H1/2023
Half-Year Financial Report

Q2 and H1/2023 figures:

+ Q2 revenues: €826 million (Q2/22: €1,510 million); H1: €2,018 million (H1/22: €2,722 million)
+ Q2 EBITDA: €24 million (Q2/22: €706 million); H1: €478 million (H1/22: €1,230 million)
+ Average selling price in the Agriculture customer segment significantly below record year 2022; sales volumes in the Agriculture customer segment at 1.67 million tonnes (Q2/22: 1.87 million tonnes)
+ Adjusted free cash flow reaches €+274 million in the first six months (H1/2022: €+234 million)
+ Bottoming out of potassium chloride prices in the important overseas market Brazil at the end of the second quarter of 2023

Shareholders' participation in the success of the Company:

+ Dividend of €191.4 million (€1.00 per share) for the 2022 financial year paid in May
+ Start of the K+S share buyback program to return a total of about €200 million in capital to its shareholders: Acquisition of 3.0 million no-par value shares with a volume of €46.7 million already conducted in Q2/2023

2023 outlook:

+ EBITDA expected to range between €600 million and €800 million (previous forecast of May 9, 2023, which was classified as unlikely to be achieved in ad hoc announcement of June 14, 2023: €1.15 billion to €1.35 billion; record year 2022: €2.4 billion)
+ Adjusted free cash flow expected to range between €300 million and €450 million (previous forecast of May 9, 2023, which was classified as unlikely to be achieved in ad hoc announcement of June 14, 2023: €650 million to €850 million; record year 2022: €932 million)

www.kpluss.com

KEY FIGURES FOR CONTINUING OPERATIONS

		Q2/2022	Q2/2023	%	H1/2022	H1/2023	%
K+S Group							
Revenues	€ million	1,509.9	825.8	–45.3	2,722.2	2,017.8	–25.9
EBITDA [1]	€ million	706.4	24.3	–96.6	1,230.4	478.1	–61.1
EBITDA margin	%	46.8	2.9	–93.7	45.2	23.7	–47.6
Depreciation and amortization [2]	€ million	114.5	102.4	–10.6	215.9	210.3	–2.6
Agriculture customer segment [3]							
Revenues	€ million	1,244.2	557.0	–55.2	2,188.3	1,418.3	–35.2
Sales volumes	t million	1.87	1.67	–10.7	3.66	3.40	–7.2
Industry+ customer segment [3]							
Revenues	€ million	265.7	268.7	+1.1	533.9	599.4	+12.3
Sales volumes	t million	1.46	1.39	–4.9	3.28	3.18	–3.7
– thereof de-icing salt	t million	0.31	0.32	+2.7	0.92	0.91	–1.4
Capital expenditures (CapEx) [4]	€ million	76.0	121.3	+59.6	125.2	198.7	+58.7
Equity ratio	%	–	–	–	64.8	71.2	+9.8
Return on Capital Employed (LTM) [5]	%	–	–	–	47.0	15.2	–
Net financial liabilities (-) / net asset position (+) as of June 30	€ million	–	–	–	–425.7	261.3	–
Net financial liabilities/EBITDA (LTM) [5]	x-times	–	–	–	0.2	–	–
Market capitalization as of June 30	€ billion	–	–	–	4.44	3.01	–32.3
Enterprise value (EV) as of June 30	€ billion	–	–	–	5.95	3.92	–34.2
Book value per share as of June 30	€	–	–	–	32.28	35.58	+10.2
Total number of shares as of June 30	million	–	–	–	191.4	191.4	–
Shares outstanding as of June 30 [6]	million	–	–	–	191.4	188.4	–1.5
Average number of shares [7]	million	191.4	190.6	–0.4	191.4	191.0	–0.2
Employees as of June 30 [8]	number	–	–	–	10,802	11,150	+3.2

KEY FIGURES FOR CONTINUING AND DISCONTINUED OPERATIONS

Group earnings after tax, adjusted [9]	**€ million**	**436.3**	**–54.9**	**–**	**749.0**	**177.5**	**–76.3**
Earnings per share, adjusted [9]	**€**	**2.28**	**–0.29**	**–**	**3.91**	**0.93**	**–76.3**
Net cash flow from operating activities	**€ million**	**231.9**	**263.0**	**+13.4**	**484.7**	**480.4**	**–0.9**
– thereof continuing operations	€ million	232.5	263.0	+13.1	486.2	483.6	–0.5
– thereof discontinued operations	€ million	–0.6	–	–	–1.5	–3.2	> –100
Adjusted free cash flow from continuing operations	**€ million**	**130.8**	**160.4**	**+22.6**	**233.8**	**273.6**	**+17.0**

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

[2] 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 Q2/2023: 30.2% (Q2/2022: 30.2%).

MANAGEMENT REPORT

CONTENT

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 usually deal with the topic of health and occupational safety every time.

CORPORATE STRATEGY

For a comprehensive presentation of 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.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

DEVELOPMENTS OF THE OPERATING BUSINESS:
On June 6, 2023, Canpotex (export organization of the North American competitors Nutrien and Mosaic) publicly announced the conclusion of a contract with Chinese customers for the supply of potassium chloride at a price of USD 307 per tonne until the end of 2023. China plays a subordinate role in the regional portfolio of K+S. However, the decisive factor for the K+S earnings situation is what price level subsequently emerges worldwide, how quickly a recovery from this price floor occurs, and what volumes are demanded at the respective prices. For this reason, K+S has already classified the achievability of the key figure ranges forecast of May 9, 2023 as unlikely in an ad hoc announcement dated June 14, 2023, and calculated EBITDA of around €0.8 billion for 2023 in the event that the Chinese potassium chloride price radiates accordingly into the other markets and there is still no price recovery in these markets from these levels reached until the end of 2023. As the potassium chloride selling price on the Brazilian market initially saw a volume-related stronger decline than expected and only bottomed out at the end of the quarter, the key figures for the second quarter of 2023 and the new forecast for this Half-Year Financial Report were published in advance in an ad hoc announcement on July 26, 2023: For the year as a whole, it will not be possible to compensate for the EBITDA shortfall in the second quarter, at the end of which prices bottomed out on important overseas markets. Furthermore, a sales-related optimization of the product portfolio is having an impact on production volumes. In addition, as a result of the port strike in Canada, negative effects from the still ongoing normalization of supply chains cannot be ruled out. If the positive demand impetus and price trends currently observed continue in the further course of the year, reaching the upper end of the EBITDA range of €600 million to €800 million would be possible. For the key figures of the second quarter of 2023, please refer to the ‘Earnings position, financial position, and net assets’ section starting on page 8. The full-year forecast of the K+S Group is presented in more detail in the ‘Report on expected developments’ starting on page 16.

LEGAL PERMIT SITUATION:
In a planning approval decision dated April 3, 2023, the Kassel Regional Council granted K+S a permit for the second phase of the tailings pile expansion at the Werra integrated plant, Hattorf site. The expansion will apply the highest technical standards to keep impacts on the environment as low as possible.

On May 9, 2023, the Hazardous Substances Committee of the German Federal Ministry of Labour and Social Affairs extended the transitional period for compliance with occupational exposure limits in underground mining until August 21, 2025. For further explanations, please also refer to the comments in the ‘Risk and opportunity report’ on page 16.

DEVELOPMENT OF THE FINANCIAL POSITION:
As already announced in mid-March, following this year’s Annual General Meeting, K+S started its share buyback program of up to €200 million on May 16, 2023. With settlement as of June 30, 3.0 million no-par value shares with a volume of €46.7 million have

already been bought back on the market. The average buyback price was around €15.80 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

On June 5, 2023, Standard & Poor's upgraded the long-term rating of K+S from BB+ to BBB- (outlook: stable). Following the significant debt reduction over the past two years, K+S has, therefore, reached a further important milestone and is once again in the investment grade range. This is already the fourth rating upgrade since fall 2021.

At the beginning of June 2023, K+S prematurely renewed its revolving credit facility. Due to the Company's positive liquidity position, this is currently not being utilized, but is available for a medium-term period for general corporate purposes if required. For the first time, the credit facility additionally contains a sustainability component, which comprises key performance indicators from the areas of CO_2 emissions, accident figures, and sustainable supply chains. Should K+S fail to achieve the set targets in these categories, the Company will donate a defined amount to a sustainable cause. If K+S achieves the targets, the interest margin to be paid by the Company will be reduced. K+S has voluntarily committed itself to donate this amount as well.

On December 14, 2022, the 3-month par call of the K+S bond maturing in April 2023 was called and the bond became due on January 6, 2023. As at December 31, 2022, the principal amount of the bond was €396.4 million; including accrued interest, €404.2 million was paid.

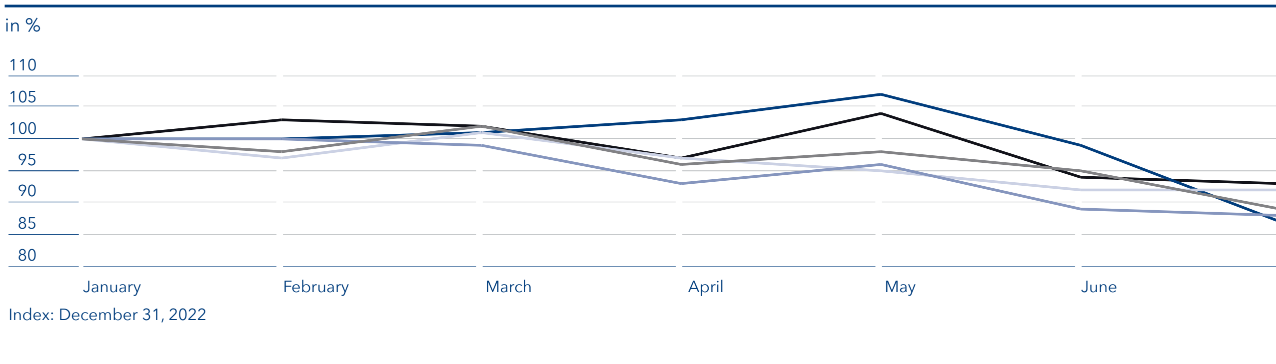
THE BOARD OF EXECUTIVE DIRECTORS:
The Supervisory Board of K+S Aktiengesellschaft and Mr. Riemensperger mutually agreed on a separation in February 2023, as Mr. Riemensperger took on a new challenge in another company in the second quarter of 2023. He left K+S. Dr. Carin-Martina Tröltzsch has assumed her duties at K+S on February 20, 2023, on the Board of Executive Directors of K+S Aktiengesellschaft. Furthermore, Dr. Christian H. Meyer took up his position as Chief Financial Officer at K+S Aktiengesellschaft on March 15, 2023. For further information, please see page 137 of the 2022 Annual Report.

Please find the current allocation of responsibilities under www.kpluss.com/executivedirectors

OVERVIEW OF THE COURSE OF BUSINESS

MACROECONOMIC ENVIRONMENT

DEVELOPMENT OF COMMODITY PRICES BY MONTH IN 2023



Source: World Bank Group

At the end of the second quarter, prices of key agricultural commodities were lower than at the beginning of the year. While prices for wheat, corn, and palm oil declined by 11%, 12%, and 13% respectively, the price of soybeans dropped by only 8%. Nevertheless, prices are still at historically high levels.

