions for all energy sources used, which are generated, on the one hand, by direct energy conversion and, on the other hand, by indirectly sourced energy. In the 2023 financial year, our carbon footprint amounted to 2.1 million tonnes of CO₂e, a change of -3.2% compared to the base year of 2020. Scope 3 emissions are not included in this KPI. See the subsection "Logistics emissions".

- 👁 Logistic emissions
- 👁 Corporate strategy, Climate strategy

For the achievement of our goals by 2030, we are increasing our efficiency potential (heat recovery), further expanding combined heat and power generation (CHP), examining the increased use of renewable energies (photovoltaics, wind, and biomass), and successively converting to e-mobility underground.

📄 www.kpluss.com/werra2060

We have used an internal "climate protection fund" since 2022 to support the implementation of such measures. This fund supports projects that contribute to reducing our greenhouse gas emissions. As of today, we have already implemented climate protection measures. An energy efficiency measure for heat recovery at the Zielitz plant has been completed and another is in the implementation phase. Planning, including feasibility studies, has been carried out for further photovoltaic systems at the Zielitz and Werra plants. The implementation phase for a biomass heating plant at the Borth plant and the CHP project in Bethune (Canada) has also begun. Energy savings at a KCF¹⁶ ammonia cooling system at the Werra plant were completed.

- 👁 Corporate strategy
- 📄 www.kpluss.com/werra2060

Challenges in decarbonization

Through the extensive use of highly efficient CHP¹⁷ technology and the implementation of energy efficiency measures, we have been able to reduce our direct CO₂ emissions at our German sites by around 80% over the last three decades.

As our current energy systems are already highly optimized, further decarbonization can mainly be achieved through electrification, i.e., the replacement of fossil fuels with renewable electricity. From K+S's point of view, political and financial support in terms of comprehensive subsidies and targeted relief is necessary in order to be able to follow the path of competitive decarbonization.

- 👁 Corporate strategy, Sustainability program

The following statements on renewable energies and modern power plant technologies are based on the assessments of the German Federal Ministry for Economic Affairs and Climate Protection (BMWK). Renewable energies are among the most important sources of electricity in Germany and their expansion is a central pillar of the energy transition. Our energy supply should become climate-neutral and, at the same time, make us independent of imports of fossil fuels. Until the necessary renewable energies are available in sufficient quantities, however,

¹³ The value for the base year 2020 was adjusted from 2.17 million tonnes of CO₂e to 2.13 million tonnes of CO₂e due to changes in primary production volumes.

¹⁴ Emission value of the base year is adjusted in the event of significant changes in primary production volumes, while the decarbonization ambition remains unchanged.

¹⁵ Where CO₂ is mentioned in this report, CO₂e is referred to.

¹⁶ KCF plant = Kainite crystallization and flotation plant.

¹⁷ CHP = Combined heat and power generation.

it is necessary to continue operating highly efficient, gas-powered CHP plants as a bridging technology. Fuel-operated CHP plants can continue to play an important role in the energy system for many years to come if they are modernized: This applies both to CHP plants that run on fossil fuels as well as to CHP plants running on renewable fuels. By around 2030, CHP plants will largely replace uncoupled fossil fuel generation, provide large parts of the residual load and, therefore, contribute to reducing emissions.

👁 Report on risks and opportunities

Energy consumption

We use an energy management system certified to DIN EN ISO 50001 at all German Group companies with production sites.

Total energy consumption in 2023 of 11,938 GWh remained at about the same level as in the previous year (2022: 12,087 GWh).

Energy sources

The energy sources used differ depending on the site of the mines and production facilities. K+S's steam and electricity generation in Germany is based to a level of 86% on the primary energy source natural gas and to 14% on energy procurement from a waste incineration plant. In 2023, five German potash-producing sites had their own highly efficient power plants, which are operated on the principle of combined heat and power (CHP). We also operate two of seven drying plants according to the CHP principle.

Emissions

As part of the European Green Deal, the EU Climate Change Act was passed to anchor the goal of climate neutrality by 2050. The aim is to initially reduce greenhouse gas emissions within the EU by at least 55% by 2030 compared with the base year 1990.

The European Emissions Trading Scheme (EU ETS) for reducing greenhouse gas emissions in energy-intensive industries came into force back in 2005. The aim of emissions trading is to reduce emissions where the reduction is most efficient. As part of the European Commission's Fit for 55 package, a preliminary agreement on the tightening of the EU ETS reform was reached at the end of 2022. The K+S Group currently operates twelve power plants and drying facilities in Germany that are subject to emissions trading, whose emissions are recorded on the basis of applicable EU monitoring guidelines and verified by external

auditing organizations. Furthermore, the Act on National Certificate Trading for Fuel Emissions (Fuel Emissions Trading Act – BEHG) has been in force in Germany since 2021. Our plants under the EU ETS will not experience any additional burden as a result. Only part of the primary energy demand (12%) of K+S in Germany was affected by BEHG in 2023. Trading and emissions-intensive companies such as K+S, which are protected from a significant risk of carbon leakage, receive financial compensation for any BEHG costs incurred.

Another part of the Fit for 55 package is the Carbon Border Adjustment Mechanism (CBAM), which aims to compensate for the competitive disadvantage of EU-based companies. This involves imposing a carbon price on certain emission-intensive products imported into the EU, such as iron and steel, aluminum, cement, fertilizers, electricity, hydrogen, as well as various upstream and downstream (especially) iron and steel products from non-EU countries. The first reporting obligations for K+S applied from October 1, 2023, for the fourth quarter of 2023. The first CBAM report was submitted to the competent authority at the end of January 2024. K+S is only affected by purchased products, but not by products manufactured in-house.

We take the pricing of the fuel emissions of our logistics service providers in Germany (Category 4 according to the GHG Protocol for Scope 3 emissions) in our mid-term planning into account.

In 2021, the fourth trading period began, which will last until 2030. K+S continues to receive free allocation of emission certificates based on its energy-intensive and trade-intensive situation. Due to the cuts made, however, there was a lower allocation of free certificates compared to the last trading period. This results in higher costs for K+S, which have also already been taken into account in our mid-term planning.

A Canadian greenhouse gas emissions assessment system has been implemented by the government. Our Bethune plant is covered by the provincial system and has been affected since 2021. A reduction in emissions intensity of 15% compared to 2020 is required by the year 2030. Due to the increasing share of secondary mining during the ramp-up phase of the Bethune plant, the reduction in emissions intensity per tonne of product produced will exceed the required 5% target according to current knowledge.


We report our emissions in CO₂ equivalents (CO₂e). These indicate the specific warming potential of greenhouse gases compared with that of CO₂. For the emission categories Scope 1 and Scope 2¹⁸ according to GHG protocol, we report these in full, as well as for Scope 3 the logistics emissions of outgoing transportation. CO₂ emissions from the consumption of all direct and indirect energy sources in 2023 (Scope 1 and 2) amounted to 2.1 million tonnes of CO₂e (2022: 2.1 million tonnes of CO₂e). Site-specific market-based emission factors for electricity serve as the basis for calculating the amount of CO₂e in Scope 2. We also report the amount of CO₂e using the location-based approach.

B.48

We are currently implementing a road map for identifying the Scope 3 emissions relevant to us. This road map serves to prepare for the implementation of future reporting obligations in accordance with the European Sustainability Reporting Standards (ESRS).

LOGISTICS EMISSIONS

The international logistics network of K+S ensures a smooth flow in the supply chain and transports the products to customers worldwide on schedule. Our global transportation chains are managed holistically and permanently optimized to guarantee a high level of efficiency.

 Goal: Our goal is to continue reducing the greenhouse gas emissions associated with the transportation of our products in the future. By 2030, the K+S Group aims to reduce its KPI of specific greenhouse gas emissions in logistics by 10% compared with 2017. This applies to emissions from our outbound transportation (customer, warehouse deliveries, and internal transfers), measured in kilograms of CO₂e per tonne (well-to-wheel¹⁹).

ENERGY USE BY ENERGY SOURCE AND GREENHOUSE GAS EMISSIONS SCOPE 1, 2, AND 3¹

B.48

		2022	2023
Direct energy sources	GWh	10,168.7	9,968.7
(Scope 1)²	million t CO₂e	1.9	1.8
Natural gas ³	GWh	9,919.8	9,701.6
Coal	GWh	0.0	0.0
Diesel	GWh	238.7	255.5
Fuel oil	GWh	6.0	3.6
Liquefied petroleum gas (LPG)	GWh	1.5	2.1
Gasoline	GWh	2.8	6.0
Indirect energy sources	GWh	1,918.5	1,969.0
(Scope 2)⁴	million t CO₂e	0.2	0.2
(Scope 2)⁵	million t CO₂e	0.1	0.1
Externally sourced electricity	GWh	416.0	417.9
Externally sourced steam	GWh	1,498.4	1,547.3
Externally sourced heat	GWh	4.1	3.8
Total energy consumption	GWh	12,087.2	11,937.7
(Scope 1 & 2)^{2,4}	million t CO₂e	2.1	2.1
(Scope 1 & 2)^{2,5}	million t CO₂e	2.0	1.9
(Scope 3, Category 4)^{6,7}	million t CO₂e	0.6	0.6

1 Selected portion of Scope 3 emissions for downstream transportation (GHG Protocol, Category 4: Downstream transportation and distribution; Category 4 also includes all emissions from transportation purchased by K+S after application of the GHG Protocol accounting rules).

2 Conversion to fuel-based emission factor for natural gas.

3 Update on Bethune 2020 natural gas volumes.

4 Scope 2 reports according to market-based method.

5 Scope 2 reports according to location-based method.

6 Unlike the tank-to-wheel calculation method, which only records the direct emissions caused by the combustion of the fuel in the engine, the well-to-wheel calculation method additionally records the indirect emissions caused during the production of the fuel.

7 Adjusted value for 2021 following the conversion of the calculation method to well-to-wheel.

The method for calculating logistics emissions is based on the well-to-wheel approach, i.e., emissions are recorded from fuel production to fuel combustion in the engine of the means of transportation.

¹⁸ When determining Scope 2 emissions using emission factors according to the market-based approach, we use the currently valid information from the respective suppliers and energy providers for each site. If this is not possible due to national circumstances, we use the same emission factor as for the location-based approach.

¹⁹ Unlike the tank-to-wheel calculation method, which only includes the direct emissions generated by the combustion of the fuel in the engine, the well-to-wheel calculation method additionally includes the indirect emissions generated during the production of the fuel.

The logistics emissions in Scope 3, which are currently considered as the only emission sources for Scope 3, correspond to approximately 20% of the emissions we determined from Scope 1 to 3. The Scope 3 emissions of outbound transportation we calculated correspond to 0.6 million tonnes CO₂e (2017: 0.7 million tonnes CO₂e). The specific value per transported tonne in 2023 was 22.6 kg CO₂e/tonne (2017: 26.8 kg CO₂e/tonne). This corresponds to a change of -15.8% compared to the base year of 2017. For the next reporting year, it is planned to report further Scope 3 emissions. **B.48**

The reduction in our specific logistics emissions compared with the base year of 2017 was caused by the changed structure of our logistics flows of goods and was significantly influenced by external market and environmental requirements. In recent years, we achieved positive effects through the use of lower emission means of transportation, e.g., rail instead of truck, accompanied by adjustments to the distribution structure. At the end of 2023, we signed a follow-up contract with DB Cargo. We will, therefore, continue to rely on low-CO₂ rail transportation for the next ten years. The permanent optimization of our logistics network and the optimized utilization of our means of transportation will contribute to further reducing greenhouse gas emissions in the future. We are also constantly improving the quality of our data, enabling us to calculate logistics emissions more accurately. Our emissions are currently calculated on the basis of DIN EN 16258, largely using average consumption values (default values) defined in the standard. Since the 2022 financial year, real consumption values (individually measured values) have also been used for some of our sea vessel transportation. The values are used as described in Section 5.4 of the DIN EN 16258 standard.

We aim to substitute further standard values with real consumption data in cooperation with our service providers in the medium term to map the effects of our supplier management and new technologies in the future, e.g., through the purchase of low-emission logistics services. As part of our efforts to make progress in this area, we are involved in the program "Aligning global shipping with society's goals" by Sea Cargo Chartering. Programs like this support companies in driving supply chain sustainability through measurement, benchmarking, and efficiency improvement in freight transportation.

BUSINESS ETHICS & HUMAN RIGHTS

K+S is a reliable partner for customers, suppliers, and the social environment. For us, it is a matter of course that our employees act with integrity and a sense of responsibility. We also expect the same from our business partners. With our strategic goals and the activities to achieve them, we also contribute to the UN Sustainable Development Goals (SDGs). In the "Compliance & Anti-Corruption" topic area, we contribute to prevent corruption and bribery (SDG 16.5). In the "Sustainable Supply Chains" and "Human Rights" topic areas, we do not tolerate forced or child labor, among other things (SDG 8.7).

👁 Diversity & Inclusion

👁 Declaration on corporate governance, Compliance management

📄 www.kpluss.com/businessethics-and-humanrights

SUSTAINABLE SUPPLY CHAINS SDG 8.7

K+S calls for fair, sustainable business practices in supply chains and has formulated corresponding expectations and requirements in the K+S Group Supplier Code of Conduct (Code). The Code requires suppliers to commit to, and comply with, our values. It is based on international standards such as the principles of the UN Global Compact, the General Declaration on Human Rights, the ILO Core Labor Standards, and the OECD Guidelines for Multinational Enterprises. It covers human and labor rights, health and safety, environmental considerations, and responsible business.

📄 www.kpluss.com/codeofconduct

📄 Goal: By 2025, the Code is expected to cover more than 90% of our purchasing volume. Another goal is that 100% of our "critical" suppliers, i.e., suppliers with a high sustainability risk, have recognized the Code by 2025.

In 2023, we further promoted the global introduction of the Code. It already covers 91% (2022: 84%) of our purchasing volume. 92% (2022: 90%) of our "critical" suppliers have recognized the Supplier Code of Conduct. They are identified on an annual basis. The Corruption Perception Index (CPI), the environmental compatibility of the products or services mainly provided by the supplier, as well as the suppliers' revenues generated from business with us are taken into account. Clear processes and responsibilities are defined if a breach of the Supplier Code of becomes apparent.

Coverage by the Code is to be further increased in 2024. Compliance and the consideration of sustainability aspects remain important to us when selecting all of our business partners. We implemented the concept developed in 2022 to meet the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) in the course of 2023 and initially carried out the annual risk analysis, for example. The defined activities will be continued in 2024 and we will also carry out the annual risk analysis again. The expansion of risk management for the supply chains creates improved opportunities for identifying and dealing with potential and actual sustainability risks at suppliers. Measures to be selected and implemented on a case-by-case basis – such as conducting training or an audit at a supplier – serve to avoid or mitigate risks. As part of this risk management system, we will audit our suppliers if we identify an audit as a necessary and appropriate measure. In doing so, we aim to fulfill the requirements of the LkSG for risk management in companies. These requirements call for numerous measures that cover the most important aspects of human rights and environmental standards and, in some cases, can replace targeted and, above all, permanent monitoring.

🔗 Human rights

COMPLIANCE & ANTI-CORRUPTION SDG 16.5

Compliance is an integral element of our corporate culture, based on our values. It is important to us that “good corporate governance” is experienced at all levels. We understand this to include not only compliance with statutory regulations and official approvals, but also with the regulatory standards recognized by the Company, such as our commitment to the UN Global Compact, and internal regulations.

We want to encourage entrepreneurial action within clearly defined limits. Breaches of legal regulations and internal regulations are neither acceptable from a legal aspect nor in terms of our understanding of compliance. Therefore, we promptly pursue indications of breaches of legal regulations and internal regulations and clarify the facts. If compliance violations are identified, they are remedied immediately and, if necessary, sanctioned consistently and appropriately.

All employees are familiarized with our values, the Code of Conduct, as well as the derived internal regulations. Employees receive target group-specific training on special topics (e.g., antitrust law, anti-corruption, avoidance of money laundering and terrorist financing, occupational safety, anti-discrimination, and sexual harassment).

👁️ Declaration on corporate governance, Compliance management

📄 Goal: K+S is pursuing a zero-tolerance policy against corruption and bribery as well as anti-competitive practices to avoid the risks of liability, culpability, loss of reputation, as well as financial disadvantages. Integrity, fairness, and trust form the basis for our success. We have incorporated the principles of our compliance management system in our sustainability goals; they are also measured with a performance indicator and substantiated with measures.

With the aim of ensuring our zero-tolerance policy against corruption and bribery, we had set ourselves the goal of covering all K+S companies with a globally standardized and regular compliance risk analysis by the end of 2023. The measures derived from the results of the analysis serve as the basis for the specific compliance program of the respective Group company. They provide for goal-oriented compliance as well as risk management at all our K+S companies. Following the conceptualization and development of the compliance risk analysis in 2020, we began implementing the standardized compliance risk analysis at our Group companies in 2021. We successfully completed the initial analysis at our K+S Group companies in 2023 and, therefore, also met our self-imposed target. Improvement measures were identified in parts and implementation periods were set.

Since compliance is of great importance to our Company, we want to maintain the previous level of compliance training and communicate continuously on compliance issues. For this purpose, we have further intensified target group-specific training (e.g., onboarding training for new employees).

Employees as well as third parties can use our global “SPEAK UP!” whistleblower system to report possible or actual violations of laws (including the German Act on Corporate Due Diligence in the Supply Chain (LkSG)) or regulations – also anonymously. The contact details can be found on the K+S website, in the portal (intranet), or on notice boards.

In 2023, a total of 84 reports (of which K+S Aktiengesellschaft: 8) were submitted in various categories. The focal points were: Theft, bullying, and violations of internal regulations. All reports were handled with due diligence, investigated and action taken where necessary. Of course, no one who reports an issue has to fear any disadvantage (non-retaliation).

👁️ Human rights

- 📄 www.kpluss.com/compliance-hotline, phone +49(0)561 9301-1177
- 📧 E-mail: compliance@k-plus-s.com

Our membership in DICO (Deutsches Institut für Compliance e.V. – German Institute for Compliance), which has existed since 2020, provides us with the opportunity to exchange information on the design of compliance in the Company with other members as part of various working groups.

HUMAN RIGHTS SDG 8.7

K+S respects the human rights and dignity of all people who are impacted by its business activities and conducts its business in an appropriate manner. This includes all our employees, contractors, and also external stakeholders. We consider the protection of human rights as a central element of our corporate responsibility. We, therefore, respect human rights in our own business activities and in our global supply and value chains. We are a signatory to the United Nations Global Compact. Since the beginning of 2024, we have also been a member of the UN Global Compact Network Germany (UNGCD), renewing our commitment to the ten principles of the UN Global Compact. Our commitment to human rights is based on the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Our approach is shaped by the International Bill of Human Rights and the International Labor Organization (ILO) declaration on fundamental principles and rights at work. Respect for human rights is also an integral part of our Code of Conduct.

Our commitment in the area of human rights is based on the field of action "Business Ethics & Human Rights" with the topics "Sustainable Supply Chains" and "Compliance & Anti-Corruption".

👁️ Corporate strategy, Sustainability program

We are committed to respecting internationally recognized human rights and upholding them in our business activities and along our value chains. This is demonstrated, for example, by our signing of the UN Global Compact. We continue to comply with legal requirements, such as the German Act on Due Diligence Obligations in Supply Chains (LkSG). We strive to implement our commitment through a due diligence process in line with the UN Guiding Principles and take into account the following core elements as identified in the German National Action Plan for Business and Human Rights as well as in LkSG:

- + Definition of internal responsibilities
 - + Establishment of a risk management system and performance of risk analyses both in the Company's own business activities and for potential risk suppliers
 - + Adoption of a policy statement on respect for human rights and associated environmental standards; the human rights strategy is integrated here
 - + Establishment of a complaints procedure
 - + Establishment of preventive measures
 - + Immediate implementation of remedial measures in the event of identified or imminent legal violations
 - + Documentation and reporting obligations for the fulfillment of due diligence obligations
- 📄 www.kpluss.com/declaration-of-principles

An interdisciplinary and cross-departmental working group was set up at the beginning of 2022 to ensure and drive the implementation of the requirements of the German Act on Due Diligence Obligations in Supply Chains (LkSG) forward. Employees from the Compliance, Procurement, Supply Chain, Legal, and Sustainability departments are involved in this working group.

By integrating the topic of human rights into our compliance risk analysis, we address the human rights due diligence obligations of our Group companies and take appropriate countermeasures when risks are identified. With our Code of Conduct for Suppliers, we set out our expectations of our suppliers and other business partners to ensure their commitment to the principles set out, implement appropriate processes to respect human rights and environmental standards, and pass on these expectations to their own suppliers.

Against the background of LkSG, we are now also comprehensively analyzing both human rights and environmental risks relating to our supply chain. The concept developed for carrying out the risk analysis is currently being implemented. This enables us to identify topics and risks considered as priorities in individual cases due to their potential severity, our ability to influence them, and other suitable criteria.

- 🔗 Compliance & Anti-Corruption
- 🔗 Sustainable supply chains

The Head of Corporate Development, Innovation & Sustainability (CDI), who is also our Chief Sustainability Officer (CSO), was appointed as the new Human Rights Officer in 2023 in accordance with the German Act on Due Diligence Obligations in Supply Chains (LkSG). The CSO's role is to address sustainability issues throughout the Company and make the importance of sustainability transparent. The function networks and coordinates cross-functional sustainability topics and projects, and ensures the development and implementation of a Group-wide sustainability strategy. This includes compliance with human rights and the associated environmental standards.

- 🔗 Declaration on corporate governance, Sustainability management

Our "SPEAK UP!" whistleblower system provides stakeholders, such as employees, contractors, and communities, with the opportunity to raise their concerns, also regarding human rights issues. This can be done anonymously and in various languages. In this way, for example, attention can be drawn to potential grievances that may arise from the business activities of the K+S Group or along the supply chain.

- 🔗 Compliance & Anti-Corruption

EU TAXONOMY REGULATION

As part of the European Green Deal, the EU Environmental Taxonomy Regulation (EU) 2020/852 (EU Taxonomy Regulation) establishes a classification system for defining environmentally sustainable economic activities. The EU Taxonomy Regulation and the delegated acts adopted to date in this regard define, among other things, criteria for determining whether an economic activity can be classified as sustainable in terms of the EU's six environmental objectives. In November 2023, the EU Commission published two further delegated acts in addition to the delegated regulation²⁰ on the environmental objectives of "Climate change mitigation" and "Climate change adaptation",

that came into force at the beginning of 2022. They entered into force on January 1, 2024. The first of the two delegated regulations²¹ amend the aforementioned regulation on "Climate change mitigation" and "Climate change adaptation" and define new technical screening criteria, which, on the one hand, supplement economic activities already taxonomy-eligible, but in some cases also refer to completely new activities (and which are, therefore, only taxonomy-eligible as a result of the amendment). For the first time, the second delegated act²² defines technical screening criteria for economic activities with regard to the four non-climate-related environmental objectives: "sustainable use and protection of water and marine resources," "transition to a circular economy," "pollution prevention and control" and "protection and restoration of biodiversity and ecosystems."

While simplified reporting obligations apply to the new non-climate-related environmental goals for the 2023 reporting year, and only the share of taxonomy-eligible economic activities has to be reported, an unrestricted reporting obligation²³ applies to the existing climate-related environmental objectives. For the 2023 financial year, we are, therefore, reporting the share of our taxonomy-aligned turnover, capital expenditure (CapEx), and operating expenses (OpEx) for our existing climate-related activities. For the newly added activities relating to the six environmental objectives, however, we only report taxonomy-eligible turnover, capital expenditure (CapEx), and operating expenses (OpEx). For the 2023 financial year, we report specific standard templates for energy generation from nuclear power and natural gas for the first time, as capital expenditure was made for the construction of a new, highly efficient CHP plant at the Bethune site, among other things.

An economic activity is considered taxonomy-eligible if it is listed in a delegated act for one or more of the EU taxonomy environmental goals, irrespective of whether the activity meets the technical screening criteria standardized there. An economic activity is considered taxonomy-aligned if it contributes substantially to an environmental objective (substantial contribution), does not significantly harm other EU environmental goals (do no significant harm, DNSH), complies with a certain minimum level of protection, which also includes governance aspects (minimum safeguards), and meets all technical screening criteria.

²⁰ Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021.

²¹ Commission Delegated Regulation (EU) 2023/2485 of June 27, 2023.

²² Commission Delegated Regulation (EU) 2023/2486 of June 27, 2023.

²³ Simplified reporting obligations also apply here for newly included economic activities (Section 10 (6) of Delegated Regulation (EU) 2021/2178).

As part of a systematic impact analysis, the taxonomy-eligible and taxonomy-aligned activities to be reported for 2023 were identified and classified. In a top-down approach, a comparison was first made between the economic activities listed in Delegated Regulation (EU) 2021/2139 and (EU) 2023/2486 and the activities carried out by K+S using the corresponding NACE²⁴ codes. Subsequently, the consistency of K+S activities from the 2023 financial year with the descriptions of the individual activities was examined on the basis of the economic activities listed in the annexes.

For completeness of the impact analysis, ongoing K+S CapEx projects contributing to the six environmental objectives were additionally assessed for taxonomy-eligibility. Based on this bottom-up approach, no further investments in individual measures or the purchase of output from taxonomy-eligible economic activities or in assets or processes related to taxonomy-eligible economic activities were identified.

For 2023, we are reporting revenues from taxonomy-eligible economic activities for the first time. These revenues were generated from the sale of products in the pharmaceutical sector as well as the acceptance and treatment of waste. The share of total revenues (1.4%) is, however, very low. This is attributable to the fact that the majority of the economic activities carried out by K+S are still not covered by the EU Taxonomy Regulation and, therefore, cannot be reported as taxonomy-eligible. This includes, above all, our core activity: the extraction and production of mining products and services, which are indispensable for the supply and safety of the population in our business segments of Agriculture, Industry, Consumers, and Communities and which, in our opinion, can also be in line with the environmental objectives of the EU. As a mining company, we are at the beginning of the value chain with the extraction of raw materials and provide the basis for many other activities.

👁 Business model

IDENTIFIED TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Our activities identified as taxonomy-eligible potentially contribute to climate change mitigation, the transition to a circular economy, as well as pollution and prevention control. Relevant measures specifically contributing to climate change adaptation, the sustainable use and protection of water and marine resources, or the protection and restoration of biodiversity and ecosystems were not identified. We, therefore, refer to Annex I of the Climate Delegated Act²⁵ as well as Annexes II and III of the Delegated Act on other environmental objectives²⁶ for the activities described below. The activities for climate change mitigation described in the CapEx/OpEx standard templates, which potentially also contribute to the environmental objective of "Climate change adaptation," are disclosed as taxonomy-non-eligible activities ("N/EL"), as no investments or operating expenses were made in connection with the implementation of adaptation solutions to increase climate resilience.

CLIMATE CHANGE MITIGATION

Activity 9.1 "Close to market research, development and innovation"

Due to the transformation to e-mobility, vehicles with suitable combustion engines are no longer expected to be available for underground operations in the medium to long term. We are, therefore, continuing to test the use of electric mobility in our mines. As there is currently no series-produced electric replacement for diesel-powered off-road vehicles and pick-ups, which have been used to date in mines as access and workmen's vehicles, that meets the challenges for mining operations, K+S has been involved in the development of an electric small truck for off-road use underground since December 2022. The prototype is currently still in the above-ground test phase. Testing underground is planned for 2024. Furthermore, two cable-connected electric loader types of different sizes were developed on behalf of, and in collaboration with, K+S. The development projects for the 19-tonne e-loader at the Zielitz plant and a 14-tonne e-loader in Hattorf-Wintershall were successfully completed in 2023. The procurement of further e-loaders is planned. In the context described above, investments were made in market-oriented research, development, and innovation in the 2023 financial year within the meaning of activity 9.1 "Market-oriented research, development, and innovation."

²⁴ European system for the classification of economic activities.

²⁵ Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021.

²⁶ Commission Delegated Regulation (EU) 2023/2486 of June 27, 2023.

Activity 3.3 "Manufacture of low carbon technologies for transport"

The testing of electric vehicles for underground operations, which we began in 2021 to gain initial operating experience, is still ongoing. In 2023, only minor investments were made in the purchase of further electric vehicles as part of activity 3.3 "Manufacture of low carbon technologies for transport".

👁 Research and development

Activity 4.30 "High-efficiency co-generation of heat/cool and power from fossil gaseous fuels"

Large quantities of electricity and heat are required for the processing of crude salts. K+S operates CHP plants at many sites, which are generally powered by natural gas, to generate this energy in a cost-effective and energy-efficient manner. The highly efficient simultaneous generation of electricity and heat results in significant savings compared to uncoupled generation.

In the 2023 financial year, investments were made at our Werra and Zielitz plants to maintain the functionality of our highly efficient CHP plants. This included, for example, the replacement of a gas turbine in Zielitz. **B.52 to B.60**

👁 Corporate strategy, Climate strategy

TRANSITION TO A CIRCULAR ECONOMY

Activity 2.4 "Treatment of hazardous waste"

With the REKAL® plant at the Sigmundshall site, we recycle salt slag produced in the secondary aluminum industry and prepare it for reuse by extracting the recyclable aluminum from the slag. We also process the separated substances potassium chloride, ammonium sulfate, and aluminum oxide for subsequent use:

- + Potassium chloride is turned into first-class smelting salt and high-quality fertilizer
- + Ammonium sulfate is also turned into fertilizer
- + Using a patented process, aluminum oxide is turned into a substrate for planting the Sigmundshall potash tailings pile

The operation of the REKAL® plant corresponds to the description of activity 2.4 "Treatment of hazardous waste." We generate turnover by accepting waste for the operation of the REKAL® plant.

PREVENTION AND CONTROL OF POLLUTION

Activity 1.1 "Manufacture of active pharmaceutical ingredients (API) or active substances"

We produce high-quality pharmaceutical salts, which are essential substances for the pharmaceutical industry. They are not only used in dialysis and infusion solutions, but also in numerous medications. Our products "Potassium Chloride 99.9 % KCl Ph. Eur., USP" and "APISAL® Sodium Chloride GMP grade" are active pharmaceutical ingredients. Their production corresponds to the description of activity 1.1 "Manufacture of active pharmaceutical ingredients (API) or active substances". They are produced at our Wintershall, Borth, and Dombasle sites to the highest purity and in compliance with strict requirements. We generate turnover from the sale of these products.

IDENTIFIED TAXONOMY-ELIGIBLE & TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Activity 4.25 "Production of heat/cool using waste heat"

At the Zielitz site, we generate heat from waste heat. Since 2022, we have been using waste heat that would otherwise no longer be used or would be deliberately "destroyed" to reduce the use of natural gas and lower CO₂ emissions. The generation of heat from waste heat within the meaning of activity 4.25 "Production of heat/cool using waste heat" was identified as taxonomy-aligned last year, as all technical screening criteria were met. This was the result of the assessment carried out in 2022 on compliance with the criteria for the significant contribution to climate change mitigation and the avoidance of significant harm to any of the environmental objectives. Based on a climate risk analysis, no significant threat to economic activity was identified. The availability of durable and recyclable input parts was assessed. The pumps used continue to comply with the highest energy efficiency class (IE4) and no environmental impact assessment was required in connection with the implementation of waste heat recovery. The processes leading to compliance with the minimum safeguards were classified as appropriate at company level, as guiding principles and guidelines were implemented, risk analyses were carried out and, where necessary, appropriate preventive and corrective measures were installed and requirements from international regulations were met. The project was continued in 2023. Supplements were processed due to a delay in construction, meaning that we are still reporting minor CapEx in connection with the activity this year.

No further activities were identified as taxonomy-aligned in 2023.

KPI RECORDING

All fully consolidated Group companies are included in the analysis with regard to their turnover, CapEx, and OpEx. The taxonomy-eligible and taxonomy-aligned proportions of turnovers, CapEx, and OpEx are calculated as the numerator divided by the denominator in accordance with the requirements of the EU Taxonomy Regulation.

👁️ General principle

KPI TURNOVER

The numerator corresponds to the portion of net turnover generated with goods associated with taxonomy-eligible economic activities. On the one hand, this relates to turnover from the sale of products in the pharmaceutical sector in accordance with activity 1.1 "Manufacture of active pharmaceutical ingredients (API) or active substances," which was allocated to the environmental objective "Prevention and control of pollution". On the other hand, turnover in connection with the acceptance and treatment of waste in accordance with activity 2.4 "Treatment of hazardous waste" is affected, which was allocated to the environmental objective "Transition to circular economy".

K+S defines the denominator of turnovers in accordance with IFRS 15.

👁️ Notes (1)

KPI CAPEX

The numerator corresponds to the proportion of the capital expenditures included in the denominator associated with individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, provided that these measures are implemented and operational within 18 months. For us, this relates to taxonomy-aligned activity 4.25 and taxonomy-eligible activity 9.1, 3.3, and 4.30, which contribute to the environmental objective "climate change mitigation". The taxonomy-aligned CapEx has roughly halved compared to the previous year. While €2.8 million was invested in activity 4.25 in the 2022 reporting year, this figure was only €1.3 million in 2023. On the other hand, capital expenditure relating to assets or processes associated with taxonomy-eligible economic activities is part of the CapEx numerator. This applies to activities 2.4 and 1.1. In connection with activity 1.1, keying procedures were applied according to production indicators in order to determine the CapEx numerator. For all other activities, capital expenditures were clearly delineated. As the taxonomy-eligible and taxonomy-

compliant CapEx flow into different sectors and clearly distinguishable individual activities, there is no overlap and multiple counting can be ruled out.

The denominator for reported CapEx comprises additions to property, plant, and equipment and intangible assets during the financial year under review before depreciation, amortization, and revaluations, including those resulting from revaluations and impairment losses for the relevant financial year and excluding changes in fair value [application of IFRS (IAS 16, 38, 40, IFRS 16)].

CapEx reported as taxonomy-eligible and taxonomy-aligned are additions to property, plant, and equipment.

👁️ General principles

👁️ Notes, Statement of changes in non-current assets

KPI OPEX

The numerator corresponds to the part of the OpEx contained in the denominator relating to individual measures through which the target activities are carried out with low carbon emissions or through which greenhouse gas emissions are reduced, provided that these measures are implemented and ready for use within 18 months. In our case, this relates to the taxonomy-eligible activity 4.30 as well as the taxonomy-aligned activity 4.25, which contribute to the environmental objective "Climate change mitigation". As in the previous year, OpEx for activity 4.25 is so minor that it is below the presentation threshold in € million at individual activity level in table **B.51**. Furthermore, those OpEx relating to assets or processes associated with taxonomy-aligned economic activities are included in the numerator. This relates to activities 1.1 and 2.4, which contribute to the environmental objectives "Prevention and control of pollution" and "Transition to a circular economy". In the context of activity 1.1, key procedures are applied according to production indicators to determine the OpEx numerator. For all other activities, costs can be clearly delineated.

The denominator of the reported OpEx includes direct, non-capitalized costs relating to research and development, building refurbishment, short-term leasing, maintenance, and repair [application of IFRS (IAS 16, 38, 40, IFRS 16)].

👁️ Research and development, Research indicators

👁️ Notes (4), Notes (29)

The numerator in each case is the sum of turnover, CapEx, or OpEx from the identified taxonomy-aligned resp. taxonomy-eligible activities. The ratio of numerator to denominator results in the percentages presented in the reporting template. **B.49, B.50, and B.51**

All expenditures can be distinguished from each other by unique project numbers and account management.

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023

B.49

Financial Year 2023	2023		Substantial contribution criteria							DNSH criteria („Does Not Significantly Harm“)							Proportion of Taxonomy- aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)	
	Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				Minimum Safeguard (17)
		Mio EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (A.1)		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0.0%			
Of which enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0.0%	E		
Of which transitional		0.0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	0.0%			T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Manufacture of active pharmaceutical ingredients (API) or active substances		PPC 1.1	38.5	1.0%	N/EL	N/EL	N/EL	EL	N/EL											
Treatment of hazardous waste		CE 2.4	15.7	0.4%	N/EL	N/EL	N/EL	N/EL	EL											
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			54.2	1.4%	0.0%	0.0%	0.0%	1.0%	0.4%	0.0%							0.0%			
A. Turnover of Taxonomy-eligible-activities (A.1+A.2)			54.2	1.4%	0.0%	0.0%	0.0%	1.0%	0.4%	0.0%							0.0%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities			3,818.4	98.6%																
Total			3,872.6	100.0%																

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023

B.50

Financial Year 2023	2023		Substantial contribution criteria							DNSH criteria („Does Not Significantly Harm“)							Proportion of Taxonomy aligned (A.1. or eligible (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Economic Activities (1)	Code (2)	CapEx (3) Mio EUR	Proportion of CapEx 2023 (4) %	Climate Change Mitigation (5) Y; N; N/EL	Climate Change Adaptation (6) Y; N; N/EL	Water (7) Y; N; N/EL	Pollution (8) Y; N; N/EL	Circular Economy (9) Y; N; N/EL	Biodiversity (10) Y; N; N/EL	Climate Change Mitigation (11) Y/N	Climate Change Adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																			
Production of heat/cool using waste heat	CCM 4.25	1.3	0.1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.5%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1.3	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0.5%		
Of which enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Of which transitional		0.0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	0.0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	0.7	0.1%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of low carbon technologies for transport	CCM 3.3	0.1	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Close to market research, development and innovation	CCM 9.1	1.6	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Treatment of hazardous waste	CE 2.4	1.5	0.2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0%		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	7.0	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		10.8	1.2%	0.9%	0.0%	0.0%	0.1%	0.2%	0.0%								0.2%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		12.1	1.3%	1.1%	0.0%	0.0%	0.1%	0.2%	0.0%								0.6%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		904.3	98.7%																
Total		916.4	100.0%																

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING 2023

B.51

Financial year 2023	2023		Substantial contribution criteria							DNSH criteria („Does Not Significantly Harm“)						Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)	
	Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)				Biodiversity (16)
		Mio EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Production of heat/cool using waste heat	CCM 4.25	0.0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0.0%		
Of which enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Of which transitional		0.0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	0.0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of active pharmaceutical ingredients (API) or active substances	PPC 1.1	1.0	0.2%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Manufacture of low carbon technologies for transport	CCM 3.3	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Close to market research, development and innovation	CCM 9.1	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Treatment of hazardous waste	CE 2.4	3.9	0.7%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	9.3	1.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		14.3	2.7%	1.8%	0.0%	0.0%	0.2%	0.7%	0.0%								0.0%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		14.3	2.7%	1.8%	0.0%	0.0%	0.2%	0.7%	0.0%								0.0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		513.6	97.3%																
Total		527.9	100.0%																

TEMPLATE 2

TAXONOMY-ALLIGNED ECONOMIC ACTIVITIES (CAPEX DENOMINATOR)

B.53

Row	Economic Activities	Amount and proportion (in Mio EUR and as percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the CapEx	1.3	0.1%	1.3	0.1%	n.a.	n.a.
8.	Total CapEx	1.3	0.1%	1.3	0.1%	n.a.	n.a.

TEMPLATE 2

TAXONOMY-ALLIGNED ECONOMIC ACTIVITIES (OPEX DENOMINATOR)

B.54

Row	Economic Activities	Amount and proportion (in Mio EUR and as percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the OpEx	0.0	0.0%	0.0	0.0%	n.a.	n.a.
8.	Total OpEx	0.0	0.0%	0.0	0.0%	n.a.	n.a.

TEMPLATE 1

NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

B.52

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

TEMPLATE 3

TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (CAPEX NUMERATOR)

B.55

Row	Economic activities	Amount and proportion (in Mio EUR and as percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the CapEx	1.3	100%	1.3	100%	n.a.	n.a.
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the CapEx	1.3	100%	1.3	100%	n.a.	n.a.

TEMPLATE 4

TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (CAPEX)

B.57

Row	Economic activities	Amount and proportion (in Mio EUR and as percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	7.0	0.8%	7.0	0.8%	n.a.	n.a.
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the CapEx	1.7	0.2%	1.7	0.2%	n.a.	n.a.
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	8.7	0.9%	8.7	0.9%	n.a.	n.a.

TEMPLATE 3

TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (OPEX NUMERATOR)

B.56

Row	Economic activities	Amount and proportion (in Mio EUR and as percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the OpEx	0.0	0.0%	0.0	0.0%	n.a.	n.a.
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the OpEx	0.0	100.0%	0.0	100.0%	n.a.	n.a.

TEMPLATE 4

TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (OPEX)

B.58

Row	Economic activities	Amount and proportion (in Mio EUR and as percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	9.3	2.1%	9.3	2.1%	n.a.	n.a.
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the OpEx	0.0	0.0%	0.0	0.0%	n.a.	n.a.
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the OpEx	9.3	2.1%	9.3	2.1%	n.a.	n.a.

TEMPLATE 5

TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES (CAPEX)**B.59**

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the CapEx	n.a.	n.a.
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the CapEx	904.3	98.7%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the CapEx	904.3	98.7%

TEMPLATE 5

TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES (OPEX)**B.60**

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the OpEx	n.a.	n.a.
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the OpEx	513.6	97.3%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the OpEx	513.6	97.3%

DECLARATION ON CORPORATE GOVERNANCE¹

In accordance with Sections 289f and 315d Handelsgesetzbuch (HGB – German Commercial Code), the Board of Executive Directors issues the following declaration on corporate governance pursuant to which the Board of Executive Directors and the Supervisory Board simultaneously report in accordance with the requirements of the German Corporate Governance Code:

DECLARATION ON CORPORATE GOVERNANCE

DECLARATION OF COMPLIANCE

In December 2023, the Company's Board of Executive Directors and the Supervisory Board made the following joint declaration pursuant to Section 161 of the German Stock Corporation Act (AktG):

"The Board of Executive Directors and the Supervisory Board of K+S Aktiengesellschaft declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that since the last Declaration of Compliance was issued, the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated April 28, 2022 published by the Federal Ministry of Justice in the official section of the Federal Gazette have been complied with and will be complied with in future, with the exception of the following recommendations:

- + Recommendation G.10 sentences 1 and 2 – Granting of variable remuneration amounts predominantly in shares and access of long-term variable grant components

The variable remuneration amounts granted to the members of the Board of Executive Directors have not been, and will not predominantly be, granted on a share-based basis and the members of the Board of Executive Directors have not been, and are not, obliged to invest the variable remuneration amounts predominantly in shares of the Company. Therefore, recommendation G.10 sentence 1 has been and will continue to be deviated from. With effect from January 1, 2023, the Supervisory Board resolved a change to the remuneration system for members of the Board of Executive Directors, which was approved by the Annual General Meeting on May 10, 2023, and this change was also implemented in the service agreement for the Board of Executive Directors with effect from January 1, 2023. Accordingly, the members of the Board of Executive Directors are obliged to acquire shares worth 100% of the short-term incentive

within three years and to hold them for two years after leaving the Company. The obligation to purchase and hold shares does not, however, apply to the majority of the variable remuneration amounts. The Board of Executive Directors and Supervisory Board do not consider it appropriate to impose requirements on the members of the Board of Executive Directors beyond the share purchase and holding obligations agreed at the beginning of 2023 as to how they are to invest earned variable remuneration amounts. Wherever possible, there should be no interference in the private asset management of the members of the Board of Executive Directors. Furthermore, the management bodies do not consider it appropriate to pay out the variable grant amounts, which are in any case earned over the long term, only after a period of four years.

- + Recommendation G.12 – Payment of open variable remuneration components

In the event of termination of a Board of Executive Directors service agreement, a decision should be made on a case-by-case basis on the modalities for payment of outstanding variable remuneration components, irrespective of the originally agreed due dates. On leaving the Company, a member of the Board of Executive Directors is no longer responsible for the success or failure of the operating business.

- + Recommendation G.13 sentence 2 – Crediting of a severance payment against the waiting allowance

We also consider, if advisable, to decide on the amount of a severance payment and waiting allowance depending on the individual case and taking into account the respective provisions.

Kassel (Germany) December 2023"

We pursue the goal of responsible corporate management and governance, while taking into account economic, environmental,

¹ In accordance with Section 317 (2) sentence 6 HGB, the disclosures pursuant to Section 289f and Section 315d HGB contained in the "Declaration on corporate governance" are not subject to the audit.

and social objectives. This principle constitutes the basis for our internal decision-making and control processes.

GOVERNING BODIES

The governing bodies of the Company are the Annual General Meeting, the Supervisory Board, and the Board of Executive Directors. The powers vested in these bodies and their duties and responsibilities are governed by Aktiengesetz (AktG – German Stock Corporation Act), Mitbestimmungsgesetz (MitbestG – German Co-Determination Act), the Articles of Association, and the bylaws of the Board of Executive Directors and the Supervisory Board.

ANNUAL GENERAL MEETING

The shareholders assert their rights at the Annual General Meeting and decide on fundamental matters affecting the Company by exercising their voting rights. Each share carries one vote (one share, one vote principle).

All documents that are important in terms of decision-making are also made available to shareholders on our website. The Annual General Meeting is also streamed live online for the interested public until the end of the speech by the Chairman of the Board of Executive Directors. Shareholders may exercise their voting rights through a proxy whom they have appointed and issued voting instructions or may cast a postal vote. Voting is also possible via an electronic system. Shortly after the end of the Annual General Meeting, we publish details of attendance and the results of the voting online.

In 2023, the Annual General Meeting was held virtually. Shareholders' rights were, therefore, taken into account to the same extent as at an in-person event. The Act on the Introduction of Virtual Annual General Meetings of Stock Corporations of July 20, 2022 (Federal Law Gazette of July 26, 2022, p. 1166 et seq.) allows Annual General Meetings to be held in the future without the physical presence of shareholders or their proxies at the venue of the Annual General Meeting. Pursuant to Section 118a (1) sentence 1 AktG, the Articles of Association may authorize the Board of Executive Directors to hold virtual Annual General Meetings. An amendment to the Articles of Association regarding the possibility of holding a virtual Annual General Meeting in 2024 and 2025, if necessary, while observing all shareholder rights, was approved by the Annual General Meeting on May 10, 2023, with a majority of 82%. In 2024, we will again choose the virtual Annual General Meeting format for reasons of cost and efficiency. This will provide us with the opportunity to use and further develop the technical systems that have been set up so

that we and our shareholders can decide on the future format of the Annual General Meeting in the following year based on more extensive experience.

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SUPERVISORY BOARD

In accordance with Section 8 (1) sentence 1 of the Articles of Association, the composition of the Supervisory Board is governed by mandatory statutory regulations. It currently has 16 members and is subject to co-determination in accordance with the German Co-Determination Act (MitbestG). This therefore means that half of the Supervisory Board members are elected as representatives of the shareholders by the Annual General Meeting and half as employee representatives by the employees of the K+S Group in Germany. Elections of shareholder representatives are usually held for a period of four years.

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The Supervisory Board oversees and advises the Board of Executive Directors in connection with the conduct of business activities. It is promptly and appropriately involved in any decisions of fundamental importance. The Board of Executive Directors informs the Supervisory Board regularly, promptly, and comprehensively about corporate strategy, planning, the course of business, earnings, the financial and asset position, the employment situation, ecological and social aspects, as well as about specific corporate opportunities and risks. The Supervisory Board regularly receives written reports from the Board of Executive Directors to prepare for meetings. After thorough review and discussion, the Supervisory Board adopts resolutions on proposals made by the Board of Executive Directors and on other matters where required. In the case of particular business transactions that are of great importance to the Company, the Supervisory Board is also provided with immediate and comprehensive information by the Board of Executive Directors between routine meetings.

🔗 Supervisory Board report

The Supervisory Board has adopted bylaws and formed seven committees from among its members.

- + The **Mediation Committee** performs the tasks set out in Section 31 (3) sentence 1 MitbestG. The Chairman of the Supervisory Board is also the chairman of this committee. Of the four members of this committee, two members are shareholder representatives, and two are employee representatives.
- + The **Strategy Committee** is responsible for advising the Board of Executive Directors on the strategic direction of the Company including strategic reviews and reporting thereof to

the Supervisory Board. In addition, the Strategy Committee prepares resolutions of the Supervisory Board that require approval concerning acquisitions, divestments, investments, organizational changes, or restructuring. Further, it advises the Board of Executive Directors on corporate strategy matters and on projects of strategic nature. The Chairman of the Supervisory Board is also the chairman of this committee. The Strategy Committee has four members; two are shareholder representatives, and two are employee representatives.

- + The **Audit Committee** performs the tasks set out in AktG and the German Corporate Governance Code. In particular, it is involved in monitoring the accounting process, the effectiveness of the internal control system, the risk and opportunity management system, the internal audit system, and compliance, the issuing of mandates to the Company auditors as well as the audit of the financial statements. It also discusses the Half-Year Financial Report and Quarterly Reports with the Board of Executive Directors prior to publication. The Chairman of the Audit Committee Mr. Kölbl (independent financial expert) has extensive knowledge and experience in the application of accounting principles as well as internal control and risk management systems, and in auditing financial statements from his professional practice as Chief Financial Officer (CFO) of Südzucker AG. This also includes sustainability reporting and its audit. Ms. Hölz (financial expert) has extensive knowledge and experience in the field of accounting. The Audit Committee consists of six members, with an equal number of shareholder and employee representatives.
- + The **Personnel Committee** is responsible for preparing the appointment of members of the Board of Executive Directors, including long-term succession planning. The committee submits proposals for resolutions to the plenary meeting of the Supervisory Board concerning the determination of total remuneration for the Board of Executive Directors and the Supervisory Board members as well as on resolving contractual matters for the individual members of the Board of Executive Directors. The Chairman of the Supervisory Board also chairs this committee. The Personnel Committee has four members; two are shareholder representatives, and two are employee representatives.
- + The **Nomination Committee** proposes suitable candidates of the shareholder representatives to the Supervisory Board for its recommendations to the Annual General Meeting. The Chairman of the Supervisory Board also chairs this committee. The committee has four members, all of whom represent the shareholders.
- + The **ESG Committee** advises the Supervisory Board, its committees, and the Board of Executive Directors. It deals with sustainable corporate governance and the Company's business activities, particularly in the areas of environment,

social affairs, and good corporate governance (ESG). Ms. Hölz, Chairwoman of the Committee, has extensive knowledge and experience in sustainability issues in particular, but also in all relevant ESG issues. The committee consists of four members, with equal numbers of shareholder and employee representatives.

- + The **Special Committee** established in January 2023 deals with measures to ensure compliance with internal business and behavioral principles as well as crisis situations, e.g., geopolitical upheavals such as wars, energy shortages, or pandemics. Due to the changing focus of the committee's work, its members are appointed on a topic-by-topic basis.

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APPOINTMENT OF THE SUPERVISORY BOARD, COMPETENCE PROFILE, AND DIVERSITY

When appointing members to the Supervisory Board, the aim is to ensure that there is a range of competencies and member diversity on the Supervisory Board necessary for the proper performance of the Supervisory Board tasks.

This target is consistently pursued as part of the selection process and the nomination of candidates for the Supervisory Board. It should be noted in this regard that the Supervisory Board does not itself decide on its own composition and can, therefore, only work to achieve the targets it pursues by suggesting appropriate candidates for proposal to the Annual General Meeting. The Annual General Meeting is not obliged to follow these candidate proposals. As a corporate body, the Supervisory Board is not entitled to influence proposals for the nomination of employee representatives.

In accordance with the German Act on Equal Participation of Women and Men in Leadership Positions, the minimum percentage of women and men on the Supervisory Board should be 30% each. As of the reporting date, the Supervisory Board has three female shareholder representatives and two female employee representatives. The proportion of women on the Supervisory Board is, therefore, a good 31% overall and 38% among the shareholder representatives. The minimum proportion was achieved at all times throughout the reporting period.

The Supervisory Board is convinced that the performance of the body as a whole depends considerably on diversity in the mix of experts, qualifications, integrity, and independence. The culture should be characterized by professionalism and appreciation. Against this background, the competence profile includes the following aspects:

- + An appropriate number of members should have knowledge of the potash, salt, and agricultural sectors.
- + Knowledge of international markets and markets relevant to K+S should be present.
- + Experience in the strategic management of a company is an essential requirement.
- + Professional aptitude, particularly in compliance, risk and opportunity management, personnel, crisis management, co-determination law, digitalization, mining, and technology as well as in other subject areas is important.
- + The Supervisory Board must include at least one member with expertise in accounting and at least one other member with expertise in auditing. Overall, an appropriate number of members should have financial expertise.
- + Knowledge in IT, in particular on cyber risks, should be present to an appropriate extent.
- + The Supervisory Board should have expertise in sustainability issues that are important for K+S.

A qualification matrix presents the competencies of the individual members of the Supervisory Board. **B.61**

The criteria for professional suitability are based on an annual self-assessment by the Supervisory Board. A cross indicates profound knowledge in the relevant subject area and, therefore, the ability to understand the relevant issues well and make informed decisions based on existing qualifications.

Some of these competencies are required for all areas of corporate strategy. This primarily includes financial and IT expertise. As a pioneer in sustainable mining, we are firmly committed to the environment, nature, and climate protection. Every business decision must be in line with our climate strategy and, therefore, also with the energy transformation and the sustainability goals we are striving for. Against this background, qualifications for the topics of Environment & Resources as well as all issues relating to Health, Occupational Safety, Diversity & Inclusion are also required.

Furthermore, the focal points of the corporate strategy require different specialist knowledge. For the Werra 2060 project, for example, complementary expertise is of great importance as part of the optimization of the existing business: Specialist knowledge of potash, salt, and agriculture is just as necessary as specialist expertise in human resources, technology, mining, sustainable supply chains, or compliance.

In Canada, we are continuing to drive forward the expansion of our potash plant in Bethune. At the same time, we have launched initial projects to expand our core business and develop new business areas. In this context, sector expertise and regional knowledge are of particular importance to the Supervisory Board.

Due to the expertise represented on the Supervisory Board, we are of the opinion that the Supervisory Board is in an excellent position to monitor and advise on all aspects of the corporate strategy.

Each shareholder representative is also assigned a specific topic area based on their suitability, such as technical excellence, digitalization, or cybersecurity.

The composition of the Supervisory Board also aims to ensure that the majority of shareholder representatives on the Supervisory Board are independent. This assumes, in particular, that the persons concerned do not hold a governing or advisory position with significant customers, suppliers, lenders, other business partners, or main competitors, or have any other significant business or personal relationship with the Company or its Board of Executive Directors. Potential conflicts of interest on the part of persons proposed for election to the Supervisory Board should be prevented, wherever possible.

The requirements for the qualification profile of the Supervisory Board are based on a comprehensive analysis of the subject areas relevant to K+S. This was carried out by an external remuneration expert and is continuously developed further, taking into account current requirements. Based on our sustainability strategy, sustainability issues in particular have become more important for the requirements profile of the Supervisory Board. The Supervisory Board is of the opinion that the above requirements are met with its current composition, which is characterized by diversity.

Candidates for the Supervisory Board may not be older than 70 years at the time of their election. Furthermore, shareholder representatives on the Supervisory Board may be in office for a maximum of three election periods. An election period usually lasts four years.

SUPERVISORY BOARD OF K+S AKTIENGESELLSCHAFT – OVERVIEW OF QUALIFICATIONS PURSUANT TO RECOMMENDATION C.1 OF THE GERMAN CORPORATE GOVERNANCE CODE

B.61

	Dr. Andreas Kreimeyer	Ralf Becker	Petra Adolph	André Bahn	Prof. Dr. Elke Eller	Lars Halbleib	Markus Heldt	Christiane Hölz	Michael Knackmuß	Thomas Kölbl	Gerd Kübler	Dr. Rainier van Roessel	Peter Trotha	Brigitte Weitz	Christine Wolff	Carl-Albrecht Bartmer ⁴
General information	SR	ER	ER	ER	SR	ER	SR	SR	ER	SR	ER	SR	ER	ER	SR	SR
Member since	2015	2009	2018	2018	2018	2022	2021	2023	2014	2017	2016	2020	2021	2020	2023	2024
Appointed until the end of the Annual General Meeting	2025	2028	2028	2028	2027	2028	2025	2027	2028	2026	2028	2025	2028	2028	2027	2024
Independence	x				x		x	x		x		x			x	x
No overboarding ¹	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Age ²	68	58	59	55	61	45	65	51	48	61	56	66	40	60	63	62
Gender	male	male	female	male	female	male	male	female	male	male	male	male	male	female	female	male
Sector competence																
Potash	x			x		x			x	x	x			x		x
Salt	x			x					x	x	x		x			
Agriculture	x						x			x						x
Regional knowledge ³																
Europe	x				x		x	x		x	x	x			x	x
North America	x						x			x	x	x			x	x
South America	x				x		x				x	x				
Asia/Pacific	x						x					x			x	
Professional suitability																
Top level leadership	x				x		x	x		x		x			x	x
Human resources topics	x	x	x	x	x		x		x	x	x	x	x	x	x	x
Crisis management	x	x		x	x		x		x	x	x	x	x	x	x	x
Digitalization	x		x	x	x		x	x	x		x	x				
Co-determination	x	x	x	x	x	x	x		x		x	x	x	x		
Technology	x			x		x			x		x		x	x	x	x
Mining		x		x					x		x		x		x	
Public affairs	x	x	x	x	x	x		x			x	x				x
M&A	x				x		x			x		x			x	
Financial competence																
Accounting	x	x	x		x			x		x		x				x
Audit of financial statements		x	x			x				x						
IT competence																
Cyber risks	x											x				
IT experience	x							x				x				
Business Ethics & Human Rights																
Sustainable supply chains			x	x								x	x		x	x
Compliance & Anti-Corruption	x		x	x			x	x	x	x		x			x	x
Society & Employees																
Health & Safety	x		x	x	x	x	x	x	x	x	x	x	x	x	x	
Diversity & Inclusion	x	x	x	x	x	x	x	x	x			x	x	x	x	
Environment & Resources																
Resource Efficiency	x			x		x	x	x	x		x	x	x		x	x
Energy & Climate	x	x		x		x		x	x	x	x	x		x	x	x

x Criterion met. The criteria for professional suitability are based on an annual self-assessment by the Supervisory Board. A cross corresponds to profound knowledge in the relevant subject area and, therefore, the ability to understand the relevant issues well and make informed decisions on the basis of existing qualifications.

SR = Shareholder representative

ER = Employee representative

1 In accordance with the German Corporate Governance Code.

2 As of: December 31, 2023.

3 The information reflects in-depth regional knowledge in the professional and private spheres and, therefore, represents an essential component for an internationally oriented Supervisory Board.

