



2019 Annual Financial Statements*

K+S Aktiengesellschaft

* The Management Report of K+S AKTIENGESELLSCHAFT and the Group Management Report for the 2019 financial year are combined in the 2019 Annual Report. The Company is exempt from the obligation to prepare a non-financial statement pursuant to Section 289b ff. of the German Commercial Code (*Handelsgesetzbuch* – HGB).

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Income Statement

	Notes	2018	2019
In € thousand			
Revenues	1	137,788	137,289
Cost of sales		152,411	147,109
Gross profit		-14,623	-9,820
Selling expenses		4,617	2,028
General and administrative expenses		30,239	31,795
Research costs		2,399	2,871
Other operating income	2	100,450	442,399
Other operating expenses	3	118,951	94,258
Income from long-term equity investments	4	323,978	147,175
– of which from profit transfers		283,503	147,171
Other interest and similar income	5	10,537	8,352
– of which from affiliated companies		4,380	4,649
Write-downs of long-term financial assets and securities classified as current assets		90	25
Expenses for loss absorption	4	31	18
Interest and similar expenses	5	179,189	143,804
– of which to affiliated companies		48,614	41,127
Taxes on income	6	10,339	25,155
Earnings after taxes / net income for the financial year		74,487	288,152
Allocation from net income to other revenue reserves	15	-	144,076
Profits carried forward from earnings after taxes	15	-	26,637
Net retained profits	15	74,487	170,713

Balance Sheet

	Notes	December 31, 2018	December 31, 2019
In € thousand			
Intangible fixed assets		9,938	11,355
Tangible fixed assets		61,418	56,959
Long-term financial assets	10	6,662,959	6,206,606
Fixed assets	9	6,734,315	6,274,920
Inventories	11	4,800	7,661
Receivables and other assets	12	754,143	511,777
Securities		6,070	6,337
Cash-in-hand, bank balances		78,924	156,713
Current assets		843,937	682,488
Prepaid expenses	13	10,327	5,714
Positive consolidation difference arising from offsetting of assets	14	41	1,344
ASSETS		7,588,620	6,964,466
Subscribed capital		191,400	191,400
Capital reserves		701,616	701,616
Revenue reserves		1,006,413	1,150,489
Net retained profits		74,487	170,713
Equity	15	1,973,916	2,214,218
Provisions for pensions and similar obligations	16	24,514	29,601
Provisions for taxes		9,734	5,236
Other provisions	17	224,580	227,458
Provisions		258,828	262,295
Liabilities	18	5,351,423	4,484,148
Deferred income		4,453	3,805
TOTAL EQUITY AND LIABILITIES		7,588,620	6,964,466

Notes

BASIS OF PREPARATION

K+S AKTIENGESELLSCHAFT is a listed public limited company (*Aktiengesellschaft*) entered in the commercial register of Kassel Local Court under number HRB 2669 with its registered office at Bertha-von-Suttner-Str. 7, 34131 Kassel, Germany.

The annual financial statements of K+S AKTIENGESELLSCHAFT as of December 31, 2019 have been prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch* – HGB) and the German Stock Corporation Act (*Aktiengesetz* – AktG). The financial year corresponds to the calendar year.

In the interests of clearer presentation, individual balance sheet and income statement items have been grouped together. These items are listed and explained separately in the Notes. The individual items in the annual financial statements are presented in thousands of euro (€ thousand). Rounding differences may arise in percentages and figures.

K+S AKTIENGESELLSCHAFT is the parent company and prepares consolidated financial statements and a Group management report. These are available on the K+S Group website (www.kpluss.com).

ACCOUNTING POLICIES

RECOGNITION OF INCOME AND EXPENSES

Income is recognized when the goods have been delivered and services performed and the risk has been transferred.

GOVERNMENT AND PRIVATE ASSISTANCE

Government assistance for assets (for example, investment grants, investment allowances) is subtracted directly from the carrying amount (net method). The gross method is applied in the case of private assistance for assets (for example, building costs grants, tool costs allowances).

INTANGIBLE FIXED ASSETS

Acquired intangible assets are recognized at cost and amortized on a straight-line basis over their expected useful lives. Internally generated intangible fixed assets are not recognized. A write-down to the lower fair value is recorded in the event of probable permanent impairment. If the reasons for the write-down cease to exist, the write-down is reversed up to amortized cost.

TANGIBLE FIXED ASSETS

Tangible fixed assets are measured at cost less depreciation. In addition to directly attributable costs, the cost of internally generated equipment also includes a pro rata share of material and production overheads, including depreciation and write-downs. Borrowing costs are not capitalized.

Movable assets acquired before January 1, 2010, are generally depreciated using the declining balance method. Movable assets acquired after December 31, 2009, as well as immovable assets, are depreciated using the straight-line method.

The depreciation rate is based on the expected useful life of the asset. For buildings this is usually 14 to 33 years, for technical equipment and machinery five to 25 years and for other equipment, operating and office equipment three to 13 years. Low-value assets which do not exceed € 800 net are written off in full in the year of their acquisition or production. Low-value assets exceeding € 800 net are depreciated over the respective company-specific useful life.

Write-downs are recorded in the event of probable permanent impairment. If the reasons for the write-down cease to exist, the write-down is reversed up to amortized cost.

Gallery and excavation work is not recognized.

The company utilizes the option of continuing to recognize the carrying amount of acquired assets.

LONG-TERM FINANCIAL ASSETS

Shares in affiliated companies, other long-term equity investments and long-term securities are carried at cost or, in the case of probable permanent impairment, at the lower fair value on the balance sheet date.

Loans are recognized at cost or, in the case of non-interest-bearing or low-interest loans, at present value. Write-downs are recognized for identifiable risks.

The company does not exercise the option of writing down long-term financial assets even in cases where impairment is not permanent.

INVENTORIES

Inventories are recognized at cost, observing the lower-of-cost-or-market principle. Besides direct costs, the cost of inventories includes appropriate shares of the necessary material and production overheads as well as write-downs of fixed assets if attributable to production.

RECEIVABLES AND OTHER ASSETS

Receivables are recognized at nominal or present value, depending on their maturity. Write-downs are recognized for individual risks and a global valuation allowance is recognized for general credit risk.

Other assets are reported at the lower of cost or fair value.

SECURITIES CLASSIFIED AS CURRENT ASSETS

Securities reported in current assets are carried at cost, or at the lower stock market price or fair value on the balance sheet date.

PREPAID EXPENSES

The company exercises the option in Section 250(3) HGB allowing for the recognition of discounts arising from the assumption of liabilities as a prepaid expense.

OFFSETTING OF ASSETS/LIABILITIES, OFFSETTING OF INCOME/EXPENSES

Assets that are used solely to discharge plan assets and outstanding settlement amounts from cover fund obligations and to which all other creditors have no access (plan assets (*Deckungsvermögen*) within the meaning of Section 246(2) Sentence 2 HGB) are measured at fair value. In the income statement, income and expenses from these assets are offset against expense arising from the accrual of interest on the relevant obligations and the net amount is shown under net interest income. In the balance sheet, these assets are offset against the respective underlying liabilities. The resulting surplus obligations are reported under provisions for pensions and similar obligations (pension obligations) and under other provisions (outstanding settlement amounts from long-term account obligations). A surplus on the asset side is reported as the excess of plan assets over pension liability.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The amount required to fulfill pension obligations is determined using the projected unit credit method, applying actuarial principles. In determining the discount rate matching the maturity, the company exercises the option according to Section 253(2) Sentence 2 HGB. Pension obligations are discounted globally using the average market interest rate over the

previous ten years determined by Deutsche Bundesbank resulting from an assumed remaining term of 15 years. This discount rate was 2.71% as of the balance sheet date. Effects of discount rate changes are shown in the financial result.

The assumed rate of increase in salaries and pensions is 1.8%. The mortality rates are based on the Heubeck mortality tables (RT 2018 G).

OTHER PROVISIONS

Other provisions are recognized for all uncertain liabilities and expected losses from executory contracts, taking into account expected future price and cost increases. Provisions with a remaining term of more than one year are discounted using the average market interest rate for the previous seven years determined and announced by Deutsche Bundesbank matching the maturity.