The price of Brent crude oil recorded a moderate decline over the course of the first half of the year. At the end of June, the price was around USD 75 per barrel, around 7% below the level at the beginning of the year. At 38%, however, it was significantly below the level as of June 30, 2022. The average value of the THE Natural Gas Year Future, which mainly reflects western and southern Germany, normalized further from the significantly higher value of just under €100/MWh at the start of the year to around €51/MWh following prices of over €200/MWh in the summer of 2022. The Henry Hub Natural Gas Future, which mainly reflects the price situation in North America, also recorded a significant decline from USD 4.2/mmBtu at the beginning of the year to USD 2.8/mmBtu at the end of June 2023.

IMPACT ON K+S

The changes in the macroeconomic environment mainly had the following impact on the course of business at K+S:

+ Despite the decline in the prices of key agricultural commodities, the resulting yield prospects for farmers in the reporting period, also against the background of lower input costs, continued to provide an incentive to increase yield per hectare through the use of plant nutrients and to expand the area under cultivation overall.
+ The energy costs of the K+S Group are influenced in particular by the cost of purchasing natural gas. Our long-term oriented purchasing agreements, however, make us more independent of short-term market price developments. Overall, it was, therefore, possible to keep the energy costs of the K+S Group in the second quarter more or less stable compared with a year ago as a result of price factors, after they had risen significantly in the first quarter as a result of higher rates year-on-year.
+ The freight costs of the K+S Group are influenced to a significant extent by the prices for sea freight, rail freight, inland waterway transportation, as well as truckload traffic. As a result of declining crude oil prices and an improved supply and demand situation for freight space, mainly for overseas containers and bulk ships, freight rates began to normalize. In the second quarter, the freight costs of the K+S Group were tangibly lower year-on-year as a result of price and volume factors, having been moderately higher in the first quarter than in the same quarter a year ago, mainly as a result of price factors.
+ Foreign currency hedging system: As a result of the hedging instruments used, the conversion rate in the second quarter of 2023 including hedging costs averaged 1.11 EUR/USD, having averaged 1.10 EUR/USD in the first quarter of 2023. The average spot rate in the second quarter was 1.09 EUR/USD (Q2/2022: conversion rate 1.16 EUR/USD with an average spot rate of 1.06 EUR/USD); in the first quarter 1.07 EUR/USD (Q1/2022: conversion rate 1.17 EUR/USD with an average spot rate of 1.12 EUR/USD).
  Further information on the foreign currency hedging system can be found in the 2022 Annual Report on page 55.

INDUSTRY-SPECIFIC ENVIRONMENT

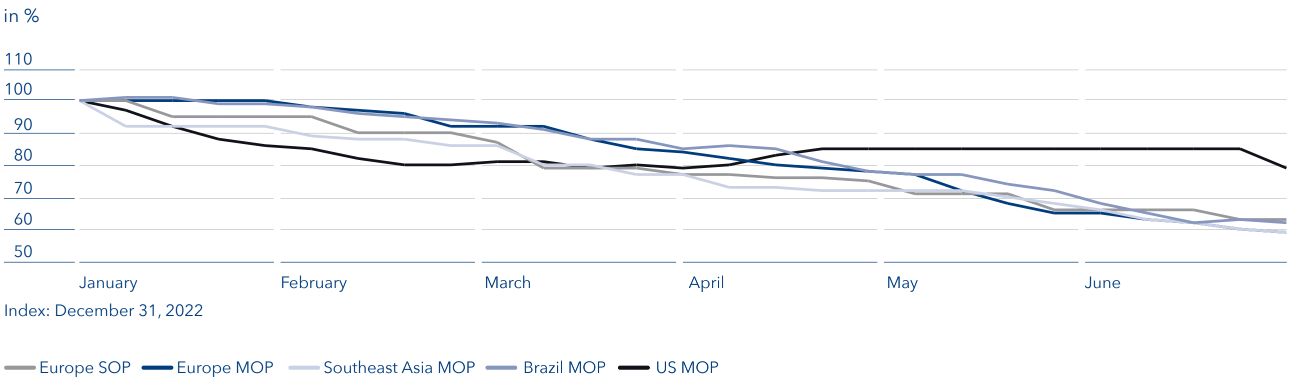
The main sales regions and competitive positions described in the 2022 Annual Report on page 32 remained largely unchanged for the individual customer segments.

AGRICULTURE CUSTOMER SEGMENT

Global supply of potash fertilizers remained severely constrained in the first half of 2023. Although potash fertilizers are largely unaffected by European and US sanctions against Russia, Russia's potash exports remain significantly below historical sales volumes. This is likely to be particularly attributable to the uncertainty of some logistics partners as well as restrictions in payment transactions against the background of geopolitical developments, which have primarily impacted the availability of seagoing vessels. Besides extensive sanctions, Belaruskali has also been blocked from its former sales route via the Lithuanian port in Klaipeda. As a result, it has only still been possible to sell smaller volumes by rail to Asia or via Russian ports, whose capacities have to be shared with Russian suppliers.

The purchasing restraint on the part of the customers already noticed since summer 2022 continued this year in most sales regions. While prices in all major markets continued to decline accordingly in the first half of 2023, the price of potassium chloride in North America rose moderately at the start of the fertilizer season and remained stable at this level for large parts of the second quarter.

DEVELOPMENT OF POTASH PRICES ON A WEEKLY BASIS IN 2023



Source: Argus FMB

In early June 2023, Canpotex (export organization of North American competitors Nutrien and Mosaic) publicly announced the conclusion of the contract for the supply of potassium chloride (MOP) with Chinese customers. The contract price, which is to be valid until the end of the year, is 307 USD/tonne. This provided a reference price in the potash market shortly before the start of the fertilizer season in Brazil, which, together with the renewed increase in demand at the end of June, led to the expected bottoming out of prices in the important sales region Brazil.

INDUSTRY+ CUSTOMER SEGMENT

Demand for de-icing salt was down slightly year-on-year in the first half of the year due to weather conditions, with the early-fills business starting well in the second quarter. Demand for consumer products increased moderately and remained at a high level. Salt products recorded a significant average price increase in most industrial sectors. Low production capacity utilization in the European chemical industry resulted in lower demand in the second quarter of 2023. For prices of products containing potash, this had a significant negative impact alongside the general downward trend in potassium chloride prices. In the first half of the year, demand for products in the Industry+ customer segment was overall slightly below the very high level of the previous year due to the economic situation.

RELATED PARTIES

For a comprehensive presentation of significant transactions with related parties, please refer to the corresponding disclosures in the 'Notes' on page 34.

EARNINGS POSITION, FINANCIAL POSITION, AND NET ASSETS

EARNINGS POSITION

REVENUES

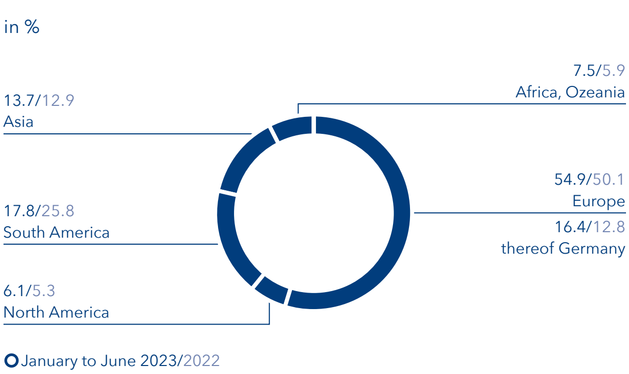
KEY FIGURES FOR EARNINGS

in € million	Q2/2022	Q2/2023	%	H1/2022	H1/2023	%
Revenues	1,509.9	825.8	–45.3	2,722.2	2,017.8	–25.9
EBITDA	706.4	24.3	–96.6	1,230.4	478.1	–61.1
Depreciation and amortization [1]	114.5	102.4	–10.6	215.9	210.3	–2.6
Group earnings after tax, adjusted [2]	436.3	–54.9	–	749.0	177.5	–76.3

[1] Relates to depreciation and amortization of property, plant, and equipment, intangible assets, and investments accounted for using the equity method, adjusted for the amount of depreciation and amortization recognized directly in equity relating to own work capitalized.
[2] The adjusted key figures include the results from operating anticipatory 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 Q2/2023: 30.2 % (Q2/2022: 30.2 %).

In the quarter under review, revenues of the K+S Group reached €825.8 million, following a record figure of €1,509.9 million in the prior-year quarter. After €2,722.2 million in the first half of 2022, revenues of the K+S Group amounted to €2,017.8 million in the reporting period. This was mainly attributable to the price decline in the Agriculture customer segment from the record levels achieved in 2022, as well as lower sales volumes, which were only partially offset by price-related higher revenues in the Industry+ customer segment and positive currency effects. Due to the conclusion of the China contract, necessary subsequent price adjustments unrelated to the accounting period, in particular for deliveries to China, burdened revenues in the Agriculture customer segment in the second quarter by a mid-double-digit million euro amount.

REVENUES BY REGIONS



VARIANCE COMPARED TO PREVIOUS YEAR

in %	Q2/2023	H1/2023
Change in revenues	**–45.3**	**–25.9**
– volume-/structure-related	–15.0	–11.6
– price-/pricing-related	–29.4	–14.8
– currency-related	–0.9	+0.5
– consolidation-related	–	–

DEVELOPMENT OF SELECTED COST TYPES

Cost of sales increased to €828.6 million in Q2/2023 (Q2/2022: €802.9 million). This was mainly attributable to higher maintenance costs, including for the planned maintenance shutdown in Bethune, Canada, as well as higher personnel expenses, the impact of which was mitigated by lower freight costs. Marketing and general administrative expenses remained stable at €45.1 million compared with €45.2 million in the prior-year quarter. In the first half of 2023, cost of sales amounted to €1,585.3 million compared to €1,510.5 million in the prior-year period. Marketing and general administrative expenses decreased to €93.7 million in the reporting period (H1/2022: €94.9 million).

Personnel expenses and the costs of freight, materials, and energy are of particular importance for K+S. Personnel expenses rose to €237.1 million in Q2/2023 (Q2/2022: €207.8 million). In the first half of the year, personnel expenses amounted to €487.6 million (H1/2022: €450.8 million). Freight costs were lower year-on-year in both Q2 and H1/2023 at €140.5 million and €297.6 million, respectively, due to both lower freight rates and lower volumes (Q2/2022: €164.8 million; H1/2022: €310.7 million). The cost of raw materials, consumables, supplies, and purchased merchandise (cost of materials) decreased to €156.4 million in Q2/2023 (Q2/2022: €179.0 million) and to €308.7 million over the entire first half of the year (H1/2022: €337.3 million). Costs for energy rose slightly to €105.9 million in the second quarter (Q2/2022: €103.8 million), in the first half of the year energy costs increased in particular due to price factors to €239.4 million compared with €208.5 million in the prior-year period. Despite long-term purchasing contracts, this was attributable to higher rates compared with the previous year, although these are well below the average spot price for 2022.

