

Ad hoc disclosure of K+S Aktiengesellschaft

Kassel/Germany, February 17th, 2021

Statement

K+S Aktiengesellschaft: Examination of the consolidated financial statements of K+S Aktiengesellschaft as of December 31, 2019, as well as June 30, 2020, by the German Audit Office for Accounting at the occasion-related request of the German Federal Financial Supervisory Authority

At the occasion-related request of the German Federal Financial Supervisory Authority ("**Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin**"), the German Audit Office for Accounting ("**Deutsche Prüfstelle für Rechnungslegungsaufsicht - DPR**") examines the consolidated financial statements of K+S Aktiengesellschaft ("**K+S**") as of December 31, 2019, together with the related interim group management report and the abbreviated financial statements as of June 30, 2020.

BaFin informed DPR about the reason for the examination as follows:

“Specific indications exist because the assets reported in the consolidated financial statements as of December 31, 2019, and the abbreviated financial statements as of June 30, 2020, in particular non-current assets, may be overstated. According to IAS 36, among other things, assets are to be tested for impairment if facts and circumstances indicate that the book value of such an asset exceeds its recoverable amount. If facts and circumstances indicate that this is the case, an entity shall measure, present and explain any impairment loss in accordance with IAS 36.

According to the ad hoc release of K+S Aktiengesellschaft dated November 4, 2020, the assumptions regarding the long-term potash price development are now lower and regarding the cost of capital higher than previously assumed. This resulted in an impairment requirement in the Europe+ operating unit of around €2 billion in the quarterly financial statements as of September 30, 2020.”



BaFin has concrete indications that this impairment requirement may not have been determined correctly and should have been recognized in full or in part at an earlier date. Other asset items may also be affected by the need for an impairment loss.

There are therefore also indications that any required error correction in accordance with IAS 8 was not carried out.”

DPR has indicated that it reserves the right to extend the examination to further items if further indications of incorrect accounting become known.

K+S has informed DPR about its willingness to cooperate fully in the examination and to provide all necessary documents. The Board of Executive Directors assumes that it will be able to invalidate the BaFin's indications.

Further information is available at <https://www.kpluss.com>.

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