4 Court appointment as a member of the Supervisory Board as of January 23, 2024. The decision of the local court was served to K+S on January 29, 2024.

SELF-ASSESSMENT OF THE SUPERVISORY BOARD

Every two years, the Supervisory Board conducts an efficiency review to assess how effectively the Supervisory Board and its committees perform their duties and to obtain suggestions for future work in both the Supervisory Board and the committees. In 2022, the members of the Supervisory Board intensively addressed the efficiency of their work in this context. The Supervisory Board dealt intensively with the results, which confirmed constructive, open, and always professional cooperation. No major deficits were identified. Suggestions for further professionalization of the work were incorporated. The next assessment by an external consultant is planned for 2024.

MEMBERS OF THE SUPERVISORY BOARD IN THE 2023 FINANCIAL YEAR

(Status of disclosures on other Supervisory Board mandates and control bodies, unless stated otherwise: December 31, 2023)

Dr. rer. nat. Andreas Kreimeyer (born 1955),

Degree in Biology

Chairman of the Supervisory Board

Shareholder representative (independent member)

Entrepreneur (former member of the Board of Executive Directors and Research Executive Director of BASF SE, Ludwigshafen)

Mandate until the end of the 2025 Annual General Meeting

First appointed: May 12, 2015

Other Supervisory Board mandates:

+ K+S Minerals and Agriculture GmbH, Kassel (Chairman, group mandate)

Other supervisory bodies:

+ DAL Deutsche Afrika-Linien GmbH & Co. KG, Hamburg (member of the Advisory Board) (until July 31, 2023)

Ralf Becker (born 1965), Trade Union Secretary

Deputy Chairman of the Supervisory Board

Employee representative

State District Manager North of IG Bergbau, Chemie, Energie, Hanover

Mandate until the end of the 2028 Annual General Meeting

First appointed: August 1, 2009

Other Supervisory Board mandates:

+ Continental Reifen Deutschland GmbH, Hanover (Deputy Chairman)

+ K+S Minerals and Agriculture GmbH, Kassel (Deputy Chairman, group mandate) (since June 12, 2023)

Group companies of Shell Group:

+ Deutsche Shell Holding GmbH, Hamburg

+ Deutsche Shell GmbH, Hamburg (until December 31, 2023)

+ Shell Deutschland GmbH, Hamburg

Thomas Kölbl (born 1962), Degree in Business Administration

Deputy Chairman of the Supervisory Board

Shareholder representative (independent financial expert with expertise in accounting and auditing)

Chief Financial Officer of Südzucker AG, Mannheim (until May 31, 2024)

Mandate until the end of the 2026 Annual General Meeting

First appointed: May 10, 2017

Other Supervisory Board mandates:

+ K+S Minerals and Agriculture GmbH, Kassel (group mandate) (since June 12, 2023)

Group companies of Südzucker Group:

+ CropEnergies AG, Mannheim¹ (member of the Supervisory Board)

Other supervisory bodies:

Group companies of Südzucker Group:

+ Freiberger Holding GmbH, Berlin (member of the Advisory Board)

+ Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (Chairman of the Advisory Board)

¹ The listing of CropEnergies AG on the Frankfurt Stock Exchange will be terminated at the end of February 28, 2024.

Petra Adolph (born 1964), Master in Political Science and Literature

Employee representative

Deputy State District Manager North of IG Bergbau, Chemie, Energie, Hanover

Mandate until the end of the 2028 Annual General Meeting

First appointed: May 15, 2018

Other Supervisory Board mandates:

- + CEWE Stiftung & Co. KGaA, Oldenburg²
- + K+S Minerals and Agriculture GmbH, Kassel (group mandate) (since June 12, 2023)

André Bahn (born 1968), Electrician

Employee representative

Chairman of the General Works Council of the K+S Group
Chairman of the Works Council of the Werra plant, K+S Minerals and Agriculture GmbH, Kassel

Mandate until the end of the 2028 Annual General Meeting

First appointed: May 15, 2018

Other Supervisory Board mandates:

- + K+S Minerals and Agriculture GmbH, Kassel (group mandate) (since June 12, 2023)

Prof. Dr. Elke Eller (born 1962), Degree in Economics and Business Management

Shareholder representative (independent member)

Professor, investor (former member of the Board of Executive Directors of TUI Aktiengesellschaft, Hanover)

Mandate until the end of the 2027 Annual General Meeting

First appointed: May 15, 2018

Other Supervisory Board mandates:

- + K+S Minerals and Agriculture GmbH, Kassel (group mandate)
- + thyssenkrupp Steel Europe AG, Duisburg

Lars Halbleib (born 1978), Carpenter

Employee representative

2nd Deputy Chairman of the General Works Council of the K+S Group

Chairman of the Works Council of the Neuhoef-Ellers plant, K+S Minerals and Agriculture GmbH, Kassel

Mandate until the end of the 2028 Annual General Meeting

First appointed: August 12, 2022

Other Supervisory Board mandates:

- + K+S Minerals and Agriculture GmbH, Kassel (group mandate) (since June 12, 2023)

Markus Heldt (born 1958), Industrial Clerk

Shareholder representative (independent member)

Management Consultant

Mandate until the end of the 2025 Annual General Meeting

First appointed: May 12, 2021

Other Supervisory Board mandates:

- + K+S Minerals and Agriculture GmbH, Kassel (group mandate)

Other supervisory bodies:

- + Biotallys N.V., Ghent/Belgium² (member of the Board of Directors (non-executive))

Christiane Hölz (born 1972), Lawyer

Shareholder representative (independent financial expert with expertise in the field of accounting)

Managing Director of the Deutsche Schutzvereinigung für Wertpapierbesitz e.V., Düsseldorf

Mandate until the end of the 2027 Annual General Meeting

First appointed: May 10, 2023

Other Supervisory Board mandates:

- + Gelsenwasser AG, Gelsenkirchen²
- + K+S Minerals and Agriculture GmbH, Kassel (group mandate) (since June 12, 2023)

² Listed.

**Michael Knackmuß (born 1975), Automotive Mechanic
Employee representative**

1st Deputy Chairman of the General Works Council of the K+S Group

Chairman of the Works Council of the Zielitz plant, K+S Minerals and Agriculture GmbH, Kassel

Mandate until the end of the 2028 Annual General Meeting
First appointed: July 11, 2014

Other Supervisory Board mandates:

- + K+S Minerals and Agriculture GmbH, Kassel (group mandate) (since June 12, 2023)

**Gerd Kübler (born 1967), Degree in Engineering
Employee representative**

Representative of senior executives

Plant Manager Werra Plant, K+S Minerals and Agriculture GmbH, Kassel

Mandate until the end of the 2028 Annual General Meeting
First appointed: January 1, 2016

**Dr. Rainier van Roessel (born 1957), Degree in Business
Administration**

Shareholder representative (independent member)

Independent consultant (former member of the Board of Executive Directors and Labor Director of LANXESS AG, Cologne)

Mandate until the end of the 2025 Annual General Meeting
First appointed: June 10, 2020

Other Supervisory Board mandates:

- + K+S Minerals and Agriculture GmbH, Kassel (group mandate)
- Group companies of the LANXESS Group:
- + LANXESS AG, Cologne³ (member of the Supervisory Board)
 - + LANXESS Deutschland GmbH, Cologne (member of the Supervisory Board)

**Peter Trotha (born 1983), Industrial Mechanic
Employee representative**

Chairman of the Works Council of the Bernburg plant, K+S Minerals and Agriculture GmbH, Kassel

Mandate until the end of the 2028 Annual General Meeting
First appointed: August 17, 2021

Other Supervisory Board mandates:

- + K+S Minerals and Agriculture GmbH, Kassel (group mandate) (since June 12, 2023)

**Brigitte Weitz (born 1963), Human Resources Specialist
Employee representative**

Chairwoman of the Works Council Central Technology South, K+S Minerals and Agriculture GmbH, Kassel

Mandate until the end of the 2028 Annual General Meeting
First appointed: August 26, 2020

Other Supervisory Board mandates:

- + K+S Minerals and Agriculture GmbH, Kassel (group mandate) (since June 12, 2023)

**Christine Wolff (born 1960), Graduate Geologist
Shareholder representative (independent member)**

Management Consultant

Mandate until the end of the 2027 Annual General Meeting
First appointed: May 10, 2023

Other Supervisory Board mandates:

- + Hochtief AG, Essen³
- + K+S Minerals and Agriculture GmbH, Kassel (group mandate) (since June 12, 2023)
- + Sievert SE, Osnabrück

Other supervisory bodies:

- + Sweco AB, Stockholm³ (member of the Supervisory Board)

☐ www.kpluss.com/supervisoryboard

³ Listed.

CHANGES IN THE SUPERVISORY BOARD AS OF THE REPORTING DATE

Court appointment as of January 23, 2024

Carl-Albrecht Bartmer (born 1961), Graduate Agricultural Engineer

Shareholder representative (independent member)

Entrepreneur/Agriculturist

Mandate until the end of the 2024 Annual General Meeting

First appointed: January 23, 2024⁴

Other Supervisory Board mandates:

- + CLAAS KGaA mbH, Harsewinkel
- + K+S Minerals and Agriculture GmbH, Kassel (group mandate) (since January, 23, 2024)
- + Vereinigte Hagelversicherung VVaG, Gießen

MEMBERS WHO LEFT APPOINTMENT IN 2023

Jella Benner-Heinacher (born 1960), Lawyer

Shareholder representative

Deputy General Manager of Deutsche Schutzvereinigung für Wertpapierbesitz e.V., Düsseldorf

Mandate ended on May 10, 2023

First appointed: May 7, 2003

Gerd Grimmig (born 1953), Degree in Mining Engineering

Shareholder representative

Former member of the Board of Executive Directors of K+S Aktiengesellschaft, Kassel

Mandate ended on May 10, 2023

First appointed: May 15, 2018

Philip Freiherr von dem Bussche (born 1950), Degree in

Business Administration

Shareholder representative

Entrepreneur/Agriculturist

Mandate ended on August 11, 2023

First appointed: May 12, 2015

SUPERVISORY BOARD COMMITTEES AND THEIR MEMBERS

MEDIATION COMMITTEE

- + Dr. Andreas Kreimeyer (Chairman)
- + André Bahn
- + Ralf Becker
- + Thomas Kölbl

STRATEGY COMMITTEE

- + Dr. Andreas Kreimeyer (Chairman)
- + André Bahn
- + Ralf Becker
- + Markus Heldt

AUDIT COMMITTEE

- + Thomas Kölbl (Chairman, independent financial expert)
- + Petra Adolph
- + Ralf Becker
- + Lars Halbleib
- + Christiane Hölz (financial expert)
- + Dr. Andreas Kreimeyer

PERSONNEL COMMITTEE

- + Dr. Andreas Kreimeyer (Chairman)
- + Ralf Becker
- + Prof. Dr. Elke Eller
- + Michael Knackmuß

NOMINATION COMMITTEE

- + Dr. Andreas Kreimeyer (Chairman)
- + Dr. Rainier van Roessel
- + Christine Wolff
- + Carl-Albrecht Bartmer (since January 23, 2024)⁴

ESG COMMITTEE

- + Christiane Hölz (Chairwoman)
- + Petra Adolph
- + Peter Trotha
- + Carl-Albrecht Bartmer (since January 23, 2024)⁴

BOARD OF EXECUTIVE DIRECTORS

The Board of Executive Directors manages the Company under its own responsibility in accordance with the law, the Articles of Association, and its bylaws, considering the resolutions adopted by the Annual General Meeting. The Board of Executive Directors represents the Company in its dealings with third parties.

⁴ The decision of the local court was served on January 29, 2024.

The bylaws of the Board of Executive Directors govern the cooperation between its members and the allocation of business responsibilities as well as mutual representation. Matters that concern other areas of responsibility or deviate from usual day-to-day business have to be agreed with the other members of the Board of Executive Directors. Matters such as this should, where possible, be discussed at Board meetings held every two to three weeks, where, if applicable, measures should be adopted; a resolution must be passed for important business and actions.

☐ www.kpluss.com/statutes

APPOINTMENT TO THE BOARD OF EXECUTIVE DIRECTORS, COMPETENCE PROFILE, DIVERSITY, AND LONG-TERM SUCCESSION PLANNING

According to Section 5 (1) of the Articles of Association, the Board of Executive Directors shall consist of at least two members. The exact number of members is determined by the Supervisory Board. The Board of Executive Directors consisted of two male members until Dr. Carin-Martina Tröltzsch took office on February 20, 2023. The Board of Executive Directors consisted of one female and two male members in the period from February 20 to February 28, 2023. Following the departure of Mr. Holger Riemensperger on February 28, 2023, the Board of Executive Directors consisted of one female and one male member. When Dr. Christian H. Meyer took office on March 15, 2023, the Board of Executive Directors consisted of one female and two male members. The Board of Executive Directors has consisted of two female and two male members since Christina Daske took office on December 1, 2023.

The criteria for the appointment of Board of Executive Directors members are the professional suitability for the management of the respective area of responsibility, proven achievements on the previous career path, as well as pronounced leadership competence. Furthermore, the Supervisory Board is of the opinion that diversity is also important for the Board of Executive Directors. Therefore, the Board of Executive Directors should consist of people who complement each other in terms of professional and life experience and are of different ages. For the members of the Board of Executive Directors, the Supervisory Board has introduced an age limit set at the age of 65. The initial appointment of members of the Board of Executive Directors shall be for a maximum of three years. Moreover at least one member of the Board of Executive Directors should have international experience. The current composition of the Board of Executive Directors meets the criteria defined by the Supervisory Board.

At its meeting on May 14, 2019, the Supervisory Board set a target of 25% regarding the equal participation of women and men in management positions. This was achieved with the start of

Dr. Carin-Martina Tröltzsch's mandate on February 20, 2023, and is significantly exceeded with the appointment to the Board of Executive Directors from March 15, 2023 (start of Dr. Christian H. Meyer's mandate) and December 1, 2023, respectively (start of Christina Daske's mandate). The Supervisory Board, together with the Board of the Executive Directors and based on the recommendation of the Personnel Committee, ensures long-term succession planning for positions on the Board of the Executive Directors. Taking into account specific qualification requirements and the aforementioned criteria, a shortlist of available candidates is drawn up by the Personnel Committee. Structured interviews are held with these candidates and a recommendation is then submitted to the Supervisory Board for resolution. If necessary, external consultants will support the Supervisory Board and/or the Personnel Committee in the development of job profiles as well as the selection of candidates.

MEMBERS OF THE BOARD OF EXECUTIVE DIRECTORS

(Status of disclosures on mandates, unless stated otherwise: December 31, 2023)

Dr. Burkhard Lohr (born 1963), Degree in Business Administration

Chief Executive Officer (CEO)

Mandate until May 31, 2025

First appointed: June 1, 2012

Christina Daske (born 1985), Graduate Industrial Engineer and Graduate Economist

Member of the Board of Executive Directors, Labor Director

Mandate until November 30, 2026

First appointed: December 1, 2023

Dr. Christian H. Meyer (born 1971), Degree in Business Administration

Member of the Board of Executive Directors, Chief Financial Officer (CFO)

Mandate until March 14, 2026

First appointed: March 15, 2023

Dr. Carin-Martina Tröltzsch (born 1968), Graduate Agricultural Engineer

Member of the Board of Executive Directors, Chief Operations Officer

Mandate until February 19, 2026

First appointed: February 20, 2023

MEMBERS WHO LEFT APPOINTMENT IN 2023:

Holger Riemensperger (born 1970), Graduate Engineer in Process Engineering

Formerly member of the Board of Executive Directors, Labor Director

Mandate ended on February 28, 2023

First appointed: April 1, 2021

Please refer to the bylaws of the Board of Executive Directors, which can also be found on the K+S website, for up-to-date information on the responsibilities of the individual members of the Board of Executive Directors.

📄 www.kpluss.com/executivedirectors

📄 www.kpluss.com/corporategovernance

REMUNERATION OF THE BOARD OF EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD

The remuneration of the Board of Executive Directors and the Supervisory Board is disclosed in the remuneration report pursuant to Section 162 of the German Stock Corporation Act (AktG) and can also be viewed on the Company's website.

👁️ Remuneration report

📄 www.kpluss.com/corporategovernance

COOPERATION BETWEEN THE BOARD OF EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD

The Supervisory Board is kept informed by the Board of Executive Directors, at regular intervals in a timely and comprehensive manner, regarding any issues that are relevant to the Company and that concern corporate strategy, planning, the course of business and the earnings, financial, and asset position, ecological and social aspects, as well as about any particular business risks and opportunities. Moreover, the Chairman of the Supervisory Board is in close contact with the Chairman of the Board of Executive Directors regarding all relevant topics. Important

business transactions and measures require the consent of the Supervisory Board; more information on this can be found in Section 12 of the Supervisory Board bylaws.

📄 www.kpluss.com/statutes

CONFLICTS OF INTEREST

No conflicts of interest involving members of the Board of Executive Directors or the Supervisory Board, about which the Annual General Meeting needed to be informed, were disclosed to the Supervisory Board during the reporting period.

DIRECTORS AND OFFICERS INSURANCE (D&O)

We have a D&O insurance in case a claim for compensation based on statutory third-party liability provisions is made against members of the Board of Executive Directors or the Supervisory Board on account of a breach of duty committed in the performance of their duties. The excess is 10% of the respective claim up to a maximum of 1.5 times the fixed annual remuneration. The D&O insurance also applies to executives.

SHARE TRANSACTIONS BY MEMBERS OF THE SUPERVISORY BOARD AND THE BOARD OF EXECUTIVE DIRECTORS

In accordance with Section 19 of the Market Abuse Regulation, members of the Company's Board of Executive Directors and the Supervisory Board must disclose the purchase and disposals of Company shares.

In 2023, we published the following directors' dealings notifications for the Supervisory Board and the Board of Executive Directors: **B.62**

📄 www.kpluss.com/directorsdealings

DIRECTORS' DEALINGS OF THE MEMBERS OF THE BOARD OF EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD**B.62**

	Date	Transaction	ISIN	Amount
Dr. Carin-Martina Tröltzsch	Dec 7, 2023	Share purchase	DE000KSAG888	€4,373.42
Dr. Carin-Martina Tröltzsch	Dec 7, 2023	Share purchase	DE000KSAG888	€3,494.61
Dr. Carin-Martina Tröltzsch	Dec 7, 2023	Share purchase	DE000KSAG888	€6,896.95
Dr. Carin-Martina Tröltzsch	May 30, 2023	Share purchase	DE000KSAG888	€9,322.25
Dr. Carin-Martina Tröltzsch	Apr 5, 2023	Share purchase	DE000KSAG888	€668.70
Dr. Carin-Martina Tröltzsch	Apr 5, 2023	Share purchase	DE000KSAG888	€5,315.31
Dr. Carin-Martina Tröltzsch	Apr 5, 2023	Share purchase	DE000KSAG888	€8,086.65
Dr. Carin-Martina Tröltzsch	Apr 5, 2023	Share purchase	DE000KSAG888	€5,262.39
Dr. Carin-Martina Tröltzsch	Mar 22, 2023	Share purchase	DE000KSAG888	€21,346.29
Dr. Carin-Martina Tröltzsch	Mar 22, 2023	Share purchase	DE000KSAG888	€17,689.65
Dr. Carin-Martina Tröltzsch	Mar 22, 2023	Share purchase	DE000KSAG888	€7,241.92
Dr. Carin-Martina Tröltzsch	Mar 22, 2023	Share purchase	DE000KSAG888	€1,756.35

TARGET FIGURES FOR THE 1ST AND 2ND LEVEL BELOW THE BOARD OF EXECUTIVE DIRECTORS

With regard to the Act on the Equal Participation of Women and Men in Leadership Positions, we have set targets for the proportion of women in the management level below the Board of Executive Directors of K+S Aktiengesellschaft, which are to be achieved by December 31, 2025. At the first level below the Board of Executive Directors, the target of 30% was not achieved as of December 31, 2023. At 10%, the proportion of women on the reporting date was below the prior-year figure (2022: 21%). The decrease compared to the previous year is due to the appointment of Christina Daske as a member of the Board of Executive Directors and the replacement of another position by a male manager, with a lower total number of management positions at this level. At the second level below the Board of Executive Directors, the target of 30% was almost reached as at the reporting date with a proportion of women of 29% (2022: 28%).

🔗 Combined non-financial statement

GOVERNANCE

Each organizational unit of the K+S Group is obliged, in compliance with the regulations of higher-level units, to issue the required illustrative regulations for its area of responsibility to ensure proper governance and monitoring.

The content of (overall) works agreements and regulatory standards (i.e., rules and standards of third parties, which the K+S Group or parts of it have undertaken to comply with and implement) have the same importance as internal regulations; this applies inter alia to the German Corporate Governance Code unless the Board of Executive Directors and the Supervisory Board have jointly agreed on deviations from its recommendations.

OUR VALUES

As an international team, we may speak different languages, live in different regions, and work in different professions. But there is something we all share. Something which connects us. It is our K+S Values. They form the basis of our cooperation and demonstrate the standards we set for our work.

At the same time, identifying the K+S Group with common values provides the basis for building a stronger corporate culture:

- + Safe & Sustainable: We always put safety first and act sustainably in everything we do.
- + Collaborative: We support each other by treating one another with trust and respect.
- + Entrepreneurial: We are entrepreneurs and take on challenges courageously.
- + Agile: We utilize lean and flexible structures to work quickly and efficiently.
- + Innovative: We are adaptable and encourage innovation.
- + Optimistic: We believe in the success of K+S.

🔗 www.kpluss.com/values

CODE OF CONDUCT

The K+S Group has adopted a Code of Conduct based on the Global Organization Handbook for the K+S Group and our values.

This provides orientation for making good decisions in our daily work. It is important for K+S to treat each other with respect everywhere in the world and align actions with K+S values. Working together is important to set a common high ethical standard for the way business is conducted at K+S and beyond.

🔗 www.kpluss.com/codeofconduct

COMPLIANCE MANAGEMENT

With our compliance management system, we ensure that applicable laws and our internal, equally important regulations are known throughout the Group and that compliance with these can be monitored. We want not only to avoid the risks of liability, culpability, and fines as well as other financial disadvantages for the Company, but also to ensure a positive reputation for the Company, its corporate bodies, and employees in the public eye. We regard it as a matter of course that breaches of compliance are pursued, and penalties are inflicted.

🔗 Combined non-financial statement
📄 www.kpluss.com/compliance

At K+S, the risk of compliance breaches, including corruption risks, is taken into account as part of the risk management process and the compliance risk analysis. Various countermeasures, such as training, are intended to reduce the probability of occurrence of breaches or corruption risks. Compliance risks can also be identified through regular reviews of compliance issues by Internal Auditing.

The Board of Executive Directors has appointed the Head of the “Compliance, Risk & Auditing” unit to the function of Chief Compliance Officer (CCO) with the responsibility of ensuring an effective and legally compliant compliance management system in the K+S Group. He reports directly to the Chairman of the Board of Executive Directors and heads the global Governance, Risk, Compliance Committee (GRC Committee), which comprises the compliance and risk management officers of K+S Minerals and Agriculture GmbH as well as the heads of the central functions of the Company (e.g., Internal Auditing, Legal, Human Resources). The GRC Committee’s tasks include advising on general compliance management issues and coordinating them throughout the Group, as well as regularly analyzing the general suitability of the compliance management system and, if weaknesses are identified, making recommendations for action to the respective responsible management. The Board of Executive Directors regularly reports to the Audit Committee and the Supervisory Board of K+S Aktiengesellschaft on the compliance management system.

By the end of the first quarter of each year, the CCO receives a completeness report on reported compliance incidents from across the organization.

🔗 Combined non-financial statement

MANAGEMENT OF RISK AND OPPORTUNITIES

The risk and opportunity management system pursues the goal of identifying risks and opportunities throughout the K+S Group in a timely manner, assessing their impact on the net assets, financial position, or earnings situation, as well as any non-financial effects, taking measures to avoid/mitigate risks or to exploit opportunities, and thereby supporting the sustainable success of the Company. Furthermore, structured internal and external reporting on risks and opportunities is to be ensured. In this respect, the following principles apply:

- + Corporate actions are inevitably associated with risk. The aim is to use the opportunities available and only take risks that are unavoidable in order to secure income potential.
- + No action or decision may constitute a risk, which can foreseeably lead to a risk in terms of the Company’s continued existence.

The “Risk and Opportunity Management” section in the Global Organization Handbook regulates the tasks and authorities of those involved in the risk management process and the risk and opportunity management process itself and defines the requirements for reporting risks and opportunities.

The GRC Committee has the task of advising on and coordinating general topics associated with risk and opportunity management throughout the Group. It also has the task of analyzing the general suitability of the risk and opportunities management system on a regular basis and issuing recommendations for actions to the respective responsible management if a need for adjustment is identified.

A detailed description of the process for identifying, assessing, controlling, and reporting risks and opportunities, an explanation of risk management in relation to financial instruments (IFRS 7), and significant risks and opportunities can be found in the “Report on risks and opportunities” from page 136. The Chief Risk Officer receives a completeness report on risk and opportunity management from the entire organization by the end of each year.

🔗 Report on risks and opportunities

SUSTAINABILITY MANAGEMENT ¹

Corporate action of the K+S Group is aligned to the achievement of sustainable economic success. For long-term economic success, ecological and social aspects must also be considered appropriately; therefore, they are an integral part of our strategy.

👁 Corporate strategy

AREAS OF ACTIVITY OF THE K+S GROUP

We last reviewed and renewed our key sustainability topics in 2021. The result of our materiality analysis identified a clear focus on the area of Environment & Resources with the topics “Mining residues, liquid & solid” and “Energy & Climate.” Our stakeholders also assigned high relevance to the topics “Health & Safety” and “Compliance.” Consequently, our sustainability wheel presents the main topics in the inner circle, in which K+S has set itself concrete targets and KPIs. In the outer ring of our sustainability wheel, the areas of action in which K+S is committed are designated as follows. **B.63**

The Board of Executive Directors is responsible for the strategic goals of the K+S Group in sustainability issues as part of the corporate strategy. Each member of the K+S Board of Executive Directors is the personal KPI sponsor of the goals assigned to him or her and actively promotes their implementation. Internal reports on the development of the non-financial indicators and the achievement of targets are submitted to the Board of Executive Directors on a quarterly basis and to the Supervisory Board at least once a year. The Supervisory Board is responsible for auditing the content of the non-financial statement in the “Management report”, supervising, and advising on the reporting processes, and risk management in relation to ESG issues. **B.64**

👁 Combined non-financial statement

👁 Declaration on corporate governance

K+S SUSTAINABILITY WHEEL

B.63



B.64




Topics in which K+S has set itself sustainability goals and KPIs	Responsible member of the Board of Executive Directors as of December 31, 2023 (sponsor) ¹
Health & Safety	Dr. Carin-Martina Tröltzsch
Diversity & Inclusion	Dr. Burkhard Lohr
Resource Efficiency	Dr. Carin-Martina Tröltzsch
Energy & Climate	Dr. Burkhard Lohr
Sustainable Supply Chains	Dr. Christian H. Meyer
Compliance & Anti-Corruption	Dr. Christian H. Meyer

¹ Christina Daske (member of the Board of Executive Directors since December 1, 2023) will also be a personal KPI sponsor for one or more goals in the future.

¹ This section is part of the “Combined non-financial statement”, which contains the disclosures required by Sections 289b – 289e HGB and Sections 315b and 315c HGB and, in accordance with Section 317 (2) sentence 4 HGB, is not part of the audit of the financial statements but has been audited in accordance with ISAE 3000 rev. with limited assurance.

K+S SUSTAINABILITY KPIS AND TARGETS 2030

B.65

Target	KPI ¹	Unit	Target value	2023	Dead-line	Target achievement
 SOCIETY & EMPLOYEES						
Health & Safety: Providing a healthy and safe work environment to protect our employees who constitute our most valuable capital.	Injury with lost time ^{2,3}	LTI rate	0	7.6	Vision 2030	34%
Diversity & Inclusion: Hiring and developing a workforce that reflects the places in which we do business. Fostering an inclusive environment that enables all employees to thrive and contribute to innovation and results.	Positive perception of an inclusive working environment by employees ⁴	%	> 90	87.0	2030	97%
 ENVIRONMENT & RESOURCES						
Resource Efficiency: Reduction of saline process water.	Additional reduction in saline process water to be disposed of from potash production in Germany ⁵	million m ³ p.a.	-0.5	-0.06	2030	11%
	Reduction of saline process water from potash production in Germany per tonne of product ^{2,3,5}	m ³ /t	0.370	0.467	2030	0%
Reducing the environmental impact and conserving natural resources by re-examining the potential of residues stored on tailings piles.	Amount of residue used for purposes other than tailings pile formation or avoided by increasing the yields of raw materials ⁶	million tonnes p.a.	3	0.3	2030	11%
	Additionally covered tailings pile area	ha	150	21.4	2030	14%
Energy & Climate: Reducing the carbon footprint and improving energy efficiency to enhance competitiveness.	Absolute CO ₂ emissions in the K+S Group worldwide ^{7,8}	%	-10	-3.2	2030	32%
	Reduction in specific CO ₂ emissions ^{2,3,7}	kg/t	254.6	270.8	2027	5%
	Specific greenhouse gas emissions (CO ₂) in in logistics (kg CO ₂ e/t)	%	-10	-15.8	2030	100%
 BUSINESS ETHICS & HUMAN RIGHTS						
Sustainable supply chains: Requesting compliance with a sustainable approach on the part of our suppliers along the entire supply chains to align all business activities with our values.	Percentage of critical suppliers aligned with the Supplier Code of Conduct of the K+S Group ²	%	100	91.8	End of 2025	92%
	Coverage of the purchasing volume by Supplier Code of Conduct of the K+S Group ²	%	> 90	91.4	End of 2025	100%
	Proportion of potential risk suppliers assessed as part of the risk analysis ^{2,9}	%	> 90	–	End of 2027	–
Compliance & Anti-Corruption: Ensuring a zero tolerance policy against corruption and bribery, using a globally standardized and regular compliance risk analysis, and deriving resulting measures at all K+S Group companies.	Coverage of the K+S Group companies with a standardized compliance risk analysis ⁷	%	100	100.0	End of 2023	100%

1 The base year for our non-financial performance indicators is 2017.

2 Relevant to remuneration for the Board of Executive Directors and management; a description can be found in the "Remuneration report" from page 163.

3 Management relevant within the meaning of DRS 20, a description can be found in the section on "Corporate governance & monitoring" from page 125.

4 The first survey was conducted in 2019 (different base year), an updated survey with new questions was conducted in 2022.

5 Excluding a reduction due to the KCF plant and the end of production at Sigmundshall.

6 Excluding a reduction due to the existing measure of immediate backfill.

7 Deviating base year: 2020.

8 The target for reducing absolute CO₂ emissions will be lowered to -25% by the end of 2030 as part of the new climate strategy.

9 Reporting is currently under development, with the first report due in 2024 at the earliest.

 Four-year summary of the K+S Group on Sustainability KPIs

Our governance of sustainability management ensures the targeted and efficient implementation of the sustainability strategy at all levels of the Company and in all relevant business areas. Governance includes the Supervisory Board, the ESG Committee, the Board of Executive Directors, the Chief Sustainability Officer, the Sustainability Committee, the Sustainability Department, agile working groups, and the KPI owners. **B.66**

K+S SUSTAINABILITY GOVERNANCE

B.66



The ESG Committee deals with sustainable corporate governance and the Company's business activities, particularly in the areas of the environment, social affairs, and good corporate governance (ESG), and advises the Supervisory Board on these issues. The Chairwoman of the ESG Committee also deals specifically with the topic of sustainability on the Supervisory Board.

🔗 Combined non-financial statement

The sustainability management of the K+S Group is assigned to the function of the Chief Sustainability Officer (CSO). The CSO reports directly to the Chairman of the Board of Executive Directors and chairs the Sustainability Committee. The responsibility of sustainability management is to create effective structures for recording and dealing with sustainability issues in the K+S Group as well as conceptualize and coordinate their implementation at the producing sites. Sustainability management develops proposals for a strategic sustainability

orientation and submits corresponding proposals to the Board of Executive Directors.

Therefore, the task of the CSO is to network, implement, and coordinate cross-functional sustainability issues and projects at the strategic level. This includes monitoring, ensuring, supporting, as well as advising on compliance with central legal obligations related to sustainability reporting, in particular the non-financial statement (e.g., CSR Directive Implementation Act (CSR-RUG)/Corporate Sustainability Reporting Directive (CSRD), EU Taxonomy Regulation). The tasks are reported to various bodies, e.g., to the Board of Executive Directors and to the Supervisory Board.

The CSO also has a management responsibility and duty to organize operations for the purpose of complying with human rights and environmental due diligence obligations in the Company's own supply chains and in its own business activities. In 2022, the CSO was appointed Human Rights Officer in accordance with the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), which came into force on January 1, 2023. This law obliges us as the K+S Group, among other things, to appropriately identify and minimize human rights and environmental risks at our suppliers and in our own business activities and to prevent, terminate, or at least minimize the extent of violations of human rights or environmental obligations. Corresponding analyses were carried out in the area of our own business activities in 2023 to fulfill the requirements of LkSG. With regard to suppliers, a concept for the corresponding risk analyses has been developed and is already being implemented. This enables us to identify topics and risks that we consider to be priorities in individual cases due to their potential severity, our ability to influence them, and other suitable criteria. We have also updated our policy statement on respecting human rights and the associated environmental standards.

🔗 Human rights

The Sustainability Committee has the task of advising on sustainability issues and coordinating these across the Group. The Sustainability Committee meets twice a year and regularly analyzes the general suitability of sustainability management. If a need for adjustment is identified, the committee makes recommendations for action to the responsible management. In 2023, the committee met at the beginning of the third quarter and in the fourth quarter to discuss current topics, specific measures, and programs. The committee did not have to prepare any concrete proposals for decisions in 2023, as both meetings were purely informative in nature.

Overall, sustainability management follows the PDCA logic (plan – do – check – act) and is mapped along the individual processes in our software for business processes. Sustainability requirements from or to the K+S Group are recorded, analyzed, and prioritized, and subsequently integrated into corresponding processes or new processes are implemented.

The material topics of the K+S Group are identified at regular intervals. We communicate K+S-specific material topics through various channels, e.g., the K+S website and the intranet.

👁️ Corporate strategy, Sustainability program

The coordination of KPI management as well as quarterly reporting to the Board of Executive Directors regarding performance indicators is part of the sustainability management.

As part of risk and opportunity management, the assessment of non-financial impacts of risks is performed along the aspects according to CSR-RUG.

👁️ Report on risks and opportunities

The EU Environmental Taxonomy Regulation (EU) 2020/852 (EU Taxonomy Regulation) came into force in 2021. The implementation of these legal requirements and the implementation of corresponding processes were carried out by Sustainability Management in cooperation with Accounting and Controlling. Further specification of the EU taxonomy will continue to be a key component of sustainability management in the future.

👁️ Combined non-financial statement, EU Taxonomy Regulation

The overall development of sustainability management is summarized and reported annually in the “Non-financial statement” (NFS).

Since 2021, we have been calculating the product carbon footprints (PCF) of our main product groups based on product costing. We last updated this calculation in 2023. To date, this has taken into account our Scope 1 and Scope 2 emissions along our extraction and production processes. We provide the PCF values to our customers and other interested stakeholders upon request. We are aiming for a critical review to validate our calculation methodology and have this confirmed by a test certificate. We are currently in the review process and intend to complete the audit in 2024.

👁️ Business model, Company profile, Customer segments

CORPORATE GOVERNANCE AND MONITORING

The target status of an effective, legally compliant system for corporate governance and monitoring (internal control system in a broader sense) in the K+S Group is defined in the section on “Corporate Governance and Monitoring” of the Global Organization Handbook in addition to the corresponding legal standards. This guideline also stipulates the regulatory and organizational measures required to achieve and maintain this status. This system should ensure:

- + Sustainable economic efficiency of business operations (these also include protecting assets and preventing, as well as identifying damage to assets),
- + Responsible corporate governance,
- + Adequacy and reliability of internal and external accounting procedures as well as
- + Compliance with legislation relevant to the Company.

The structure of the governance and monitoring system is defined in detail by additional internal regulations; consistent standards are agreed for the formulation and communication of such regulations.

The Compliance, Risk & Auditing unit, whose head reports directly to the Chairman of the Board of Executive Directors, is responsible for the Group-wide coordination of the development and maintenance of a corporate governance and monitoring system both effective and compliant with the relevant legislation. The Governance, Risk, Compliance (GRC) Committee analyzes this system and, if weaknesses are identified, makes recommendations for action to the management responsible in each case.

GOVERNANCE

In principle, the framework and general goals for the management of the K+S Group are derived from the corporate mission statement. Building on the corporate mission statement, the corporate strategy defines the strategic focus, the financial goals, as well as the guiding principles for the implementation of the strategy.

The Board of Executive Directors defines the corporate strategy as the basis for achieving our mission statement. Processes and measures are defined based on regular dialogue between the Board of Executive Directors and the heads of the functions directly reporting to it, which in turn are cascaded down to the respective subordinate organizational levels. The relevant content is communicated by the managers to the employees concerned.

The quality of target definition is crucial in terms of achieving these targets and being able to assess them. Consequently, they must be specific, measurable, accepted, and realistic, they must have time limits set, and must not contradict other targets.

Key business transactions and measures require the approval of the entire Board of Executive Directors or of the member of the Board of Executive Directors responsible for the relevant function.

The mid-term planning, the annual planning, as well as the quarterly forecast are the main controlling instruments. The mid-term planning of the K+S Group covers a planning period of three years and consists of the annual planning for the coming financial year and the planning for the two following years. On this basis, Controlling prepares a consolidated operational plan for the K+S Group as well as personnel, capital expenditure, and financial planning and provides further explanations thereof to the Board of Executive Directors. Once approved, the Board of Executive Directors submits the annual planning to the Supervisory Board for approval and provides further explanation for the two subsequent years.

The quarterly forecast is based on the approved annual planning or, in the further course of a year, on the preceding forecast. As a rule, all important key figures for the current financial year are updated by the responsible units and transferred by Controlling into a consolidated forecast for the K+S Group. In the process, the available actual values and new findings on business development as well as developments in important premises are successively incorporated. Deviations are analyzed and evaluated within the framework of the extrapolation and serve to control the operating business. The Board of Executive Directors and the Supervisory Board are informed about the forecast of the K+S Group.

KEY FINANCIAL PERFORMANCE INDICATORS

The Company's activities are managed based on the following key financial performance indicators, which are the most important financial performance indicators within the meaning of the German Accounting Standards (DRS) 20:

- + EBITDA¹
- + Group earnings after tax, adjusted
- + Capital expenditure
- + Adjusted free cash flow²
- + Return on Capital Employed (ROCE)³
- + Net financial liabilities (including financial lease liabilities)/ EBITDA¹
- + Net debt/EBITDA¹

We control the Company, in particular, using the earnings indicator EBITDA¹. A derivation can be found in the "Report on economic position" on page 56. The so-called short-term incentive (STI) as a variable component of the remuneration of the Board of Executive Directors and non-tariff employees has also been based on a comparison of the planned EBITDA¹ of the K+S Group with the EBITDA¹ actually achieved.

We additionally focus on the key financial performance indicator adjusted free cash flow, including the cash-effective investments included here. A derivation of these two figures can be found on pages 62 and 64 of the "Report on the economic position". As we also want to maintain our current investment grade rating, we generally strive for a maximum leverage ratio (net debt/EBITDA¹) of 1.5x. The indicator net financial liabilities/EBITDA¹ is also an important key performance indicator. The derivation of net financial liabilities or net debt can be found on page 65 of the "Report on the economic position".

👁 Remuneration report

Furthermore, we use the key performance indicator return on capital employed (ROCE³) for monitoring our financial targets. We derive value added from ROCE³ using the weighted average cost of capital before tax. Group earnings after tax, adjusted, is also an important indicator in controlling the Company. The derivation can be found in the "Report on economic position" from page 60.

The comparison of actual and forecast business performance starting on page 53 includes the above-mentioned key financial performance indicators.

A presentation and description of the development of the key earnings figures over the past five years can be found in the "Earnings position" on page 55 and of the cash flow in the "Financial position" on page 61.

Based on a solid balance sheet, we strive to achieve financial targets derived from key financial performance indicators to meet the demands and return expectations of our investors.

- + We aim to earn our cost of capital on average over a 5-year cycle (ROCE³ > WACC).
- + Over the same cycle, we aim to achieve an average EBITDA¹ margin of more than 20%.
- + We generally strive for a maximum leverage ratio (net debt/ EBITDA¹) of 1.5x.

NON-FINANCIAL PERFORMANCE INDICATORS

As part of sustainability management, requirements of or for the K+S Group are identified, analyzed, and prioritized to set specific sustainability goals for subareas (sites, companies, etc.). Sustainability management performance indicators and target values were, therefore, defined for the K+S Group in 2018. Since the 2020 financial year, part of the long-term incentive (LTI) has been linked to selected non-financial indicators as a variable component of the remuneration of the Board of Executive Directors and all employees entitled to the LTI:

- + Lost Time Incident Rate (LTI rate)
- + Reduction of saline process water in Germany
- + Sustainable supply chains, specified by the performance indicators "Proportion of critical suppliers aligned with the Supplier Code of Conduct of the K+S Group," "Coverage of purchasing volume by the Supplier Code of Conduct of the K+S Group," and new since 2023 "Sustainability risk assessments for suppliers from certain countries"
- + Reduction in specific CO₂ emissions (new since 2023)

¹ EBITDA is defined as earnings before income taxes, interest, depreciation and amortization, adjusted for the amortization amount recognized directly in equity in connection with own work capitalized, the result of changes in the fair value of operating forecast hedges still outstanding, and changes in the fair value of operating forecast hedges recognized in prior periods. The calculation of the key indicator "EBITDA" can be found in the "Report on economic position" on page 56.

² The calculation of the key indicator "Adjusted free cash flow" can be found in the "Report on economic position" on page 64.

³ The calculation of the key indicator "ROCE" can be found in the "Report on economic position" from page 60 onwards.

The so-called LTI rate measures occupational accidents with lost time in relation to one million hours worked. Saline process water is the saline water produced in the mining treatment processes of potash production in Germany, which can no longer be further used in the treatment processes, used elsewhere, or sold as a product and for which disposal is, therefore, necessary. The "Proportion of critical suppliers aligned with the Supplier Code of Conduct of the K+S Group," "Coverage of the purchasing volume by the Supplier Code of Conduct of the K+S Group" in relation to the purchasing volume in percent, and "Sustainability risk assessments for suppliers from specific countries" as a percentage of relevant suppliers are the sub-targets of the third control parameter "Sustainable Supply Chains." The specific CO₂ emissions are calculated as the ratio of the CO₂ emissions (Scope 1 and Scope 2) of all potash and rock salt producing sites in kilograms to the primary production volume of the Bethune, Hattorf, Neuhoof-Ellers, Unterbreizbach, Wintershall, and Zielitz sites. The selected non-financial performance indicators are generally valid for three years. A detailed description can be found in the "Remuneration report" from page 169 onwards.

- 👁 Corporate strategy, Sustainability program
- 👁 Remuneration report

The remuneration relevance of the performance indicators in the area of "Sustainable Supply Chains" ensures a management focus on the topic of Business Ethics and Human Rights. As K+S is a raw materials company at the beginning of the supply chain, however, these performance indicators are no longer classified as relevant to management due to their lack of materiality. In addition, international standards and national regulations, in particular the Supply Chain Due Diligence Act (LkSG), mean that meanwhile, the topic faces a much higher regulation.

Accordingly, the following non-financial performance indicators within the meaning of DRS 20 are to be considered relevant for management purposes:

- + Lost Time Incident Rate (LTI rate)
- + Reduction of saline process water in Germany
- + Reduction in specific CO₂ emissions (new since 2023)

Other financial and non-financial performance indicators that are relevant for the K+S Group include revenues, sales volumes, average selling prices, and number of employees. However, these figures are not considered financial or non-financial key performance indicators within the meaning of DRS 20.

MONITORING

The monitoring system has the purpose of assuring the achievement of the management requirements developed as part of the governance system as well as compliance with the relevant legal provisions. It comprises process-integrated monitoring measures (internal control system in the narrower sense) and process-independent monitoring measures.

Process-integrated monitoring measures: The management responsible for an internal process must identify and analyze the risks to the achievement of targets in accordance with the relevant legal provisions and internal regulations. Depending on the significance of the risk concerned, upstream process-integrated monitoring measures must be defined to prevent the occurrence of the risk. In addition, downstream process-integrated monitoring must be defined to detect any errors/realized risks as promptly as possible with the aim of taking appropriate countermeasures. Depending on the materiality of the respective process and its risks, the risk analysis carried out, the controls defined, and the measures implemented must be documented, and the control mechanisms defined must be regularly reviewed with regard to their effectiveness. Key risks of the internal control system are additionally linked to the risk and opportunity management system.

Process-independent monitoring measures are implemented by the Internal Auditing unit. Reports containing summarized audit results are prepared on these audits and submitted to the responsible management to support them in assessing the general adequacy and actual effectiveness of the governance and monitoring system. The effectiveness of the risk and opportunity management system, the compliance management system, and the internal control system, for example, are reviewed on a regular basis.

Process-independent monitoring measures are implemented externally as part of the audits of the financial statements as well as in the form of IT penetration tests.

ADEQUACY AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM AND THE RISK MANAGEMENT SYSTEM⁴

The Board of Executive Directors is not aware of any circumstances from the reporting of the management responsible for the respective processes or from the Internal Auditing unit that would indicate a lack of adequacy and effectiveness of the internal control system and the risk management system.

GROUP ACCOUNTING PROCESS (SECTION 289 (4) OR SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB))/ AUDIT OF FINANCIAL STATEMENTS

International Financial Reporting Standards (IFRS) are applied when preparing the Company's consolidated financial statements. The rules for K+S Group accounting and reporting in accordance with IFRS stipulate standard accounting policies for the German and foreign companies included in the consolidated financial statements. In addition, we impose detailed and formalized requirements for the reporting of the consolidated companies. The effects of new external accounting regulations are analyzed promptly and, if they are relevant for us, are integrated by means of an internal regulation in the accounting process. The accounting policies for the annual financial statements of K+S Aktiengesellschaft and its domestic subsidiaries are documented in accounting instructions, in accordance with German commercial law and supplementary provisions. All employees undergo training according to their tasks and receive regular training particularly in relation to changes in regulations or processes.

We have a Group-wide IT platform for all major companies, a uniform Group accounts structure, and standardized automated accounting processes. This standardization ensures proper and timely recording of key business transactions. Binding rules and control mechanisms exist for additional manual recording of accounting transactions. Balance sheet valuations, such as goodwill impairment tests or the calculation of mining obligations, are carried out by Group-internal experts. In individual cases, such as the valuation of pension obligations, these measurements are carried out by external experts.

For the preparation of the consolidated financial statements of the K+S Group, the financial statements of those companies whose accounts are kept on the K+S Group IT platform are imported directly into an IT consolidation system. In the case of the remaining consolidated companies, the financial statements data are transferred via an online interface. The validity of the financial statements data transferred is reviewed by means of system controls. In addition, the financial statements submitted by the consolidated companies are reviewed centrally with due consideration being given to the reports prepared by the auditors. Information relevant to the consolidation process is automatically derived and obtained in a formalized manner by the system, thus ensuring that intra-Group transactions are properly and fully eliminated. All consolidation processes for the preparation of the consolidated financial statements are carried out and documented in the IT consolidation system. The components of the consolidated financial statements, including key information for the notes, are developed from this.

The annual financial statements of Group companies subject to mandatory audits and the consolidated financial statements are audited by independent auditors in addition to the existing internal monitoring. This is the key process-independent monitoring measure regarding the Group's accounting process. The annual financial statements of those German Group companies not subject to mandatory audits are audited by the Internal Auditing unit. Moreover, the independent auditor audits the reliability of the early risk detection system.

The audit of the 2023 financial statements was carried out by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. It conducted the audits of the financial statements in 2021 for the first time. The responsible audit partners for the consolidated financial statements of the K+S Group were Mr. WP/StB Michael Conrad and Mr. WP Thorsten Neumann. Mr. WP/StB Michael Conrad was the auditor responsible for the audit of the consolidated financial statements of K+S Aktiengesellschaft. Mr. WP Thorsten Neumann was the responsible auditor for the individual financial statements of K+S Aktiengesellschaft as well as the individual financial statements of the German subsidiaries with an audit assignment. Both audit partners also carried out the audits of the aforementioned financial statements of K+S for the first time in 2021. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has issued a declaration that there are no doubts as to its independence. The audit engagement letter to the selected auditor is issued by the Supervisory Board on the proposal of the Audit Committee. The audit of the financial statements is

⁴ The disclosures in this paragraph are so-called disclosures unrelated to the "Management report" and are, therefore, not subject to the audit of the financial statements.

accompanied by the Audit Committee. The Chairman of the Supervisory Board and the Chairman of the Audit Committee shall be informed immediately by the auditor of any grounds for disqualification or partiality arising during the audit unless such grounds are eliminated immediately. Furthermore, the auditor shall immediately report on any findings and occurrences of relevance for the duties of the Supervisory Board that arise during the audit. In addition, the auditor shall inform the Supervisory Board or make a note in the audit report if, in the course of the audit, the auditor ascertains facts that are inconsistent with the declaration of conformity issued by the Board of Executive Directors and the Supervisory Board pursuant to Section 161 AktG.

DISCLOSURES IN ACCORDANCE WITH SECTION 289 A (1) AND SECTION 315 A (1) HGB AS WELL AS THE EXPLANATORY REPORT OF THE BOARD OF EXECUTIVE DIRECTORS IN ACCORDANCE WITH SECTION 176 (1) SENTENCE 1 AKTG

ITEM 1: COMPOSITION OF THE SUBSCRIBED CAPITAL

The share capital amounts to €179,100,000 and is divided into 179,100,000 shares. The registered shares of the Company are no-par value shares. There are no other classes of shares.

ITEM 2: RESTRICTIONS ON VOTING RIGHTS OR THE TRANSFER OF SHARES

Each share entitles the holder to one vote; there are no restrictions on voting rights or on the transfer of shares. The Board of Executive Directors is not aware of any corresponding stockholders' agreements.

ITEM 3: DIRECT OR INDIRECT SHAREHOLDINGS EXCEEDING 10% OF THE CAPITAL

No direct or indirect interests in the share capital of more than 10% were reported to us.

ITEM 4: HOLDERS OF SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

There are no shares with special rights conferring control powers.

ITEM 5: VOTING RIGHTS CONTROL IN THE EVENT OF EMPLOYEE PARTICIPATION IN THE CAPITAL

No voting right controls apply.

ITEM 6: STATUTORY PROVISIONS AND PROVISIONS OF THE ARTICLES OF ASSOCIATION CONCERNING THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE BOARD OF EXECUTIVE DIRECTORS AND CONCERNING AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The appointment and dismissal of members of the Board of Executive Directors are governed by Section 84 AktG. Accordingly, the members of the Board of Executive Directors are appointed by the Supervisory Board for a maximum term of five years. In accordance with Section 5 of the Articles of Association, the Board of Executive Directors of K+S Aktiengesellschaft has at least two members. The number of members is determined by the Supervisory Board. The Supervisory Board may appoint a member of the Board of Executive Directors as Chairman of the Board of Executive Directors. The Supervisory Board may rescind the appointment of a member of the Board of Executive Directors or the appointment of the Chairman of the Board of Executive Directors for good cause.

The Annual General Meeting may pass amendments to the Articles of Association with a simple majority of the share capital represented (Section 179 (2) AktG in conjunction with Section 17 (2) of the Articles of Association), unless mandatory statutory provisions require a larger majority.

ITEM 7: POWERS OF THE BOARD OF EXECUTIVE DIRECTORS CONCERNING THE POSSIBILITY OF ISSUING OR REPURCHASING SHARES AUTHORITIES TO GENERATE NEW AUTHORIZED CAPITAL OR AUTHORIZED CAPITAL II WITH THE POSSIBILITY OF EXCLUDING THE SUBSCRIPTION RIGHT OF THE SHAREHOLDERS

The Board of Executive Directors was authorized by the Annual General Meeting on June 10, 2020, to increase the Company's share capital, with the consent of the Supervisory Board, by a total of €38,280,000.00 in one lump sum or several partial amounts at different times, by issuing a maximum of 38,280,000.00 new registered shares (authorized capital) in return for cash and/or non-cash contributions during the period to June 9, 2025. On May 12, 2021, the Board of Executive Directors was authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions on or before May 11, 2026, against cash or non-cash contributions, but by a maximum total of €38,280,000.00 by issuing a maximum of 38,280,000 new registered no-par value

shares (authorize capital II). When implementing a capital increase from authorized capital with the obligation to offer them to the shareholders (indirect subscription right). The new shares can be acquired by a financial institution designated by the Board of Executive Directors with the obligation to offer them to the shareholders (indirect subscription right).

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The Board of Executive Directors is authorized, both for the authorized capital and for the authorized capital II, with the consent of the Supervisory Board, to exclude the shareholders' statutory right to subscribe up to a proportionate amount of the share capital of €19,140,000.00 (corresponding to 19,140,000 no-par value shares) in the following cases:

- + For fractional amounts arising as a consequence of the right to subscribe.
- + In the case of capital increases in return for cash contributions up to a proportionate amount of the share capital of €19,140,000.00 (corresponding to 19,140,000 no-par value shares), if the issue price of the new shares is not significantly less than the stock exchange price of already listed shares of the same type and structure on the date when the issue price is finally agreed.
- + In the case of capital increases in return for assets up to a proportionate amount of the share capital of €19,140,000.00 (corresponding to 19,140,000 no-par value shares), if the new shares are to be used as consideration in the acquisition of a company, parts of a company or an equity interest in a company by the Company.
- + For the authorized capital for the implementation of a so-called scrip dividend, whereby shareholders are offered to contribute all or part of their dividend entitlement to the Company as a contribution in kind in return for the granting of new shares.
- + For authorized capital II, to the extent necessary to grant holders of conversion or option rights or those obliged to exercise conversion or option rights under bonds issued or to be issued by the Company or one of its Group companies subscription rights to new shares to the extent to which they would be entitled as shareholders after exercising the option or conversion rights or fulfilling their option or conversion obligation.

The Board of Executive Directors may only make use of the authorizations described above to exclude the right to subscribe insofar as the proportionate amount of the total shares issued with exclusion of the right to subscribe does not exceed 10% of the share capital (10% ceiling), neither on the date of the resolution regarding these authorizations nor on the date they

are respectively exercised. If other authorizations to issue or sell Company shares or to issue rights are exercised, which enable or obligate the acquisition of Company shares, during the term of the authorized capital or authorized capital II until their respective utilization therefore excluding the right to subscribe, this must be credited against the 10% ceiling referred to above.

The Board of Executive Directors is authorized to determine the further details of capital increases from the authorized capital or the authorized capital II with the consent of the Supervisory Board.

As a result of the option granted by the Board of Executive Directors to implement a capital increase with limited exclusion of the right to subscribe with the approval of the Supervisory Board until June 9, 2025 (authorized capital) or May 11, 2026 (authorized capital II), the Company will be given a widespread instrument with the help of which, for example, fast and flexible use can be made of the opportunities that present themselves to make acquisitions. The Board of Executive Directors will only make use of this option if there is an appropriate ratio between the value of the new shares and the value of the consideration.

AUTHORIZATION TO ISSUE CONVERTIBLE BONDS AND OPTION BONDS WITH THE OPTION TO EXCLUDE SHAREHOLDERS' SUBSCRIPTION RIGHTS TOGETHER WITH THE SIMULTANEOUS CREATION OF CONDITIONAL CAPITAL **Authorization to issue convertible bonds and bonds with warrants**

The Board of Executive Directors is authorized until June 9, 2025, with the consent of the Supervisory Board, to issue bearer and/or registered convertible bonds and/or warrant-linked bonds (bonds) on one or more occasions, with an aggregate nominal value of up to €600,000,000.00 with or without a limited term, and to issue or impose conversion rights or obligations on the holders or creditors of bonds or warrants on shares in the Company with a proportionate amount of the share capital of up to a total of €19,140,000.00, as set out in greater detail in the terms and conditions of the convertible or warrant-linked bonds. The proportionate amount of the share capital represented by the shares to be issued upon conversion may not exceed the nominal amount of the bonds.

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In addition to euros, bonds may also be issued in the legal tender of any OECD country, limited to the corresponding euro counter-value at the time of issuing the bond. Bonds may also be issued by Group companies of the Company; in this case, the Board of Executive Directors is authorized to act as guarantor for the bonds on behalf of the Company and to grant or impose conversion rights or obligations or warrants on shares in the Company to/upon the holders or creditors of such bonds. The bond issues may be subdivided into equivalent debentures in each case.

The Company's shareholders are generally entitled to subscription rights to bonds. The bonds can also be acquired by one or more financial institutions with the obligation that they must be offered to the Company's shareholders for subscription.

The Board of Executive Directors is, however, authorized with the approval of the Supervisory Board to exclude subscription rights, in full or in part, in the following cases:

- + If bonds are issued against cash and if the issue price is not substantially lower than the theoretical market value of the bonds calculated in accordance with recognized actuarial methods. However, the exclusion of subscription rights only applies to bonds with conversion rights or obligations or warrants on shares representing up to 10% of the share capital at the time the resolution is adopted or – if this amount is lower – at the time the authorization is exercised. For calculating the 10% limit, the pro-rata amount of share capital attributable to new or repurchased shares issued or sold during the term of this authorization with exclusion of subscription rights in direct or indirect application of Section 186 (3) sentence 4 AktG shall be deducted.
- + If and insofar it is necessary to grant the bearers of convertible bonds or warrants in respect of shares in the Company or the creditors of convertible bonds provided with conversion obligations, a right to subscribe to the extent to which they would be entitled following the exercising of these rights or the fulfillment of the conversion obligations.
- + For the purpose of exempting fractional amounts from the shareholders' right to subscribe, which are a consequence of the subscription ratio.

- + Insofar as the bonds are issued in connection with the acquisition of undertakings, interests in undertakings, or parts of undertakings in exchange for non-cash considerations, provided the value of the consideration is adequate in relation to the value of the bonds.