RECONCILIATION OF OPERATING EARNINGS AND EBITDA

in € million	Q2/2022	Q2/2023	H1/2022	H1/2023
Earnings after operating hedges	**497.3**	**–64.2**	**917.4**	**326.1**
Income (–) / expense (+) from changes in fair value of the of outstanding operating anticipatory hedges	103.2	2.6	116.6	–25.0
Elimination of prior-period changes in the fair value of operating anticipatory hedges	–8.6	–16.5	–19.5	–33.3
Earnings before operating hedges	**591.9**	**–78.1**	**1,014.5**	**267.8**
Depreciation and amortization (+)/impairment losses (+)/reversals of impairment losses (–) on non-current assets	110.4	105.3	213.5	211.7
Capitalized depreciation [1]	–2.0	–1.6	–3.7	–3.2
Impairment losses (+)/reversals of impairment losses (–) on investments accounted for using the equity method	6.1	–1.3	6.1	1.8
EBITDA	**706.4**	**24.3**	**1,230.4**	**478.1**

[1] 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.

DEVELOPMENT OF EARNINGS

K+S Group EBITDA for the quarter under review amounted to €24.3 million, compared with €706.4 million in the prior-year period. In addition to the effects from lower sales prices and volumes described in the development of revenues, particularly in the Agriculture customer segment, inflation-related additions to mining provisions in the amount of about €18 million burdened EBITDA, as in the first quarter of 2023.

Earnings after operating hedges amounted to €–64.2 million in the reporting quarter (Q2/022: € 497.3 million). Following the strong increase in the value of the US dollar against the euro in the prior-year quarter, earnings in Q2/2023 were slightly positively impacted by changes in the fair value of hedging transactions, following a significant negative impact in the previous year.

In the first half of the year, EBITDA amounted to €478.1 million, compared with €1,230.4 million in the prior-year period. Earnings after operating hedges did not decline to the same extent in the first half of 2023, in particular due to income from fair value changes, and amounted to €326.1 million (H1/2022: €917.4 million).

The regular impairment test carried out for the Potash and Magnesium Products and Salt cash-generating units in accordance with IFRS is described in the Annual Report from page 194 onwards. There was no need for adjustment in the quarter under review.

For further information on the impairment test, please refer to the ´Notes´ from page 32 onwards.

FINANCIAL RESULT

The financial result for the reporting quarter amounted to €+0.2 million (Q2/2022: €+25.3 million). In the prior-year quarter, the financial result benefited in particular from positive interest effects from significantly higher discount rates for mining provisions, which have been declining slightly for the long-term period since the beginning of 2023. Lower interest expense for financial liabilities was, therefore, offset by higher interest expense from the valuation of mining provisions in the reporting quarter. The financial result in the first half of 2023 amounted to €–17.6 million (H1/2022: €+46.2 million); the effects described for the second quarter also had an impact here.

For further information on the financial result and interest on provisions, please refer to the ´Notes´ from page 28 onwards.

(ADJUSTED) GROUP EARNINGS AND (ADJUSTED) EARNINGS PER SHARE

Group earnings after tax and non-controlling interests amounted to €–45.3 million in the second quarter of 2023 (Q2/2022: €370.3 million). This results in earnings per share of €–0.24 (Q2/2022: €1.93). The calculation was based on an average number of 190.6 million no-par value shares outstanding in the second quarter of 2023 as a result of the share buyback program that has commenced (Q2/2022: 191.4 million shares). In the first half of the year, Group earnings after tax and non-controlling interests amounted to €218.2 million (H1/2022: €681.2 million). This results in earnings per share of €1.14 (H1/2022: €3.56). In the first half of 2023, the average number of shares outstanding was 191.0 million (H1/2022: 191.4 million shares).

Group earnings after taxes adjusted for changes in the fair value of derivatives amounted to €–54.9 million in the second quarter of 2023, compared with €436.3 million in the prior-year period. Per share, this resulted in a figure of €–0.29 (Q2/2022: €2.28). After the first six months, adjusted Group earnings after tax reached €177.5 million (H1/2022: €749.0 million). In the same period, adjusted earnings per share amounted to €0.93, compared with €3.91 in the previous year.

RETURN ON CAPITAL EMPLOYED (ROCE)

The return on capital employed as of June 30, 2023 (LTM) was 15.2% compared with 47.0% in the prior-year period. As a result of the LTM consideration, the prior-year figure was positively influenced to a significant extent by reversals of impairment losses in the second half of 2021 amounting to around €1.5 billion. Excluding the reversal of impairment losses, ROCE (LTM) was 25.0% as of June 30, 2022.

FINANCIAL POSITION

KEY FIGURES OF THE FINANCIAL POSITION

in € million	Q2/2022	Q2/2023	%	H1/2022	H1/2023	%
Capital expenditures [1]	76.0	121.3	+59.6	125.2	198.7	+58.7
Cash flow from operating activities	232.5	263.0	+13.1	486.2	483.6	–0.5
Cash flow from investing activities	–130.9	14.7	–	–299.3	73.6	–
Free cash flow	**101.6**	**277.7**	**> +100**	**186.9**	**557.2**	**> +100**
Adjustment for acquisitions/disposals of securities and other financial investments	29.2	–117.3	–	46.9	–283.6	–
Adjusted free cash flow	**130.8**	**160.4**	**+22.6**	**233.8**	**273.6**	**+17.0**

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

INCREASE IN CAPITAL EXPENDITURES IN THE SECOND QUARTER COMPARED TO THE PREVIOUS YEAR

In the second quarter of 2023, the K+S Group invested a total of €121.3 million (Q2/2022: €76.0 million). The year-on-year increase is mainly attributable to the construction and further development of the pads in Bethune, investments for the reduction of occupational exposure limits as well as measures for energy security.

In the first half of 2023, capital expenditures also increased from €125.2 million in the comparable period to €198.7 million as a result of the aforementioned projects.

OPERATING AND FREE CASH FLOW ABOVE PRIOR-YEAR LEVEL

Cash flow from operating activities remained stable at €483.6 million in the first half of 2023, compared with €486.2 million in the first half of 2022. The lower level of funds tied up in working capital, which was also impacted by the repayment of factoring in the previous year, and lower interest payments offset the decline in EBITDA. Tax payments were slightly lower than in the prior-year period. Due to the development of earnings expectations for 2023, payments for current income taxes should already have been effected in full in the first half of the year and are not expected to lead to any further significant cash outflows in the second half.

Cash flow from investing activities adjusted for acquisitions/disposals of securities and other financial investments amounted to €–210.0 million in the first half of the year, compared with €–252.4 million in the prior-year period. This was negatively impacted in 2022 by expenditures of €111.2 million for the purchase of CO_2 certificates.

Adjusted free cash flow reached €273.6 million in the first half of the year compared with €233.8 million in the prior-year period. This was due to the lower level of funds tied up in working capital, which in particular resulted from the start of the reduction in receivables, which were still high at the end of the first quarter of 2023. At the reporting date of June 30, 2023, outstanding trade receivables remained at an above-average level of around €800 million.

Cash flow from financing activities in the reporting period amounted to €–688.2 million (H1/2022: €–380.5 million), mainly due to the repayment of a bond and the return of capital to our shareholders as a participation in the Company's success for the 2022 financial year. This includes the dividend payment totaling €191.4 million and €46.7 million for the buyback of own shares as of June 30, 2023.

For an overview of the already conducted share buybacks, please refer to www.kpluss.com/sharebuyback.

NET ASSETS

NET FINANCIAL LIABILITIES AND NET DEBT

in € million	June 30, 2022	Dec. 31, 2022	June 30, 2023
Cash and cash equivalents	208.5	320.0	185.9
Non-current securities and other financial investments	20.8	14.8	18.9
Current securities and other financial investments	257.9	665.8	376.3
Financial liabilities	–886.7	–730.6	–314.4
Lease liabilities from finance lease contracts	–26.2	–25.1	–5.4
Net financial liabilites (–)/net asset position (+)	**–425.7**	**244.9**	**261.3**
Lease liabilities excluding liabilities from finance lease contracts	–162.5	–144.0	–140.4
Net financial liabilities (–)/net asset position (+) (incl. all leasing liabilities)	**–588.2**	**100.9**	**120.9**
Provisions for pensions and similar obligations	–3.5	–2.7	–2.9
Non-current provisions for mining obligations	–923.4	–932.4	–1,028.8
Net debt	**–1,515.1**	**–834.2**	**–910.8**

As of June 30, 2023, net cash and cash equivalents amounted to €176.5 million (Dec. 31, 2022: €312.9 million; June 30, 2022: €202.3 million). These are cash investments, mainly bank deposits as well as money market paper and comparable securities with maturities of up to three months. The decline in net cash and cash equivalents is attributable in particular to the dividend payment and the start of the share buyback program.

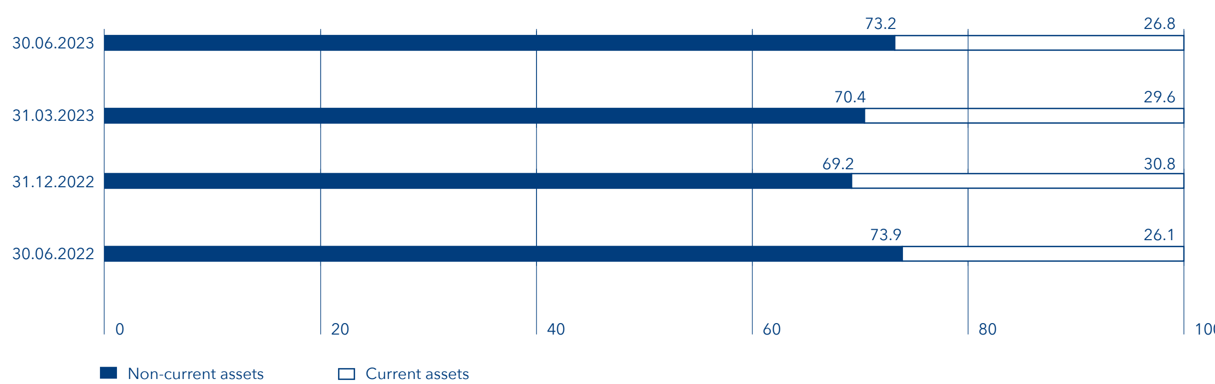
Total assets of the K+S Group amounted to €9,417.0 million as of June 30, 2023 (Dec. 31, 2022: € 9,890.0 million). Property, plant, and equipment increased to €6,376.8 million (Dec. 31, 2022: € 6,292.8 million). Cash and cash equivalents, current and non-current securities and other financial investments decreased to €581.1 million (Dec. 31, 2022: €1,000.6 million) due to bond repayments and return of capital to our shareholders.

At €6,705.4 million, shareholders' equity was at the level of December 31, 2022 (€6,720.0 million). The equity ratio was 71.2% at the reporting date, compared with 67.9% at December 31, 2022.

While there were still net financial liabilities of €–425.7 million and a debt ratio (net financial liabilities/EBITDA) of 0.2 times (LTM) as of June 30, 2022, a net asset position of €+261.3 million was reported as of June 30, 2023 (December 31, 2022: €+244.9 million).

