

# Q3/2023

# QUARTERLY REPORT

## **As expected, Q3 and 9M/2023 figures remain significantly below the record year of 2022:**

- + Q3 revenues: €880.8 million (Q3/2022: €1,469.9 million); 9M: €2,898.6 million (9M/2022: €4,192.2 million)
- + Q3 EBITDA: €72.2 million (Q3/2022: €633.3 million); 9M: €550.2 million (9M/2022: €1,863.8 million)
- + Significantly increased demand in the third quarter leads to price recovery in the important overseas market of Brazil
- + Sales volumes in the Agriculture customer segment rose to 1.87 million tonnes (Q3/2022: 1.56 million tonnes)
- + Adjusted free cash flow reaches €+328 million (9M/2022: €+814 million)

## **K+S sets guiding principles for attractive shareholder participation:**

- + **New distribution policy adopted:** Payout of 30% to 50% of the annually generated adjusted free cash flow by dividend which can be combined with a share buyback, if applicable
- + **2023 share buyback program:** 56% of the planned €200 million had already been bought back by September 30

## **K+S confirms 2023 outlook:**

- + EBITDA still expected to range between €600 million and €800 million (2022: €2.4 billion)
- + Adjusted free cash flow still expected to range between €300 million and €450 million (2022: €932 million)



**KEY FIGURES FOR CONTINUING OPERATIONS**

		Q3/2022	Q3/2023	%	9M/2022	9M/2023	%
<b>K+S Group</b>							
Revenues	€ million	1,469.9	880.8	-40.1	4,192.2	2,898.6	-30.9
EBITDA <sup>1</sup>	€ million	633.3	72.2	-88.6	1,863.8	550.2	-70.5
EBITDA margin	%	43.1	8.2	-81.0	44.5	19.0	-57.3
Depreciation and amortization <sup>2</sup>	€ million	110.9	115.3	+4.0	326.9	325.6	-0.4
<b>Agriculture customer segment <sup>3</sup></b>							
Revenues	€ million	1,162.8	620.7	-46.6	3,351.0	2,039.0	-39.2
Sales volumes	t million	1.56	1.87	+20.1	5.23	5.27	+0.8
<b>Industry+ customer segment <sup>3</sup></b>							
Revenues	€ million	307.1	260.1	-15.3	841.2	859.6	+2.2
Sales volumes	t million	1.68	1.55	-7.8	4.96	4.73	-4.7
- thereof de-icing salt	t million	0.48	0.44	-9.0	1.40	1.34	-4.0
Capital expenditures (CapEx) <sup>4</sup>	€ million	115.3	148.6	+28.9	240.4	347.2	+44.4
Equity ratio	%	-	-	-	64.6	70.9	+9.8
Return on Capital Employed (LTM) <sup>5</sup>	%	-	-	-	30.2	8.3	-
Net financial liabilities (-) / net asset position (+) as of September 30	€ million	-	-	-	152.3	241.0	+58.2
Net financial liabilities/EBITDA (LTM) <sup>5</sup>	x-times	-	-	-	-	-	-
Market capitalization as of September 30	€ billion	-	-	-	3.71	3.17	-14.6
Enterprise value (EV) as of September 30	€ billion	-	-	-	4.63	4.06	-12.2
Book value per share as of September 30	€	-	-	-	33.87	35.97	+6.2
Total number of shares as of September 30	million	-	-	-	191.4	191.4	-
Shares outstanding as of September 30 <sup>6</sup>	million	-	-	-	191.4	184.5	-3.6
Average number of shares <sup>7</sup>	million	191.4	186.7	-2.5	191.4	189.6	-1.0
Employees as of September 30 <sup>8</sup>	number	-	-	-	11,045	11,393	+3.2

**KEY FIGURES FOR CONTINUING AND DISCONTINUED OPERATIONS**

Group earnings after tax, adjusted <sup>9</sup>	€ million	378.7	-24.3	-	1,127.7	153.1	-86.4
Earnings per share, adjusted <sup>9</sup>	€	1.98	-0.13	-	5.89	0.81	-86.3
Net cash flow from operating activities	€ million	656.4	176.4	-73.1	1,141.1	656.8	-42.4
- thereof continuing operations	€ million	656.4	173.9	-73.5	1,142.6	657.5	-42.5
- thereof discontinued operations	€ million	-	2.5	-	-1.5	-0.7	+53.3
Adjusted free cash flow from continuing operations	€ million	580.3	54.6	-90.6	814.1	328.2	-59.7

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 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.

3 No segments in accordance with IFRS 8.

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

5 LTM = last twelve months.

6 Total number of shares after deduction of the number of own shares held by K+S on the reporting date.

7 Total number of shares after deduction of the average number of own shares held by K+S during the period.

8 FTE = full-time equivalents; part-time positions are weighted according to their share of working hours.

9 The adjusted key figures include the gains/losses from operating 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 Q3/2023: 30.2% (Q3/2022: 30.2%).

The health and safety of our employees is the highest priority for K+S. We have the guiding principle: “Nothing is more important than health and safety – not production, not revenues, not profit,” and we work constantly to provide a healthy and safe working environment for effective protection of our employees. 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. Meetings of the Board of Executive Directors as well as of the Supervisory Board usually deal with the topic of health and occupational safety every time.

## **CORPORATE STRATEGY AND GOVERNANCE**

For a comprehensive presentation of our corporate strategy and governance, please refer to the corresponding chapters ‘Corporate strategy’ starting on page 39 and ‘Corporate governance and monitoring’ starting on page 110 of the 2022 Annual Report.

