

Ad hoc disclosure of K+S Aktiengesellschaft

Kassel/Germany, June 14, 2023

Annual results / Quarter results

K+S Aktiengesellschaft: Achievability of forecast key figure ranges unlikely due to recent potash price movements

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 until the end of the year at a price of USD 307 per tonne. 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.

Therefore, a greater clarity regarding the annual results (EBITDA) will only arise after movement of significant volumes in the important overseas market of Brazil (last forecast issued on May 9, 2023: EBITDA EUR 1.15 billion to EUR 1.35 billion, adjusted free cash flow EUR 0.65 billion to EUR 0.85 billion). In case that the Chinese potassium chloride price radiates accordingly into the other markets and there is no price recovery in these markets from the levels then reached until the end of 2023, this would result in total EBITDA of about EUR 0.8 billion for K+S in 2023. This would also have a negative impact on adjusted free cash flow, but to a lesser extent than for EBITDA. However, the Company expects prices to recover in the second half of the year, which should result in EBITDA exceeding EUR 0.8 billion.



The following aspects point to a potash price recovery in the second half of the year:

- In the past, the China potash contract has usually set a floor for the international potash price level.
- The existence of a price floor has led to a recovery in demand in the past.
- Stocks-to-use-ratios of agricultural products are historically low.
- Prices for agricultural products, which are above the long-term averages, and an easing on the cost side are giving farmers corresponding room for maneuver.
- Following reduced application in some regions – in part over several application periods – there is now a need to replenish the soil potash balance.
- An increase in demand for potash-containing products will face still constrained supply, as deliveries from Belarus and Russia continue to be limited.

In the second quarter of 2023, the conclusion of the China contract and lower prices in Brazil as well as lower sales volumes due to the wait-and-see attitude on the customer side will have a negative impact on K+S's EBITDA with a low triple-digit million euro amount.

The Company will publish its H1/2023 Half-Year Financial Report on August 10, 2023.

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