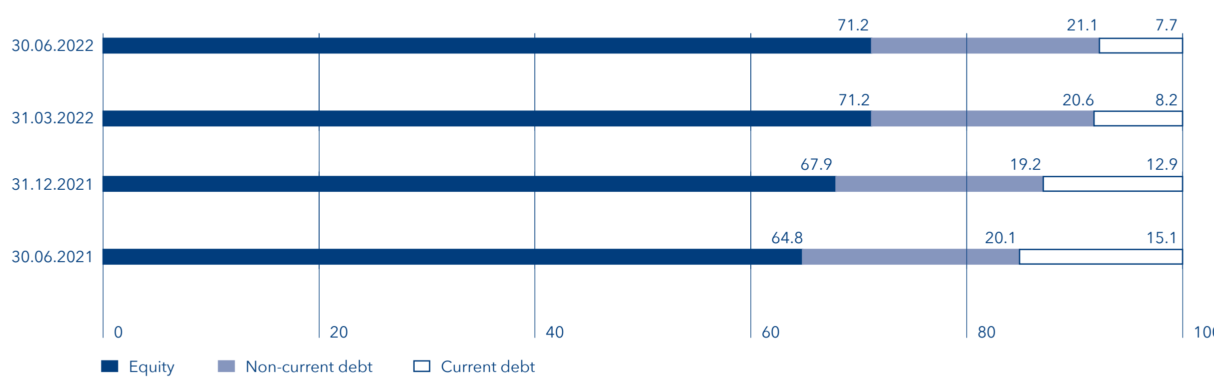
ASSETS

in %



EQUITY AND LIABILITIES

in %



Further information on significant changes in individual balance sheet items and shareholders' equity can be found in the 'Notes' from

CUSTOMER SEGMENTS
(NO SEGMENTS ACCORDING TO IFRS 8)

AGRICULTURE CUSTOMER SEGMENT

KEY FIGURES FOR THE AGRICULTURE CUSTOMER SEGMENT

in € million	Q2/2022	Q2/2023	%	H1/2022	H1/2023	%
Revenues	**1,244.2**	**557.0** [1]	**–55.2**	**2,188.3**	**1,418.3**	**–35.2**
– thereof potassium chloride	849.2	348.0	–59.0	1,474.5	893.6	–39.4
– thereof fertilizer specialties	395.0	208.9	–47.1	713.8	524.7	–26.5
Sales volumes (in million tonnes eff.)	**1.87**	**1.67**	**–10.9**	**3.66**	**3.40**	**–7.1**
– thereof potassium chloride	1.18	1.11	–6.3	2.29	2.21	–3.5
– thereof fertilizer specialties	0.69	0.56	–18.7	1.37	1.19	–13.0

[1] Due to the China closing, necessary subsequent price adjustments unrelated to the accounting period, in particular for China supplies, burdened revenues as well as average prices in the second quarter by a mid-double-digit million euro amount.

For a description of the market environment in the Agriculture customer segment, please refer to 'Industry-specific environment' from page 6 onwards.

In the Agriculture customer segment, second-quarter revenues declined to €557.0 million (Q2/2022: €1,244.2 million), due to price factors, in particular. In the quarter under review, revenues in Europe amounted to €231.9 million (Q2/2022: €543.0 million), and overseas to €325.1 million (Q2/2022: €701.2 million). In total, €348.0 million of revenues were attributable to potassium chloride (Q2/2022: €849.2 million) and €208.9 million to fertilizer specialties (Q2/2022: €395.0 million). Due to the China closing, necessary subsequent price adjustments unrelated to the accounting period, in particular for China supplies, burdened revenues as well as average prices in the second quarter by a mid-double-digit million euro amount. Following the record results in the last financial year, revenues in the first half of 2023 reached €1,418.3 million (H1/2022: €2,188.3 million).

Sales volumes in the second quarter amounted to 1.67 million tonnes, compared with 1.87 million tonnes in the prior-year quarter. This decline was mainly attributable to the continued wait-and-see attitude of customers in some sales regions. In the reporting quarter, 0.59 million tonnes were sold in Europe (Q2/2022: 0.84 million tonnes) and 1.08 million tonnes overseas (Q2/2022: 1.03 million tonnes). In total, potassium chloride accounted for 1.11 million tonnes of the sales volume (Q2/2022: 1.18 million tonnes) and fertilizer specialties for 0.56 million tonnes (Q2/2022: 0.69 million tonnes). In the first half of the year, sales volumes amounted to 3.40 million tonnes, compared with 3.66 million tonnes in the previous year. The decline is mainly due to the reasons mentioned for the second quarter.

VARIANCE COMPARED TO PREVIOUS YEAR

in %	Q2/2023	H1/2023
Change in revenues	**–55.2**	**–35.2**
– volume-/structure-related	–15.6	–11.2
– price-/pricing-related	–38.6	–24.6
– currency-related	–1.0	+0.6
– consolidation-related	–	–

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

		Q1/2022	Q2/2022	H1/2022	Q3/2022	Q4/2022	2022	Q1/2023	Q2/2023	H1/2023
Revenues	**€ million**	**944.1**	**1,244.2**	**2,188.3**	**1,162.8**	**1,114.6**	**4,465.6**	**861.4**	**557.0**	**1,418.3**
Europe	€ million	349.9	543.0	892.9	372.0	406.8	1,671.6	340.1	231.9	572.0
Overseas	USD million	666.5	746.5	1,413.0	796.3	722.3	2,931.6	559.3	353.9	913.2
Sales volumes	**million t eff.**	**1.79**	**1.87**	**3.66**	**1.56**	**1.89**	**7.11**	**1.73**	**1.67**	**3.40**
Europe	million t eff.	0.76	0.84	1.60	0.55	0.66	2.81	0.62	0.59	1.21
Overseas	million t eff.	1.03	1.03	2.06	1.01	1.23	4.30	1.11	1.08	2.19
Average price [1]	**€/tonne eff.**	**527.0**	**663.9**	**597.0**	**744.5**	**592.2**	**628.1**	**498.9**[1]	**333.5**[1]	**417.6**
Europe	€/tonne eff.	462.1	648.4	556.4	675.9	617.7	594.1	548.3	390.5	471.1
Overseas	USD/tonne eff.	644.3	727.2	685.6	787.6	585.6	682.4	505.6	328.9	416.5

[1] Due to the closing of the China contract, necessary subsequent price adjustments unrelated to the accounting period, in particular for China supplies, burdened revenues and average prices in the second quarter with a mid-double-digit million euro amount. Adjusted for this effect, the average price in the second quarter of 2023 would have been around 358 €/t eff. and in the first quarter of 2023 around 475 €/t eff.

INDUSTRY+ CUSTOMER SEGMENT

KEY FIGURES FOR THE INDUSTRY+ CUSTOMER SEGMENT

in € million	Q2/2022	Q2/2023	%	H1/2022	H1/2023	%
Revenues	265.7	268.7	+1.1	533.9	599.4	+12.3
Sales volumes (in million tonnes)	1.46	1.39	–4.9	3.28	3.18	–3.3
– thereof de-icing salt	0.31	0.32	+4.0	0.92	0.91	–1.3

For a description of the market environment in the Industry+ customer segment, please refer to ‘Industry-specific conditions’ from page 7 onwards.

In the Industry+ customer segment, revenues of €268.7 million in the reporting quarter were slightly up on the prior-year quarter (Q2/2022: €265.7 million) despite overall weaker demand due to price factors. Tangibly lower volumes for industrial applications and significantly lower prices for chemical products containing potash were offset by significant price increases, particularly for salt products. In the first half of the year, revenues rose tangibly to €599.4 million (H1/2022: € 533.9 million), mainly as a result of the price increase for products in industrial applications.

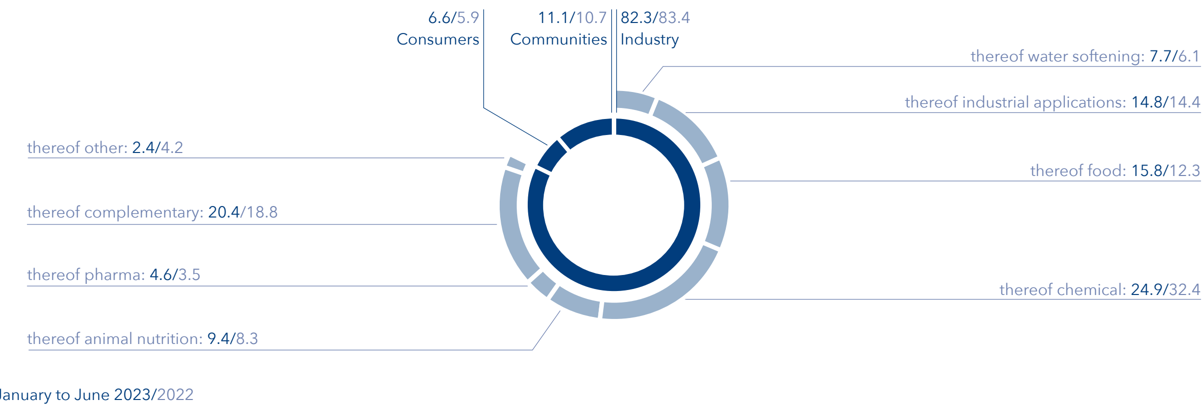
Overall, sales volumes in the second quarter reached 1.39 million tonnes, compared with 1.46 million tonnes in the prior-year quarter. Slightly and moderately higher sales volumes for de-icing salt and consumer products were offset by tangibly lower sales volumes for industrial products. In the first half of the year, sales volumes amounted to 3.18 million tonnes (H1/2022: 3.28 million tonnes).

VARIANCE COMPARED TO PREVIOUS YEAR

in %	Q2/2023	H1/2023
Change in revenues	**+1.1**	**+12.3**
– volume-/structure-related	–12.1	–12.9
– price-/pricing-related	+13.4	+25.0
– currency-related	–0.2	+0.2
– consolidation-related	–	–

REVENUES BY PRODUCT GROUP

in %



EMPLOYEES

NUMBER OF EMPLOYEES SLIGHTLY ABOVE PREVIOUS YEAR'S LEVEL

As of June 30, 2023, the K+S Group employed a total of 11.150 employees (full-time equivalents). Compared with June 30, 2022 (10.802 employees), the number, therefore, increased slightly. The quarterly average number of employees was 11,160 (Q2/2022: 10,779), more than 90% of whom were employed within Germany. The number of trainees in Germany as of June 30, 2023 was on the level of the previous year at 457 (June 30, 2022: 458).

REPORT ON RISKS AND OPPORTUNITIES

For a detailed presentation of the risk and opportunity management system as well as potential risks and opportunities, please refer to the relevant sections of our 2022 Annual Report starting on page 120. The risks and opportunities described there have changed as follows as of June 30, 2023:

The German Federal Ministry of Labour and Social Affairs (BMAS) had previously set the expiry of the transitional period for the application of the new occupational exposure limits for nitrogen oxides and particulate diesel emissions in underground mining on August 21, 2023. Compliance with the occupational exposure limits is largely dependent on the completion of the procurement and commissioning of the new mobile machinery and vehicles, as well as the completion and commissioning of the new production plant for the new low-emission explosives. Construction already started in 2022. Due to the tense situation on the procurement markets and geopolitical developments, it was not possible to meet this deadline. On May 9, 2023, the application for an extension of the deadline was approved by the Hazardous Substances Committee of the German Federal Ministry of Labour and Social Affairs (BMAS), extending the transitional period to August 21, 2025. According to current planning, the gradual conversion of mines to the new granular explosives can begin in summer 2024. Full capacity is to be reached by mid-2025. A residual risk remains in the construction and commissioning of the plant. The classification of the probability of occurrence and loss potential remain unchanged. Their values, however, have decreased significantly within the ranges.