### **K+S sets guiding principles for attractive shareholder participation**

In March 2023, K+S announced the revision of the distribution policy for future decisions on the participation of shareholders in the Company's success: 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:

- + 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.

## **CHANGES IN THE LEGAL GROUP STRUCTURE**

On January 25, 2023, K+S signed an agreement to acquire 75% of the fertilizer business of the South African trading company Industrial Commodities Holdings (Pty) Ltd (ICH). The closing of the transaction was subject to the fulfillment of a number of conditions, including the granting of the necessary regulatory approvals, and was completed on July 3, 2023. The company now operates under the name Fertiva (Pty) Ltd. The purchase price was in the low double-digit million euro range. The remaining 25% of the shares are held by two former ICH shareholders, who previously managed the fertilizer business at ICH and now also form part of the company's management team.

## SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Following the bottoming out of the potassium chloride selling price in the important overseas market of Brazil at the end of the second quarter, the recovery in demand led to a price increase in the third quarter. With the start of the fall application season in Europe, demand also picked up in this region in the third quarter, contributing to a stabilization of potassium chloride prices. The planned maintenance break at the Bethune site in Canada at the end of the second quarter as well as the utilization of alternative ports contributed to the fact that no significant production restrictions had to be implemented despite the strike by Canadian port workers in July. The key figures for the third quarter of 2023 can be found in the 'Earnings position, financial position, and net assets' section. A more detailed explanation of the full-year forecast for the K+S Group can be found in the '2023 outlook' section starting on page 9.

As already announced in mid-March, K+S began a share buyback program of up to €200 million following this year's Annual General Meeting. With settlement as of September 30, 6.9 million no-par value shares with a volume of €113.5 million had already been bought back on the market. The average buyback price amounted to around €16.56 per share. The buyback program will be completed by February 15, 2024, at the latest. Following the buyback, the shares are to be canceled.

□ For an overview of the already conducted share buybacks, please refer to [www.kpluss.com/sharebuyback](http://www.kpluss.com/sharebuyback)

## EARNINGS POSITION, FINANCIAL POSITION, AND NET ASSETS

The accounting policies applied in the Quarterly Report are the same as those applied in the consolidated financial statements for the 2022 financial year. In the current reporting period, some amendments to standards became effective, but did not have any impact on the Group's accounting policies or the need for retrospective adjustments. Assets and liabilities in foreign currencies are translated at the exchange rate on the balance sheet date. Expenses and income are translated at quarterly average exchange rates.

### EARNINGS POSITION

#### KEY FIGURES FOR EARNINGS

in € million	Q3/2022	Q3/2023	%	9M/2022	9M/2023	%
Revenues	1,469.9	880.8	-40.1	4,192.2	2,898.6	-30.9
EBITDA	633.3	72.2	-88.6	1,863.8	550.2	-70.5
Depreciation and amortization <sup>1</sup>	110.9	115.3	+4.0	326.9	325.6	-0.4
Group earnings after tax, adjusted <sup>2</sup>	378.7	-24.3	-	1,127.7	153.1	-86.4

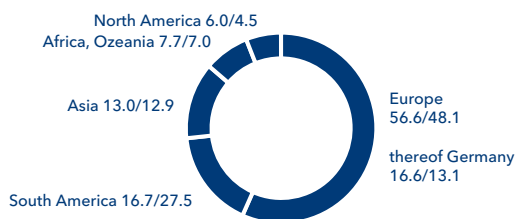
<sup>1</sup> Relates to depreciation and amortization of property, plant, and equipment and of investments accounted for using the equity method, adjusted for the amount of depreciation and amortization recognized directly in equity in connection with own work capitalized.

<sup>2</sup> Includes the gains/losses from operating 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 Q3/2023: 30.2% (Q3/2022: 30.2%).

In the quarter under review, K+S Group revenues reached €880.8 million after a record figure of €1,469.9 million in the prior-year quarter. Following €4,192.2 million in the first nine months of 2022, the revenues of the K+S Group amounted to €2,898.6 million in the nine-month period. The lower level was mainly attributable to the price decline in the Agriculture customer segment from the record levels in 2022 as well as 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 third quarter.

## REVENUES BY REGIONS

in %



○ January to September 2023/2022

## VARIANCE COMPARED TO PREVIOUS YEAR

in %

	Q3/2023	9M/2023
<b>Change in revenues</b>	<b>-40.1</b>	<b>-30.9</b>
- volume-/structure-related	+3.3	-6.4
- price-/pricing-related	-42.5	-24.5
- currency-related	-0.9	-
- consolidation-related	-	-

EBITDA for the K+S Group amounted to €72.2 million in the reporting quarter after €633.3 million in the third quarter of 2022. Following the inflationary cost burdens in recent years, price-related lower costs, particularly for energy and freight, finally had a positive impact on EBITDA again compared with the prior-year quarter; this slightly mitigated the effects described in the change in revenues. In the first nine months, EBITDA amounted to €550.2 million, compared with €1,863.8 million in the prior-year period.

The impairment testing of the Potash and Magnesium Products as well as the Salt cash-generating units (CGUs) in accordance with IFRS is described in the Annual Report from pages 194 and 195 as well as in the H1/2023 Half-Year Financial Report on pages 32 and 33. There was no need for adjustment in the third quarter or the first nine months of 2023; the surplus compared with the carrying amount of the Potash and Magnesium Products CGU amounts to €108.9 million (June 30, 2023: €309.1 million; December 31, 2022: €452.2 million); the surplus compared with the carrying amount of the Salt CGU amounts to €212.9 million (June 30, 2023: €2.8 million; December 31, 2022: €19.1 million).