The authorizations to exclude subscription rights described above apply in total only to bonds with conversion rights or obligations or warrants on shares representing up to 10% of the share capital at the time the resolution is adopted or – if this amount is lower – at the time the authorization is exercised. If, during the term of the authorization until its exercise, other authorizations to issue or sell shares in the Company are exercised and subscription rights are excluded, this shall be counted towards the aforementioned 10% limit.

If bonds with conversion rights are issued, the creditors may exchange their bonds for shares in the Company in accordance with the bond terms and conditions. The conversion ratio is calculated by dividing the nominal amount of a bond by the fixed conversion price for a new share in the Company. The conversion ratio may also be calculated by dividing the issue price of a bond, which is lower than the nominal amount, by the fixed conversion price for a new share in the Company. The exchange ratio may in any case be rounded up or down to the next whole number; in addition, a premium to be paid in cash may be stipulated. Furthermore, provision may be made for fractional amounts to be combined and/or settled in cash. The proportionate amount of the share capital represented by the shares to be issued per bond may not exceed the nominal amount of the bond. The bond terms and conditions may also establish a conversion obligation at the end of the term (or at an earlier point in time) or provide for the right of the Company to grant the bond creditors shares in the Company, in whole or in part, instead of payment of the cash amount due upon final maturity of the bonds associated with a conversion or option right (this also includes maturity due to termination).

If warrant-linked bonds are issued, one or more warrants will be attached to each bond, which authorize the holder to subscribe to shares in the Company, as set out in greater detail in the warrant terms and conditions to be defined by the Board of Executive Directors. The proportionate amount of the share capital represented by the shares to be issued per bond may not exceed the nominal amount of the warrant-linked bond.

The respective conversion or option price for a share in the Company (subscription price) must, with the exception of cases in which a right to substitute or a conversion obligation is provided for, correspond to either (a) at least 80% of the weighted average stock exchange price of the Company's shares in the Xetra computer trading system (or any functionally comparable successor system replacing it) at the Frankfurt Stock Exchange during the last ten trading days prior to the day on which the Board of Executive Directors adopts the resolution to issue the convertible or warrant-linked bonds or – in the event that a subscription right is granted – (b) at least 80% of the volume-weighted average stock exchange price of the Company's shares in the Xetra computer trading system (or any functionally comparable successor system replacing it) at the Frankfurt Stock Exchange during the days on which subscription rights are traded on the Frankfurt Stock Exchange, with the exception of the stock exchange trading days required for the timely announcement of the conversion and option price in accordance with Section 186 (2) sentence 2 of the German Stock Corporation Act (AktG). In cases of the right to substitute and the conversion obligation, the conversion or option price must, in accordance with the more detailed provisions of the bond terms and conditions, be at least either the above-mentioned minimum price or the volume-weighted average stock exchange price of the Company's share in the Xetra computer trading system (or any functionally comparable successor system replacing it) of the Frankfurt Stock Exchange during the last ten trading days prior to the final maturity date or the other specified date, even if this average price is below the above-mentioned minimum price (80%). Sections 9 (1), 199 of the German Stock Corporation Act (AktG) remain unaffected.

For warrant-linked bonds or bonds with conversion rights, or obligations, the warrants or conversion rights, or obligations, can be adjusted to preserve value in the event of a dilution in the value of the warrants or conversion rights, or obligations, in accordance with the bond terms and conditions, notwithstanding Section 9 (1) AktG, insofar as the adjustment is not already stipulated by law. Moreover, the bond terms and conditions may make provisions for a value-preserving adjustment of the warrants or conversion rights/obligations in the event of a capital reduction or other extraordinary measures or events (such as a third party obtaining control).

The terms and conditions of the bonds may also stipulate that the bonds with warrants or convertible bonds may, at the Company's discretion, be converted into existing shares of the Company instead of into new shares from conditional capital, or that the option right may be fulfilled by delivering such shares. Finally, the bond terms and conditions may make the provision that in the event of a conversion, the Company will not grant shares in the Company to the party entitled to the conversion, but will make a payment, which for the number of shares to be supplied alternatively, corresponds to the weighted average stock exchange price of Company's shares in the Xetra computer trading system (or any functionally comparable successor system replacing it) at the Frankfurt Stock Exchange during the ten trading days following the declaration of the conversion or exercise of the warrant.

The Board of Executive Directors is authorized, in the context of the requirements described above, with the approval of the Supervisory Board, to define the further details of the issue and structure of the convertible and/or warrant-linked bonds, particularly interest rate, issue price, term, denomination, dilution protection, and the conversion or warrant period, or to define these in consultation with the corporate bodies of the holding companies issuing the convertible and/or warrant-linked bonds.

Conditional capital increase

The share capital is increased by up to €19,140,000.00 by issuing up to 19,140,000 registered shares with no par value (conditional capital). The purpose of the conditional capital increase is to grant no-par value shares to the holders or creditors of bonds, which are issued by the Company or Group companies of the Company in accordance with the above authorization before June 9, 2025. New no-par value shares will be issued at the conversion or option price to be determined in each case as described above.

The conditional capital increase will be implemented only insofar as the holders or creditors of conversion rights or warrants from bonds, which were issued by the Company or a Group company before June 9, 2025, based on the authorizing resolution of the Annual General Meeting held on June 10, 2020, exercise their conversion rights or warrants; or as the holders or creditors of the convertible bonds with conversion obligation, which were issued by the Company or a Group company before June 9, 2025, based on the authorizing resolution of the Annual General Meeting held on June 10, 2020, who are required to convert, fulfill their conversion obligation; or if the Company elects before June 9, 2025, based on the authorizing resolution of June 10, 2020, to grant shares in the Company, in full or in part, in lieu of payment of the amount due; and if no cash settlement is made or

own shares are used to settle such claims. New no-par value shares are eligible to participate in the profits from the beginning of the financial year during which they are created through the exercise of conversion rights or warrants or through the fulfillment of conversion obligations; in deviation from this, the Board of Executive Directors may determine, with the consent of the Supervisory Board, that new no-par value shares are eligible to participate in the profits from the beginning of the financial year, in respect of which the Annual General Meeting has not yet adopted a resolution regarding the appropriation of the balance sheet profit at the time when the conversion rights or warrants are exercised or the conversion obligations are fulfilled. The Board of Executive Directors is authorized with the consent of the Supervisory Board to determine the additional content of share rights and further details of the implementation of a conditional capital increase.

In addition to the traditional options for raising outside and equity capital, issuing convertible bonds and/or warrant-linked bonds can also provide an opportunity to take advantage of attractive financing alternatives on the capital markets depending on the market situation. The Board of Executive Directors believes that it is in the Company's interests that this financing option is also available to the Company. Issuing convertible bonds and/or warrant-linked bonds makes it possible to raise capital under attractive conditions. The conversion and/or option premiums achieved benefit the Company's capital base, thereby enabling it to take advantage of more favorable financing opportunities. The other possibility provided for, in addition to the granting of conversion rights and/or warrants, to create conversion obligations, widens the scope for structuring this financing instrument. The authorization provides the Company with the necessary flexibility to place the bonds itself or through direct or indirect holding companies. The option to exclude the right to subscribe allows the Company to make rapid use of advantageous stock exchange situations and to place bonds on the market quickly and flexibly under attractive conditions.

AUTHORIZATION TO ACQUIRE AND USE OWN SHARES WITH THE OPTION TO EXCLUDE SHAREHOLDERS' SUBSCRIPTION RIGHTS

The Board of Executive Directors is authorized to acquire own shares representing no more than 10% of the total no-par value shares comprising the share capital of K+S Aktiengesellschaft until June 9, 2025. At no time may the Company hold more than 10% of the total number of no-par value shares comprising its share capital. Acquisition will be made via the stock exchange by means of a public offer to buy addressed to all shareholders or by way of a public call to shareholders to submit offers for sale. In the event of a purchase effected on a stock exchange, the purchase price per share paid by the Company (excluding acquisition costs) must not exceed or undercut the relevant stock exchange price by more than 10%; the relevant stock exchange price will be the price of the K+S share in the Xetra computerized trading system (or any functionally comparable successor system replacing it) at the Frankfurt Stock Exchange, determined by the opening auction on the day of purchase. In the event of a purchase by means of an offer to buy addressed to all shareholders, the purchase price offered per share (excluding acquisition costs) must not exceed or undercut the relevant stock exchange price by more than 10%; the relevant stock exchange price will be the weighted average stock exchange price of Company's shares in the Xetra computer trading system (or any functionally comparable successor system replacing it) at the Frankfurt Stock Exchange during the last ten trading days prior to the publication of the offer to buy. If, after publication of a public purchase offer, there are significant price deviations from the purchase price offered or the limits of the purchase price range offered, the offer may be adjusted. In this case, the relevant amount shall be determined based on the corresponding price on the last trading day prior to the publication of the adjustment; the 10% limit for exceeding or falling short shall be applied to this amount. The volume of the offer may be limited. If, in the case of a public purchase offer, the volume of shares offered exceeds the existing repurchase volume, the shares may be purchased in proportion to the shares tendered (tender ratio) instead of in proportion to the shareholding of the tendering shareholders in the Company (shareholding ratio), to the partial exclusion of any right to tender. In addition, the partial exclusion of a possible right to tender may provide for the preferential acceptance of small numbers of up to 100 tendered shares per shareholder and for rounding according to commercial principles in order to avoid fractional shares. In the event of a call to shareholders to submit offers for sale, the purchase price offered per share (excluding incidental acquisition costs) may not be more than 10% higher or lower than the relevant stock exchange price; the relevant stock exchange price is the weighted average stock exchange price of the Company's share in the Xetra computer

trading system (or a functionally comparable successor system replacing it) of the Frankfurt Stock Exchange during the last ten stock exchange trading days prior to publication of the call to shareholders to submit offers for sale. The purchase price or the purchase price range may be adjusted if, during the offer period, there are significant price deviations from the price at the time of publication of the call for submission of offers to sell. In this case, the relevant amount shall be determined based on the corresponding price on the last trading day prior to publication of the adjustment; the 10% limit for exceeding or falling short shall be applied to this amount. The volume of the call may be limited. If not all several similar offers to sell can be accepted due to the volume limit, the acquisition may be made in proportion to the tender quotas instead of in proportion to the shareholdings, to the partial exclusion of any right to tender. In addition, the partial exclusion of any right to tender may provide for preferential acceptance of smaller numbers of up to 100 tendered shares per shareholder and for rounding in accordance with commercial principles to avoid fractional shares.

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Furthermore, the Board of Executive Directors is authorized, with the consent of the Supervisory Board, to sell shares in the Company, which are or were acquired based on the authorization above or authorization previously granted by the Annual General Meeting pursuant to Section 71 (1) (8) AktG, on the stock exchange or via a public offer addressed to all shareholders. In the event of the sale of the Company's own shares by offer to all shareholders, the Board of Executive Directors is authorized to exclude shareholders' subscription rights for fractional amounts. In the following cases, shares may be disposed of by other means and, therefore, with the exclusion of the shareholders' right to subscribe:

- + Disposal against payment of a cash sum that is not significantly below the relevant stock exchange price,
- + Issue of shares as consideration for the purpose of acquiring undertakings, parts of undertakings, or interests in undertakings,
- + Servicing of convertible bonds and bonds with warrants, which have been issued based on authorization given by the Annual General Meeting.

The authorization to exclude the right to subscribe applies to all shares representing proportionate amount of the share capital of up to 10% of the share capital when the resolution is adopted or if the amount of the share capital is lower at that time, on the date when the authorization is exercised. If use is made of other authorizations to issue or sell Company shares or to issue rights, which enable or obligate the acquisition of Company shares, during the term of this authorization to acquire own shares, therefore excluding the right to subscribe, the total number of shares issued or sold where the right to subscribe is excluded must not exceed 10% of the share capital.

Finally, the Board of Executive Directors is authorized, with the consent of the Supervisory Board, to withdraw shares in the Company from circulation, which are or were acquired based on the authorization above or authorization previously granted by the Annual General Meeting pursuant to Section 71 (1) (8) AktG, without the Annual General Meeting having to pass a further resolution on such withdrawal. Shares must be withdrawn from circulation in accordance with Section 237 (3) (3) AktG without a capital reduction in such a way that withdrawal results in an increase in the proportion of remaining no-par value shares in the share capital pursuant to Section 8 (3) AktG. The Board of Executive Directors is authorized pursuant to Section 237 (3) (3) clause 2 AktG to adjust the number of shares indicated in the Articles of Association. The withdrawal may also be combined with a capital reduction; in this case, the Board of Executive Directors is authorized to reduce the share capital by the proportionate amount of the share capital attributable to the withdrawn shares and to adjust the number of shares and share capital stated in the Articles of Association accordingly.

The authorizations to purchase own shares as well as to dispose of them and withdraw them from circulation may be exercised in full or in part each time and on several occasions in the latter case. The authorization granted by the Annual General Meeting to the Board of Executive Directors to purchase a limited number of own shares in the Company is a common instrument available in many companies. The ability to resell own shares, puts the Company in a position to, for example, gain long-term investors in Germany and abroad or to finance acquisitions flexibly. Moreover, it will also enable the Company to use shares for servicing convertible and warrant-linked bonds.

It may be advisable to use own shares in full or in part instead of new shares from a capital increase to fulfill conversion rights or warrants. Using own shares rules out any dilution of shareholder interests that would occur if conditional capital were used. The continued option to withdraw own shares from circulation is also a common alternative, the use of which is in the interest of the Company and its shareholders.

As part of a share buyback program from May 16, 2023, to November 17, 2023, a total of 12.3 million own shares were bought back for just under €200 million using the authorization granted by the Annual General Meeting on June 10, 2020. This corresponds to 6.4% of the Company's share capital. The shares were canceled and the Company's share capital was reduced from €191,400,000 to €179,100,000.

ITEM 8: MATERIAL AGREEMENTS SUBJECT TO A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

K+S currently has a syndicated credit line of €400 million. Under the terms of the agreement, all loans drawn under the credit facility will become immediately due and payable and the credit facility as a whole will be terminable in the event that a person acting alone or several persons acting jointly obtain control of K+S Aktiengesellschaft. In the case of the bonds issued by K+S Aktiengesellschaft and the promissory note loans issued, the respective creditors also have the right, in the event of a change of control, to call the bonds or promissory note loans that have not yet been repaid.

The provisions in credit agreements and bond conditions agreed in the event of a change of control are routine and reasonable from the perspective of protecting the legitimate interests of the creditors.

ITEM 9: AGREEMENTS CONCLUDED WITH THE BOARD OF EXECUTIVE DIRECTORS OR EMPLOYEES CONCERNING REMUNERATION IN THE EVENT OF A TAKEOVER BID

Agreements of this type exist with the members of the Board of Executive Directors of K+S Aktiengesellschaft and are explained in detail in the "Remuneration report" on page 177. The existing compensation agreements with the members of the Board of Executive Directors take into appropriate consideration both the legitimate interests of those concerned and of the Company and its shareholders.

REPORT ON RISKS AND OPPORTUNITIES

As an internationally operating company, K+S regularly encounters a variety of developments and events that may affect the achievement of its financial and non-financial goals. Strategy and planning constitute the starting point for the management of risks and opportunities at K+S.

We define risks as negative and opportunities as positive deviations of potential future developments from a forecast or target value.

MANAGEMENT PROCESS

IDENTIFICATION

Risks and opportunities are generally identified in the respective central functions. There are several tools available for this purpose. In ongoing operations and project management, we take a close look at analyses of the market and the competition, for instance, evaluate a wide range of external information, the relevant revenues/cost elements, and mining circumstances, and observe risk indicators as well as success factors from the macroeconomic, industry-specific, legal, and political environment.

👁 Declaration on corporate governance

ASSESSMENT OF FINANCIAL IMPACT AND MANAGEMENT

We have set up and documented specific processes for managing risks and opportunities. For each risk, a gross assessment is initially carried out in which the probability of occurrence as well as the loss potential are quantitatively assessed in terms of financial impact. The next step involves developing suitable countermeasures, considering alternative risk scenarios. Our aim is to reduce the loss potential or the probability of occurrence. The decision as to whether to implement the measures also takes account of the actual costs required. In this process, risks can also be transferred to a third party. Additionally, controls for the implementation of countermeasures are documented. If the gross probability of occurrence and/or gross loss potential can be reliably reduced by implementing effective and appropriate countermeasures, the focus of consideration will be on the net probability of occurrence and the net loss potential affecting the operating result.

Regarding the probability of occurrence and loss potential, internal risks are assessed for the short and medium term, i.e., for the next 12 and 36 months from the date of identification or review. Selected risks are also considered over a long-term period of 120 months. The assessments for risks that have already been identified and the countermeasures developed and possibly implemented are continuously reviewed to ensure these are up to date; they are adjusted, if necessary, and reported in the event of significant changes or if defined thresholds are exceeded.

The assessment periods for opportunities are identical to those used for risk assessment. For the assessment of the financial impact, each opportunity is examined in terms of its feasibility, profitability, and any risks it may entail. Suitable development measures are specifically sought, pursued, and implemented, to make effective use of opportunities. The benefit potential only applies to the net perspective following implementation of appropriate development measures.

ASSESSMENT OF IMPACTS RELATED TO SUSTAINABILITY CONCERNS

Identified risks may have a negative impact on sustainability issues in accordance with the CSR-RUG (CSR Implementation Act), in particular on environmental, employee, and social issues, human rights, and the fight against corruption and bribery. In the event of a risk materializing, resulting reputational risks may also arise in addition to the impact on sustainability concerns, which are difficult or impossible to quantify.

The non-financial impact is identified and qualitatively assessed based on our central sustainability analyses as well as on the potential for damage and the probability of occurrence. In the reporting year, no risks have been identified that involve a reporting obligation in accordance with CSR-RUG.

Systems and concepts for managing developments or events that may have an impact on the above aspects are part of our sustainability management and are described in the "Combined non-financial statement".

👁️ Combined non-financial statement

REPORTING

Internal risk and opportunity reporting is based on a threshold concept. According to this concept, the Group companies and central functions report risks and opportunities on an ongoing basis if defined threshold values for the probability of occurrence and/or for the potential loss or benefit are exceeded. Information is also provided on whether a risk or opportunity has been taken into account in the forecast or planning.

Risks and opportunities whose financial impact is considered in the mid-term planning or forecast are not the subject of risk and opportunity reporting. Risks related to sustainability concerns according to the definition of the CSR-RUG must at least have the extent of loss "material" and a probability of occurrence (> 50%) assumed to be "likely." No such risks were identified in the reporting year. If, however, the risks identified that have not already been taken into account in the planning or forecast could have a significant or serious impact on environmental, employee, and social concerns, respect for human rights, as well as corruption and bribery related to sustainability concerns, we disclose these risks as part of the respective risk assessment.

While we are already reporting on the impact of climate change on the opportunities and risks of K+S, we are also intensively addressing the impact of our business activities on climate. In accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD), we will also include this perspective in our reporting from 2024.

Moreover, when determining the substantial general assumptions for the mid-term planning or forecast (such as volumes, revenues, costs, exchange rates, interest rates), the relevant risks and opportunities need to be considered in the likeliest scenario. In addition, the negative/positive effect that certain deviations would have on the individual planning parameters is required to be disclosed for particular planning assumptions ("sensitivities").

The Board of Executive Directors and management are continuously provided with an overview of the current risk and opportunity exposure on the basis of a standardized reporting system. Significant risks that arise in the short term are communicated directly to the Board of Executive Directors without delay. The Supervisory Board is also informed by the Board of Executive Directors on a regular basis and in a timely manner, immediately in urgent cases.

RISK MANAGEMENT IN RELATION TO THE USE OF FINANCIAL INSTRUMENTS

We aim at limiting financial risks (for example, exchange rate risk, interest rate risk, default risk, and liquidity risk) through special management. A centralized finance management system has been set up at K+S Aktiengesellschaft for this purpose. Additionally, we always manage our capital structure to safeguard the financing of business operations and investing activities in the long term.

👁️ Report on economic position, Financial position

Our international business activities can give rise to currency-related revenues risks, which we counteract through hedging transactions as part of our currency management. Internal regulations determine the permissible hedging strategies as well as hedging instruments, responsibilities, processes, and control mechanisms. Other market risks may arise from changes in interest rates. Similar regulations apply insofar as derivative financial instruments are specifically used here for hedging. Derivative financial instruments are concluded with partners whose suitability and compliance with position limits is continuously reviewed through regular monitoring. A balanced distribution of the financial derivatives used across various counterparties is implemented to limit the risk of default.

The instruments selected are used exclusively to secure underlying transactions but are not used for trading or speculative purposes. Firstly, hedging transactions are concluded for existing underlying transactions. Our intention here is to largely avert exchange rate risks arising from recognized underlying transactions (usually receivables). Secondly, we enter hedging transactions for future business that can be anticipated with a high level of probability based on empirically reliable findings (anticipatory hedges).

👁️ Notes (19)

RISKS AND OPPORTUNITIES 2024 – 2026

Risks and opportunities that could affect the results of operations, financial position, and net assets of K+S during the mid-term planning period (three years) and have not yet been incorporated into the planning through corresponding earnings discounts or premiums are listed and described in this section. The net loss/net benefit potential is distinguished as follows:

- + significant financial impact: > €200 million
- + moderate financial impact: > €25–200 million

The relevant probability of occurrence is differentiated as follows:

- + likely: > 50%
- + possible: 10–50%
- + unlikely: < 10%

Changes in the assessment of risks and opportunities compared with the previous period are presented as follows:

- + higher than in the previous year: ↑
- + lower than in the previous year: ↓

A change in the general conditions compared with the assumptions made in our mid-term planning may result in a reassessment of risks and opportunities over time. The results are then communicated accordingly in our interim reporting.

Table **B.67** provides an overview of the assessment of opportunities and the change in assessment compared with the previous year.

OPPORTUNITIES 2024 – 2026

B.67

	climate-related ¹	Net probability of occurrence	Net benefit potential	
External and industry-specific opportunities				
(Potash) price increase				
Increase in demand/restriction of supply		possible	significant	
Macroeconomic development		possible	moderate	
Weather-related fluctuations in demand	X	possible	moderate	
Operational opportunities				
Market penetration, market development, capacity expansions, cost optimization, product portfolio development, innovation		possible	moderate	
Ramp-up phase at the Bethune site		possible	moderate	
Litigation		possible	moderate	
Energy costs		possible	moderate	↓
Financial opportunities				
Currency/exchange rate fluctuations		possible	significant	
Change in general interest rate level		possible	moderate	
Upgrading of Company rating		possible	moderate	

¹ Climate-related opportunity included.

Table B.68 provides an overview of the assessment of risks and the change in assessment compared with the previous year.

RISKS 2024 – 2026

B.68

	climate-related ¹	Net probability of occurrence	Net loss potential
External and industry-specific risks			
(Potash) price decline			
Decline in demand/increase in supply		possible	significant
Macroeconomic development		possible	significant
Weather-related fluctuations in demand	X	possible	moderate
Weather-related additional costs	X	possible	moderate
Pandemics and natural disasters	X ^{2,3,4}	unlikely	↓ moderate
Geopolitical developments: Energy availability in Europe		unlikely	↓ moderate ↓
Risks arising from changes in the legal framework			
River management planning in accordance with the Water Framework Directive and modification, refusal, or judicial revocation of official permits for the disposal of liquid and solid production residues in Germany		possible	significant
Collateral security under mining law		possible	moderate
Operational risks			
Ramp-up phase at the Bethune site		possible	moderate
Litigation risks and legal disputes		possible	moderate
Energy costs	X	possible	moderate
Freight costs and transport availability		possible	moderate
Production technology		possible	moderate
Changes in the composition of crude salt		possible	moderate
Carbon dioxide inclusions in deposits		possible	moderate
Damage due to rock bursts		unlikely	significant
Water inflow		unlikely	significant
Compliance		unlikely	moderate
Non-compliance with regulations on occupational exposure limits underground		possible	moderate
Loss of suppliers and supply bottlenecks		possible	moderate
Personnel		unlikely	moderate
IT security		possible	↑ moderate
Reputation		unlikely	moderate
Financial risks			
Currency/exchange rate fluctuations		possible	significant
Change in the general interest rate level		possible	moderate
Downgrading of the Company rating		possible	↑ moderate
Liquidity		unlikely	significant
Default of receivables from customers		unlikely	moderate
Default of partners in financial transactions		unlikely	moderate

1 Climate-related risks included.

2 Risks associated with severe storm and storm surge.

3 Risks associated with extreme flooding.

4 Insurance risks from the physical consequences of climate change.

EXTERNAL AND INDUSTRY-SPECIFIC RISKS AND OPPORTUNITIES

(POTASH) PRICE DECLINE

DECLINE IN DEMAND/INCREASE IN SUPPLY

Net probability of occurrence:	possible
Net loss potential:	significant

Products in the Agriculture customer segment in particular could be threatened by significant declines in demand due to external influences. These often lead to sensitive price declines. In addition to a significant impact on our operating business, lower potash price assumptions may lead to significant non-cash impairments of property, plant, and equipment, and intangible assets as a result of the regular impairment testing of the Potash and Magnesium Products cash-generating unit.

👁 Notes (12)

In terms of demand, macroeconomic factors such as unfavorable exchange rate developments or declining liquidity of agricultural businesses, e.g., due to increased costs for input factors (fertilizers, energy, seed, etc.), could influence demand in individual sales regions. This also applies to political market regulations, such as regional subsidy cuts, regional import and export restrictions, the imposition of customs duties on fertilizers and/or agricultural products, or the introduction of restrictive fertilizer regulations. Environmental influences such as diseases in certain crops or the occurrence of animal diseases could also lead to a decline in demand with a simultaneous drop in prices. Furthermore, deliberate purchasing restraint on the part of our customers, e.g., due to an unbalanced ratio of costs for individual input factors, could also have a negative impact on demand and prices.

Even if no significant new capacities are expected to come onto the market in the next three years, there could be marginal changes on the supply side. Should the market not be prepared to absorb additional volumes entirely, this could increase competitive pressure during a transitional period and lead to a drop in prices. Furthermore, producers could attempt to gain additional market share or regain lost market share by increasing supply within available capacity. A decline in demand could also give rise to increased competitive pressure with price erosion.

Major increases in capacities and their utilization, supply expansions by individual producers with available capacities, and longer-term declines in demand could have a significant impact on pricing and/or sales opportunities. This could change the existing structure of the market for plant nutrients. Therefore, a decline in potash prices and/or in the volumes that can be sold cannot be ruled out.

The impact on the Company depends on the duration and intensity of these events. Nevertheless, we consider the long-term drivers to be still valid: demand for agricultural products and, therefore, for plant nutrients is driven by megatrends, such as population growth and changing consumption habits (e.g., higher calorie intake, increasing meat consumption), in emerging economies. Crop nutrients, with their yield- and quality-enhancing effects, will, therefore, continue to play a key role in agricultural production in the future.

(POTASH) PRICE INCREASE

DEMAND INCREASE/RESTRICTION OF SUPPLY

Net probability of occurrence:	possible
Net benefit potential:	significant

Opportunities with significant positive effects on our operating business essentially lie in the price development of mineral fertilizers, especially our potash fertilizers, as well as in their demand.

The industry situation in the Agriculture customer segment was characterized by above-average sales prices on average over the year despite high demand volatility. We recorded a continuous price correction from the turn of the year 2022/2023 until the end of the second quarter. This led to a wait-and-see attitude on the side of the farmers and, therefore, to a delayed normalization of demand, which then returned from summer 2023. From this point onwards, sales volumes stabilized and in some regions there were sales peaks to compensate for the suspended potassium fertilization from 2022.

Insofar as farmers use their uncultivated areas that may still be available, compensate for the fertilization reduced or still suspended in 2023, or increase the intensity of existing cultivation, this would require additional application of plant nutrients and could result in global demand for potash fertilizers growing more strongly in the near future than previously forecast. Furthermore, the trend towards a more balanced use of the main nutrients nitrogen (N), phosphorus (P), and potassium (K) (Balanced Fertilization) in important sales regions such as India and China could lead to disproportionate growth in demand for

potash. The financial impact of the associated increase in demand is strongly dependent on the extent of the increase in fertilizer prices triggered by this.

The effects of the sanctions imposed by the US and EU against Belaruskali and Belarusian Potash Company (BPC) have led to a shortage of global supply and accompanying price increases. Likewise, the more difficult business opportunities of the Russian supplier Uralkali as a result of the acts of war also led to a shortage in the global supply of potash fertilizers in large parts of the year 2023. If these bottlenecks continue in 2024, recovering demand may meet with tight supply, which could lead to rising prices. Further developments on the supply side are also difficult to assess due to geopolitical uncertainties. Nevertheless, a further normalization of supply volumes through alternative sales channels for these producers is conceivable.

MACROECONOMIC DEVELOPMENT

Net probabilities of occurrence:	possible
Net benefit potential:	moderate
Net loss potential:	significant

Demand for mineral fertilizers is significantly influenced by economic growth and the associated rising standard of living in the regions relevant to us, trends in prices for agricultural raw materials and, in part, also by political decisions in some consumer countries. Overall, we believe that the level of agricultural prices over the medium term should provide an incentive for farmers to increase yields per hectare, also through increased application of plant nutrients. There is a risk that growth in the emerging markets will slow contrary to expectations and/or that the sovereign debt crisis in the eurozone will again intensify. Should this result in agricultural prices falling to a level that triggers uncertainty among farmers about their future income situation, it could negatively impact their demand for crop nutrients. The impact for the Company will depend on the duration and intensity of the respective scenario.

👁 Report on economic position, Macroeconomic environment

Should the global economy develop more favorably than expected and growth prove to be higher than generally forecast, particularly in our main sales regions of Europe, Brazil, and China, this could lead to positive deviations from planning.

The impact of the general economic situation on demand for de-icing salt as well as salt products for end consumers is of minor importance, as the business is only marginally dependent on economic conditions. With regard to products for industrial applications, the influence of the general economic situation on demand is only relevant in individual segments, but the business is highly differentiated and, therefore, robust due to the large number of products and applications as well as the broad geographical distribution of sales markets.

We would react to the influences described above with demand-oriented production management or price adjustments, respectively.

The assessment of the future macroeconomic situation is reflected in the "Report on expected developments" for 2024.

👁 Report on expected developments

WEATHER-RELATED FLUCTUATIONS IN DEMAND

Net probabilities of occurrence:	possible
Net benefit potential:	moderate
Net loss potential:	moderate

Weather conditions in the de-icing salt regions of Europe are of particular relevance to the Industry+ customer segment. Our planning is based on a rolling average over the past ten years. Above-average severe winters can have a significantly positive impact on sales volumes of de-icing salt as a result of a weather-related increase in demand. This in turn could put pressure on inventories and result in price increases. Conversely, mild winters can lead to a weather-related decline in demand and consequently significantly reduce sales volumes. High inventories of de-icing salt could be the consequence and, therefore, have a negative impact on prices associated with the early-fills business and tenders for the next winter season.

We respond to such fluctuations with regional diversification, demand-oriented production management, and flexible working time models. Strategic inventories as well as flexible adjustment of the production of de-icing salt enable us, if necessary, to meet sharply rising demand at short notice.

In the Agriculture customer segment, a weather-related decline in demand could lead to a sales risk and to falling prices. A prolonged period of cold, wet weather during the spring season, which is particularly important for Europe, could, for example, lead to a shift in, or even a drop in, sales of plant nutrients. This also applies to weather phenomena such as El Niño, La Niña, or droughts, which could result in significant yield losses for farmers in the affected regions and reduced use of crop nutrients.

WEATHER-RELATED ADDITIONAL COSTS

Net probability of occurrence:	possible
Net loss potential:	moderate

At some German potash production sites, the regulatory conditions under water law are of particular importance for the unrestricted use of the available technical production capacities. K+S has, therefore, significantly increased the flexibility of wastewater management at the Werra plant in recent years, to fully maintain production at the Werra plant even in a hydrologically dry year within the framework of existing permits. These include, besides the optimized use of above-ground and underground storage basins and the expansion of transportation capacities, the commissioning of the kainite crystallization and flotation plant (KCF plant) in January 2018 and the continuation of the flooding of the Sigmundshall mine since summer 2021, required by law in Lower Saxony, which may be carried out with saline wastewater from the Werra plant, among other things, the discharge of saline wastewater into the Werra river. Furthermore, highly concentrated saline water is to be stored underground in the Springen mine field (Merkers mine) once the relevant permits have been obtained. In the event of an extreme drought (comparable to the summer/fall of 2022) with exceptionally low water levels in the Werra river over a long period of time, production could be interrupted or switched if all available resources for off-site disposal and on-site storage capacities are exhausted. Besides the low water supply, the water temperature can also affect production at the Werra plant, as the discharge of cooling water into the Werra and Ulster rivers is additionally limited by temperature limits set by the authorities. This production downtime risk has been significantly reduced by the availability of mobile cooling systems.

PANDEMICS AND NATURAL DISASTERS

Net probability of occurrence:	unlikely (↓)
Net loss potential:	moderate

Just like natural disasters, pandemics can entail considerable production and sales risks that are difficult to calculate.

In the event of another pandemic, K+S is immediately capable of implementing extensive measures at all sites to minimize the risk of infection and to protect our employees. Moreover, K+S administrative employees can work from their homes if necessary.

GEOPOLITICAL DEVELOPMENTS: ENERGY AVAILABILITY IN EUROPE

Net probability of occurrence:	unlikely (↓)
Net loss potential:	moderate (↓)

Since June 23, 2022, the gas emergency plan alert level declared by the German Federal Ministry for Economic Affairs and Climate Action (BMWK) has been in force in Germany. According to the Federal Network Agency, the gas supply in Germany is stable, security of supply is guaranteed, and the risk of a strained gas supply in a normally cold winter is now assessed as low. The starting position for the winter of 2023/2024 was significantly better than a year ago. A deterioration in the situation cannot be ruled out, however. Companies must continue to prepare for strongly fluctuating wholesale prices for gas. K+S is currently only affected by such price increases to a limited extent, as the price of natural gas for more than 70% of the gas volumes required at European sites up to and including 2024 had already been hedged before the Russian war against Ukraine. Due to the ongoing geopolitical developments, further gas volumes have been hedged so that around 90% of the European natural gas requirements for 2024 have now been fixed in terms of price. For the years 2025 and 2026, approximately 30% or 20%, respectively, of the gas volumes required by the European sites have already been secured. With an average natural gas price of less than €40/MWh for the volumes we have fixed for 2024, we have a high degree of predictability for our energy costs.

K+S depends on the reliable supply of natural gas for its production. Crude salt processing as well as the generation of heat and electricity at the potash sites are based almost entirely on natural gas. Only the Wintershall site of the Werra plant is supplied with energy by a waste incineration plant. We have also been striving to increase the energy efficiency of our plants for decades, also through the consistent expansion of combined heat and power (CHP) generation. We have examined the extent to which natural gas can be substituted by other fuels, such as heating oil or diesel, or other gaseous energy sources. In the short term, we can only switch to alternatives to a limited extent. There were no restrictions on gas availability in the winter of 2023/2024. If a gas shortage were to occur in Germany in an extreme case, this would impair the energy supply to the German sites and, therefore, lead to production restrictions, the impact of which would depend, to a large extent, on the duration and intensity. We are preparing the (partial) switch to identified alternatives at all sites in the medium term.

Due to the existing uncertainties regarding the parameters of a gas shortage situation as well as the effect of the German government's defensive shield on potential reductions in consumption in Germany, moreover, reliable statements on the probability of occurrence and more precise information on the amount of loss in the event of a gas shortage situation are currently not possible.

👁 Energy costs

RISKS ARISING FROM CHANGES IN LEGAL ENVIRONMENT

Many licenses and permits under public law are required for the exercise of our business activities, particularly in the area of the mining/extraction/processing and disposal of residues. The framework for the granting of these licenses and permits is firmly entrenched in European and national environmental, water, and mining law with respect to production in Germany and Europe. We believe that the regulatory density will increase further in the future.

There is a risk for all activities requiring approval that third parties will appeal against licenses or permits after they have been granted and that these will be revoked by courts. This has already been used in some cases, particularly by environmental associations. Furthermore, extensions of existing licenses and permits or new ones granted may be restricted in terms of time and scope, permanently amended, or refused, or further conditions may be attached. In addition, ancillary provisions of individual authorizations/permits may result in their suspension.

RIVER MANAGEMENT PLANNING IN ACCORDANCE WITH THE WATER FRAMEWORK DIRECTIVE AND AMENDMENT, LEGAL REFUSAL, OR REVOCATION OF OFFICIAL LICENSES FOR THE DISPOSAL OF LIQUID AND SOLID PRODUCTION RESIDUES IN GERMANY

Net probability of occurrence:	possible
Net loss potential:	significant

Solid and liquid residues (saline wastewater) arise both from potash production and from precipitation on our tailings piles. The solid residues are either transferred to our tailings piles or disposed of underground. The saline wastewater is discharged into rivers or will be permanently stored underground close to the site in the future. It is also used to flood abandoned mines to secure them for the long term.

REFUSAL OR REVOCATION BY COURT OF OFFICIAL PERMITS FOR THE DISPOSAL OF LIQUID PRODUCTION RESIDUES: DISCHARGE

The river management plans and programs of measures based on the European Water Framework Directive and German water law stipulate essential framework conditions for the aforementioned disposal methods of the above-mentioned residues from the German sites. For the next years, the river management plans and programs of measures for the third management period 2021 to 2027 of the individual river basin communities (FGG) are relevant in this regard.

👁 Combined non-financial statement, Environment & Resources

With the termination of injection, the realization of the kainite crystallization and flotation plant (KCF plant), the expansion of transportation capacities, the start of tailings pile covering on the Hattorf and Wintershall tailings pile plateaus extensive measures from the previous river management plan of FGG Weser have already been set in motion.

With the decision of the environment ministers of the countries bordering the Weser and Werra rivers on November 18, 2021, we now have long-term planning security regarding the future disposal of saline wastewater from the Werra and Neuhoef-Ellers plants. One of the stipulations was a gradual reduction in the target values for the reduction of saline pollution from 2,310 mg chloride per liter in 2021 to 1,880 in 2022, to 1,700 in 2023, and to 1,580 from 2024. These stipulations also served as a basis for the granting of the water law permit of December 23, 2021, by the Kassel Regional Council permitting the Werra and Neuhoef-Ellers plants to discharge liquid residues totaling up to five million m³ per year into the Werra river until the end of 2027.

In fall 2024, it will be examined whether a premature reduction of the target values is feasible for the years 2026 and 2027. The ministries responsible for water protection in the seven federal states of Bavaria, Bremen, Hesse, Lower Saxony, North Rhine-Westphalia, Saxony-Anhalt, and Thuringia, which are involved in FGG Weser, agreed on this review reservation.

The target values set for the entire management period are ambitious. We will, however, take all necessary measures to achieve our target of no longer discharging process water from potash production into the Werra river from 2028 onwards. An important step in safeguarding this goal is the Werra 2060 project. Here, the conversion of production at the Unterbreizbach and Wintershall plants will more than halve the total volume of process water for the Werra plant. Insufficient technical feasibility of these components would entail considerable risks for the granting and continuation of operating permits as well as water law permits for the Werra and Neuhoef-Ellers plants, with adverse effects on potash production. As a result, both the employment situation and the economic situation of the region could be significantly negatively affected. Furthermore, the plans for covering the tailings piles, the optimized utilization of storage capacities and salt load-controlled discharge, as well as the planning for flooding disused mine workings contribute to the environmentally compatible disposal of liquid residues and the continuous improvement of the water quality of the Werra and Weser rivers.

📄 www.kpluss.com/werra2060

REFUSAL OF OFFICIAL PERMITS FOR THE DISPOSAL OF LIQUID PRODUCTION RESIDUES: OFF-SITE DISPOSAL AND LOCAL STORAGE CAPACITIES

Liquid production residues from the Werra plant are disposed of by discharge into the Werra river or off-site.

K+S is constantly working intensively on measures to reduce the volume of saline wastewater and on alternative disposal options. The implementation of the Werra 2060 project will lead to a further significant reduction in the volume of process wastewater produced. In addition to discharge into the Werra, off-site disposal and the efficient utilization of local storage capacities are important components of our wastewater management. This will be supplemented by storage in Springen, subject to approval. Against this background, we do not expect any impact on production at the Werra plant in a normal hydrological year. Should the permit be denied or no longer be able to be fully

utilized, however, for which there are currently no indications, this may lead to higher costs for transportation to off-site disposal alternatives and/or to significant production restrictions due to a lack of disposal options for saline wastewater from the Werra plant.

Additionally, research and development as well as innovation activities, e.g., as part of the Werra 2060 project, will be continued. The aim is to maintain value added and the associated jobs in the long term, as well as to further relieve the burden on the Werra and Weser rivers and, therefore, secure the future viability of the potash sites in the Hesse-Thuringia potash district.

🔗 Combined non-financial statement, Environment & Resources

REFUSAL OR REVOCATION BY COURT OF OFFICIAL PERMITS FOR THE DISPOSAL OF SOLID PRODUCTION RESIDUES

If permits for tailings piles operations were revoked or, if necessary, tailings pile expansions were not approved or were only approved subject to unreasonably high conditions, the plants would no longer be able to dispose of the solid residues. We consider the complete refusal or the withdrawal of all existing licenses and permits for the expansion of tailings piles to be unlikely, as the permits comply with the legal requirements and represent the state of the art. Furthermore, there is governmental and widespread political support for the preservation of potash mining in Germany in the federal states that are relevant to us.

Individual licenses and permits for the necessary expansion of tailings piles might not be granted in certain circumstances or might be approved only to a limited extent. In the worst case, this would result in an adjustment of production levels and possibly the closure of the affected sites with significant negative economic repercussions both for the Company and for the employment and economic situation of the region in question. This could be avoided through the development of further safeguards and through rescheduling, which would nevertheless lead to significant cost increases.

Hattorf site: The Hattorf Phase 2 tailings pile expansion was approved on April 3, 2023. Production could, therefore, continue uninterrupted. The approval process for the subsequent Phase 3 of the tailings pile expansion, which is scheduled to last until the end of the 2030s, is also underway.

Wintershall site: The current permit status allows the tailings pile to be filled until presumably 2029. The Werra 2060 project will enable us to significantly reduce the future volume of tailings pile expansions at Wintershall and, therefore, significantly limit the scope of further tailings pile expansions.

Zielitz site: With the issuance of the planning approval decision for the tailings pile capacity expansion II in 2019, backfilling is secured for around 35 years.

Extensive investments are also being made as part of the implementation of the aforementioned measures. Additionally, we are continuously striving to further reduce our impact on the environment. This includes, above all, the covering of the tailings piles. Revenues achievable in this context for the acceptance of waste are based on analyses of technical feasibility. If this also materializes for other tailings piles to be covered, this could reduce the provisions and have a positive impact on earnings. Of course, feasibility also depends on the acceptance of the concepts by the approval authorities, political decision makers, and the public. With the REKS joint venture, we have excellent market access to the large volume of materials required for covering the tailings piles.

🔗 Combined non-financial statement, Tailings pile management

COLLATERAL SECURITY UNDER MINING LAW

Net probability of occurrence:	possible
Net loss potential:	moderate

The setting of collateral under mining law is at the discretion of the acting authorities; at present, existing collateral is generally provided through the formation of corresponding provisions, letters of comfort or Group guarantees, as well as earmarked cash items or investments. If additional collateral had to be provided, this could moderately restrict the Company's financial scope, in particular if it had to be provided by bank guarantees or the deposit of financial resources.

OPERATIONAL RISKS AND OPPORTUNITIES

MARKET PENETRATION, MARKET DEVELOPMENT, EXPANSION IN CAPACITY, COST OPTIMIZATION, DEVELOPMENT OF PRODUCT PORTFOLIO, INNOVATION

Net probability of occurrence:	possible
Net benefit potential:	moderate

In all customer segments, we use growth potential to expand our market share by increasing sales volumes to our existing customers and/or acquiring new customers. Furthermore, we are reviewing whether we can open up new sales regions with our products. We also aim to leverage market opportunities through the further development of our product portfolio, supported by an extensive range of consulting and services. The expansion of digital services provides further opportunities. In addition, we are examining the potential uses of our infrastructure and working on new business areas. The enterprise value should be continually increased in the process. In addition, opportunities for cost optimization (e.g., through the digitalization of processes in the underground mines or by increasing the efficiency of machines, processes, and organizational structures) are being intensively examined on an ongoing basis and – where appropriate – implemented.

We are breaking new ground in extraction and production by converting the Werra plant to production processes involving less energy-intensive processes and a further reduction in liquid and solid residues. The conversion is expected to be completed by mid-2027. Due to the technical challenges associated with the conversion, a delay cannot be completely ruled out. Furthermore, not all of the necessary permits have yet been obtained in full. Higher capital requirements cannot be ruled out due to price fluctuations on the procurement market. These factors could have a negative impact on profitability unless countermeasures can be taken. An experienced project team and an efficient project organization ensure that the project is implemented as planned. A continuous controlling process and regular reporting ensure that deviations are identified at an early stage and appropriate countermeasures can be initiated promptly.

👁 Corporate strategy

RAMP-UP PHASE AT THE BETHUNE SITE

Net probabilities of occurrence:	possible
Net benefit potential:	moderate
Net loss potential:	moderate

The Bethune potash plant in Canada continues to ramp up in terms of capacity as planned. When a new site of this size is set up, negative effects during the transition to regular operations (e.g., due to project delays) cannot be completely ruled out. Conversely, the planned qualitative and quantitative targets may also be exceeded. Furthermore, technical, and logistical challenges can lead to increased costs or lower production volumes.

Through systematic cost and quality management, we try to limit negative effects and increase earnings contributions.

LITIGATION RISKS AND LEGAL DISPUTES

Net probabilities of occurrence:	possible
Net benefit potential:	moderate
Net loss potential:	moderate

K+S is exposed to risks arising from legal disputes or legal proceedings in which we are either currently involved or that could arise in the future.

It cannot be ruled out that K+S will be involved in further court and arbitration proceedings with suppliers in connection with the supplies and services procured as part of the construction of the Bethune potash plant. We also already asserted reimbursement claims against contracting parties involved in the project. The outcome of potential legal disputes, which can take an extended period to clarify, is very difficult to predict. This could result in cash outflows or inflows that negatively or positively affect the site's profitability. The impact in terms of liquidity and earnings varies significantly. Internal measures are taken to ensure a continuous claim management process with the aim of processing K+S's existing receivables from suppliers and recovery claims to achieve the best possible outcome.

We successfully sold our American salt business on April 30, 2021. As is customary in transactions of this kind, risks exist, such as risks arising from liability clauses and tax risks.

All other process risks are presented in the context of the respective risk.

ENERGY COSTS

Net probabilities of occurrence:	possible
Net benefit potential:	moderate (↓)
Net loss potential:	moderate

The energy costs incurred by K+S are determined, in particular, by the consumption of natural gas and electricity. Gas is currently our main energy source due to the use of CHP plants. Energy prices are frequently subject to strong fluctuations. Significant market-related increases in energy prices compared with the price level considered in planning represent a cost risk and cannot be ruled out in the future. We have reduced the natural gas requirements of our potash and salt production in Europe by using steam from substitute fuel heating plants, such as waste incineration plants, to limit this risk.

We are currently taking into account the effects of the Omnibus Energy Act (EnSaG), the Fuel Emissions Trading Act (BEHG), and the fourth phase of the European Emissions Trading Scheme (EU ETS) in our planning and are implementing risk-minimizing measures where possible.

For trading and emissions-intensive companies such as K+S, which are assumed to have a significant carbon-leakage risk, there is financial compensation for BEHG costs incurred under the Ordinance on Measures to Prevent Carbon Leakage through National Fuel Emissions Trading (BECV).

A positive development in energy costs compared with the planned figures also provides an opportunity for K+S. This applies in particular in the event of an easing of spot prices for gas. Moreover, we are pursuing a hedging strategy worldwide, which has enabled us to secure attractive natural gas procurement prices and CO₂ certificate prices in the medium term by concluding fixed supply agreements. We have already covered around 70% of our natural gas requirements in Canada for 2024 and around 60% or 25%, respectively, for 2025 and 2026, as well as around 90% of our European natural gas requirements for 2024 and around 30% or 20%, respectively, for 2025 and 2026. More details on supply agreements can be found on page 142 under "Geopolitical developments: Energy availability in Europe". We have already secured the need for CO₂ certificates for the current trading period (from 2021 to 2030).

As Germany aims to achieve climate neutrality by 2045, it will no longer be sufficient in the future to merely increase the energy efficiency of production processes. We aim to manage the transition to renewable fuels. That is why our climate strategy is an important part of our corporate strategy. Since 2021, we have consistently pursued our own climate strategy, which was revised and made even more ambitious in 2023. The new climate strategy is presented in the "Corporate strategy" chapter from page 45 onwards. We have examined various alternatives as part of a climate study and selected a path that appears feasible and financially viable. On the way to climate neutrality, we have set ourselves the medium-term target (2030) of further reducing our CO₂ emissions by 25% compared with 2020. As a long-term commitment, we support the goals of the Paris Agreement to achieve climate neutrality by 2045. We have set up the K+S Climate Protection Fund to finance projects promoting climate protection. We will, nevertheless, only achieve the energy transition with the support of the state. We need a sufficient and resilient energy infrastructure as well as support for the conversion of production processes and (affordable) renewable energies to be able to compete internationally.

- 🔗 Combined non-financial statement, Energy & Climate
- 🔗 Corporate strategy, Sustainability program
- 🔗 Geopolitical developments: Energy availability in Europe

FREIGHT COSTS AND AVAILABILITY OF TRANSPORTATION CAPACITY

Net probability of occurrence:	possible
Net loss potential:	moderate

Our total costs are influenced by freight costs to a considerable degree. A significant proportion of our products in terms of volume needs to be transported to the customer over long distances in some cases. Reduced availability of freight capacity could result in higher costs. Furthermore, considerable additional costs are incurred when crude oil prices rise. The heavy reliance of our business operations on transport likewise makes us highly dependent on the relevant infrastructure facilities such as ports, roads, railway lines, and loading facilities. Depending on the inventory situation, a breakdown or a bottleneck could limit the sales prospects and, therefore, production.

We aim to limit expected cost increases and safeguard transportation capacity for the Group through long-term contracts.

PRODUCTION TECHNOLOGY

Net probability of occurrence:	possible
Net loss potential:	moderate

The production facilities of the K+S Group are characterized by a high degree of complexity and efficiency. Due to operational and accident risks as well as the increasing aging of our production sites, warehouses, and loading facilities, operational disruptions can occur as well as significant personal injury and property damage or environmental pollution.

Where possible and economically viable, suitable insurance cover is taken out with the aim of limiting these risks. Tailored training and staff development measures are also designed to increase occupational safety. Programs are implemented with a view to ensuring the availability of critical facilities such as conveyor systems, steam production, buildings, etc., through the efficient use of capital.

The implementation of Werra 2060 continues to be of great importance. It opens up long-term and sustainable prospects for all integrated plant sites until 2060. At our potash plant in Bethune, we are increasing production capacity through the successful expansion of secondary mining. With the implementation of these projects to optimize our existing business, we will be faced with high capital expenditure over the next few years, which will also have to be generated. In view of the sharp rise in prices, particularly for materials and energy, a high level of cost discipline is also necessary. The Company's success in the years ahead will depend, to a large extent, on counteracting cost increases.

CHANGES IN THE COMPOSITION OF CRUDE SALT

Net probability of occurrence:	possible
Net loss potential:	moderate

The extraction of crude salt in our mining operations forms the basis for our production. We are implementing an extensive geological investigation program aimed at developing our mining operations further and exploiting new crude salt deposits. Nevertheless, unforeseen geological faults can lead to discrepancies in the quantity and quality of the extracted salt. This could lead to additional costs and lower production volumes.

CARBON DIOXIDE INCLUSIONS IN DEPOSITS

Net probability of occurrence:	possible
Net loss potential:	moderate

Carbon dioxide inclusions constitute a latent potential danger in certain mines. Despite our comprehensive safety measures, carbon dioxide could escape from these pockets in an uncontrolled manner. Consequently, there are risks of production cuts/stoppages as well as of personal injury and damage to property. Underground extraction is, therefore, always carried out in compliance with specific safety guidelines in case of escapes of CO₂.

DAMAGE DUE TO ROCK BURSTS

Net probability of occurrence:	unlikely
Net loss potential:	significant

There is the specific risk at active and inactive mining sites of a sudden subsidence of the earth's surface over a large area that could, in certain circumstances, be severe (rock burst). If a rock burst occurs, in addition to the partial or complete loss of the mine and damage to facilities, it could also result in personal injury or death and in considerable damage to the property of third parties.

Our professional dimensioning of the underground safety pillars based on comprehensive research serves to secure the surface, safeguard the stability of the mine workings over a longer period and, therefore, prevent rock bursts. After the closure of a site, post-closure maintenance measures are carried out, for which appropriate provisions have been recognized. Continuous monitoring of the mine workings aims to provide timely indications of whether additional measures for the protection of the mine workings and the prevention of damage resulting from mining are necessary.

WATER INFLOW

Net probability of occurrence:	unlikely
Net loss potential:	significant

Hydrogeological risks generally exist in underground mining operations. There are risks in connection with shafts that cut through water-bearing rock shafts and in saline deposits in rock strata encountered during mining activities. Hydrogeological risks are limited through the extensive safeguards we have put in place; however, these risks could result in significant, uncontrollable damage culminating in the total loss of the mine. In this case, material adverse effects on employment, our

economic situation, the regional economic situation, and damage to the environment and to property would be virtually unavoidable.

For early detection of these risks, extensive exploration work is carried out by means of seismology, drilling, and ground-penetrating radar. Preservation of protective layers and adequate dimensioning of safety pillars ensure maximum mine safety. Ongoing maintenance work on the shafts should ensure that the risk of groundwater inflows can normally be virtually ruled out. Water inflow is also conceivable in the event of extreme flooding and inundation. Due to the height of the shaft entrances, surface water is not expected to access the mine buildings. In extreme situations, emergency plans and, if necessary, technical equipment are in place to avert danger.

COMPLIANCE

Net probability of occurrence:	unlikely
Net loss potential:	moderate

There is a general risk that members of management/supervisory bodies or employees of K+S Group companies may breach laws, internal regulations, or regulatory standards recognized by the Company. K+S could sustain damage to its assets or reputation as a result.

We have established a Group-wide compliance management system contributing to raising employee awareness and countering compliance violations through training in the main risk areas (e.g., business ethics and compliance, competition and antitrust law, corruption, money laundering). The reporting system for suspected compliance cases introduced in 2019 has become established. Compliance management is reviewed on an ongoing basis and adjusted as necessary, for example in response to current developments. The results of our Group-wide compliance risk analysis and the derived recommendations for action constitute the basis of the specific compliance program for the respective K+S Group company. These measures ensure goal-oriented compliance and risk management at all our Group companies.

- 👁 Declaration on corporate governance
- 🔗 Combined non-financial statement, Compliance & Anti-Corruption

NON-COMPLIANCE WITH REGULATIONS ON OCCUPATIONAL EXPOSURE LIMITS UNDERGROUND

Net probability of occurrence:	possible
Net loss potential:	moderate

The German Federal Ministry of Labor and Social Affairs (BMAS) had previously set the end of the transitional period for the application of the new occupational exposure limits for nitrogen oxides and particulate diesel emissions in underground mining for August 21, 2023. Compliance with the occupational exposure limits is largely dependent on the completion of the procurement and commissioning of the new mobile machines and vehicles as well as the completion and commissioning of the production plant for the new low-emission explosives. Construction has already begun in 2022. Due to the tense situation on the procurement markets and geopolitical developments, it was not possible to meet this deadline.

On May 9, 2023, the application for an extension of the deadline was approved by the Committee for Hazardous Substances at BMAS, extending the transition period until August 21, 2025. According to current planning, the gradual conversion of mines to low-emission granular explosives can begin in the course of 2024. Full capacity is to be reached by mid-2025.

There remains a residual risk in the construction and commissioning of the explosives plant, which could result in restrictions on extraction in some areas of the German K+S sites if this occurs.

LOSS OF SUPPLIERS AND SUPPLY BOTTLENECKS

Net probability of occurrence:	possible
Net loss potential:	moderate

The number of suppliers for raw materials, consumables, and supplies, as well as mining-specific machinery and equipment as well as spare parts, is limited. Supply bottlenecks, failures, or boycotts over which we have very little, or no influence could lead to restricted availability of these materials and, therefore, to a significant increase in costs or a substantial impairment of production, despite existing countermeasures.

We mitigate these procurement risks through market analyses, targeted supplier selection and evaluation, long-term supply agreements, clearly defined quality standards, and modern purchasing methods.

PERSONNEL

Net probability of occurrence:	unlikely
Net loss potential:	moderate

Competition for qualified management and specialist staff is intense in all regions in which we operate. The potential loss of employees in key positions and the demographic challenges in the recruitment of new employees (keyword: shortage of skilled workers) constitute a fundamental risk.

K+S wants to be an attractive employer both for career starters and for qualified specialists and managers. Through practice-oriented promotion of young talents, targeted training, and further education measures, as well as the professional advancement of high performers and high potentials, we want to motivate employees in the long term as well as retain qualified specialists and managers on a long-term basis. Furthermore, with our focus on personnel diversity regarding religion and ideology, social background, gender and gender identity, age, sexual orientation, physical and mental abilities, as well as ethnic origin and nationality, we want to leverage the full potential of the labor market. With this strategy and increased cooperation with selected universities, we offer promising career prospects to qualified specialists and managers.

👁 Employees

INFORMATION SECURITY

Net probability of occurrence:	possible (↑)
Net loss potential:	moderate

Our IT systems provide a high level of support for almost all corporate functions. IT security risk lies primarily in the loss of availability, integrity, and confidentiality of information due to external attacks (for example, hackers, viruses) and internal risks (for example, technical failure, sabotage). If this risk were to materialize, serious interruptions to business could result. In accordance with the German Federal Office for Information Security's assessment of the general risk situation, we consider the probability of occurrence to be higher than in the previous period. Nevertheless, we consider a prolonged failure of the IT systems to be unlikely due to the precautions we take.

We aim to limit such risks with a regular review of the scope and effectiveness of our wide-ranging security measures by independent experts. Insurance to cover claims arising from the failure of IT systems has been extended for cyberattacks.