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 assessments, do not jeopardize the continued existence of the Company. Opportunities and risks as well as their positive and negative changes are not netted against each other.

REPORT ON EXPECTED DEVELOPMENTS

FUTURE MACROECONOMIC SITUATION

The following section on the future macroeconomic situation is based on forecasts by the International Monetary Fund (IMF).

The International Monetary Fund forecasts global GDP growth of 3.0% in 2023, following growth of 3.5% in 2022. The main reason for the lower expected growth is the central banks' raising of key interest rates, triggered by continued high inflation. Following the low production volumes in the German industry and the economic downturn in the first quarter of 2023, the IMF now expects Germany to record a decline of –0.3% in 2023

PERCENTAGE CHANGE IN GROSS DOMESTIC PRODUCT

in %; real	2019	2020	2021	2022	2023e
Germany	+1.1	–3.7	+2.6	+1.8	–0.3
Euro area	+1.6	–6.1	+5.3	+3.5	+0.9
World	+2.8	–2.8	+6.3	+3.5	+3.0

Source: IMF; e = expected.

FUTURE INDUSTRY SITUATION

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

AGRICULTURE CUSTOMER SEGMENT

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 raw materials 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 deficiencies. 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 about 5 million tonnes of potassium sulfate and potash grades with lower mineral contents).

Following the conclusion of contracts by two competitors with India, which was important for the orientation of the potassium chloride market, only at the beginning of April, the wait-and-see attitude on the part of customers in the Agriculture segment lasted longer than initially expected. In the northern hemisphere, this resulted in some supplies not being requested from the market in time for spring production. After the conclusion of the MOP contract between China and Canpotex at the beginning of June, the expected increase in demand is emerging with the start of the fertilizer season in South America. This increase has encountered continued limited supply from Russia and Belarus and, from the beginning of July, additional supply bottlenecks due to the port strike in Canada, resulting in a bottoming out of potassium chloride prices in important overseas markets. If the positive demand impetus and price trends currently observed 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 second quarter of 2023. Overall, we, therefore, see the positive impetus prevailing in the course of the second half of 2023. Without further recovery, a moderately higher average selling price than in the second quarter (334 €/t) would be expected for the full year (previous forecast: noticeably below the value of the first quarter of 2023: 499 €/t).

INDUSTRY+ CUSTOMER SEGMENT

In 2023, demand for products from the Industry+ customer segment should remain stable overall. We expect demand for products for the chemical industry to increase moderately over the year as a whole. Likewise, we anticipate a recovery in demand for products for industrial and pharmaceutical applications. In the second half of the year, demand for consumer products should also be moderately higher year-on-year at an attractive level. Due to weather conditions, demand for de-icing salt was below average in the first quarter. For the second half of the year, we expect winter weather conditions to be on average for the past ten years. While prices for products containing potash should stabilize, average prices for products containing sodium chloride should be significantly higher year-on-year.

EXPECTED EARNINGS PERFORMANCE

Over the year as a whole, it will not be possible to offset the EBITDA shortfall in the second quarter, at the end of which prices bottomed out in key overseas markets. Moreover, a sales-related optimization of the product portfolio is having an impact on production volumes. Negative effects from the ongoing normalization of supply chains as a result of the port strike in Canada also cannot be ruled out. If the positive demand impetus and price trends currently observed continue in the further course of the year, reaching the upper end of the EBITDA range at around €800 million would be possible. Should there be renewed purchasing restraint in key sales regions, however, this could lead to negative volume and price effects. For this scenario, EBITDA could be at the lower end of the range at around €600 million (previous forecast of May 9, 2023, which was classified as unlikely to be achieved in an ad hoc announcement of June 14, 2023: €1.15 billion to €1.35 billion; record year 2022: €2.4 billion).

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' of the 2022 Annual Report. If a gas shortage were to occur, this would have an adverse effect on the energy supply to German sites and, therefore, lead to production restrictions.

Our estimate for the full year 2023 is largely based on the following assumptions:

+ According to our assessment of the market environment in the Agriculture customer segment, we now expect a moderately to tangibly higher average price for the year in the Agriculture customer segment overall compared to the second quarter of 2023 (334 €/t; previous forecast: tangibly below the value of the first quarter of 2023: 499 €/t).
+ For the full year 2023, cost increases in the low triple-digit million euro range are assumed compared to the cost level in 2022, particularly for personnel, energy, and materials (previous forecast: low to mid triple-digit million euro range).
+ The expected sales volumes of all products in the Agriculture customer segment are likely to range between 7 and 7.4 million tonnes (previous forecast: 7.2 to 7.4 million tonnes; 2022: 7.11 million tonnes). At the upper end, we expect sales volumes to improve in the second half of 2023. If the purchasing restraint, however, occurs again in key sales regions, this could lead to sales volumes at the lower end of the range.
+ For the de-icing salt business, we continue to expect sales volumes of about 2 million tonnes in the 2023 financial year (2022: 2.1 million tonnes; normal year: 2.0 to 2.3 million tonnes).
+ With regard to the EUR/USD currency relation, an average spot rate of 1.08 EUR/USD (previous forecast: 1.08 EUR/USD; 2022: 1.05 EUR/USD) is assumed for the rest of the year. Including currency hedging, this corresponds to an annual average exchange rate of 1.09 EUR/USD (2022: 1.13 EUR/USD).

We expect adjusted Group earnings after tax to reach a figure in the low triple-digit million euro range (previous forecast: mid triple-digit million euro amount; 2022: €1,494.0 million).

EXPECTED FINANCIAL POSITION AND PLANNED CAPITAL EXPENDITURES

In the further course of the year, we expect a further reduction in working capital with a positive cash flow effect. Based on the development of earnings expectations for 2023, payments for current income taxes should already have been made in full in the first half of the year and are not expected to result in any further significant cash outflows in the second half of the year. For the volume of capital expenditure of the K+S Group in 2023, we continue to assume an increase to €550 million (2022: €403.8 million) due to time shifts from 2022 as a result of delivery delays, initial capital expenditure for the Werra 2060 project, and the accelerated energy transformation. Against this background, adjusted free cash flow is expected to range between €300 million and €450 million (previous forecast of May 9, 2023, which was classified as unlikely to be achieved in an ad hoc announcement of June 14, 2023: between €650 million and €850 million; 2022: €932.0 billion).

Taking into account payments for shareholder participation in the success of the Company, the net asset position at the end of the year should remain roughly stable compared with December 31, 2022 (previous forecast: increase to a mid to higher triple-digit million euro amount; 2022: €244.9 million). Net debt should increase moderately against the background of increasing provisions for mining obligations.

Return on capital employed (ROCE) should be achievable in the low single-digit percentage range in 2023 (previous forecast: high single-digit to low double-digit percentage range; 2022: 25.7%).

CHANGES IN THE FORECASTS FOR THE FULL YEAR 2023

K+S Group		2022 Actual	2023 Forecast in 2022 Annual Report	2023 Forecast Q1/2023	2023 Forecast Q2/2023
EBITDA [1]	€ billion	2.4	1.3 to 1.5	1.15 to 1.35 [2]	0.6 to 0.8 [2]
Capital expenditures (CapEx) [3]	€ million	403.8	mid triple-digit million euro amount	mid triple-digit million euro amount	550
Group earnings after tax, adjusted [4]	€ million	1,494.0	high triple-digit million euro amount	mid 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
ROCE	%	25.7	low double-digit percentage	high single-digit to low double-digit percentage	low single-digit percentage
EUR/USD exchange rate for remaining months	EUR/USD	1.05	1.08	1.08	1.08
Sales volumes in Agriculture customer segment	t million	7.1	7.3 to 7.5	7.2 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)
Sales volumes de-icing salt	t million	2.1	a good 2	about 2	about 2

[1] EBITDA is defined as earnings before interest, taxes, depreciation, and amortization, adjusted for depreciation and amortization of own work capitalized recognized directly in equity, gains/losses from fair value changes arising from operating anticipatory hedges still outstanding, and changes in the fair value of operating anticipatory hedges recognized in prior periods.

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

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

[4] The adjusted key indicators 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%.

FINANCIAL STATEMENTS

CONTENT

INCOME STATEMENT

in € million	Q2/2022	Q2/2023	H1/2022	H1/2023
Revenues	**1,509.9**	**825.8**	**2,722.2**	**2,017.8**
Cost of goods sold	–802.9	–828.6	–1,510.5	–1,585.3
Gross profit	**707.0**	**–2.8**	**1,211.7**	**432.5**
Selling, general and administrative expenses	–45.2	–45.1	–94.9	–93.7
Other operating income	75.3	28.1	116.7	68.5
Other operating expenses	–101.3	–53.7	–159.2	–115.5
Share of profit or loss of equity-accounted investments	–6.6	2.0	–7.1	–1.5
– thereof reversals of impairment losses/impairment losses	–6.1	1.3	–6.1	–1.8
Income from equity investments, net	1.7	0.6	2.0	0.7
Gains/(losses) on operating anticipatory hedges	–133.6	6.7	–151.8	35.1
Earnings after operating hedges[1]	**497.3**	**–64.2**	**917.4**	**326.1**
Interest income	32.8	7.1	54.1	11.0
Interest expense	–7.5	–2.9	–16.1	–22.6
Other financial result	–	–4.0	8.2	–6.0
Financial result	**25.3**	**0.2**	**46.2**	**–17.6**
Earnings before tax	**522.6**	**–64.0**	**963.7**	**308.5**
Income tax expense	–152.3	18.8	–282.4	–90.4
– thereof deferred taxes	–27.5	23.3	–41.0	–3.6
Earnings after tax	**370.3**	**–45.3**	**681.2**	**218.2**
Net income	370.3	–45.3	681.2	218.2
Non-controlling interests	**–**	**–**	**–**	**–**
Earnings after tax and non-controlling interests	**370.3**	**–45.3**	**681.2**	**218.2**
Earnings per share in € (undiluted = diluted)	**1.93**	**–0.24**	**3.56**	**1.14**

[1] Key indicators not defined in IFRS.