Provisions for mining obligations related to mine and shaft backfilling are stated at the present value of expected future expenses. For obligations with a maturity of less than 50 years, the present value is determined using the discount rates published by the Bundesbank for the respective maturities and an annual inflation rate of 1.5%. As in the previous year, mining obligations for tailings pile maintenance with a maturity of more than 50 years are still discounted using the discount rate of 2.75%, which was calculated using the above method as of December 31, 2017. This approach takes account of the fact that, in the continuing low interest rate environment, it makes little sense to apply to liabilities in perpetuity the legal provisions laid down in Section 253(2) HGB in conjunction with the German Regulation on the Discounting of Provisions (*Rückstellungsabzinsungsverordnung, RückAbzinsV*). At the same time, the long-term average interest rate has been determined annually on the basis of the 50-year interest rates published by the Bundesbank since it started to publish these rates. An adjustment is made if the long-term average interest rate drops below the interest rate as of December 31, 2017. Provisions for mining damage are determined on the basis of past instances of damage in order to take account of the actual risk.

The provisions for length-of-service bonuses are determined for completed periods of service in accordance with the modified entry age normal method (*Teilwertverfahren*), applying actuarial principles.

The amount required to settle long-term account obligations is determined according to the present value method. This discount rate was 2.00% as of the balance sheet date. Effects of changes in the interest rate for long-term account obligations are reported in the financial result. The assumed rate of increase in salaries and pensions is 1.8%. The mortality rates are based on the Heubeck mortality tables (RT 2018 G).

LIABILITIES

Liabilities are recognized at their settlement amount.

DEFERRED TAXES

Deferred taxes are set aside to cover the temporary differences between the tax base of assets, liabilities and prepaid expenses/deferred income and their carrying amounts in the financial statements according to HGB. Apart from the differences in its own balance sheet items, K+S AKTIENGESELLSCHAFT also recognizes reporting and measurement differences in tax group subsidiaries. Losses and interest carried forward are recognized as long as these can be offset against taxable income within the next five years. Deferred taxes are measured on the basis of the combined income tax rate of 30.0% for the consolidated tax group of K+S AKTIENGESELLSCHAFT. In addition to the corporate income tax rate of 15.0% and the solidarity surcharge of 5.5% on this amount, this includes an average trade tax rate of 14.2%.

The overall resulting tax liability is reported in the balance sheet as a deferred tax liability. The company does not exercise the option provided for in Section 274 (1) Sentence 2 HGB to recognize tax relief as a deferred tax asset.

Negative consolidation differences as of the balance sheet date arise especially from measurement differences on receivables from and liabilities to affiliated companies. Positive consolidation differences result primarily from differences in the carrying amounts of pension obligations, other provisions (in particular, mining provisions), intangible assets and tangible fixed assets. After offsetting positive and negative consolidation differences, there was an asset surplus for the year under review that was not recognized in the balance sheet.

HEDGES AND DERIVATIVE FINANCIAL INSTRUMENTS

No hedging relationships within the meaning of Section 254 HGB were recognized during the financial year. Derivative financial instruments are recognized according to the imparity principle in conformity with general accounting principles under commercial law. Asset-side derivative financial instruments are reported up to their acquisition cost. If their fair value is below cost, the derivatives are written down to the lower fair value. In the case of a negative fair value, a provision is recognized for expected losses. Liabilities-side derivative financial instruments are carried at no less than the amount of the option premium received. If the negative fair value exceeds the value of the liability recognized, a provision is recognized for expected losses.

RESTRUCTURING

In the reporting period, the assets and liabilities of K+S BAHAMAS SALT ASSET MANAGEMENT GMBH & CO. KG and K+S NORTH AMERICA SALT ASSET MANAGEMENT GMBH & CO. KG accrued to K+S AKTIENGESELLSCHAFT. This took place at carrying amounts.

CURRENCY TRANSLATION

The acquisition costs of assets purchased in a foreign currency and proceeds from sales in a foreign currency are reported at the euro reference rates prevailing on the transaction date.

Liabilities in a foreign currency with a remaining maturity of no more than one year are measured at the mean spot exchange rate on the balance sheet date. All other liabilities denominated in a foreign currency are valued at the exchange rate on the transaction date or the higher mean spot exchange rate on the balance sheet date.

Receivables denominated in a foreign currency with a remaining maturity of no more than one year are measured at the mean spot exchange rate on the balance sheet date. All other receivables denominated in a foreign currency are measured at the exchange rate on the transaction date or the lower mean spot exchange rate on the balance sheet date.

NOTES TO THE INCOME STATEMENT

(1) REVENUES

SALES BY OPERATING ACTIVITY

	2018	2019
In € thousand		
IT	40,049	40,054
Animal hygiene products	42,484	40,711
Other	55,255	56,524
	137,788	137,289

SALES BY REGION

	2018	2019
In € thousand		
Germany	118,868	116,319
Rest of Europe	1,940	2,244
Rest of world	16,980	18,726
	137,788	137,289

(2) OTHER OPERATING INCOME

	2018	2019
In € thousand		
Income from capital decreases at long-term equity investments	-	312,556
Income from hedging transactions	63,332	38,680
Income from partial disposal of long-term equity investments	-	32,749
Income from costs charged to Group companies	17,225	37,649
Currency translation gains	12,981	10,913
Income from the reversal of provisions	2,888	4,904
Income from disposals of tangible fixed assets	382	1,621
Unrealized profits from the disposal of securities	120	-
Other income	3,522	3,329
	100,450	442,399

Income of € 8,718 thousand (previous year: € 5,299 thousand) is attributable to other financial years and results mainly from the reversal of provisions and income from disposals of tangible fixed assets.

In the 2019 financial year, land with administrative buildings (real property) was sold by K+S AKTIENGESELLSCHAFT to the newly established K+S REAL ESTATE GMBH & CO. KG for a purchase price of € 9,860 thousand, which was below the market price. As of the transaction date, K+S AKTIENGESELLSCHAFT was the limited partner of K+S REAL ESTATE GMBH & CO. KG and held 100% of its capital. An arm's length rental agreement for the real property was concluded between K+S AKTIENGESELLSCHAFT and K+S REAL ESTATE GMBH & CO. KG.

Subsequently, K+S AKTIENGESELLSCHAFT sold 89.9% of its shares as the limited partner in K+S REAL ESTATE GMBH & CO. KG to K+S VERMÖGENSTREUHANDLER E.V. at the market value of € 44,321 thousand. In the 2019 financial year these transactions resulted in a total disposal gain of € 32,749 thousand, which was recognized in other operating income.

(3) OTHER OPERATING EXPENSES

	2018	2019
In € thousand		
Consulting expenses	21,836	31,742
Currency translation losses	37,183	20,343
Expenses from hedging transactions	30,148	8,137
Expenses for IT projects	351	5,974
Post-employment benefit costs	4,375	4,434
Expenses for expected losses from hedging transactions	4,487	2,552
Losses from the disposal of financial assets	-	2,293
Expenses related to approval processes	103	1,516
Net additions/utilization/expenses for closed plants	6,922	806
Expenses for real estate	384	390
Taxes for prior years	1,407	31
Losses from the disposal of securities	4	18
Other expenses	11,751	16,021
	118,951	94,258

Expenses of € 8,108 thousand (previous year: € 3,908 thousand) are attributable to other financial years and result mainly from consulting expenses and post-employment benefit costs.

(4) INVESTMENT INCOME

	2018	2019
<i>In € thousand</i>		
Income from profit transfers	283,503	147,171
Other investment income	40,475	4
Income from long-term equity investments	323,978	147,175
Expenses for loss absorption from affiliated companies	-31	-18
	323,947	147,157

Income from profit transfers comprises the transfer of profits from K+S MINERALS AND AGRICULTURE GMBH and K+S VERSICHERUNGSVERMITTLUNGS GMBH. The other investment income of € 4 thousand in the reporting period (previous year: € 40,471 thousand) came from affiliated companies.