REPUTATION

Net probability of occurrence:	unlikely
Net loss potential:	moderate

The occurrence of any risk may lead to reputation damage with consequences for the Company that are impossible or difficult to quantify financially. This includes, in particular, risks with material adverse effects associated with sustainability issues, in particular environmental matters, social and employee-related matters, human rights, corruption, and bribery matters, as well as failure to achieve targets defined by the Company.

We actively counter these risks through open and timely communication with our stakeholders.

FINANCIAL RISKS AND OPPORTUNITIES

CURRENCY/EXCHANGE RATE FLUCTUATIONS

Net probabilities of occurrence:	possible
Net benefit potential:	significant
Net loss potential:	significant

A currency risk results from transactions that are not effected in the currency of our Group reporting (the euro). In the case of this risk, we make a distinction between transaction and translation risks. While the risk relates to negative exchange rate developments, positive exchange rate developments may have an advantageous impact on earnings and equity, therefore, presenting an opportunity.

TRANSACTION RISKS

A significant proportion of K+S Group revenues is in U.S. dollars. In addition to this, revenues are also generated, and costs incurred, in other national currencies (such as Canadian dollars). Our earnings are, therefore, exposed to exchange rate fluctuations. This may lead to the value of the service performed not matching the value of the consideration received in transactions, because income and expenditure are incurred at different times in different currencies. Exchange rate fluctuations, especially in the EUR/USD and CAD/USD exchange rates, primarily affect the level of earnings, receivables, costs, and liabilities in the Agriculture customer segment.

👁 Report on economic position, Financial position

We use derivative financial instruments to counter exchange rate risks arising from transactions. Significant net positions are hedged using derivatives, normally options and forwards, in the context of transaction hedging. These ensure a “worst-case” exchange rate. Based on revenue and cost planning as well as expected capital expenditure, the volumes to be hedged are determined and updated continuously using safety margins, to avoid excess hedging or hedging shortfalls.

👁 Notes (19)

TRANSLATION RISKS

Furthermore, currency effects arise in relation to subsidiaries whose functional currency is not the euro, since the earnings of these companies calculated in a foreign currency are translated into euros at average rates and recognized in net profit or loss. However, the net assets of these companies are translated into euros at the rates prevailing on the reporting date. This conversion system could result in currency-related fluctuations in the earnings and equity of K+S. The respective translation effects mainly relate to K+S Potash Canada GP and are not hedged.

CHANGE IN THE GENERAL INTEREST RATE LEVEL

Net probabilities of occurrence:	possible
Net benefit potential:	moderate
Net loss potential:	moderate

Both risks and opportunities arise from changes in the general level of interest rates.

On the one hand, changes in market interest rates influence future interest payments for variable-rate liabilities, as well as on interest income for variable-rate investments. Impacts on fixed-interest liabilities arise when the interest rate fixation expires, and prolongation is sought. The market values of financial instruments are also affected. Due to the current financing structure, however, only a moderate impact is expected.

The K+S Group is required to report non-current provisions, in particular for mining obligations as well as pensions, at the present value of the expenditures anticipated in the future. In the interest rate calculation method we use, average yields on government bonds are used to estimate the interest rate for long-term mining obligations. In the future, a change in the level of market interest rates compared with the previous balance sheet date could lead to changes in the discount rates and consequently to an adjustment in the amount of non-current provisions. Both falling and rising interest rates could have a moderate impact on the balance sheet as well as on the earnings of the K+S Group.

After offsetting against plan assets, our pension obligations account for less than 5% of non-current provisions. The majority of these pension obligations are covered by plan assets consisting of fixed-income securities, shares, and other investments. Declining returns on these investments may have an unfavorable effect on the fair value of plan assets. We counter the risk of fluctuations in the fair value of plan assets through a balanced asset allocation and constant analysis of investment risks.

👁 Notes (26)

DOWNGRADING OR UPGRADING OF THE COMPANY RATING

Net probabilities of occurrence:	possible (downgrading: ↑)
Net benefit potential:	moderate
Net loss potential:	moderate

Ratings are used to assess the creditworthiness of companies and are normally issued by external rating agencies. The rating provides indications of the ability of companies to pay, particularly for credit institutions and institutional investors. It cannot be ruled out that a rating agency might change K+S's credit rating.

A downgrade could negatively impact K+S in terms of the costs of financing and on the availability of financing opportunities. Conversely, an upgrade in the credit rating – and hence an improvement in the Company's rating – has a positive effect on the costs and availability of the Company's financing options.

The rating agency Standard & Poor's (S&P) upgraded our rating from BB+ (outlook "positive") to BBB- with an outlook of "stable" in the course of 2023. According to S&P, the main reasons for this were the very low level of debt and the strong cash flow. The investment grade rating was, therefore, achieved.

👁 Report on economic position, Financial position

LIQUIDITY

Net probability of occurrence:	unlikely
Net loss potential:	significant

Liquidity risk entails the failure to procure the funds needed to meet payment obligations or the inability to do so in a timely manner. External factors, especially a general financial crisis, could make it impossible to replace credit lines or bonds on acceptable commercial terms should the need arise. In this case, a risk associated with procuring liquidity would also arise.

For this purpose, the principal objective of our liquidity management activities is to ensure the ability to make payments at any given time. The liquidity requirement is determined through our liquidity planning and must be met with cash on hand and bank balances, committed credit lines, and other financial instruments.

Our committed credit lines do not currently include any explicit financial covenants.

The factoring program continues to exist. At present, however, it is not being utilized. It offers flexibility to improve working capital and, therefore, free cash flow if required.

Liquidity is managed through cash pool systems by the central Treasury unit. As of December 31, 2023, available liquidity amounted to €1,213 million and consisted of cash investments as well as cash and cash equivalents and unused credit and factoring lines. A commercial paper program is also available for liquidity management. Available liquidity was therefore significantly above our target minimum reserve of €300 million. In the case of cash investments, we pursue the objective of optimizing income from cash and cash equivalents at low risk.

👁 Notes (26)

DEFAULT ON RECEIVABLES FROM CUSTOMERS

Net probability of occurrence:	unlikely
Net loss potential:	moderate

We maintain comprehensive business relationships with many customers. If one or more major customers are not able to fulfill their contractual payment obligations towards us, this could result in corresponding losses for us, which in turn could have an adverse effect on the financial position of K+S.

Risks arising from payment default are covered across the Group mainly through credit insurances. We only waive a security against non-payment following a critical review of the customer relationship and explicit approval.

DEFAULT OF PARTNERS IN FINANCIAL TRANSACTIONS

Net probability of occurrence:	unlikely
Net loss potential:	moderate

Default risks also exist regarding partners with which we have concluded hedging transactions, credit lines exist, or money was invested. The potential default of a bank or other party could have an adverse effect on the financial position of K+S. K+S is not especially dependent on any one financial institution.

CHANGES IN INDIVIDUAL RISKS AND OPPORTUNITIES COMPARED TO THE PREVIOUS PERIOD

The assumptions regarding the probability of occurrence and/or the financial impact of the risks and opportunities already reported in previous periods are presented in the tables **B.67** and **B.68** from page 138 onwards.

The German Federal Ministry of Labor and Social Affairs has defined the occupational exposure limits to be applied in the future for nitrogen oxides and particulate diesel engine emissions underground. Originally, these statutory requirements stipulated compliance with the new limits for our German mining operations from August 21, 2023. On May 9, 2023, the application for an extension of the deadline was approved by the Committee for Hazardous Substances at BMAS, extending the transition period until August 21, 2025. According to current planning, the gradual conversion of mines to the new granular explosives can begin in the course of 2024. Full capacity is expected to be reached by mid-2025.

According to the Federal Network Agency, the gas supply in Germany is stable, security of supply is guaranteed, and the risk of a tight gas supply in a normally cold winter is now assessed as low. The starting position for the winter of 2023/2024 is significantly better than a year ago. Due to the ongoing geopolitical developments, a high proportion of the required gas volumes has been secured. As a result, we are only moderately affected by both price increases and price reductions in gas prices on the spot market.

We consider the threat of information security risk to be higher than in the previous period due to the general current risk situation.

Due to the changed pandemic situation, we now assess the impact of a renewed pandemic on our business as unlikely.

With S&P's upgrade of the long-term rating to investment grade in June 2023, the probability of a rating downgrade has normalized again compared to the assessment at the end of 2022. The probabilities of occurrence for a further upgrade or downgrade are now both assessed as possible.

ASSESSMENT OF THE RISK AND OPPORTUNITY SITUATION BY THE BOARD OF EXECUTIVE DIRECTORS: NO GOING CONCERN RISKS

The risk and opportunity position assessed below is based on the findings of our risk and opportunity management system in conjunction with the planning, management, and control systems in place. Additionally, we regularly assess the risk-bearing capacity based on worst-case risk assessments.

Taking into account the respective probability of occurrence and the financial impact of the risks explained as well as supported by the result of a risk-bearing capacity analysis at Group level, and on the basis of the findings of mid-term planning, the Board of Executive Directors is not aware of any indications of future development at the present time in which risks, either individually or in conjunction with other risks, could have a lasting adverse effect on the results of operations, financial position, and net assets of K+S, jeopardizing its continued existence as a going concern.

The risks associated with the disposal of liquid and solid production residues continue to be extremely significant. Should the risk mitigation measures being implemented be ineffective or the legal requirements for permits represent a technically or economically unsolvable task, German production would be significantly impaired.

Despite the difficult macroeconomic and geopolitical conditions, the risk situation of K+S is unchanged (compared to the previous year's assessment), in particular due to the net asset position.

The opportunities that could arise for K+S in the mid-term offer a positive outlook. We are confident that the operating strength of K+S forms a solid basis for our future business development and that the necessary resources are available to exploit the opportunities.

In the overall picture, the risk and opportunity situation has normalized compared to the previous year. Nevertheless, it continues to require a high level of attention due to the framework conditions.

EVENTS AFTER THE BALANCE SHEET DATE

At the beginning of January 2024, K+S concluded an agreement under public law with the Saxony-Anhalt State Office for Geology and Mining. The content of the agreement is the safeguarding of the post-closure obligations for the tailings pile capacity expansion II of the Zielitz plant by the newly founded K+S Vorsorgegesellschaft Zielitz GmbH & Co. KG (100% subsidiary of K+S). The purpose of the company is the establishment of a special fund to secure the liquidity required to meet the post-closure obligations after the operating phase of the Zielitz plant.

From 2024 onwards, assets will be built up gradually through the contribution of assets by K+S. At the end of the accumulation phase in 2054, the assets must amount to around €250 million on the basis of current assumptions. Non-earmarked withdrawals prior to fulfillment of the post-closure obligations are only permitted in certain exceptional cases.

K+S is responsible for managing the assets within a defined investment guideline. K+S Vorsorgegesellschaft Zielitz GmbH & Co. KG will be included in the scope of consolidation from 2024 onwards.

Beyond this, there were no significant changes in the economic environment or the industry situation after the end of the financial year.

REPORT ON EXPECTED DEVELOPMENTS

For the 2024 financial year, we expect EBITDA to range between €500 million and €650 million (2023: €712.4 million) and, despite the elevated capital expenditure at the Werra and Bethune sites, at least break even in terms of adjusted free cash flow (2023: €311.2 million).

FUTURE MACROECONOMIC SITUATION

The following statements on the future macroeconomic situation are based on forecasts by the International Monetary Fund (IMF) and the Kiel Institute for World Economy (IfW). **B.69**

For 2024, experts forecast stable, but still historically weak growth in global production of 3.1% (IMF) or 2.9% (IfW), respectively, following presumably equally weak growth of 3.1% in 2023. The global economy is, therefore, proving to be more stable than originally expected. There are, however, no indications of a genuine economic upturn or major leaps in growth. The global economy's recovery from the COVID-19 pandemic will be slow due to the ongoing Russian war of aggression against Ukraine and the cost of living crisis.

There is initial relief on the inflation front: It is declining faster than expected from its peak in 2022, with a smaller than expected impact on employment and economic activity. This is reflected in the favorable developments on the supply side as well as the

tightening by central banks, which has kept inflation expectations at a firm level. At the same time, high interest rates to combat inflation and a withdrawal of fiscal support in the face of high debt levels should have a negative impact on growth in 2024. In addition, uncertainty is delaying the recovery: The savings rate of consumers is rising against the background of almost exhausted reserves, while the willingness of companies and private households to invest is declining.

For Germany, a slight change in gross domestic product of +0.5% is expected in 2024, following -0.3% in 2023 (IMF). In the eurozone, growth is also expected to improve slightly to +0.9%, following +0.5% in 2023 (IMF). China should have slightly exceeded its own growth target of +5% for 2023, but the pace of expansion remains low by historical standards. Overall, GDP growth in China is, therefore, likely to be slightly weaker at +4.6% in 2024 (IMF) compared to 2023 (+5.2%, IMF), although still at a high level.

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT

B.69

in %; real	2020	2021	2022	2023e	2024e
Germany	-4.6	+2.7	+1.8	-0.3	+0.5
Euro area	-6.3	+5.2	+3.4	+0.5	+0.9
World	-3.1	+5.9	+3.5	+3.1	+3.1

Source: IMF; e = expected

FUTURE INDUSTRY SITUATION

AGRICULTURE

The growing demand for agricultural commodities resulting from the constantly increasing world population and changing eating habits can only be sustained in the future by intensifying agriculture, given the limited availability of arable land. The balanced use of mineral plant nutrients is, therefore, indispensable. The generally still attractive price conditions in agriculture should provide an incentive to increase the yield per hectare through a balanced or higher use of fertilizers in the event of undersupply.

We expect a further recovery in supply volumes from Russia and Belarus outside the European and North American markets in 2024. Particularly following the wait-and-see attitude in 2022 and 2023, however, this recovery should also be accompanied by an increase in demand. We, therefore, do not anticipate an oversupply on the potash market for the year as a whole. The extent to which this situation on the overseas markets can lead to a price recovery following the price pressure observed at the beginning of the year depends on the course of the spring season. During this period, demand from many important sales regions must be met simultaneously.

As prices for potassium chloride and fertilizer specialty products in Europe have already stabilized at a higher level than overseas, possible scenarios (shown under "Expected earnings development") for price recovery relate in particular to potassium chloride in overseas markets.

INDUSTRY+

Total demand for potash, magnesium, and salt products in the Industry+ customer segment should increase slightly in the medium term. Demand for products for chemical applications is likely to remain restrained due to the economic situation, although there should also be less supply available in Europe. Additionally, demand for pharmaceutical products should continue to support moderate growth rates in view of the increasingly aging population.

In 2024, demand for products in the Industry+ customer segment should follow a positive trend overall.

In the table salt sector, a continuing trend towards higher-quality products is expected. For water softening salt for end consumers, we forecast demand to be slightly increasing.

We expect demand for de-icing salt to increase moderately, assuming average winter weather conditions in the fourth quarter.

EXPECTED DEVELOPMENT OF EARNINGS, FINANCIAL POSITION, AND PLANNED CAPITAL EXPENDITURE

Assuming lower average prices in the Agriculture customer segment, which can be partially offset by cost savings, particularly for energy and logistics, we expect EBITDA to range between €500 million and €650 million (2023: €712.4 million).

Adjusted Group earnings after tax are expected to be in the double-digit million euro range, based on the middle of the EBITDA range (2023: €161.9 million).

Adjusted free cash flow should at least break even (2023: €311.2 million), despite the elevated capital expenditure as part of the Werra 2060 and Ramp-up Bethune projects. The volume of capital expenditure of the K+S Group in 2024 should be around €550 million (2023: €525.3 million), in particular due to these two projects. With the goal of at least break-even adjusted free cash flow firmly in mind, we will proceed in a priority-oriented manner and, where possible, adjust the volume of capital expenditure accordingly. The return on capital employed (ROCE) is expected to be in the low single-digit percentage range in 2024, starting from the middle of the EBITDA range (2023: 3.2%).

After shareholder participation in the Company's success, the net asset position should be roughly balanced at the end of the year (December 31, 2023: €125.0 million). Net debt should, therefore, mainly consist of non-current provisions, particularly for mining obligations, as well as lease liabilities and increase tangibly compared with December 31, 2023 (€1,237.7 million). The performance indicators net financial liabilities/EBITDA and net debt/EBITDA will also increase accordingly.

Our forecast for the full year 2024 is mainly based on the following assumptions:

- + Expected sales volumes for all products in the Agriculture customer segment are likely to range between 7.3 and 7.6 million tonnes, particularly due to the expected recovery in demand (2023: 7.3 million tonnes).
- + In accordance with the possibilities described for the market environment in the Agriculture customer segment, we assume a significant price recovery overseas during the spring season at the upper end of the EBITDA range. If prices for potassium chloride in Brazil remain at the level seen at the end of February 2024 and have spillover effects into other sales markets, EBITDA could be at the lower end of the range. These scenarios would result in a moderate to tangible overall decline in the average price in our Agriculture product portfolio for 2024 compared to Q4/2023 (Q4/2023: 334 €/t).
- + For the de-icing salt business, assuming average weather conditions in the fourth quarter, we expect sales volumes of a good 2 million tonnes for the 2024 financial year (2023: 2.10 million tonnes; normal year 2.0 to 2.3 million tonnes).
- + An average spot rate of 1.11 EUR/USD (2023: 1.08 EUR/USD) is assumed for the EUR/USD currency relation. Including currency hedging, this corresponds to an annual average rate of 1.06 EUR/USD (2023: 1.09 EUR/USD).

SHAREHOLDERS' PARTICIPATION IN THE SUCCESS OF THE COMPANY

The amount of the shareholder participation in K+S's corporate success is generally based on the adjusted free cash flow (operative, excluding special effects). This key figure already takes into account the investments to optimize our existing business in terms of total shareholder return. K+S aims to return 30% to 50% of the adjusted free cash flow generated annually to shareholders. Capital is returned in the form of a dividend, which can be combined with a share buyback, if applicable. The possible combination of both instruments also aims to counteract large fluctuations in the annual dividend.

The following factors are applied in determining the exact percentage of adjusted free cash flow in the shareholders' participation:

- + Expected business development
- + Balance sheet structure
- + Expected development of capital expenditure

Furthermore, K+S wants to maintain a strong balance sheet and generally strives for a maximum leverage ratio (net debt/EBITDA) of 1.5x.

We would like our shareholders to participate appropriately in our success in the 2023 financial year. Against this backdrop, the Board of Executive Directors and Supervisory Board will propose a dividend of €0.70 per share for the 2023 financial year (total dividend payout: €125.4 million) to the Annual General Meeting (previous year: dividend of €1.00 per share; total dividend payout: €191.4 million; and share buyback of €198.6 million). This represents a distribution of 40% of the adjusted free cash flow for 2023 (previous year: 42% of the adjusted free cash flow for 2022).

EXPECTED DEVELOPMENT OF KEY NON-FINANCIAL PERFORMANCE INDICATORS

Sustainable corporate governance is a fundamental component of a company's success. The Supervisory Board has, therefore, resolved to link a significant part of the Board of Executive Directors' remuneration to sustainability goals. Some of these goals are also key performance indicators within the meaning of DRS 20 and are, therefore, forecasted below.

- 👁 Remuneration report
- 👁 Corporate governance and monitoring
- 👁 Combined non-financial statement

LOST TIME INCIDENT RATE (LTI RATE, RELEVANT FOR LONG TERM INCENTIVE I 2020 – 2022, 2021 – 2023, 2022 – 2024 AS WELL AS 2023 – 2025, 2024 – 2026, 2025 – 2027)

The LTI rate measures lost time injuries per million hours worked. For 2024, we expect further improvement in the LTI rate compared with the previous year (2023: 7.6).

SALINE PROCESS WATERS IN GERMANY (RELEVANT FOR LONG TERM INCENTIVE I 2020 – 2022, 2021 – 2023, 2022 – 2024)

The Company has set itself the target of reducing the volume of saline process water from potash production in Germany by 500,000 m³ per year from 2030 onwards compared with 2017 (2.7 million m³). In 2023, the volume of process water amounted to 2.6 million m³. Due to the ongoing preparations for the transformation of the Werra plant, the volume of process water to be disposed of is expected to increase compared to 2023 until the conversion as part of Werra 2060. Nevertheless, we expect the volume of process water to remain below 3 million m³ in 2024.

SPECIFIC CO₂ EMISSIONS (RELEVANT FOR LONG TERM INCENTIVE I 2023 – 2025, 2024 – 2026, 2025 – 2027).

The specific CO₂ emissions, as calculated by the ratio of the CO₂ emissions (Scope 1 and Scope 2) of all potash and rock salt producing sites in kilograms to the primary production volume of the Hattorf, Wintershall, Unterbreizbach, Bethune, Zielitz, and Neuhof-Ellers sites should be slightly reduced from a value of 271.6 kg per tonne in the base year.

GENERAL STATEMENT ON THE EXPECTED DEVELOPMENT OF THE K+S GROUP

For the current year 2024, we are confident that supply and demand on the potash market can regain their balance after the distortions of the past two years:

The observable return of supply from Russia and Belarus outside Europe and North America should be accompanied by a further normalization on the demand side worldwide. We, therefore, do not anticipate an oversupply on the potash market for the year as a whole. The extent to which this situation can lead to a price recovery overseas following the price pressure observed at the beginning of the year depends on the course of the spring season. During this period, demand from many important sales regions must be met simultaneously.

Against this background, we expect EBITDA to range between €500 million and €650 million for the 2024 financial year, assuming a significant price recovery overseas during the spring season at the upper end of the range as well as sales volumes of 7.6 million tonnes in the Agriculture customer segment. If prices for potassium chloride in Brazil remain at the level of the end of February 2024 and have spillover effects in other sales markets, EBITDA could be at the lower end of the range with a fertilizer sales volume of 7.3 million tonnes. At the same time, after several years of price-related cost increases, a certain amount of cost relief, particularly for energy and freight, will have a positive effect.

Adjusted free cash flow should, nevertheless, at least break even, taking into account the continued elevated capital expenditure of around €550 million in total, particularly at the Werra site and in Canada.

K+S AKTIENGESELLSCHAFT (EXPLANATIONS BASED ON THE GERMAN COMMERCIAL CODE, HGB)

The management report of K+S Aktiengesellschaft and the Group management report for the 2023 financial year have been combined. The annual financial statements of K+S Aktiengesellschaft in accordance with the German Commercial Code (HGB) and the combined management report are published simultaneously in the German Federal Gazette (Bundesanzeiger).

DECLARATION ON CORPORATE GOVERNANCE

The "Declaration on corporate governance" pursuant to Section 289f of the German Commercial Code (HGB) can be found on page 108.

DISCLOSURES PURSUANT TO SECTION 289A (1) HGB AND EXPLANATORY REPORT BY THE BOARD OF EXECUTIVE DIRECTORS

The disclosures pursuant to Section 289a (1) German Commercial Code (HGB) and the explanatory report by the Board of Executive Directors can be found from page 129 onwards.

REMUNERATION REPORT

The disclosures pursuant to Section 289a (2) of the German Commercial Code (HGB) are included in the "Remuneration report" from page 163 of the Annual Report onwards.

BUSINESS OPERATIONS, CORPORATE STRATEGY, CORPORATE GOVERNANCE, AND MONITORING, OVERVIEW OF BUSINESS PERFORMANCE

Disclosures on business operations, corporate strategy, corporate governance, and monitoring, as well as an overview of business developments, can be found from page 36 and page 125 onwards.

INCOME STATEMENT OF K+S AKTIENGESELLSCHAFT¹

B.70

in € million	2022	2023
Revenues	152.7	163.8
Cost of goods sold and services rendered to generate revenue	-168.7	-159.4
Gross profit	-16.0	4.4
Selling expenses	-3.8	-5.2
General and administrative expenses	-30.9	-30.3
Research costs	-2.3	-3.0
Other operating income	86.8	66.6
Other operating expense	-163.7	-135.1
Income from equity investments	877.5	83.7
Other interest and similar income	8.4	41.8
Write-downs of financial assets and securities classified as current assets	-0.1	-
Expenses from transfer of losses	-3.2	-
Interest and similar expenses	-47.6	-137.9
Taxes on income and earnings	-400.1	-52.5
Earnings after tax / net income/ loss of the year	305.1	-167.4
Profit carried forward	236.2	-
Transfer to other revenue reserves from net income for the year	-236.2	-
Withdrawal from other revenue reserves	-	292.8
Income from capital reduction	-	12.3
Transfer to capital reserve in accordance with Section 237 (5) AktG	-	-12.3
Release of revenue reserves due to allocation to capital reserves	-	12.3
Expense from elimination of own shares	-	-12.3
Accumulated profit	305.1	125.4

¹ A detailed income statement is provided in the 2023 annual financial statements of K+S Aktiengesellschaft.

**BALANCE SHEET OF K+S AKTIENGESELLSCHAFT –
ASSETS****B.71**

in € million	Dec 31, 2022	Dec 31, 2023
Intangible assets	8.2	10.9
Property, plant, and equipment	70.2	73.1
Financial assets	6,281.3	6,421.2
Non-current assets	6,359.7	6,505.2
Inventories	2.8	3.8
Receivables and other assets	1,095.3	458.8
Securities	665.8	–
Cash on hand, bank balances	145.6	59.9
Current assets	1,909.5	522.5
Prepaid expenses	4.0	4.9
Excess of plan assets over post-employment benefit liability	–	0.3
Total Assets	8,273.2	7,032.9

**BALANCE SHEET OF K+S AKTIENGESELLSCHAFT –
EQUITY AND LIABILITIES****B.72**

in € million	Dec 31, 2022	Dec 31, 2023
Issued capital	191.4	179.1
Share premium	701.7	713.9
Retained earnings	1,824.3	1,446.5
Accumulated profit	305.1	125.4
Equity	3,022.4	2,464.9
Provision for pension and similar obligations	9.2	–
Tax provisions	13.7	20.4
Other provisions	391.5	414.8
Provisions	414.4	435.2
Liabilities	4,836.2	4,132.8
Deferred income	0.2	–
Total equity and liabilities	8,273.2	7,032.9

EARNINGS POSITION

At €163.8 million, revenues of K+S Aktiengesellschaft were above the level of the previous year (2022: €152.7 million). Revenues in the animal hygiene sector recorded a price-related increase of 10%. Revenues generated in IT decreased by 8% due to lower charges for project services and other revenues rose by 20% due to an increase in assistance charges.

In particular, lower personnel costs as a result of lower performance-related remuneration led to a decrease in the cost of sales from €168.7 million in 2022 to €159.4 million.

At €4.4 million, gross profit was significantly higher than the prior-year figure of €-16.0 million.

Other operating income decreased by €20.2 million to €66.6 million (2022: €86.8 million). This was mainly attributable to lower income from currency translation and hedging transactions.

Other operating expenses decreased from €163.7 million to €135.1 million. This is due to lower expenses from currency translation as well as expenses for pension provisions. Expenses for hedging transactions developed in the opposite direction.

The net income from investments decreased from €877.5 million in 2022 to €83.7 million in 2023. This is mainly attributable to the profit transfer from K+S Minerals and Agriculture GmbH, which decreased from €875.1 million in 2022 to €44.9 million in 2023. Further income from investments resulted from the profit transfer from K+S Holding GmbH of €30.2 million (2022: loss of €3.2 million) as well as from K+S Versicherungsvermittlungs GmbH of €2.1 million (2022: €1.6 million), and K+S Beteiligungs GmbH of €6.5 million (2022: €0.4 million).

As part of other interest and similar income, the increase from €8.4 million in 2022 to €41.8 million in 2023 was mainly due to higher interest income from affiliated companies and increased interest income from the cover assets for non-current provisions.

Mainly as a result of increased interest expenses for cash pool liabilities at affiliated companies, interest and similar expenses increased from €47.6 million to €137.9 million.

Tax on income decreased significantly from €400.1 million in 2022 to €52.5 million in the current financial year. The decrease is mainly due to the lower earnings before tax (2022: €705.1 million; 2023: €-114.9 million). The earnings of K+S Minerals and Agriculture GmbH attributable for tax purposes were higher compared to the profit transfer under commercial law, in particular due to valuation differences in mining provisions, so that despite the loss under commercial law, K+S Aktiengesellschaft recorded a positive tax result. **B.70**

FINANCIAL POSITION

Non-current assets increased by €145.5 million to €6,505.2 million in the financial year (2022: €6,359.7 million), in particular due to the change in longer-term securities (increase: €140.0 million) as part of liquidity management. Non-current assets, therefore, accounted for 92% of total assets (2022: 77%). Overall, total assets decreased by €1,240.2 million to €7,032.9 million in the 2023 financial year. Current assets amounted to €522.5 million as of the reporting date, compared with €1,909.5 million in the previous year. Receivables from affiliated companies decreased from €1,035.2 million in the previous year to €371.1 million in the past financial year, mainly due to lower profit transfers overall. As of December 31, 2023, the Company also held no current securities (2022: €665.8 million). The decrease is mainly attributable to the repayment of financial liabilities and the participation of shareholders in the Company's success for the 2022 financial year. **B.71**

At €2,464.9 million, equity is below the level of the previous year (2022: €3,022.4 million), partly due to the share buyback program completed in the financial year. The equity ratio amounted to 35% as of the reporting date (2022: 37%). Liabilities to affiliated companies amounting to €3,714.1 million (2022: €4,069.9 million) mainly comprise cash pool liabilities.

In the 2023 financial year, there was a decrease in all liabilities of €703.4 million to €4,132.8 million (2022: €4,836.2 million), which was partly due to the repayment of bonds. As of the reporting date, the Company reported provisions of €435.2 million, most of which were non-current items. The Company was mainly financed from funds available on a long-term basis. **B.72**

EMPLOYEES

K+S Aktiengesellschaft had an average of 829 employees during the year (2022: 790 employees). The share of women was 39% and the share of men 61% (2022: 39% women, 61% men). The number of trainees was 27 (2022: 27 trainees). The total number of occupational accidents (TIs) was 12 (2022: 11) with an accident log rate (TI rate) of 11.4 (2022: 10.9) and "lost time injuries per million hours worked" (LTI rate) of 1.9 (2022: 2.0). At 4.1%, the proportion of severely disabled employees in the financial year was below the previous year's level (2022: 4.7%).

DIVIDEND

K+S Aktiengesellschaft reports an accumulated profit of €125.4 million for the 2023 financial year, taking into account the appropriation from retained earnings resolved by the Board of Executive Directors (2022: €305.1 million). For the 2023 financial year, the Board of Executive Directors and the Supervisory Board intend to propose a dividend of 70 cents per share to the Annual General Meeting on May 14, 2024. **B.73**

👁 Report on expected developments, Shareholders' participation in the success of the Company

APPROPRIATION OF PROFITS		B.73
in million €	2022	2023
Dividend per share (€)	1.00	0.70
Total dividend payout based on 179,100,000 (2022: 191,400,000) no-par value shares eligible for dividend payment	191.4	125.4
Transfer to retained earnings	113.7	–
Accumulated profit	305.1	125.4

RESEARCH AND DEVELOPMENT

Comprehensive information on the research and development activities of the K+S Group, which mainly relate to the affiliated companies with operating activities, can be found from page 69 onwards.

RISKS AND OPPORTUNITIES

The business development of K+S Aktiengesellschaft is essentially exposed to the same risks and opportunities as the K+S Group. K+S Aktiengesellschaft participates in the risks and opportunities of its shareholdings and subsidiaries in proportion to its respective shareholding. Further information can be found in the "Report on risks and opportunities" from page 136 onwards.

The description of the internal control system with regard to the accounting process of K+S Aktiengesellschaft (Sec. 289 (4) HGB) can be found on page 128.

EVENTS AFTER THE BALANCE SHEET DATE

The “Events after the balance sheet date” for the K+S Group and K+S Aktiengesellschaft can be found on page 154.

REPORT ON EXPECTED DEVELOPMENTS

The earnings development of K+S Aktiengesellschaft is mainly dependent on the development of the subsidiaries. Due to the revision of the distribution policy for the participation of shareholders in the Company’s success in 2023, the adjusted free cash flow of the K+S Group is also of particular importance for K+S Aktiengesellschaft and represents a key performance indicator. Liquidity is managed by means of a Group-wide cash pool system, which provides K+S Aktiengesellschaft with the liquidity of its subsidiaries. The business development expected for the K+S Group, including the key performance indicators for K+S Aktiengesellschaft that do not deviate materially from the K+S Group, can be found in the “Report on expected developments” starting from page 155.

REMUNERATION REPORT

C

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REMUNERATION REPORT

Dear Shareholders,

On behalf of the Supervisory Board and the Board of Executive Directors of K+S Aktiengesellschaft, I am pleased to present the 2023 Remuneration Report. The 2022 Remuneration Report, which still referred to the previous remuneration system applicable until 2022, only received 36% approval. The Supervisory Board has dealt intensively with the feedback from the Annual General Meeting and from discussions with investors. In response, it has revised the remuneration system for the members of the Board of Executive Directors. We are convinced that this meets the requirements of the capital market as well as the particularities of our industry and our business. We are aware that this does not fully comply with the German Corporate Governance Code. As the long-term variable components (LTI I and LTI II) also apply to many K+S executives, a special regulation only for the Board of Executive Directors is not reasonable in our view. All executives should jointly pursue long-term goals for the benefit of the Company.

The new system, effective from 2023, received 83% approval at the 2023 Annual General Meeting. All service agreements for the Board of Executive Directors comply with the new remuneration system. The remuneration system for the Board of Executive Directors was revised and clarified as follows:

- + Introduction of a "Share Ownership Guideline": The Supervisory Board has decided to include a "Share Ownership Guideline" in the service agreements of Board of Executive Directors members from 2023. This obliges the members of the Board of Executive Directors to invest a volume of 100% of their respective STI gross target remuneration in K+S shares based on a three-year average. The build-up phase lasts three years, provided that at least 100% of the STI target remuneration amount has been paid out for at least two years. Otherwise, the build-up phase is extended by one year in each case. This ensures the acquisition of shares from the variable remuneration and not from private assets. For the first time at the end of the build-up phase and then by January 31 of the following year, the Board of Executive Directors member must provide evidence that he or she held shares amounting to 100% of the respective STI target remuneration amount in K+S shares at the end of each year, based on a three-year average. Proof must be provided based on securities account statements from his securities account held at a bank, which are dated December 31 of each year. The obligation to hold shares and to provide evidence shall continue to apply until two years after leaving the Company. Existing holdings of K+S shares are considered. In the event of a breach of the "Share Ownership Guideline," an ordinary member of the Board of Executive Directors must pay a contractual penalty of €100 thousand (Chairman of the Board of Executive Directors €150 thousand).
- + Greater measurability and transparency of the performance factor in the STI.
- + Termination of Board of Executive Directors service agreements: In the event of a revocation of the appointment to the Board of Executive Directors, the Board of Executive Directors member generally receives a severance payment of 1.5 times the fixed remuneration in accordance with the contractual provisions at the time of termination.
- + Change of control: Two (instead of three) annual remunerations in relation to the total remuneration for the previous financial year form the upper limit.

On behalf of the Supervisory Board and the Board of Executive Directors, I would like to thank our shareholders for their feedback and commitment. We will continue our intensive dialogue and look forward to your feedback.

On behalf of the Supervisory Board
Dr. Andreas Kreimeyer
Chairman of the Supervisory Board



In the following remuneration report, the remuneration granted and owed to the current and former members of the Board of Executive Directors and the Supervisory Board of K+S Aktiengesellschaft in the 2023 financial year is presented individually. For the purpose of a more precise understanding and better classification of the following information, the basic features of the remuneration systems as well as the specific structure of the individual components are explained. This report meets the requirements under Section 162 of the German Stock Corporation Act (Aktiengesetz, AktG). The Supervisory Board of K+S Aktiengesellschaft has resolved to have the content of the remuneration report audited by the auditors beyond the requirements of Section 162 (3), sentences 1 and 2 AktG. You can also find detailed information about the remuneration systems for the members of the K+S Aktiengesellschaft Board of Executive Directors and Supervisory Board on the Company's website.

☐ www.kpluss.com/remuneration

REVIEW

CHANGES WITHIN THE BOARD OF EXECUTIVE DIRECTORS AND SUPERVISORY BOARD

The Supervisory Board of K+S Aktiengesellschaft and Mr. Holger Riemensperger have mutually agreed on a separation, as Mr. Riemensperger wanted to take on a new challenge in another company. Mr. Riemensperger's mandate as a member of the Board of Executive Directors ended on February 28, 2023. On February 20, 2023, Dr. Carin-Martina Tröltzsch took up her position as a new member of the Board of Executive Directors at K+S. Dr. Christian H. Meyer assumed his position as Chief Financial Officer on March 15, 2023. The Supervisory Board appointed Mrs. Christina Daske as a member of the Board of Executive Directors and Labor Director as of December 1, 2023.

As of the reporting date, changes to the Supervisory Board were as follows: The elections of employee representatives to the Supervisory Board of K+S Aktiengesellschaft took place on April 26, 2023. Mr. André Bahn, Mr. Lars Halbleib, Mr. Michael Knackmuß, Mr. Peter Trotha, and Mrs. Brigitte Weitz were elected as employee representatives. Mr. Gerd Kübler was elected as the representative of senior executives. Mrs. Petra Adolph and Mr. Ralf Becker were elected as representatives of the trade union. Following the expiry of Prof. Dr. Elke Eller's Supervisory Board mandate at the end of the 2023 Annual General Meeting, she was re-elected as a shareholder representative on the Supervisory Board. The mandates of Mrs. Jella Benner-Heinacher and Mr. Gerd Grimmig expired at the end of the 2023 Annual General Meeting. Mrs. Christiane Hölz and Mrs. Christine Wolff were newly elected to the Supervisory Board on May 10, 2023. Philip Freiherr von dem Bussche left his position as a member of the Supervisory Board for health reasons with effect from August 11, 2023. Mr. Philip Freiherr von dem Bussche was

succeeded by Mr. Carl-Albrecht Bartmer by court appointment as of January 23, 2024. The decision of the local court was delivered to K+S on January 29, 2024.

REMUNERATION OF THE BOARD OF EXECUTIVE DIRECTORS

OVERVIEW OF THE REMUNERATION SYSTEM

The remuneration system for the Board of Executive Directors of K+S Aktiengesellschaft contributes to the consistent pursuit and implementation of the Company's corporate strategy as well as to the long-term development of the K+S Group. Our goal is to support the successful and sustainable corporate governance of K+S by linking parts of the remuneration of the members of the Board of Executive Directors to the achievement of both short- and long-term goals, measured in terms of the development of the Company.

Financial as well as non-financial performance criteria are used to determine the payment of variable remuneration components. For instance, the short-term incentive (STI) is influenced by the performance factor, which acts as a multiplier for the STI and is primarily calculated based on the achievement of agreed goals from the corporate strategy. The long-term incentive (LTI), 50% of which is linked to the achievement of non-financial sustainability goals, focuses more on long-term corporate governance. Another 50% of the long-term incentive is based on the share price performance, providing an incentive to increase the value of the Company on a long-term and sustainable basis.

The criteria for the appropriateness of remuneration include, in particular, the responsibilities and performance of the Board of Executive Directors, a comparison with senior executives in Germany, and the total workforce in Germany, as well as the

financial situation, success, and future prospects of the Company relative to its comparable peers (MDAX).

REMUNERATION STRUCTURE AND COMPONENTS

The remuneration for the members of the Board of Executive Directors consists of annual components and those with a long-term incentive character. The annual remuneration components include both non-performance-related – fixed – and performance-related – variable – components. The non-performance-related components consist of fixed remuneration, non-cash, and other benefits, as well as pension commitments. The variable performance-related portion consists of two components each: the bonus (STI and performance factor) as well as two variable remuneration components, based on key indicators, with a long-term incentive character (LTI I and LTI II).

The target total remuneration is defined as fixed remuneration + bonus (STI) + long-term incentives (LTI I and LTI II). Fixed remuneration has a share of 37% of this sum, variable short-term incentive (STI) remuneration 25%, and variable long-term incentive (LTI) remuneration 38%. This ensures that the share of variable remuneration based on the achievement of long-term targets exceeds the share of variable remuneration for short-term targets. Variable remuneration has a relative share of 40% of the target annual remuneration [fixed remuneration + bonus (STI)], while fixed remuneration has a share of 60%.

The agreements with all members of the Board of Executive Directors contain **clawback clauses** (repayment and retention regulations), which are described on page 177.

Table **c.1** below shows the individual target remuneration for the members of the Board of Executive Directors during the financial year as well as the relative shares of each remuneration component in the target remuneration and the relative shares of variable remuneration in the annual remuneration. Remuneration components are prorated if a member joins or leaves the Board of Executive Directors during the year.

FIXED REMUNERATION AND FRINGE BENEFITS

Fixed, basic remuneration not related to performance is paid monthly. Additionally, the members of the Board of Executive Directors receive fringe benefits, in particular contributions to pension, health, and long-term care insurance as well as non-cash remuneration, which consists mainly of the use of company cars. In addition, the members of the Board of Executive Directors are covered by directors and officers liability insurance (D&O insurance) with the legally required deductible as well as accident insurance. The Chairman of the Board of Executive Directors receives 1.5 times and the Chief Financial Officer 1.2 times the remuneration of an ordinary member of the Board of Executive Directors.

2023 TARGET REMUNERATION

C.1

Members of the Board of Executive Directors
in office as of December 31, 2023

	Dr. Burkhard Lohr Chairman Board member since 06/2012			Christina Daske Labor Director Board member since 12/2023		
	2023			2023 ^{1,2}		
	in € thousand	in %	in %	in € thousand	in %	in %
Fixed remuneration	849.0	37	60	47.2	9	60
One-year variable remuneration						
- STI (2023)	585.0	25	40	32.5	6	40
Annual remuneration	1,434.0		100	79.7		100
Multi-year variable remuneration						
- LTI (2023 – 2025)	885.0	38		451.0	85	
2023 target remuneration	2,319.0	100		530.7	100	

Members of the Board of Executive Directors
in office as of December 31, 2023Members of the Board of Executive
Directors who left during the 2023
financial year

	Dr. Christian H. Meyer Chief Financial Officer Board member since 03/2023			Dr. Carin-Martina Tröltzsch Chief Operations Officer Board member since 02/2023			Holger Riemensperger Board member since 04/2021		
	2023 ¹			2023 ¹			2023 ¹		
	in € thousand	in %	in %	in € thousand	in %	in %	in € thousand	in %	in %
Fixed remuneration	541.0	34	60	486.8	35	60	137.5	49	60
One-year variable remuneration									
- STI (2023)	374.4	24	40	336.6	24	40	95.0	34	40
Annual remuneration	915.4		100	823.4		100	232.5		100
Multi-year variable remuneration									
- LTI (2023 – 2025)	660.8	42		563.1	41		47.5	17	
2023 target remuneration	1,576.3	100		1,386.5	100		280.0	100	

¹ Pro rata temporis.

² Transfer of the remaining terms of the LTI entitlements earned by Mrs. Christina Daske as Head of Production.

PERFORMANCE-RELATED REMUNERATION COMPONENTS

The performance-related remuneration components have two elements. The short-term incentive (STI) relates to the current financial year and, at 40%, comprises the smaller part of variable remuneration. It is calculated based on achievement of the K+S Group's planned EBITDA and of targets agreed between the entire Board of Executive Directors and the Supervisory Board. At 60%, the long-term incentive (LTI) comprises the more significant part and consists of two equally weighted components. One

component (LTI I) has been measured by the achievement of sustainability targets. The second component (LTI II) is based on share price performance. Both components are measured over a three-year period. The Chairman of the Board of Executive Directors receives 1.5 times and the Chief Financial Officer 1.2 times the remuneration of an ordinary member of the Board of Executive Directors.

SHORT TERM INCENTIVE (STI)

The STI is calculated based on achievement of the K+S Group's EBITDA set in the annual planning and of targets agreed between the entire Board of Executive Directors and the Supervisory Board. EBITDA is a key performance indicator for gauging the profitability of the K+S Group and, as a performance criterion, it helps to promote the Company's business strategy. If the EBITDA value of the annual planning approved by the Supervisory Board is achieved, the level of achievement for this first STI component is deemed to be 100%. If the actual EBITDA exceeds or falls short of the planned EBITDA, the percentage rate of target achievement increases or decreases in a straight line by the same percentage. The maximum target achievement is 200% and the minimum achievement is 0%. The Supervisory Board has no discretion to influence target achievement.

The Supervisory Board signs a target agreement with the entire Board of Executive Directors at the start of each financial year and this agreement acts as a second component of the STI. The key targets for the financial year are presented in table **C.2**. After the end of the relevant financial year, the Supervisory Board determines a performance factor for the entire Board of Executive Directors. This serves as a multiplier for the STI. The performance factor is between 0.8 and 1.2. If members leave

before year end, entitlements are calculated pro rata temporis. As a rule, the target agreements with the Board of Executive Directors also include strategic targets, such as the implementation of measures from the Werra 2060 project and measures to optimize the product portfolio.

The STI for a given financial year is paid in April of the following year.

CALCULATION OF THE STI PAYMENT AMOUNT

STI base amount x level of achievement based on K+S Group's EBITDA x performance factor

SHORT-TERM INCENTIVE TARGET ACHIEVEMENT

Comparing the EBITDA planned in the annual planning approved by the Supervisory Board for the 2023 financial year (€1.5 billion) with the actual EBITDA attained in the 2023 financial year (€710.7¹ million) results in target achievement of 47.4%. The Supervisory Board set the performance factor for the financial year at 1.1.

Table **C.3** shows the individual payment amounts calculated for the financial year based on this data.

2023 TARGET AND TARGET ACHIEVEMENT

C.2

Target	Description	Target not achieved	Target achieved	Target over-achieved	Target achievement
Establishment of a Board of Executive Directors team that represents the K+S Values	+ Safe & Sustainable + Collaborative + Entrepreneurial + Agile + Innovative + Optimistic	The Board of Executive Directors does not always act united on the basis of K+S Values.	The Board of Executive Directors always acts as a single unit on the basis of K+S Values.		achieved
Implement agreed emergency measures for gas shortages by the end of 2023	In January 2023, 20 measures were adopted with the aim of implementation in 2023. The measures are regularly reviewed to ensure they are up-to-date.	50% of the measures are fully implemented by the planned implementation date.	75% of the measures are fully implemented by the planned implementation date.	100% of the measures are fully implemented by the planned implementation date.	achieved
Development of a new dividend strategy	A draft resolution on the future dividend strategy is to be presented to the Supervisory Board at the Supervisory Board meeting on August 23, 2023. The strategy takes into account the expectations of the capital market as well as future liquidity requirements.	The capital market reacts adversely. K+S is limited in its liquidity planning.	Meets the expectations of the capital market. Conformity with liquidity planning.	The capital market reacts approvingly. The dividend has a lower impact on liquidity planning than planned.	over-achieved
Develop potential Board of Executive Directors candidates to "ready" status	Potential candidates should be prepared for a potential position on the Board of Executive Directors ("ready" status).	No potential candidate for the Board of Executive Directors has "ready" status.	Two potential candidates for the Board of Executive Directors have "ready" status.	Three potential candidates for the Board of Executive Directors have "ready" status.	achieved

¹ Continuing and discontinued operations.

TARGET ACHIEVEMENT AND STI PAYMENT (2023)

C.3

	Base amount in € thousand	Target achievement in %	Factor	Payment in € thousand
Members of the Board of Executive Directors in office as of December 31, 2023				
Dr. Burkhard Lohr	585.0	47,4	1.1	305.0
Christina Daske	32.5	47,4	1.1	16.9
Dr. Christian H. Meyer	374.4	47,4	1.1	195.2
Dr. Carin-Martina Tröltzsch	336.6	47,4	1.1	175.5
Members of the Board of Executive Directors who left during the 2023 financial year				
Holger Riemensperger	95.0	–	–	95.0

LONG TERM INCENTIVE I (LTI I) UNTIL 2024

K+S is clearly committed to the issue of sustainability. Therefore, LTI I, which accounts for 50% of the long-term incentive, is linked to individual sustainability goals.

As described on page 121 of the combined management report, the Company has defined sustainability goals in three fields of action: "Society & Employees," "Environment & Resources," and "Business Ethics & Human Rights." One target was selected from each of these fields of action for the three-year LTI I. Values from Company planning were set as the benchmark for target achievement in each case. The selected targets apply to the 2021 – 2023, and 2022 – 2024 LTI programs. The 2021 – 2023 program will be paid out in 2024.

Reducing the lost time incident rate was chosen as a target for the "Society & Employees" field of action and comes from the "Health & Safety" category. The "Environment & Resources" field goal, coming from the "Resource Efficiency" category, is to reduce saline process water from potash production in Germany, while the "Business Ethics & Human Rights" field goal is associated with the "Sustainable Supply Chains" category, which has two sub-goals of:

- 1 Maximizing the "number of critical suppliers aligned with the K+S Group Supplier Code of Conduct" as well as
- 2 Increasing the "coverage of the purchasing volume by the K+S Group Supplier Code of Conduct"

The three primary goals from the three fields of action carry equal weight.

I. SOCIETY & EMPLOYEES: HEALTH & SAFETY – LOST TIME INCIDENT RATE (LTI RATE)

The LTI rate measures working hours lost per one million hours worked. This rate is expected to be reduced by three points over a three-year period based on the 2020 starting point in order to reach 100% target achievement. If actual performance is below or above target, the percentage increases or decreases to a maximum of 200% or a minimum of 0% on a straight-line basis. C.4

SOCIETY & EMPLOYEES –
LOST TIME INCIDENT RATE (UNTIL 2024)

C.4



Schematic illustration.

* International Council on Mining and Metals.

Example calculation for the LTI I program:

LTI rate 7.7 = 100% target achievement

LTI rate 9.2 = 0% target achievement

LTI rate 6.2 = 200% target achievement

TARGET ACHIEVEMENT LOST TIME INCIDENT RATE (LTI RATE)

A comparison of the target value for the LTI rate (7.7) with the LTI rate actually achieved in the 2023 financial year (7.6) results in a 106.7% target achievement.

II. ENVIRONMENT & RESOURCES: RESOURCE EFFICIENCY – REDUCTION OF SALINE PROCESS WATER

In this field of action, the Company has set itself the target of generating 500,000 m³ less saline process water from potash production in Germany each year from 2030 onwards than in 2017. The remuneration for this is based on the logic of “cubic meters per tonne of product”. Accordingly, a reduction of 115,385 m³ of process water must be achieved in a three-year period – assuming the production volume of 2017 – in order to achieve 100% compliance with the target (planned value).

If actual performance is below or above target (comparison of planned and actual values), the percentage increases or decreases to a maximum of 200% or a minimum of 0% on a straight-line basis. **C.5**

ENVIRONMENT & RESOURCES – PROCESS WATER (UNTIL 2024) C.5



Schematic illustration.

Example calculation for the LTI I program:

- Process water reduction -115,385 m³ = 100% target achievement
- Process water reduction -57,692 m³ = 0% target achievement
- Process water reduction -173,078 m³ = 200% target achievement

TARGET ACHIEVEMENT REDUCTION OF SALINE PROCESS WATER

A comparison of actual process water reduction for the 2023 financial year (-56,802 m³) with the target process water reduction (-230,769 m³) results in a 0% target achievement.

III. BUSINESS ETHICS & HUMAN RIGHTS: SUSTAINABLE SUPPLY CHAINS – SUPPLIER CODE OF CONDUCT

K+S calls for fair, sustainable business practices in supply chains and has established corresponding expectations and requirements in the K+S Group Supplier Code of Conduct (the Code). The target is for 100% of our “critical” suppliers, in other words suppliers with a high sustainability risk, to commit to the Code by 2025 (commitment rate I). Another target is to have a commitment rate to the Code for more than 90% of our purchasing volume by 2025 (commitment rate II).

The two sub-targets in this third category carry equal weight.

The achievement of a 100% target for the critical supplier recognition rate requires an increase in the recognition rate of 33.3 percentage points over a three-year period (planned value). If actual performance is below or above target (comparison of planned and actual values), the percentage increases or decreases to a maximum of 200% or a minimum of 0% on a straight-line basis. **C.6**

BUSINESS ETHICS & HUMAN RIGHTS – SUSTAINABLE SUPPLY CHAINS (UNTIL 2024) CRITICAL SUPPLIERS C.6



Schematic illustration.

Example calculation for the LTI I program:

- Commitment rate I 77.7% = 100% target achievement
- Commitment rate I 61.0% = 0% target achievement
- Commitment rate I 94.4% = 200% target achievement

A 100% target achievement in purchasing volume coverage requires an increase in the recognition rate presented in the diagram below over a three-year period (plan value). Since the expectation is that the commitment rate will increase at a faster pace at the beginning than at subsequent stages, the shape of the curve is digressive. If actual performance is below or above target (comparison of planned and actual values), the percentage increases or decreases to a maximum of 200% or a minimum of 0%. **C.7**

BUSINESS ETHICS & HUMAN RIGHTS – SUSTAINABLE SUPPLY CHAINS (UNTIL 2024) PURCHASING VOLUME

C.7



Schematic illustration.

Example calculation for the LTI I program:

Commitment rate II 85.0% = 100% target achievement

Commitment rate II 73.6% = 0% target achievement

Commitment rate II 96.4% = 200% target achievement

TARGET ACHIEVEMENT AND PAYMENT FOR LTI I (2021 – 2023)

C.8

	Base amount in € thousand	Target achievement in %	Payment in € thousand
Members of the Board of Executive Directors in office as of December 31, 2023			
Dr. Burkhard Lohr ¹	427.5	92.3	394.6
Christina Daske ²	0.7	92.3	0.6
Dr. Christian H. Meyer	–	–	–
Dr. Carin-Martina Tröltzsch	–	–	–
Members of the Board of Executive Directors who left during the 2023 financial year			
Holger Riemensperger	190.0	79.9	151.8

¹ The target achievement of the LTI program (2020 – 2022) was adjusted due to a correction of the measured values. Taking into account the repayment, the payment amount is €373.2 thousand.

² Transfer of the remaining terms of the LTI entitlements received by Mrs. Christina Daske from her previous activities. These are taken into account pro rata temporis.

LONG-TERM INCENTIVE I (LTI I) FROM 2023 TO 2027

Since January 1, 2023, the sustainability goals for the LTI I, valid until December 31, 2022, have been replaced by three new sustainability goals from the sustainability areas "Society & Employees," "Environment & Resources," and "Business Ethics & Human Rights."

I. SOCIETY & EMPLOYEES: HEALTH & SAFETY – LOST TIME INCIDENT RATE (LTI RATE)

The Lost Time Incident Rate indicator in the "Society & Employees" area measures the number of accidents at work with lost time of at least 24 hours per million hours worked and is to be reduced by three points over a three-year period. In the event of a fatal workplace accident, a malus factor of 1.0 points is added, as fatalities are not taken into account in the definition of the LTI rate. **C.9**

LOST TIME INCIDENT RATE (UNTIL 2027)

C.9



Schematic illustration.

II. ENVIRONMENT & RESOURCES: RESOURCE EFFICIENCY – SPECIFIC CO₂ EMISSIONS

Within the "Environment & Resources" area, specific CO₂ emissions are to be reduced from a starting value of 271.6 kg per tonne in the base year 2020 to a target value of 254.6 kg per tonne as of December 31, 2027. The LTI value is calculated as the ratio of CO₂ emissions (Scope 1 and Scope 2) of all potash and rock salt producing sites in kilograms to the primary production volume of the Bethune, Hattorf, Neuohf-Ellers, Unterbreizbach, Wintershall, and Zielitz sites. **C.10**

REDUCTION IN SPECIFIC CO₂ EMISSIONS

C.10



Schematic illustration.

III. BUSINESS ETHICS & HUMAN RIGHTS: SUSTAINABLE SUPPLY CHAINS – SUSTAINABILITY RISK ASSESSMENTS FOR SUPPLIERS FROM CERTAIN COUNTRIES

By December 31, 2027, a sustainability risk assessment should be available for more than 90% of relevant suppliers in the area of "Business Ethics & Human Rights." This includes suppliers with annual revenues of at least €5,000 based in a country with a relative score of ≤ 75% in the Sustainability Development Report ranking. This includes consolidated and non-consolidated K+S Group companies managed via the SAP system. **C.11**

SUPPLY CHAINS (UNTIL 2027)

C.11



Schematic illustration.

The three targets from the three areas of action carry equal weight.

Payment of LTI I is made in April of the year following the end of the program. In the event of termination of a service agreement or reaching retirement age, a discounted pro-rata payment for all current tranches is generally made in April of the following year.

LONG TERM INCENTIVE II (LTI II)

LTI II is based on the K+S share price performance compared with the performance of the MDAX. The MDAX performance index is used for the calculation while ensuring comparability. If the K+S share price performance is equal to the performance of the MDAX during the reference period, target achievement is 100%. If the price performance of K+S shares exceeds or falls short of the performance of the MDAX, the percentage rate of target achievement increases or decreases on a straight-line basis by the same percentage. The maximum target achievement is 200% and the minimum achievement is 0%. **C.12**

Payment of LTI II is made in April of the year following the end of the program. In the event of termination of a service agreement or reaching retirement age, a discounted pro-rata payment for all current tranches is made in April of the following year.

TARGET ACHIEVEMENT FOR LONG-TERM INCENTIVE II (2021 – 2023)

The target value for K+S shares at a 100% target achievement was €6.95 per share. The average price on which this performance calculation is based was €18.77 per share, resulting in a target achievement of 200.0%. Table **C.13** shows the individual payment amounts calculated for the financial year based on this data.

REMUNERATION GRANTED AND OWED

Table **C.14** below shows the remuneration granted and owed to the current members of the Board of Executive Directors and members who left during the financial year, provided that their service had already been performed in full as of December 31. Remuneration is deemed to have been granted if the underlying activity has been performed in full. Remuneration is owed if the Company has a legal obligation that is due but has not yet been fulfilled.

LONG TERM INCENTIVE II PROGRAM

C.12

Reference period	Performance period		
	2022	2023	2024
MDAX 2022 ¹			MDAX 2025 ²
K+S share 2022 ¹			K+S share 2025 ²
	Beginning of program		End of program

1 Average for the stock-market year; reference base.

2 Average for the stock-market year 2025; reference base for comparison of performance with 2022.

TARGET ACHIEVEMENT AND PAYMENT FOR LTI II (2021 – 2023)

C.13

	Base amount in € thousand	Target achievement in %	Payment in € thousand
Members of the Board of Executive Directors in office as of December 31, 2023			
Dr. Burkhard Lohr	427.5	200.0	855.0
Christina Daske ¹	0.7	200.0	1.4
Dr. Christian H. Meyer	–	–	–
Dr. Carin-Martina Tröltzsch	–	–	–
Members of the Board of Executive Directors who left during the 2023 financial year			
Holger Riemensperger	190.0	200.0	380.0

1 Transfer of the remaining terms of the LTI entitlements received by Mrs. Christina Daske as Head of Production. These are taken into account pro rata temporis.