STATEMENT OF COMPREHENSIVE INCOME

in € million	Q2/2022	Q2/2023	H1/2022	H1/2023
Net income	**370.3**	**–45.3**	**681.2**	**218.2**
Unrealized currency translation gains/losses	140.6	75.4	269.1	4.5
Reclassification to profit or loss of realized currency translation gains/losses	–	–	–	–
Items of other comprehensive income that may be reclassified to profit or loss in subsequent periods	**140.6**	**75.4**	**269.1**	**4.5**
Remeasurement gains /(losses) on net liabilities/assets under defined benefit plans	23.0	1.2	42.1	0.8
Gains/(losses) on equity instruments measured at fair value	–	–	–	–
Items of other comprehensive income not to be reclassified to profit or loss	**23.0**	**1.2**	**42.1**	**0.8**
Other comprehensive income after tax	**163.6**	**76.6**	**311.2**	**5.3**
Total comprehensive income for the period	**533.9**	**31.3**	**992.4**	**223.5**
Non-controlling interests	–	–	–	–
Total comprehensive income for the period, net of tax and non-controlling interests	**533.9**	**31.3**	**992.4**	**223.5**

BALANCE SHEET - ASSETS[1]

in € million	June 30, 2022	Dec. 31, 2022	June 30, 2023
Intangible assets	179.2	181.4	155.4
– thereof goodwill from acquisitions of companies	13.7	13.7	13.7
Property, plant, and equipment	6,495.2	6,292.8	6,376.8
Investment properties	4.6	4.5	4.5
Financial assets	39.3	42.9	42.9
Investments accounted for using the equity method	168.8	166.4	165.0
Other financial assets	6.1	27.1	14.0
Other non-financial assets	69.9	67.0	62.0
Securities and other financial assets	20.8	14.8	18.9
Deferred taxes	58.2	43.9	57.6
Non-current assets	**7,042.2**	**6,840.9**	**6,897.1**
Inventories	623.3	675.1	776.0
Trade receivables	1,142.0	1,143.7	797.7
Other financial assets	99.6	101.8	169.9
Other non-financial assets	114.3	106.6	163.9
Income tax refund claims	40.8	36.2	50.2
Securities and other financial assets	257.9	665.8	376.3
Cash and cash equivalents	208.5	320.0	185.9
Current assets	**2,486.4**	**3,049.1**	**2,519.9**
ASSETS	**9,528.6**	**9,890.0**	**9,417.0**

[1] 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 [1]

in € million	June 30, 2022	Dec. 31, 2022	June 30, 2023
Issued capital	191.4	191.4	191.4
Capital reserve	646.0	646.0	646.0
Other reserves and net retained earnings	5,341.7	5,882.6	5,868.0
Equity	**6,179.1**	**6,720.0**	**6,705.4**
Financial liabilities	456.2	319.3	295.0
Other financial liabilities	136.1	102.0	103.7
Other non-financial liabilities	14.7	14.7	14.1
Provisions for pensions and similar obligations	3.5	2.7	2.9
Provisions for mining obligations	923.4	932.4	1,028.8
Other provisions	143.4	145.0	146.3
Deferred taxes	236.5	382.7	393.4
Non-current liabilities	**1,913.9**	**1,898.8**	**1,984.2**
Financial liabilities	430.5	411.3	19.4
Trade payables	255.6	312.9	256.1
Other financial liabilities	257.5	197.2	125.0
Other non-financial liabilities	94.9	60.5	71.7
Income tax liabilities	186.7	26.1	21.3
Provisions	210.4	263.2	233.9
Current liabilities	**1,435.6**	**1,271.2**	**727.4**
EQUITY AND LIABILITIES	**9,528.6**	**9,890.0**	**9,417.0**

[1] 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	Q2/2022	Q2/2023	H1/2022	H1/2023
Earnings after operating hedges	497.3	–64.2	917.4	326.1
Income (–)/expenses (+) arising from changes in the fair value of outstanding operating anticipatory hedges	103.1	2.5	116.6	–25.0
Elimination of prior-period changes in the fair value of operating anticipatory hedges	–8.6	–16.4	–19.5	–33.3
Depreciation, amortization, impairment losses (+)/reversals of impairment losses	114.4	102.3	215.8	210.2
Increase (+)/decrease (–) in non-current provisions	43.6	1.3	40.3	7.7
Interest received and similar income	1.6	6.4	2.4	10.0
Realized gains (+)/losses (–) on financial assets/liabilities	13.6	2.5	16.7	–3.5
Interest paid and similar expense	–23.8	–4.0	–29.8	–16.5
Income tax paid	–98.5	–46.0	–115.2	–112.4
Other non-cash expenses (+)/income (–) and other expenses	–9.5	0.3	–12.0	0.3
Gain (–)/loss (+) on sale of assets and securities	1.1	–0.7	2.5	1.1
Increase (–)/decrease (+) in inventories	–61.8	2.5	–117.4	–100.6
Increase (–)/decrease (+) in receivables and other operating assets	–360.2	305.3	–582.9	260.0
Increase (+)/decrease (–) in current operating liabilities	51.3	30.4	50.1	–40.5
Increase (+)/decrease (–) in current provisions	–31.7	–59.2	–0.2	–3.2
Allocations to plan assets	–	–	–	–
Net cash flow from operating activities	**231.9**	**263.0**	**484.7**	**480.4**
– thereof from continuing operations	232.5	263.0	486.2	483.6
– thereof from discontinued operations	–0.6	–	–1.5	–3.2
Proceeds from sale of assets	0.7	1.8	1.1	2.5
Purchases of intangible assets	–30.3	–1.1	–113.1	–1.9
Purchases of property, plant, and equipment	–70.1	–103.2	–138.2	–210.5
Dividend distributions by investments accounted for using the equity method	–	–	–	–
Purchases of financial assets/investments accounted for using the equity method	–2.0	–0.1	–2.0	–0.1
Proceeds from the sale of consolidated companies, incl. hedging	–	–	–	–
Cash outflows for the acquisition 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	236.3	368.6	296.3	763.3
Purchases of securities and other financial asset	–265.5	–251.3	–343.2	–479.7
Net cash used in investing activities	**–130.9**	**14.7**	**–299.3**	**73.6**
– thereof from continuing operations	–130.9	14.7	–299.3	73.6
– thereof from discontinued operations	–	–	–	–
Dividends paid	–38.3	–191.4	–38.3	–191.4
Other proceeds from issuance of share capital	1.6	–0.0	1.6	–0.0
Purchase of treasury shares	–2.1	–46.7	–2.1	–46.7
Sale of treasury shares	0.4	-	0.4	-
Repayment (–) of borrowings	–267.7	–20.2	–359.8	–450.1
Proceeds (+) from borrowings	7.7	-	17.7	-
Net cash from/(used in) financing activities	**–298.4**	**–258.3**	**–380.5**	**–688.2**
– thereof from continuing operations	–298.4	–258.3	–380.5	–688.2
– thereof from discontinued operations	–	–	–	–
Cash change in cash and cash equivalents	**–197.4**	**19.4**	**–195.1**	**–134.2**
Exchange rate-related change in cash and cash equivalents	4.2	–2.1	11.3	–2.2
Consolidation-related changes in cash and cash equivalents	–	–	3.4	–
Net change in cash and cash equivalents	**–193.2**	**17.3**	**–180.4**	**–136.4**
Net cash and cash equivalents as of January 1			**382.7**	**312.9**
Net cash and cash equivalents as of June 30			**202.3**	**176.5**
– thereof cash and cash equivalents			208.5	185.9
– thereof cash received from affiliated companies			–6.2	–9.4

STATEMENT OF CHANGES IN EQUITY

in € million	Issued capital	Capital reserve	Net retained profits/ retained earnings	Currency translation differences	Remeasurement gains/ (losses) on defined benefit plans	Gains/(losses) on equity instruments measured at fair value	Total equity attributable to shareholders of K+S AG	Non-controlling interests	Equity
As of Jan. 1, 2023	191.4	646.0	6,062.4	–170.1	–22.5	12.8	6,720.0	–	6,720.0
Net income	–	–	218.2	–	–	–	218.2	–	218.2
Other comprehensive income (after tax)	–	–	–	4.5	0.8	–	5.3	–	5.3
Total comprehensive income for the period	**–**	**–**	**218.2**	**4.5**	**0.8**	**–**	**223.5**	**–**	**223.5**
Dividend for the previous year	–	–	–191.4	–	–	–	–191.4	–	–191.4
Buyback of own shares	–	–	–46.7	–	–	–	–46.7	–	–46.7
As of June 30, 2023	191.4	646.0	6,042.5	–165.6	–21.7	12.8	6,705.4	–	6,705.4
As of Jan. 1, 2022	191.4	645.7	4,630.2	–146.5	–68.8	45.4	5,297.4	–	5,297.4
Net income	–	–	681.2	–	–	–	681.2	–	681.2
Other comprehensive income (after tax)	–	–	–	269.1	42.1	–	311.2	–	311.2
Total comprehensive income for the period	**–**	**–**	**681.2**	**269.1**	**42.1**	**–**	**992.4**	**–**	**992.4**
Dividend for the previous year	–	–	–38.3	–	–	–	–38.3	–	–38.3
Employee shares acquired	–	0.3	–	–	–	–	0.3	–	0.3
Changes in the scope of consolidation and other changes in equity	–	–	1.3	–	–	–35.8	–34.5	–	–34.5
As of June 30, 2022	191.4	646.0	5,274.4	122.6	–26.7	9.6	6,217.3	–	6,217.3

NOTES

EXPLANATORY DISCLOSURES

The interim report as of June 30, 2023 has been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. It is presented as condensed financial statements with selected explanatory notes in accordance with IAS 34. The accounting policies applied in the interim 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.

K+S has a single business segment. The Board of Executive Directors performs the economic analysis and assessment, takes the operating decisions, and allocates overall resources for this purpose. Therefore, there is no part of the Company that comprises an operating segment under IFRS 8.

Assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date. Expenses and income are translated at quarterly average exchange rates.

The interim financial statements and the interim management report have not been reviewed in accordance with Section 115 (5) of the German Securities Trading Act (WpHG).

CHANGES IN THE SCOPE OF CONSOLIDATION

There were no significant changes in the scope of consolidation in the first half of 2023.

REVENUES

Revenues are broken down on the basis of market-oriented customer segments (Agriculture and Industry+). Industry+ is subdivided into the areas of Industry, Consumers, and Communities on the basis of customer interests. The largest segment, Industry, is also broken down into product groups.

REVENUES

in € million	Q2/2022	Q2/2023	H1/2022	H1/2023
Agriculture	1,244.2	557.0	2,188.3	1,418.3
– thereof potassium chloride	849.2	348.0	1,474.5	893.6
– thereof fertilizer specialties	395.0	208.9	713.8	524.7
Industry+	265.7	268.7	533.9	599.4
– thereof Consumers	15.1	19.6	31.6	39.8
– thereof Communities	17.6	21.9	56.7	66.3
– thereof Industry	233.0	227.3	445.5	493.3
– thereof water softening	12.8	18.0	27.2	38.1
– thereof industrial applications	33.9	33.4	64.4	72.9
– thereof food processing industry	27.2	38.1	54.6	78.1
– thereof chemicals	80.9	50.4	144.2	122.9
– thereof animal nutrition	18.2	22.1	36.9	46.1
– thereof pharma	8.4	10.9	15.4	22.7
– thereof complementary activities	49.2	46.7	90.6	100.8
– thereof other	2.3	7.7	12.3	11.8
Total	**1,509.9**	**825.8**	**2,722.2**	**2,017.8**

For further information on revenues, please refer to the 'Management report' starting on page 8.

