Q1/2022
Quarterly Report

Q1/2022 figures:

+ K+S Group revenues rise to €1,212 million in the first quarter (Q1/2021: €733 million)
+ EBITDA of €524 million significantly higher year-on-year (Q1/2021: €126 million)
+ Adjusted free cash flow before one-off effects reaches €+291 million (Q1/2021: €–15 million); after taking into account the repayment of factoring of €106 million and the purchase of CO_2 certificates of €82 million, adjusted free cash flow amounted to €+103 million

2022 outlook:

+ Outlook is based, amongst others, on the assumption of uninterrupted production (no gas shortage)
+ EBITDA expected to range between €2.3 to €2.6 billion (previous outlook: €1.6 to €1.9 billion; 2021: €969 million, including one-off gain from REKS)
+ Adjusted free cash flow (operative) expected to range between €1,000 to €1,200 million; excluding taking into account one-off expenses of around €230 million (previous outlook: €600 to €800 million; 2021: €93 million, including REKS cash inflow)

KEY FIGURES FROM CONTINUING OPERATIONS

		Q1/2021	Q1/2022	%
K+S Group				
Revenues	€ million	733.3	1,212.3	+65.3
EBITDA [1]	€ million	126.0	524.1	> +100
EBITDA margin	%	17.2	43.2	> +100
Depreciation and amortization [2]	€ million	65.1	101.4	+55.8
Agriculture customer segment [3]				
Revenues	€ million	469.0	944.1	> +100
Sales volumes	t million	2.01	1.79	–11.0
Industry+ customer segment [3]				
Revenues	€ million	264.3	268.2	+1.5
Sales volumes	t million	2.43	1.83	–24.7
– thereof de-icing salt	t million	1.35	0.61	–54.5
Capital expenditure (CapEx) [4]	€ million	48.1	49.2	+2.3
Equity ratio	%	30.1	62.5	> +100
Return on Capital Employed (LTM) [5]	%	–29.8	42.0	–
ROCE (LTM) without effects from impairment loss/ reversal of impairment loss on non-current assets [5]	%	–32.9	16.3	–
Net financial liabilities as of March 31	€ million	–3,275.1	–520.4	+84.1
Net financial liabilities/EBITDA (LTM) [5]	x-times	8.3	0.4	–95.2
Market capitalization as of March 31	€ billion	1.62	5.25	> +100
Enterprise value (EV) as of March 31	€ billion	6.09	6.90	+13.2
Book value per share as of March 31	€	13.79	29.89	> +100
Average number of shares	million	191.4	191.4	–
Employees on March 31 [6]	number	10,896	10,772	–1.1

KEY FIGURES FOR CONTINUING AND DISCONTINUED OPERATIONS

		Q1/2021	Q1/2022	%
Group earnings after tax, adjusted [7]	€ million	280.8	312.7	+11.4
– thereof continuing operations	€ million	229.3	312.7	+36.4
– thereof impairment loss (–)/reversal of impairment loss (+) on non-current assets	€ million	180.0	–	–
– thereof discontinued operations	€ million	51.5	–	–
Earnings per share, adjusted [7]	€	1.47	1.63	+11.4
– thereof continuing operations	€	1.20	1.63	+36.4
– thereof impairment loss (–)/reversal of impairment loss (+) on non-current assets	€	0.94	–	–
– thereof discontinued operations	€	0.27	–	–
Net cash flow from operating activities	€ million	147.1	252.8	+71.9
– thereof continuing operations	€ million	82.2	253.7	> +100
– thereof discontinued operations	€ million	64.9	–0.9	–
Adjusted free cash flow	€ million	37.3	102.1	> +100
– thereof continuing operations	€ million	–15.1	103.0	–
– thereof discontinued operations	€ million	52.4	–0.9	–

[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] Relates to scheduled amortization of intangible assets and depreciation of property, plant, and equipment, adjusted for depreciation and amortization of own work capitalized recognized directly in equity.
[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] FTE = full-time equivalents; part-time positions are weighted according to their share of working hours.
[7] The adjusted key figures include the gains/losses from operating anticipatory hedges for the respective reporting period; effects from fluctuations in the fair value of hedges are eliminated. The effects on deferred and cash taxes are also adjusted; tax rate Q1/2022: 30.2% (Q1/2021: 30.1%).

CORPORATE STRATEGY AND GOVERNANCE

For a comprehensive presentation of corporate strategy and governance, please refer to the corresponding chapters "Corporate strategy" from page 39 of the 2021 Annual Report and "Corporate governance and monitoring" from page 107 of the 2021 Annual Report.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

The macroeconomic and geopolitical effects following Russia's attack on Ukraine on February 24, 2022, as well as their impact on the K+S GROUP cannot be estimated at present. K+S has established close monitoring, particularly regarding emerging or occurring changes in energy availability, sanctions, receivables management, supply chains, cyber security, agricultural price changes as well as the potash supply and demand situation. In the 2021 financial year, revenues from Russian and Belarusian customers amounted to less than 1% of Group revenues. K+S does not own any assets in Russia, Belarus, and Ukraine.

