Report of the Board of Executive Directors on Item 10 of the Agenda pursuant to Sections 221 (4) Sentence 2, 186 (4) Sentence 2 of the German Stock Corporation Act (AktG)

The issuance of convertible bonds and/or warrant-linked bonds may, depending on the market situation, provide an opportunity to use attractive financing alternatives on the capital market in addition to the traditional possibilities of raising debt and equity capital. In the view of the Board of Executive Directors, it is in the interests of the Company to have this financing option available.

The issuance of convertible bonds and/or warrant-linked bonds (collectively, "bonds") enables the Company to raise capital on attractive terms. The conversion and option premiums received benefit the Company's capital base and, therefore, enable it to take advantage of favorable financing opportunities. The further option of establishing conversion obligations in addition to granting conversion and/or option rights broadens the scope for the design of this financing instrument. The authorization provides the Company with the necessary flexibility to place the bonds itself or through direct or indirect affiliated companies. The bonds may be issued not only in Euro but also in the legal currency of another OECD country. In order to strike a balance between the interests of the Company in expanding its financing options to include the aforementioned instruments and the interests of the shareholders in being protected against a disproportionate dilution of their shareholdings, conditional capital of up to 10% of the share capital is to be created.

In principle, shareholders shall also be granted a subscription right to convertible bonds or warrant-linked bonds. It is proposed, however, that the Board of Executive Directors should be authorized, subject to the consent of the Supervisory Board, to exclude the shareholders' subscription rights in accordance with Section 186 (3) Sentence 4 AktG when issuing bonds against cash contributions to the extent that the issue of shares on the basis of conversion or option rights or conversion obligations is limited to up to 10% of the Company's share capital.

The possibility to exclude subscription rights enables the Company to take advantage of favorable stock market situations and to place a bond quickly and flexibly on the market at attractive conditions. Stock markets have become much more volatile. Achieving the best possible issue price, therefore, depends largely on the ability to react quickly to market developments. Favorable conditions that are as close as possible to market conditions can generally only be set if the company is not bound by them for too long in an offering period. In the case of subscription rights issues, a substantial discount is usually necessary to ensure that the conditions remain attractive and that the issue has a chance of success throughout the entire offer period. Section 186 (2) AktG allows the subscription price (and, therefore, in the case of convertible bonds and warrant-linked bonds, the terms and conditions of the bonds) to be published until the third-last day of the subscription period. In view of the volatility of the stock markets, however, there is still a market risk for several days, which leads to safety margins when determining the terms and conditions of the bonds and, therefore, to terms and conditions that are not in line with the market. In addition, the uncertainty regarding the exercise of subscription rights (subscription behavior) makes it more difficult or more expensive to place the bonds with third parties. Finally, if subscription rights are granted, the length of the subscription period means that the Company cannot react quickly to changes in market conditions, which may make the raising of capital unfavorable for the Company.

Pursuant to Section 186 (3) Sentence 4 AktG, the interests of the shareholders in the exclusion of subscription rights are safeguarded by the fact that the bonds are not issued significantly below market value. The market value is to be determined in accordance with recognized principles of financial mathematics. When determining the price, the Board of Executive Directors will keep the discount on the market value as low as possible, taking into account the respective situation on the capital market. This means that the arithmetical value of a subscription right will tend to zero, so that the shareholders will not suffer any significant economic disadvantage as a result of the exclusion of the subscription right. In addition, the shareholders have the opportunity to maintain their share in the share capital of the Company at approximately the same conditions by purchasing shares on the stock exchange. This ensures that their economic interests are adequately protected. The authorization to exclude the subscription right pursuant to Section 186 (3) Sentence 4 AktG shall only apply to bonds with rights to shares to which a proportionate amount of the share capital of no more than 10% of the share capital is attributable at the time of the resolution on May 14, 2025 or at the time of the exercise of the authorization, whichever is the lower. Shares which are otherwise issued or sold under exclusion of subscription rights in accordance with or pursuant to Section 186 (3) Sentence 4 AktG are to be included in this maximum limit. This inclusion is in the interest of the shareholders to keep the dilution of their shareholdings as low as possible.

Furthermore, the Board of Executive Directors shall be authorized, subject to the consent of the Supervisory Board, to exclude the subscription right of shareholders in order to grant the holders or creditors of conversion and/or option rights or of convertible bonds with conversion obligations a subscription right to the extent to which they would be entitled after exercising the conversion or option rights or after fulfillment of the conversion obligations. In this way, the option or conversion price for the holders of existing conversion or option rights can be prevented from being reduced in accordance with the option and conversion terms and conditions upon exercise of the authorization, or the Company can be prevented from having to provide any other dilution protection.

Furthermore, the Board of Executive Directors shall be authorized, subject the consent of the Supervisory Board, to exclude the subscription right for fractional amounts. Such fractional amounts may result from the amount of the respective issue volume and the determination of a practicable subscription ratio. In such cases, the exclusion of the subscription right facilitates the implementation of the capital measure. The fractional amounts for which the pre-emptive rights of the shareholders have been excluded will be realized either by sale on the stock exchange or by other means in the best interest of the Company.

Finally, the Board of Executive Directors shall also be authorized, subject the consent of the Supervisory Board, to exclude the subscription right of the shareholders to the extent that the bonds are issued against contributions in kind for the purpose of acquiring companies, investments in companies or parts of companies, provided that the value of the contribution in kind is appropriate to the value of the bonds. This opens up the possibility of using bonds as an acquisition currency in suitable cases, thereby enabling the Company to acquire interesting acquisition targets at short notice and with little impact on liquidity. This is particularly important for the Company as it is exposed to international competition and can benefit from international partnerships and investments in the development or marketing of products and services. The Board of Executive Directors will carefully examine on a case-by-case basis whether to make use of the authorization to issue bonds under exclusion of subscription rights. This will only be undertaken if it is in the interest of the Company.

The authorization to exclude the subscription right pursuant to No. 2 lit. c) aa) to dd) is limited in its entirety. It only applies to bonds with conversion rights or conversion obligations or option rights for shares with a proportionate amount of the share capital of up to 10% of the share capital at the time of the resolution on May 14, 2025, or at the time of the exercise of the authorization, whichever is the lower. If, during the term of this authorization and until it is exercised, other authorizations to issue or sell shares of the Company are exercised and the subscription right is excluded in the process, this shall be counted towards the aforementioned 10% limit. This limitation of the authorization to exclude subscription rights protects the interest of the shareholders in keeping the dilution of their shareholdings to a minimum.

Kassel (Germany), in April 2025

K+S Aktiengesellschaft
headquartered in Kassel

The Board of Executive Directors

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