In addition to the effects described for EBITDA, slightly higher depreciation and amortization had a negative impact on adjusted Group earnings after tax which amounted to €-24.3 million in the third quarter of 2023 (Q3/2022: €378.7 million). This results in earnings per share of €-0.13 for the third quarter of 2023 (Q3/2022: €1.98).

After the first nine months, adjusted Group earnings after tax amounted to €153.1 million (9M/2022: €1,127.7 million). In the same period, adjusted earnings per share reached €0.81 compared with €5.89 in the previous year.

The return on capital employed as of September 30, 2023 (LTM) was 8.3% compared with 30.2% in the prior-year period.

## FINANCIAL POSITION

In the third quarter of 2023, the K+S Group invested a total of €148.6 million (Q3/2022: €115.3 million). Apart from the usual maintenance capital expenditures in the third quarter, the main projects in the quarter under review were the construction and further development of the pads in Bethune, investments to reduce occupational exposure limits as well as measures for energy security. In the first nine months of 2023, the K+S Group invested a total of €347.2 million, compared with €240.4 million in the prior-year period.

Cash flow from operating activities amounted to €173.9 million in the third quarter, compared with €656.4 million in the previous year. In the first nine months of 2023, cash flow from operating activities amounted to €657.5 million, compared with €1,142.6 million in the first nine months of 2022. The decline in EBITDA was only partially offset by lower funds tied up in working capital, which was negatively impacted by the repayment of factoring in the previous year, as well as lower interest payments. Tax payments were significantly lower than in the prior-year period.

Adjusted cash flow from investing activities amounted to €-119.3 million in the third quarter, compared with €-76.1 million in the prior-year period. In the first nine months of 2023, adjusted cash flow from investing activities amounted to €-329.3 million, compared with €-328.5 million in the prior-year period. In 2022, this was negatively impacted by expenditures for the purchase of CO<sub>2</sub> certificates.

Adjusted free cash flow amounted to €54.6 million in the third quarter, compared with €580.3 million in the prior-year period. In the first nine months of 2023, adjusted free cash flow amounted to €328.2 million, compared with €814.1 million in the prior-year period.

Cash flow from financing activities amounted to €-763.2 million in the first nine months of 2023 (9M/2022: € -421.4 million). This was mainly attributable to the repayment of a bond as well as the return of capital to our shareholders to participate in the Company's success for the 2022 financial year. This includes the dividend payment totaling €191.4 million and €113.5 million for the buyback of own shares as of September 30, 2023.

□ For an overview of the already conducted share buybacks, please refer to [www.kpluss.com/sharebuyback](http://www.kpluss.com/sharebuyback)

#### KEY FIGURES OF THE FINANCIAL POSITION

in € million	Q3/2022	Q3/2023	%	9M/2022	9M/2023	%
Capital expenditures <sup>1</sup>	115.3	148.6	+28.9	240.4	347.2	+44.4
Cash flow from operating activities	656.4	173.9	-73.5	1,142.6	657.5	-42.5
Cash flow from investing activities	-482.7	-125.6	-74.0	-782.0	-52.0	-93.4
<b>Free cash flow</b>	<b>173.7</b>	<b>48.3</b>	<b>-72.2</b>	<b>360.6</b>	<b>605.5</b>	<b>+67.9</b>
Adjustment for acquisitions/disposals of securities and other financial investments	406.6	6.3	-98.5	453.5	-277.3	-
<b>Adjusted free cash flow</b>	<b>580.3</b>	<b>54.6</b>	<b>-90.6</b>	<b>814.1</b>	<b>328.2</b>	<b>-59.7</b>

<sup>1</sup> Relates to cash payments for investments in property, plant, and equipment and intangible assets, excluding leases in accordance with IFRS 16.

## NET ASSETS

Net cash and cash equivalents amounted to €156.4 million as of September 30, 2023 (December 31, 2022: €312.9 million; September 30, 2022: €341.2 million). The decrease in net cash and cash equivalents is mainly attributable to the dividend payment as well as the implementation of the share buyback program to date.

Since September 30, 2022, the K+S Group has been able to report a net asset position (€+152.3 million) instead of net financial liabilities. As of September 30, 2023, the net asset position amounted to €+241.0 million (December 31, 2022: €+244.9 million).

#### NET FINANCIAL LIABILITIES AND NET DEBT

in € million	Sept. 30, 2022	Dec. 2022	Sept. 30, 2023
Cash and cash equivalents	348.1	320.0	163.2
Non-current securities and other financial investments	20.8	14.8	7.0
Current securities and other financial investments	664.9	665.8	390.3
Financial liabilities	-854.6	-730.6	-314.2
Lease liabilities from finance lease contracts	-26.9	-25.1	-5.3
<b>Net financial liabilities (-)/net asset position (+)</b>	<b>152.3</b>	<b>244.9</b>	<b>241.0</b>
Lease liabilities excluding liabilities from finance lease contracts	-155.2	-144.0	-134.2
<b>Net financial liabilities (-)/net asset position (+) (incl. all leasing liabilities)</b>	<b>-2.9</b>	<b>100.9</b>	<b>106.8</b>
Provisions for pensions and similar obligations	-3.5	-2.7	-2.6
Non-current provisions for mining obligations	-906.4	-932.4	-993.5
<b>Net debt</b>	<b>-912.8</b>	<b>-834.2</b>	<b>-889.3</b>