Ukraine and Russia produce one-third of the world's wheat. As a result, agricultural prices rose immediately after the attack. A large part of global fertilizer production comes from Russia and Belarus. With respect to our potash fertilizer business, an increase in global potash supply necessary for meeting rising demand is already hardly possible in the short term even without sanctions. The sanctions against Belarus will further exacerbate this shortage. The extent of the sanctions against Russia and their impact on the potash market are still uncertain, but many customers are already refraining from Russian supplies for reasons of morale or because of uncertain payment and logistics flows. This situation has resulted in prices for potassium chloride published in the international trade press rising to as much as USD 1,200 per tonne in the overseas reference market of Brazil and to as much as €1,000 per tonne in Europe.

Due to the current situation, a reliable assessment of the secure energy supply is also not possible. On the price side, K+S has already secured attractive conditions for the producing sites before the outbreak of the war. For 2022, the price for more than 90% of the gas demand in Europe has been fixed. For 2023 and 2024, more than 70% of the conditions have been set.

With its European production, K+S, like almost all industrial operations in Germany, is dependent on the reliable supply of gas. The processing of the crude salt mined or the generation of heat and electricity at the potash production sites are based almost entirely on natural gas. Only the Wintershall site of the Werra plant receives energy from a waste incineration plant.

A cutback in the supply of natural gas would immediately lead to supply bottlenecks in Germany – also for critical infrastructure. The products of K+S are used as fertilizers for agriculture, as an intermediate product for the chemical and pharmaceutical industries as well as food and animal nutrition. K+S therefore makes a system-relevant contribution to many industries and to society. In order to make this clear, we immediately intensified the dialogue with politicians and grid operators.

K+S is observing further developments very closely, working at full speed on various scenarios and deriving the necessary measures from them in order to be best prepared for changed framework conditions. This includes, among other things, changing the mode of operation at our plants.

Against the background of the war against Ukraine, the strategic decision of K+S to build the new potash plant in Bethune and therefore to diversify production regionally is clearly confirmed.

The Supervisory Board of K+S AKTIENGESELLSCHAFT has mutually agreed with the previous Chief Financial Officer, Mr. Thorsten Boeckers, to terminate Mr. Boeckers' service agreement at the end of February 2022. Dr. Burkhard Lohr, Chairman of the Board of Executive Directors, will also assume the function of Chief Financial Officer on a transitional basis. Mr. Riemensperger, as Labour Director, will take over responsibility for HR from Dr. Lohr as well as responsibility for Procurement. At the same time, the Supervisory Board of K+S AKTIENGESELLSCHAFT has appointed Dr. Christian H. Meyer as the new Chief Financial Officer as of March 15, 2023. He will take over the management and further development of the finance area at K+S. Further information on this can be found on page 132 of the 2021 Annual Report.

CHANGES IN THE CONSOLIDATED GROUP AND THE GROUP STRUCTURE

The scope of consolidation has changed as follows compared with the status as of December 31, 2021: The previously non-consolidated subsidiaries of the K+S GROUP K+S MINERALS AND AGRICULTURE (PANAMA) S.A., K+S FERTILIZERS (INDIA) PTY LTD. and MSW-CHEMIE GMBH are included in the scope of consolidation; K+S (HULUDAO) MAGNESIUM PRODUCTS CO., LTD. is no longer included in the scope of consolidation.

As part of the closing of the REKS joint venture on December 22, 2021, 50% of the shares in REKS VERWALTUNGS GMBH and initially 38% of the shares in REKS GMBH & CO. KG were sold to REMEX GMBH. At the same time, REKS GMBH & CO. KG was deconsolidated and included in the consolidated financial statements as a joint venture. Furthermore, REKS GMBH & CO. KG relocated its registered office to Düsseldorf. On February 10, 2022, the remaining 12% of the shares in REKS GMBH & CO. KG were transferred to REMEX GMBH against contribution in kind.

EARNINGS POSITION, FINANCIAL POSITION, AND NET ASSETS

The efficiency losses associated with the extensive measures to minimize the contagion risks associated with COVID-19 had an overall negative EBITDA effect in the mid-double-digit million range in 2021. In the reporting quarter, EBITDA was negatively impacted by a good €10 million due to the efficiency losses described, similar to the prior-year quarter.

EARNINGS POSITION

KEY FIGURES FOR EARNINGS FROM CONTINUING OPERATIONS

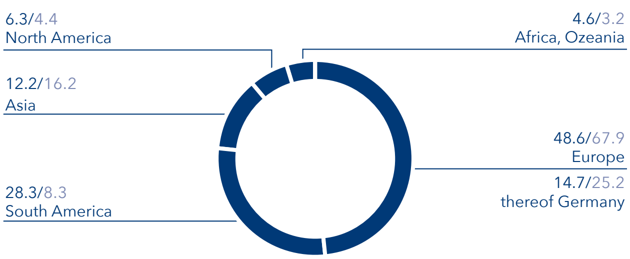
in € million	Q1/2021	Q1/2022	%
Revenues	733.3	1,212.3	+65.3
EBITDA	126.0	524.1	> +100
Depreciation and amortization [1]	65.1	101.4	+55.8
Group earnings after tax, adjusted [2]	229.3	312.7	+36.4
– thereof impairment loss (–)/reversal of impairment loss (+) on non-current assets	180.0	–	–

[1] Relates to scheduled amortization of intangible assets and depreciation of property, plant, and equipment, adjusted for depreciation and amortization of own work capitalized recognized directly in equity.
[2] The adjusted key figures include the gains/losses from operating anticipatory hedges for the respective reporting period; effects from fluctuations in the fair value of hedges are eliminated. The effects on deferred and cash taxes are also adjusted; tax rate Q1/2022: 30.2% (Q1/2021: 30.1%).