REMUNERATION GRANTED AND OWED TO THE BOARD OF EXECUTIVE DIRECTORS

C.14

Members of the Board of Executive Directors
in office as of December 31, 2023

	Dr. Burkhard Lohr Chairman Board member since 06/2012				Christina Daske Labor Director Board member since 12/2023			
	2023		2022		2023 ¹		2022	
	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %
Fixed remuneration	849.0	35	825.0	25	47.2	70	–	–
Fringe benefits	26.8	1	28.5	1	1.7	3	–	–
Total	875.8	36	853.5	26	48.8	73	–	–
One-year variable remuneration								
- STI (2023)	305.0	13	–	–	16.9	24	–	–
- STI (2022)	–	–	1,140.0	35	–	–	–	–
Multi-year variable remuneration								
- LTI (2021–2023)	1,228.2 ²	51	–	–	2.0	3	–	–
- LTI (2020–2022)	–	–	1,292.3	39	–	–	–	–
Sum	1,533.2	64	2,432.3	74	18.9	27	–	–
Miscellaneous	–	–	–	–	–	–	–	–
Total	2,409.0	100	3,285.8	100	67.8	100	–	–

Members of the Board of Executive Directors
in office as of December 31, 2023Members of the Board of Executive
Directors who left during the 2023
financial year

	Dr. Christian H. Meyer Chief Financial Officer Board member since 03/2023				Dr. Carin-Martina Tröltzsch Chief Operating Officer Board member since 02/2023				Holger Riemensperger Board member since 04/2021			
	2023 ¹		2022		2023 ¹		2022		2023 ¹		2022 ⁴	
	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %
Fixed remuneration	541.0	71	–	–	486.8	71	–	–	137.5	9	550.0	42
Fringe benefits	20.0	3	–	–	26.0	4	–	–	6.2	–	22.6	2
Total	561.0	74	–	–	512.8	75	–	–	143.7	9	572.6	44
One-year variable remuneration												
- STI (2023)	195.2	26	–	–	175.5	25	–	–	95.0	6	–	–
- STI (2022)	–	–	–	–	–	–	–	–	–	–	760.0	56
Multi-year variable remuneration												
- LTI (2021–2023)	–	–	–	–	–	–	–	–	531.8	34	–	–
- LTI (2020–2022)	–	–	–	–	–	–	–	–	–	–	–	–
Sum	195.2	26	–	–	175.5	25	–	–	626.8	40	760.0	56
Miscellaneous	–	–	–	–	–	–	–	–	805.6 ³	51	–	–
Total	756.2	100	–	–	688.3	100	–	–	1,576.1	100	1,332.6	100

1 Pro rata temporis.

2 The target achievement of the LTI program (2020 – 2022) was adjusted due to a correction of the measured values.

3 Mr. Holger Riemensperger's mandate ended with effect as of February 28, 2023, as a result of which his entitlements were paid out up to the termination date. The target achievement levels of the 2022 – 2024 LTI program were calculated at 67.9% (LTI I) and 200% (LTI II) based on the plan value. As the target achievement levels for the 2023 – 2025 LTI program had not yet been determined at this time, a target achievement level of 100% was agreed. This resulted in the following payments: LTI (2022 – 2024) in the amount of €318.1 thousand and LTI (2023 – 2025) in the amount of €47.5 thousand. The non-competition clause was shortened to one year, which corresponds to an equivalent value of €440 thousand.

4 Recalculation of fringe benefits from the 2022 financial year.

MAXIMUM REMUNERATION

The maximum remuneration in accordance with Section 87a (1) sentence 2 No. 1 AktG for service agreements concluded after December 8, 2020 was set by the Supervisory Board at €3,500 thousand for an ordinary member, €4,200 thousand for a Chief Financial Officer and €5,250 thousand for a Chief Executive Officer. The service agreement for Dr. Burkhard Lohr was concluded before this date. The fringe benefits are capped at €75 thousand, while the bonus (STI) and long-term variable remuneration components (LTI I and LTI II) are each capped. The maximum limit for the variable remuneration elements (STI and LTI) is 200% of the base amount in each case. The performance factor for the STI is also limited to a maximum of 1.2.

YEAR-ON-YEAR COMPARISON OF REMUNERATION AND EARNINGS

The following comparison illustrates the annual change in the remuneration granted and owed to current members of the Board of Executive Directors and members who left during a financial year, the earnings of K+S Aktiengesellschaft, and the annual change in the average remuneration for employees in Germany on a full-time equivalent basis for the last five years. **C.15**

YEAR-ON-YEAR COMPARISON OF REMUNERATION AND EARNINGS FOR MEMBERS OF THE BOARD OF EXECUTIVE DIRECTORS

C.15

	2023		2022		2023 vs. 2022 change		2022 vs. 2021 change		2021 vs. 2020 change		2020 vs. 2019 change		2019 vs. 2018 change	
	in € thousand	in € thousand	in € thousand	in € thousand	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %
Remuneration granted and owed to members of the Board of Executive Directors in office as of December 31, 2023														
Dr. Burkhard Lohr	2,409.0	3,285.8	-876.8	-27	910.7	38	1,085.6	84	38.0	3	25.9	2		
Christina Daske	67.8	–	67.8	–	–	–	–	–	–	–	–	–	–	–
Dr. Christian H. Meyer	756.2	–	756.2	–	–	–	–	–	–	–	–	–	–	–
Dr. Carin-Martina Tröltzsch	688.3	–	688.3	–	–	–	–	–	–	–	–	–	–	–
Remuneration granted and owed to members of the Board of Executive Directors who left during the financial year														
Holger Riemensperger	1,576.1	1,332.6	243.5	18	242.4	22	–	–	–	–	–	–	–	–
Employees														
Average employee remuneration in Germany	82.7	78.1	4.6	6	-0.2	–	5.3	7	-0.4	–	3.5	5		
Earnings														
K+S AG net income (in € million)	-167.4	1,508.3	-1,675.7	–	355.9	31	1,755.8	–	-891.6	–	213.7	287		
K+S Group EBITDA (in € million) ¹	712.4	2,422.9	-1,710.5	-71	1,355.6	127	800.4	300	-143.5	-35	-195.9	-32		

1 Continuing operations.

PENSION COMMITMENTS

The pensions of the active members of the Board of Executive Directors are based on a modular system, i.e., a pension module is created for each year of service as a member of the Board of Executive Directors.

For member agreements signed after December 8, 2020, the basis for calculating the pension modules is 20% of the fixed remuneration of the relevant member of the Board of Executive Directors. For agreements signed prior to this date, the basis for the calculations is 40% of the fixed remuneration. The amount is calculated in accordance with actuarial principles and set aside for retirement; the factors for the creation of the 2023 modules for the members of the Board of Executive Directors are between 9.0% and 20.5%, depending on their age. These factors decline with increasing age. The individual pension modules earned during the respective financial years are totaled and, when the insured event occurs, the respective member of the Board of Executive Directors or, if applicable, his or her surviving dependents, receive the benefit to which they are entitled. There is an upper limit on the total annual pension under this modular system, to avoid disproportionately high pensions resulting from long periods of service (> 15 years). Following a regular review in 2022, the upper limit is €360 thousand for the Chairman of the Executive Board and €270 thousand for each other member of the Board of Executive Directors. The values are reviewed every three years and adjusted if necessary. Pension benefits are only adjusted in line with the change in the "Consumer Price Index for Germany" upon payment. Pension agreements are subject to the legal provisions concerning the vesting of pension entitlements.

For pension entitlements not covered by the Pension Protection Association, the Company purchases reinsurance policies for the members of the Board of Executive Directors concerned, which are pledged to them in case the Company becomes insolvent.

If the term of office of a member of the Board of Executive Directors ends before the member has reached 60 years of age, the retirement pension starts upon reaching the age of 65 unless it is to be paid on the basis of an occupational or general disability or as a surviving dependent's pension in the event of death. In the event of an occupational or general disability of a member of the Board of Executive Directors prior to reaching pension age, the respective member receives a disability pension commensurate with the pension modules created up to the time the disability occurs. If disability occurs before the age of 55, modules are notionally created on the basis of a minimum value for the years missing up to the age of 55. In the event of the death of an active or former member of the Board of Executive Directors, the surviving spouse receives 60%, each orphan 30%, and each half-orphan 15% of the benefit. The maximum amount of the benefits awarded to surviving dependents may not exceed 100% of the pension payment. If this amount is reached, the benefit is reduced proportionately. If a member of the Board of Executive Directors retires at the age of 60, entitlements can already be claimed in accordance with the pension commitment at that time.

In 2023, the amounts shown in **C.16** were allocated to pension provisions for members of the Board of Executive Directors.

The pension component earned by the members of the Board of Executive Directors in 2023 leads to pension expenses, which are calculated on an actuarial basis.

PENSIONS OF THE MEMBERS OF THE BOARD OF EXECUTIVE DIRECTORS¹

C.16

in € thousand		Age	Fair value as of Jan. 1	Pension expenses (service cost) ²	Fair value as of Dec. 31
Members of the Board of Executive Directors in office as of December 31, 2023					
Dr. Burkhard Lohr	2023	60	6,422.0	– ³	7,583.0
Christina Daske	2023	38	–	4.6	57.0
Dr. Christian H. Meyer	2023	52	–	193.7	267.5
Dr. Carin-Martina Tröltzsch	2023	55	–	179.2	222.7
Members of the Board of Executive Directors who left during the 2023 financial year					
Holger Riemensperger	2023	53	416.1	58.7	549.0

1 Information provided in accordance with IFRS.

2 Corresponds to the value to be recognized under IFRS without interest expense and does not represent an inflow.

3 Not applicable on reaching the age of 60.

TERMINATION OF AGREEMENTS WITH THE BOARD OF EXECUTIVE DIRECTORS

If an appointment as a Board member is revoked, the member of the Board of Executive Directors usually receives, at the time of termination, a **severance payment of 1.5 times the fixed remuneration**, up to a maximum of the total remuneration for the remaining term of the service agreement.

In the event of early termination of an agreement with a member of the Board of Executive Directors as a result of a takeover ("**change of control**"), the fixed remuneration and bonuses outstanding until the end of the original term of the appointment will be paid plus a compensatory payment, unless there are reasons justifying a termination of the respective agreement without giving notice. The STI is calculated on the basis of the average of the preceding two years. The LTI is calculated pro rata on the basis of the relevant extrapolation or planning. The compensatory payment is 1.5 times the annual fixed remuneration. In addition, there is an upper limit for severance payments, which specifies that entitlements arising from the "change of control" clause in existing service agreements may not exceed the value of the combined annual remuneration for three years. This arrangement was amended to make the **combined annual remuneration for two years** the upper limit for service agreements signed after December 8, 2020. This upper limit is calculated on the basis of the total compensation for the financial year immediately preceding the departure. In the event of a change of control, members of the Board of Executive Directors enjoy no extraordinary right to terminate their agreement.

For the term of the service agreement and the subsequent two years after its termination, the member of the Board of Executive Directors undertakes not to work in any way for a competitor company of K+S or a company affiliated with K+S without the approval of K+S or to participate directly or indirectly in such a company or to conduct business for his or her own account or for the account of third parties in the business fields of K+S. The post-contractual prohibition of competition does not apply to subordinate activities for a competitor company without reference to the previous position on the Board of Executive Directors. The **post-contractual non-compete arrangement** is remunerated; income from self-employment, regular employment, or other gainful employment is offset. K+S may waive the non-competition clause prior to the expiry of the agreement with a notice period of six months.

CLAWBACK CLAUSE

The service agreements of all members of the Board of Executive Directors contain clawback clauses. If there is a serious violation of legal requirements or of obligations arising from the Company's Articles of Association or from the Board member's agreement of service, the Company has the right to demand back or retain any LTI tranches (LTI I and LTI II) that are current at the time of the violation. The clawback option was not used in the 2023 financial year.

SHARE OWNERSHIP GUIDELINE

The "**Share Ownership Guideline**" was implemented on January 1, 2023 and incorporated into all service agreements of the members of the Board of Executive Directors. This obliges members of the Board of Directors to invest a volume of 100% of their respective STI target remuneration amounts (gross) in K+S shares based on a three-year average. The build-up phase lasts three years, provided that at least 100% of the STI target remuneration amounts have been paid in at least two years. Otherwise, the build-up phase is extended by one year in each case. For the first time at the end of the build-up phase and subsequently by January 31 of the following year, the member of the Board of Executive Directors must provide evidence on the basis of securities account statements of his securities account held at a bank as at December 31 of each year that he has held shares with a volume of 100% of the respective STI target remuneration amounts in K+S shares at the end of each year, based on a three-year average. The obligation to hold shares and the obligation to provide evidence exist for two years after leaving the Company. Existing holdings of K+S shares are taken into account. In the event of a breach of the "Share Ownership Guideline," an ordinary member of the Board of Executive Directors is obliged to pay a contractual penalty of €100 thousand (Chairman of the Board of Executive Directors €150 thousand).

OTHER

For the members of the Board of Executive Directors, the Supervisory Board has introduced an age limit set at the age of 65.

The members of the Board of Executive Directors were not promised or granted benefits by third parties for their work as executive directors during the reporting period – nor did they receive any loans. Apart from the service agreements mentioned, there are no contractual relationships between the Company or its Group companies and members of the Board of Executive Directors or persons closely related to them.

REMUNERATION GRANTED AND OWED TO FORMER MEMBERS OF THE BOARD OF EXECUTIVE DIRECTORS

The Supervisory Board of K+S Aktiengesellschaft and Mr. Holger Riemensperger have mutually agreed on a separation, as Mr. Riemensperger wanted to take on a new challenge in another company. A termination agreement was concluded between Mr. Riemensperger and K+S Aktiengesellschaft. His mandate as a member of the Board of Executive Directors ended on February 28, 2023 and no severance payment was agreed. The non-competition clause was shortened to one year, which corresponds to an equivalent value of €440 thousand.

Table **C.17** below presents the remuneration granted and owed to former members of the Board of Executive Directors during the 2023 financial year in accordance with Section 162 (1) sentence 1 AktG. Unless otherwise stated, these are pension payments. In accordance with Section 162 (5) AktG, personal details were not included for Board members whose last role on a governing body of K+S Aktiengesellschaft ended before the 2014 financial year.

REMUNERATION GRANTED AND OWED TO FORMER MEMBERS OF THE BOARD OF EXECUTIVE DIRECTORS IN THE FINANCIAL YEAR 2023

C.17

	in € thousand	in %
Dr. Thomas Nöcker Member of the Board of Executive Directors until August 2018	290.6	100
Norbert Steiner Chairman of the Board of Executive Directors until May 2017	382.3	100
Gerd Grimmig Member of the Board of Executive Directors until September 2014 Member of the Supervisory Board until May 2023	251.9	100
Dr. Ralf Bethke Chairman of the Board of Executive Directors until June 2007 Chairman of the Supervisory Board until May 2017	315.0	100
	in USD thousand	in %
Mark Roberts ¹ Member of the Board of Executive Directors until April 2021	101.6	100

¹ The contractual pension entitlements of Mr. Mark Roberts are agreed upon in USD.

YEAR-ON-YEAR COMPARISON OF REMUNERATION AND EARNINGS

The comparison in **C.18** illustrates the annual change in the remuneration granted and owed to former members of the Board of Executive Directors, the earnings of K+S Aktiengesellschaft, and the annual change in the average remuneration for employees in Germany on a full-time equivalent basis for the last five years.

YEAR-ON-YEAR COMPARISON OF REMUNERATION AND EARNINGS FOR FORMER MEMBERS OF THE BOARD OF EXECUTIVE DIRECTORS

C.18

	2023	2022	2023 vs. 2022 change		2022 vs. 2021 change		2021 vs. 2020 change		2020 vs. 2019 change		2019 vs. 2018 change	
	in € thousand	in € thousand	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %
Remuneration granted and owed to former members of the Board of Executive Directors												
Holger Riemensperger (until February 2023)	1,576.1	1,332.6	243.5	18	–	–	–	–	–	–	–	–
Thorsten Boeckers (until February 2022)	–	5,661.3	-5,661.3	-100	5,661.3	–	–	–	–	–	–	–
Mark Roberts (until April 2021) ¹	93.9	–	93.9	100	-3,600.4	-100	3,600.4	–	–	–	–	–
Dr. Thomas Nöcker (until August 2018)	290.6	291.2	-0.6	–	6.1	2	-233.3	-45	-110.7	-18	420.6	202
Norbert Steiner (until May 2017)	382.3	354.6	27.7	8	8.9	3	-10.6	-3	-4.8	-1	6.7	2
Gerd Grimmig (until September 2014)	251.9	232.3	19.6	8	7.0	3	1.1	–	3.1	1	-20.8	-9
Dr. Ralf Bethke (until June 2007)	315.0	287.2	27.8	10	8.6	3	1.4	1	3.9	1	5.0	2
Employees												
Average employee remuneration in Germany	82.7	78.1	4.6	6	-0.2	–	5.3	7	-0.4	–	3.5	5
Earnings												
K+S AG net income (in € million)	-167.4	1,508.3	-1,675.7	–	355.9	31	1,755.8	–	-891.6	–	213.7	287
K+S Group EBITDA (in € million) ²	712.4	2,422.9	-1,710.5	-71	1,355.6	127	800.4	300	-143.5	-35	-195.9	-32

¹ The pension commitments to Mr. Mark Roberts are in USD. The conversion was based on the average USD/EUR exchange rate for 2023.

² Continuing operations.

REMUNERATION OF THE SUPERVISORY BOARD

OVERVIEW OF THE REMUNERATION SYSTEM

The provisions of the remuneration system for the Supervisory Board, as established in Article 12 of K+S Aktiengesellschaft's Articles of Association, were passed at the Annual General Meeting on May 10, 2023 and were applied in full in the 2023 financial year.

REMUNERATION STRUCTURE AND COMPONENTS

An ordinary member of the Supervisory Board receives fixed annual remuneration of €85 thousand. A chair receives twice this amount and a deputy chair 1.5 times this amount.

The members of the Audit Committee receive additional annual remuneration of €20 thousand. Remuneration for membership of the Personnel Committee is €5 thousand. The members of the Nomination Committee receive annual remuneration of €2.5 thousand if at least two meetings have taken place during the financial year. Remuneration for membership of the Strategy Committee is €15 thousand. The members of the ESG Committee receive annual remuneration of €5 thousand. A member of the Special Committee set up by the Supervisory Board receives an attendance fee of €1 thousand per meeting as remuneration for attending a committee meeting. Each committee chair receives twice this amount and a deputy chair 1.5 times this amount. The members of the Supervisory Board are entitled to reimbursement by the Company of any expenses that are necessary and reasonable for the performance of their duties, as well as to reimbursement of any value added tax (VAT) payable as a consequence of their activities in their capacity as Supervisory Board members, if relevant.

The composition of the Supervisory Board of the K+S Minerals and Agriculture GmbH changed during the reporting period. On June 11, 2023, Mrs. Jella Benner-Heinacher and Mr. Gerd Grimmig resigned from the Supervisory Board of the Group subsidiary. Since June 12, 2023, Philip Freiherr von dem Bussche, Mr. Thomas Kölbl, Ms. Christiane Hölz, and Ms. Christine Wolff have been additional members of the Supervisory Board of the Group subsidiary. Philip Freiherr von dem Bussche left the Supervisory Board for health reasons with effect from August 11, 2023.

An ordinary member receives annual remuneration of €5 thousand for a role on the Supervisory Board of the consolidated subsidiary K+S Minerals and Agriculture GmbH. A chair receives twice this amount and a deputy chair 1.5 times this amount. In addition, the members receive an attendance fee of €400 per meeting.

Both Supervisory Boards have a rule where any member who was only on the Supervisory Board or one of its committees for part of a year receives one-twelfth of the relevant annual remuneration for each month that began during their membership.

The remuneration of the Supervisory Board is paid at the end of the first month following the close of the financial year.

REMUNERATION GRANTED AND OWED

Tables **C.19** and **C.20** show the remuneration granted and owed during the financial year to current members of the Supervisory Board or members who left during the financial year, in either case provided that their underlying service had already been performed in full as of December 31.

Due to the higher numbers of in-person meetings, members of the Supervisory Board were reimbursed expenses totaling €27.6 thousand for 2023 (2022: €21.2 thousand). No other remuneration was paid to members of the Supervisory Board for services rendered personally, particularly consultancy or brokerage services, nor were any benefits granted.

In addition to the Supervisory Board remuneration, employee representatives who are employees of the K+S Group receive remuneration that is not related to activities performed for the Supervisory Board.

A member of the family of a Supervisory Board member is employed by the K+S Group. This individual's remuneration is paid in accordance with the internal remuneration guidelines of the K+S Group and corresponds to the usual remuneration of individuals in comparable positions.

REMUNERATION GRANTED AND OWED TO THE SUPERVISORY BOARD

C.19

	Total remuneration		Fixed remuneration		Audit Committee		Personnel Committee	
	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %
Members of the Supervisory Board in office as of December 31, 2023								
Dr. Andreas Kreimeyer	248.3	100	170.0	68	20.0	8	10.0	4
Ralf Becker	177.7	100	127.5	73	20.0	12	5.0	3
Thomas Kölbl	157.8	100	113.3	70	40.0	25		
Petra Adolph	114.4	100	85.0	74	20.0	17		
André Bahn	104.4	100	85.0	81				
Prof. Dr. Elke Eller	105.4	100	85.0	81			5.0	5
Lars Halbleib	109.4	100	85.0	78	20.0	18		
Markus Heldt	100.3	100	85.0	85				
Christiane Hölz (since May 10, 2023)	79.8	100	56.7	71	13.3	17		
Michael Knackmuß	94.4	100	85.0	90			5.0	5
Gerd Kübler	85.0	100	85.0	100				
Dr. Rainier van Roessel	94.4	100	85.0	90				
Peter Trotha	98.4	100	85.0	86				
Brigitte Weitz	88.9	100	85.0	96				
Christine Wolff (since May 10, 2023)	62.8	100	56.7	90				
Total	1,721.5		1,374.2		133.3		25.0	

	Nomination Committee		Strategy Committee		ESG Committee		Special Committee		Remuneration paid by subsidiaries	
	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %
Members of the Supervisory Board in office as of December 31, 2023										
Dr. Andreas Kreimeyer	5.0	2	30.0	12					13.3	5
Ralf Becker			15.0	9			4.0	2	6.2	4
Thomas Kölbl									4.4	3
Petra Adolph					5.0	4			4.4	4
André Bahn			15.0	14					4.4	4
Prof. Dr. Elke Eller							8.0	8	7.4	8
Lars Halbleib									4.4	4
Markus Heldt			3.8	4	4.2	4			7.4	7
Christiane Hölz (since May 10, 2023)					5.4	7			4.4	6
Michael Knackmuß									4.4	5
Gerd Kübler									–	–
Dr. Rainier van Roessel	2.5	3							6.9	7
Peter Trotha					5.0	5	4.0	4	4.4	5
Brigitte Weitz									3.9	4
Christine Wolff (since May 10, 2023)	1.7	3							4.4	7
Total	9.2		63.8		19.6		16.0		80.5	

REMUNERATION GRANTED AND OWED TO FORMER MEMBERS OF THE SUPERVISORY BOARD

C.20

	Total remuneration		Fixed remuneration		Audit Committee		Personnel Committee	
	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %
Members of the Supervisory Board who left during the financial year								
Jella Benner-Heinacher (until May 10, 2023)	55.4	100	35.4	64	8.3	15		
Philip Freiherr von dem Bussche (until August 10, 2023)	69.6	100	56.7	81				
Gerd Grimmig (until May 10, 2023)	39.9	100	35.4	89				
Total	164.9		127.5		8.3			

	Nomination Committee		Strategy Committee		ESG Committee		Special Committee		Remuneration paid by subsidiaries	
	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %
Members of the Supervisory Board who left during the financial year										
Jella Benner-Heinacher (until May 10, 2023)					4.2	8	4.0	8	3.5	6
Philip Freiherr von dem Bussche (until August 10, 2023)	1.7	2	10.0	15					1.3	2
Gerd Grimmig (until May 10, 2023)	1.0	3							3.5	9
Total	2.7		10.0		4.2		4.0		8.2	

YEAR-ON-YEAR COMPARISON OF REMUNERATION AND EARNINGS

The following comparison illustrates the annual change in the remuneration granted and owed to current and former members of the Supervisory Board, the earnings of K+S Aktiengesellschaft, and the annual change in the average remuneration for employees in Germany on a full-time equivalent basis for the last five years. **C.21**

YEAR-ON-YEAR COMPARISON OF REMUNERATION AND EARNINGS FOR MEMBERS OF THE SUPERVISORY BOARD

C.21

	2023	2022	2023 vs. 2022 change		2022 vs. 2021 change		2021 vs. 2020 change		2020 vs. 2019 change		2019 vs. 2018 change	
	in € thousand	in € thousand	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %
Remuneration granted and owed to members of the Supervisory Board in office as of December 31, 2023												
Dr. Andreas Kreimeyer	248.3	208.3	40.0	19	10.0	5	-75.0	-27	51.8	23	-26.8	-11
Ralf Becker	177.7	137.5	40.2	29	–	–	-67.5	-33	47.5	30	-2.6	-2
Thomas Kölbl	157.8	105.0	52.8	50	–	–	-39.3	-27	26.0	22	-12.0	-9
Petra Adolph	114.4	87.1	27.3	31	2.1	2	-43.5	-34	25.3	25	25.1	32
André Bahn	104.4	80.0	24.4	31	–	–	-45.0	-36	41.3	49	14.8	21
Prof. Dr. Elke Eller	105.4	76.9	28.5	37	4.8	7	-48.2	-40	23.8	25	23.3	32
Lars Halbleib (since August 12, 2022)	109.4	35.4	74.0	209	35.4	–	–	–	–	–	–	–
Markus Heldt	100.3	74.0	26.3	36	28.6	63	45.4	–	–	–	–	–
Christiane Hölz (since May 10, 2023)	79.8	–	79.8	–	–	–	–	–	–	–	–	–
Michael Knackmuß	94.4	70.0	24.4	35	–	–	-51.8	-43	26.0	27	-13.8	-13
Gerd Kübler	85.0	65.0	20.0	31	–	–	-44.8	-41	26.0	31	-12.0	-13
Dr. Rainier van Roessel	94.4	73.4	21.0	29	6.3	9	3.5	6	6.0	10	57.6	–
Peter Trotha	98.4	67.1	31.3	47	40.0	148	27.1	–	–	–	–	–
Brigitte Weitz	88.9	65.0	23.9	37	–	–	19.6	43	45.4	–	–	–
Christine Wolff (since May 10, 2023)	62.8	–	62.8	–	–	–	–	–	–	–	–	–
Remuneration granted and owed to members of the Supervisory Board who left during the financial year												
Jella Benner- Heinacher (until May 10, 2023)	55.4	97.7	-42.3	-43	8.1	9	-41.2	-31	17.0	15	-15.1	-12
Philip Freiherr von dem Bussche (until August 10, 2023)	69.6	82.5	-12.9	-16	–	–	-43.3	-34	30.8	32	-18.5	-16
Gerd Grimmig (until May 10, 2023)	39.9	74.9	-35.0	-47	–	–	-35.7	-32	26.0	31	14.8	21
Employees												
Average employee remuneration in Germany	82.7	78.1	4.6	6	-0.2	–	5.3	7	-0.4	–	3.5	5
Earnings												
K+S AG net income (in € million)	-167.4	1,508.3	-1,675.7	–	355.9	31	1,755.8	–	-891.6	–	213.7	287
K+S Group EBITDA (in € million) ¹	712.4	2,422.9	-1,710.5	-71	1,355.6	127	800.4	300	-143.5	-35	-195.9	-32

1 Continuing operations.

AGE LIMIT AND MAXIMUM TERMS OF OFFICE

Candidates for the Supervisory Board may not be older than 70 at the time of election. In addition, members may serve on the Supervisory Board for a maximum of three terms of office. This does not affect the statutory co-determination rules.

ATTENDANCE AT MEETINGS

Table **C.22** provides an individualized overview of members' attendance of meetings of the Supervisory Board and its committees in 2023.

ATTENDANCE OF MEETINGS BY MEMBERS OF THE SUPERVISORY BOARD OF K+S AKTIENGESELLSCHAFT IN THE 2023 FINANCIAL YEAR**C.22**

Supervisory Board members	Meetings, incl. committee meetings	Total number of full Board meetings	Attendance at full Board meetings	Total number of committee meetings	Attendance at committee meetings	Total attendance
	34; of which 14 physical, 8 hybrid, 12 virtual	8; of which 4 physical, 2 hybrid, 2 virtual		26; of which 10 physical, 6 hybrid, 10 virtual		
Dr. Andreas Kreimeyer	27	8	8	19	18	96%
Ralf Becker	29	8	8	21	20	97%
Thomas Kölbl	16	8	7	8	8	94%
Petra Adolph	19	8	8	11	11	100%
André Bahn	12	8	8	4	4	100%
Jella Benner-Heinacher (until May 10, 2023)	12	4	4	8	8	100%
Philip Freiherr von dem Bussche (until August 10, 2023)	7	5	3	2	2	71%
Prof. Dr. Elke Eller	17	8	8	9	9	100%
Gerd Grimmig (until May 10, 2023)	5	4	3	1	1	80%
Lars Halbleib	16	8	8	8	8	100%
Markus Heldt	11	8	7	3	2	82%
Christiane Hölz (since May 10, 2023)	11	4	4	7	7	100%
Michael Knackmuß	13	8	6	5	5	85%
Gerd Kübler	8	8	8	–	–	100%
Dr. Rainier van Roessel	10	8	7	2	2	90%
Peter Trotha	15	8	6	7	6	80%
Brigitte Weitz	8	8	7	–	–	88%
Christine Wolff (since May 10, 2023)	5	4	4	1	1	100%
Total	241	125	91%	116	97%	92%

CONSOLIDATED FINANCIAL STATEMENTS

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INCOME STATEMENT^{1, 2}

D.1

in € million	Note	2022	2023
Revenues	(1)	5,676.6	3,872.6
Cost of goods sold	(2)	-3,219.3	-3,308.8
Gross profit		2,457.3	563.8
Selling, general and administrative expenses	(2)	-186.3	-183.5
Other operating income	(3)	241.8	151.0
Other operating expenses	(4)	-374.6	-241.0
Share of profit or loss of equity-accounted investments	(15)	-2.7	-8.6
- thereof reversals of impairment losses/impairment losses	(15)	-1.5	-8.2
Income from equity investments, net	(5)	2.1	3.5
Gains/(losses) on operating anticipatory hedges	(6)	-138.0	39.7
Earnings after operating hedges³		1,999.6	325.0
Interest income	(7)	103.4	24.0
Interest expense	(7)	-28.3	-54.7
Other financial result	(8)	60.0	2.7
Financial result		135.1	-28.0
Earnings before tax		2,134.7	297.0
Income tax expense	(9)	-626.4	-87.1
- thereof deferred taxes		-212.5	-18.8
Earnings after tax		1,508.3	209.9
Earnings after tax from discontinued operations	Other disclosures	-	0.3
Net income		1,508.3	210.2
Non-controlling interests		-	-
Earnings after tax and non-controlling interests		1,508.3	210.2
- thereof from continuing operations		1,508.3	209.9
- thereof from discontinued operations		-	0.3
Earnings per share in € (undiluted ± diluted)	(11)	7.88	1.12
- thereof from continuing operations		7.88	1.12
- thereof from discontinued operations		-	-

1 Rounding differences may arise in figures.

2 In the income statement, all income and expenses of the business classified as a discontinued operation were reclassified to a separate item, "Earnings after tax from discontinued operations."

3 Key indicators not defined in IFRS.

STATEMENT OF COMPREHENSIVE INCOME ¹

D.2

in € million	Note	2022	2023
Net income		1,508.3	210.2
Unrealized currency translation gains/losses		-23.6	-50.4
Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods		-23.6	-50.4
Remeasurement gains/(losses) on net liabilities/assets under defined benefit plans		46.3	-10.4
Gains/(losses) on equity instruments measured at fair value		3.2	22.6
Items of other comprehensive income not to be reclassified to profit or loss		49.5	12.2
Other comprehensive income after tax	(20)	25.9	-38.2
Total comprehensive income for the period		1,534.2	172.0
Non-controlling interests		-	-
Total comprehensive income for the period, net of tax and non-controlling interests		1,534.2	172.0

¹ Rounding differences may arise in figures.

BALANCE SHEET

BALANCE SHEET – ASSETS ¹

D.3

in € million	Note	Dec. 31, 2022	Dec. 31, 2023
Intangible assets	(12)	181.4	164.8
- thereof goodwill from acquisitions of companies	(12)	13.7	13.7
Property, plant, and equipment	(12)	6,292.8	6,588.8
Investment properties	(13)	4.5	1.9
Financial assets	(14)	42.9	79.3
Investments accounted for using the equity method	(15)	166.4	155.0
Other financial assets	(18, 19)	27.1	14.9
Other non-financial assets		67.0	52.9
Securities and other financial assets	(26)	14.8	7.0
Deferred taxes	(16)	43.9	14.6
Non-current assets		6,840.9	7,079.3
Inventories	(17)	675.1	708.0
Trade receivables	(18)	1,143.7	759.8
Other financial assets	(18, 19)	101.8	237.3
Other non-financial assets		106.6	128.1
Income tax refund claims		36.2	55.1
Securities and other financial assets	(26)	665.8	354.1
Cash and cash equivalents	(30)	320.0	152.2
Current assets		3,049.1	2,394.6
ASSETS		9,890.0	9,473.8

¹ Rounding differences may arise in figures.

BALANCE SHEET – EQUITY AND LIABILITIES¹**D.4**

in € million	Note	Dec. 31, 2022	Dec. 31, 2023
Issued capital	(20)	191.4	179.1
Capital reserve	(20)	646.0	658.3
Other reserves and net retained earnings	(20)	5,882.6	5,665.8
Equity		6,720.0	6,503.1
Financial liabilities	(25)	319.3	–
Other financial liabilities	(19, 25)	102.0	105.1
Other non-financial liabilities		14.7	16.3
Provisions for pensions and similar obligations	(21)	2.7	8.1
Provisions for mining obligations	(22)	932.4	1,212.2
Other provisions	(22, 23)	145.0	147.0
Deferred taxes	(16)	382.7	364.8
Non-current liabilities		1,898.8	1,853.4
Financial liabilities	(25)	411.3	383.0
Trade payables	(25)	312.9	335.1
Other financial liabilities	(19, 25)	197.2	87.3
Other non-financial liabilities		60.5	79.2
Income tax liabilities		26.1	37.7
Provisions	(22, 24)	263.2	194.9
Current liabilities		1,271.2	1,117.3
EQUITY AND LIABILITIES		9,890.0	9,473.8

1 Rounding differences may arise in figures.

STATEMENT OF CASH FLOWS ¹

Note (30)

D.5

in € million	2022	2023
Earnings after operating hedges (from continuing operations)	1,999.6	325.0
Earnings after operating hedges (from discontinued operations)	–	-1.7
Income (-)/expenses (+) arising from changes in the fair value of outstanding operating anticipatory hedges	10.4	-32.9
Elimination of prior-period changes in the fair value of operating anticipatory hedges	-30.9	-35.8
Depreciation, amortization, impairment losses (+)/reversals (-) of impairment losses on intangible assets, PPE, financial assets, and investments accounted for using the equity method	443.8	455.8
Increase (+)/decrease (-) in non-current provisions	75.2	12.3
Interest received and similar income	5.3	15.2
Realized gains (+)/losses (-) on financial assets/liabilities	34.8	-1.1
Interest paid and similar expense ²	-52.6	-31.5
Income tax paid ³	-441.4	-74.2
Other non-cash expenses (+)/income (-) and other expenses	0.1	1.0
Gain (-)/loss (+) on sale of assets and securities	5.8	6.6
Increase (-)/decrease (+) in inventories	-190.9	-32.6
Increase (-)/decrease (+) in receivables and other operating assets	-536.6	309.8
Increase (+)/decrease (-) in current operating liabilities	9.0	-40.9
Increase (+)/decrease (-) in current provisions	63.9	-46.2
Allocations to plan assets	-3.6	-7.8
Net cash flow from operating activities	1,391.9	821.0
- thereof from continuing operations	1,393.7	821.6
- thereof from discontinued operations	-1.8	-0.6
Proceeds from sale of assets	5.9	4.5
Purchases of intangible assets	-118.0	-12.2
Purchases of property, plant, and equipment	-356.3	-470.0
Dividend distributions by investments accounted for using the equity method	6.8	2.8
Payments for financial assets/investments accounted for using the equity method and loans granted	-2.7	-35.5
Proceeds from the sale of consolidated companies	2.8	–
Cash and cash equivalents of deconsolidated companies in the year under review	-0.2	–
Proceeds from sale of securities and other financial assets	303.0	803.8
Purchases of securities and other financial assets	-749.9	-483.2
Net cash used in investing activities	-908.6	-189.8
- thereof from continuing operations	-908.6	-189.8
- thereof from discontinued operations	–	–
Dividends paid	-38.3	-191.4
Other proceeds from issuance of share capital	1.6	–
Purchase of treasury shares	-2.1	-197.5
Sale of treasury shares	0.4	–
Repayment (-) of borrowings	-538.9	-526.1
Proceeds (+) from borrowings	17.7	119.1
Net cash from/(used in) financing activities	-559.6	-795.9
- thereof from continuing operations	-559.6	-795.9
- thereof from discontinued operations	–	–
Cash change in cash and cash equivalents	-76.3	-164.7
Exchange rate-related change in cash and cash equivalents	3.1	-3.7
Consolidation-related changes in cash and cash equivalents	3.4	–

Note (30)**D.5**

in € million	2022	2023
Net change in cash and cash equivalents	-69.8	-168.4
Net cash and cash equivalents as of January 1	382.7	312.9
Net cash and cash equivalents as of December 31	312.9	144.5
- thereof cash and cash equivalents	320.0	152.2
- thereof cash received from affiliated companies	-7.1	-7.7

1 Rounding differences may arise in percentages and numbers.

2 Interest paid in the reporting period amounted to €25.8 million (2022: €47.4 million).

3 The item comprises taxes of €85.9 million paid (2022: €451.5 million) and tax refunds of €11.7 million received (2022: €10.1 million).

STATEMENT OF CHANGES IN EQUITY¹

D.6

Note (20)

in € million	Issued capital	Capital reserve	Net retained profits/ retained earnings	Currency translation differences	Remeasurement gains/(losses) on defined benefit plans	Gains/(losses) on equity instruments measured at fair value	Total equity attributable to shareholders of K+S AG	Non-controlling interests	Equity
As of January 1, 2023	191.4	646.0	6,062.4	-170.1	-22.5	12.8	6,720.0	–	6,720.0
Net income	–	–	210.2	–	–	–	210.2	–	210.2
Other comprehensive income (after tax)	–	–	–	-50.4	-10.4	22.6	-38.2	–	-38.2
Total comprehensive income for the period	–	–	210.2	-50.4	-10.4	22.6	172.0	–	172.0
Dividend for the previous year	–	–	-191.4	–	–	–	-191.4	–	-191.4
Buyback of own shares	-12.3	12.3	-197.5	–	–	–	-197.5	–	-197.5
Changes in the scope of consolidation and other changes in equity	–	–	–	–	–	–	–	–	–
As of December 31, 2023	179.1	658.3	5,883.7	-220.5	-32.9	35.4	6,503.1	–	6,503.1
As of January 1, 2022	191.4	645.7	4,592.0	-146.5	-68.8	45.4	5,259.2	–	5,259.2
Net income	–	–	1,508.3	–	–	–	1,508.3	–	1,508.3
Other comprehensive income (after tax)	–	–	–	-23.6	46.3	3.2	25.9	–	25.9
Total comprehensive income for the period	–	–	1,508.3	-23.6	46.3	3.2	1,534.2	–	1,534.2
Dividend for the previous year	–	–	-38.3	–	–	–	-38.3	–	-38.3
Employee shares acquired	–	0.3	–	–	–	–	0.3	–	0.3
Changes in the scope of consolidation and other changes in equity	–	–	0.4	–	–	-35.8	-35.4	–	-35.4
As of December 31, 2022	191.4	646.0	6,062.4	-170.1	-22.5	12.8	6,720.0	–	6,720.0

¹ Rounding differences may arise in percentages and numbers.

NOTES

STATEMENT OF CHANGES IN NON-CURRENT ASSETS ¹

STATEMENT OF CHANGES IN NON-CURRENT ASSETS 2023

D.7

in € million	Note	Gross carrying amount							Depreciation, amortization, and impairment losses							Net carrying amount		
		As of Jan. 1, 2023	Changes in scope of consolidation	Additions	Disposals	Reclassifications	Exchange differences	As of Dec. 31, 2023	As of Jan. 1, 2023	As of Dec. 31, 2023	Changes in scope of consolidation	Depreciation	Impairment losses	Amortization	Disposals	Reclassifications	Exchange differences	As of Dec. 31, 2023
Other acquired concessions, industrial property rights, similar rights and assets, and licenses in such rights and assets		60.9	–	1.7	-3.3	0.7	-0.8	59.1	-37.9	–	-4.2	–	–	3.3	–	0.4	-38.3	20.8
Customer relations		0.2	–	–	–	–	–	0.2	–	–	–	–	–	–	–	–	–	0.2
Brands		9.9	–	–	–	–	–	9.9	-9.9	–	–	–	–	–	–	–	-9.9	–
Goodwill from acquisitions of companies		13.7	–	–	–	–	–	13.7	–	–	–	–	–	–	–	–	–	13.7
Internally generated intangible assets		36.6	–	2.7	-0.3	4.3	–	43.3	-32.8	–	-0.9	–	–	0.3	–	–	-33.4	9.9
Emission permits		135.0	–	2.3	-25.5	–	–	111.8	–	–	–	–	–	–	–	–	–	111.8
Intangible assets in progress		5.7	–	5.5	–	-2.7	–	8.5	–	–	–	–	–	–	–	–	–	8.5
Intangible assets	(12)	262.0	–	12.2	-29.2	2.2	-0.8	246.5	-80.5	–	-5.1	–	–	3.6	–	0.4	-81.7	164.8
Land, land rights, and buildings, including buildings on third-party land		2,128.4	–	348.9	-104.5	14.0	-15.1	2,371.8	-629.9	–	-53.0	–	–	8.3	–	2.1	-672.5	1,699.3
Leases for land, land rights, and buildings, including buildings on third-party land		77.1	–	14.2	-15.6	–	-0.3	75.4	-41.3	–	-15.3	–	–	15.5	–	0.2	-40.9	34.5
Raw material deposits		362.5	–	–	–	–	-4.7	357.8	-43.8	–	-6.5	–	–	–	–	0.5	-49.8	308.0
Technical equipment and machinery		6,800.5	–	178.6	-66.7	191.4	-44.3	7,059.5	-3,046.9	–	-312.9	-2.3	–	62.0	-4.0	12.1	-3,292.1	3,767.4
Leases for technical equipment and machinery		260.5	–	10.5	-7.2	-29.9	-2.6	231.3	-84.8	–	-21.3	–	–	7.2	4.0	1.0	-93.9	137.4
Other equipment, operating and office equipment		419.6	–	36.3	-34.8	10.8	-0.7	431.1	-293.6	–	-27.3	-0.1	–	32.9	–	0.4	-287.8	143.4
Leases for other equipment, operating and office equipment		17.5	–	14.0	-3.4	–	–	28.1	-7.6	–	-6.0	–	–	3.4	–	–	-10.2	17.9
Prepayments and assets under construction ²		374.5	–	301.6	-7.8	-185.9	-1.4	481.0	–	–	–	-6.7	–	6.7	–	–	–	481.0
Property, plant, and equipment	(12)	10,440.7	–	904.2	-240.0	0.3	-69.1	11,036.0	-4,147.9	–	-442.3	-9.2	–	136.0	–	16.2	-4,447.2	6,588.8
- thereof leases		355.1	–	38.7	-26.3	-29.9	-2.9	334.8	-133.7	–	-42.6	–	–	26.1	4.0	1.2	-145.0	189.8
Investment properties	(13)	8.6	–	–	–	-2.5	–	6.0	-4.1	–	–	–	–	–	–	–	-4.1	1.9

¹ Rounding differences may arise in percentages and numbers.

² Thereof advance payments made: €66.6 million.

STATEMENT OF CHANGES IN NON-CURRENT ASSETS 2022

D.8

in € million	Note	Gross carrying amount							Depreciation, amortization, and impairment losses							Net carrying amount		
		As of Jan. 1, 2022	Changes in scope of consolidation	Additions	Disposals	Reclassifications	Exchange differences	As of Dec. 31, 2022	As of Jan. 1, 2022	Changes in scope of consolidation	Depreciation	Impairment losses	Amortization	Disposals	Reclassifications	Exchange differences	As of Dec. 31, 2022	As of Dec. 31, 2022
Other acquired concessions, industrial property rights, similar rights and assets, and licenses in such rights and assets		60.8	-0.7	2.9	-3.6	0.9	0.6	60.9	-36.5	0.1	-4.4	-	-	3.6	-	-0.7	-37.9	23.1
Customer relations		0.2	-	-	-	-	-	0.2	-	-	-	-	-	-	-	-	-	0.2
Brands		9.9	-	-	-	-	-	9.9	-9.9	-	-	-	-	-	-	-	-9.9	-
Goodwill from acquisitions of companies		13.7	-	-	-	-	-	13.7	-	-	-	-	-	-	-	-	-	13.7
Internally generated intangible assets		32.8	2.8	0.5	-	0.5	-	36.6	-32.1	-	-0.7	-	-	-	-	-	-32.8	3.8
Emission permits		37.1	-	112.0	-14.1	-	-	135.0	-	-	-	-	-	-	-	-	-	135.0
Intangible assets in progress		3.9	-	2.5	-	-0.7	-	5.7	-	-	-	-	-	-	-	-	-	5.7
Intangible assets	(12)	158.4	2.1	118.0	-17.7	0.7	0.6	262.0	-78.5	0.1	-5.2	-	-	3.6	-	-0.7	-80.5	181.4
Land, land rights, and buildings, including buildings on third-party land		2,266.2	-0.1	105.5	-270.0	31.3	-4.5	2,128.4	-652.7	0.3	-62.0	-	-	81.4	-	3.2	-629.9	1,498.6
Leases for land, land rights, and buildings, including buildings on third-party land		78.4	-	6.0	-7.5	0.1	0.2	77.1	-33.9	-	-14.8	-	-	7.5	-	-0.1	-41.3	35.8
Raw material deposits		363.6	-	-	-	-	-1.1	362.5	-37.8	-	-6.9	-	-	-	-	0.9	-43.8	318.7
Technical equipment and machinery		6,586.3	-	145.7	-49.5	133.9	-15.9	6,800.5	-2,796.7	0.2	-308.1	-	-	46.2	-1.3	12.9	-3,046.9	3,753.7
Leases for technical equipment and machinery		284.6	-	5.6	-12.9	-17.1	0.4	260.5	-75.3	-	-23.9	-	-	12.0	1.4	1.0	-84.8	175.7
Other equipment, operating and office equipment		398.6	0.1	29.8	-12.4	3.5	-0.1	419.6	-280.2	0.1	-	-	-	11.6	-	0.2	-293.6	126.0
Leases for other equipment, operating and office equipment		23.7	0.1	3.2	-9.4	-	-	17.5	-12.8	-	-	-	-	8.1	-	-	-7.6	9.9
Prepayments and assets under construction ²		294.4	0.2	234.9	-2.9	-152.4	0.2	374.5	-	-	-	-	-	-	-	-	-	374.5
Property, plant, and equipment	(12)	10,296.0	0.3	530.6	-364.6	-0.7	-20.8	10,440.7	-3,889.5	0.6	-443.9 ³	-	-	166.8	0.2	18.1	-4,147.9	6,292.8
- thereof leases		386.7	0.1	14.7	-29.9	-17.0	0.6	355.1	-122.0	-	-41.6	-	-	27.6	1.4	0.9	-133.7	221.4
Investment properties	(13)	8.7	-	-	-0.1	-	-	8.6	-4.1	-	-	-	-	-	-	-	-4.1	4.5

1 Rounding differences may arise in percentages and numbers.

2 Thereof advance payments made: €44.4 million.

3 This item contains an effect amounting to approximately €8 million resulting from the adjustment of the useful life in connection with Werra 2060.

STATEMENT OF CHANGES IN PROVISIONS

STATEMENT OF CHANGES IN PROVISIONS¹

D.9

in € million	Note	As of Jan. 1, 2023	Exchange differences	Changes in the scope of consolidation	Additions	Interest component	Utilization	Reversals	Reclassification	As of Dec. 31, 2023
Mine and shaft backfilling		393.0	-0.3	–	108.6	17.1	-15.0	-9.5	–	493.9
Maintenance of tailings piles		410.9	-0.1	–	254.4	19.8	-8.5	-94.8	–	581.7
Mining damage		66.5	–	–	4.5	5.1	-1.2	-0.5	–	74.4
Underground restoration		47.7	–	–	5.9	1.1	-7.2	-0.8	–	46.7
Other		14.3	–	–	1.4	0.3	–	-0.5	–	15.5
Provisions for mining obligations	(22)	932.4	-0.4	–	374.8	43.4	-31.9	-106.1	–	1,212.2
Service anniversaries		26.2	–	–	2.3	2.6	-2.0	–	–	29.1
Other personnel obligations		30.2	–	–	8.0	0.5	-8.9	-2.9	-3.8	23.1
Personnel obligations	(23)	56.4	–	–	10.3	3.1	-10.9	-2.9	-3.8	52.2
Other provisions	(23)	88.6	-0.1	–	9.0	2.4	-0.9	-4.2	–	94.8
Provisions (non-current liabilities)		1,077.4	-0.5	–	394.1	48.9	-43.7	-113.2	-3.8	1,359.2
Mining damage	(22)	5.0	–	–	0.4	–	-1.1	–	–	4.3
Personnel obligations		98.8	-0.1	–	90.2	–	-92.5	-5.7	3.8	94.5
Provisions for obligations from sales transactions		71.3	-0.2	–	42.0	–	-59.5	-9.3	0.4	44.7
Other provisions		88.1	-0.3	–	32.7	–	-62.9	-5.8	-0.4	51.4
Provisions (current liabilities)		263.2	-0.6	–	165.3	–	-216.0	-20.8	3.8	194.9
Provisions		1,340.6	-1.1	–	559.4	48.9	-259.7	-134.0	–	1,554.1

1 Rounding differences may arise in percentages and numbers.

GENERAL PRINCIPLES

The consolidated financial statements of the K+S Group prepared by K+S Aktiengesellschaft as of December 31, 2023, have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretation Committee (IFRS IC), as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (Handelsgesetzbuch, HGB).

K+S Aktiengesellschaft is a listed stock corporation (Aktiengesellschaft) registered in the commercial register under HRB 2669 at the Local Court of Kassel. Its registered office is Bertha-von-Suttner-Str. 7, 34131 Kassel, Germany.

The consolidated financial statements are prepared in euros (€). The individual items of the consolidated financial statements are presented in millions of euros (€ million) in the interests of clarity. Rounding differences may arise in percentages and numbers. The financial year corresponds to the calendar year. The financial statements of the consolidated Group companies are prepared as at the balance sheet date of the consolidated financial statements (December 31).

The consolidated financial statements were prepared by the Board of Executive Directors on March 6, 2024, and presented to the Supervisory Board for approval on March 12, 2024.

SCOPE OF CONSOLIDATION

There are no changes to the scope of consolidation for the 2023 financial year.

A total of 11 (2022: 11) domestic and 19 (2022: 19) foreign companies were included in the consolidated financial statements. A total of 19 (2022: 18) subsidiaries were not included in the consolidated financial statements and are measured at fair value according to IFRS 9, as they are immaterial to the consolidated financial statements in terms of total assets, revenues, and earnings.

All joint ventures and companies over which companies of the K+S Group exercise significant influence (associates) are accounted for using the equity method. Companies for which the potential effect on profit or loss from equity accounting can be deemed immaterial were measured at fair value in accordance

with IFRS 9 due to their immateriality to the financial statements as a whole. Two (2022: two) companies were measured using the equity method in the 2023 financial year.

A complete summary of equity investments of K+S Aktiengesellschaft can be found in the list of shareholdings on page 251.

CONSOLIDATION METHODS

SUBSIDIARIES

Subsidiaries are companies controlled by K+S Aktiengesellschaft. Control is presumed to exist when K+S Aktiengesellschaft has existing rights granting the Company the present ability to direct the relevant activities. The relevant activities are those activities that materially affect the returns of the Company. As a rule, the ability to exercise control is based on K+S Aktiengesellschaft directly or indirectly holding a majority of the voting rights. Consolidation begins at the point in time at which K+S Aktiengesellschaft acquires the possibility of control.

The financial statements of the consolidated subsidiaries are prepared as of the same balance sheet date as the consolidated financial statements. The assets and liabilities of the consolidated subsidiaries are recognized and measured uniformly in accordance with the policies described here and in the following notes.

Revenues, expenses, and income generated or incurred between consolidated companies while the companies concerned are members of the K+S Group are eliminated in full. Similarly, receivables and liabilities as well as inter-company profits resulting from goods and services supplied between consolidated subsidiaries are eliminated, unless they are immaterial.

In capital consolidation, the acquisition values of the investments are offset against the revalued equity attributable to them at the time of acquisition. Any positive difference that remains after allocating the purchase price to the assets and liabilities is recognized as goodwill. Any negative differences from the purchase price allocation are recognized in profit or loss.

JOINT OPERATIONS, JOINT VENTURES, AND ASSOCIATES

Joint operations and joint ventures are defined by the existence of a contractual arrangement according to which K+S Aktiengesellschaft directly or indirectly conducts the respective activities jointly with a non-Group company and decisions about the relevant activities require the unanimous consent of the parties sharing control. In a joint operation, the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. The assets and liabilities are included in the consolidated financial statements of the K+S Group on the basis of the interest held. In joint ventures, the parties that have joint control have rights to the net assets of the arrangement.

Associates are companies over which K+S Aktiengesellschaft directly or indirectly has significant influence.

ACCOUNTING POLICIES

RECOGNITION OF INCOME AND EXPENSES

In the K+S Group, revenues include income from the sale of goods and the provision of services, as well as revenues from customer-specific construction contracts. K+S acts as a principal in almost all transactions.

Revenues are recognized from the sale of goods as of the date when control of the goods is transferred to the customer. As a rule, and subject to the contractual arrangements and agreed transport clauses, the control is transferred at the time of delivery to the agreed location, handover to the carrier, or collection by the customer.

Revenues from services and customer-specific construction contracts are recognized over the period in which the service obligation is fulfilled. Revenues from services are recognized on a straight-line basis over the period in which the service is rendered. Revenues from customer-specific construction contracts are recognized based on the ratio of costs incurred to total expected costs (input-oriented method). Due to the nature of the services rendered and the predominance of customer-specific construction contracts, this method is most suitable for providing a true and fair view of the transfer of control to the customer. If the stage of completion cannot be measured

reliably, revenues are recognized only to the extent of costs incurred that are expected to be recovered by the Company.

In the event of a multi-component transaction involving the supply of goods and subsequent transportation services, the transaction price is determined taking any variable elements into account and is allocated to the respective performance obligations on the basis of standalone selling prices. No directly observable standalone selling prices are available for either the goods supplied, or transportation services provided. The standalone selling prices of the transportation services provided are, therefore, determined by applying the adjusted market assessment approach; the standalone selling prices of goods are calculated using the residual value method.

Contracts may contain variable components such as discounts or rebates. K+S grants customers discounts if the goods purchased by the customer during the defined period exceed a contractually agreed threshold. Variable components are reliably estimated in accordance with the contractual arrangements and existing expected values and are only recognized as revenues to the extent that they are not limited within the meaning of IFRS 15. Variable consideration is not limited to the extent that it is highly probable that there will not be a significant cancellation of revenues in connection with it as soon as the corresponding uncertainty no longer exists.

Rebates granted give rise to refund liabilities in the amount of the rebates expected to be refunded. They are reported under current provisions. The rebate considered to be due is reported until payment as part of provisions in current liabilities. Reversals of provisions and additions to provisions for sales transactions are reported under revenues.

Contracts containing (explicitly agreed or implied) significant financing arrangements do not normally exist. Should this apply to future contracts with customers, use of the facilitation in IFRS 15.63 of considering such effects only from a term of payment of more than one year in the transaction price will be made. Costs of obtaining contracts with payment terms of one year or less are not capitalized but recognized immediately in profit or loss.

In addition, use is made of the practical expedient in IFRS 15.121 not to disclose information on remaining performance obligations that are part of a contract with an original expected duration of one year or less.

If the amount can be determined reliably and it is probable that economic benefits will flow to the Company as a result of the transaction, other operating income is recognized in the period in which a legal (contractual or statutory) claim arises.

Other operating expenses are charged to profit or loss on the date the goods or services are used, or the expenses are incurred.

NET INCOME FROM EQUITY INVESTMENTS

This item includes the income (distributions, profit transfers) from non-consolidated subsidiaries and joint ventures, associates, and other investments not accounted for using the equity method for reasons of materiality.

INTANGIBLE ASSETS

Intangible assets are recognized at cost if it is probable that future economic benefits associated with the intangible asset will flow to the Company and the cost of the asset can be measured reliably. Purchased intangible assets are recognized at cost. Internally generated intangible assets are recognized at the development cost attributable to them (production costs).

They are subsequently carried at cost less amortization and, if required, impairment losses. The option of subsequent measurement at fair value, which is allowed under certain conditions, is not exercised. If their useful lives can be determined, intangible assets are subject to systematic amortization.

If they have indefinite useful lives, they are not amortized, but written down for impairment, if necessary. Whenever there is an indication of impairment, including between reporting dates, the corresponding assets are tested for impairment. Intangible assets with indefinite useful lives are tested for impairment at least annually and whenever there is an indication of impairment. Goodwill is always assumed to have an indefinite useful life.

Intangible assets with finite useful lives are amortized using the straight-line method based on normal useful lives. These assets are based on standard useful lives that are recognized across the Group. The remaining intangible assets have useful lives ranging from 2 to 62 years.