# CUSTOMER SEGMENTS (NO SEGMENTS ACCORDING TO IFRS 8)

## AGRICULTURE CUSTOMER SEGMENT

### KEY FIGURES FOR THE AGRICULTURE CUSTOMER SEGMENT

in € million	Q3/2022	Q3/2023	%	9M/2022	9M/2023	%
<b>Revenues</b>	<b>1,162.8</b>	<b>620.7</b>	<b>-46.6</b>	<b>3,351.0</b>	<b>2,039.0</b>	<b>-39.2</b>
- thereof potassium chloride	779.5	382.5	-50.9	2,254.0	1,276.1	-43.4
- thereof fertilizer specialties	383.3	238.2	-37.9	1,097.0	762.9	-30.5
<b>Sales volumes (in million tonnes eff.)</b>	<b>1.56</b>	<b>1.87</b>	<b>+19.9</b>	<b>5.23</b>	<b>5.27</b>	<b>+0.8</b>
- thereof potassium chloride	0.95	1.19	+25.6	3.23	3.40	+5.0
- thereof fertilizer specialties	0.61	0.68	+11.1	1.99	1.87	-6.0

In the Agriculture customer segment, revenues decreased to €620.7 million in the third quarter (Q3/2022: €1,162.8 million). This was attributable to lower average selling prices following the record quarter in the previous year as well as negative currency effects, which were only partially offset by higher sales volumes. In the quarter under review, revenues amounted to €300.1 million in Europe (Q3/2022: €372.0 million) and €320.6 million overseas (Q3/2022: €790.8 million). In total, potassium chloride accounted for €382.5 million of revenues (Q3/2022: €779.5million) and fertilizer specialties for €238.2 million (Q3/2022: €383.3 million).

In the first nine months of 2023, revenues amounted to €2,039.0 million, compared with the record figure of €3,351.0 million in the prior-year period.

Sales volumes amounted to 1.87 million tonnes in the third quarter of 2023 compared with 1.56 million tonnes in the prior-year quarter. In the quarter under review, 0.86 million tonnes were sold in Europe (Q3/2022: 0.55 million tonnes) and 1.01 million tonnes overseas (Q3/2022: 1.01 million tonnes). In total, potassium chloride accounted for 1.19 million tonnes of the sales volume (Q3/2022: 0.95 million tonnes) and fertilizer specialties for 0.68 million tonnes (Q3/2022: 0.61 million tonnes).

In the first nine months, sales volumes totaled 5.27 million tonnes, compared with 5.23 million tonnes in the previous year.

### VARIANCE COMPARED TO PREVIOUS YEAR

in %	Q3/2023	9M/2023
<b>Change in revenues</b>	<b>-46.6</b>	<b>-39.2</b>
- volume-/structure-related	+6.2	-5.2
- price-/pricing-related	-51.7	-34.0
- currency-related	-1.1	-
- consolidation-related	-	-

### AGRICULTURE CUSTOMER SEGMENT: DEVELOPMENT OF REVENUES, SALES VOLUMES, AND AVERAGE PRICES BY REGION

		Q1/2022	Q2/2022	Q3/2022	9M/2022	Q4/2022	2022	Q1/2023	Q2/2023	Q3/2023	9M/2023
<b>Revenues</b>	<b>€ million</b>	<b>944.1</b>	<b>1,244.2</b>	<b>1,162.8</b>	<b>3,351.0</b>	<b>1,114.6</b>	<b>4,465.6</b>	<b>861.4</b>	<b>557.0</b>	<b>620.7</b>	<b>2,039.0</b>
Europe	€ million	349.9	543.0	372.0	1,264.9	406.8	1,671.6	340.1	231.9	300.1	872.0
Overseas	USD million	666.5	746.5	796.3	2,209.3	722.3	2,931.6	559.3	353.9	349.0	1,262.2
<b>Sales volumes</b>	<b>million t eff.</b>	<b>1.79</b>	<b>1.87</b>	<b>1.56</b>	<b>5.22</b>	<b>1.89</b>	<b>7.11</b>	<b>1.73</b>	<b>1.67</b>	<b>1.87</b>	<b>5.27</b>
Europe	million t eff.	0.76	0.84	0.55	2.15	0.66	2.81	0.62	0.59	0.86	2.07
Overseas	million t eff.	1.03	1.03	1.01	3.07	1.23	4.30	1.11	1.08	1.01	3.20
<b>Average price</b>	<b>€/tonne eff.</b>	<b>527.0</b>	<b>663.9</b>	<b>744.5</b>	<b>641.0</b>	<b>592.2</b>	<b>628.1</b>	<b>498.9</b>	<b>333.5</b>	<b>331.4</b>	<b>386.9</b>
Europe	€/tonne eff.	462.1	648.4	675.9	586.9	617.7	594.1	548.3	390.5	349.2	420.6
Overseas	USD/t eff.	644.3	727.2	787.3	719.1	585.6	682.4	505.6	328.9	344.3	394.9

## INDUSTRY+ CUSTOMER SEGMENT

### KEY FIGURES FOR THE INDUSTRY+ CUSTOMER SEGMENT

in € million	Q3/2022	Q3/2023	%	9M/2022	9M/2023	%
Revenues	307.1	260.1	-15.3	841.2	859.6	+2.2
Sales volumes (in million tonnes)	1.68	1.55	-7.8	4.96	4.73	-4.7
- thereof de-icing salt	0.48	0.44	-9.0	1.40	1.34	-4.0