In the quarter under review, K+S GROUP revenues rose by 65% from €733.3 million in the previous year to €1,212.3 million. Higher average prices in both customer segments as well as positive currency effects more than compensated for lower sales volumes, especially as a result of weaker demand for de-icing salt due to weather conditions, occasional time shifts in logistics as well as lower inventories at the beginning of the year in the Agriculture customer segment.

REVENUES BY REGION

in %



January to March 2022/2021

VARIANCE COMPARED TO PREVIOUS YEAR

in %

Change in revenues	**+65.3**
– volume/structure-related	–4.4
– price/pricing-related	+67.6
– currency-related	+1.8
– consolidation-related	+0.3

Overall, the EBITDA of the K+S GROUP reached €524.1 million in the first quarter and was therefore significantly above the level of the previous year (Q1/2021: €126.0 million from continuing operations). The effects described in the change in revenues more than offset increased costs, especially for energy, materials, and freight.

The regular impairment testing of the Potash and Magnesium Products cash-generating unit in accordance with IFRS is described on pages 47 and 192 of the 2021 Annual Report. There was no need for adjustments in the quarter under review.

Adjusted Group earnings after tax from continuing operations amounted to €312.7 million in the first three months of 2022 (Q1/2021: €229.3 million, benefiting from a non-cash reversal of impairment losses on non-current assets amounting to €180 million; €49.3 million excluding this reversal); this results in a value per share of €1.63 (Q1/2021: €1.20, benefiting from the non-cash reversal of impairment losses on non-current assets; excluding the reversal of impairment losses, €0.26 per share). The strong improvement was particularly driven by the increase in EBITDA and a positive change in the financial result from €10.3 million in the prior-year period to €20.9 million in the first quarter of 2022; this improvement was attributable to positive interest effects on mining provisions and lower interest expenses for financial liabilities.

FINANCIAL POSITION

In the first quarter, the K+S GROUP invested a total of €49.2 million (Q1/2021: € 48.1 million).

Despite the repayment of factoring, cash flow from operating activities rose to €253.7 million in the first quarter of 2022, compared with €82.2 million in the first quarter of 2021. The significant improvement in EBITDA more than offset the higher level of funds tied up in working capital. Without the negative one-off effect from the repayment of factoring in the first quarter of 2022, cash flow would have amounted to €360.0 million.

Cash flow from investing activities amounted to €–168.4 million, compared with €–97.3 million in the prior-year period. The increase compared with the prior-year period is attributable in particular to the purchase of further CO_2 certificates in the amount of €81.6 million.

Adjusted free cash flow increased to €103.0 million (Q1/2021: €-15.1 million from continuing operations). Excluding the repayment of the factoring volume and the purchase of CO_2 certificates in the first quarter of 2022, adjusted free cash flow would have been €291.0 million.

FINANCIAL POSITION OF CONTINUING OPERATIONS

in € million	Q1/2021	Q1/2022	%
Capital expenditures [1]	48.1	49.2	+2.3
Net cash flow from operating activities	82.2	253.7	> +100
Net cash flow from investing activities	–97.3	–168.4	–73.1
Free cash flow	**–15.1**	**85.3**	–
Adjustment for acquisitions/disposals of securities and other financial investments	–	17.7	–
Adjusted free cash flow	**–15.1**	**103.0**	–

[1] Relates to cash-effective investments in property, plant and equipment and intangible assets excluding lease additions in accordance with IFRS 16.

NET ASSETS

NET FINANCIAL LIABILITIES AND NET DEBT FROM CONTINUING OPERATIONS

in € million	March 31, 2021	December 31, 2021	March 31, 2022
Cash and cash equivalents	150.8	390.8	402.6
Non-current securities and other financial investments	13.3	18.4	13.3
Current securities and other financial investments	–	213.5	228.3
Financial liabilities	–3,376.0	–1,191.0	–1,126.5
Lease liabilities from finance lease contracts	–63.2	–38.0	–38.1
Net financial liabilities	**–3,275.1**	**–606.3**	**–520.4**
Lease liabilities excluding liabilities from finance lease contracts	–176.3	–168.3	–162.8
Net financial liabilities (including all lease liabilities)	**–3,451.4**	**–774.6**	**–683.2**
Provisions for pensions and similar obligations	–90.5	–16.0	–4.8
Provisions for mining obligations	–928.5	–1,017.4	–953.6
Net debt	**–4,470.3**	**–1,808.0**	**–1,641.5**

As of March 31, 2022, net cash and cash equivalents amounted to €395.5 million (December 31, 2021: €382.7 million; March 31, 2021: €230.7 million).

As of the reporting date, the net financial liabilities of the K+S GROUP amounted to €520.4 million (December 31, 2021: €606.3 million; March 31, 2021: €3,275.1 million).

The net financial liabilities/EBITDA from continuing operations ratio was 0.4 times (LTM) as of March 31, 2022, compared to 0.6 times as of December 31, 2021, and 8.3 times in the prior-year period.