(5) NET INTEREST INCOME

	2018	2019
<i>In € thousand</i>		
Other interest and similar income	10,537	8,352
– of which from affiliated companies	4,380	4,649
Income from other securities and long-term loans	1	-
– of which from affiliated companies	-	-
Interest and similar income	10,537	8,352
Interest expense in allocations to pension provisions offset against income/expenses from plan assets	-17,753	-3,143
– of which interest expense in allocations to pension provisions	-10,546	-11,451
– of which income/expenses from plan assets for pension provisions	-7,197	8,307
Interest expense in allocations to provisions for long-term accounts offset against income/expenses from plan assets	-	1
of which interest expense in allocations to provisions for long-term accounts	-	-115
of which income/expense from plan assets for provisions for long-term accounts	-	116
Expenses from unwinding of discounted other long-term provisions	-14,840	-6,352
Other interest and similar expenses	-146,606	-134,310
– of which to affiliated companies	-48,614	-41,127
Interest and similar expenses	179,189	143,804
	-168,652	-135,452

(6) TAXES

	2018	2019
<i>In € thousand</i>		
Taxes on income	10,339	25,155
Other taxes	2,004	690
	12,343	25,845

Taxes on income contain income of € 1,968 thousand relating to previous years (previous year: expenses of € 9,885 thousand).

Other taxes are allocated to individual operating areas.

(7) COST OF MATERIALS

	2018	2019
<i>In € thousand</i>		
Cost of raw materials, consumables and supplies, and of purchased merchandise	26,418	27,193
Cost of purchased services	56,849	55,325
	83,267	82,518

(8) PERSONNEL EXPENSES

	2018	2019
In € thousand		
Wages and salaries	79,863	81,515
Social security costs	12,812	13,647
Post-employment benefit costs	5,601	5,631
Other employee benefit costs	21	20
	98,297	100,813

Post-employment benefit costs do not include the interest portion of the allocations to pension provisions. This is reported as an interest expense in net interest income.

NOTES TO THE BALANCE SHEET

(9) FIXED ASSETS

	Gross carrying amounts				Depreciation, amortization and write-downs						Net carrying amounts		
	Balance as of January 1, 2019	Additions	Disposals	Reclassifications	Balance as of December 31, 2019	Balance as of January 1, 2019	Additions	Disposals	Reclassifications	Write-ups	Balance as of December 31, 2019	Balance as of December 31, 2019	Balance as of December 31, 2018
In € thousand													
Intangible fixed assets													
Acquired concessions, industrial and similar rights and assets, and licenses in such rights and assets	23,590	2,172	7,125	1,352	19,989	15,493	3,223	7,125	-	-	11,591	8,398	8,097
Prepayments	1,841	2,468	-	-1,352	2,957	-	-	-	-	-	-	2,957	1,841
	25,431	4,640	7,125	-	22,946	15,493	3,223	7,125	-	-	11,591	11,355	9,938
Tangible fixed assets													
Land, land rights and buildings including buildings on third-party land	81,717	45	42,719	-	39,043	46,534	1,446	31,004	-	-	16,976	22,067	35,183
Technical equipment and machinery	48,184	610	311	890	49,373	33,231	2,846	269	-	-	35,808	13,565	14,953
Other equipment, operating and office equipment	59,680	2,605	3,188	194	59,291	52,748	3,056	3,155	-	-	52,649	6,642	6,932
Prepayments and assets under construction	4,350	11,437	18	-1,084	14,685	-	-	-	-	-	-	14,685	4,350
	193,931	14,697	46,236	-	162,392	132,513	7,348	34,428	-	-	105,433	56,959	61,418
Long-term financial assets													
Shares in affiliated companies	6,689,995	25	457,651	-	6,232,369	27,115	25	-	-	-	27,140	6,205,229	6,662,880
Other long-term equity investments	66	1,300	-	-	1,366	-	-	-	-	-	-	1,366	66
Other loans and other long-term financial assets	13	-	2	-	11	-	-	-	-	-	-	11	13
	6,690,074	1,325	457,653	-	6,233,746	27,115	25	-	-	-	27,140	6,206,606	6,662,959
Fixed assets	6,909,436	20,662	511,014	-	6,419,084	175,121	10,596	41,553	-	-	144,164	6,274,920	6,734,315

(10) LONG-TERM FINANCIAL ASSETS

The statement of shareholdings according to Sections 285 (11) and (11b) HGB is presented separately in the "List of shareholdings".

CURRENT ASSETS**(11) INVENTORIES**

	2018	2019
<i>In € thousand</i>		
Raw materials, consumables and supplies	1,977	2,163
Work in progress	2,823	5,498
	4,800	7,661

(12) RECEIVABLES AND OTHER ASSETS

	2018	2019
<i>In € thousand</i>		
Trade receivables	15,295	16,817
Receivables from affiliated companies	646,505	419,637
Other assets	92,343	75,323
– of which due after more than one year	5	5
	754,143	511,777

Of the receivables from affiliated companies, € 193,779 thousand (previous year: € 240,079 thousand) were intragroup receivables and € 147,171 thousand (previous year: € 283,503 thousand) were receivables from profit and loss transfer. Receivables from investment income were € 4 thousand (previous year: € 40,471 thousand). Moreover, € 54,030 thousand (previous year: € 53,277 thousand) related to the issue of a loan to a subsidiary. Otherwise they consist primarily of trade receivables of € 24,662 thousand (previous year: € 29,473 thousand).

(13) PREPAID EXPENSES

Prepaid expenses of € 1,273 thousand (previous year: € 1,850 thousand) comprise discounts within the meaning of Section 250(3) HGB.

(14) POSITIVE CONSOLIDATION DIFFERENCES ARISING FROM OFFSETTING OF ASSETS AND PROVISIONS FOR LONG-TERM ACCOUNTS

	2018	2019
<i>In € thousand</i>		
Settlement amount for long-term account obligations	1,288	1,999
Fair value of cover fund	1,328	3,343
Positive consolidation differences arising from offsetting of assets for long-term accounts	41	1,344

The cover fund includes balances with banks and securities. The nominal value of balances with banks was € 1,986 thousand as of the balance sheet date (previous year: € 1,328 thousand). Securities measured at market price as of the balance sheet date amounted to € 1,357 thousand (previous year: -). The acquisition cost of the cover fund was € 3,343 thousand (previous year: € 1,328 thousand).

(15) EQUITY**SUBSCRIBED CAPITAL**

The subscribed capital of K+S AKTIENGESELLSCHAFT amounts to € 191.4 million and is divided into 191.4 million no-par value registered shares. Each share has a nominal value of € 1.00.

AUTHORIZED CAPITAL

As of December 31, 2019, the Company's authorized capital totaled € 38.28 million (nominal), which can be issued in tranches through the issuance of up to 38.28 million no-par value registered shares.

The Board of Executive Directors was authorized by the Annual General Meeting on May 12, 2015, to increase the Company's share capital, with the approval of the Supervisory Board, once or several times, by a total of up to € 19,140,000.00, by issuing up to 19,140,000 new, no-par value registered shares in the period up to May 11, 2020 (Authorized Capital). The Board of Executive Directors was further authorized on May 11, 2016, to increase the Company's share capital, with the approval of the Supervisory Board, once or several times, by a total of up to € 19,140,000.00, by issuing up to 19,140,000 new, no-par value registered shares in the period up to May 10, 2021 (Authorized Capital II).

DISCLOSURES REGARDING TREASURY SHARES

The Company did not hold any treasury shares in the year under review.

Under the resolution passed by the Annual General Meeting on May 12, 2015, the Board of Executive Directors was authorized to acquire treasury shares up to 10% of the share capital in the period up to May 11, 2020. Purchases may be made on a stock exchange or by means of a public purchase offer directed to all shareholders. In the case of a purchase made on a stock exchange or a public purchase offer addressed to all shareholders, the purchase price per share (excluding transaction costs) paid by the company may not exceed or fall below the applicable stock exchange price by more than 10%.

CAPITAL RESERVES

	2018	2019
In € thousand		
As of January 1	701,616	701,616
As of December 31	701,616	701,616

OTHER REVENUE RESERVES

	2018	2019
In € thousand		
As of January 1	1,006,413	1,006,413
Allocation from net income	-	144,076
As of December 31	1,006,413	1,150,489

NET RETAINED PROFITS

	2018	2019
In € thousand		
Net retained profits as of January 1	66,990	74,487
Dividend distributed for previous year	-66,990	-47,850
Net income for the financial year	74,487	288,152
Allocation to other revenue reserves from net income for the financial year	-	-144,076
Net retained profits as of December 31	74,487	170,713

(16) PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

There is no shortfall in the provisions for pensions and similar obligations. In the balance sheet, pension provisions are offset against assets to which creditors have no access and which are intended solely for the fulfillment of pension obligations.

