K+S Aktiengesellschaft

Equity Story

We extract raw materials responsibly – today and for future generations.

Our products support people, animals or plants.

Agriculture customer segment

- Every plant needs the three macronutrients nitrogen, phosphorus and **potassium** (N, P, **K**), for which there is no substitute.
- **Global megatrends** call for **efficient nutrient use.**
- With our fertilizers**, we can support farmers in achieving stable yields.**
- Alongside traditional potassium chloride (MOP), we provide farmers with a **broad portfolio of specialty products** for various nutrient requirements, with many products also **approved for organic farming**.

K+S Website: Overview of our fertilizers

Our products support people, animals or plants.

Industry+ customer segment

- K+S offers a wide range of **high-purity salts** (sodium chloride and potassium chloride) for over 5,000 different applications.
- With our **highly diversified** customer structure and products, our results are **only slightly** affected by **industry-specific crises**.
- Our salts are also used in **pharmaceutical products** and in the **food industry** and are therefore an important part of daily life.

Agriculture has evolved and so have we – since 1889.

- **Advantages in logistics due to unique selling points**: K+S is the only potash supplier with sites on two continents and a first-class logistics network.
- **Continuous expansion of our advisory services** to provide local farmers with added value and support them in efficient fertilization. In Africa and Asia in particular, we see the greatest potential.

High access barriers in the potash market will also prevent a significant oversupply in the future.

Available Resources

Technical Feasibility

Legal Framework

Energy Supply

Water Supply

Transportation Routes

These factors make new projects both **time-consuming and capital-intensive**.

Demand for potash is growing at a CAGR of around 2%, **making new** projects or expanded **capacities** averaging around 2 million tonnes per year **urgently necessary** to meet rising demand.

Source: IFA

Global megatrends are shaping the framework for agriculture and irrigation.

SUSTAINABLE DEVELOPMENT GOALS

2 ZERO HUNGER

> 700 million people

had to suffer from hunger in 2022.

approx. 30% of the world's population

were moderately or severely affected by **food insecurity** in 2022 (approx. 2.4 billion people)

+0.2 °C global warming

per decade on average

40% of the population

Will suffer from water shortage in 2030.

9.7 billion people

will live in the world in 2050 (2022: 8.0 billion people)

A good yield requires, among other things, needs-based fertilization with the necessary nutrients.

A needs-based potassium supply can support important plant functions and thus make plants more resilient to extreme weather conditions.

Sources: FAO, IFAD, UNICEF, WFP and WHO. 2023 The State of Food Security and Nutrition in the World 2023: Urbanization, agrifood systems transformation and healthy diets across the rural-urban continuum. Rome, FAO; "Global temperature change" by James Hansen et al. (September 25, 2006); UNESCO World Water Report 2021; United Nations World Population Prospects 2022; World Population Clock of the German Foundation for World Population (as of 2022)

We offer farmers a broad specialty portfolio for various nutrient requirements in addition to MOP.

Soil fertilizer

	✓ *	K_2O	MgO	S**	Other nutrients
KALIMOP	✓	60	-	-	-
Korn-KALI®	✓	38	6	4.8	
Korn-KALI® +B	✓	38	6	4.8	0.25 B
Roll-KALI	✓	48	4	4	-
Magnesia-Kainit®	✓	9	4	3.2	26.7 Na
KALISOP®	✓	50	-	17.6	-
PatentKALI®	✓	30	10	17.6	-
ESTA® Kieserit	✓	-	25	20.8	-

Foliar and liquid fertilizer

	✓ *	K_2O	MgO	S**	Other nutrients
epsoTOP®	✓	-	16	13	-
epsoMICROTOP®	✓	-	15	12.4	0,9 B . 1 Mn
epsoCOMBITOP®	✓	-	14	13.8	4 Mn . 1 Zn
epsoBORTOP®	✓	-	12.6	10	4 B
epsoPROFITOP®	✓	-	12	14	5 Mn . 2 Zn . 1 Cu
soluMOP®	✓	60	-	-	-
soluSOP® 52 ORGANIC	✓	52.5	-	18	-
soluCMS®	✓	-	33	26	-
soluAMS® PREMIUM		-	-	24	21 NH_4-N
soluMAP®		-	-	-	12 NH_4-N . 61 P_2O_5

* ✓ = for organic farming

Figures in percent | ** Conversion example sulfur (S) to sulfur trioxide (SO_3): 4% S × 2.5 = 10% SO_3

K+S Website: Overview of our fertilizers

Our strategy focuses on optimizing the existing business.

70%

OPTIMIZATION OF THE EXISTING BUSINESS

+ Operations Excellence
+ Ramp-up Bethune
+ Site Strategies (e.g., Werra 2060)
+ Ecological footprint
+ Energy transformation

20%

EXPANSION / FURTHER DEVELOPMENT OF OUR BUSINESS

+ Fertigation
+ Micronutrients
+ Biostimulants
+ Soil Health

10%

NEW BUSINESS AREAS

+ REKS/leveraging infrastructure
+ Circular economy
+ Decarbonization
+ Digitalization/ automation

Climate Strategy

Sustainability Goals

Our strategy focuses on optimizing the existing business.

Continuous growth potential: With our new potash plant in Bethune, Canada, we can grow steadily and increase our production by >100,000 tonnes a year. As a result of the solution mining process, the plant will position itself within the most cost-effective 25% of potash producers with a final production rate of 4 million tonnes per year.

At the same time, we are optimizing our German sites to ensure our position also at the lower end of the cycle and to reduce stockpiling, process water production and emissions (keyword: **Werra 2060 project**).

Expanding our specialties portfolio: We recognize global trends and are expanding our range of specialty products.