CUSTOMER SEGMENTS (NO SEGMENTS ACCORDING TO IFRS 8)

AGRICULTURE CUSTOMER SEGMENT

KEY FIGURES FOR THE AGRICULTURE CUSTOMER SEGMENT

in € million	Q1/2021	Q1/2022	%
Revenues	**469.0**	**944.1**	**> +100**
– thereof potassium chloride	252.5	625.3	> +100
– thereof fertilizer specialties	216.5	318.8	+47.2
Sales volumes (in million tonnes)	**2.01**	**1.79**	**–11.0**
– thereof potassium chloride	1.24	1.11	–10.8
– thereof fertilizer specialties	0.77	0.69	–11.4

In the Agriculture customer segment, first-quarter revenues rose significantly to €944.1 million (Q1/2021: €469.0 million). Significantly higher average selling prices and positive currency effects offset lower sales volumes due to occasional time shifts in logistics, lower inventories at the beginning of the year, as well as lower sales volumes to the NPK industry due to production restrictions caused by a shortage of nitrogen. In the quarter under review, revenues in Europe were €349.9 million (Q1/2021: €250.6 million), while overseas revenues were €594.2 million (Q1/2021: €218.4 million). In total, €625.3 million of revenues were attributable to potassium chloride (Q1/2021: €252.5 million) and €318.8 million to fertilizer specialties (Q1/2021: €216.5 million).

Sales volumes in the first quarter were 1.79 million tonnes compared with 2.01 million tonnes in the prior-year quarter. In the quarter under review, 0.76 million tonnes were sold in Europe (Q1/2010: 0.97 million tonnes) and 1.03 million tonnes overseas (Q1/2021: 1.04 million tonnes). In total, potassium chloride accounted for 1.11 million tonnes of the sales volume (Q1/2021: 1.24 million tonnes) and fertilizer specialties for 0.69 million tonnes (Q1/2021: 0.77 million tonnes). The lower sales volume of the fertilizer specialty potassium sulfate was mainly attributable to the termination of the supply relationship with EUROCHEM ANTWERPEN N.V. at the end of the first quarter due to the geopolitical situation.

VARIANCE COMPARED TO PREVIOUS YEAR

in %	
Change in revenues	**+101.3**
– volume/structure-related	–0.0
– price/pricing-related	+98.3
– currency-related	+2.6
– consolidation-related	+0.4

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

		Q1/2021	Q2/2021	Q3/2021	Q4/2021	2021	Q1/2022
Revenues	€ million	**469.0**	**473.7**	**529.1**	**800.3**	**2,272.1**	**944.1**
Europe	€ million	250.6	202.1	200.5	302.9	956.1	349.9
Overseas	USD million	263.1	327.5	387.4	568.7	1,546.7	666.5
Sales volumes	**million tonnes eff.**	**2.01**	**1.89**	**1.76**	**1.96**	**7.62**	**1.79**
Europe	million tonnes eff.	0.97	0.77	0.69	0.80	3.23	0.76
Overseas	million tonnes eff.	1.04	1.12	1.07	1.16	4.39	1.03
Average price	**€/tonne eff.**	**233.3**	**250.0**	**300.6**	**407.6**	**298.0**	**527.0**
Europe	€/tonne eff.	258.4	263.8	289.9	376.8	295.7	462.1
Overseas	USD/tonne eff.	253.0	292.8	362.6	490.4	352.4	644.3

INDUSTRY+ CUSTOMER SEGMENT

KEY FIGURES FOR THE INDUSTRY+ CUSTOMER SEGMENT

in € million	Q1/2021	Q1/2022	%
Revenues	264.3	268.2	+1.5
Sales volumes (in million tonnes)	2.43	1.83	–24.7
– thereof de-icing salt	1.35	0.61	–54.5

In the Industry+ customer segment, revenues increased to €268.2 million in the reporting quarter (Q1/2021: €264.3 million from continuing operations). This was mainly due to higher average prices and sales volumes for products containing potassium chloride, which offset lower sales volumes due to weather conditions compared with the above-average de-icing salt business in the previous year. The higher prices had a particularly positive impact on our industrial products as well as products for the chemical industry. Revenues for consumer products were maintained at the level of the strong prior-year quarter.

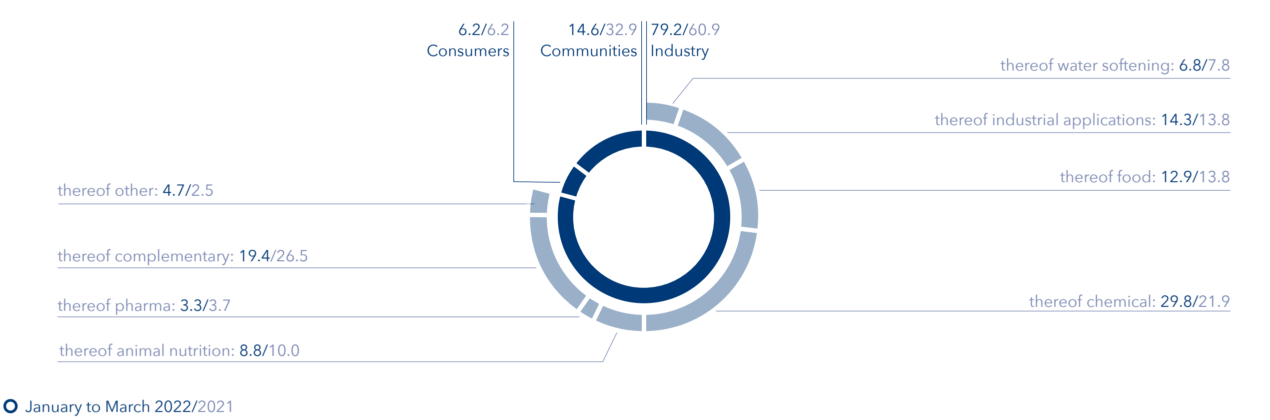
Overall, sales volumes of 1.83 million tonnes were significantly below the level of the previous year (Q1/2021: 2.43 million tonnes from continuing operations). In particular, the mild winter compared to the above-average prior-year quarter led to a decline of 0.74 million tonnes. While sales volumes of products for pharmaceutical, chemical, and industrial applications increased, sales volumes of consumer products almost reached the strong level of the previous year.