OTHER OPERATING INCOME/EXPENSES

Other operating income and expenses include the following key items:

OTHER OPERATING INCOME/EXPENSES

in € million	Q2/2022	Q2/2023	H1/2022	H1/2023
Exchange rate gains/losses	–1.8	–3.3	–8.5	–5.9
Change in provisions	–20.5	–7.8	–22.1	–18.0
Other	–3.8	–14.4	–11.9	–23.0
Other operating income/expenses	**–26.1**	**–25.5**	**–42.5**	**–46.9**

FINANCIAL RESULT

The buyback of issued bonds with a nominal value of about €6.1 million (H1/2022: €104.5 million, including buybacks of promissory note loans) did not result in any significant expense as of June 30, 2023 (H1/2022: expense of €2.1 million recognized in other financial result).

The financial result includes the following key items:

FINANCIAL RESULT

in € million	Q2/2022	Q2/2023	H1/2022	H1/2023
Interest component from measurement of provisions for mining obligations	23.5	–	38.7	–
Interest component and measurement gains/losses from measurement of provisions for anniversaries/long-service accounts	8.0	–	13.4	–
Other interest and similar income	1.3	7.1	2.0	11.0
Interest income	**32.8**	**7.1**	**54.1**	**11.0**
Interest expense on bonds/promissory note loans	–7.8	–2.5	–16.0	–5.0
Interest component from measurement of provisions for mining obligations	–	–2.7	–	–18.1
Interest expense on pension provisions	–	–	–0.4	–
Capitalization of borrowing costs	3.6	5.0	6.9	9.2
Interest expense from leasing	–1.7	–1.5	–3.5	–3.4
Other interest and similar expenses	–1.6	–1.2	–3.1	–5.3
Interest expenses	**–7.5**	**–2.9**	**–16.1**	**–22.6**
Net interest	**25.3**	**4.2**	**38.0**	**–11.6**
Gains or losses from derivatives	8.5	–1.2	14.0	–5.0
Gains or losses from foreign currency exposures	–7.4	–0.6	–2.9	1.5
Gains or losses on repurchase of issued bonds/promissory note loans	–0.7	–	–2.1	–
Other financial income	–	0.8	0.1	0.8
Other financial expense	–0.4	–3.0	–0.9	–3.3
Other financial result	**–**	**–4.0**	**8.2**	**–6.0**
Financial result	**25.3**	**0.2**	**46.2**	**–17.6**

For further information on the financial result, please refer to the 'Management Report' on page 10.

The interest expense from the valuation of mining provisions is attributable to the accumulation of interest on the beginning-of-year balance of mining provisions and lower discount rates. The interest income from the valuation of mining provisions and provisions for anniversaries/long-service accounts reported in the previous year resulted from the increase in the interest rates used for discounting.

INCOME TAX EXPENSE

Income tax includes the following key items:

INCOME TAX EXPENSE

in € million	Q2/2022	Q2/2023	H1/2022	H1/2023
Corporate income tax	62.7	–0.4	123.0	46.3
Trade income tax	61.4	–0.2	115.6	41.0
Foreign income taxes	0.7	5.2	2.8	6.7
Deferred taxes	27.5	–23.3	41.0	–3.6
Income tax expense	**152.3**	**–18.8**	**282.4**	**90.4**

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The actuarial valuation of provisions for pensions and similar obligations is based on the projected unit credit method in accordance with IAS 19. The average discount rate at the reporting date was 4.0% (Dec. 31, 2022: 4.2%; June 30, 2022: 3.4%).

PROVISIONS FOR MINING OBLIGATIONS

A price increase of 2.0% p.a. (Dec. 31, 2022: 1.7% p.a.; June 30, 2022: 1.5%) was assumed for the provisions for mining obligations. The intensified price increase rate compared to December 31, 2022 resulted in a rise in provisions of €116.5 million, of which €31.8 million was recognized in profit or loss and €84.7 million higher property, plant and equipment (assuming all other parameters remain constant).

The perpetuity interest rate used for remaining terms of 50 years or more decreased to around 3.8% (Dec. 31, 2022: 3.9%; June 30, 2022: 4.0%). If the interest rate curve had remained unchanged compared with December 31, 2022 (including maturities of less than 50 years) and all other parameters had remained constant, mining provisions would have been €29.6 million lower. Of this amount, €25.6 million would have resulted in a reduction in property, plant, and equipment, and €4.0 million would have been recognized in profit or loss.

FINANCIAL INSTRUMENTS

CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS

		Dec. 31, 2022		June 30, 2023	
in € million	Measurement category in accordance with IFRS 9	Carrying amount	Fair value	Carrying amount	Fair value
Assets		2,316.1	2,316.1	1,605.6	1,605.6
Shares in affiliated companies and other equity investments	Fair value through other comprehensive income	37.5	37.5	37.5	37.5
Equity investments	Fair value through profit or loss	5.3	5.3	5.3	5.3
Loans	Amortized cost	0.2	0.2	0.2	0.2
Financial assets		**42.9**	**42.9**	**42.9**	**42.9**
Trade receivables	**Amortized cost**	**727.4**	**727.4**	**462.1**	**462.1**
Trade receivables	**Fair value through other comprehensive income (with recycling)**	**416.3**	**416.3**	**335.6**	**335.6**
Derivatives with positive fair value	Fair value through profit or loss	73.4	73.4	66.2	66.2
Other non-derivative financial assets	Amortized cost	55.5	55.5	117.7	117.7
Other financial assets		**128.9**	**128.9**	**183.9**	**183.9**
Securities and other financial assets	**Amortized cost**	**673.6**	**673.6**	**88.8**	**88.8**
Securities and other financial assets	**Fair value through other comprehensive income**	**7.0**	**7.0**	**7.0**	**7.0**
Securities and other financial assets	**Fair value through profit or loss**	**–**	**–**	**299.4**	**299.4**
Cash and cash equivalents	**Amortized cost**	**320.0**	**320.0**	**185.9**	**185.9**
Equity and liabilities		**1,342.6**	**1,338.8**	**799.3**	**797.2**
Financial liabilities	**Amortized cost**	**730.6**	**726.8**	**314.5**	**312.4**
Trade payables	**Amortized cost**	**312.9**	**312.9**	**256.1**	**256.1**
Derivatives with negative fair values	Fair value through profit or loss	49.1	49.1	15.2	15.2
Other non-derivative financial liabilities	Amortized cost	80.8	80.8	67.7	67.7
Lease liabilities	Separate category (IFRS 7)	169.2	169.2	145.8	145.8
Other financial liabilities		**299.1**	**299.1**	**228.7**	**228.7**

The fair values of the financial instruments are always based on the market information available at the balance sheet date and are allocated to one of the three fair value hierarchy levels in accordance with IFRS 13. Level 1 financial instruments are measured on the basis of quoted prices in active markets for identical assets and liabilities. Level 2 financial instruments are measured on the basis of market prices for similar instruments. Level 3 financial instruments are calculatedon the basis of inputs that cannot be derived from observable market data.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

					June 30, 2023
in € million	Measurement category in accordance with IFRS 9	Level 1	Level 2	Level 3	Total
Assets		**–**	**372.6**	**378.4**	**751.0**
Shares in affiliated companies and other equity investments	Fair value through other comprehensive income	–	–	37.5	37.5
Equity investments	Fair value through profit or loss	–	–	5.3	5.3
Trade receivables	Fair value through other comprehensive income (with recycling)	–	–	335.6	335.6
Derivative financial instruments	Fair value through profit or loss	–	66.2	–	66.2
Securities and other financial assets	Fair value through other comprehensive income	–	7.0	–	7.0
Securities and other financial assets	Fair value through profit or loss	–	299.4	–	299.4
Equity and liabilities		**–**	**15.2**	**–**	**15.2**
Derivative financial instruments	Fair value through profit or loss	–	15.2	–	15.2

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

					Dec. 31, 2022
in € million	Measurement category in accordance with IFRS 9	Level 1	Level 2	Level 3	Total
Assets		**–**	**80.4**	**459.1**	**539.5**
Shares in affiliated companies and other equity investments	Fair value through other comprehensive income	–	–	37.5	37.5
Equity investments	Fair value through profit or loss	–	–	5.3	5.3
Trade receivables	Fair value through other comprehensive income (with recycling)	–	–	416.3	416.3
Derivative financial instruments	Fair value through profit or loss	–	73.4	–	73.4
Securities and other financial assets	Fair value through other comprehensive income	–	7.0	–	7.0
Securities and other financial assets	Fair value through profit or loss	–	–	–	–
Equity and liabilities		**–**	**49.1**	**–**	**49.1**
Derivative financial instruments	Fair value through profit or loss	–	49.1	–	49.1

RECONCILIATION OF SHARES IN UNCONSOLIDATED AFFILIATED COMPANIES AND EQUITY INVESTMENTS (LEVEL 3)

in € million	H1/2022	H1/2023
As of January 1	76.4	42.9
Change in the basis of consolidation	–39.5	–
Additions	2.4	–
Disposals	–	–
Measurement gains/losses (other comprehensive income)	–	–
Disposal gains/losses (other income/expense)	–	–
Transfers (from Level 3/to Level 3)	–	–
As of June 30	**39.3**	**42.9**

Shares in affiliated companies and other equity investments are not consolidated due to immateriality. The fair value was calculated as the present value of the current three-year results planning (mid-term planning) and a subsequent perpetual annuity. The Company's cost of capital rate was used for discounting. Changes in future results, the growth rate of the perpetual annuity, or the cost of capital will have a corresponding effect on the present value calculation. Shares in affiliated companies are generally held for the long term and not for trading. For this reason, when permitted, the OCI option was exercised, which allows changes in fair value to be recognized in other comprehensive income without reclassifying them to the income statement on disposal.

Trade receivables that could potentially be sold through existing factoring agreements can be categorized as "fair value through other comprehensive income (with recycling)". The carrying amount is assumed to be equivalent to the fair value due to the short payment terms. The items recognized in this category at the start of the year are usually paid or sold throughout the course of the first half of the year.

IMPAIRMENT TEST

An impairment test must be performed for all assets within the scope of IAS 36 if there are indications of potential impairment at the reporting date. The after-tax discount rate to be applied for the impairment test increased from 8.0% to 8.7% as of June 30, 2023 compared to December 31, 2022. Furthermore, the market prices of the Potash and Magnesium Products cash-generating unit have decreased significantly in the short to medium term compared with the previous assumptions. Against this background, an assessment regarding the necessity for impairment losses for the Potash and Magnesium Products and Salt cash-generating units (CGU) was carried out.

Both the short- to medium-term decline in potash prices as well as the negative impact of the interest rate effect can be partly offset by significantly improved potash prices in the long term compared with the previous assumptions as well as an increased growth rate of 2.0% (Dec. 31, 2022: 1.7 %). With regard to further business developments, we have no indications of a significant deterioration compared with the previous assumptions.

The carrying amount of the Potash and Magnesium Products CGU is essentially unchanged compared with December 31, 2022. On this basis, the recoverable amount of the Potash and Magnesium Products CGU was determined in accordance with the methods used as of December 31, 2022. Please refer to the 2022 Annual Report, 'Note (12) – Intangible assets, property, plant, and equipment and impairment test'.