In the Industry+ customer segment, revenues amounted to €260.1 million in the quarter under review (Q3/2022: €307.1 million). This decline was attributable to lower sales volumes and, above all, lower average prices for products containing potash, which were only partially offset by significantly higher prices for our salt products. The low capacity utilization in the European chemical industry as well as the delayed effect of falling potassium chloride prices led to a significant decline in revenues in chemical products. For industrial products, a cyclical decline in demand and lower prices for products containing potash were almost offset by significantly higher prices for salt products. In the consumer sector, on the other hand, both sales volumes and prices increased compared with the prior-year quarter. A significant increase in prices for pharmaceutical products almost completely offset temporarily weaker sales volumes. Price increases for de-icing salts also offset lower sales volumes. At 1.55 million tonnes, overall sales volumes in the Industry+ customer segment were moderately lower compared with the prior-year quarter (Q3/2022: 1.68 million tonnes).

In the first nine months, sales volumes remained below the previous year's level at 4.73 million tonnes (9M/2022: 4.96 million tonnes): higher sales volumes of chemical and consumer products were offset by lower sales volumes of de-icing salts, industrial products, and products for the pharmaceutical industry.

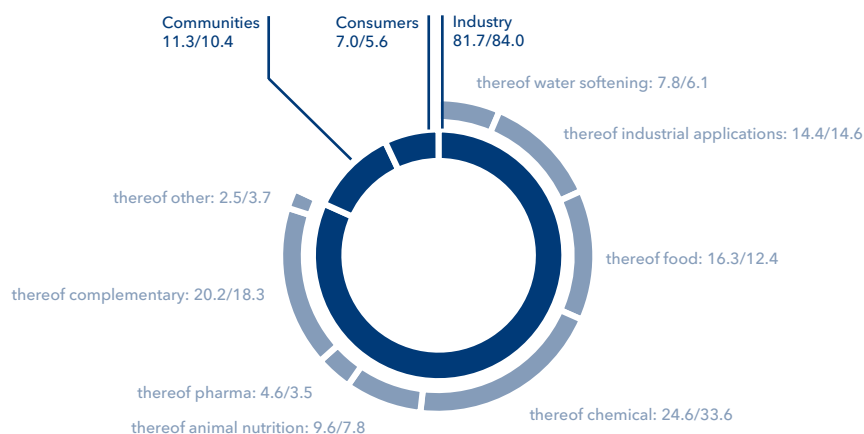
By contrast, higher average prices in the first nine months, particularly for salt products, more than offset the decline in sales volumes, resulting in revenues of €859.6 million, slightly above the level of the prior-year period (9M/2022: €841.2 million).

### VARIANCE COMPARED TO PREVIOUS YEAR

in %	Q3/2023	9M/2023
<b>Change in revenues</b>	<b>-15.3</b>	<b>+2.2</b>
- volume-/structure-related	-7.9	-11.1
- price-/pricing-related	-7.2	+13.2
- currency-related	-0.2	+0.1
- consolidation-related	-	-

### REVENUES BY PRODUCT GROUP

in %



○ January to September 2023/2022



## REPORT ON RISKS AND OPPORTUNITIES

For a detailed presentation of potential risks and opportunities, please refer to the relevant sections of our 2022 Annual Report from page 120 onwards as well as the H1/2023 Half-Year Financial Report.

The risks to which the K+S Group is exposed, both individually and in interaction with other risks, are limited and, according to today's assessment, do not jeopardize the continued existence of the Company. Opportunities and risks as well as their positive and negative changes are not offset against each other.

## 2023 OUTLOOK

The medium- to long-term trends for the future industry situation described in the 2022 Annual Report starting on page 139 largely remain valid.

The growing demand for agricultural commodities resulting from a 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 continuing above-average prices for agricultural commodities should provide attractive yield prospects in agriculture and, therefore, an incentive to increase yields per hectare through balanced or higher fertilizer use in the event of undersupply. Against this background, as well as intact profitability in agriculture, we expect global potash sales volumes to increase in 2023, driven by still limited supply from Russia and Belarus (2022: up to 65 million tonnes; including around 5 million tonnes of potassium sulfate and potash specialties with lower mineral content).

In the northern hemisphere, the late conclusion of MOP contracts between two competitors and India at the beginning of April resulted in some deliveries not being requested on the market in time for spring application. Following the conclusion of the MOP contract between China and Canpotex at the beginning of June, the expected increase in demand emerged with a delay at the start of the fertilizer season in South America. This increase encountered continued limited supply from Russia and Belarus as well as additional supply bottlenecks from the beginning of July due to the port strike in Canada and resulted in a bottoming out of potassium chloride prices in important overseas markets. If the positive demand impetus and price trends observed in the summer continue over the further course of the year, the average price in the Agriculture customer segment for 2023 as a whole would be tangibly higher than in the third quarter of 2023. Without a further recovery, the average price for the year as a whole would be expected to be moderately higher than in the third quarter (€331/t).

Demand for products in the Industry+ customer segment should remain stable overall in 2023. We expect a slight increase in demand for products for the chemical industry for the year as a whole. Furthermore, we anticipate a recovery in demand for products for industrial and pharmaceutical applications. Demand for consumer products in the fourth quarter should also be moderately higher than in the previous year at an attractive level. Due to weather conditions, demand for de-icing salt was below average in the first quarter. For the fourth quarter, we expect winter weather conditions on average for the past ten years. While prices for products containing potash will decline compared with the high levels of the previous year due to the development of MOP prices, average prices for salt products should be significantly higher year-on-year.