VARIANCE COMPARED TO PREVIOUS YEAR

in %	
Change in revenues	**+1.5**
– volume/structure-related	–12.2
– price/pricing-related	+13.2
– currency-related	+0.4
– consolidation-related	+0.1

REVENUES BY PRODUCT GROUP

in %



REPORT ON RISKS AND OPPORTUNITIES

For a comprehensive presentation of potential risks and opportunities, we refer to the relevant sections of our Annual Report 2021 starting on page 117.

On March 30, 2022, the German Federal Ministry of Economics and Climate Protection (BMWK) declared the so-called early warning stage of the Gas Emergency Plan in Germany and convened the Gas Crisis Team in preparation for potential supply restrictions or outages of the gas supply. The Gas Emergency Plan regulates gas supply in Germany in a crisis situation. There are currently no supply bottlenecks and the overall supply to all German gas consumers is guaranteed without restriction. If there were to be a gas shortage in Germany as a result of further sanctions or a freeze on exports from Russia, this would have an adverse effect on the energy supply to German sites and consequently lead to production restrictions. The risk of energy availability has therefore increased significantly and must now be classified as significant (previously: moderate), even against the background of significantly increased sales prices for our products. Due to the existing uncertainties with regard to the occurrence, volume and duration of a possible gas shortage, it is currently not possible to make reliable statements with regard to the probability of occurrence (hitherto: possible) and more precise information about the extent of the impact. K+S is working on alternatives to secure the energy supply and on different risk scenarios.

The situation on the procurement market also remains very tight for maintenance and production materials. Since March there has been a significant shortage of capital goods and services which depend on steel parts. Significantly longer delivery times, supply bottlenecks/failures, and higher prices are to be expected.

In the Agriculture customer segment, average prices have increased significantly. These will significantly exceed expected cost increases, especially for energy, logistics, and materials. A further increase in potash prices cannot be ruled out. A very high price level may, however, also lead to a decline in demand. Furthermore, an easing of the geopolitical situation in the near future may have an impact on potash supply. In both cases, a normalization of potash prices could not be ruled out.

The risks to which the K+S GROUP is exposed, both individually and in interaction with other risks, are limited and, according to current estimates, do not jeopardize the continued existence of the Company. Opportunities and risks as well as their positive and negative changes are not set off against each other.

2022 OUTLOOK

The mid- to long-term trends for the future industry situation described in the 2021 Annual Report from page 133 onwards largely remain valid.

As a result of the severely restricted supplies from Belarus and Russia, we assume for the Agriculture customer segment that the record world potash sales of up to 77 million tonnes (including just under 5 million tonnes of potassium sulfate and potash grades with lower mineral contents) from 2020 and 2021 cannot be achieved and will be lower in 2022 due to availability (2021: about 77 million tonnes; previous outlook: up to 77 million tonnes).

Particularly from the end of the first quarter, the tighter sanctions against Russia and Belarus and the resulting uncertainty on the market regarding the availability of fertilizers caused prices for potassium chloride both overseas and in Europe to rise further from the already high level at the end of the previous year, so that we now assume an even stronger increase in potassium chloride prices on an annual average than before. We therefore also expect fertilizer specialties to increase more significantly on average over the year.

With winter weather conditions in the first quarter falling short of the long-term average, the following early-fills business is also likely to be weaker, so that overall we expect below-average demand for de-icing salt after the strong previous year due to weather conditions; for the fourth quarter, we expect sales volumes to be in line with the average of the past ten years. Demand for the remaining products in the Industry+ customer segment should develop positively overall.

The strong increase in average prices in the Agriculture customer segment should significantly exceed expected cost increases, in particular for energy, logistics, and materials, assuming that there are no production restrictions in Germany due to bottlenecks in the availability of natural gas. Against this background, we now expect EBITDA to increase sharply to between €2.3 billion and €2.6 billion in the 2022 financial year (previous outlook: €1.6 billion to €1.9 billion; 2021: €969.1 million, including €219.2 million one-off effect from the REKS transaction).

Against the background of the current uncertainties regarding the supply of natural gas from Russia to Europe, we refer to our explanations in the Report on Risks and Opportunities. If a gas shortage were to occur, this would impair energy supplies to German sites and therefore lead to production cutbacks.