Accordingly, there was no need to recognize an impairment loss for the Potash and Magnesium Products CGU, and the recoverable amount decreased compared with December 31, 2022. The surplus compared with the carrying amount is €309.1 million (Dec. 31, 2022: €452.5 million).

Sensitivity analyses were carried out to take account of estimation uncertainties. This was done by changing one assumption in the calculation while leaving the other assumptions unchanged compared with the original calculation.

+ A reduction (increase) in the planned MOP price by 5% over the entire planning period would result in the recoverable amount of the Potash and Magnesium Products CGU decreasing by €1.2 billion (increasing by €1.1 billion).
+ An increase (decrease) in the discount rate of 0.5 percentage points would result in a decrease (increase) in the recoverable amount of €0.7 billion (€0.8 billion increase).
+ A decrease (increase) in the growth or inflation rate by 0.5 percentage points over the entire planning period would result in a lower (higher) recoverable amount of €0.8 billion (€1.0 billion).
+ A reduction (increase) in the operating life of the German potash plants by five years would result in a recoverable amount that is €0.4 billion lower (€0.3 billion higher).
+ USD/EUR exchange rates 5 cents higher (lower) would result in a recoverable amount €0.8 billion lower (€0.9 billion higher) (excluding any offsetting effects from currency hedging in each case).

Corresponding to the change in the recoverable amount, taking into account the above sensitivities, a negative development would result for all factors (all figures without inclusion of positive effects from Werra 2060).

In the Salt CGU, in addition to the positive effects from the increased growth rate of 2.0% (December 31, 2022: 1.7%), rising prices leading to an increase in the EBITDA margin are expected to offset the negative effects from the interest effect. As with the Potash and Magnesium Products CGU, the recoverable amount of the Salt CGU is determined in accordance with the methods used as of December 31, 2022.

The impairment test carried out on the basis of the value in use confirms the recoverability of the goodwill allocated to the Salt CGU.

Sensitivity calculations were carried out to take account of estimation uncertainties. In each case, the change in one assumption was taken into account, with the remaining assumptions remaining unchanged compared with the original calculation.

+ An increase (decrease) in the discount rate by 0.5 percentage points would result in a €20 million lower (€22 million higher) recoverable amount.
+ A decrease (increase) of 0.5 percentage points in the growth or inflation rate over the entire planning period would lead to a €13 million lower (€14 million higher) recoverable amount.
+ A decrease of 0.5 percentage points in the sustainable EBITDA margin from 2025 would result in a recoverable amount that is €22 million lower (€22 million higher).

Corresponding to the change in recoverable amount, taking into account the above sensitivities, an impairment loss would result for all factors, in some cases in excess of the goodwill, in the event of a negative development in each case.

DISCLOSURES ON THE CASH FLOW STATEMENT

The amount paid for the buyback of bonds and promissory note loans in excess of the nominal repayment amount is reported in the cash flow statement under "Interest paid and similar". Interest paid amounted to €12.1 million in the reporting period (H1/2022: €26.5 million).

SIGNIFICANT CHANGES IN SELECTED BALANCE SHEET ITEMS IN THE FIRST HALF OF 2023

On the assets side, non-current assets increased by €56.2 million. The increase is mainly attributable to an increase of € 84.0 million in property, plant, and equipment. This was offset by a decrease in intangible assets of €26.0 million, mainly due to the disposal of emission certificates.

Current assets decreased by €529.2 million, with the change mainly resulting from a €346.0 million decrease in trade receivables. Cash and cash equivalents also decreased by €134.1 million and marketable securities and other financial investments by €289.5 million. Liquidity was mainly used to repay the bond in January 2023. Inventories increased by €100.9 million, mainly as a result of sales. This was partly offset by impairment losses of €26.0 million due to recognition at net realizable value.

On the equity and liabilities side, provisions for mining obligations increased by €96.4 million, mainly due to an increase in the long-term inflation rate and a decrease in the interest rates used for discounting. By contrast, financial liabilities decreased by €416.2 million as a result of repayments and buybacks.

SIGNIFICANT CHANGES IN EQUITY IN THE FIRST HALF OF 2023

Equity is affected by transactions both recognized and not recognized in profit or loss, as well as by capital transactions with shareholders. Compared with the 2022 financial statements, net retained earnings and other reserves decreased by €14.6 million. The decrease is mainly attributable to the dividend payment of €191.4 million and effects from the buyback of own shares amounting to €46.7 million. This was offset by the positive net income of €218.2 million in the first six months of the 2023 financial year and the changes in equity not recognized in profit or loss resulting from the currency translation of subsidiaries in functional foreign currencies (mainly CAD). Differences arising from currency translation are recognized in a separate currency translation reserve; this increased by €4.5 million as of June 30, 2023.

On the basis of the authorization granted by the Annual General Meeting on June 10, 2020 to buy back up to 10% of the share capital, on March 9, 2023 the Board of Executive Directors resolved to buy back up to 19,140,000 own shares up to a maximum total amount of €200 million and subsequently cancel them.

The buyback of shares via the stock exchange began on May 16, 2023 and will end no later than February 15, 2024. A total of shares for €46.7 million (excluding transaction costs) had been bought back under the share buyback program as of the reporting date June 30, 2023. This corresponds to a weighted average stock exchange price of €15.80 per share. As of 30 June 2023, K+S, therefore, holds a total of 2,955,136 own shares (Dec. 31, 2022: 0). This corresponds to 1.54% of the share capital. The purchase price (plus transaction costs) of the own shares was fully offset against retained earnings.

The shares are acquired on the stock exchange in XETRA trading of Deutsche Börse AG as well as via European multilateral trading facilities under the management of a credit institution commissioned by K+S.

CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent tax liabilities of up to €173.4 million are expected from corporate transactions and cross-border issues (Dec. 31, 2022: €176.4 million), the occurrence of which is not considered entirely unlikely. The other contingent liabilities have not changed significantly compared with the 2022 financial statements.

Obligations from uncompleted investments amounted to €421.7 million in the reporting period (Dec. 31, 2022: €304.9 million) and result almost exclusively from uncompleted investments in property, plant, and equipment.

RELATED PARTIES

Within the K+S Group, supplies and services are settled on an arm's length basis. In addition to the consolidated companies, the K+S Group has relationships with other related companies, including non-consolidated companies, joint ventures, and companies over which the K+S Group can exercise a significant influence (affiliated companies). These relationships have no significant influence on the consolidated financial statements of the K+S Group.

For the K+S Group, the group of related parties mainly comprises the Board of Executive Directors and the Supervisory Board of K+S Aktiengesellschaft. There were significant transactions with related parties.

EVENTS AFTER THE BALANCE SHEET DATE

On July 3, 2023, the acquisition of 75 percent of the fertilizer business of the South African trading company Industrial Commodities Holdings (Pty) Ltd (ICH) by Kali-Union Verwaltungsgesellschaft mbH, an indirect wholly owned subsidiary of K+S Aktiengesellschaft, was completed (closing). The acquired fertilizer business will operate under the name Fertiva (Pty) Ltd. The preliminary purchase price of the transaction amounted to approximately €13.6 million. With the acquisition, K+S is further expanding its core business and at the same time strengthening its activities in southern and eastern Africa. In future, Fertiva will form a distribution network with the existing K+S Group companies in Kenya and Uganda. In this way, K+S will further strengthen its presence in the sub-Saharan region. The remaining 25 percent of the shares in the new sales company will be held by two former ICH shareholders who previously managed the fertilizer business at ICH and are now also part of the management team of Fertiva (Pty) Ltd.

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), August 7, 2023

K+S Aktiengesellschaft

The Board of Executive Directors

KEY FIGURES - CONTINUING OPERATIONS [1]

		Q1/2022	Q2/2022	H1/2022	Q1/2023	Q2/2023	H1/2023
K+S Group							
Revenues	€ million	1,212.3	1,509.9	2,722.2	1,192.0	825.8	2,017.8
EBITDA [2]	€ million	524.1	706.4	1,230.4	453.8	24.3	478.1
Depreciation and amortization [3]	€ million	101.4	114.5	215.9	107.9	102.4	210.3
Agriculture customer segment [4]							
Revenues	€ million	944.1	1,244.2	2,188.3	861.4	557.0	1,418.3
Sales volumes	t million	1.79	1.87	3.66	1.73	1.67	3.40
Kundensegment Industrie+ [4]							
Revenues	€ million	268.2	265.7	533.9	330.6	268.7	599.4
Sales volumes	t million	1.83	1.46	3.28	1.79	1.39	3.18
– thereof de-icing salt	t million	0.61	0.31	0.92	0.59	0.32	0.91
Capital expenditures (CapEx) [5]	€ million	49.2	76.0	125.2	77.5	121.3	198.7
Cash flow from operating activities	€ million	253.7	232.5	486.2	220.5	263.0	483.6
Cash flow from investing activities	€ million	–168.4	–130.9	–299.3	59.0	14.7	73.6
Adjusted free cash flow	€ million	103.0	130.8	233.8	113.2	160.4	273.6
Working Capital	€ million	930.6	1,349.3	1,349.3	1,505.2	1,235.7	1,235.7
Net financial liabilities (–) / net asset position (+)	€ million	–520.4	–425.7	–425.7	347.0	261.3	261.3
Net financial liabilities/EBITDA (LTM) [6]	x-times	0.4	0.2	0.2	–	–	–
Group earnings after tax, adjusted [7]	€ million	312.7	436.3	749.0	232.4	–54.9	177.5
Earnings per share, adjusted [7]	€	1.63	2.28	3.91	1.21	–0.29	0.93
Earnings after operating hedges	€ million	420.1	497.3	917.4	390.3	–64.2	326.1
Financial result	€ million	20.9	25.3	46.2	–17.8	0.2	–17.6
Earnings before income taxes	€ million	441.1	522.6	963.7	372.6	–64.0	308.5
Income tax expense	€ million	130.1	152.3	282.4	109.1	–18.8	90.4
Group earnings after tax and non-controlling interests	€ million	310.9	370.3	681.2	263.4	–45.3	218.2

[1] Rounding differences may arise in figures.
[2] EBITDA is defined as earnings before income taxes, interest, depreciation and amortization, adjusted for the amortization amount recognized directly in equity in connection with own work capitalized, the result of changes in the fair value of operating forecast hedges still outstanding, and changes in the fair value of realized operating forecast hedges recognized in prior periods.
[3] Relates to depreciation and amortization of property, plant, and equipment, intangible assets, and investments accounted for using the equity method, adjusted for the amount of depreciation and amortization recognized directly in equity relating to own work capitalized.
[4] No segments in accordance with IFRS 8.
[5] Relates to cash payments for investments in property, plant, and equipment and intangible assets, excluding leases in accordance with IFRS 16.
[6] LTM = last twelve months.
[7] 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 Q2/2023: 30.2 % (Q2/2022: 30.2 %).

FINANCIAL CALENDAR

DATES

	2023/2024
Quarterly Report as of September 30, 2023	November 14, 2023
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

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FORWARD-LOOKING STATEMENTS

This Half-Year Financial 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 Half-Year Financial Report beyond the disclosure requirements stipulated by law.