As of the balance sheet date, the amount required to settle pensions and similar obligations was € 130,441 thousand (not including liabilities from deferred compensation). Offset against the fair value of the plan assets amounting to € 100,840 thousand, this results in the recognition of

a provision for pensions and similar obligations of € 29,601 thousand. In addition, liabilities from deferred compensation total € 2,433 thousand; these are covered by insurance policies with matching maturities. The settlement amount was offset in full against the fair value of the insurance policies (€ 2,433 thousand).

Due to a change in the law in March 2016, the average period for determining the applicable rate for calculating provisions for post-employment benefits was increased from seven to ten years. The difference amounts to € 12,990 thousand.

The plan assets comprise securities, reinsurance policies and bank balances. The securities are measured at market price and bank balances at their nominal value as of the balance sheet date. The fair value of the reinsurance policies was determined based on the actuarial reserve of the insurance policies according to the business plan, plus any available balance from profit participation. The cost of the plan assets is € 112,579 thousand.

(17) OTHER PROVISIONS

Other provisions adequately take into account all identifiable risks from executory contracts and uncertain liabilities. They arise mainly from mining obligations. The rest are mainly provisions for personnel obligations and for expected losses from executory contracts.

(18) LIABILITIES

	2018	2019
In € thousand		
Bonds	2,225,000	2,225,000
Liabilities to banks	945,950	1,123,317
Trade payables	16,328	16,113
Liabilities to affiliated companies	2,083,950	1,067,797
Prepayments received for orders	9	15,029
Other liabilities	80,187	36,892
– of which tax liabilities	1,522	1,422
– of which social security liabilities	1	1
	5,351,423	4,484,148

Of the liabilities to affiliated companies, liabilities from intragroup financing account for € 1,027,339 thousand (previous year: € 2,052,493 thousand). They consist primarily of trade receivables totaling € 40,458 thousand (previous year: € 31,456 thousand).

Liabilities due within one year consist of:

	2018	2019
In € thousand		
Liabilities to banks	466,450	482,290
Trade payables	16,328	16,113
Liabilities to affiliated companies	2,083,950	1,067,797
Prepayments received for orders	9	15,029
Other liabilities	75,074	28,837
	2,641,812	1,610,066

Liabilities due after more than one year consist of:

	2018	2019
In € thousand		
Bonds	2,225,000	2,225,000
Liabilities to banks	479,500	641,027
Other liabilities	5,111	8,055
	2,709,611	2,874,082

As of the balance sheet date, there were no liabilities due after more than five years.

OTHER DISCLOSURES

No material changes have occurred in economic conditions or the industry situation since the end of the financial year.

(19) CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITIES

	2018	2019
<i>In € thousand</i>		
Liabilities from sureties and other guarantees	739,142	757,068
– of which for affiliated companies	730,664	748,155
	739,142	757,068

Based on the information available about the net assets, financial position and results of operations of the companies as of the balance sheet date, the risk of a claim from contingent liabilities was considered low.

OTHER FINANCIAL OBLIGATIONS

	2018	2019
<i>In € thousand</i>		
Obligations from unfinished investment projects	13,242	4,720
Obligations from long-term rental, leasing and service contracts		
due in the following year	15,481	26,303
– of which to affiliated companies	-	-
due in 2 to 5 years	30,646	77,062
– of which to affiliated companies	-	-
	59,369	108,085

There are control and profit/loss transfer agreements with affiliated companies which also include loss absorption.

(20) EMPLOYEES

	2018	2019
<i>Annual average</i>		
Employees covered by collective wage agreements	593	574
Employees not covered by collective wage agreements	414	434
	1,007	1,008
Trainees	22	25
	1,029	1,033

(21) DERIVATIVE FINANCIAL INSTRUMENTS

No hedges within the meaning of Section 254 HGB were recognized during the financial year.

The following derivatives were held as of December 31, 2019:

In € thousand	Nominal values ¹⁾	Fair values	Carrying amounts ²⁾
USD/EUR future exchange contracts maturing in 2020			
– positive fair values	132,467	3,008	-
– negative fair values	275,115	–2,520	–2,520
CAD/EUR future exchange contracts maturing in 2020			
– positive fair values	98,251	2,396	
– negative fair values	3,390	–32	–32
GBP/EUR future exchange contracts maturing in 2020			
– positive fair values	6,376	106	-
– negative fair values	-	-	-
Cross-currency swaps			
– positive fair values	12,821	2,690	-
– negative fair values	-	-	-
Interest rate caps maturing in 2021			
– positive fair values	118,000	3	-
– negative fair values	-	-	-

¹⁾ Translated into euros using weighted hedge rates.

²⁾ Reported under other provisions.

The fair values calculated correspond to the value of the derivatives if they had been unwound as of the balance sheet date. The values are calculated using recognized mathematical valuation methods commonly used by market participants. These calculations were based particularly on the following parameters that applied on the balance sheet date:

- + the spot exchange rates for the currencies concerned,
- + the interest rate level,
- + the agreed hedging rates and strike prices,
- + the traded volatilities.

(22) INFORMATION ON AMOUNTS EXCLUDED FROM DISTRIBUTION

An amount excluded from distribution of € 8,575 thousand (previous year: € 11,598 thousand) arises from the measurement of assets at fair value (plan assets) in accordance with Section 268(8) HGB. The difference between the measurement of pension obligations using the seven-year and ten-year average rates in accordance with Section 253(6) HGB gives rise to an amount excluded from distribution of € 12,990 thousand (previous year: € 14,090 thousand). The unallocated reserves exceed the amount excluded from distribution. There was no distribution restriction with regard to net retained profits.

(23) AUDITOR'S FEES

The total auditor's fee for the fiscal year is included in the corresponding disclosure in the notes to the consolidated financial statements of K+S AKTIENGESELLSCHAFT. Audit services comprise the audit of the consolidated financial statements and of the annual financial statements of the German companies included in the consolidated financial statements. The other assurance services relate primarily to the issuance of comfort letters, energy law compliance audits and the EMIR audit. The auditor provided tax advisory services to a small extent.

(24) TOTAL REMUNERATION OF THE SUPERVISORY BOARD AND THE BOARD OF EXECUTIVE DIRECTORS

	2018	2019
In € thousand		
Total remuneration of the Supervisory Board	2,043	2,049
– of which fixed	1,966	1,930
Total remuneration of the Board of Executive Directors	5,117	7,507
– of which fixed	2,193	2,148
– of which performance-related	1,338	942
– of which LTI program	1,585	4,417
Total remuneration of former members of the Board of Executive Directors and their surviving dependents	2,112	2,347
Pension provisions for former members of the Board of Executive Directors and their surviving dependents	28,472	36,261

Additional disclosures can be found in the remuneration report in the Combined Management Report of the K+S Group.

(25) DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Declaration of Conformity for 2019/2020 pursuant to Section 161 of the German Stock Corporate Act (AktG) concerning the recommendations made by the Government Commission on the German Corporate Governance Code has been issued by the Board of Executive Directors and the Supervisory Board of K+S AKTIENGESELLSCHAFT and is available to shareholders on the K+S Group website (www.kpluss.com).