The depreciation charges for the financial year are disclosed in the income statement in line with the use of the assets concerned under the following items:

- + Cost of goods sold
- + Selling, general, and administrative expenses
- + Other operating expenses

Impairment losses are recognized in case of impairment. If the reasons for previously recognized impairment losses no longer exist, the impairment loss is reversed, although the net carrying amount of the asset must not be exceeded. The reversal is recorded on the income statement within the functional area to which the intangible asset was allocated. Impairment losses on goodwill must not be reversed.

Goodwill is tested for impairment at least once a year and whenever there is an indication of impairment. An impairment loss is recognized if necessary. Any need to recognize an impairment loss is determined in accordance with IAS 36 by comparing the carrying amounts of the cash-generating units to which goodwill has been allocated with the recoverable amounts of the units. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Where the recoverable amount is fair value less costs of disposal, the measurement is, therefore, conducted from the perspective of an independent market participant. The measurement is based on the future net cash flows determined by using a DCF method, since market prices are not normally available for separate units. Since this involves the use of non-observable inputs, the measurements are categorized within Level 3 of the fair value hierarchy.

Where the recoverable amount is value in use, the cash-generating units are measured as currently used. Value in use is determined based on the discounted expected future cash flows from the cash-generating units. If there is a need to recognize an impairment loss, the individual assets whose carrying amounts are to be reduced are written down to fair value less costs of disposal, value in use, or zero, whichever is the highest. Any write-down requirement that remains because of this lower limit is in turn allocated to the other assets of the respective CGU on a proportionate basis, taking into account the lower value limits.

If intangible assets are sold or decommissioned, the gain or loss calculated as the difference between net realizable value (sale proceeds less cost of disposal) and the net carrying amount is recognized in other operating income or expenses.

Certificates issued by the German Emissions Trading Authority (DEHSt) are recognized at a value of zero in the balance sheet. Emission certificates purchased in the market are recognized at cost as intangible assets. If the fair value on the reporting date falls below cost, an impairment test is carried out under which the carrying amount of the cash-generating unit holding the emission allowances is compared with the value in use of that unit.

A provision is recognized for the obligation to surrender emission certificates to DEHSt, provided that the CO₂ emissions generated up to the reporting date are not covered by emission certificates granted free of charge. The emission certificates acquired against payment are included in the provision at their net carrying amount. For this purpose, K+S applies the average cost formula as the consumption sequence method for the portfolio of emission certificates acquired against payment. If there is still a difference between the CO₂ emissions and the obligation to return them after all of the Company's own stocks of emission rights have been used, the provision is recognized at the market price of the emission rights on the balance sheet date.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment is recognized at cost if it is probable that economic benefits associated with the assets will flow to the Company and cost can be reliably determined. Where relevant, cost also includes future restoration and renaturation obligations for which provisions have been recognized in accordance with IAS 37. They are subsequently carried at cost less depreciation and, if required, impairment losses. The option of subsequent measurement at fair value, which is allowed under certain conditions, is not exercised.

Property, plant, and equipment is generally depreciated using the straight-line method based on standard useful lives.

For property, plant, and equipment depreciated using the straight-line method, the following useful lives are applied as standard across the Group: **D.10**

USEFUL LIVES OF PROPERTY, PLANT, AND EQUIPMENT	D.10
in years	
Buildings	15 - 50
Raw material deposits	2 - 56
Technical equipment and machinery (tunnels and excavations)	12 - 130
Technical equipment and machinery (other)	8 - 40
Other equipment, operating and office equipment	7 - 11

The depreciation charges for the financial year are disclosed in the income statement in line with the use of the assets concerned under the following items:

- + Cost of goods sold
- + Selling, general, and administrative expenses
- + Other operating expenses

Acquired raw material deposits are recognized as property, plant, and equipment. Depreciation starts on the date the raw materials are first extracted.

Excavations (main ventilation drifts, main conveyor roads, return air collection drifts, main access roads, workshops, bunkers, warehouses) are also reported as property, plant, and equipment if they are used for longer than one period.

Whenever there is an indication of impairment, including between annual reporting dates, the corresponding assets are tested for impairment. If the impairment losses exceed depreciation charges already recognized, an impairment loss is recognized in the function to which the item of property, plant, and equipment is allocated. These impairment losses are determined in accordance with IAS 36 by comparing the carrying amounts with the recoverable amounts of the assets concerned. If the recoverable amount cannot be determined at the level of individual assets, the carrying amount of the cash-generating unit to which the assets have been allocated is compared with its recoverable amount; see also the explanations above ("Intangible assets") as well as in Notes (12) "Intangible assets, property, plant, and equipment, and impairment tests."

The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Where the recoverable amount is fair value less costs of disposal, the measurement is, therefore, conducted from the perspective of an independent market participant. The measurement is based on the future net cash flows determined by using a DCF method, since market prices are not normally available for separate units. As this involves the use of non-observable inputs, the measurements are categorized within Level 3 of the fair value hierarchy.

Where the recoverable amount is value in use, the cash-generating units are measured as currently used. Value in use is determined based on the discounted expected future cash flows from the cash-generating units. If there is a need to recognize an impairment loss, the individual assets whose carrying amounts are to be reduced are written down to fair value less costs of disposal, value in use, or zero, whichever is the highest. Any write-down requirement that remains because of this lower limit is in turn allocated to the other assets of the respective CGU on a proportionate basis, taking into account the lower value limits.

If the reasons for previously recognized impairment losses no longer exist, the impairment loss is reversed as appropriate, although the net carrying amounts must not be exceeded. The reversal is recorded on the income statement within the functional area to which the asset was allocated.

If property, plant, and equipment is sold or decommissioned, the gain or loss calculated as the difference between net realizable value (sale proceeds less cost of disposal) and the net carrying amount is recognized in other operating income or expenses.

CAPITALIZATION OF BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset and should, therefore, be capitalized. A qualifying asset is an asset that takes a period of at least one year to get ready for its intended use or sale. In the statement of cash flows, capitalized borrowing costs are reported under "Interest paid and similar expenses" in "Net cash flow from operating activities."

LEASES

A lease is defined as a contract that conveys the right to use an asset for a period of time in exchange for consideration. All rights and obligations under leases are recognized as right-of-use assets in the underlying assets and as lease liabilities for the payment obligations assumed in the lessee's balance sheet.

The lease liability is recognized at the present value of the future lease payments. Present value is determined by discounting the lease payments at the discount rate implicit in the lease. If this cannot be determined, discounting is performed using the lessee's incremental borrowing rate. K+S uses discounting both at the rate implicit in the lease and at the incremental borrowing rate. The incremental borrowing rate is calculated based on the risk-free rate for matching maturities in the payment currency for the lease plus a creditworthiness-dependent spread. In subsequent periods, discounting of the lease liability is unwound and the lease liability is reduced by the lease payments made. Unwinding of the discounting on the lease liability is presented as interest expense. The lease liabilities are presented as other financial liabilities.

Under certain conditions, K+S remeasures the lease liability and makes a corresponding adjustment to the right-of-use asset. This involves the following cases of remeasurement and modification:

- + The lease term has changed or a significant event or change in circumstances has occurred, and this has led to a reassessment of whether a purchase option will or will not be exercised. In these cases, the lease liability must be remeasured on the basis of the changed lease installments, any change in the lease term, and a newly calculated discount rate.
- + The lease payments may change as a result of changes in an index or because of the dependence on another market price, or because of amounts expected to be paid under the residual value guarantee. In these cases, the lease liability must be remeasured on the basis of the changed lease installments, leaving the discount rate unchanged. As a departure from this, a changed discount rate has to be applied if the change in the lease installments is due to a change in an agreed variable interest rate.
- + A lease is modified and the modification is not treated as a separate lease. In these cases, the lease liability is remeasured as of the effective date of the modification on the basis of the term of the modified lease, the changed lease installments, and a new discount rate.

Right-of-use assets are measured at cost, which consists of the lease liability, lease payments made at or before the commencement date, less any lease incentives received, initial direct costs, and restoration obligations. As a rule, lease assets are depreciated over the term of the respective lease. Impairment losses may have to be recognized if necessary. As a departure from this, lease assets are depreciated over the useful life of the asset if the asset is transferred to the lessee at the end of the lease, or it can be assumed with reasonable certainty that a purchase option on the underlying asset will be exercised. As a rule, the depreciation policy for right-of-use assets is the same as for comparable assets to which the Company has legal title (straight-

line depreciation). Certain right-of-use assets in the "technical equipment and machinery" group are depreciated according to the units of production method, because this method more suitably reflects the consumption of economic benefits. Depreciation charges for the right-of-use asset are allocated to function costs. Right-of-use assets are presented under the same item within property, plant, and equipment that the underlying asset would have been presented under had it been purchased.

For short-term leases of up to twelve months (and not containing a purchase option) and leases of low-value assets, an entity may elect not to recognize the right-of-use asset and the lease liability. K+S exercises these options and elects not to recognize most classes of assets leased under short-term leases and low-value assets in the balance sheet. Instead, lease payments are recognized as operating expenses. In addition, for some classes of underlying asset, lease and non-lease components are not separated and the total payment is taken as the basis when measuring the lease liability.

A large number of leases contain extension and/or termination options. Such contract terms and conditions offer K+S a maximum of operational flexibility. When determining the term of the respective contracts, all facts and circumstances are taken into account that provide an incentive to exercise extension options or not to exercise termination options. The term options are only taken into consideration in determining the term if it is reasonably certain that they will or will not be exercised.

The K+S Group only acts as lessor to an insignificant extent.

GOVERNMENT GRANTS

Government grants for the acquisition or production of items of property, plant, and equipment (e.g., investment grants and subsidies) reduce the cost of the assets concerned. Grants related to income are offset against the corresponding expenses in the current year.

INVESTMENT PROPERTY

Investment property is recognized at cost if it is probable that economic benefits associated with the investment property will flow to the Company and cost can be reliably determined. It is subsequently carried at cost less depreciation and, if required, impairment losses. The option of subsequent measurement at fair value, which is allowed under certain conditions, is not exercised. Investment property is depreciated using the straight-line method based on standard useful lives. A useful life of 50 years is generally assumed. The depreciation expense is recognized under other operating expenses. Income from the disposal of investment property is recognized in the financial result.

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS

A non-current asset (or disposal group) is classified as held for sale if the associated carrying amount will principally be recovered through a sale transaction rather than continuing use. That is the case if the asset (or disposal group) is available for sale in its current condition and such a sale is highly probable. Non-current assets (or disposal groups) classified as held for sale are recognized at the lower of carrying amount and fair value less costs of disposal. These assets are no longer depreciated or amortized.

A part of the company that has been sold or that is classified as held for sale is reported as a discontinued operation if it:

- + represents a separate major line of business or geographical area of operations,
- + is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- + is a subsidiary acquired exclusively with a view to resale.

Inter-company receivables, liabilities, expenses, and income between the companies of the discontinued operation and the other Group companies are eliminated in full. For inter-company supplies of goods and services and lending and borrowing arrangements entered into after deconsolidation, all elimination entries arising from expense and income consolidation are allocated to the discontinued operation. If these arrangements are not continued, all elimination entries are made in the continuing operations of the K+S Group.

FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to a financial asset for one of the parties to such a contract and to a financial liability or equity instrument for the other party. Financial assets and financial liabilities are reported separately from each other (no offsetting). Financial assets mainly comprise cash and cash equivalents, trade receivables, receivables from customer-specific construction contracts, securities, financial assets, as well as derivative financial instruments with a positive fair value. Financial liabilities include, in particular, financial liabilities, trade payables, as well as derivative financial instruments with a negative fair value.

Regular way purchases and sales of financial instruments are always recognized as of the settlement date.

CLASSIFICATION AND MEASUREMENT

The classification and measurement of financial assets depends on the company's business model, among other factors. As a rule, K+S aims to recognize as income the contractual cash flows from the financial asset. For this reason, the "hold to collect" business model is applied during classification and measurement.

The accounting treatment of financial assets in the form of debt instruments additionally depends on the cash flow characteristics. If the contractually agreed cash flows represent solely payments of principal and interest on the principal amount outstanding, they are measured at amortized cost. If this cash flow condition is not met, the assets are measured at fair value through profit or loss.

Trade receivables available for sale under factoring arrangements are allocated to the “hold to collect and sell” business model under IFRS 9 and measured at fair value through other comprehensive income.

Equity instruments in the “hold to collect” business model are always measured at fair value. This mainly applies to shares in unconsolidated subsidiaries, joint ventures, associates, and other equity investments. They are always held for the long term and not for trading. For this reason, the OCI option is exercised, which allows changes in fair value to be recognized in other comprehensive income without reclassifying them to the income statement on disposal.

Dividends paid or profits transferred by unconsolidated subsidiaries are recognized through profit or loss.

Derivatives are measured at fair value. Changes in fair value are recognized through profit or loss. Derivatives are derecognized on the settlement date. Hedge accounting is not applied.

Financial liabilities (except derivatives with negative fair values) are measured at amortized cost.

IMPAIRMENT LOSSES

For financial assets not measured at fair value, impairment losses are recognized on the basis of expected losses.

At initial recognition, an impairment loss in the amount of the expected twelve-month losses must always be recognized. Interest is determined on the basis of gross carrying amounts.

If default risk increases significantly in subsequent periods, the impairment loss is determined on the basis of the lifetime expected losses of the instrument. Interest is likewise determined on the basis of gross carrying amounts.

If there is objective evidence of impairment (e.g., insolvency), the impairment loss is also determined on the basis of the lifetime expected losses of the instrument, but interest is determined on the basis of net carrying amounts.

At K+S, the guidance on impairment losses is applied most frequently to trade receivables, for which lifetime expected credit losses are recognized on initial recognition in accordance with the simplified IFRS 9 model.

INVENTORIES

In accordance with IAS 2, inventories include assets, either held for sale in the ordinary course of business (finished goods and merchandise), assets in the production process for sale in the ordinary course of business (work in progress), or that are used to provide services (raw materials, consumables, and supplies).

Inventories are measured at the lower of average cost and net realizable value. In addition to direct costs, production costs also include reasonable proportions of fixed and variable material and manufacturing overhead, provided they are incurred in connection with the production process. The same applies to general administrative expenses, post-employment, and other employee benefit costs, as well as other social security expenses. Fixed overheads are allocated on the basis of normal capacity. Net realizable value is defined as the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

OTHER NON-FINANCIAL ASSETS

This item includes receivables and assets that are not underpinned by a contractual entitlement to payment and that cannot be allocated to any other balance sheet item. Examples include prepayment for the provision of goods and services in the future (e.g., energy supply) and claims for reimbursement of value added tax that has been paid.

CASH AND CASH EQUIVALENTS

This item includes cash on hand and balances with banks. It also includes financial assets with a maturity of generally not more than three months from the date of acquisition.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The provisions for pensions and similar obligations are determined in accordance with actuarial principles applying the projected unit credit method. The discount rate is determined on the basis of the returns for high-quality corporate bonds available at the reporting date. The actuarial interest rate is calculated based on the Mercer Yield Curve, published by Mercer. Aspects such as future expected salary and pension increases, and mortality rates are also taken into account. Any plan assets are offset against the corresponding obligations.

The net interest for a reporting period is determined by multiplying the net defined benefit liability (asset) by the discount factor specified above, taking into consideration expected payments.

Remeasurement gains or losses on the net liabilities from defined benefit pension plans are recognized in other comprehensive income. They include:

- + actuarial gains/losses,
- + income from plan assets, excluding amounts contained in the net interest on the net defined benefit liability (asset), and
- + changes in the effects of the asset ceiling, excluding amounts contained in the net interest on the net defined benefit liability (asset).

PROVISIONS

Provisions are recognized in the amount of the expected utilization for current obligations to third parties resulting from a past event. The utilization must be more likely than unlikely, and the amount of the obligations must be reliably estimable. Non-current provisions with a remaining term of more than one year are discounted at a capital market interest rate with an appropriate maturity, taking into account future cost increases, to the extent that the interest effect is material. Adjustments due to changes in the discount rate are recognized in net interest income.

PROVISIONS FOR MINING OBLIGATIONS

K+S's provisions for mining obligations are largely related to two categories of provisions: maintenance of tailings piles and mine and shaft backfill. The latter includes backfilling shafts after a plant closes down as well as the safekeeping of bore holes used for injection, observation, and caverns. Backfilling shafts stops water from penetrating the mine, ensures the shafts' stability, and in doing so protects the surface around the shafts against subsidence.

At K+S, mine backfilling is considered to include all obligations for the backfilling or flooding of former underground mining chambers and drifts. Backfilling activities usually aim to increase the long-term stability of the chambers concerned and reduce subsidence. Moreover, the term is also deemed to include obligations to build dams and perform other underground restoration work.

The provision category maintenance of tailings piles is primarily understood to involve the obligation under public law to collect saline tailings pile waters, store them in the interim, and dispose of them in a controlled manner. The aim behind the measures that must be performed by K+S is to prevent or mitigate impacts on the ground and surface waters as far as possible. As a result, the forecast of the expected volumes of tailings pile water and the management plans are extremely important. The provision includes all costs that are payable for these activities after a site is closed. Furthermore, net revenue from covering tailings piles is factored into the calculations for the provision and reduce it in size if the cover has sufficiently detailed specifications and likelihood.

The provisions for mining damage at K+S are recognized primarily for expenses incurred for specific damage that is expected to buildings and other infrastructure from the surface subsidence associated with underground extraction. Furthermore, obligations for monitoring after decommissioning of the sites are also taken into account here.

The obligation to decommission underground production facilities after closure of a site is included in the category of underground restoration. In concrete terms, this includes removing machines, vehicles, and water-polluting substances from the mine and disposing of them properly.

For certain provisions (e.g., for shaft backfilling), a corresponding asset is recognized at the time the provisions are established in the amount of the expected restoration and recultivation expenses, which is reported under property, plant, and equipment. In subsequent periods, this asset is depreciated on a straight-line basis over its estimated useful life and, if necessary, reduced by impairment losses. Additions, to and reversals of, these provisions result in a corresponding increase or decrease in the asset item.

If the amount of the reversal of the provision exceeds the corresponding asset item, the difference (income) is recognized in profit or loss under cost of goods sold (active sites) or other operating income (inactive sites). This applies equally to reversals of provisions without asset items recognized in profit or loss. As an exception to this rule, adjustments due to changes in the discount rate for provisions without corresponding asset items are recognized in net interest income.

SHARE-BASED PAYMENT

The K+S Group's share-based payment program is a cash-settled share-based payment plan that is part of performance-related pay (LTI II program). The fair value of the obligation is charged to the income statement pro rata over the benefit period. Fair value and the associated provision to be recognized are remeasured as of each balance sheet date. Any changes in fair value and the corresponding changes in the amount of the provision are recognized in profit or loss. Fair value is calculated using a recognized option pricing model (CRR option pricing model).

INCOME TAX

Deferred taxes are determined in accordance with IAS 12 using the liability method in line with common international practice. This results in the recognition of deferred tax items for temporary

differences between the tax base and the amounts recognized in the consolidated balance sheet, as well as for tax loss carryforwards. However, deferred tax assets are only recognized if it is sufficiently probable that they will be realized. Deferred taxes are measured using tax rates that, under current legislation, are expected to apply in the future when the temporary differences will reverse. The effects of changes in tax legislation on deferred tax assets and liabilities are recognized in profit or loss in the period in which the changes in legislation have been substantively enacted. As specified in IAS 12, deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset based on maturity within individual companies or within tax groups.

Current income taxes are recognized in the balance sheet at the time they are incurred. They are calculated taking into account the respective local tax legislation and existing case law. The complexity of these regulations and possible differences in their interpretation lead to uncertainties with regard to the tax treatment of individual business transactions. In accordance with IFRIC 23, these uncertain tax positions are measured at the most probable value, i.e., a potential utilization.

ACQUISITIONS

Business combinations are accounted for using the acquisition method. In connection with the remeasurement of the acquiree, all hidden reserves and hidden liabilities of the acquiree are uncovered, and assets, liabilities, and contingent liabilities are recognized at their fair values (with the exceptions specified in IFRS 3). Any resulting positive difference from the cost of the acquiree is recognized as goodwill. Any negative difference is immediately recognized in profit or loss.

JUDGMENT AND ESTIMATES

JUDGMENT IN THE APPLICATION OF ACCOUNTING POLICIES

The carrying amounts of assets and liabilities sometimes depend on judgment on the application of accounting policies. This relates in particular to the following:

- + Determination of the basis of consolidation,
- + Definition of cash-generating units,
- + Determination of extent of the raw material deposits to be included in the impairment test,
- + Determination of whether a company acts as principal or agent in a sales transaction,
- + Determination of whether it is reasonably certain that extension or termination options in a lease within the meaning of IFRS 16 will be exercised or not,
- + Determination of whether it is reasonably certain that a purchase option in a lease within the meaning of IFRS 16 will be exercised,
- + Determination whether the material opportunities and risks are transferred to the factor under the factoring arrangement,
- + Recognition and valuation of uncertain tax positions (risks) and the determination of the recoverability of deferred tax assets, in particular on loss carryforwards.

ESTIMATES AND ASSUMPTIONS IN THE APPLICATION OF ACCOUNTING POLICIES

The reasons for, and amount of, some items recognized in the IFRS financial statements are in some cases based on estimates and the definition of certain assumptions. This is particularly necessary in the case of:

- + Determining the useful lives of depreciable items of property, plant, and equipment,
- + Specifying measurement assumptions and future gains or losses resulting from impairment tests,
- + Inventories with inherent measurement uncertainty because of their physical attributes,

- + Determining the net realizable value of inventories,
- + Determining the inputs necessary for the measurement of pension provisions and similar obligations (e.g., discount rate, future wage/salary and pension trends, mortality rates, healthcare cost trends),
- + Determining the parameters required for the measurement of lease liabilities (incremental borrowing rate),
- + Determining fair value for the measurement of the provisions for share-based payment in accordance with IFRS 2,
- + Determining the parameters necessary for measuring the provisions for mining obligations (e.g., amount of the payments expected, cost increase rate, settlement dates, discount rates, and amount of net revenue expected from tailings pile covering),
- + Selecting inputs for the model-based measurement of derivatives (e.g., assumptions about volatility and interest rates),
- + Determining the accrual of revenues and expenses according to IFRS 15 for services that have not yet been (fully) provided at the reporting date,
- + Determining the profit or loss on customer-specific construction contracts according to the stage of completion (estimate of contract progress, total contract costs, cost to completion, total contract revenue, and contract risks),
- + Determining the usability of tax loss carryforwards, determining the fair value of intangible assets, property, plant, and equipment, and liabilities acquired in connection with a business combination, and determining the useful lives of the intangible assets and property, plant, and equipment acquired,
- + Determining fair value in the measurement of shares in affiliated companies and equity investments as well as when first recognizing joint ventures,
- + Determining the recoverable amount of discontinued operations.

Despite taking great care in producing such estimates, actual outcomes may differ from the assumptions made.

CURRENCY TRANSLATION

The annual financial statements of foreign Group companies are translated into euros in accordance with the functional currency concept of IAS 21. All companies conduct their operations independently in financial, economic, and organizational terms. The functional currency is the currency of the primary economic environment in which the Group company operates; it normally corresponds to the local currency. Assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Income and expenses are translated at the average exchange rates for the quarter. The resulting currency translation differences are recognized directly in equity. When Group companies exit the scope of consolidation, the corresponding currency translation difference is reversed and recognized in profit or loss.

At K+S Asia Pacific Pte. Ltd. and K plus S Middle East FZE DMCC, the US dollar is used as the functional currency, in contrast to the local currency, as these companies generate most of their cash flows in and out of this currency.

The translation of significant currencies in the Group was based on the following exchange rates for the euro: **D.11, D.12**

In the year under review, net translation differences of €-26.4 million (2022: €39.9 million) were recognized in the income statement (e.g., measurement/realization of receivables and liabilities in a foreign currency); they were mainly reported in other operating income or expenses.

EXCHANGE RATES

D.11

per €1	2023				
	Spot rate on Dec. 31	Quarterly average rate, Q1	Quarterly average rate, Q2	Quarterly average rate, Q3	Quarterly average rate, Q4
US dollar (USD)	1.105	1.073	1.089	1.088	1.075
Canadian dollar (CAD)	1.464	1.451	1.462	1.460	1.465
Czech koruna (CZK)	24.724	23.785	23.585	24.126	24.517
Chinese renminbi (CNY)	7.851	7.342	7.644	7.886	7.771
UAE dirham (AED)	4.058	3.941	3.999	3.998	3.998
Singapore dollar (SGD)	1.459	1.430	1.459	1.469	1.452

EXCHANGE RATES

D.12

per €1	2022				
	Spot rate on Dec. 31	Quarterly average rate, Q1	Quarterly average rate, Q2	Quarterly average rate, Q3	Quarterly average rate, Q4
US dollar (USD)	1.067	1.122	1.065	1.007	1.021
Canadian dollar (CAD)	1.444	1.421	1.359	1.315	1.385
Czech koruna (CZK)	24.116	24.653	24.644	24.579	24.389
Chinese renminbi (CNY)	7.358	7.121	7.043	6.898	7.258
UAE dirham (AED)	3.917	4.120	3.913	3.699	3.699
Singapore dollar (SGD)	1.430	1.517	1.467	1.407	1.415

NEW OR AMENDED FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

The changes to the financial reporting standards and interpretations will have no material impact on the consolidated financial statements of the K+S Group. With regard to the required disclosures on "International tax reform – Pillar Two Model Rules," please refer to Note 9 "Income tax expense" in this report. **D.13**

NEW OR AMENDED FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS YET TO BE APPLIED

The following financial reporting standards and interpretations were published by the IASB by the reporting date, although application by the K+S Group is only required at a subsequent date. **D.14**

As things stand, the changes to the financial reporting standards and interpretations will have no material impact on the consolidated financial statements of the K+S Group.

NEW OR AMENDED FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

D.13

Standard/ Interpretation			Date of mandatory application in the K+S Group ¹
New	IFRS 17	IFRS 17 – Insurance Contracts	Jan. 1, 2023
Amendment	IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Jan. 1, 2023
Amendment	IAS 1	Presentation of Financial Statements and Practice Statement 2 – Disclosure of Accounting Policies	Jan. 1, 2023
Amendment	IAS 8	Accounting Policies, Changes in Accounting Estimates	Jan. 1, 2023
Amendment	IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	Jan. 1, 2023
Amendment	IAS 12	International Tax Reform – Pillar Two Model Rules	Jan. 1, 2023

¹ Initial application for companies whose registered office is in the EU for reporting periods beginning on or after this date. The application of new or amended IFRS standards or interpretations for companies whose registered office is in the EU is subject to endorsement by the European Commission. Occasionally, the date of mandatory application determined by the European Commission may differ from the first-time application date stipulated by the IASB.

NEW OR AMENDED FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS YET TO BE APPLIED

D.14

Standard/ Interpretation			Date of mandatory application in the K+S Group ¹
Amendment	IAS 1	Amendments relating to the Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	Jan. 1, 2024
Amendment	IAS 7 / IFRS 7	Financial Instruments: Disclosures: Supplier Finance Arrangements	Jan. 1, 2024
Amendment	IFRS 16	Lease Liability in a Sale-and-Leaseback	Jan. 1, 2024
Amendment	IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	Jan. 1, 2025

¹ Initial application for companies whose registered office is in the EU for reporting periods beginning on or after this date. The application of new or amended IFRS standards or interpretations for companies whose registered office is in the EU is subject to endorsement by the European Commission. Until then, the date of mandatory application for companies whose registered office is in the EU remains open. Early application of one or more IFRS standards or interpretations (if provided for by the IASB) is subject to EU endorsement. Occasionally, the date of mandatory application determined by the European Commission may differ from the first-time application date stipulated by the IASB.

NOTES TO THE INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

The income statement and statement of comprehensive income are presented on pages 186 – 187. The income statement has been prepared in accordance with the cost of sales method. K+S exercises the option to present the statement of comprehensive income separately from the income statement.

The K+S Group uses derivatives to hedge market risk. The hedging strategy is explained in more detail in Note (19). IFRS 9 requires derivatives to be measured at fair value (fair value measurement). Fair value measurement is based on mathematical finance models (see Note (19) Derivative financial instruments). Hedge accounting according to IFRS 9 is not applied to the derivatives and hedged items described above, so that fluctuations in the fair values of the outstanding derivatives are recognized through profit or loss at each reporting date. In addition, the exercise/settlement, sale, or expiry of derivatives used for hedging purposes also have an effect on profit or loss.

Depending on the purpose of the hedge, the effects of hedging are reported under the following items in the income statement:

A) GAINS/(LOSSES) ON OPERATING ANTICIPATORY HEDGES

All effects on profit or loss arising from anticipatory hedges of operating transactions to be recognized in profit or loss in future periods are combined in this income statement line item. "Anticipatory" refers to hedged items expected with a high degree of probability, although they have not yet been recognized in the balance sheet or income statement. "Operating" relates to hedged items that will have an effect on earnings after operating hedges. The main application is the hedging of forecasted revenues in USD.

B) OTHER OPERATING INCOME/EXPENSES

This item includes effects on profit or loss from hedging existing foreign currency receivables (e.g., hedging USD receivables against exchange rate fluctuations with a EUR/USD forward exchange contract).

C) FINANCIAL RESULT

Effects on profit or loss from hedging items with a financing element that affect earnings after operating hedges neither in the current financial year nor in future financial years are reported in the financial result (e.g., currency derivatives used for liquidity management).

Internal control of the K+S Group is, among other things, performed on the basis of EBITDA. In addition to being adjusted for depreciation and amortization, it differs from earnings after operating hedges reported in the income statement in that fair value changes arising from operating anticipatory hedges are not taken into account if they result from fair value measurements during the term of the hedging instrument as specified in IFRS 9. As a result, the following effects must be eliminated from earnings after operating hedges reported in the income statement:

+ Income (-)/expenses (+) arising from changes in the fair value of outstanding operating anticipatory hedges

Until maturity, the hedging transactions must be measured at fair value as of each balance sheet date. Any difference from the carrying amount is recognized as income or expense.

+ Elimination of prior-period changes in the fair value of operating anticipatory hedges

The carrying amount of the hedging instrument is derecognized at the time it is realized. It is realized when the hedging instrument is exercised/settled, expires, or is sold. The difference between the realized amount and carrying amount is the income or expense recognized in the current period. Since EBITDA is intended to show earnings that exclude the effects of fair value measurement in accordance with IFRS 9, changes in fair value from earlier periods included in the carrying amount are eliminated.

Due to the elimination of all fair value changes during the term, hedging gains or losses included in EBITDA correspond to the value of the hedging transactions at the time of realization (difference between the spot rate and hedging rate); in the case of options, it is reduced by the premium paid or increased by the premium received. **D.15**

RECONCILIATION OF OPERATING EARNINGS AND EBITDA¹**D.15**

in € million	2022	2023 Continuing operations	2023 Discontinued operations	2023 Continuing and discontinued operations
Earnings after operating hedges	1,999.6	325.0	-1.7	323.3
Income (-)/expense (+) from changes in fair value of the of outstanding operating anticipatory hedges	10.4	-32.9	-	-32.9
Elimination of prior-period changes in the fair value of operating anticipatory hedges	-30.9	-35.8	-	-35.8
Depreciation and amortization (+)/impairment losses (+)/reversals of impairment losses (-) on non-current assets	449.1	456.7	-	456.7
Capitalized depreciation ²	-6.8	-8.8	-	-8.8
Impairment losses (+)/reversals of impairment losses (-) on investments accounted for using the equity method	1.5	8.2	-	8.2
EBITDA	2,422.9	712.4	-1.7	710.7

1 EBITDA is defined as earnings before income taxes, interest, depreciation and amortization, adjusted for the amortization amount recognized directly in equity in connection with own work capitalized, the result of changes in the fair value of operating forecast hedges still outstanding, and changes in the fair value of operating forecast hedges recognized in prior periods.

2 This relates to depreciation of assets used in the production of other items of property, plant, and equipment. Depreciation is capitalized as part of the cost of production and is not recognized in profit or loss.

(1) REVENUES

The K+S Group's revenues amounted to €3,872.6 million (2022: €5,676.6 million) and can be broken down as presented in table **D.16**.

Revenues are broken down on the basis of market-related customer segments (Agriculture and Industry+). Industry+ is further broken down into the areas of Industry, Consumer, and Communities on the basis of customer interests. Industry, the largest area, is also broken down into product groups.

The chosen breakdowns of revenues reflect the influence of economic factors on the nature, amount, timing, and uncertainty of revenues and cash flows.

REVENUES**D.16**

in € million	2022	2023
Agriculture	4,465.6	2,721.3
- thereof potassium chloride	2,976.5	1,661.1
- thereof fertilizer specialties	1,489.2	1,060.2
Industry+	1,211.0	1,151.3
- thereof consumers	63.8	80.7
- thereof communities	139.0	159.6
- thereof industry	1,008.2	911.0
- thereof water softening	60.6	72.6
- thereof industrial applications	144.0	129.1
- thereof food processing industry	124.6	153.0
- thereof chemicals	343.4	217.4
- thereof animal nutrition	78.8	90.4
- thereof pharma	33.5	42.6
- thereof complementary activities	185.4	181.6
- thereof other	37.8	24.3
Total	5,676.6	3,872.6

Revenues are generated, in particular, from the sale of goods. Sales are made via multi-year framework agreements with annual adjustments to volumes and prices. Furthermore, there are customer agreements for the supply of fixed capacities, which are also renegotiated on a regular basis regarding volumes and prices. In addition, part of the customers are also supplied via short-term orders. The payment terms agreed with customers are mainly between 10 and 180 days; in certain markets, longer payment terms are also customary.

Performance obligations not yet completely fulfilled as of the reporting date generally result in revenue recognition in the following year.

As a rule, no warranties are granted beyond the normal guarantee that the products comply with the agreed specifications.

Tables **D.17** and **D.18** present the opening and closing carrying amounts of trade receivables, receivables from customer-specific construction contracts, and contract liabilities.

OPENING AND CLOSING CARRYING AMOUNTS		D.17
in € million	Opening carrying amount as of Jan. 1, 2022	Closing carrying amount as of Dec. 31, 2022
Trade receivables	569.5	1,143.7
Receivables from customer-specific construction contracts	1.4	0.8
Contract liabilities	6.2	5.4

OPENING AND CLOSING CARRYING AMOUNTS		D.18
in € million	Opening carrying amount as of Jan. 1, 2023	Closing carrying amount as of Dec. 31, 2023
Trade receivables	1,143.7	759.8
Receivables from customer-specific construction contracts	0.8	2.9
Contract liabilities	5.4	4.4

Contract assets exist in the form of receivables under customer-specific construction contracts for which K+S has a contingent claim to payment from the customer. If the contractual performance exceeds the advance payments, such receivables are reported as current assets in the balance sheet under "Other financial assets." Contract liabilities are recognized in connection with multiple-element arrangements for advance payments received from customers prior to contractual performance and are presented as current liabilities in the balance sheet under "Other non-financial liabilities." When the performance obligations are satisfied, these contract liabilities are recognized as revenues.

Revenues include revenues from prior periods of €9.3 million (2022: €4.2 million), which result primarily from the reversal of provisions for sales transactions through profit or loss.

The regional breakdown of revenues is shown in the segment reporting disclosures under Note (32).

(2) COST OF GOODS SOLD AND SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Cost of goods sold in the financial year amounted to €3,308.8 million (2022: €3,219.3 million).

Cost of goods sold includes freight costs of €594.9 million (2022: €665.1 million). Marketing costs amounted to €63.5 million (2022: €61.0 million) and general and administrative expenses stood at €120.0 million (2022: €125.3 million). The cost of materials includes the following items: **D.19**

COST OF MATERIALS		D.19	
in € million	2022	2023	
Expenses for raw materials and supplies and for purchased goods	702.8	611.3	
Cost of purchased services	503.5	589.3	
Energy costs	436.9	455.2	
Cost of materials	1,643.2	1,655.8	

(3) OTHER OPERATING INCOME

Other operating income includes the following material items:

D.20

OTHER OPERATING INCOME	D.20	
in € million	2022	2023
Gains on exchange rate differences/currency hedging transactions	161.1	52.3
Prior-period income	27.7	46.6
Rental and leasing income	4.2	4.2
- thereof from investment property	0.9	0.9
Compensation and refunds received	2.5	1.3
Income from the disposal of property, plant, and equipment and intangible assets	0.4	0.5
Reversals of allowances for receivables	0.1	0.2
Income from the deconsolidation of subsidiaries	-	-
Other income	45.8	45.9
Other operating income	241.8	151.0

Income relating to other periods is mainly attributable to reimbursements for energy supplies and the reversal of provisions. Income from the reversal of provisions is reported in the corresponding cost accounts according to the costs-by-cause principle.

(4) OTHER OPERATING EXPENSES

Other operating expenses include the following material items:

D.21

OTHER OPERATING EXPENSES	D.21	
in € million	2022	2023
Losses on exchange rate differences/currency hedging transactions	206.4	71.4
Expenses for disused plant and preservation of Merkers	74.6	48.9
Costs not subject to mandatory capitalization and costs of demolition	16.9	35.9
Depreciation, amortization, and impairment losses	5.1	16.4
- thereof impairment losses	-	9.2
Prior-period expenses	13.1	14.4
Research and development costs	11.6	12.4
Losses on the disposal of non-current assets	6.3	7.1
Expenses for consultancy, assessments, and attorney's fees	0.5	4.5
Other expenses	40.1	30.0
Other operating expenses	374.6	241.0

(5) NET INCOME FROM EQUITY INVESTMENTS

In the financial year under review, investment income of €3.5 million (2022: €2.1 million) was generated, mainly from dividends paid by non-consolidated companies.

(6) GAINS/(LOSSES) ON OPERATING ANTICIPATORY HEDGES

More information on "Gains/(losses) on operating anticipatory hedges" can be found in the "Notes to the income statement and statement of comprehensive income" on page 209. **D.22**

GAINS/(LOSSES) ON OPERATING ANTICIPATORY HEDGES	D.22	
in € million	2022	2023
Gain/loss on the realization of currency hedging transactions	-127.7	6.8
- thereof positive contributions to profit or loss	72.8	72.1
- thereof negative contributions to profit or loss	-200.5	-65.3
Changes in the fair value of hedging transactions not yet due	-10.3	32.9
- thereof positive fair value changes	42.5	34.4
- thereof negative fair value changes	-52.8	-1.5
Gains/(losses) on operating anticipatory hedges	-138.0	39.7

(7) NET INTEREST

In determining the borrowing costs to be capitalized, a weighted cost of capital of 3.5% was applied (2022: 3.0%). **D.23**

NET INTEREST		D.23
in € million	2022	2023
Interest component of provisions for mining obligations	73.1	–
Interest component of provisions for long-service awards/working-lifetime accounts	15.8	–
Other interest and similar income	14.5	24.0
Interest income	103.4	24.0
Interest expense on bonds/promissory note loans	-27.6	-9.9
Interest component of provisions for mining obligations	-0.6	-43.4
Interest component of provisions for long-service awards/working-lifetime accounts	–	-4.2
Interest expense on pension provisions	-0.2	-0.1
Capitalization of borrowing costs	14.1	17.6
Interest expense from leasing	-6.9	-7.0
Other interest and similar expenses	-7.1	-7.7
Interest expense	-28.3	-54.7
Net interest	75.1	-30.7

The “Interest component from measurement of provisions for mining obligations” consists of the items presented in table **D.24**.

INTEREST COMPONENT OF PROVISIONS FOR MINING OBLIGATIONS		D.24
in € million	2022	2023
Interest rate effect from the change in the discount rate for provisions for mining obligations	81.1	-17.9
Increase in provisions for mining obligations due to passage of time (interest cost)	-8.6	-25.5
Interest component from measurement of provisions for mining obligations	72.5	-43.4

(8) OTHER FINANCIAL RESULT

Gains or losses on derivatives result mainly from derivatives used to manage liquidity in foreign currency holdings. Gains or losses from foreign currency exposures include foreign currency effects from internal loans and receivables/liabilities from in-house cash, as well as bank balances and cash deposits (in each case in foreign currencies). Gains or losses on the repurchase of issued bonds and promissory note loans result from the difference between the repurchase price and the carrying amount at the time of repurchase. **D.25**

OTHER FINANCIAL RESULT		D.25
in € million	2022	2023
Gains or losses on derivatives	34.1	0.3
- thereof gains from realization	69.8	53.7
- thereof losses from realization	-36.3	-55.9
- thereof gains from remeasurement	0.6	2.5
- thereof losses from remeasurement	–	–
Gains or losses from foreign currency exposures	30.0	2.8
- thereof gains from realization	42.4	11.0
- thereof losses from realization	-40.7	-10.2
- thereof gains from remeasurement	60.5	12.4
- thereof losses from remeasurement	-32.2	-10.4
Gains or losses on repurchase of issued bonds/promissory note loans	-2.3	–
- thereof gains	0.3	–
- thereof losses	-2.6	–
Other finance income	–	1.9
Other finance expenses	-1.8	-2.3
Other financial result	60.0	2.7

(9) INCOME TAX EXPENSE

Deferred taxes in Germany were calculated using a tax rate of 30.2% (2022: 30.2%). In addition to an unchanged corporate income tax rate of 15.0% and an unchanged solidarity surcharge of 5.5%, an average trade tax rate of 14.4% (2022: 14.4%) was taken into account. Deferred taxes in other countries are calculated applying the relevant national income tax rates.

The Group has applied the temporary exemption from the accounting requirements for deferred taxes in IAS 12, published by the IASB and endorsed by the EU on November 8, 2023. Accordingly, no deferred taxes are recognized in relation to income taxes of the global minimum taxation and no related information is disclosed.

On December 28, 2023, the Federal Republic of Germany, where the ultimate parent company is headquartered, transformed the global minimum taxation into national law with effect for financial years beginning after December 30, 2023. In future, an additional income tax will be charged if business units in a country are effectively taxed together at less than 15% on average. The German Minimum Tax Act provides for a temporary regulation that allows for a simplified calculation compared to the extensive statutory regulations. If certain thresholds are met, low taxation is excluded (so-called CbCR Safe Harbour). Based on the calculation data for the 2023 financial year, 20 out of 24 jurisdictions meet these thresholds, and, therefore, no additional tax would have been incurred for these jurisdictions if the minimum tax law had already been applied for this financial year. Due to the complexity of the regulations, the quantitative effects cannot yet be reliably determined.

As the Minimum Tax Act was not yet applicable for the 2023 financial year, the K+S Group is currently not subject to any additional tax burden. The Group continues to review the effects of this law and is implementing the necessary processes. **D.26**

INCOME TAX EXPENSE		D.26
in € million	2022	2023
Current taxes	413.9	68.3
- thereof Germany	401.3	52.2
- thereof outside Germany	12.6	16.1
Deferred taxes	212.5	18.8
- thereof Germany	95.9	19.3
- thereof outside Germany	116.6	-0.5
- thereof from loss carryforwards and tax credits	1.1	2.8
- thereof attributable to temporary differences	211.4	16.0
Income tax expense	626.4	87.1

Table **D.27** reconciles expected to actual tax expense. The expected income tax expense was calculated based on a domestic Group income tax rate of 30.2% (2022: 30.2%).

RECONCILIATION OF TAXES ON INCOME		D.27
in € million	2022	2023
Earnings before tax	2,134.7	297.0
Expected income tax expense (Group income tax rate 30.2%; previous year: 30.2%)	644.7	89.7
Changes in expected tax expense:		
Reduction in tax resulting from tax-free income and other items	-2.6	-7.2
Trade tax additions/deductions	1.3	1.9
Permanent differences	4.2	1.7
Permanent differences	0.1	4.4
Increases/reductions in tax resulting from the measurement of deferred tax assets	-1.5	0.2
Effects of tax rate differences	-24.5	-6.5
Taxes for prior years	0.7	1.6
Other effects	4.0	1.4
Actual tax expense¹	626.4	87.1
Tax rate	29.3%	29.3%

¹ Based on consolidated profit before tax.

(10) PERSONNEL EXPENSES/EMPLOYEES**D.28, D.29**

- 👁 Employees
- 👁 Remuneration report

PERSONNEL EXPENSES **D.28**

in € million	2022	2023
Wages and salaries	738.2	787.2
Social security costs	167.1	178.9
Pension	23.9	10.4
Personnel expenses	929.2	976.5

EMPLOYEES INCLUDING TEMPORARY EMPLOYEES **D.29**

Annual average (FTE)	2022	2023
Germany	9,870	10,159
Other countries	1,011	1,097
Total	10,881	11,256
- thereof trainees	530	534

(11) EARNINGS PER SHARE

Undiluted earnings per share are calculated by dividing consolidated earnings after tax and non-controlling interests by the weighted average number of shares outstanding. Since none of the conditions resulting in the dilution of earnings per share are met in the K+S Group at present, undiluted earnings per share are the same as diluted earnings per share. **D.30**

EARNINGS PER SHARE¹ **D.30**

in € million	2022	2023
Earnings after tax and non-controlling interests	1,508.3	210.2
- thereof from continuing operations	1,508.3	209.9
- thereof from discontinued operations	-	0.3
Average number of shares (in millions)	191.4	187.3
Earnings per share in € (undiluted = diluted)	7.88	1.12
- thereof from continuing operations	7.88	1.12
- thereof from discontinued operations	-	-

¹ Adjusted earnings per share as well as its calculation are described on page 57.

If the authorized capital is utilized or a conditional capital increase is implemented (see Note (20), page 226), earnings per share could be diluted in the future.

NOTES TO THE BALANCE SHEET

The balance sheet is presented on pages 188 – 189. The balance sheet is structured according to the maturity of the assets and liabilities. The gross carrying amounts and depreciation, amortization, and impairment losses on individual non-current assets are shown separately from page 193 onwards.

(12) INTANGIBLE ASSETS, PROPERTY, PLANT, AND EQUIPMENT, AND IMPAIRMENT TESTS

The goodwill from acquisitions of companies that is recognized on the Group's balance sheet amounting to €13.7 million (2022: €13.7 million) is fully allocated to the Salt cash-generating unit (CGU).

The Potash and Magnesium Products CGU comprises the global business with potash and magnesium products from our facilities in Germany and our Canadian Bethune site. The Salt CGU covers the European salt activities.

An impairment test must be carried out for all assets within the IAS 36 area of application if there are indicators of potential impairment as at the reporting date. Goodwill must be impairment-tested each year regardless of the existence of such indicators. An asset is considered impaired when the carrying amount of a cash-generating unit (CGU) is higher than the CGU's recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Both methods use the present values of the future cash flows of the cash-generating units as their basis. Fair value less costs of disposal is the price at which an orderly transaction to sell a CGU would take place between business partners who are knowledgeable, willing to enter a contract, and independent of each other, less the costs of disposal. As both options are generally available at any time for an investment decision, the higher amount is the relevant one.

The cash-flow forecast is generally based on the latest mid-term planning of the K+S Group on the basis of plans of the companies concerned. The mid-term planning is based on internal estimates of the performance of the operating business, market studies, the latest financial results, and the best possible estimate of drivers such as selling prices and sales volumes, energy and shipping costs, or exchange rates. These forecasts may be adjusted for expectations of market participants for the purpose of determining fair value less costs of disposal. As part of the planning process, the targeted goal of the climate strategy (reducing CO₂ emissions by 25% by 2030, compared with the base year 2020) is taken into account through investment measures that have already been specified and resolved.

POTASH AND MAGNESIUM PRODUCTS CGU

The assumptions underlying the valuation of the Potash and Magnesium Products CGU were reviewed regularly in 2023. An evaluation based on the changes was performed to determine if any impairment losses were required as a result. This was not the case at any time.

The comparison of the fair value less costs of disposal of €7,639.2 million with the carrying amount of the CGU of €6,276.4 million results in a surplus of €1,362.8 million as of December 31, 2023 (previous year: €452.5 million). The effects of the Werra 2060 project are included in the impairment test for the first time as of December 31, 2023.

Overall, the higher surplus as of December 31, 2023 compared to December 31, 2022 is mainly attributable to the following changes in assumptions, with the positive effects (marked with +) exceeding the negative effects (marked with –):

- Higher annual growth and inflation rate in line with the European Central Bank's long-term inflation expectations (2.0% compared to 1.7% in the previous year) (+)
- First-time inclusion of the effects of the Werra 2060 project and update of assumptions regarding the ramp-up of our Canadian site in Bethune (+)
- Changed expectations regarding the development of the Canadian dollar exchange rate (1.50 CAD/EUR instead of 1.45 CAD/EUR) (+)
- Increased cost of capital (8.1% instead of 8.0% in the previous year) (–)
- Negative potash price trend in the short-term period under review (–)
- Changed expectations of exchange rate development of the US dollar (1.10 USD/EUR instead of previously 1.08 USD/EUR) (–)

The fair value less costs of disposal of the Potash and Magnesium Products CGU on December 31, 2023, is based on the mid-term planning for the years 2024 – 2026 and the subsequent further development until the end of the plants' operating lives. The lifetime of the German plants is determined as the sum of the raw-material reserves and annual production. The production volume for this period is extrapolated based on the most recent year for mid-term planning. Only the Werra plant is considered individually in detail, as the Werra 2060 project will result in changes to the mining process and the production portfolio. Furthermore, the project will extend the average operating life of the plant. For the Bethune production facility in Canada, this takes account of the gradual ramp-up of production capacity to 4 million tonnes per year and a corresponding increase in planned sales volumes. The lifetime is determined based on

reserves and proportional resources. A further 60% safety discount is applied to the determined resources that are already stated in tonnes of end product less mining losses. This results in a lifetime of almost 150 years. For simplification purposes, a perpetual annuity was, therefore, used for the impairment test (previous year analogous). As a rule, the price planning for 2024 to 2026 is based on the mid-term planning. Where, as in this year, more recent information is available (from forecast or general market dynamics), prices are adjusted for the purpose of impairment testing. After this time, we rely on the real-price development in the external Argus Potash Analytics study by information provider Argus Media Ltd. (updated November/December 2023) for the years 2027 – 2037, which we convert into nominal prices for reasons of consistency with our own inflation assumptions. After 2037, the prices are only increased in line with an inflation rate of 2.0% (2022: 1.7%). The inflation rate corresponds to the rate of price increases used for the inflation of provisions for mining obligations (see Note (22)). Based on a realized average price for granulated MOP in Brazil of USD 366/t in 2023, we expect a noticeable decline in MOP prices in 2024 compared to 2023. A gradual recovery in prices over the course of the year is assumed for 2025 and 2026. From 2027 onwards, we build on the current Argus study. The assumptions up to 2030 are largely in line with the assumptions from the study used in the impairment test as of December 31, 2022. Subsequently, prices up to 2037 are significantly higher than last year's assumptions, as the study assumes a higher cost level in the long term. From 2038 onwards, the nominal price increase is assumed to remain unchanged (2023: 2.0% per year; 2022: 1.7%). Revenues for the rest of the product portfolio is adjusted by 2.0% per year from 2027 (2022: 1.7%) on the basis of inflation expectations. The costs for the entire product portfolio are extrapolated by 2.0% per year (2022: 1.7%) for inflationary expectations after taking structural effects into account (e.g., Werra 2060).

Sensitivity analyses were carried out to take account of estimation uncertainties. This was done by changing one assumption in the calculation while leaving the other assumptions unchanged compared with the original calculation.

- A 5% decrease (increase) in the planned MOP price over the entire planning period would result in the recoverable amount of the Potash and Magnesium Products CGU decreasing by €1.2 billion (increasing by €1.2 billion).
- An increase (decrease) in the discount rate by 0.5 percentage points would result in recoverable amount decreasing by €0.9 billion (increasing by €1.0 billion).
- A decrease (increase) in the growth and inflation rate by 0.5 percentage points over the entire planning period would result in the recoverable amount decreasing by €1.0 billion (increasing by €1.2 billion).
- A decrease (increase) in the lifetime of the German potash plants by five years would result in the recoverable amount decreasing by €0.1 billion (increasing by €0.1 billion).
- An increase (decrease) of 5 cents in the USD/EUR exchange rates would result in recoverable amount decreasing by €1.0 billion (increasing by €1.0 billion) (not including opposite effects from currency hedges in either case).

In line with the change in the recoverable amount, there would be no impairment for any of the aforementioned factors, taking into account the above sensitivities.

SALT CGU

The assumptions underlying the measurement of the Salt CGU were reviewed regularly in 2023. An evaluation based on the changes was performed to determine if any impairment losses were required as a result. This was not the case at any time. A comprehensive regular review of the recoverability of goodwill was performed as of December 31, 2023. The impairment test conducted on the basis of value in use confirms that the goodwill allocated to the Salt CGU was not impaired. The surplus for the Salt CGU has increased compared with December 31, 2022 (€170 million; 2022: €19 million). The higher surplus is mainly attributable to the following changes in assumptions, with the positive effects (marked with +) exceeding the negative effects (marked with –):

- Higher annual growth and inflation rate (2.0% instead of 1.7% in the previous year) (+)
- Positive development of sales volumes in the de-icing salt segment (+)
- Increased EBITDA margin (+)
- Higher cost of capital (8.1% instead of 8.0% in the previous year) (–)

The calculation of value in use is generally based on the mid-term planning, which includes a detailed forecast period for the coming three years (2024 to 2026). For years beyond the detailed forecast period, a growth rate of 2.0% (2022: 1.7%) has been assumed for costs and revenues and, as a consequence, also for cash flows. The mid-term planning for the Salt CGU is strongly influenced by assumptions for the winter. In this context, we are forecasting a normalization of winter conditions (normal winters based on the average sales volumes of the last ten years). Market-related potential for sales volumes is also taken into account. As we cannot rule out the possibility of effects resulting from climate change on the development of the de-icing salt business, the application of climate risk analysis models is being examined. The impairment test conducted on the basis of value in use at the end of the 2023 financial year confirms that the goodwill allocated to the Salt CGU is not impaired.

Sensitivity analyses were carried out to take account of estimation uncertainties. This was done by changing one assumption in the calculation while leaving the other assumptions unchanged compared with the original calculation.

- An increase (decrease) in the discount rate by 0.5 percentage points would result in the recoverable amount decreasing by €30 billion (increasing by €32 billion).
- A decrease (increase) in the growth and inflation rate by 0.5 percentage points over the entire planning period would result in the recoverable amount decreasing by €20 billion (increasing by €21 billion).
- A decrease in long-term EBITDA by 0.5 percentage points starting in 2026 would result in recoverable amount decreasing by €22 billion (increasing by €22 billion).

Corresponding to the change in the recoverable amount, taking into account the above sensitivities, there would be no impairment for any of the factors mentioned.

Table **D.31** shows the discount rates applied as of the end of the relevant financial year.

IMPAIRMENT TEST DISCOUNT RATES				D.31	
Interest rates in %	2022	2022	2023	2023	
	Before tax	After tax	Before tax	After tax	
Potash and Magnesium Products CGU	11.5	8.0	11.6	8.1	
Salt CGU	11.5	8.0	11.6	8.1	

The interest rates of the cash-generating units correspond to the K+S Group's cost of capital calculated on the basis of a representative peer group.

👁 Report on economic position, Derivation of the cost of capital

(13) INVESTMENT PROPERTIES

Investment properties are primarily leased properties. As of December 31, 2023, the fair values of investment properties amounted to €6.7 million (2022: €12.4 million). The fair values were estimated by internal specialist departments on the basis of local market conditions. In determining the values, particular account was taken of local property valuation records and, in part, of external valuation records. The measurement methods correspond to Level 3 of the three-level fair value hierarchy set out in IFRS 13.

(14) FINANCIAL ASSETS

The financial assets mainly comprise the shares in subsidiaries, joint ventures, and associated companies, which were not consolidated due to their minor importance. The year-on-year increase is mainly attributable to an increase in the fair value measurement of shares in non-consolidated subsidiaries.

(15) SHARES IN EQUITY-ACCOUNTED INVESTMENTS

This item includes the shares in K+S Baustoffrecycling GmbH and REKS GmbH & Co. KG, which are accounted for as joint ventures using the equity method. K+S holds 50% of the capital and voting rights in each of the companies.

The purpose of K+S Baustoffrecycling GmbH is to accept non-hazardous soil and building materials used to cover and recultivate former tailings piles of potash residue.

The purpose of REKS GmbH & Co. KG is the management and further development of waste management activities in the business areas of underground mining, secondary aluminum industry, and tailings piles covering.