Our estimate for the full year 2022 is essentially based on the following assumptions:

+ Beyond the aforementioned COVID 19-related efficiency losses, which we expect for the rest of the year per quarter at the level of the first quarter, we do not anticipate any material adverse effects on our business as a result of the COVID-19 pandemic.
+ In accordance with our assessment of the market environment in the Agriculture customer segment, we continue to assume a strong increase in the average price for potash and magnesium fertilizers in our product portfolio in 2022 compared with 2021 (2021: €298).
+ For the full year 2022, cost increases in the mid three-digit million range (€) are assumed compared with the cost level in 2021, particularly for energy, logistics, and materials.
+ Uninterrupted production (no gas shortage). The expected sales volume of all products in the Agriculture customer segment is likely to be a good 7.7 million tonnes (2021: 7.62 million tonnes), in particular due to the further ramp-up of production in Bethune.
+ Due to the below-average start of the de-icing salt business as a result of weather conditions, we expect sales volumes of just under 2.0 million tonnes in the 2022 financial year following the historically strong winter in the previous year (previous outlook: a good 2.0 million tonnes; 2021: 3.2 million tonnes; normal year: 2.0 to 2.3 million tonnes).
+ With regard to the EUR/USD exchange rate, an average spot rate of 1.16 EUR/USD (2021: 1.18 EUR/USD) is assumed.

We expect adjusted Group earnings after tax from continuing operations excluding impairment effects to increase strongly year-on-year (2021: €525.0 million).

Adjusted free cash flow from continuing operations excluding the one-off effect from the almost full repayment of factoring and the purchase of CO_2 certificates totaling around €230 million is expected to range between €1,000 million and €1,200 million (previous outlook: between €600 million and €800 million; 2021: €92.7 million). Taking into account this appropriation of funds, the outlook for adjusted free cash flow is therefore between €770 million and €970 million. The capital expenditure volume of the K+S GROUP in 2022 should amount to a good €400 million (previous outlook: €400 million; 2021: €334.3 million), despite the intended acceleration of the ramp-up at the Bethune plant as a result of anticipated delays in supplies, especially in Europe.

Return on capital employed (ROCE) from continuing operations, excluding impairment effects, is expected to increase strongly in 2022 (2021: 11.2%).

CHANGES IN THE FORECASTS FOR THE FULL YEAR 2022

K+S Group		2021 ACTUAL (continuing operations)	2022 Forecast in 2021 Annual Report	2022 Forecast Q1/2022
EBITDA [1]	€ million	969; thereof 219 REKS (one-off)	1,600 to 1,900	2,300 to 2,600
Capital expenditures [2]	€ million	334.3	400	a good 400
Group earnings after tax, adjusted, excluding impairment effects [3]	€ million	525.0	strong increase	strong increase
Adjusted free cash flow	€ million	92.7	600 to 800	1,000 to 1,200 [4]
ROCE, excluding impairment effects	%	11.2	strong increase	strong increase
EUR/USD exchange rate	EUR/USD	1.18	1.16	1.16
Sales volumes in Agriculture customer segment	million tonnes eff.	7.6	a good 7.7	a good 7.7
Average price in Agriculture customer segment	€/tonne eff.	298.0	strong increase compared to FY 2021	strong increase compared to FY 2021
Sales volumes de-icing salt	million tonnes eff.	3.20	a good 2.0	just under 2.0

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

[3] The adjusted key figures include the gains/losses from operating forecast hedges for the respective reporting period; effects from fluctuations in the fair value of hedges are eliminated. The effects on deferred and cash taxes are also adjusted; tax rate 2021: 30.2%.

[4] Taking into account the one-off effect from the almost full repayment of factoring and the purchase of CO_2 certificates totaling around €230 million, the expected adjusted free cash flow should range between €770 million and €970 million.

RESPONSIBILITY STATEMENT FROM THE LEGAL REPRESENTATIVES OF K+S AKTIENGESELLSCHAFT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and earnings situation of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Kassel, May 11, 2022

K+S AKTIENGESELLSCHAFT

The Board of Executive Directors

INCOME STATEMENT[1]

in € million	3M/2021	3M/2022	12M/2021	LTM[2]
Revenues	**733.3**	**1,212.3**	**3,213.1**	**3,692.1**
Cost of goods sold	439.0	707.5	734.0	1,002.5
Gross profit	**294.3**	**504.8**	**2,479.1**	**2,689.6**
Selling, general, and administrative expenses	45.4	49.7	175.9	180.2
Other operating income	43.9	41.5	351.3	348.9
Other operating expenses	61.0	58.0	196.0	193.0
Share of profit or loss of equity-accounted investments	–0.2	–0.5	–1.6	–1.9
– thereof reversals of impairment losses/impairment losses	–	–	–1.3	–1.3
Income from equity investments, net	0.1	0.2	5.0	5.1
Gains/(losses) on operating anticipatory hedges	–10.6	–18.2	–43.1	–50.7
Earnings after operating hedges[3]	**221.3**	**420.1**	**2,418.8**	**2,617.6**
Interest income	–	3.4	10.1	13.5
Interest expenses	26.7	–9.4	23.8	59.9
Other financial result	37.0	8.1	20.7	–8.2
Financial result	**10.3**	**20.9**	**7.0**	**17.6**
Earnings before tax	**231.5**	**441.1**	**2,425.8**	**2,635.4**
Income tax expense	15.9	130.1	252.8	367.0
– thereof deferred taxes	12.4	13.6	148.9	150.1
Earnings after tax from continuing operations	**215.6**	**310.9**	**2,173.0**	**2,268.3**
Earnings after tax from discontinued operations	**–33.5**	**–**	**810.3**	**843.8**
Earnings for the period	**182.2**	**310.9**	**2,983.2**	**3,111.9**
Non-controlling interests	–	–	–	–
Earnings after tax and non-controlling interests	**182.2**	**310.9**	**2,983.2**	**3,111.9**
– thereof from continuing operations	215.6	310.9	2,173.0	2,268.3
– thereof from discontinued operations	–33.5	–	810.3	843.8
Earnings per share in € (undiluted = diluted)	**0.95**	**1.62**	**15.59**	**16.26**
– thereof from continuing operations	1.13	1.62	11.35	11.85
– thereof from discontinued operations	–0.18	–	4.23	4.41