Leveraging our unique infrastructure: It offers many opportunities such as the storage of gas in caverns, underground farming, tailings pile covering, waste and recycling management.

We extract raw materials responsibly – today and for future generations.

Through the extensive use of **highly efficient CHP technology**, the fuel switch from coal to natural gas, and the implementation of **energy efficiency measures**, we have already **significantly reduced** our **GHG emissions** (Scope 1 and Scope 2) of our active German sites since 1990.

At the same time, we continue to set ourselves **ambitious goals to reduce** the CO_2 footprint of potash and salt production and have developed a transformation path to be **greenhouse gas neutral (Scope 1 and 2) by 2045**.

In addition, we comply with **strict environmental regulations**, especially in the area of production water.

Our products can **support Sustainable Development Goals (SDGs).**

Our financial ambitions are aligned with the cyclical nature of our business.

We want to **earn our cost of capital** on average over a 5-year cycle (ROCE > WACC).

We are also aiming for an average **EBITDA margin of more than 20%** over this cycle.

K+S wants to maintain a **strong balance sheet** and generally strives for a **maximum leverage ratio (net debt/EBITDA) of 1.5x.**

Distribution Strategy

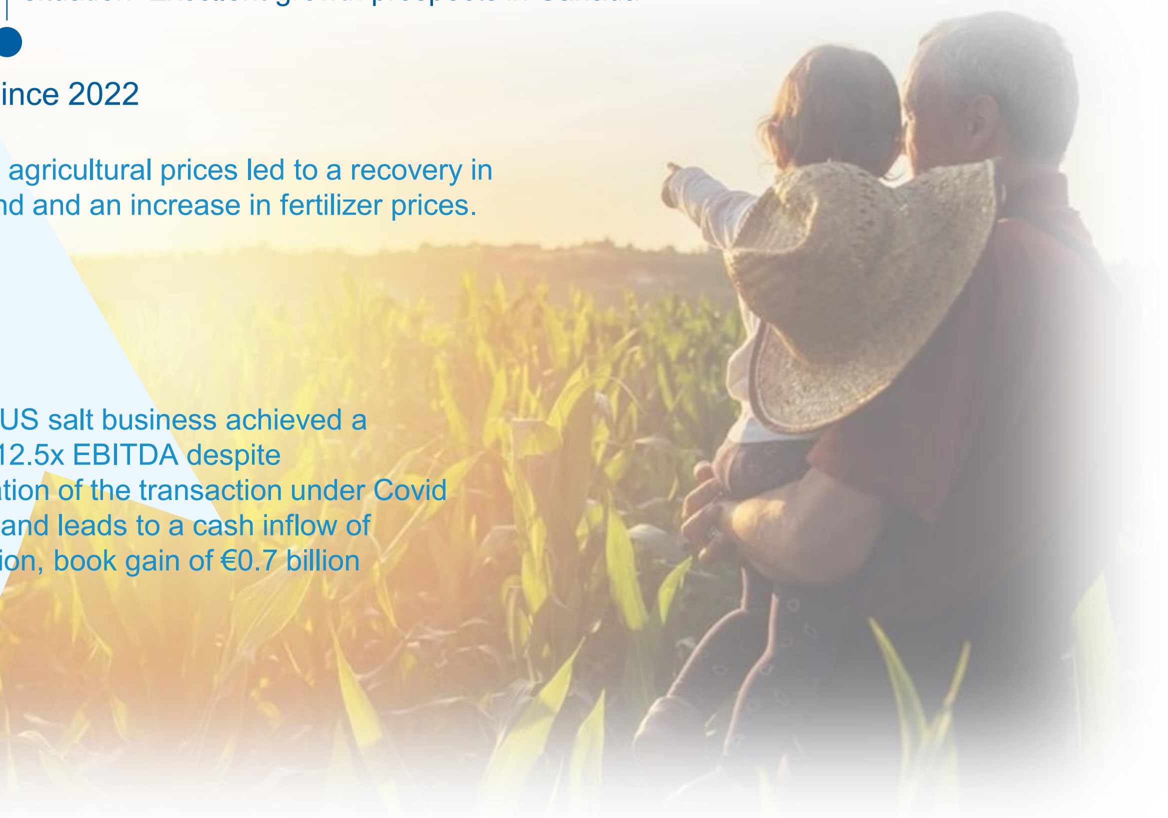
K+S aims to return 30 – 50% of the adjusted free cash flow (operative) to the shareholders.

The distribution takes the form of a **dividend**, which **can be combined with a share buyback** in very good years to counteract strong fluctuations in the annual dividend.

The following factors are applied in determining the exact percentage:

- Expected business development
- Expected development of capital expenditure
- Balance sheet structure

We have emerged stronger from the challenges of recent years and are well positioned for the future.



2018

Severe drought led to production restrictions at German potash sites due to disposal bottlenecks for saline water

2019/20

Due to low agricultural prices, farmers had little incentive to fertilize efficiently to increase their harvest, which led to a further decline in fertilizer prices

2020

Partially negative cash flows further increased the already high level of indebtedness due to the construction of the Canadian potash plant. Net financial liabilities/EBITDA increased to over 7x and the rating was downgraded to B (outlook: negative).
Suspension of the dividend payment for 2020.

2021

Sale of the US salt business achieved a multiple of 12.5x EBITDA despite implementation of the transaction under Covid restrictions and leads to a cash inflow of USD3.2 billion, book gain of €0.7 billion

2021

Rising agricultural prices led to a recovery in demand and an increase in fertilizer prices.

Since 2022

Net financial debt can be fully eliminated through operating business development and strategic realignment; rating back in the BBB- investment grade range. Significantly improved waste disposal safety and permit situation. Excellent growth prospects in Canada.

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