(26) LIST OF SHAREHOLDINGS

List of shareholdings of K+S AKTIENGESELLSCHAFT in accordance with Section 285(11) and (11b) HGB (in thousands):

As of December 31, 2019

Company name	Company's registered office		Capital share	Currency	Rate	Equity	Profit/loss for the year
4 K+S Verwaltungs GmbH	Kassel	Germany	100.00%	EUR		307	-1
Al Biariq for Fertilizer Plant Co. Ltd.	Riyadh	Saudi Arabia	30.00%	SAR	4.1984	40,397	-8,300 ⁵⁾
Beienrode Bergwerks-GmbH	Kassel	Germany	89.81%	EUR		1,356	3
Canadian Brine, Ltd.	Pointe Claire	Canada	100.00%	CAD	1.4598	521	3 ⁹⁾
Chemische Fabrik Kalk GmbH	Cologne	Germany	100.00%	EUR		10,813	371
Compania Minera Punta de Lobos Ltda.	Santiago de Chile	Chile	100.00%	USD	1.1234	10,145	4,034 ⁹⁾
Deutscher Straßen-Dienst GmbH	Hanover	Germany	100.00%	EUR		60	1,340 ¹⁾
Empresa de Servicios Ltda.	Santiago de Chile	Chile	100.00%	USD	1.1234	422	4 ⁹⁾
Empresa Maritima S.A.	Santiago de Chile	Chile	99.59%	USD	1.1234	38,633	4,844 ⁹⁾
esco benelux N.V.	Diegem	Belgium	100.00%	EUR		10,724	1,133 ⁹⁾
esco france S.A.S.	Levallois-Perret	France	100.00%	EUR		10,290	1,635 ⁹⁾
esco international GmbH	Hanover	Germany	100.00%	EUR		40,903	3,422 ¹⁾
esco Spain S.L.	Barcelona	Spain	100.00%	EUR		2,884	-134 ⁹⁾
esco Verwaltungs GmbH	Hanover	Germany	100.00%	EUR		65	3
EzyAgric B.V.	Harlingen	Netherlands	51.00%	EUR		n.a.	n.a. ¹⁰⁾
Fachschule f. Wirtschaft und Technik Gem. GmbH	Clausthal	Germany	9.40%	EUR		478	-82 ²⁾
Frisia Zout B.V.	Harlingen	Netherlands	100.00%	EUR		-8,455	-19,025 ⁹⁾
Glendale Salt Development, LLC	Chicago	USA	100.00%	USD	1.1234	4,059	173 ⁹⁾
Grainpulse Limited	Kampala	Uganda	44.00%	UGX	4,067.3	-829,564	10,976,839 ⁴⁾
Ickenroth GmbH	Staudt	Germany	100.00%	EUR		1,790	-16 ¹⁾
Imperial Thermal Products, Inc.	Chicago	USA	100.00%	USD	1.1234		⁸⁾
Inagua General Store, Ltd.	Nassau	Bahamas	100.00%	USD	1.1234	-986	94 ⁹⁾
Inversiones Columbus Ltda.	Santiago de Chile	Chile	100.00%	USD	1.1234	8,564	-16 ⁹⁾
Inversiones Empremar Ltda.	Santiago de Chile	Chile	100.00%	USD	1.1234	18,900	-13 ⁹⁾
Inversiones K+S Sal de Chile SpA	Santiago de Chile	Chile	100.00%	CLP	845.77	71,878,043	79,787 ⁹⁾
K plus S Africa (Pty) Ltd.	Johannesburg	South Africa	100.00%	ZAR	15.733	53	-6 ⁵⁾
K plus S Middle East FZE	Jebel Ali, Dubai	United Arab Emirates	100.00%	AED	4.1126	1,073	-1,327 ⁵⁾
K plus S Salt Australia Pty Ltd.	Perth	Australia	100.00%	AUD	1.5995	7,596	-1,734 ⁹⁾
K+S An-Instituts Verwaltungsgesellschaft mbH	Kassel	Germany	100.00%	EUR		30	17
K+S Asia Pacific Pte. Ltd.	Singapore	Singapore	100.00%	USD	1.1234	18,174	3,988 ⁹⁾
K+S Baustoffrecycling GmbH	Sehnde	Germany	100.00%	EUR		87	1,999 ¹⁾
K+S Belgium Holding BVBA	Diegem	Belgium	100.00%	USD	1.1234	54,425	-18
K+S Beteiligungs GmbH	Kassel	Germany	100.00%	EUR		210,571	-18 ¹⁾
K+S Brasileira Fertilizantes e Produtos Industriais Ltda.	São Paulo	Brazil	100.00%	BRL	4.5157	9,642	5,866 ⁵⁾
K+S Canada Holdings Ltd.	Vancouver	Canada	100.00%	CAD	1.4598	5,740,416	410 ⁹⁾
K+S Chile S.A.	Santiago de Chile	Chile	99.64%	USD	1.1234	508,094	8,556 ⁹⁾
K+S Czech Republic a.s.	Prague	Czech Republic	100.00%	CZK	25.408	199,320	30,812 ⁹⁾
K+S Denmark Holding ApS	Hellerup	Denmark	100.00%	DKK	7.4694	594	90 ⁵⁾
K+S Fertilizers (India) Private Limited	New Delhi	India	100.00%	INR	80.187	19,460	3,789 ³⁾
K+S Finance Belgium BVBA	Diegem	Belgium	100.00%	USD	1.1234	1,939,903	55,849 ⁹⁾
K+S Finance Ltd.	St. Julians	Malta	100.00%	EUR		374,073	19 ⁹⁾
K+S France S.A.S.	Dombasle sur Meurthe	France	100.00%	EUR		21,644	2,454 ⁹⁾
K+S Holding GmbH	Kassel	Germany	100.00%	EUR		4,453,304	-12
K+S (Huludao) Magnesium Products Co. Ltd.	Huludao	China	100.00%	CNY	7.8205	11,026	-2,273 ⁹⁾
K+S Investments Ltd.	St. Julians	Malta	100.00%	EUR		389,524	8,474 ⁹⁾
K+S Italia S.r.L.	Verona	Italy	100.00%	EUR		1,405	1,036 ⁵⁾
K+S KALI France S.A.S.	Reims	France	100.00%	EUR		2,320	668 ⁹⁾
K+S KALI Wittenheim S.A.S.	Wittenheim	France	100.00%	EUR		2,275	129 ⁹⁾
K+S Legacy GP Inc.	Vancouver	Canada	100.00%	CAD	1.4598	58	0 ⁵⁾
K+S Minerals and Agriculture GmbH	Kassel	Germany	100.00%	EUR		554,682	146,334 ¹⁾
K+S Minerals and Agriculture (Panama) S.A.	Panama City	Panama	100.00%	USD		n.a.	n.a. ¹⁰⁾
K+S Mining Argentina S.A.	Buenos Aires	Argentina	100.00%	ARS	67.261	563	-1,069 ⁵⁾
K+S Montana Holdings, LLC	Chicago	USA	100.00%	USD	1.1234	1,676,335	831,643 ⁹⁾
K+S Netherlands Holding B.V.	Harlingen	Netherlands	100.00%	EUR		4,409,458	510 ⁹⁾
K+S North America Asset Management GmbH	Kassel	Germany	100.00%	EUR		116	-2
K+S North America Corporation	Chicago	USA	100.00%	USD	1.1234	13,341	446 ⁹⁾
K+S Perú S.A.C.	Lima	Peru	100.00%	PEN	3.721	2,397	-3,890 ⁹⁾
K+S Polska Sp. z o.o.	Poznan	Poland	100.00%	PLN	4.2568	6,736	2,342 ⁵⁾