Against the background of the existing uncertainties regarding the supply of natural gas from Russia to Europe, we refer to our explanations in the 'Report on risks and opportunities' in the 2022 Annual Report. In the event of a gas shortage, this could still lead to disruptions in the energy supply to the German sites and, therefore, to production restrictions.

We continue to expect EBITDA in the range of €600 million to €800 million for 2023 as a whole (record year 2022: €2.4 billion). Our forecast for the full year 2023 are essentially based on the following assumptions:

- + Based on our assessment of the market environment in the Agriculture customer segment, we assume an overall annual average price in the Agriculture customer segment that should be moderately to tangibly higher than in the third quarter of 2023 (€331/t; previous forecast: moderately to tangibly higher than in the second quarter of 2023: €334/t).
- + Cost increases in the double-digit million euro range are assumed for 2023 as a whole compared with the cost level in 2022, particularly for personnel, energy, and materials (previous forecast: low triple-digit million euro range).
- + We continue to expect sales volumes for all products in the Agriculture customer segment to range between 7 and 7.4 million tonnes (2022: 7.11 million tonnes).
- + For the de-icing salt business, we expect sales volumes of just under 2 million tonnes in the 2023 financial year (previous forecast: around 2 million tonnes; 2022: 2.1 million tonnes; normal year: 2.0 to 2.3 million tonnes).
- + An average spot rate of 1.08 EUR/USD (2022: 1.05 EUR/USD) is still assumed for the EUR/USD currency relation for the remainder of the year. Including currency hedging, this corresponds to an annual average rate of 1.09 EUR/USD (2022: 1.13 EUR/USD).

We continue to expect adjusted Group earnings after tax, excluding impairment effects, to reach a figure in the low triple-digit million euro range (2022: €1,494.0 million).

For the remainder of the year, we expect a further reduction in working capital with a positive effect on cash flow. We continue to expect the capital expenditure volume of the K+S Group in 2023 to increase to €550 million (2022: €403.8 million) as a result of postponements from 2022 due to delivery delays, preparatory investments for the Werra 2060 project, and energy security measures. Against this background, the adjusted free cash flow is still expected to range between €300 million and €450 million (2022 €932.0 million).

Including the payments for the participation of shareholders in the Company's success, the net asset position at the end of the year should remain roughly stable compared to December 31, 2022, as previously forecast (2022: €244.9 million). Net debt should increase moderately against the background of rising provisions for mining obligations.

The return on capital employed (ROCE), excluding impairment effects, is still expected to be in the low single-digit percentage range in 2023 (2022: 25.7%).

#### CHANGES IN THE FORECAST FOR THE FULL YEAR 2023

K+S Group		2022 Actual	2023 Forecast in Annual Report	2023 Forecast Q1/2023	2023 Forecast Q2/2023	2023 Forecast Q3/2023
EBITDA <sup>1</sup>	€ billion	2.4	1.3 to 1.5	1.15 to 1.35 <sup>2</sup>	0.6 to 0.8 <sup>2</sup>	0.6 to 0.8 <sup>2</sup>
Capital expenditures (CapEx) <sup>3</sup>	€ million	403.8	mid triple-digit million euro amount	mid triple-digit million euro amount	550	550
Group earnings after tax, adjusted, excluding impairment effects <sup>4</sup>	€ 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
Adjusted free cash flow	€ million	932.0	700 to 900	650 to 850	300 to 450	300 to 450
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
EUR/USD exchange rate for remaining months	EUR/USD	1.05	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
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)
Sales volumes de-icing salt	t million	2.1	a good 2	about 2	about 2	just under 2

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 operating 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 2022: 30.2%.

## RESPONSIBILITY STATEMENT FROM THE LEGAL REPRESENTATIVES OF K+S AKTIENGESELLSCHAFT

We hereby declare that, to the best of our knowledge, and in accordance with the applicable reporting standards for interim financial reporting, the interim consolidated financial statements provide a true and fair view of net assets, financial, and earnings position of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Kassel (Germany), November 10, 2023

K+S Aktiengesellschaft

The Board of Executive Directors

**INCOME STATEMENT**

in € million	Q3/2022	Q3/2023	9M/2022	9M/2023
<b>Revenues</b>	<b>1,469.9</b>	<b>880.8</b>	<b>4,192.2</b>	<b>2,898.6</b>
Cost of goods sold	-816.4	-850.8	-2,327.0	-2,436.2
<b>Gross profit</b>	<b>653.5</b>	<b>30.0</b>	<b>1,865.2</b>	<b>462.4</b>
Selling, general and administrative expenses	-39.6	-44.4	-134.5	-138.1
Other operating income	73.2	34.6	190.0	103.1
Other operating expenses	-87.8	-51.3	-247.0	-166.8
Share of profit or loss of equity-accounted investments	-1.9	-5.8	-9.0	-7.2
- thereof reversals of impairment losses/impairment losses	-1.9	-6.5	-8.0	-8.3
Income from equity investments, net	0.1	2.6	2.1	3.4
Gains/(losses) on operating anticipatory hedges	-213.3	-42.1	-365.1	-7.1
<b>Earnings after operating hedges <sup>1</sup></b>	<b>384.2</b>	<b>-76.4</b>	<b>1,301.7</b>	<b>249.7</b>
Interest income	10.5	7.3	64.6	18.3
Interest expense	-5.4	7.2	-21.4	-15.4
Other financial result	10.0	-5.4	18.1	-11.4
<b>Financial result</b>	<b>15.1</b>	<b>9.1</b>	<b>61.3</b>	<b>-8.5</b>
<b>Earnings before tax</b>	<b>399.3</b>	<b>-67.3</b>	<b>1,363.0</b>	<b>241.2</b>
Income tax expense	-117.0	19.7	-399.5	-70.6
- thereof deferred taxes	5.0	-6.5	-36.0	-3.0
<b>Net income</b>	<b>282.3</b>	<b>-47.6</b>	<b>963.5</b>	<b>170.5</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Earnings after tax and non-controlling interests</b>	<b>282.3</b>	<b>-47.6</b>	<b>963.5</b>	<b>170.5</b>
<b>Earnings per share in € (undiluted <sup>±</sup> diluted)</b>	<b>1.47</b>	<b>-0.25</b>	<b>5.03</b>	<b>0.90</b>