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months
[3] Key indicators not defined in the IFRS regulations.

RECONCILIATION OF OPERATING RESULT AND EBITDA [1, 3]

in € million	3M/2021	3M/2022	12M/2021	LTM[2]
Earnings after operating hedges	**221.3**	**420.1**	**2,418.8**	**2,617.6**
Income (–)/expense (+) arising from changes in the fair value of outstanding operating anticipatory hedges	7.9	13.5	31.0	36.6
Elimination of prior-period changes in fair value of operating anticipatory hedges	11.7	–10.9	38.1	15.5
Earnings before operating hedges	**240.9**	**422.7**	**2,487.9**	**2,669.7**
Depreciation and amortization (+)/impairment losses (+)/reversal of impairment losses (–) on non-current assets	–113.7	103.0	–1,514.6	–1,297.9
Capitalized depreciation (–)[4]	–1.2	–1.6	–5.5	–5.9
Impairment losses (+)/reversals of impairment losses (–) on equity-accounted investments	–	–	1.3	1.3
EBITDA	**126.0**	**524.1**	**969.1**	**1,367.2**

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months
[3] Key indicators not defined in the IFRS regulations.
[4] These are depreciations of assets used for the production of other assets, plant and equipment. Depreciation is capitalized as part of cost and not recognized in profit or loss.

BALANCE SHEET – ASSETS [1]

in € million	March 31, 2021	December 31, 2021	March 31, 2022
Intangible assets	91.7	79.9	164.4
– thereof goodwill from acquisitions of companies	13.7	13.7	13.7
Property, plant, and equipment	4,420.4	6,406.5	6,433.7
Investment property	4.6	4.6	4.6
Financial assets	41.9	76.4	36.9
Investments accounted for using the equity method	27.6	175.9	175.4
Other financial assets	6.1	7.5	8.1
Other non-financial assets	17.5	25.3	38.4
Securities and other financial investments	13.3	18.4	13.3
Deferred taxes	177.2	30.2	41.9
Non-current assets	**4,800.3**	**6,824.7**	**6,916.7**
Inventories	448.0	496.5	557.9
Trade receivables	360.4	569.5	807.8
Other financial assets	108.7	104.7	122.3
Other non-financial assets	106.9	92.5	81.7
Income tax refund claims	11.6	44.0	42.4
Securities and other financial investments	–	213.5	228.3
Cash and cash equivalents	150.8	390.8	402.6
Assets held for sale	2,783.3	–	–
Current assets	**3,969.7**	**1,911.5**	**2,243.0**
ASSETS	**8,770.0**	**8,736.2**	**9,159.7**

[1] Rounding differences may arise in percentages and numbers.

BALANCE SHEET – EQUITY AND LIABILITIES[1]

in € million	March 31, 2021	December 31, 2021	March 31, 2022
Issued capital	191.4	191.4	191.4
Capital reserve	645.7	645.7	645.7
Other reserves and net retained earnings	1,800.5	4,460.3	4,884.3
Total equity attributable to shareholders of K+S Aktiengesellschaft	2,637.6	5,297.4	5,721.4
Non-controlling interests	1.7	–	–
Equity	**2,639.3**	**5,297.4**	**5,721.4**
Financial liabilities	2,030.3	978.2	917.3
Other financial liabilities	128.1	148.1	125.5
Other non-financial liabilities	17.2	15.3	14.8
Provisions for pensions and similar obligations	90.5	16.0	4.8
Provisions for mining obligations	928.5	1,017.4	953.6
Other provisions	143.3	163.0	153.7
Deferred taxes	51.0	105.3	139.8
Non-current liabilities	**3,388.9**	**2,443.3**	**2,309.5**
Financial liabilities	1,345.7	212.8	209.2
Trade payables	135.7	186.9	178.0
Other financial liabilities	265.3	175.7	188.8
Other non-financial liabilities	85.9	70.3	77.0
Income tax liabilities	25.5	63.1	161.2
Provisions	245.7	286.7	314.6
Liabilities relating to assets held for sale	638.0	–	–
Current liabilities	**2,741.8**	**995.5**	**1,128.8**
EQUITY AND LIABILITIES	**8,770.0**	**8,736.2**	**9,159.7**

[1] Rounding differences may arise in percentages and numbers.