K+S Potash Canada General Partnership	Vancouver	Canada	100.00%	CAD	1.4598	5,155,105	-174,783	⁹⁾
K+S Real Estate GmbH & Co KG	Kassel	Germany	10.10%	EUR		10,996	-4	
K+S Salt LLC	Chicago	USA	100.00%	USD	1.1234	784,385	46,510	⁹⁾
K+S UK & Eire Ltd.	Hertford	United Kingdom	100.00%	GBP	0.8508	327	127	⁵⁾
K+S Versicherungsvermittlungs GmbH	Kassel	Germany	100.00%	EUR		25	837	¹⁾
K+S Windsor Salt Ltd.	Vancouver	Canada	100.00%	CAD	1.4598	6,433,182	91,908	⁹⁾
Kali AG	Frauenkappelen	Switzerland	100.00%	CHF	1.0874	1,133	417	⁵⁾
Kali-Union Verwaltungsgesellschaft mbH	Kassel	Germany	100.00%	EUR		28,959	13,095	¹⁾
Lehrter Wohnungsbau GmbH	Lehrte	Germany	6.67%	EUR		12,566	-1,755	⁶⁾
modal 3 Logistik GmbH	Hamburg	Germany	33.33%	EUR		967	306	⁵⁾
Montana US Parent Inc.	Chicago	USA	100.00%	USD	1.1234	-1	0	⁹⁾
Morton Bahamas Ltd.	Nassau	Bahamas	100.00%	USD	1.1234	28,142	2,938	⁹⁾
Morton China National Salt (Shanghai) Salt Co., Ltd.	Shanghai	China	45.00%	CNY	7.8205	22,467	4,970	⁵⁾
Morton Salt, Inc.	Chicago	USA	100.00%	USD	1.1234	1,437,643	-204,322	⁹⁾
MSW Chemie GmbH	Langelsheim	Germany	100.00%	EUR		1,146	422	
Nieders. Gesellschaft zur Endablagerung von Sonderabfall mbH	Hanover	Germany	0.10%	EUR		10,022	1,361	⁷⁾
OOO K+S Rus	Moscow	Russian Federation	100.00%	RUB	69.368	8,511	-2,170	⁵⁾
Poldergemeinschaft Hohe Schaar	Hamburg	Germany	8.66%	EUR		n.a.	n.a.	¹⁰⁾
Pristav Pardubice a.s.	Pardubice	Czech Republic	0.41%	CZK	25.408	19	-738	⁵⁾
Salina Diamante Branco Ltda.	Rio de Janeiro	Brazil	100.00%	BRL	4.5157	25,628	-7,671	⁹⁾
Saline Cerebos S.A.S.	Levallois-Perret	France	100.00%	EUR		4,582	-408	⁹⁾
Servicios Maritimos Patillos S.A.	Santiago de Chile	Chile	100.00%	USD	1.1234	5,847	1,333	⁹⁾
Servicios Portuarios Patillos S.A.	Santiago de Chile	Chile	99.89%	USD	1.1234	45,712	-982	⁹⁾
Shenzhen K+S Trading Co. Ltd.	Shenzhen	China	100.00%	CNY	7.8205	62,967	6,994	⁹⁾
VATEL Companhia de Produtos Alimentares S.A.	Alverca	Portugal	100.00%	EUR		284	151	⁹⁾
Weeks Island Landowner, LLC	Chicago	USA	100.00%	USD	1.1234	1,314	2	⁹⁾
Werra Kombi Terminal Betriebsgesellschaft mbH	Philippsthal	Germany	50.00%	EUR		372	160	⁵⁾
Wohnbau Salzdetfurth GmbH	Bad Salzdetfurth	Germany	100.00%	EUR		1,820	0	¹⁾
Zoll Pool Hamburg AG	Hamburg	Germany	1.43%	EUR		704	41	⁵⁾

¹⁾ Control and profit/loss transfer agreement with parent company (net income/loss for the year before profit or loss transfer).

²⁾ Financial year from August 1 to July 31 – Annual financial statements as of July 31, 2019.

³⁾ Annual financial statements as of March 31, 2019.

⁴⁾ Annual financial statements as of June 30, 2018.

⁵⁾ Annual financial statements as of December 31, 2018.

⁶⁾ Annual financial statements as of December 31, 2017.

⁷⁾ Annual financial statements as of December 31, 2015.

⁸⁾ Inactive companies.

⁹⁾ Data in accordance with IFRS.

¹⁰⁾ No data available.

**(27) MEMBERS OF THE SUPERVISORY BOARD IN THE 2019 FINANCIAL YEAR
(INFORMATION ON OTHER SUPERVISORY BOARD APPOINTMENTS AND SUPERVISORY
BODIES AS OF DECEMBER 31, 2019)**

**DR RER. NAT. ANDREAS KREIMEYER (BORN IN 1955), DEGREE IN BIOLOGY, CHAIRMAN OF THE
SUPERVISORY BOARD**

SHAREHOLDER REPRESENTATIVE

Entrepreneur (former member of the Board of Executive Directors and Research Spokesperson at BASF AKTIENGESELLSCHAFT, Ludwigshafen, Germany (now BASF SE, LUDWIGSHAFEN))

In office until the end of the 2020 Annual General Meeting

First appointed: May 12, 2015

Other supervisory board appointments: Karlsruhe Institut für Technologie (KIT), Karlsruhe, Germany
(Vice Chairman of the Supervisory Board) (until August 31, 2019)

Other supervisory bodies: C.H. Boehringer Sohn AG & Co. KG, Ingelheim, Germany
(Member of the Advisory Council)

RALF BECKER (BORN IN 1965), TRADE UNION SECRETARY, VICE CHAIRMAN

EMPLOYEE REPRESENTATIVE

Regional Director North of the IG Bergbau, Chemie, Energie trade union, Hanover, Germany

In office until the end of the 2023 Annual General Meeting

First appointed: August 1, 2009

Other supervisory board appointments: Continental Reifen Deutschland GmbH, Hanover, Germany (Vice Chairman)
Deutsche Shell Holding GmbH, Hamburg, Germany
Deutsche Shell GmbH, Hamburg
Shell Deutschland Oil GmbH, Hamburg

PETRA ADOLPH (BORN IN 1964), MASTER OF POLITICAL SCIENCE AND LITERATURE

EMPLOYEE REPRESENTATIVE

Secretary to the Management Board (co-determination/social policy), IG Bergbau, Chemie, Energie trade union, Hanover, Germany

Appointed until the end of the 2023 Annual General Meeting

First appointed: May 15, 2018

Other supervisory board appointments: CEWE Stiftung & Co. KGaA, Oldenburg, Germany

ANDRÉ BAHN (BORN IN 1968), ELECTRICIAN

EMPLOYEE REPRESENTATIVE

Vice Chairman of the Collective Works Council of the K+S Group

Chairman of the Works Council of the Werra plant, K+S Minerals and Agriculture GmbH, Kassel, Germany (formerly: K+S KALI GmbH, Kassel)

In office until the end of the 2023 Annual General Meeting

First appointed: May 15, 2018

JELLA BENNER-HEINACHER (BORN 1960), LAWYER

SHAREHOLDER REPRESENTATIVE

Deputy General Manager of Deutsche Schutzvereinigung für Wertpapierbesitz e.V., Düsseldorf, Germany

Appointed until the end of the 2023 Annual General Meeting

First appointed: May 7, 2003

Other supervisory bodies: A.S. Création Tapeten AG, Gummersbach (Vice Chairwoman)

PETER BLECKMANN (BORN IN 1962), AUTO MECHANIC

EMPLOYEE REPRESENTATIVE

Vice Chairman of the Collective Works Council of the K+S Group

Chairman of the Works Council of the Borth plant, K+S Minerals and Agriculture GmbH (formerly: esco - european salt company GmbH & Co. KG, Hanover)

In office until the end of the 2023 Annual General Meeting

First appointed: May 15, 2018

PHILIP FREIHERR VON DEM BUSSCHE (BORN IN 1950), DEGREE IN BUSINESS ADMINISTRATION

SHAREHOLDER REPRESENTATIVE

Entrepreneur/farmer

In office until the end of the 2020 Annual General Meeting

First appointed: May 12, 2015

Other supervisory bodies: Bernard Krone Holding SE & Co. KG, Spelle (Chairman of the Supervisory Board) (until December 31, 2019, ordinary member since January 1, 2020)
DF World of Spices GmbH, Dissen (Member of the Advisory Board)
Grimme GmbH & Co. KG, Damme, Germany (Chairman of the Advisory Board)

GEORGE CARDONA (BORN IN 1951), ECONOMIST

SHAREHOLDER REPRESENTATIVE

Economist

In office until the end of the 2020 Annual General Meeting

First appointed: October 9, 2009

Other supervisory bodies: Board of Banque Havilland (Monaco) S.A.M., Monaco (Chairman) (since October 5, 2019))

DR ELKE ELLER (BORN IN 1962), DEGREE IN ECONOMICS AND BUSINESS MANAGEMENT

SHAREHOLDER REPRESENTATIVE

Member of the Executive Board of TUI Aktiengesellschaft, Hanover, Germany

In office until the end of the 2023 Annual General Meeting

First appointed: May 15, 2018

Other supervisory board appointments: TUI Group companies:
TUI Deutschland GmbH, Hanover, Germany
TUIfly GmbH, Langenhagen, Germany