<sup>1</sup> Key indicators not defined in IFRS.

**RECONCILIATION OF OPERATING EARNINGS AND EBITDA <sup>1</sup>**

in € million	Q3/2022	Q3/2023	9M/2022	9M/2023
<b>Earnings after operating hedges</b>	<b>384.2</b>	<b>-76.4</b>	<b>1,301.7</b>	<b>249.7</b>
Income (-)/expense (+) from changes in fair value of the of outstanding operating anticipatory hedges	144.1	41.2	260.6	16.3
Elimination of prior-period changes in the fair value of operating anticipatory hedges	-5.9	-7.9	-25.4	-41.3
Depreciation and amortization (+)/impairment losses (+)/reversals of impairment losses (-) on non-current assets	111.0	110.4	324.5	322.0
Capitalized depreciation (-) <sup>2</sup>	-2.0	-1.6	-5.6	-4.8
Impairment losses (+)/reversals of impairment losses (-) on investments accounted for using the equity method	1.9	6.5	8.0	8.3
<b>EBITDA</b>	<b>633.3</b>	<b>72.2</b>	<b>1,863.8</b>	<b>550.2</b>

<sup>1</sup> Key indicators not defined in IFRS.

<sup>2</sup> 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.

**BALANCE SHEET - ASSETS <sup>1</sup>**

in € million	Sept. 30, 2022	December 31, 2022	Sept. 30, 2023
Intangible assets	179.2	181.4	155.3
- thereof goodwill from acquisitions of companies	13.7	13.7	13.7
Property, plant, and equipment	6,499.2	6,292.8	6,440.5
Investment properties	4.5	4.5	1.9
Financial assets	39.5	42.9	56.4
Investments accounted for using the equity method	166.9	166.4	156.4
Other financial assets	3.0	27.1	5.6
Other non-financial assets	90.5	67.0	70.1
Securities and other financial assets	20.8	14.8	7.0
Deferred taxes	100.8	43.9	57.7
<b>Non-current assets</b>	<b>7,104.4</b>	<b>6,840.9</b>	<b>6,950.9</b>
Inventories	677.5	675.1	747.3
Trade receivables	988.4	1,143.7	718.2
Other financial assets	89.1	101.8	201.2
Other non-financial assets	129.8	106.6	156.4
Income tax refund claims	36.3	36.2	36.7
Securities and other financial assets	664.9	665.8	390.3
Cash and cash equivalents	348.1	320.0	163.2
<b>Current assets</b>	<b>2,934.1</b>	<b>3,049.1</b>	<b>2,413.3</b>
<b>ASSETS</b>	<b>10,038.5</b>	<b>9,890.0</b>	<b>9,364.2</b>

<sup>1</sup> Prior year restated. See Note on 'Changes in accounting policies, adjustment of prior-year figures and balance sheet structure' in the 2022 Annual Report.

**BALANCE SHEET – EQUITY AND LIABILITIES <sup>1</sup>**

in € million	Sept. 30, 2022	December 31, 2022	Sept. 30, 2023
Issued capital	191.4	191.4	191.4
Capital reserve	646.0	646.0	646.0
Other reserves and net retained earnings	5,644.6	5,882.6	5,801.2
<b>Equity</b>	<b>6,482.0</b>	<b>6,720.0</b>	<b>6,638.6</b>
Financial liabilities	438.2	319.3	17.7
Other financial liabilities	147.8	102.0	100.7
Other non-financial liabilities	13.7	14.7	16.2
Provisions for pensions and similar obligations	3.5	2.7	2.6
Provisions for mining obligations	906.4	932.4	993.5
Other provisions	139.3	145.0	140.9
Deferred taxes	280.1	382.7	404.0
<b>Non-current liabilities</b>	<b>1,929.0</b>	<b>1,898.8</b>	<b>1,675.6</b>
Financial liabilities	416.4	411.3	296.5
Trade payables	292.1	312.9	283.8
Other financial liabilities	369.3	197.2	108.1
Other non-financial liabilities	87.7	60.5	64.8
Income tax liabilities	226.2	26.1	45.4
Provisions	235.8	263.2	251.4
<b>Current liabilities</b>	<b>1,627.5</b>	<b>1,271.2</b>	<b>1,050.0</b>
<b>EQUITY AND LIABILITIES</b>	<b>10,038.5</b>	<b>9,890.0</b>	<b>9,364.2</b>

<sup>1</sup> Prior year restated. See Note on 'Changes in accounting policies, adjustment of prior-year figures and balance sheet structure' in the 2022 Annual Report.