STATEMENT OF CASH FLOWS[1]

in € million	3M/2021	3M/2022	12M/2021	LTM[2]
Earnings after operating hedges (from continuing operations)	221.3	420.1	2,418.8	2,617.6
Earnings after operating hedges (from discontinued operations)	–48.6	–	91.0	139.6
Income (–)/expenses (+) arising from changes in the fair value of outstanding operating anticipatory hedges	128.5	13.5	31.0	–84.0
Elimination of prior-period changes in fair value of operating anticipatory hedges	12.5	–10.9	39.2	15.8
Depreciation, amortization, impairment losses (+) / reversals of impairment losses (–)	–114.9	101.4	–1,518.8	–1,302.5
Increase (+)/decrease (–) in non-current provisions (excluding interest rate effects)	0.7	–3.3	–8.7	–12.7
Interest received and similar income	0.5	0.8	2.4	2.7
Realized gains (+)/losses (–) on financial assets/liabilities	32.4	3.1	44.9	15.6
Interest paid and similar expenses (–)	–10.6	–6.0	–132.5	–127.9
Income taxes paid (–)	–4.5	–16.7	–121.9	–134.1
Other non-cash expenses (+)/income (–) and other expenses and income in connection with the disposal of the OU Americas	–5.6	–2.5	–86.7	–83.6
Gain (–)/loss (+) on sale of assets and securities	1.4	1.4	–219.3	–219.3
Increase (–)/decrease (+) in inventories	119.9	–55.6	56.8	–118.7
Increase (–)/decrease (+) in receivables and other assets from operating activities	–144.9	–222.7	–204.1	–281.9
Increase (+)/decrease (–) in liabilities from operating activities	–25.3	–1.2	–68.5	–44.4
Increase (+)/decrease (–) in current provisions	–15.7	31.5	8.1	55.3
Allocation to plan assets	–	–	–4.8	–4.8
Net cash flows from operating activities	**147.1**	**252.8**	**326.9**	**432.6**
– thereof from continuing operations	82.2	253.7	347.3	518.8
– thereof from discontinued operations	64.9	–0.9	–20.4	–86.2
Proceeds from the sale of assets	2.5	0.4	10.6	8.5
Purchase of intangible assets	–9.5	–82.8	–15.1	–88.4
Purchase of property, plant, and equipment	–102.8	–68.1	–343.6	–308.9
Purchase of financial assets	–	–	–12.8	–12.8
Proceeds from the sale of consolidated companies	–	–	2,758.2	2,758.2
Cash and cash equivalents of companies deconsolidated in the year under review	–	–0.2	–33.3	–33.5
Proceeds from sale of securities and other financial assets	–	60.0	222.6	282.6
Purchases of securities and other financial assets	–	–77.7	–487.4	–565.1
Net cash flows from investing activities	**–109.8**	**–168.4**	**2,099.3**	**2,040.7**
– thereof from continuing operations	–97.3	–168.4	–519.4	–590.5
– thereof from discontinued operations	–12.5	–	2,618.7	2,631.2
Repayment (–) of borrowings	–1,044.3	–92.1	–3,694.3	–2,742.1
Proceeds (+) from borrowings	1,032.5	10.0	1,440.0	417.5
Net cash from / (used in) financing activities	**–11.8**	**–82.1**	**–2,254.3**	**–2,324.6**
– thereof from continuing operations	13.7	–82.1	–2,190.9	–2,286.7
– thereof from discontinued operations	–25.5	–	–63.4	–37.9
Change in cash and cash equivalents	**25.5**	**2.3**	**171.9**	**148.7**
Exchange rate-related change in cash and cash equivalents	7.8	7.1	13.3	12.6
Consolidation-related changes in cash and cash equivalents	–	3.4	–	3.4
Net change in cash and cash equivalents	**33.3**	**12.8**	**185.2**	**164.6**
Net cash and cash equivalents as of January 1	**197.4**	**382.7**		
Net cash and cash equivalents as of March 31	**230.7**	**395.5**		
– thereof cash and cash equivalents[3]	240.4	402.6		
– thereof cash received from affiliated companies	–9.7	–7.1		

[1] Rounding differences may arise in percentages and numbers.
[2] LTM = last twelve months
[3] In 2021, cash and cash equivalents in the statement of cash flows differ from the figure in the statement of financial position because cash and cash equivalents from discontinued operations (€85.2 million) and disposal groups (€4.4 million) have been reclassified to "Assets held for sale" in 2021.

FINANCIAL CALENDAR

DATES

	2022/2023
Annual General Meeting, virtual	May 12, 2022
Dividend payout	May 17, 2022
Half-Year Financial Report as of June 30, 2022	August 11, 2022
Quarterly Report as of September 30, 2022	November 10, 2022
2022 Annual Report	March 15, 2023
Quarterly Report as of March 31, 2023	May 9, 2023

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FORWARD-LOOKING STATEMENTS

This Quarterly Report contains information and forecasts relating to the future development of the K+S Group and its companies. The forecasts represent assessments made on the basis of all the information available at present. Should the assumptions on which the forecasts are based prove to be incorrect or risks - such as those mentioned in the Report on Risks and Opportunities in the current Annual Report – materialize, actual developments and results may deviate from current expectations. The Company assumes no obligation to update the statements contained in this Quarterly Report, other than as required by law.