Other supervisory bodies: TUI Group companies:
 TUI Belgium N.V., Ostend, Belgium
 TUI Nederland N.V., Rijswijk, Netherlands

GERD GRIMMIG (BORN IN 1953), DEGREE IN MINING ENGINEERING

SHAREHOLDER REPRESENTATIVE

Retired (former member of the Board of Executive Directors of K+S Aktiengesellschaft, Kassel, Germany)

In office until the end of the 2023 Annual General Meeting

First appointed: May 15, 2018

AXEL HARTMANN (BORN IN 1958), TRAINING IN RETAIL SALES

EMPLOYEE REPRESENTATIVE

Chairman of the Collective Works Council of the K+S GROUP

Chairman of the Works Council of the Neuhof-Ellers plant, K+S Minerals and Agriculture GmbH, Kassel, Germany (formerly: K+S KALI GMBH, Kassel)

In office until the end of the 2023 Annual General Meeting

First appointed: May 14, 2013

MICHAEL KNACKMUß (BORN IN 1975), MECHANIC

EMPLOYEE REPRESENTATIVE

Chairman of the Works Council of the Zielitz plant of K+S Minerals and Agriculture GmbH, Kassel, Germany (formerly: K+S KALI GMBH, Kassel)

In office until the end of the 2023 Annual General Meeting

First appointed: July 11, 2014

THOMAS KÖLBL (BORN IN 1962), DIPLOMA IN BUSINESS ADMINISTRATION

SHAREHOLDER REPRESENTATIVE

Chief Financial Officer of Südzucker AG, Mannheim, Germany

In office until the end of the 2022 Annual General Meeting

First appointed: May 10, 2017

Other supervisory board appointments: Südzucker Group companies:
 CropEnergies AG, Mannheim, Germany (Vice Chairman)

Other supervisory bodies: Südzucker Group companies:
 AGRANA Stärke GmbH, Vienna, Austria (Member of the Supervisory Board)
 AGRANA Zucker GmbH, Vienna, Austria (Member of the Supervisory Board)
 ED&F MAN Holdings Limited, London, United Kingdom (member of the Board of Directors (non-executive))
 Freiburger Holding GmbH, Berlin, Germany (Member of the Supervisory Board)
 PortionPack Europe Holding B. V., Oud-Beijerland, Netherlands (Chairman of the Supervisory Board)
 Raffinerie Tirlemontoise S. A., Brussels, Belgium (Member of the Conseil d'Administration)
 Saint Louis Sucre S. A. S., Paris, France (Member of the Comité de Supervision) (until July 31, 2019)

Südzucker Polska S. A., Wroclaw, Poland (Member of the Supervisory Board)
 Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim, Germany (Chairman of the Advisory Board)

GERD KÜBLER (BORN IN 1967), DEGREE IN ENGINEERING

EMPLOYEE REPRESENTATIVE

Head of Mining, K+S AKTIENGESELLSCHAFT, Kassel, Germany

In office until the end of the 2023 Annual General Meeting

First appointed: January 1, 2016

NEVIN MCDOUGALL (BORN IN 1967), MASTER OF AGRICULTURE (AGRICULTURAL ECONOMICS & BUSINESS)

SHAREHOLDER REPRESENTATIVE

Independent consultant/entrepreneur, NLM Management Inc., London, Canada

In office until the end of the 2023 Annual General Meeting

First appointed: May 15, 2018

Other supervisory bodies: Board Member OF BioEnterprise Corporation (non-profit Canadian company)

ANKE ROEHR (BORN IN 1964), INDUSTRIAL CLERK

EMPLOYEE REPRESENTATIVE

Chairwoman of the Works Council at the Hanover plant of K+S Minerals and Agriculture GmbH, Kassel, Germany (formerly : esco - european salt company GmbH & Co. KG, Hanover)

Employee in the Communities customer segment at K+S Minerals and Agriculture GmbH, Kassel (formerly: esco - european salt company GmbH & Co. KG, Hanover)

In office until the end of the 2023 Annual General Meeting

First appointed: April 1, 2016

SUPERVISORY BOARD COMMITTEES

MEDIATION COMMITTEE

- + Dr Andreas Kreimeyer (Chairman)
- + Ralf Becker
- + Axel Hartmann
- + Thomas Kölbl

STRATEGY COMMITTEE

- + Dr Andreas Kreimeyer (Chairman)
- + André Bahn (since December 3, 2019)
- + Ralf Becker
- + Philip Freiherr von dem Bussche

AUDIT COMMITTEE

- + Thomas Kölbl (Chairman)
- + Petra Adolph
- + Ralf Becker
- + Jella Benner-Heinacher
- + Axel Hartmann
- + Dr. Andreas Kreimeyer

PERSONNEL COMMITTEE

- + Dr Andreas Kreimeyer (Chairman)
- + Ralf Becker
- + Dr. Elke Eller
- + Michael Knackmuß

NOMINATION COMMITTEE

- + Dr Andreas Kreimeyer (Chairman)
- + Jella Benner-Heinacher
- + Philip Freiherr von dem Bussche
- + George Cardona

(28) MEMBERS OF THE BOARD OF EXECUTIVE DIRECTORS (INFORMATION ON RESPONSIBILITIES AND APPOINTMENTS, UNLESS OTHERWISE STATED, AS OF: DECEMBER 31, 2019)

DR. BURKHARD LOHR (BORN IN 1963), DEGREE IN BUSINESS ADMINISTRATION, CHAIRMAN, DIRECTOR OF INDUSTRIAL RELATIONS

Europe+ operating unit
 Communications & Brands
 Corporate Board Office, Corporate Secretary
 Environmental & Regulatory Affairs
 Health, Safety, Management Systems & Sustainability
 Human Resources
 Investor Relations
 Legal & GRC
 Legal Europe
 Strategy & Development

In office until May 31, 2025
 First appointed: June 1, 2012

Supervisory board appointments: K+S MINERALS AND AGRICULTURE GMBH (Chairman), Kassel¹
 (formerly: K+S KALI GMBH, Kassel)

THORSTEN BOECKERS (BORN IN 1975), BANKER, CHIEF FINANCIAL OFFICER

Controlling
 Finance & Accounting
 Innovation & Digitalization
 Insurance
 Internal Auditing
 IT
 Procurement
 Tax
 Chief Financial Officer for units of the Americas and Europe+ operating units and for all direct shareholdings of the Company to the extent that they are not assigned to another area of responsibility

In office until May 11, 2025
 First appointed: May 12, 2017

Supervisory board appointments: K+S MINERALS AND AGRICULTURE GMBH¹, Kassel, Germany¹
 (formerly: K+S KALI GMBH, Kassel)

MARK ROBERTS (BORN IN 1963), BACHELOR OF SCIENCE (MARKETING)

Americas operating unit
 Global Marketing, Commercial and Supply Chain Excellence including the following sub-units: Agriculture, Consumers, Industry, Communities, Supply Chain Management Excellence and Commercial Excellence, Operations and Technical Excellence Center

In office until September 30, 2023
 First appointed: October 1, 2012

¹ Group appointment

(29) SHAREHOLDINGS IN THE COMPANY

On November 11, 2019, Dimensional Holdings Inc., Austin (USA), notified us that its share of the voting rights had exceeded the threshold of 3% and that it held 3.01% of the Company. DWS Investment GmbH, Frankfurt am Main (Germany) holds 5.69% of the shares (notified on January 2, 2019). As of the end of February 2020, no further shareholder had notified us of holdings above the legal reporting threshold of 3%.

(30) PROPOSAL FOR THE APPROPRIATION OF PROFITS

The net income generated by K+S AKTIENGESELLSCHAFT in the 2019 financial year amounts to € 288,152 thousand. Taking into account the allocation of € 144,076 million to revenue reserves, net retained profits amount to € 170,713 million. The Board of Executive Directors intend to propose to the Annual General Meeting on May 12, 2020, that a dividend of € 0.15 be paid for each no-par value share (€ 28,710 thousand) and the remaining € 142,003 thousand be allocated to revenue reserves.