**STATEMENT OF CASH FLOWS**

in € million	Q3/2022	Q3/2023	9M/2022	9M/2023
Earnings after operating hedges	384.3	-76.4	1,301.7	249.7
Income (-)/expenses (+) arising from changes in the fair value of outstanding operating anticipatory hedges	144.0	41.3	260.6	16.3
Elimination of prior-period changes in the fair value of operating anticipatory hedges	-5.9	-8.0	-25.4	-41.3
Depreciation, amortization, impairment losses (+)/reversals of impairment losses	111.1	115.3	326.9	325.5
Increase (+)/decrease (-) in non-current provisions	-5.7	-2.5	34.6	5.2
Interest received and similar income	1.1	2.2	3.5	12.2
Realized gains (+)/losses (-) on financial assets/liabilities	17.4	-11.6	34.1	-15.1
Interest paid and similar expense	-16.2	-11.4	-46.0	-27.9
Income tax paid	-78.0	63.5	-193.2	-48.9
Other non-cash expenses (+)/income (-) and other expenses	-3.9	-0.5	-15.9	-0.2
Gain (-)/loss (+) on sale of assets and securities	1.7	0.2	4.2	1.3
Increase (-)/decrease (+) in inventories	-51.2	28.5	-168.6	-72.1
Increase (-)/decrease (+) in receivables and other operating assets	138.2	54.3	-444.7	314.3
Increase (+)/decrease (-) in current operating liabilities	-28.4	-31.3	21.7	-71.8
Increase (+)/decrease (-) in current provisions	47.9	17.3	47.7	14.1
Allocations to plan assets	-	-4.5	-	-4.5
<b>Net cash flow from operating activities</b>	<b>656.4</b>	<b>176.4</b>	<b>1,141.1</b>	<b>656.8</b>
- thereof from continuing operations	656.4	173.9	1,142.6	657.5
- thereof from discontinued operations	-	2.5	-1.5	-0.7
Proceeds from sale of assets	2.2	1.0	3.3	3.5
Purchases of intangible assets	-1.1	-1.2	-114.2	-3.1
Purchases of property, plant, and equipment	-76.6	-108.5	-214.8	-319.0
Dividend distributions by investments accounted for using the equity method	-	2.8	-	2.8
Purchases of financial assets/investments accounted for using the equity method	-0.6	-13.4	-2.6	-13.5
Proceeds from the sale of consolidated companies	-	-	-	-
Cash and cash equivalents of deconsolidated companies in the year under review	-	-	-0.2	-
Proceeds from sale of securities and other financial assets	-	2.4	296.3	765.7
Purchases of securities and other financial asset	-406.6	-8.7	-749.8	-488.4
<b>Net cash used in investing activities</b>	<b>-482.7</b>	<b>-125.6</b>	<b>-782.0</b>	<b>-52.0</b>
- thereof from continuing operations	-482.7	-125.6	-782.0	-52.0
Dividends paid	-	-	-38.3	-191.4
Other proceeds from issuance of share capital	-	-	1.6	-
Purchase of treasury shares	-	-66.8	-2.1	-113.5
Sale of treasury shares	-	-	0.4	-
Repayment (-) of borrowings	-40.9	-8.2	-400.7	-458.3
Proceeds (+) from borrowings	-	-	17.7	-
<b>Net cash from/(used in) financing activities</b>	<b>-40.9</b>	<b>-75.0</b>	<b>-421.4</b>	<b>-763.2</b>
- thereof from continuing operations	-40.9	-75.0	-421.4	-763.2
<b>Cash change in cash and cash equivalents</b>	<b>132.8</b>	<b>-24.2</b>	<b>-62.3</b>	<b>-158.4</b>
Exchange rate-related change in cash and cash equivalents	6.1	4.1	17.4	1.9
Consolidation-related changes in cash and cash equivalents	-	-	3.4	-
Net change in cash and cash equivalents	138.9	-20.1	-41.5	-156.5
<b>Net cash and cash equivalents as of January 1</b>			<b>382.7</b>	<b>312.9</b>
<b>Net cash and cash equivalents as of September 30</b>			<b>341.2</b>	<b>156.4</b>
- thereof cash and cash equivalents			348.1	163.2
- thereof cash received from affiliated companies			-6.9	-6.8

## FINANCIAL CALENDAR

DATES	2024
2023 Annual Report	March 14, 2024
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

## CONTACT

### K+S Aktiengesellschaft

Bertha-von-Suttner-Str. 7  
34131 Kassel, Germany  
Phone: +49(0)561/9301-0  
Internet: [www.kpluss.com](http://www.kpluss.com)

### Investor Relations

Phone: +49(0)561/9301-1100  
Fax: +49(0)561/9301-2425  
E-mail: [investor-relations@k-plus-s.com](mailto:investor-relations@k-plus-s.com)

## IMPRINT

### Editorial team/text

K+S Investor Relations

### Layout and implementation

Kirchhoff Consult AG, Hamburg

Publication on November 14, 2023

## FORWARD-LOOKING STATEMENTS

This Quarterly Report contains statements and forecasts relating to the future development of the K+S Group and its companies. The forecasts represent assessments based on 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 Report on Risks and Opportunities in the current Annual Report – materialize, actual developments and results may deviate from current expectations. The Company assumes no obligation to update the statements contained in this Quarterly Report beyond the disclosure requirements stipulated by law.