The tables below summarize the financial information of K+S Baustoffrecycling GmbH and REKS GmbH & Co. KG, as disclosed in their own financial statements, modified for adjustments to fair value at the acquisition date and differences in accounting policies. The hidden reserves of K+S Baustoffrecycling GmbH mostly relate to the right to use the Wathlingen tailings pile. For REKS GmbH & Co. KG, the hidden reserves according to the preliminary purchase price allocation mostly relate to the cooperation agreement between REKS and K+S that provides for capacity for underground waste disposal. The tables also show a reconciliation of the summarized financial information to the carrying amount of the Group's interest in K+S Baustoffrecycling GmbH and REKS GmbH & Co. KG. **D.32, D.33, D.34, D.35**

FINANCIAL INFORMATION OF**K+S BAUSTOFFRECYCLING GMBH – BALANCE SHEET****D.32**

in € million	2022	2023
Ownership interest	50%	50%
Non-current assets	63.1	61.5
- thereof goodwill from fair value adjustments	20.1	20.1
Current assets	0.2	0.7
- thereof cash and cash equivalents	0.1	0.4
Assets (100%)	63.3	62.2
Equity	53.5	49.9
Non-current liabilities	4.2	3.9
- thereof financial liabilities (without trade payables and other operating liabilities)	-	-
Current liabilities	5.6	8.4
- thereof financial liabilities (without trade payables and other operating liabilities)	4.2	7.9
Equity and liabilities (100%)	63.3	62.2

FINANCIAL INFORMATION OF**K+S BAUSTOFFRECYCLING GMBH – INCOME STATEMENT****D.33**

in € million	2022	2023
Ownership interest	50%	50%
Income statement for the period from Jan. 1 to Dec. 31		
Revenues	0.2	0.0
Depreciation, amortization, and impairment losses	-1.5	-1.5
Income tax expense	-1.1	-0.2
Net loss	-1.8	-3.6
Comprehensive income	-1.8	-3.6
Investment carrying amount based on the equity method as of Jan. 1	26.3	23.4
Share of comprehensive income (recognized in P&L)	-1.4	-1.8
Fair-value measurement	-1.5	-8.2
Investment carrying amount based on the equity method as of Dec. 31	23.4	13.4

**FINANCIAL INFORMATION OF REKS GMBH & CO. KG –
BALANCE SHEET****D.34**

in € million	2022	2023
Ownership interest	50%	50%
Non-current assets	291.6	286.5
- thereof goodwill from fair value adjustments	33.7	33.7
Current assets	39.2	44.1
- thereof cash and cash equivalents	6.0	13.6
Assets (100%)	330.8	330.6
Equity	285.6	283.0
Non-current liabilities	35.3	36.8
- thereof financial liabilities (without trade payables and other operating liabilities)	0.9	0.6
Current liabilities	9.9	10.8
- thereof financial liabilities (without trade payables and other operating liabilities)	0.5	0.9
Equity and liabilities (100%)	330.8	330.6

**FINANCIAL INFORMATION OF REKS GMBH & CO. KG –
INCOME STATEMENT****D.35**

in € million	2022	2023
Ownership interest	50%	50%
Income statement for the period from Jan. 1 to Dec. 31		
Revenues	93.6	101.0
Depreciation, amortization, and impairment losses	-9.9	-9.7
Income tax expense	-1.0	-5.3
Net income	0.3	2.9
Comprehensive income	0.3	2.9
Investment carrying amount based on the equity method as of Jan. 1	149.7	143.0
Share of comprehensive income (recognized in P&L)	0.2	1.4
Distributions received	-6.8	-2.8
Investment carrying amount based on the equity method as of Dec. 31	143.0	141.6

DEFERRED TAXES**D.36**

in € million	Deferred tax assets		Deferred tax liabilities	
	2022	2023	2022	2023
Intangible assets	12.3	10.4	4.5	5.8
Property, plant, and equipment	18.9	17.0	543.6	606.6
Financial assets	0.1	-	1.9	1.9
Investments accounted for using the equity method	-	-	15.8	21.5
Inventories	1.0	2.9	0.3	0.4
Trade receivables	6.3	1.4	0.1	0.1
Other assets	3.9	1.2	32.2	22.8
- thereof derivative financial instruments	-	-	14.2	18.6
Provisions	157.9	238.8	21.9	19.8
- thereof provisions for pensions	29.6	25.5	14.1	11.0
- thereof non-current provisions for mining obligations	109.5	197.1	7.3	2.3
Trade payables	-	6.6	-	-
Other liabilities	68.9	47.6	27.3	14.9
- thereof derivative financial instruments	29.0	10.5	-	-
Gross amount	269.3	325.9	647.6	693.7
- thereof non-current	220.2	297.2	614.0	652.2
Amount not recognized because recoverability not sufficiently probable	-1.0	-0.7	-	-
Tax loss carryforwards	10.4	7.4	-	-
Consolidation adjustments	24.7	7.8	-5.4	-3.1
Netting	-259.5	-325.8	-259.5	-325.8
Carrying amount (net)	43.9	14.6	382.7	364.8

(16) DEFERRED TAXES

The following deferred tax assets and liabilities recognized in the balance sheet relate to recognition and measurement differences for individual balance sheet line items and to tax loss carryforwards presented in table **D.36**.

For the calculation of deferred tax assets on loss carryforwards, the expected tax result was derived from corporate planning and from the reversal of deferred tax liabilities. No deferred tax assets were recognized for deductible temporary differences of €0.7 million (2022: €1.0 million) and tax loss and interest carryforwards of €70.0 million (2022: €3.9 million), because it is not considered sufficiently probable that positive taxable income will be realized. The underlying loss and interest carryforwards amount to €209.7 million (2022: €15.8 million) and can be carried forward indefinitely. The increase of €196.3 million relates to interest carryforwards and results from a tax regime change in a foreign jurisdiction. **D.37**

EXPIRY OF UNRECOGNIZED LOSS- AND INTEREST CARRYFORWARDS**D.37**

in € million	2022	2023
Unrecognized loss- and interest carryforwards	15.8	209.7
- thereof loss- and interest carryforwards expiring within one year	-	-
- thereof loss- and interest carryforwards expiring between two and five years	-	-
- thereof loss- and interest carryforwards expiring after five years	-	-
- thereof loss- and interest carryforwards that will not expire	15.8	209.7

For companies with a tax loss in the current year or in the previous year, deferred tax assets exceeded deferred tax liabilities by €1.4 million (2022: €4.9 million). The basis for the development of these deferred taxes is the assessment that tax profits will be achieved in future financial years.

In the year under review, deferred taxes of €3.9 million (2022: €-22.3 million) were recognized in other comprehensive income; they were mostly attributable to provisions.

The following table shows the development of deferred taxes. **D.38**

DEVELOPMENT OF DEFERRED TAXES		D.38
in € million	2022	2023
Deferred tax assets	43.9	14.6
Development of deferred tax assets	25.6	-29.3
Deferred tax liabilities	-382.7	-364.8
Development of deferred tax liabilities	-251.1	17.9
Difference to prior year income(+)/expenses (-)	-225.5	-11.4
- thereof recognized in income statement	-212.5	-18.8
- thereof recognized in other comprehensive income	-22.3	3.9
- thereof currency translation	9.3	3.5

Temporary differences of €459.1 million (2022: €423.7 million) are related to shares in subsidiaries for which no deferred tax liabilities are recognized due to IAS 12.39.

(17) INVENTORIES

Table **D.39** presents the composition of inventories. The prepayments reported as of December 31, 2023, are not expected to be realized until more than 1 year after the balance sheet date. Since inventories are carried at net realizable value, impairment losses of €49.0 million (2022: €28.0 million) were recognized in the reporting period.

INVENTORIES		D.39
in € million	2022	2023
Raw materials, consumables, and supplies	304.8	343.0
Work in progress	48.5	54.2
Finished goods and merchandise	321.8	300.8
Payments on account	-	10.0
Inventories	675.1	708.0

(18) TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

Other financial assets include receivables recognized in connection with accounting for customer-specific construction contracts, among others, and are presented in table **D.40**.

K+S entered into factoring agreements with factors for the sale of trade receivables. The receivables relevant for factoring arrangements are allocated to the “hold to collect and sell” business model under IFRS 9. The factoring agreements are designed in such a way that the material opportunities and risks are transferred to the factor. The factored trade receivables are, therefore, derecognized in full. No trade receivables were sold under factoring arrangements as of the reporting date (2022: €0.0 million).

In some cases, security may be withheld by the factor from the purchase price of the receivables to cover the moral hazard. If available, this collateral is presented under “other financial assets,” given the short-term nature of these financial assets, the carrying amount corresponds approximately to the fair value.

Other financial assets include cash collateral of €0.0 million (2022: €0.6 million). Cash collateral is generally deposited with banks for the issuance of sureties and guarantees to suppliers (2023: €0.0 million; 2022: €0.6 million). There was no security from factoring agreements due to withholding from the purchase price in the current financial year (2022: €0.0 million).

Allowances on trade receivables are recognized in the amount of lifetime expected credit losses. However, K+S pursues a strategy of securing trade receivables using suitable instruments. This kind of security is considered an integral part of the contractual relationships with customers and is taken into account when measuring expected credit losses.

As of the reporting date, €625.2 million = 88% (2022: €914.7 million = 87%) of the Group’s trade receivables that can be secured were protected against default with credit insurance and other debt protection instruments. Due to the excellent credit ratings of the credit insurers, the risk is largely limited to a small excess. The trade receivables that cannot be secured included receivables from public-sector customers. Based on past default rates, no material defaults are expected for receivables that cannot be secured and the unsecured portion of trade receivables of €89.0 million = 12% (2022: €133 million = 13%) that are, in principle, securable. There is no indication that future default rates will significantly differ from past default rates. Expected losses have, therefore, only been recognized for cases with objective evidence of impairment. Objective evidence includes, e.g., filing or insolvency, significant financial difficulties of the customer, or receivables that are more than 90 days past due, unless they can be shown not to be impaired even though they are past due. For insured receivables, the maximum impairment loss recognized is the possible excess. **D.41**

TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS**D.40**

in € million	2022	thereof due in more than 1 year	2023	thereof due in more than 1 year
Trade receivables	1,143.7	–	759.8	4.4
Other financial assets	128.9	27.1	252.2	14.9
- thereof derivative financial instruments	73.4	26.3	75.0	13.3
- thereof receivables from affiliated companies	16.9	–	124.2	–
- thereof to other investees and investors	13.8	–	13.2	–
Trade receivables and other financial assets	1,272.6	27.1	1,012.0	19.3

BREAKDOWN OF CARRYING AMOUNTS OF TRADE RECEIVABLES**D.41**

in € million	2022	2023
Secured	914.7	625.2
Securable but unsecured	133.0	89.0
Total securable receivables	1,047.7	714.2
Not securable	107.4	60.3
Total gross carrying amounts	1,155.1	774.5
Valuation allowances	11.4	14.7
Net carrying amounts	1,143.7	759.8

The maximum risk of default on receivables and other financial assets is reflected in the carrying amount recognized in the balance sheet. As of December 31, 2023, the maximum amount in default in the highly unlikely event of a simultaneous default on all unsecured receivables was €149.3 million (2022: €240.4 million).

VALUATION ALLOWANCES ON TRADE RECEIVABLES**D.42**

in € million	2022	2023
As of Jan. 1	11.0	11.4
Additions	0.6	4.1
Reversals	-0.1	-0.2
Utilization	-0.1	-0.6
As of Dec. 31	11.4	14.7

Table **D.42** shows the reconciliation of valuation allowances recognized on the basis of objective evidence at the beginning of

the year to the balance at the end of the year. Due to immateriality, expected losses not based on such objective evidence were not recognized and are therefore not included in the table. Also for reasons of materiality, there is no further information on the default risk and expected credit losses for the balance sheet items concerned.

For items measured at amortized cost that are included in current or non-current financial assets, allowances are also recognized in the amount of expected credit losses. Based on the good credit ratings of the counterparties, no evidence of material impairment was identified. Similar to trade receivables, expected losses have, therefore, only been recognized for cases with objective evidence of impairment. As of the reporting date, impairment losses of €0.3 million were recognized (2022: €0 million).

In addition, the "Other financial assets" item includes impaired assets with a carrying amount of €4.5 million (2022: €4.3 million) and a nominal repayment amount of €7.3 million (2022: €7.3 million). As in the previous year, no impairment losses were recognized on receivables from customer-specific construction contracts.

If receivables have a residual term of more than one year, they are discounted applying interest rates as of the reporting date.

Table **D.43** provides information on the extent of the default risks contained in "Trade receivables."

RISK OF DEFAULT**D.43**

in € million	Carrying amount	thereof neither past due nor impaired as of the reporting date	thereof not impaired as of the reporting date but past due			
			≤ 30 days	> 30 and ≤ 90 days	> 90 and ≤ 180 days	> 180 days
2023						
Trade receivables	759.8	688.2	23.9	13.7	1.1	1.7
2022						
Trade receivables	1,143.7	1,109.8	7.7	5.0	2.8	–

As of the reporting date, an amount of €1.7 million (2022: €3.2 million) of the unimpaired other financial assets was overdue.

Receivables management is aimed at collecting all outstanding accounts punctually and in full, as well as of avoiding the loss of receivables. Invoices are issued on a daily basis and invoice data is transferred to debtor accounts online. Accounts receivable are monitored on an ongoing basis with system support, in accordance with the payment terms agreed with the customers. Most payment terms range from 10 to 180 days, with longer terms being customary in some markets. In the case of late payment, reminders are issued at regular two-week intervals. Impaired receivables are generally subject to enforcement measures.

(19) DERIVATIVE FINANCIAL INSTRUMENTS

Currency and interest rate management is performed centrally for all Group companies. This also applies to the use of derivative financial instruments, e.g., those aimed at limiting certain costs. The use of derivative financial instruments is regulated by guidelines and procedural instructions. Trading, settlement, and control are strictly segregated. Derivative financial instruments are only traded with banks that have a good credit rating; they are monitored continually by means of appropriate instruments. As a rule, the entire portfolio of derivative financial instruments is distributed among several banks to reduce the risk of default. The level of default risk is limited to the amount of derivative financial assets.

The aim of interest rate management is to mitigate the risks arising from rising interest expense for financial liabilities as well as the risks arising from declining interest income from financial assets as a result of changes in the general level of interest rates. Interest caps were purchased in the past to mitigate a large part of the risk of higher interest expenses that existed because of outstanding promissory notes with floating interest rates at those times. It was not necessary to purchase these instruments on the reporting date of December 31, 2023. No action is currently required for financial assets due to the short remaining maturities.

Derivatives are used in currency hedging in order to limit the risks to which operating activities can be exposed as a result of changes in exchange rates. Exchange rate risks exist mainly with respect to the US dollar and the Canadian dollar, and, to a lesser extent, pounds sterling and the Indian rupee. Hedging transactions are entered into for invoiced receivables and anticipated net positions on the basis of projected revenues. In this context, the net positions are determined on the basis of revenue and cost planning using safety margins and updated continuously to avoid excess hedging or hedging shortfalls.

The hedging transactions used for hedging of anticipated positions can have maturities of up to three years. The main objective is to hedge a worst-case scenario. Here, futures and plain vanilla options are used, although participation in favorable market developments is, as a rule, limited by the sale of simple options. This also serves to reduce premium expenses.

Based on the agreed payment terms, the maturities of instruments used to hedge invoiced receivables are less than one year.

The hedges of anticipated net positions described above are used for US dollar positions as well as for Canadian dollar positions for production in Canada.

All the above-mentioned derivatives are traded over the counter only. Forward exchange and option contracts are always transacted via a trading platform through which quotations are obtained from several banks, so that a transaction can be entered into with the bank providing the best quotation.

Forward exchange contracts are subject to market risk on the respective reporting date. This is, however, offset by the opposite effects of currency-based measurement of receivables, which uses derivatives to hedge foreign currency receivables.

The fair values of derivative financial instruments determined in this process correspond to the hypothetical value they would have on premature transfer on the balance sheet date. The values are determined using recognized financial methods generally used by market participants. These calculations were based, in particular, on the following inputs that applied on the balance sheet date:

- + Spot exchange and forward exchange rates of the currencies concerned,
- + interest rate level,
- + agreed hedging level and exercise prices,
- + traded volatilities, and
- + counterparty risk.

Derivative financial instruments as of December 31, 2023, were as follows: **D.44**

DERIVATIVE FINANCIAL INSTRUMENTS**D.44**

in € million	2022		2023	
	Nominal amount ¹	Fair value	Nominal amount ¹	Fair value
CAD/EUR forward exchange contracts				
- thereof maturing in 2023	42.0	0.2	-	-
- thereof maturing in 2024	-	-	14.4	-
USD/EUR forward exchange contracts				
- thereof maturing in 2023	2,034.4	20.1	-	-
- thereof maturing in 2024	501.9	25.6	1,149.8	45.6
- thereof maturing in 2025	-	-	274.1	7.8
USD/CAD forward exchange contracts				
- thereof maturing in 2023	248.5	-7.0	-	-
- thereof maturing in 2024	55.9	-0.2	294.8	6.1
- thereof maturing in 2025	-	-	79.0	3.3
USD/INR forward exchange contracts				
- thereof maturing in 2024	-	-	2.5	-
Plain vanilla currency options purchased (USD/EUR)				
- thereof maturing in 2023	637.4	5.9	-	-
- thereof maturing in 2024	-	-	181.7	5.8
Plain vanilla currency options sold (USD/EUR)				
- thereof maturing in 2023	670.7	-16.4	-	-
- thereof maturing in 2024	-	-	192.7	-0.8
Plain vanilla currency options purchased (CAD/USD)				
- thereof maturing in 2023	218.7	0.9	-	-
- thereof maturing in 2024	-	-	189.6	4.4
- thereof maturing in 2025	-	-	53.5	2.1
Plain vanilla currency options sold (CAD/USD)				
- thereof maturing in 2023	209.6	-4.7	-	-
- thereof maturing in 2024	-	-	179.7	-0.4
- thereof maturing in 2025	-	-	50.8	-0.3
Total derivative financial instruments	4,619.1	24.3	2,662.7	73.5

¹ In EUR, translated using weighted average exchange rates.

(20) EQUITY

The changes in individual equity items are shown separately on page 192.

ISSUED CAPITAL

Based on the authorization granted by the Annual General Meeting on June 10, 2020, to buy back up to 10% of the share capital by June 9, 2025, the Supervisory Board approved the resolution of the Board of Executive Directors of March 9, 2023 on March 14, 2023, to buy back up to 19,140,000 own shares up to a maximum total amount of €200 million and subsequently cancel them.

The share buyback on the stock exchange began on May 16, 2023, and was completed in November 2023. A total of 12.3 million own shares were acquired from the share buyback program for around €198.6 million (excluding transaction costs). This corresponds to a weighted average stock market price of €16.15 per share. Based on contractual agreements with the bank commissioned for the share buyback program, K+S received a refund of around €1.2 million, which was offset against retained earnings.

The shares were acquired via the stock exchange in Deutsche Börse AG's Xetra trading facility and via European multilateral trading facilities.

In December 2023, the shares were canceled in a simplified capital reduction procedure. The amount of €12.3 million resulting from the capital reduction was transferred to the share premium.

The issued capital, therefore, amounts to €179.1 million as of December 31, 2023 and is divided into 179.1 million no-par value registered shares.

Overall, retained earnings were reduced by €197.5 million (plus ancillary costs and less performance amount) as a result of the share buyback and the subsequent cancellation of shares. **D.45**

👁 **Corporate Governance and Monitoring, Disclosures in Accordance with Section 289a(1) and Section 315a(1) HGB as well as the Explanatory Report of the Board of Executive Directors in Accordance with Section 176(1) sentence 1 AktG**

ISSUED CAPITAL**D.45**

in € million	Outstanding shares on issue (fully paid)	Issued capital
Dec. 31, 2021	191.4	191.4
Dec. 31, 2022	191.4	191.4
Dec. 31, 2023	179.1	179.1

AUTHORIZED CAPITAL

The Board of Executive Directors was authorized at the Annual General Meeting on June 10, 2020, to increase the Company's share capital, with the consent of the Supervisory Board, by a total of €38,280,000.00 in one lump sum or several partial amounts at different times, by issuing a maximum of 38,280,000 new registered shares (authorized capital) during the period to June 9, 2025.

The Board of Executive Directors was authorized at the Annual General Meeting on May 12, 2021, to increase the Company's share capital, with the consent of the Supervisory Board, by a total of €38,280,000.00 in one lump sum or several partial amounts at different times, by issuing a maximum of 38,280,000 new registered shares (authorized capital II) during the period to May 11, 2026.

K+S Aktiengesellschaft did not make use of the authorizations in the 2023 financial year.

CONDITIONAL CAPITAL

The share capital is increased by up to €19,140,000.00 by issuing up to 19,140,000 registered shares with no par value (conditional capital).

The Board of Executive Directors is authorized until June 9, 2025, with the consent of the Supervisory Board, to issue bearer and/or registered convertible bonds and/or warrant-linked bonds on one or several occasions and to grant conversion rights to, or impose conversion obligations on, the holders or creditors of bonds or to issue warrants on shares in the Company in a proportionate amount of the share capital of up to €19,140,000.00 in total. K+S Aktiengesellschaft did not make use of the authorization in the 2023 financial year.

SHARE PREMIUM

The share premium mainly consists of the portion of the share capital of €12.3 million attributable to the shares cancelled during the financial year and the premium received as part of share issues by K+S Aktiengesellschaft.

OTHER RESERVES AND NET RETAINED EARNINGS

This item summarizes retained earnings, net retained profits, currency translation differences, measurement of equity instruments at fair value, and the remeasurement of pensions and similar obligations.

Retained earnings mainly consist of past earnings of the companies included in the consolidated financial statements, less dividends paid to shareholders and for the buyback of own shares paid in excess of the nominal amount. Currency translation differences mainly comprise differences from the translation of foreign business operations from the functional currency into the Group's reporting currency (euro). **D.46**

OTHER COMPREHENSIVE INCOME**D.46**

in € million	2022			2023		
	Before tax	Tax effect	Net	Before tax	Tax effect	Net
Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods	-23.6	-	-23.6	-50.4	-	-50.4
Exchange differences on translation of foreign currency	-23.6	-	-23.6	-50.4	-	-50.4
- thereof change in unrealized gains/losses	-23.6	-	-23.6	-50.4	-	-50.4
- thereof realized gains/losses	-	-	-	-	-	-
Items of other comprehensive income not to be reclassified to profit or loss	70.7	-21.2	49.5	8.3	3.9	12.2
Gains/(losses) on equity instruments measured at fair value	3.2	-	3.2	22.6	-	22.6
Remeasurement gains/losses on net liabilities/assets under defined-benefit plans	67.5	-21.2	46.3	-14.3	3.9	-10.4
Other comprehensive income	47.1	-21.2	25.9	-42.1	3.9	-38.2

NET RETAINED PROFITS/NET ACCUMULATED LOSSES REPORTED IN THE ANNUAL FINANCIAL STATEMENTS OF K+S AKTIENGESELLSCHAFT (HGB)

The dividend distribution is based on the annual financial statements of K+S Aktiengesellschaft as prepared in accordance with the German Commercial Code (Handelsgesetzbuch, HGB). It is intended to make a proposal at the Annual General Meeting to distribute a dividend of 70 cents per no-par value share, i.e., €125.4 million in total, to shareholders.

As of the reporting date, the following net retained profits were reported in the annual financial statements of K+S Aktiengesellschaft: **D.47**

NET RETAINED PROFITS/NET ACCUMULATED LOSSES REPORTED IN THE SINGLE-ENTITY FINANCIAL STATEMENTS OF K+S AKTIENGESELLSCHAFT (HGB)			D.47
in € million	2022	2023	
Net retained profits of K+S Aktiengesellschaft as of January 1	274.5	305.1	
Dividend distributed for previous year	-38.3	-191.4	
Appropriation to other revenue reserves (resolution of Annual General Meeting)	-236.2	-113.7	
Net income/loss of K+S Aktiengesellschaft for the year	305.1	-167.4	
Withdrawal from other revenue reserves	–	292.8	
Net retained profits/net accumulated losses of K+S Aktiengesellschaft as of December 31	305.1	125.4	

(21) PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The K+S Group has made a number of defined benefit pension commitments. Most of these commitments relate to Germany, with only a small number of commitments existing in foreign countries.

A significant pension plan in Germany is the K+S pension scheme, which consists primarily of a basic pension, supplementary benefits II, as well as vested pension rights. The basic pension is based on a modular system under which notional contributions corresponding to a certain percentage of pensionable income are collected annually. The pension entitlement is calculated by applying a fixed percentage and the sum of all notional contributions. Supplementary benefits II are a

final salary plan under which the entitlement is based on certain percentages of salary components above statutory and miners' insurance, multiplied by the number of pensionable years of service. Fixed euro amounts or vested rights to final-salary percentages were granted for periods of service before the introduction of the basic pension and supplementary benefits II. This pension plan has since been discontinued, so that no additional employees are eligible to acquire benefits.

Alongside the K+S pension scheme, numerous individual commitments were made, especially to members of the Board of Executive Directors and senior management. They are generally based on a modular system under which a certain percentage of pensionable annual income is converted into a lifelong pension applying an age-related factor. The total entitlement corresponds to the sum of the individual year-based modules. In some contracts, a predefined benefit level may not be exceeded.

In addition, there are other company-specific pension commitments in Germany, which were already discontinued some years ago. Most of the beneficiaries are already drawing pensions.

In Germany, all the pension obligations described above are covered by a contractual trust arrangement (CTA). K+S Vermögenstreuhand e.V. serves as the contractual entity, which manages the assets earmarked for servicing the pension obligations as a trustee. While the pension payments continue to be made by the respective company, the payments are normally reimbursed by the CTA as they occur. There are no minimum funding requirements.

Moreover, there are deferred compensation arrangements and commitments that will be met through a provident fund. These obligations are largely covered by reinsurance policies.

The plans described above are subject to a number of risks, in particular:

- + Investment risks: the provisions for pensions and similar obligations are calculated using a discount rate based on AA-rated corporate bonds. If the yield on plan assets is below this interest rate, this will result in underfunding. The investments are spread widely, mainly in bonds and equities, with the latter being particularly exposed to significant market price fluctuations.

- + Inflation risks: in Germany, the German Company Pension Plan Act (Gesetz zur Verbesserung der betrieblichen Altersvorsorge, BetrAVG) requires a review of pension levels every three years, and this generally results in pensions being adjusted for inflation. As a rule, an increase in the rates of inflation will, therefore, lead to a corresponding increase in the respective obligations.
- + Interest rate risks: a decrease in yields on corporate bonds and, consequently, in the discount rate leads to an increase in obligations, which may only be partially offset by a corresponding change in the value of plan assets.
- + Longevity risks: life expectancy is taken into account in calculating obligation levels by using mortality tables. An increase in life expectancy results in a corresponding increase in the obligations.
- + Salary risks: if the actual trend in salaries exceeds the anticipated trend, this will result in an increase in obligation levels.

The K+S Group strives to mitigate the risks by, for example, changing over from defined-benefit plans to defined-contribution plans. For this reason, most of the workforce in Germany now receives defined-contribution commitments only.

The following assumptions have been made in calculating provisions for pensions and similar obligations as of the balance sheet date: **D.48**

ACTUARIAL ASSUMPTIONS – MEASUREMENT OF PENSION COMMITMENTS			D.48
	2022	2023	
in % (weighted average)	Germany	Germany	
Pension commitments			
Discount rate	4.17	3.56	
Expected annual rise in income ¹	3.00	3.00	
Expected annual rise in pensions ²	1.84	1.85	

¹ Incl. career trend of 1.0% p.a. (up to 50 years of age).

² Annual pension growth of 2.93% (previous year: 2.91%) is assumed until 2025.

The actuarial interest rate was calculated based on the Mercer Yield Curve, published by Mercer. As of December 31, 2023, the 2018 G Heubeck mortality tables were used to determine mortality probabilities, as in the previous year.

For the determination of pension expenses for 2023, the actuarial assumptions in table **D.49** – defined at the end of the 2022 financial year – were used.

ACTUARIAL ASSUMPTIONS – PENSION COMMITMENT EXPENSES			D.49
	2022	2023	
in % (weighted average)	Germany	Germany	
Pension commitments			
Discount rate	1.32	4.17	
Expected annual rise in income	2.80	3.00	
Expected annual rise in pensions	1.65	1.84	

The following tables show the changes in plan assets and the projected benefit obligation. **D.50, D.51**

CHANGES IN PLAN ASSETS			D.50
	2022	2023	
	Germany	Germany	
in € million	Pensions	Pensions	
Plan assets on Jan. 1	300.3	279.9	
Interest income	3.9	11.4	
Employer contributions	3.6	2.9	
Gains (+)/losses (-) from remeasurement of plan assets (excluding amounts recognized in interest income)	-15.0	0.2	
Pension payments	-12.9	-14.1	
Plan assets on Dec. 31	279.9	280.3	

CHANGES IN PROJECTED BENEFIT OBLIGATION

D.51

in € million	2022			2023		
	Total	Germany	Other countries	Total	Germany	Other countries
		Pensions	Pensions		Pensions	Pensions
Projected benefit obligation on Jan. 1	312.4	308.8	3.6	236.9	234.2	2.7
Service costs	8.0	7.7	0.3	3.6	3.6	–
Interest expense	4.0	4.0	–	9.5	9.4	0.1
Remeasurements	-82.5	-81.7	-0.8	14.6	14.7	-0.1
- thereof actuarial gains (-)/ losses (+) from changes in demographic assumptions	–	–	–	–	–	–
- thereof actuarial gains (-)/ losses (+) from changes in financial assumptions	-102.5	-101.7	-0.8	17.1	17.2	-0.1
- thereof actuarial gains (-)/ losses (+) based on experience- based adjustments	20.0	20.0	–	-2.5	-2.5	–
Pension payments	-13.3	-12.9	-0.4	-14.3	-14.1	-0.2
Plan amendments/settlements	8.3	8.3	–	–	–	–
Projected benefit obligation on Dec. 31	236.9	234.2	2.7	250.3	247.8	2.5

For reconciliation to the carrying amounts, the projected benefit obligation must be offset against plan assets: **D.52**

RECONCILIATION TO CARRYING AMOUNTS OF PENSIONS AND SIMILAR OBLIGATIONS

D.52

in € million	2022			2023		
	Total	Germany	Other countries	Total	Germany	Other countries
		Pensions	Pensions		Pensions	Pensions
Projected benefit obligation on Dec. 31	236.9	234.2	2.7	250.3	247.8	2.5
Plan assets on Dec. 31	279.9	279.9	–	280.3	280.3	–
Carrying amounts on Dec. 31	-43.0	-45.7	2.7	-30.0	-32.5	2.5
- thereof provisions for pensions and similar obligations (+)	2.7	–	2.7	8.1	5.6	2.5
- thereof assets (-)	-45.7	-45.7	–	-38.1	-38.1	–

The amounts in table **D.53** were recognized in the statement of comprehensive income.

EFFECTS ON THE STATEMENT OF COMPREHENSIVE INCOME**D.53**

in € million	2022			2023		
	Total	Germany	Other countries	Total	Germany	Other countries
		Pensions	Pensions		Pensions	Pensions
Service costs	8.0	7.7	0.3	3.6	3.6	–
Net interest expenses (+)/income (-)	0.1	0.1	–	-1.9	-2.0	0.1
Expenses (+)/income (-) from plan amendments/settlements	8.3	8.3	–	–	–	–
Amounts recognized in the income statement	16.4	16.1	0.3	1.7	1.6	0.1
Gains (-)/losses (+) on remeasurement of plan assets (excluding amounts recognized in interest income)	15.0	15.0	–	-0.2	-0.2	–
Actuarial gains (-)/losses (+) from changes in demographic assumptions	–	–	–	–	–	–
Actuarial gains (-)/losses (+) from changes in financial assumptions	-102.5	-101.7	-0.8	17.1	17.2	-0.1
Actuarial gains (-)/losses (+) based on experience-based adjustments	20.0	20.0	–	-2.5	-2.5	–
Amounts recognized in other comprehensive income	-67.5	-66.7	-0.8	14.4	14.5	-0.1
Total (amounts recognized in statement of comprehensive income)	-51.1	-50.6	-0.5	16.1	16.1	–

The service costs (including past service costs) are reported in earnings before operating hedges according to the allocation of employees to the respective functional area. Net interest expense or income is reported in net interest income.

The fair value of the plan assets is spread across the following asset classes: **D.54**

The shares are regularly traded on an active market. The same applies, in principle, to debt securities, although this item includes securities with a carrying amount of €14.6 million (2022: €16.1 million) that are not traded on an active market. There is no active market for reinsurance policies and other equity investments.

BREAKDOWN OF PLAN ASSETS BY ASSET CLASS**D.54**

in € million	2022	2023
	Germany	Germany
	Pensions	Pensions
Shares	80.5	90.8
Other equity investments	71.4	63.1
Bonds	68.4	62.9
Reinsurance arrangements	39.9	42.1
Cash and cash equivalents	13.1	17.0
Other	6.6	4.4
Plan assets on Dec. 31	279.9	280.3

Other equity investments comprise the shares in K+S Baustoffrecycling GmbH and K+S Real Estate GmbH & Co. KG. The main assets held by K+S Real Estate GmbH & Co. KG is administrative buildings in Germany that are used by K+S under a long-term lease at arm's length conditions.

As in the previous year, the Group did not hold financial instruments of its own during the financial year.

The sensitivity analysis shows how the present value of the obligation would change in the event of a change in actuarial assumptions. No correlation between individual assumptions was taken into account, which means that in the event of one assumption being changed, the other assumptions remained unchanged. The projected unit credit method used to determine the carrying amounts was also used in the sensitivity analysis. **D.55**

SENSITIVITY ANALYSIS, as of Dec. 31, 2023**D.55**

in € million		Change in assumption	Change in present value of obligations		
			Total	Germany	Other countries
				Pensions	Pensions
Discount rate	+100 basis points	-27.8	-27.5	-0.3	
Discount rate	-100 basis points	34.4	34.1	0.3	
Expected annual rise in income	+50 basis points	0.1	0.1	–	
Expected annual rise in income	-50 basis points	-0.1	-0.1	–	
Expected annual rise in pensions	+50 basis points	12.5	12.4	0.1	
Expected annual rise in pensions	-50 basis points	-11.5	-11.4	-0.1	
Life expectancy	+1 year	8.5	8.4	0.1	
Life expectancy	-1 year	-8.4	-8.3	-0.1	

The figures for the previous year were as follows: **D.56**

SENSITIVITY ANALYSIS, as of Dec. 31, 2022**D.56**

in € million		Change in assumption	Change in present value of obligations		
			Total	Germany	Other countries
				Pensions	Pensions
Discount rate	+100 basis points	-25.2	-24.9	-0.3	
Discount rate	-100 basis points	31.1	30.8	0.3	
Expected annual rise in income	+50 basis points	0.1	0.1	–	
Expected annual rise in income	-50 basis points	-0.1	-0.1	–	
Expected annual rise in pensions	+50 basis points	11.2	11.1	0.1	
Expected annual rise in pensions	-50 basis points	-10.3	-10.2	-0.1	
Life expectancy	+1 year	6.8	6.7	0.1	
Life expectancy	-1 year	-6.8	-6.7	-0.1	

Table **D.57** shows the maturities of non-discounted payments of pensions and similar obligations that are expected in subsequent years:

EXPECTED PAYMENTS OF PENSIONS AND SIMILAR OBLIGATIONS			D.57
in € million	Dec. 31, 2022	Dec. 31, 2023	
Up to 1 year	16.3	15.9	
Between 1 and 4 years	59.6	58.7	
Between 5 and 10 years	70.2	69.6	
More than 10 years	299.6	305.8	
Total	445.7	450.0	

As of December 31, 2023, the weighted average duration of obligations was 14 years (2022: 12 years). The duration and maturity profile of the obligations differ between individual companies, significantly so in some cases. Asset allocation generally takes this circumstance into account. The aim is to service the pension payments from current plan asset income.

A cash outflow of €2.1 million (previous year: €1.6 million) is expected from pensions and similar obligations in the 2024 financial year.

Outflows are considered as including allocations to plan assets and pension payments that are not covered by corresponding reimbursements from plan assets.

In addition, there are other pension plans for which no provisions need to be recognized, since there are no obligations other than contribution payments (defined contribution plans). These comprise both benefits funded solely by the employer and deferred compensation subsidies for employees.

Employers and employees made contributions under the – now closed – pension plan operated via the BASF pension fund. In 2011, the BASF pension fund terminated the regular memberships of K+S employees, so that, since then, only extraordinary membership is available for the employees concerned and those

memberships are continued as vested pension rights. In addition, the BASF pension fund makes regular pension scheme payments to (former) K+S employees. K+S Group employees with vested pension rights and pensioners account for less than 10% of the total BASF pension fund.

The pension benefits provided via the BASF pension fund are classified as a multi-employer plan within the meaning of IAS 19.32 et seq. The plan is classified as a defined benefit plan. Since reliable information, in particular on plan assets, is only available for the pension fund as a whole and not specifically for the units attributable to the K+S Group, insufficient information is available for reporting the plan on the balance sheet. That is why the plan is accounted for as a defined-contribution plan in accordance with IAS 19.34.

As a result of the termination of regular memberships, no further contributions are required to be paid into the BASF pension fund. In the past, special contributions were made in a small number of cases (e.g., due to a decrease in the discount rate at the BASF pension fund). Further special contributions in the future cannot be ruled out.

Moreover, the secondary liability governed by the German Company Pension Plan Act (BetrAVG) may give rise to an obligation to assume liabilities for K+S, especially for inflation adjustments to current pension payments. Pension adjustments not covered by the BASF pension plan must be assumed by K+S. In the previous year, this resulted in additions to provisions recognized in the amount of €8.3 million.

No contribution payments are expected to be made to the BASF pension fund in 2024.

In total, pension expenses are as follows for the period under review: **D.58**.

In addition, contributions of €90.1 million (2022: €85.2 million) were paid to government pension funds.

PENSION EXPENSE							D.58
in € million	2022			2023			
	Total	Germany	Other countries	Total	Germany	Other countries	
Defined-contribution expenses	4.6	1.9	2.7	5.1	1.9	3.2	
Defined-benefit expenses	16.3	16.0	0.3	3.6	3.6	–	
Pension expense (recognized in earnings after operating hedges)	20.9	17.9	3.0	8.7	5.5	3.2	

(22) PROVISIONS FOR MINING OBLIGATIONS

Provisions for mining obligations are recognized as a result of legal and contractual requirements as well as conditions imposed by the authorities; details are primarily provided in operating plans and water permit decisions. These obligations, most of

which are subject to public law, require surface securing and renaturation measures. Any obligations arising as a result are covered by provisions. **D.59**

PROVISIONS FOR MINING OBLIGATIONS**D.59**

in € million	2022		2023	
	Total	thereof current	Total	thereof current
Mine and shaft backfilling	393.0	–	493.9	–
Maintenance of tailings piles	411.0	–	581.7	–
Mining damage	71.5	5.0	78.7	4.3
Underground restoration	47.8	–	46.7	–
Other	14.1	–	15.5	–
Provisions for mining obligations	937.4	5.0	1,216.5	4.3
- thereof due within 10 years	241.6	5.0	243.9	4.3

The amount of the provisions to be recognized is based on expected expenditure or estimated compensation. It is determined by internal experts and – where necessary – with the help of third-party reports prepared using state-of-the-art techniques and in compliance with current legal requirements. The expected settlement dates largely depend on the remaining useful lives of the locations. Since some of them are in the future, there may be differences between actual and estimated expenses, even though great care is taken in applying these techniques. These differences may arise, for example, from different cost trends, technological advances, changes in expected volumes of tailings pile water, or changes in legal requirements. These circumstances are taken into account by regularly recalculating the provisions required. The calculation of the development of volumes of tailings pile water with regard to future precipitation is currently based on a long-term average analysis. The effects of climate change on changes in volumes of tailings pile water cannot be ruled out, so the use of climate risk analysis models is being examined.

The vast majority of mining provisions relate to German sites. The provision amounts are based on the settlement amounts discounted to the reporting date. This is based on a future price increase of 2.00% p.a. (2022: 1.70% p.a.). This is calculated as a lower value from a long-term average of published price indices for capital goods producers and gross employee pay in the chemical industry (2023: 2.16% p.a.) and the ECB's inflation target of 2.00%. An increase or decrease in the rate of price increases by 0.1% would increase the provision by around €58 million or decrease it around €53 million. If an inflation rate of 2.16% p.a. had been used on the basis of the indices described,

the provision would have been €96 million higher (of which €20 million would have been recognized as an expense in EBITDA).

In the previous year, the expected inflation rates up to 2025 were above the long-term inflation rate of 1.70% p.a. For this reason, an additional inflation mark-up of around 5.56% was factored into the relevant provisions as of December 31, 2022, which increased all expected future expenses by this percentage. This resulted in an increase in provisions of €25.8 million, €10.0 million of which was recognized in profit or loss and €15.8 million of which increased property, plant, and equipment (assuming all other measurement parameters remain constant).

The risk-free zero-coupon bond yields from 1 to 30 years, calculated using the Svensson method and published by Deutsche Bundesbank as of the reporting date, are used as the basis for discounting German obligations with maturities up to 30 years. No EUR interest rates for matching maturities are available on the capital market for maturities of more than 30 years. For this reason, the long-term average of the nominal yields on 30-year federal bonds is calculated and converted into an average real rate by subtracting the historic inflation rates in Germany. A figure of 2.00% is applied for expected inflation, similar to the ECB's inflation target. Adding together the long-term average real rate of 1.73% (2022: 1.91%) and expected inflation of 2.00% (2022: 2.00%) produces an ultimate forward rate of 3.73% (2022: 3.91%), which approximates a nominal discount rate that can be expected over the long term. As in the previous year, the ultimate forward rate is applied to maturities of 50 years and more. For remaining maturities of 31 to 50 years, a

rate is calculated by converging the last available capital market interest rate for year 30 against the perpetual interest rate. As a result of the reduction in interest rates as at December 31, 2023 compared to the end of the previous year across almost all remaining maturities, mining provisions increased by around €91 million in the reporting period (assuming all other parameters remain constant as of December 31, 2023). An increase in the discount rate by 0.1 percentage points across all maturities would reduce the provision by around €50 million, while a corresponding decrease would increase it by around €55 million.

As at the balance sheet date, the expected net revenue (covering revenues minus covering costs) from covering four tailings piles, as in the previous year, was taken into account when determining the settlement amount of the provisions for tailings pile maintenance, as covering of these tailings piles is considered to be sufficiently concrete and likely, e.g., on the basis of feasibility studies. The amount of probable revenues gained from the reception of the covering material was calculated based on the covering volume required as well as the expected composition and future pricing of the cover material. Average inflation of 2.00% p.a. (previous year: 1.91% p.a.) was assumed for the attainable prices during the period that the piles are covered. The cover costs were calculated on basis of current cost estimates and past experience in tailings pile covering and inflated with a price increase rate of 2.00% p.a. (previous year: 1.70% p.a.). The consideration of the expected revenues in tailings pile covering leads to a reduction in provisions for four tailings piles, as the amount of the discounted future expected net revenue reduces the present value of the tailings pile cover obligations for which provisions must be recognized after the end of operations (2022: reduction in provisions for three tailings piles, complete reversal of provisions for one tailings pile). The assessment of the amount of the covering revenues and the covering costs is subject to corresponding uncertainties, particularly as the covering of the affected tailings piles is not expected to start in 4 to 6 years and the covering will extend over a period of up to 72 years. A 10% reduction in expected revenues from tailings pile covering would increase the provision by around €83 million. A 10% increase in expected covering costs would lead to an increase in the provision of around €43 million.

In the previous year, the net revenue from covering two of the four tailings piles was included for the first time. This inclusion of the two additional tailings piles in the calculation of provisions in the 2022 financial year led to a reduction of €48.1 million in provisions for tailings pile maintenance (assumption: all other measurement parameters remain constant). In turn, property, plant, and equipment decreased by €44.1 million and the cost of sales by €4.0 million.

In the reporting period, the provisions for tailings pile maintenance for the four tailings piles increased by around €106 million. In addition to the increase in the rate of price increases and lower discount rates, provisions were increased, in particular, by updated estimates regarding the covering concept, the covering costs/volumes, and the associated covering proceeds. In particular, an increase in the average lifetime of the plants due to the Werra 2060 project had the effect of reducing provisions.

Mining provisions increased by a total of €279.1 million in the reporting period. Around €89 million of this increase was recognized in the income statement, of which €43 million is attributable to net interest income.

(23) OTHER NON-CURRENT PROVISIONS

The other non-current provisions mainly include long-term above-ground restoration obligations and personnel obligations (mainly provisions for anniversary bonuses and working-lifetime accounts).

The carrying amount of provisions for anniversary bonuses is €29.1 million (2022: €26.3 million) and, therefore, represents a significant item under non-current personnel obligations. They are recognized for future payments in connection with 25, 40, and 50-year service anniversaries. They are measured using the projected unit credit method. Calculations are based on a discount rate of 3.5% (2022: 4.1%), an anticipated annual increase in salaries and wages of 2.0% (2022: 2.0%), and a career trend up to the age of 50 years of 1.0% (2022: 1.0%). In addition, there are obligations from working-lifetime accounts amounting to €49.0 million (2022: €38.5 million), which are financed by plan assets amounting to €53.0 million (2022: €46.1 million). Calculations were based on a discount rate of 3.4% (2022: 4.1%). Credit balances in long-term accounts accrue assumed interest at a rate of 2.0% (2022: 2.0%) each year.

The provisions for above-ground restoration obligations amounted to €63.7 million (2022: €58.1 million) at year-end. This measurement uses the same discount rates that are applied for measuring mining provisions.

(24) CURRENT PROVISIONS

Obligations arising from sales transactions contained in the current provisions relate primarily to discounts and price concessions. Current personnel obligations mostly consist of provisions for performance-related remuneration and provisions for outstanding vacation leave and non-working shifts.

- 👁 Employees
- 👁 Remuneration report

(25) FINANCIAL LIABILITIES

The following tables show the liquidity analysis of financial liabilities in the form of contractually agreed, non-discounted cash flows: **D.60, D.61**

Trade payables include accrued outstanding invoices in the amount of €62.9 million (2022: €88.7 million).

LIQUIDITY ANALYSIS OF NON-DERIVATIVE FINANCIAL LIABILITIES IN 2023**D.60**

in € million	2023 carrying amount	Total future cash flows anticipated	Cash flows		
			Due within ≤ 1 year	Due after > 1 year and ≤ 5 years	Due after > 5 years
Financial liabilities	383.0	393.2	393.2	–	–
- thereof bonds	277.4	286.6	286.6	–	–
- thereof commercial paper	69.5	70.0	70.0	–	–
- thereof liabilities to banks	36.1	36.6	36.6	–	–
Trade payables	335.1	335.1	334.0	1.1	–
Lease liabilities	147.7	191.5	44.4	120.3	26.8
Other non-derivative financial liabilities	43.1	43.1	41.1	0.5	1.5
Non-derivative financial liabilities	908.9	962.9	812.7	121.9	28.3

LIQUIDITY ANALYSIS OF NON-DERIVATIVE FINANCIAL LIABILITIES IN 2022**D.61**

in € million	2022 carrying amount	Total future cash flows anticipated	Cash flows		
			Due within ≤ 1 year	Due after > 1 year and ≤ 5 years	Due after > 5 years
Financial liabilities	730.6	758.8	429.3	329.5	–
- thereof bonds	679.7	706.3	413.4	292.9	–
- thereof promissory note loans	13.0	13.2	13.2	–	–
- thereof liabilities to banks	37.9	39.3	2.7	36.6	–
Trade payables	312.9	312.9	312.4	0.4	0.1
Lease liabilities	169.2	218.2	60.7	119.4	38.1
Other non-derivative financial liabilities	80.9	80.9	79.3	0.2	1.4
Non-derivative financial liabilities	1,293.6	1,370.8	881.7	449.5	39.6

The decrease in financial liabilities in the 2023 financial year is mainly attributable to the repayment of own bonds.

The bonds and promissory note loans issued break down as presented in table **D.62**.

Tables **D.63** and **D.64** present the Group's liquidity analysis for derivative financial liabilities. The tables are based on undiscounted gross cash flows for derivative financial instruments, which are settled gross.

In addition to other obligations, compliance with a standard market financial covenant was agreed for the new syndicated credit line of €400 million concluded in 2023, which only becomes effective in the event of a significant deterioration in K+S's rating. If effective, this would provide for a certain ratio between net financial liabilities (including all lease liabilities) and EBITDA. If this ratio is exceeded on the agreed date, the lenders would have the right to terminate the agreement. As a rule, the other financial liabilities could also be terminated in this case by means of a cross-default clause. The financial covenant was not effective as of December 31, 2023.

ISSUED BONDS AND PROMISSORY NOTE LOANS

D.62

	2022		2023	
	Principal amount	Nominal interest rate	Principal amount	Nominal interest rate
	in € million	p.a.	in € million	p.a.
2017/2023 bond	396	2.625%	–	–%
2018/2024 bond	284	3.250%	277.6	3.250%
Promissory note loans (fixed, maturing 2023)	13	1.520%	–	–%

LIQUIDITY ANALYSIS OF DERIVATIVE FINANCIAL LIABILITIES IN 2023

D.63

in € million	2023 carrying amount	2023 total	Cash flows		
			Due within ≤ 1 year	Due after > 1 year and ≤ 5 years	Due after > 5 years
Currency derivatives	-1.6	-0.1	-0.1	–	–
Payment obligation ¹		-62.5	-62.5	–	–
Payment claim ¹		62.4	62.4	–	–

¹ Translation of payment transactions in foreign currency at the spot rate.

LIQUIDITY ANALYSIS OF DERIVATIVE FINANCIAL LIABILITIES IN 2022

D.64

in € million	2022 carrying amount	2022 total	Cash flows		
			Due within ≤ 1 year	Due after > 1 year and ≤ 5 years	Due after > 5 years
Currency derivatives	-49.1	-50.8	-48.3	-2.5	–
Payment obligation ¹		-1,686.5	-1,601.9	-84.6	–
Payment claim ¹		1,635.7	1,553.6	82.1	–

¹ Translation of payment transactions in foreign currency at the spot rate.

(26) FURTHER DISCLOSURES ON FINANCIAL INSTRUMENTS

Table D.65 shows the carrying amounts and fair values of the Group's financial instruments.

The item "Securities and other financial assets" includes cash investments with a remaining maturity of more than three months at the time of acquisition and not included in cash and cash

equivalents. The decrease compared to the previous year is partly attributable to the further repayment of financial liabilities. Various types of bonds in the amount of €321.6 million (2022: €235.8 million) and commercial paper in the amount of €39.5 million (2022: €444.8 million) were held as of the balance sheet date.

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS**D.65**

in € million	Measurement category in accordance with IFRS 9	Dec. 31, 2022		Dec. 31, 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Shares in affiliated companies and other equity investments	Fair value through other comprehensive income	37.5	37.5	73.5	73.5
Equity investments	Fair value through profit or loss	5.3	5.3	5.6	5.6
Loans	Amortized cost	0.2	0.2	0.2	0.2
Financial assets		42.9	42.9	79.3	79.3
Trade receivables	Amortized cost	727.4	727.4	345.1	345.1
Trade receivables	Fair value through other comprehensive income (with recycling)	416.3	416.3	414.7	414.7
Derivatives with positive fair values	Fair value through profit or loss	73.4	73.4	75.0	75.0
Other non-derivative financial assets	Amortized cost	55.5	55.5	177.2	177.2
Other financial assets		128.9	128.9	252.2	252.2
Securities and other financial assets	Amortized cost	673.6	673.6	52.5	52.5
Securities and other financial assets	Fair value through other comprehensive income	7.0	7.0	–	–
Securities and other financial assets	Fair value through profit or loss	–	–	308.6	308.6
Cash and cash equivalents	Amortized cost	320.0	320.0	152.2	152.2
Assets		2,316.1	2,316.1	1,604.5	1,604.5
Financial liabilities¹	Amortized cost	730.6	726.8	383.0	382.0
Trade payables	Amortized cost	312.9	312.9	335.1	335.1
Derivatives with negative fair values	Fair value through profit or loss	49.1	49.1	1.6	1.6
Other non-derivative financial liabilities	Amortized cost	80.8	80.8	43.1	43.1
Lease liabilities	Separate category (IFRS 7)	169.2	169.2	147.7	147.7
Other financial liabilities		299.1	299.1	192.3	192.3
Equity and liabilities		1,342.6	1,338.8	910.5	909.5

1 The fair value for the financial liabilities, which varies from their carrying amount, relates solely to issued bonds and can be categorized as Level 1 of the fair value hierarchy.

The carrying amounts of the financial instruments, aggregated according to IFRS 9 measurement categories, are presented in table **D.66**.

**CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS
AGGREGATED BY MEASUREMENT CATEGORY** **D.66**

in € million	2022	2023
Measurement category in accordance with IFRS 9		
Fair value through other comprehensive income	44.5	73.5
Fair value through other comprehensive income (with recycling)	416.3	414.7
Amortized cost (financial assets)	1,776.7	727.1
Fair value through profit or loss (financial assets)	78.7	389.2
Amortized cost (financial liabilities)	1,124.3	761.2
Fair value through profit or loss (financial liabilities)	49.1	1.6

The fair values of the financial instruments are mostly based on the market information available on the reporting date. They can be allocated to one of the three levels of the fair value hierarchy of IFRS 13.

Level 1 financial instruments are measured on the basis of quoted prices in active markets for identical assets and liabilities. Level 2 financial instruments are measured on the basis of inputs that can be derived from observable market data, or on the basis of market prices for similar instruments. Level 3 financial instruments are calculated on the basis of inputs that cannot be derived from observable market data.

Tables **D.67** and **D.68** show the assets and liabilities measured at fair value of the K+S Group.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

D.67

		Measurement category in accordance with IFRS 9			2023
in € million		Level 1	Level 2	Level 3	Total
Assets		–	383.7	493.8	877.5
Shares in affiliated companies and other equity investments	Fair value through other comprehensive income	–	–	73.5	73.5
Equity investments	Fair value through profit or loss	–	–	5.6	5.6
Trade receivables	Fair value through other comprehensive income (with recycling)	–	–	414.7	414.7
Derivative financial instruments	Fair value through profit or loss	–	75.0	–	75.0
Securities and other financial assets	Fair value through other comprehensive income	–	–	–	–
Securities and other financial assets	Fair value through profit or loss	–	308.6	–	308.6
Equity and liabilities		–	1.6	–	1.6
Derivative financial instruments	Fair value through profit or loss	–	1.6	–	1.6

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE**D.68**

		Measurement category in accordance with IFRS 9			2022
in € million		Level 1	Level 2	Level 3	Total
Assets		–	80.4	459.1	539.5
Shares in affiliated companies and other equity investments	Fair value through other comprehensive income	–	–	37.5	37.5
Equity investments	Fair value through profit or loss	–	–	5.3	5.3
Trade receivables	Fair value through other comprehensive income (with recycling)	–	–	416.3	416.3
Derivative financial instruments	Fair value through profit or loss	–	73.4	–	73.4
Securities and other financial assets	Fair value through other comprehensive income	–	7.0	–	7.0
Securities and other financial assets	Fair value through profit or loss	–	–	–	–
Equity and liabilities		–	49.1	–	49.1
Derivative financial instruments	Fair value through profit or loss	–	49.1	–	49.1

The shares in affiliated companies and other long-term equity investments shown in the tables have not been consolidated due to immateriality. They are generally held for the long term and not for trading. For this reason, when permitted, the OCI option was exercised, which allows changes in fair value to be recognized in other comprehensive income without reclassifying them to the income statement on disposal. Fair value was calculated as the present value of the figures in the latest three-year results planning (mid-term planning) and a subsequent perpetual annuity. The Company's cost of capital has been used for discounting purposes. Changes in future results, the growth rate of the perpetual annuity, or the cost of capital will have a corresponding effect on the present value calculation. Table **D.69** presents changes in fair values in the reporting period.

RECONCILIATION OF SHARES IN UNCONSOLIDATED AFFILIATED COMPANIES AND OTHER EQUITY INVESTMENTS (LEVEL 3)**D.69**

in € million	2022	2023
As of Jan. 1	76.4	42.9
Changes in the basis of consolidation	-39.5	–
Additions	2.7	13.5
Measurement gains/losses (other comprehensive income) ¹	3.2	22.6
Measurement gains/losses (through profit or loss)	0.1	0.1
As of Dec. 31	42.9	79.1

¹ See "Other comprehensive income" table in Note (20) Equity.

The fair values of shares in affiliated companies and other equity investments break down as follows: **D.70**.

BREAKDOWN OF UNCONSOLIDATED SHARES IN AFFILIATED COMPANIES AND OTHER EQUITY INVESTMENTS**D.70**

in € million	2022	2023
Subsidiaries in Germany	5.3	5.4
Subsidiaries in Europe (excluding Germany)	19.5	21.7
Subsidiaries in rest of world	11.3	44.8
Joint ventures, associates, and other equity investments	6.6	7.1
Total	42.7	79.1

The derivative financial instruments primarily consist of currency derivatives (forward exchange contracts, options). The fair value of forward exchange contracts is calculated by discounting the anticipated future gross cash flows from the contract based on the quoted forward exchange rates as of the reporting date and the agreed forward exchange rates, which are subsequently discounted at a rate matching the respective maturities and currencies. Recognized option pricing models are applied when determining the fair value of currency options, using inputs observed in the market on the reporting date (in particular, exchange rate, interest rate, volatility). In addition, the risk of counterparty default is taken into account when performing the calculations.

Derivatives constituting a financial asset or financial liability that may only be offset on condition of a breach of contract or the insolvency of one of the contracting parties do not comply, or only partially comply, with the criteria for offsetting in the statement of financial position under IAS 32. The value of these derivatives with positive fair values amounted to €75.0 million (2022: €73.4 million) and those with negative fair values to €1.6 million (2022: €49.1 million). Thereof, positive and negative fair values exist with respect to the same contractual partner in the amount of €-1.6 million (2022: €-24.5 million). Net amounts of €73.4 million € (2022: €48.9 million) would result for derivatives with positive fair values and €0.0 million (2022: €24.6 million) for derivatives with negative fair values.

In the case of trade receivables, other non-derivative financial assets and cash and cash equivalents, the carrying amounts correspond to their fair values, because these instruments mostly have short maturities.

Trade receivables that could potentially be sold through existing factoring agreements can be categorized as “fair value through other comprehensive income (with recycling).” The carrying amount is assumed to be equivalent to the fair value due to the short payment terms. The items recognized in this category at the start of the year are usually paid or sold throughout the course of the financial year.

The fair values of securities and other financial assets correspond to the present values of the cash flows associated with these balance sheet items (Level 2).

In the case of financial liabilities, fair value is based on market prices, if active markets exist (Level 1); if not, the present value of future cash flows is used (Level 2). They are discounted using market interest rates with matching maturities.

In the case of trade payables and other non-derivative financial liabilities, it is assumed that the carrying amounts correspond to the fair values of these instruments, because these instruments mostly have short maturities.

For loans and lease liabilities, we assume that carrying amounts correspond to fair values, because differences between market interest rates and discount rates are not material.

Table **D.71** shows the net gains or losses on financial instruments of the K+S Group.

NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS

D.71

Measurement category in accordance with IFRS 9

in € million	2022	2023
Fair value through other comprehensive income	5.3	26.1
Amortized cost (financial assets)	16.9	-28.8
Fair value through profit or loss	-160.0	47.6
Amortized cost (financial liabilities)	23.8	-0.2

Net gains/losses on financial assets measured at fair value through other comprehensive income primarily comprise measurement gains or losses (see table **D.69**) and dividend distributions (see Note (5) Net income from equity investments) from unconsolidated shares in affiliated companies and other equity investments. Net gains/losses on financial assets measured at amortized cost mainly include the effects of currency translation and changes in allowances. Net gains/losses on financial assets and liabilities measured at fair value through profit or loss consist mainly of effects arising from the fair value measurement and realization of derivative financial instruments. Net gains/losses on financial liabilities measured at amortized cost come mainly from the effects of currency translation.