Kassel, March 4, 2020

K+S Aktiengesellschaft

Board of Executive Directors

Further information

INDEPENDENT AUDITOR'S REPORT

To K+S Aktiengesellschaft,, Kassel

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Audit opinions

We have audited the annual financial statements of K+S Aktiengesellschaft, Kassel – comprising the balance sheet as of December 31, 2019, and the income statement for the fiscal year from January 1 to December 31, 2019, as well as the notes to the annual financial statements, including the accounting policies presented therein. In addition, we audited the management report of K+S Aktiengesellschaft, Kassel, which is combined with the Group's management report, for the fiscal year from January 1 to December 31, 2019. In accordance with German legal requirements, we have not audited the content of the parts of the combined management report detailed in the Annex to the independent auditor's report.

In our opinion, based on the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to stock corporations and give a true and fair view of the Company's net assets and financial position as of December 31, 2019, as well as of its results of operations for the fiscal year from January 1 to December 31, 2019, in accordance with German generally accepted accounting principles.
- The accompanying combined management report as a whole provides a true and fair view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Our audit opinion on the combined management report does not extend to the content of the parts of the combined management report detailed in the Annex to the independent auditor's report.

Pursuant to Section 322(3) Sentence 1 of the HGB, we declare that our audit has not led to any reservations relating to the compliance of the annual financial statements and the combined management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the combined management report in accordance with Section 317 of the HGB and the EU Audit Regulation (No. 537/2014; hereinafter referred to as “EU Audit Regulation”), and the German Generally Accepted Standards on Auditing promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Our responsibilities under these requirements and standards are further described in the “Auditor’s responsibility for the audit of the annual financial statements and the combined management report” section of our report. We are independent of the Company in accordance with European and German commercial law and rules of professional conduct and we have fulfilled our other professional responsibilities applicable in Germany in accordance with these requirements. In addition, pursuant to Article 10(2) lit. f of the EU Audit Regulation, we declare that we have not provided any prohibited non-audit services pursuant to Article 5(1) 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 annual financial statements and combined management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from January 1 to December 31, 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our opinion thereon, but we do not provide a separate opinion on these issues.

Below, we present what we consider to be the key audit matter, namely the impairment of shares in affiliated companies.

Our presentation of this key audit matter is structured as follows:

- a. Description (including reference to corresponding information in the annual financial statements)
- b. Audit approach

Impairment of shares in affiliated companies

- a) In its annual financial statements prepared in accordance with the German Commercial Code (Handelsgesetzbuch, HGB) as of December 31, 2019, K+S Aktiengesellschaft reports shares in affiliated companies amounting to € 6,205.2 million under financial assets. This corresponds to 89.1% of total assets.

The legal representatives test the shares for impairment at least one per year. The fair value of the shares was determined using an income approach, taking into account the capital asset pricing model (CAPM) to calculate the cost of equity. Enterprise values were calculated based on the net distributions included in the mid-term planning for the forecast period 2020 to 2022. The planned net distributions outside of this forecast period are calculated based on the expected earnings for 2022 applying a growth rate of 1.0 % p.a.

The result of this valuation depends heavily on the estimates and assessments of the legal representatives with regard to future cash flows, the long-term growth rate and the discount rate applied.

Accordingly, the valuation is subject to a significant degree of uncertainty. In the light of this, this matter was a special focus of our audit.

The legal representatives' disclosures on shares in affiliated companies are presented in the "Accounting policies" section as well as in sections 10 and 26 of the Notes to the annual financial statements.

- b) As part of our audit, we addressed the impairment testing process for shares in affiliated companies and reviewed the controls relevant to our audit.

We are satisfied that the future cash flows used in the calculation are appropriate. Among other things, we compared these figures with the current budgets from the three-year planning adopted by the legal representatives and approved by the Supervisory Board, as well as with general and industry-specific market expectations.

Since even relatively small changes in the discount rate applied can have a material impact on the amount of the enterprise value determined in this way, we also checked the assumptions and parameters applied to determine the discount rate – particularly the risk-free interest rate and the market risk premium – against our own assumptions and publicly available data and reconstructed the calculation method.

Other information

The legal representatives are responsible for the other information. The other information comprises:

- the unaudited sections of the management report mentioned in the Annex to the independent auditor's report and
- the combined responsibility statement of the legal representatives regarding the annual financial statements, the consolidated financial statements and the combined management report in accordance with Sections 264(2) Sentence 3 and 297(2) Sentence 4 of the HGB and Sections 289(1) Sentence 5 and 315(1) Sentence 5 of the HGB.

Our audit opinions on the annual financial statements and the combined management report do not extend to the other information. Consequently, we do not issue an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, the combined management report or the knowledge obtained in the audit,
- or otherwise appears to be materially misstated.

Responsibilities of the legal representatives and the Supervisory Board for the annual financial statements and the combined management report

The legal representatives are responsible for the preparation of the annual financial statements in accordance with the requirements of German commercial law applicable to stock corporations in all material respects, and for ensuring that the annual financial statements give a true and fair view of the net assets, financial position, and results of operations of the Company in accordance with German generally accepted accounting principles. In addition, the legal representatives are responsible for the internal controls they have identified as necessary in accordance with German generally accepted accounting principles in order to enable the preparation of annual financial statements that are free from material misstatements, whether intentional or unintentional.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. Furthermore, they have a responsibility to disclose matters relating to the Company's ability to continue as a going concern, if relevant. In addition,

they are responsible for using the going concern basis of accounting, unless prevented from so doing by actual or legal circumstances.

In addition, the legal representatives are responsible for the preparation of the combined management report, which as a whole provides a suitable view of the Company's position, is consistent with the annual financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for such arrangements and measures (systems) which they have deemed necessary in order to enable the preparation of a combined management report in accordance with the applicable German legal requirements and to furnish sufficient and appropriate evidence for the statements in the combined management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and the combined management report.

Auditor's responsibilities for the audit of the annual financial statements and the combined management report

Our objective is to obtain reasonable assurance that the annual financial statements as a whole are free from material misstatements, whether due to fraud or error, and that the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the findings of the audit, complies with 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 annual financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 of the HGB and the EU Audit Regulation and the German Generally Accepted Standards on Auditing promulgated by the Institute of Public Auditors in Germany (IDW) will always detect a material misstatement where such exists. 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 annual financial statements and this combined management report.

As part of an audit, we exercise professional judgment and maintain professional skepticism. We also

- identify and assess the risks of material misstatements in the annual financial statements and in the combined 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.
- obtain an understanding of internal controls relevant to the audit of the annual financial statements and the arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these internal Company systems.
- evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of accounting estimates and related disclosures made by the legal representatives.

- form a conclusion on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements and combined management report, or, if such disclosures are inadequate, to modify our opinion. 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure, and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner such that the annual financial statements give a true and fair view of the net assets and financial position as well as the results of operations of the Company in accordance with German generally accepted accounting principles.
- evaluate the consistency of the combined management report with the annual financial statements, its legal consistency, and the view provided of the Company's position.
- perform audit procedures on the forward-looking information presented by the legal representatives in the combined management report. In particular, on the basis of sufficient appropriate audit evidence, we evaluate the significant assumptions underlying the forward-looking information provided by the legal representatives and evaluate the correct derivation of forward-looking information from these assumptions. We do not issue an independent opinion on the forward-looking information or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking information.

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

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

From the matters communicated with those charged with governance we identify those that were most significant in the audit of the annual financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in our auditor's report unless the law or other legal requirements preclude the public disclosure of the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

OTHER INFORMATION PURSUANT TO ARTICLE 10 EU AUDIT REGULATION

We were appointed by the Annual General Meeting on May 15, 2019 to audit the annual financial statements. We were engaged by the Supervisory Board on August 22, 2019. We have been engaged continuously as the auditors of K+S Aktiengesellschaft, Kassel, since the financial year 1972.

We confirm that the audit opinions contained in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 EU Audit Regulation ("Prüfungsbericht").

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Dr Christian H. Meyer.

Hanover/Germany, March 4, 2020

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

(Prof. Frank Beine)
German Public Auditor

(Dr. Christian H. Meyer)
German Public Auditor

ADDITIONAL NOTES

Rounding differences may arise in percentages and figures.