Total interest income and expenses for financial assets and liabilities measured using the effective interest method were as follows for the K+S Group: **D.72**

NET INTEREST INCOME/EXPENSE FROM FINANCIAL INSTRUMENTS			D.72
in € million	2022	2023	
Interest income	7.8	22.1	
Interest expenses before capitalization of borrowing costs	41.4	21.6	
Capitalized borrowing costs	14.1	17.6	
Interest expenses after capitalization of borrowing costs	27.3	4.0	

LIQUIDITY RISK

Liquidity risk entails the failure to procure the funds needed to meet payment obligations or the inability to do so in a timely manner. External factors, especially a general financial crisis, could make it impossible to replace credit lines or bonds on acceptable commercial terms should the need arise. There would also be a risk that the cost of procuring liquidity would rise. For this reason, the principal objective of our liquidity management activities is to ensure the ability to make payments at any given time. Liquidity is managed by the central Treasury unit using a Group-wide cash pooling system. The liquidity requirement is determined in our liquidity planning. Available liquidity amounted to €1,213.1 million as of December 31, 2023 (2022: €1,957.3 million); it consisted of short-term investments, cash and cash equivalents, and undrawn credit and factoring lines.

👁 Report on risks and opportunities, Financial risks and opportunities

RISK OF DEFAULT

The vast majority of customer receivables are hedged against default risk with appropriate insurance coverage and other hedging instruments. We only waive a security against non-payment following a critical review of the customer relationship and specific approval. The vast majority of unsecured receivables are receivables from public-sector customers.

👁 Report on risks and opportunities, Financial risks and opportunities

Default risks also exist regarding partners with which we have concluded hedging transactions, credit lines exist, or money was invested. A potential default of a bank or other party could have an adverse effect on the financial position.

MARKET RISK

Interest rate risk arises from a change in market interest rates, which may have an impact on interest payable or receivable, and also on the fair values of financial instruments. This may also impact earnings or equity. Under IFRS 7, interest rate risk must be presented using a sensitivity analysis. This analysis is based on the following assumptions:

- + The effect on earnings or equity identified by way of a sensitivity analysis relates to the total as of the reporting date and demonstrates the hypothetical effect over one year.
- + Changes in market interest rates for primary financial instruments with variable interest rates have an impact on net interest and are taken into account in an earnings-based sensitivity analysis.
- + Changes in market interest rates for primary financial instruments with fixed interest rates that are measured at amortized cost do not have an impact on earnings or equity and are, therefore, not taken into account during the sensitivity analysis. While these instruments are subject to interest rate risk on reinvestment, this is not taken into account in the sensitivity analysis carried out as of the balance sheet date.

👁 Report on risks and opportunities, Financial risks and opportunities

There were no floating-rate liabilities on the balance sheet date.

As in the previous year, a one percentage point increase in the benchmark interest rate would, therefore, not have resulted in any further interest charges. As in the previous year, a decrease in the reference interest rate by one percentage point would have had no impact on interest expenses.

In addition to receivables and liabilities denominated in Group currency, there are also items in foreign currency. Under IFRS 7, exchange rate risks must be presented using sensitivity analysis. If the euro had been 10% stronger or weaker against foreign currencies (mainly the US dollar), the carrying amount of the net position of foreign-currency receivables and liabilities would have increased or decreased by €25.4 million (2022: €46.9 million) through profit or loss.

(27) DISCLOSURES ON CAPITAL MANAGEMENT

The aim of capital management in the K+S Group is to ensure and efficiently control liquidity across the Group, maintain and optimize financing capability, and reduce financial risk.

👁 Report on economic position, Financial position

The financial policy instruments for meeting these aims include financing measures that involve both equity and borrowings. All financing measures in the Company, which also include cash, currency, and interest rate management, are coordinated and managed by the central Treasury unit.

Capital management is guided by a number of key financial indicators, such as particularly net financial liabilities (including all lease liabilities), whose ratio to EBITDA is also relevant as a financial covenant (see Note (25) Financial liabilities). Other indicators used in capital management are the ratio of net debt to equity and the equity ratio (equity/total assets). **D.73, D.74**

CAPITAL MANAGEMENT INDICATORS **D.74**

	2022 ³	2023
Net financial liabilities (incl. lease liabilities)/EBITDA ratio (in € million) ^{1,2}	–	–
Net debt/equity (%)	12.4	19.0
Equity ratio (%)	67.9	68.6

1 The calculation of EBITDA is presented in the "Disclosures on the income statement and statement of comprehensive income" on page 209.

2 EBITDA is defined as earnings before interest, tax, depreciation, and capitalized recognized directly in equity, gains/losses from fair value changes arising from operating anticipatory hedges still outstanding.

3 There are no net financial liabilities as of December 31, 2022.

The capital structure was as follows as of the reporting date: **D.75**

CAPITAL STRUCTURE **D.75**

in € million	2022	2023
Equity	6,720.0	6,503.1
Non-current liabilities	1,898.8	1,853.4
Current liabilities	1,271.2	1,117.3
Total equity and liabilities	9,890.0	9,473.8

NET DEBT **D.73**

in € million	Dec. 31, 2022	Dec. 31, 2023
Cash and cash equivalents	320.0	152.2
Non-current securities and other financial assets	14.8	7.0
Current securities and other financial assets	665.8	354.1
Financial liabilities	-730.6	-383.0
Lease liabilities from finance leases	-25.1	-5.3
Net financial liabilities (-)/Net asset position (+)	244.9	125.0
Lease liabilities excluding liabilities from finance leases	-144.0	-142.5
Provisions for pensions and similar obligations	-2.7	-8.1
Non-current provisions for mining obligations	-932.4	-1,212.2
- thereof payable within 10 years	-236.6	-239.6
Net debt	-834.2	-1,237.7

(28) CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

In the K+S Group, general business activities are associated with a number of risks, for which provisions have been recognized, provided that the conditions for recognition according to IAS 37 have been met. In addition, there is an obligation to disclose contingent liabilities. Contingent liabilities are possible obligations that are not recognized in the balance sheet as it is less likely that they will be used. As of the reporting date, contingent liabilities amounted to around €8.7 million (2022: around €8.7 million), resulting mainly from legal risks. As of the reporting date, contingent tax liabilities of up to €174.0 million (2022: €176.4 million) are expected to result from corporate transactions and cross-border activities whose occurrence is not considered entirely remote.

👁 Report on risks and opportunities, Financial risks and opportunities

In 2023, liabilities from uncompleted capital expenditure projects totaled €311.0 million (2022: €304.9 million). They are related almost exclusively to uncompleted capital expenditure projects in property, plant, and equipment. For information on other financial liabilities due to leases, see the disclosures in Note (29).

(29) LEASES

The K+S Group acts as lessee in a number of different leases. The material leases relate to technical equipment and machinery such as supply networks, dedicated railway sidings, railway goods carriages, and combined heat and power units, vehicles, office premises, and storage capacity. Information on changes in right-of-use assets arising from these leases can be found in the "Statement of changes in non-current assets" from page 193 onwards. The maturity breakdown of the corresponding lease liabilities is presented in Note (25).

The following amounts in connection with leases under which K+S is the lessee were recognized in the income statement: **D.76**

IMPACT OF LEASES ON THE INCOME STATEMENT		D.76
in € million	2022	2023
Depreciation of right-of-use assets	41.6	42.6
Interest expenses on lease liabilities	6.9	7.0
Expenses for short-term leases	5.5	6.3
Expenses for low-value leases	1.4	1.8
Variable lease expenses	2.2	2.2

In the 2023 financial year, cash outflows for leases totaled €76.2 million (2022: €68.6 million).

K+S has also entered into a lease that had not yet commenced as at the reporting date but will lead to nominal cash outflows of €815.9 million over a contractual term of 10 years from 2024 onwards. €130.5 million of this amount is to be included as the lease portion in the calculation of the lease liability. The maturity structure of the cash outflows resulting from this lease is broken down as follows: **D.77**

CASH OUTFLOWS FROM MATERIAL FUTURE LEASES (NOMINAL VALUES)		D.77
in € million	Total	Leasing share
- due in the following year	73.9	11.8
- due in the 2nd to 5th year	308.4	49.3
- due after 5 years	433.6	69.4
Total	815.9	130.5

There are future lease obligations for short-term leases.

K+S has leases with variable lease installments, which are recognized in profit or loss. Variable lease payments account for 3.37% (2022: 3.69%) of the volume of fixed lease payments. K+S enters into leases with variable lease installments especially for storage capacity and transport arrangements.

Potential cash outflows of around €10.8 million (2022: €12.5 million) were not included in the calculation of lease liabilities within the meaning of IFRS 16, because it is not reasonably certain that the relevant leases will be extended or because it is reasonably certain that the relevant leases will be terminated.

NOTES TO THE CASH FLOW STATEMENT

The statement of cash flows is presented on page 190.

👁 Report on economic position, Financial position

(30) OTHER CASH FLOW STATEMENT DISCLOSURES

Cash and cash equivalents include cash on hand and balances with banks, as well as financial assets with a maturity that generally does not exceed three months from the date of acquisition. The financial assets consist predominantly of short-term deposits at credit institutions and other cash-equivalent investment.

The inflows and outflows from securities transactions in the cash flow from investing activities result from the investment during the year or the repayment of cash deposits with a residual maturity > 3 months.

Cash deposits with affiliated companies are reported under "Other financial assets" (current) and cash deposits received from affiliated companies are reported under "Other financial liabilities" (current).

The reconciliation of net cash flows from/used in financing activities is presented in tables **D.78** and **D.79**.

Table **D.80** presents the composition of net cash and cash equivalents.

NET CASH AND CASH EQUIVALENTS		D.80
in € million	2022	2023
Cash and cash equivalents (as recognized in balance sheet)	320.0	152.2
Cash deposits received from affiliated companies	-7.1	-7.7
Net cash and cash equivalents	312.9	144.5

RECONCILIATION OF NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES

D.78

in € million	Carrying amount Jan. 1, 2023	Cashflows from financing activities (net)	Lease additions/ disposals	Exchange rate changes	Other effects	Carrying amount Dec. 31, 2023
Bonds	679.7	-402.6	–	–	0.3	277.4
Promissory note loans	13.0	-13.0	–	–	–	–
Commercial papers	–	69.1	–	–	0.4	69.5
Liabilities to banks	37.9	-1.8	–	–	–	36.1
Total financial liabilities (as recognized in balance sheet)	730.6	-348.3	–	–	0.7	383.0
Lease liabilities	169.2	-58.7	38.6	-1.4	–	147.7
Total	899.8	-407.0	38.6	-1.4	0.7	530.7

RECONCILIATION OF NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES

D.79

in € million	Carrying amount Jan. 1, 2022	Cashflows from financing activities (net)	Lease additions/ disposals	Exchange rate changes	Other effects	Carrying amount Dec. 31, 2022
Bonds	1,134.2	-453.5	–	–	-1.0	679.7
Promissory note loans	13.0	–	–	–	–	13.0
Commercial papers	–	–	–	–	–	–
Liabilities to banks	43.7	-15.8	–	–	10.0	37.9
Total financial liabilities (as recognized in balance sheet)	1,190.9	-469.3	–	–	9.0	730.6
Lease liabilities	206.3	-51.9	12.3	2.3	0.2	169.2
Total	1,397.2	-521.2	12.3	2.3	9.2	899.8

Dividend payments and profit transfers from non-consolidated companies totaled €3.3 million in the reporting period (2022: €2.0 million).

In the financial year, right-of-use assets from leases amounting to €38.7 million were recognized as non-cash additions to property, plant, and equipment (2022: €14.7 million).

At the beginning of the prior year, trade receivables sold under factoring arrangements (adjusted for securities retained and factoring fees) amounted to €120.3 million. Trade receivables were no longer sold as of December 31, 2022. Compared to the beginning of the prior year, the reduction in receivables sold in the prior year, therefore, had a negative impact on cash flow from operating activities in the amount of €120.3 million.

SEGMENT REPORTING DISCLOSURES

(31) DEFINITION OF SEGMENTS

K+S operates a single business segment. The Board of Executive Directors performs the economic analysis and assessment, takes the operational decisions, and allocates overall resources for this purpose.

(32) REVENUES BY REGION

The breakdown of the K+S Group's revenues by region is as follows: **D.81**

REVENUES BY REGION		D.81
in € million	2022	2023
Europe	2,756.0	2,237.2
- thereof Germany	776.0	665.8
North America	305.5	243.9
South America	1,338.2	565.3
Asia	878.9	522.1
Africa, Oceania	398.0	304.1
Total revenues	5,676.6	3,872.6

The allocation is based on the registered office of customers. No single customer accounted for more than 10% of total revenues in the 2023 and 2022 financial years.

(33) NON-CURRENT ASSETS BY REGION

The non-current assets of the K+S Group comprise intangible assets, property, plant, and equipment, and investment property. The regional breakdown is presented in table **D.82**.

NON-CURRENT ASSETS BY REGION		D.82
in € million	2022	2023
Europe	2,597.5	3,002.5
- thereof Germany	2,482.7	2,879.4
North America	3,841.5	3,739.2
- thereof USA	1.2	0.9
- thereof Canada	3,840.2	3,738.3
Asia	0.9	1.5
Africa, Oceania	12.0	12.4
Total assets	6,451.9	6,755.6

The allocation is based on the location of the relevant assets.

OTHER DISCLOSURES

GROUP EARNINGS AFTER TAX AND NON-CONTROLLING INTERESTS FROM DISCONTINUED OPERATIONS

Group earnings after tax and non-controlling interests from discontinued operations in the amount of €0.3 million (2022: €0.0 million) comprise income tax refunds (€2.0 million) and a subsequent purchase price adjustment for the Americas operating unit (€-1.7 million).

IMPACT OF COVID-19

During the peak phase of the COVID-19 pandemic, K+S set up crisis teams to continuously monitor and assess the current situation arising from the pandemic and coordinate the necessary measures. This procedure facilitated the coordination of all measures for employees and business partners. Protecting the health of our employees and ensuring supplies to our customers were given top priority in this process.

K+S implemented and optimized extensive measures at all sites to minimize the risk of infection and protect our employees. In this way, we succeeded in ensuring production at all sites. Furthermore, K+S administrative employees worked from home if necessary. Due to the ongoing vaccination against the coronavirus, no further adverse effects on the workforce have been anticipated since mid-2022. No further special measures due to COVID-19 were necessary in the reporting year.

In the previous year, EBITDA was still impacted by a low double-digit million euro amount due to the loss of efficiency associated with the extensive measures to minimize the risk of infection from COVID-19, costs for tests, and the K+S vaccination campaigns at German sites. Due to the discontinuation of the measures, there was no significant impact on EBITDA as a result of COVID-19 in the reporting year.

GOVERNMENT GRANTS

The investment grants/subsidies and reimbursements under the Infection Protection Act relate to amounts in the Federal Republic of Germany's funding area. **D.83**

GOVERNMENT GRANTS		D.83
in € million	2022	2023
Investment grants/subsidies	1.5	1.2
Research grants	1.8	0.9
Refunds under the Infection Protection Act	0.7	0.6
Government grants	4.0	2.7

SHARE-BASED PAYMENT PROGRAM

The K+S Group's share-based payment program is a cash-settled share-based payment plan that forms a component of performance-related pay (LTI II program). The share-based payment program (LTI II) went live on January 1, 2018. A new program begins on January 1 of each year. The term is three years. Eligible to participate in the respective program are certain non-tariff professionals and executives who are in active employment as of the respective January 1, as well as all members of the Board of Executive Directors.

LTI II is based on the K+S share price performance compared to the performance of the MDAX. The calculation is based on the performance index for the MDAX, and comparability is ensured. If the K+S share price performance is equal to the performance of the MDAX during the reference period, target achievement is 100%. If the price performance of the K+S share exceeds or falls short of the performance of the MDAX, the percentage rate of target achievement increases or decreases on a straight-line basis by the same percentage. The maximum target achievement is 200% and the minimum achievement is 0%. The amount to be paid is determined by multiplying the individual target amount of the eligible beneficiary at the start of the program by the degree of target achievement of the respective completed program.

👁 Remuneration report

Payment is made in April of the year following the end of the program. In the event of termination of a service contract or reaching retirement age, a discounted pro-rata payment for all current tranches is generally made in April of the following year.

For cash-settled share-based payments (LTI II), provisions of €14.8 million were recognized as of December 31, 2023 (2022: €18.3 million). Personnel expenses from additions to provisions in 2023 amounted to €2.4 million (2022: €11.9 million). The intrinsic value of the liabilities as at that the end of the period that the beneficiaries can have remunerated to them was €5.1 million (2022: €3.7 million).

RELATED PARTIES

RELATED PARTY ENTITIES

The K+S Group has relationships with further affiliated companies besides the subsidiaries included in the consolidated financial statements; these include non-consolidated subsidiaries, joint ventures, as well as companies over which the K+S Group can exercise a significant influence (associated companies). A complete overview of all related companies can be found in the list of all shareholdings on page 251.

The following table shows the transactions carried out by the K+S Group with affiliated companies during the reporting period. The transactions were conducted at arm's length. **D.84, D.85**

RELATED PARTY TRANSACTIONS – GOODS AND SERVICES PROVIDED			D.84
in € million	2022	2023	
Unconsolidated subsidiaries	29.8	140.2	
Joint ventures	65.0	58.4	
Associates	0.1	0.2	

RELATED PARTY TRANSACTIONS – GOODS AND SERVICES RECEIVED			D.85
in € million	2022	2023	
Unconsolidated subsidiaries	13.0	15.6	
Joint ventures	0.3	0.5	
Associates	5.6	5.9	

The goods and services provided result primarily from the sale of goods to foreign sales companies as well as costs to be paid by REKS GmbH & Co. KG for the backfilling and depositing of waste. Goods and services received largely consist of freight costs and commissions invoiced by foreign distribution companies. As of December 31, 2023, the outstanding balances with affiliated companies were as follows: **D.86, D.87**

RELATED PARTY RECEIVABLES			D.86
in € million	2022	2023	
Unconsolidated subsidiaries	16.9	124.2	
- thereof loans	4.0	20.9	
Joint ventures	13.8	13.2	
- thereof loans	4.5	7.5	
Associates	–	–	

RELATED PARTY LIABILITIES			D.87
in € million	2022	2023	
Unconsolidated subsidiaries	7.2	7.9	
- thereof banking receivables	7.1	7.7	
Joint ventures	13.9	13.1	
Associates	0.1	–	

There were no allowances on receivables from unconsolidated subsidiaries as of the reporting date (2022: €0.8 million). There are no contingency insurance policies for receivables from unconsolidated subsidiaries. Banking receivables are the result of centralized withdrawals and deposits of cash at K+S Aktiengesellschaft (cash pooling).

RELATED PERSONS

Related persons are defined as persons who are responsible for the planning, management, and monitoring of a company. They include the Board of Executive Directors and the Supervisory Board.

The remuneration for the members of the Board of Executive Directors consists of annual components and those with a long-term incentive character. The annual remuneration components include both those not related to performance (fixed) and performance-related components (variable). The components that are not related to performance comprise fixed remuneration, non-cash remuneration, other benefits, and pension commitments. The variable performance-related portion consists

in each case of two components: the bonus (STI and performance factor) as well as two variable remuneration components, based on key indicators, with a long-term incentive character (LTI I and LTI II).

The STI is calculated based on achievement of the K+S Group's EBITDA set in the annual planning and of targets agreed between the entire Board of Executive Directors and the Supervisory Board. EBITDA is a key performance indicator for assessing the profitability of the K+S Group and, as a performance criterion, it helps to promote the Company's business strategy. If the EBITDA value of the annual planning approved by the Supervisory Board is achieved, the level of achievement for this first STI component is deemed to be 100%. If the actual EBITDA exceeds or falls short of the planned EBITDA, the percentage rate of target achievement increases or decreases in a straight line by the same percentage. The maximum target achievement is 200% and the minimum achievement is 0%.

The Supervisory Board signs a target agreement with the entire Board of Executive Directors at the start of each financial year and this agreement acts as a second component of the STI. After the end of the relevant financial year, the Supervisory Board determines a performance factor for the entire Board of Executive Directors. This serves as the STI multiplier. The performance factor is between 0.8 and 1.2. Provisions for the short-term incentive as of December 31, 2023, amount to €0.7 million (2022: €1.9 million).

The long-term incentive (LTI) consists of two equally weighted components. One component (LTI I) has been measured by the achievement of sustainability targets. For this purpose, the Company has set itself sustainability goals in three areas of action, namely "Society & Employees", "Environment & Resources," and "Business Ethics & Human Rights." A target was selected for each area of action. Plan values were set as the benchmark for target achievement in each case. As of December 31, 2023, provisions for LTI I amounted to €0.9 million (2022: €1.2 million).

The second component (LTI II) relates to the K+S share price performance compared with the performance of the MDAX. The MDAX performance index is used for the calculation while ensuring comparability. If the K+S share price performance is equal to the performance of the MDAX during the reference period, target achievement is 100%. If the price performance of K+S shares exceeds or falls short of the performance of the MDAX, the percentage rate of target achievement increases or decreases on a straight-line basis by the same percentage. The maximum target achievement is 200% and the minimum

achievement is 0%. As of December 31, 2023, provisions for LTI II amounted to €2.7 million (2022: €3.5 million).

The total remuneration of the Board of Executive Directors was attributable to five members in the reporting period. One of these members was in office for the full year. Holger Riemensperger's term of office ended on February 28, 2023. Dr. Carin-Martina Tröltzsch assumed her position at K+S on February 20, 2023, and Dr. Christian H. Meyer on March 15, 2023. Mrs. Christina Daske has been a member of the Board of Executive Directors since December 1, 2023.

In the previous year, the remuneration of the Board of Executive Directors was attributable to three members. Two of these members were in office for the full year. The mandate of Mr. Thorsten Boeckers was terminated as of February 28, 2022.

The pension provisions for active members of the Board of Executive Directors amounted to €8.1 million (2022: €6.8 million). Mr. Holger Riemensperger left the Board of Executive Directors effective February 28, 2023. His entitlements were paid out as a result. The target achievement levels of the LTI program LTI (2022 – 2024) were calculated at 67.9% and 200% based on the plan value. As the target achievement levels for the LTI program LTI (2023 – 2025) had not yet been determined at this time, a target achievement level of 100% was agreed. This resulted in the following payments: LTI (2022 – 2024) in the amount of €318.1 thousand and LTI (2023 – 2025) in the amount of €47.5 thousand. The non-competition clause was shortened to one year, which corresponds to an equivalent value of €440 thousand. **D.88**

Remuneration report

DISCLOSURES ON REMUNERATION IN ACCORDANCE WITH SECTION 314 (1) NO. 6 HGB

D.88

in € million	2022	2023
Total remuneration of the Supervisory Board	1.4	1.9
- thereof fixed	1.4	1.9
Total remuneration of the Board of Executive Directors	5.2	4.7
- thereof fixed	1.5	2.1
- thereof STI	2.0	0.8
- thereof LTI I	0.9	0.5
- thereof LTI II	0.8	1.2
Total remuneration of former members of surviving dependents	7.0	2.6

The remuneration of active members of the Board of Executive Directors and the Supervisory Board in the 2023 financial year is presented in table **D.89**. There were no other material transactions with related persons.

RELATED PARTY DISCLOSURES (IAS 24)		D.89
in € million	2022	2023
Short-term benefits	3.5	2.9
Long-term benefits (LTI I)	0.8	0.6
Share-based payment (LTI II)	2.0	0.3
Termination benefits of the employment relationship	4.8	0.4
Service costs	1.8	0.4
Supervisory Board remuneration	1.4	1.9
Total remuneration of Board of Executive Directors and Supervisory Board	14.3	6.5

The remuneration system for the Supervisory Board has the following elements:

- + Fixed remuneration or attendance fee, respectively,
- + Additional fixed remuneration, depending on membership of one or more committees.

In addition to the Supervisory Board remuneration, employee representatives who are employees of the K+S Group receive remuneration that is not related to activities performed for the Supervisory Board.

A member of the family of a Supervisory Board member is employed by the K+S Group. Remuneration is paid in accordance with the internal remuneration guidelines of the K+S Group and corresponds to the usual remuneration of individuals in comparable positions.

MEMBERS OF THE BOARD OF EXECUTIVE DIRECTORS

A list of the members of the Board of Executive Directors and its responsibilities can be found in the "Management report" starting on page 117.

MEMBERS OF THE SUPERVISORY BOARD

A list of the members of the Supervisory Board and its committees can be found in the "Management report" starting on page 113.

SHARES HELD IN K+S AKTIENGESELLSCHAFT

The Goldman Sachs Group, Inc, Wilmington (USA), notified us on May 26, 2022, that it held 3.65%¹ of the voting rights. On November 9, 2023, the share of voting rights held by Norges Bank (Ministry of Finance on behalf of the State of Norway), Oslo (Norway), amounted to 4.25%¹. In a notification dated December 1, 2023, BlackRock, Inc., New York (USA), reported that its share of voting rights amounted to 3.83%¹. On December 8, 2023, Rossmann Beteiligungs GmbH, Burgwedel (Germany), notified us that its share of voting rights amounted to 4.63%. On January 30, 2024, David Iben/Kopernik Global Investors, LLC notified us that it held 3.07% of the voting rights. On February 26, 2024, Bank of America Corporation, Wilmington (USA), notified us of a 5.39% share of voting rights. By the end of February 2024, we had not been notified of any further shareholdings above the statutory reporting threshold of 3%.

¹ The notification of the shareholding relates to the previous number of outstanding shares of 191.4 million.

LIST OF SHAREHOLDINGS IN ACCORDANCE WITH SECTION 313 HGB

In principal, the figures in table **D.90** also apply to the previous year. If there are any deviations, these are commented on in a footnote on the company concerned.

LIST OF SHAREHOLDINGS IN ACCORDANCE WITH SECTION 313 HGB

D.90

in %	Company's registered office		Interest held	Share of voting rights
Fully consolidated German companies (11 companies)				
K+S Aktiengesellschaft	Kassel	Germany	–	–
Chemische Fabrik Kalk GmbH	Cologne	Germany	100.00	100.00
Deutscher Straßen-Dienst GmbH ²	Kassel	Germany	100.00	100.00
esco international GmbH ^{1,2}	Kassel	Germany	100.00	100.00
K+S Beteiligungs GmbH ^{1,2}	Kassel	Germany	100.00	100.00
K+S Holding GmbH ^{1,2}	Kassel	Germany	100.00	100.00
K+S Minerals and Agriculture GmbH ^{1,2}	Kassel	Germany	100.00	100.00
K+S North America Asset Management GmbH in Liquidation	Kassel	Germany	100.00	100.00
K+S Versicherungsvermittlungs GmbH ²	Kassel	Germany	100.00	100.00
Kali-Union Verwaltungsgesellschaft mbH ^{1,2}	Kassel	Germany	100.00	100.00
MSW-Chemie GmbH	Langelsheim	Germany	100.00	100.00
Consolidated foreign companies (19 companies)				
Frisia Zout B.V.	Harlingen	Netherlands	100.00	100.00
K plus S Middle East FZE DMCC	Dubai	United Arab Emirates	100.00	100.00
K plus S Minerals Spain S.L.	Barcelona	Spain	100.00	100.00
K plus S Salt Australia Pty Ltd	Perth	Australia	100.00	100.00
K+S Asia Pacific Pte. Ltd.	Singapore	Singapore	100.00	100.00
K+S Benelux NV/SA	Diegem	Belgium	100.00	100.00
K+S Canada Holdings Limited	Vancouver	Canada	100.00	100.00
K+S Czech Republic a.s.	Prague	Czech Republic	100.00	100.00
K+S Fertilizers (India) Private Limited	New Delhi	India	100.00	100.00
K+S Finance Belgium B.V.	Diegem	Belgium	100.00	100.00
K+S Finance Ltd.	St. Julians	Malta	100.00	100.00
K+S France S.A.S.	Reims	France	100.00	100.00
K+S Investments Ltd.	St. Julians	Malta	100.00	100.00
K+S Minerals and Agriculture (Panama) S.A.	Panama City	Panama	100.00	100.00
K+S Netherlands Holding B.V.	Harlingen	Netherlands	100.00	100.00
K+S North America Corporation	Aurora	USA	100.00	100.00
K+S Potash Canada General Partnership	Vancouver	Canada	100.00	100.00
Shenzhen K+S Trading Co. Ltd.	Shenzhen	China	100.00	100.00
VATEL Companhia de Produtos Alimentares S.A.	Alverca	Portugal	100.00	100.00

LIST OF SHAREHOLDINGS IN ACCORDANCE WITH SECTION 313 HGB

D.90

in %	Company's registered office		Interest held	Share of voting rights
Equity-accounted companies (2 companies)				
K+S Baustoffrecycling GmbH	Sehnde	Germany	50.00	50.00
REKS GmbH & Co. KG	Düsseldorf	Germany	50.00	50.00
Unconsolidated German companies (7 companies)³				
4. K+S Verwaltungs GmbH	Kassel	Germany	100.00	100.00
Beienrode Bergwerks-GmbH	Kassel	Germany	89.81	89.81
Ickenroth GmbH	Staudt	Germany	100.00	100.00
K+S AN-Institut Verwaltungsgesellschaft mbH	Kassel	Germany	100.00	100.00
K+S Vorsorgegesellschaft Zielitz GmbH & Co. KG	Zielitz	Germany	100.00	100.00
K+S Zielitz Vorsorge Verwaltungs GmbH	Zielitz	Germany	100.00	100.00
Wohnbau Salzdetfurth GmbH	Bad Salzdetfurth	Germany	100.00	100.00
Unconsolidated foreign companies (12 companies)³				
Fertiva (Pty) Ltd.	Paarl	South Africa	75.00	75.00
Grainpulse Limited	Kampala	Uganda	75.00	75.00
K plus S Africa (Pty) Ltd.	Johannesburg	South Africa	100.00	100.00
KplusS Fertilizers Kenya Limited	Mombasa	Kenya	100.00	100.00
K+S Brasileira Fertilizantes e Produtos Industriais Ltda.	São Paulo	Brazil	100.00	100.00
K+S (Huludao) Magnesium Products Co. Ltd.	Huludao	China	100.00	100.00
K+S Italia S.r.L.	Verona	Italy	100.00	100.00
K+S Legacy GP Inc.	Vancouver	Canada	100.00	100.00
K+S Mining Argentina S.A.	Buenos Aires	Argentina	100.00	100.00
K+S Polska Sp. z o.o.	Poznan	Poland	100.00	100.00
K+S Transição Gestão de Imóveis Ltda	São Paulo	Brazil	100.00	100.00
K+S UK & Eire Ltd.	Hertford	United Kingdom	100.00	100.00
Joint ventures (1 company)⁴				
REKS Verwaltungs GmbH	Düsseldorf	Germany	50.00	50.00
Associates (2 companies)⁴				
Al Biariq for Fertilizer Plant Co. Ltd.	Riyadh	Saudi Arabia	30.00	30.00
modal 3 Logistik GmbH	Hamburg	Germany	33.33	33.33
Other equity investments (6 companies)				
Fachschule f. Wirtschaft und Technik Gem. GmbH	Clausthal	Germany	9.40	9.40
K+S Real Estate GmbH & Co. KG	Kassel	Germany	10.10	10.10
Lehrter Wohnungsbau GmbH	Lehrte	Germany	6.67	6.67
Poldergemeinschaft Hohe Schaar	Hamburg	Germany	8.66	8.66
Pristav Pardubice a.s.	Pardubice	Czech Republic	0.41	0.41
Zoll Pool Hamburg AG	Hamburg	Germany	1.43	1.43

1 Exemption of Section 291 HGB applied.

2 Exemption of Section 264 (3) HGB applied.

3 Not consolidated due to immateriality.

4 Not equity-accounted due to immateriality.

AUDITOR'S FEES

The audit services include the audit of the consolidated financial statements and annual financial statements of all consolidated German Group companies. The fee for the other assurance services mainly includes the fee for the limited assurance review of the non-financial statement and the substantive review of the remuneration report.

In the first quarter of 2022, the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, and its network companies completed tax advisory services in connection with the sale of the Americas operating unit in 2021 in the amount of €0.02 million that had begun in 2021. In accordance with the statutory requirements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and its network companies no longer provided tax advisory services and other non-audit services for German K+S Group companies as from the date of issuance of the audit opinion for the K+S Group's 2021 consolidated financial statements on March 8, 2022. **D.91**

AUDITOR'S FEES	D.91	
in € million	2022	2023
Audit services	0.9	1.0
Other assurance services	0.3	0.3
Tax advisory services	–	–
Auditor's fees	1.2	1.3

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz, AktG) with the recommendations of the Government Commission on the German Corporate Governance Code was issued by the Board of Executive Directors and the Supervisory Board of K+S Aktiengesellschaft for 2022/2023. It is available to shareholders on the K+S Group's website (www.kpluss.com) and also published in the "Declaration on corporate governance" on page 108.

EVENTS AFTER THE BALANCE SHEET DATE

At the beginning of January 2024, K+S concluded an agreement under public law with the Saxony-Anhalt State Office for Geology and Mining. The content of the agreement is the safeguarding of the post-closure obligations for the tailings pile capacity expansion II of the Zielitz plant by the newly founded K+S Vorsorgegesellschaft Zielitz GmbH & Co. KG (100% subsidiary of K+S). The purpose of the company is the establishment of a special fund to secure the liquidity required to meet the post-closure obligations after the operating phase of the Zielitz plant.

From 2024 onwards, assets will be built up gradually through the contribution of assets by K+S. At the end of the accumulation phase in 2054, the assets must amount to around €250 million on the basis of current assumptions. Non-earmarked withdrawals prior to fulfillment of the post-closure obligations are only permitted in certain exceptional cases.

K+S is responsible for managing the assets within a defined investment guideline. K+S Vorsorgegesellschaft Zielitz GmbH & Co. KG will be included in the scope of consolidation from 2024 onwards.

Beyond this, there were no significant changes in the economic environment or the industry situation after the end of the financial year.

Kassel (Germany), March 6, 2024

K+S Aktiengesellschaft The Board of Executive Directors

RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVES OF K+S AKTIENGESELLSCHAFT

We hereby declare that, to the best of our knowledge, the consolidated financial statements and the annual financial statements of K+S Aktiengesellschaft provide a true and fair view of the net assets, financial, and earnings position of the Group and K+S Aktiengesellschaft, respectively, in accordance with the applicable financial reporting framework and that the combined management report includes a fair review of the development and performance of the business and the position of the Group and K+S Aktiengesellschaft, respectively, together with a description of the principal opportunities and risks associated with the expected development of the Group and K+S Aktiengesellschaft.

Kassel (Germany), March 6, 2024

K+S Aktiengesellschaft
The Board of Executive Directors

FORWARD-LOOKING STATEMENTS

This report contains statements and forecasts relating to the future development of the K+S Group and its companies. The forecasts represent assessments that we have made on the basis of all the information available to us at the present time. Should the assumptions on which the forecasts are based prove to be incorrect or risks – such as those mentioned in the risk report – materialize, actual developments and results may differ from current expectations. The Company assumes no obligation to update the statements contained in this management report beyond the disclosure requirements stipulated by law.

INDEPENDENT AUDITOR'S REPORT

To K+S Aktiengesellschaft, Kassel

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the consolidated financial statements of K+S Aktiengesellschaft, Kassel, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of K+S Aktiengesellschaft, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our 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 § [Article] 315e Abs. [paragraph] 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 December 31, 2023, and of its financial performance for the financial year from January 1 to December 31, 2023, 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 audit opinion on the group management report does not cover the

content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [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 AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") 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 Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 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 audit 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 financial year from January 1 to December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- 1 Mining provisions
- 2 Measurement of non-current assets of the “Potash and magnesium products” cash-generating unit

Our presentation of these key audit matters has been structured in each case as follows:

- a) Matter and issue
- b) Audit approach and findings
- c) Reference to further information

Hereinafter we present the key audit matters:

1 MINING PROVISIONS

a) Mining provisions are reported in the consolidated financial statements of the Company, of which EUR 1,212.2 million under non-current provisions and EUR 4.3 million under current provisions. These provisions concern in particular obligations regarding the back-filling of abandoned mines and shafts, storage of tailings, mine damage and rehabilitation. Due to the long-term nature of the underlying obligations, changes in interest rates can have a considerable impact on the measurement of these material provisions in terms of amount, which are recognized at present value and calculated based on a measurement model using the discounted cash flow method. In addition, the long-term nature of the provisions means that they are based to a large extent based on estimates and assumptions made by the executive directors about future cost developments, the inclusion of future income, waste water quantities, technical innovations (particularly in extraction methods and methods to cover tailings) and the lifespans of the mines. Statutory, contractual and regulatory requirements have a material impact on the recognition and amount of the provisions.

Against this background, we considered these matters to be of particular significance in the context of our audit because the recognition and measurement of these significant items in terms of their amount are subject to considerable scope for judgment on the part of the Company's executive directors and have a direct and significant impact on the consolidated financial statements.

b) As part of our audit, we analyzed the action taken by the executive directors to assess the completeness and measurement of the mining obligations. In this context, we reviewed the organizational and operational structure of the process used to recognize mining provisions with respect to its appropriateness and the effectiveness of the audit-related controls. In doing so, we based our analysis on our understanding of the statutory, contractual and regulatory requirements and the extent to which the respective storage plans are up-to-date, and we assessed the current status of the statutory requirements and storage plans based on evidence in the form of correspondence with the mining authorities and detailed statements regarding the individual circumstances. Another focus area was to assess the underlying storage plans and the underlying cost assumptions, as well as the income calculated. Furthermore, we evaluated whether the rates of cost increases and the interest rates with matching terms were properly derived from market data. We assessed the reliability of the assumptions made by the executive directors by comparing the actual cost rates from the fiscal year with the prior-year planning. As part of our audit, we also evaluated findings made by experts as well as their professional qualifications. In reviewing the discount rate, we inspected and assessed evidence of the parameters used. We also evaluated the planned timing for utilization of the provisions. In the case of amendments as against previous estimates, we obtained evidence to assess the propriety of those amendments.

We were able to satisfy ourselves that the estimates and assumptions made by the executive directors for the recognition and measurement of mining provisions are sufficiently substantiated and documented.

c) The disclosures relating to the mining provisions are contained in the section entitled “Notes to the balance sheet”, sub-section “(22) Provisions for mining obligations” of the notes to the consolidated financial statements.

2 MEASUREMENT OF NON-CURRENT ASSETS OF THE “POTASH AND MAGNESIUM PRODUCTS” CASH GENERATING UNIT

a) The “Potash and magnesium products” cash-generating unit includes non-current assets with a carrying amount of EUR 6,276.4 million.

The measurement of these assets was reviewed using their fair values less costs of disposal that exceed their values in use. The recoverable amount is the higher of fair value less costs of disposal and the value in use, and was calculated based on a measurement model using the discounted cash flow method. This is based on the budget projections for the coming three years (medium-term business plan) prepared by the executive directors and approved by the Supervisory Board and extrapolated on the basis of long-term assumptions in respect of potash prices, the planned utilization/production capacity of the plants, their expected operational lives and the budgeted costs.

The outcome of these valuations is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the discount rates, rates of growth and other assumptions employed. The valuations are therefore subject to material uncertainties and scope for judgment. Against this background and due to the underlying complexity of the valuation, this matter was of particular significance in the context of our audit.

b) To review the appropriateness of the underlying calculation used for valuation purposes, we compared the expected future cash flows used with the planning projections adopted by the Executive Board and approved by the Supervisory Board. Together with our valuation specialists, we also assessed the assumptions underlying the planning based on general and sector-specific market expectations and current price movements in the potash market. To objectify the projected potash price movements, we also took into particular account third-party market studies on future developments in potash prices. In addition, we assessed the appropriate consideration of the costs of Group functions. With the knowledge that even relatively small changes in the discount rate applied can have a material impact on the fair value (less costs of disposal) calculated, we and our valuation experts also assessed the underlying parameters used by K+S Aktiengesellschaft to determine the discount rate applied as well as the assumptions underlying the model used to derive the discount rate. We also assessed the calculation model with regard to consistency and the calculation system. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

c) The Company's disclosures relating to property, plant and equipment are contained in the section entitled "Notes to the Balance Sheet", sub-section "(12) Intangible assets, property, plant and equipment, and impairment testing" of the notes to the consolidated financial statements.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- + the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Declaration on Corporate Governance" of the group management report
- + the non-financial statement to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB included in section "Combined Non-Financial Statement"
- + the information contained in the sections "Business Model", "Report on Economic Position" and "Corporate Governance and Monitoring" of the group management report, which are marked as unaudited

The other information comprises further

- + the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible
- + all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit 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 audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- + is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with 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 § 315e Abs. 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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 audit 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 § 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 audit 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 controls.

- + 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 audit 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 audit 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 § 315e Abs. 1 HGB.
- + Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit 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 audit 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, actions taken to eliminate threats or safeguards applied.

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 ABS. 3A HGB

ASSURANCE OPINION

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file kpluss-2023-12-31-de.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

BASIS FOR THE ASSURANCE OPINION

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in

accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

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 renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 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 § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing 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 § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- + Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 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 work 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 the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated

financial statements on the technical specification for this electronic file.

- + Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- + Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on May 10, 2023. We were engaged by the supervisory board on August 23, 2023. We have been the group auditor of K+S Aktiengesellschaft, Kassel, without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The

consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Michael Conrad.

Frankfurt am Main, March 12, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Michael Conrad)
Wirtschaftsprüfer
(German Public Auditor)

(sgd. Thorsten Neumann)
Wirtschaftsprüfer
(German Public Auditor)

Translation – the German text is authoritative

FURTHER INFORMATION

E

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INDEPENDENT PRACTITIONER'S REPORT

LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING FROM JANUARY 1 TO DECEMBER 31, 2023¹

To K+S AG, Kassel

We have performed a limited assurance engagement on the combined non-financial statement of K+S AG, Kassel, (hereinafter the "Company") for the period from 1 January to 31 December 2023 (hereinafter the "Combined Non-financial Statement") included in section "Combined Non-financial Statement" of the combined management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Combined Non-financial Statement.

RESPONSIBILITY OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Combined Non-financial Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "EU-Taxonomy Regulation" of the Combined Non-financial Statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Company that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Combined Non-financial Statement that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU-Taxonomy Regulation" of the Combined Non-financial Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

AUDIT FIRM'S INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards - in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis – IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

RESPONSIBILITY OF THE ASSURANCE PRACTITIONER

Our responsibility is to express a conclusion with limited assurance on the Combined Non-financial Statement based on our assurance engagement.

¹ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the combined non-financial statement and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Combined Non-financial Statement, other than the external sources of documentation or expert opinions mentioned in the Combined Non-financial Statement, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU-Taxonomy Regulation" of the Combined Non-financial Statement.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- 1 Gain an understanding of the structure of the Company's sustainability organisation and stakeholder engagement
- 2 Inquiries of the executive directors and relevant employees involved in the preparation of the Combined Non-financial Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Combined Non-financial Statement
- 3 Identification of likely risks of material misstatement in the Combined Non-financial Statement
- 4 Analytical procedures on selected disclosures in the Combined Non-financial Statement
- 5 Evaluation of the presentation of the Combined Non-financial Statement
- 6 Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Combined Non-financial Statement
- 7 Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

ASSURANCE OPINION

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Combined Non-financial Statement of the Company for the period from 1 January to 31 December 2023 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU-Taxonomy Regulation" of the Combined Non-financial Statement. We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Combined Non-financial Statement.

RESTRICTION OF USE

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, March 12, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Michael Conrad)
Wirtschaftsprüfer
(German public auditor)

(sgd. ppa. Elena Ollendiek)

AUDITOR'S REPORT

REMUNERATION REPORT PURSUANT TO SECTION 162 AKTG FOR THE FINANCIAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2023

To K+S Aktiengesellschaft, Kassel

We have audited the remuneration report of K+S Aktiengesellschaft, Kassel, for the financial year from January 1, 2023 to December 31, 2023 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD

The executive directors and the supervisory board of K+S Aktiengesellschaft are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITIES

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of the remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDIT OPINION

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1, 2023 to December 31, 2023, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

REFERENCE TO AN OTHER MATTER – FORMAL AUDIT OF THE REMUNERATION REPORT ACCORDING TO § 162 AKTG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

RESTRICTION ON USE

We issue this auditor's report on the basis of the engagement agreed with K+S Aktiengesellschaft. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not

assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Frankfurt am Main, March 12, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Michael Conrad)
Wirtschaftsprüfer
(German Public Auditor)

(sgd. Thorsten Neumann)
Wirtschaftsprüfer
(German Public Auditor)

Translation – the German text is authoritative

REPORT ON EQUALITY AND EQUAL PAY

PUBLICATION AS AN ANNEX TO THE 2023 MANAGEMENT REPORT PURSUANT TO TRANSPARENT REMUNERATION LAW (ENTGTRANSPG)

Pursuant to Sections 21, 22 of the Law for Promotion of Remuneration Transparency between Women and Men (Transparent Remuneration Law – EntgTranspG), K+S Aktiengesellschaft compiles a report on equality and equal pay as an annex to the management report at least every five years. In deviation from the annual financial statements and management report, the year 2022 is the relevant reporting year for the report in 2023 in accordance with the legal requirement.

1. MEASURES FOR PROMOTING EQUALITY BETWEEN WOMEN AND MEN AND THEIR IMPACT

We are committed to equal opportunities. Our fundamental values and principles (Code of Conduct) set out this commitment. As a signatory to the Global Compact and the Charter of Diversity, we affirm this position. Our activities in the area of “Diversity & Inclusion” counteract discrimination. We strive for equal opportunities for women as well as equal remuneration. The basis for diversity & inclusion is the appreciation of all employees. At K+S, all employees experience this appreciation, irrespective of gender, nationality, ethnic origin, religion or ideology, social origin, physical or mental impairment, age, sexual orientation, and identity. K+S promotes and supports the compatibility of work and family life. Family-friendly work structures, room for diversity, and individual offers for compatibility are intended to enable our employees to achieve a good balance between professional and family tasks. Within the scope of our Company’s possibilities, we support our employees in balancing work and family life with flexible working time models, working from home, and needs-based care services, both for children and for family members. At our headquarters in Kassel, we also provide a day-care center close to the Company.

Pursuant to the statutory regulation for the equal participation of women and men in management positions, the minimum proportion of women and men on the Supervisory Board is 30% each. As of December 31, 2022, the Supervisory Board comprised two female employee representatives and two female shareholder representatives, so that the minimum proportion of both employee and shareholder representatives was always achieved. With the elections to the Supervisory Board at the Annual General Meeting on May 10, 2023, the proportion of women rose to more than 30%. The Supervisory Board set a target of 25% at its meeting on May 14, 2019 for the equal participation of women and men in management positions. This was significantly exceeded as at December 31, 2023 with a share of women of 50%.

Regarding the Act on Equal Participation of Women and Men in Leadership Positions, we have set targets for the proportion of women in the management level below the Board of Executive Directors of K+S Aktiengesellschaft until December 31, 2025. At the first level below the Board of Executive Directors, the target of 30% was not achieved as at December 31, 2022 (21%) and December 31, 2023 (10%). At the second level below the Board of Executive Directors, the target of 30% was almost achieved as at December 31, 2022 with a proportion of women of 28% and as at December 31, 2023 with 29%.

2. MEASURES FOR THE ESTABLISHMENT OF EQUAL PAY FOR WOMEN AND MEN

At K+S Aktiengesellschaft, we pursue the goal of remunerating our employees in a performance-related, market-oriented, and comparable manner. Our employees covered by collective bargaining agreements are subject to the German collective bargaining agreement, whose equal remuneration has been confirmed by the German Federal Anti-Discrimination Agency. Under our non-tariff remuneration system, non-tariff functions are assessed and remunerated based on uniform Group-wide criteria. Regular market comparisons ensure fairness and market conformity.

3. BREAKDOWN OF STATISTICAL DATA FOR K+S AKTIENGESELLSCHAFT

AVERAGE TOTAL NUMBER OF EMPLOYEES¹

E.1

	2017	2022	Change 2022 vs. 2017
Average total number of employees	963	790	-173
- thereof male	622	491	-131
- thereof female	341	299	-42
Average number of full-time employees	828	660	-168
- thereof male	602	472	-130
- thereof female	227	188	-39
Average number of part-time employees	135	130	-5
- thereof male	21	19	-2
- thereof female	114	112	-2
Average number of trainees	21	27	+6
- thereof male	12	15	+3
- thereof female	8	12	+4

¹ Rounding differences may arise in percentages and figures.

TEN-YEAR SUMMARY OF THE K+S GROUP ¹

E.2

		2014	2015	2016	2017	2018	2019	2020	2021 ¹³	2022	2023
Income Statement											
Revenues	€ million	3,821.7	4,175.5	3,456.6	3,627.0	4,039.1	4,070.7	3,698.4	3,213.1	5,676.6	3,872.6
EBITDA ²	€ million	895.5	1,057.5	519.1	576.7	606.3	640.4	444.8	1,067.3	2,422.9	712.4
EBITDA margin	%	23.4	25.3	15.0	15.9	15.0	15.7	12.0	33.2	42.7	18.4
Depreciation ³	€ million	254.3	275.9	289.8	305.9	379.1	431.9	404.9	292.5	443.8	456.1
Group earnings, adjusted ⁴	€ million	366.6	542.3	130.5	145.0	85.4	77.8	-1,802.5	2,182.4	1,494.0	161.9
Earnings per share, adjusted ⁴	€	1.92	2.83	0.68	0.76	0.45	0.41	-9.42	11.40	7.81	0.86
Cashflow											
Operating cash flow	€ million	719.1	669.4	445.4	306.8	308.7	639.8	428.5	347.3	1,393.7	821.6
Capital expenditure ⁵	€ million	1,153.2	1,278.8	1,170.8	810.8	443.2	493.3	526.0	334.3	403.8	525.3
Adjusted free cash flow	€ million	-306.3	-635.9	-776.8	-389.8	-206.3	139.7	-42.2	92.7	932.0	311.2
Balance Sheet											
Balance sheet total	€ million	7,855.2	8,273.6	9,645.5	9,754.4	9,966.2	10,592.2	8,387.4	8,724.3	9,890.0	9,473.8
Equity	€ million	3,974.5	4,295.6	4,552.2	4,160.7	4,144.1	4,495.1	2,222.6	5,259.2	6,720.0	6,503.1
Equity ratio	%	50.6	51.9	47.2	42.7	41.6	42.4	26.5	60.3	67.9	68.6
Net financial liabilities (-)/Net asset position (+) as of Dec. 31 ⁶	€ million	-590.9	-1,363.6	-2,401.1	-2,974.1	-3,241.5	-3,116.6	-3,217.4	-606.3	244.9	125.0
Debt ratio (Net financial liabilities/ EBITDA) ^{6,7}	x-times	0.7	1.3	4.6	5.2	5.3	4.9	7.2	0.6	-	-
Working capital	€ million	768.1	945.9	894.6	968.1	1,126.7	1,037.9	747.4	647.4	1,303.6	1,135.5
Return on Capital Employed (ROCE)	%	12.7	12.5	3.0	3.2	2.6	2.3	-22.8	42.9	25.7	3.2
Employees											
Employees as of Dec. 31 ⁸	number	14,295	14,383	14,530	14,793	14,931	14,868	14,732	10,711	11,097	11,447
Average number of employees ⁸	number	14,295	14,276	14,446	14,654	14,904	14,693	14,758	10,776	10,881	11,256
Share											
Book value per share	€	20.8	22.4	23.8	21.7	21.7	23.5	11.6	27.5	35.1	36.3
Dividend per share ^{9,10}	€	0.90	1.15	0.30	0.35	0.25	0.04	-	0.20	1.00	0.70
Dividend yield ^{9,10}	%	3.9	4.9	1.3	1.7	1.6	1.3	-	1.3	5.4	4.9
Closing price as of Dec. 31	Xetra, €	22.92	23.62	22.69	20.76	15.72	11.12	7.79	15.19	18.38	14.31
Market capitalization	€ billion	4.4	4.5	4.3	4.0	3.0	2.1	1.5	2.9	3.5	2.6
Enterprise value as of Dec. 31	€ billion	6.1	6.9	7.9	8.1	7.4	6.7	6.1	4.7	4.4	3.8
Shares outstanding on Dec. 31 ¹¹	million	191.4	191.4	191.4	191.4	191.4	191.4	191.4	191.4	191.4	179.1
Average number of shares ¹²	million	191.4	191.4	191.4	191.4	191.4	191.4	191.4	191.4	191.4	187.3

1 The figures relate to the continuing and discontinued operations of the K+S Group for the years 2014 to 2020. From 2021 onwards, the information relates to the continuing operations of the K+S Group.

2 EBITDA is defined as earnings before income taxes, interest, depreciation and amortization, adjusted for the amortization amount recognized directly in equity in connection with own work capitalized, the result of changes in the fair value of operating forecast hedges still outstanding, and changes in the fair value of operating forecast hedges recognized in prior periods. A reconciliation can be found on page 56.

3 Relates to depreciation and amortization of property, plant, and equipment and intangible assets and of investments accounted for using the equity method, adjusted for the amount of depreciation and amortization recognized directly in equity in connection with own work capitalized.

4 The adjusted key figures include the gains/losses from operating anticipatory hedges for the respective reporting period; effects from changes in the fair value of hedges are eliminated. In addition, related effects on deferred and cash taxes are adjusted; tax rate 2023: 30.2% (2022: 30.2%).

5 Relates to cash-effective investments in property, plant, and equipment and intangible assets, taking into account reimbursement claims from subsequent claims management, excluding lease additions in accordance with IFRS 16. The first-time application was effective as of January 1, 2019.

6 Since January 1, 2019, lease liabilities explicitly resulting from finance lease contracts concluded are included.

7 There are no net financial liabilities as of December 31, 2022.

8 FTE: Full-time equivalents; part-time positions are weighted according to their respective share of working hours.

9 In 2019, the dividend proposal was adjusted from the previous €0.15 to the minimum dividend to maintain eligibility for KfW funding. In 2022, the Board of Executive Directors and Supervisory Board have resolved to buy back own shares to the equivalent of up to around €1 per share resp. up to €200 million in total and subsequently cancel them in addition to the dividend of €1.00 per share.

10 In 2023, the figure corresponds to the proposed dividend.

11 Total number of shares after deduction of the number of own shares held by K+S on the reporting date.

12 Total number of shares less the average number of own shares held by K+S.

13 The year 2021 has been adjusted. See information on changes in accounting policies, restatement of prior-year figures, and balance sheet structures in the 2022 Annual Report on page 185.

FOUR-YEAR SUMMARY OF THE K+S GROUP ON SUSTAINABILITY KPIS¹

E.3

	Unit	Target	2020	2021	2022	2023
Society & Employees						
Injury with lost time ^{2,3}	LTI rate	0 Vision 2030	8.8	11.3	8.3	7.6
Positive perception of an inclusive work environment by employees ⁴	%	>90 by end of 2030	54.4	54.4	87.0	87.0
Environment & Resources						
Injection of saline wastewater in Germany ⁵	m ³ million p.a.	0 from January 2022	1.3	1.0	–	–
Additional reduction of saline process water from potash production to be disposed of in Germany ⁶	m ³ million p.a.	-0.5 by end of 2030	0.2	0.6	-0.4	-0.06
Reduction of saline process water from potash production in Germany per tonne of product ^{2,3,6}	m ³ /t	0.370 by end of 2030	0.477	0.536	0.385	0.467
Amount of residue used for purposes other than tailings or avoided by increasing the raw material yields ⁷	million tonnes p.a.	3 by end of 2030	1.2	0.2	0.2	0.3
Additional covered tailings pile area	ha	155 by end of 2030	8.9	10.1	14.1	21.4
Carbon footprint for electricity used (kg CO ₂ /MWh) (KPI valid until 2020)	%	-20 by end of 2030	-1.6	–	–	–
Absolute CO ₂ emissions in the K+S Group worldwide (KPI new as of 2021) ^{8,9,10}	%	-10 by end of 2030	–	1.2	-1.3	-3.2
Reduction in specific CO ₂ emissions ^{2,3,8}	kg/t	254.6 by end of 2027	271.6	267.4	266.8	270.8
Specific greenhouse gas emissions (CO ₂) in logistics (kg CO ₂ e/t)	%	-10 by end of 2030	-4.3	-11.6	-13.1	-15.8
Business Ethics & Human Rights						
Percentage of critical suppliers aligned with the K+S Group Supplier Code of Conduct ²	%	100 by end of 2025	77.4	86.6	89.6	91.8
Coverage of the purchasing volume by the K+S Group Supplier Code of Conduct ²	%	>90 by end of 2025	66.8	80.7	84.5	91.4
Percentage of potential risk suppliers assessed as part of the risk analysis ^{2,11}	%	>90 by end of 2027	–	–	–	–
Coverage of the K+S Group companies with a standardized compliance risk analysis ⁸	%	100 by end of 2023	–	25.0	66.7	100.0

1 The base year for our non-financial performance indicators is 2017.

2 Remuneration relevant for the Board of Executive Directors and management; a description is provided in the "Remuneration report" from page 163.

3 Relevant to control within the meaning of DRS 20, a description can be found in the "Corporate governance and monitoring" chapter from page 125.

4 The first data collection was carried out in 2019 (different base year); an updated survey with new questions was conducted in 2022.

5 Injection was discontinued as of December 31, 2021.

6 Excluding a reduction due to the KCF plant and the end of production in Sigmundshall.

7 Excluding a reduction due to the existing immediate backfilling measure.

8 Deviating base year: 2020.

9 As part of the new climate strategy, the target for reducing absolute CO₂ emissions will be lowered to -25% by the end of 2030.

10 Due to the change in primary production volumes in 2023, the values for the years 2021 and 2022 were recalculated to ensure comparability.

11 Reporting is currently being set up, first reporting in 2024 at the earliest.

FINANCIAL CALENDAR, ONLINE SERVICE

FINANCIAL CALENDAR

Quarterly Report as of March 31, 2024	May 13, 2024
Annual General Meeting	May 14, 2024
Dividend payment	May 17, 2024
Half-Year Financial Report as of June 30, 2024	August 14, 2024
Quarterly Report as of September 30, 2024	November 14, 2024
2024 Annual Report	March 13, 2025

ONLINE SERVICE

Annual Report	www.kpluss.com/ar2023
Annual General Meeting	www.kpluss.com/agm
Other publications	www.kpluss.com/publications

IMPRINT

Publisher

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Bertha-von-Suttner-Str. 7
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www.kpluss.com

Company's registered office: Kassel, Germany
Commercial register: Kassel HRB 2669

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In the event of any doubt, the German version of the Annual Report will prevail.

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