

Consolidated Financial Statements

92	Balance Sheet
94	Statement of Comprehensive Income
96	Statement of Changes in Equity
98	Statement of Cash Flows
99	Notes
158	List of Shareholdings
162	Supervisory Board
164	Legal Representatives
166	Proposal on the Appropriation of the Net Retained Earnings of KSB SE & Co. KGaA

Balance Sheet

Assets

€ thousands	Notes	31 Dec. 2022	31 Dec. 2021
Non-current assets			
Intangible assets	1	72,673	75,927
Right-of-use assets	2	40,220	42,709
Property, plant and equipment	3	578,512	537,786
Non-current financial assets	4	1,191	1,508
Other non-financial assets	5	7,319	7,592
Investments accounted for using the equity method	6	20,833	20,184
Deferred tax assets	19	37,074	34,619
		757,822	720,325
Current assets			
Inventories	7	719,221	529,451
Contract assets	8	80,018	79,300
Trade receivables	8	579,539	479,244
Other financial assets	8	71,517	80,140
Other non-financial assets	8	42,203	39,298
Cash and cash equivalents	9	228,570	386,683
		1,721,069	1,594,115
		2,478,890	2,314,440

Further information is provided in the Notes to the consolidated financial statements.



Download Excel files of the 2022 tables for the KSB Group

Equity and Liabilities

€ thousands	Notes	31 Dec. 2022	31 Dec. 2021
Equity	10		
Subscribed capital		44,772	44,772
Capital reserve		66,663	66,663
Revenue reserves		804,484	563,316
Equity attributable to shareholders of KSB SE & Co. KGaA		915,919	674,751
Non-controlling interests		209,653	194,372
		1,125,572	869,123
Non-current liabilities			
Deferred tax liabilities	19	12,010	9,177
Provisions for employee benefits	11	466,400	629,245
Other provisions	11	1,883	1,569
Financial liabilities	12	24,116	27,067
		504,409	667,058
Current liabilities			
Provisions for employee benefits	11	7,893	7,677
Other provisions	11	91,106	93,451
Financial liabilities	12	26,630	51,898
Contract liabilities	12	186,477	157,389
Trade payables	12	333,361	272,813
Other financial liabilities	12	23,921	26,635
Other non-financial liabilities	12	164,604	157,466
Income tax liabilities	12	14,918	10,931
		848,910	778,258
		2,478,890	2,314,440

Further information is provided in the Notes to the consolidated financial statements.

Statement of Comprehensive Income

Income statement

€ thousands	Notes	2022	2021
Sales revenue	13	2,573,387	2,343,577
Changes in inventories		99,412	14,528
Work performed and capitalised		1,716	1,997
Total output of operations		2,674,515	2,360,102
Other income	14	34,462	27,730
Cost of materials	15	-1,156,292	-975,410
Staff costs	16	-901,551	-837,154
Depreciation and amortisation	1 - 3	-90,419	-80,892
Other expenses	17	-391,612	-353,215
Earnings before finance income / expense and income tax (EBIT)		169,103	141,161
Finance income	18	7,461	10,425
Finance expense	18	-17,712	-11,494
Income from / expense to investments accounted for using the equity method	18	1,816	-157
Finance income / expense		-8,435	-1,226
Earnings before income tax (EBT)		160,668	139,935
Taxes on income	19	-33,330	-29,612
Earnings after income tax		127,338	110,323
Attributable to:			
Non-controlling interests	20	23,689	16,675
Shareholders of KSB SE & Co. KGaA		103,649	93,648
Diluted and basic earnings per ordinary share (€)	21	59,05	53,34
Diluted and basic earnings per preference share (€)	21	59,31	53,60

Further information is provided in the Notes to the consolidated financial statements.



Download Excel files of the 2022 tables for the KSB Group

Statement of income and expense recognised in equity

€ thousands	Notes	2022	2021
Earnings after income tax		127,338	110,323
Remeasurement of defined benefit plans	11	158,429	54,554
Taxes on income		-13,868	-8,289
Remeasurement of defined benefit plans attributable to investments accounted for using the equity method		-35	201
Items not reclassified to profit or loss in subsequent periods		144,526	46,466
Currency translation differences		12,386	28,704
Changes in the fair value of financial instruments: Hedging reserve		7,510	-7,887
Taxes on income: Hedging reserve		-1,925	2,035
Changes in the fair value of financial instruments: Hedging cost reserve		-4,225	3,617
Taxes on income: Hedging cost reserve		1,168	-1,108
Expense and income recognised directly in equity relating to investments accounted for using the equity method		129	1,622
Items reclassified to profit or loss in subsequent periods if required		15,043	26,983
Other comprehensive income		159,569	73,449
Comprehensive income		286,907	183,772
Attributable to:			
Non-controlling interests		24,072	30,367
Shareholders of KSB SE & Co. KGaA		262,835	153,405

Further information is provided in the Notes to the consolidated financial statements.



Statement of Changes in Equity

€ thousands	Subscribed capital of KSB SE & Co. KGaA	Capital reserve of KSB SE & Co. KGaA
1 Jan. 2021	44,772	66,663
Other comprehensive income	–	–
Earnings after income tax	–	–
Total comprehensive income	–	–
Dividends paid	–	–
Capital increase / decrease	–	–
Step acquisitions	–	–
Other	–	–
31 Dec. 2021	44,772	66,663

€ thousands	Subscribed capital of KSB SE & Co. KGaA	Capital reserve of KSB SE & Co. KGaA
1 Jan. 2022	44,772	66,663
Other comprehensive income	–	–
Earnings after income tax	–	–
Total comprehensive income	–	–
Dividends paid	–	–
Capital increase / decrease	–	–
Step acquisitions	–	–
Other	–	–
31 Dec. 2022	44,772	66,663



Download Excel files of the 2022 tables for the KSB Group

Revenue reserves							
Other comprehensive income							
Other revenue reserves	Currency translation differences	Changes in the fair value of financial instruments: Hedging reserve	Changes in the fair value of financial instruments: Hedging cost reserve	Remeasurement of defined benefit plans	Equity attributable to shareholders of KSB SE & Co. KGaA	Non-controlling interests	Total Equity
866,210	-142,129	1,313	-282	-308,673	527,874	175,928	703,803
-	17,961	-5,852	2,509	45,139	59,757	13,692	73,449
93,648	-	-	-	-	93,648	16,675	110,323
93,648	17,961	-5,852	2,509	45,139	153,405	30,367	183,772
-7,230	-	-	-	-	-7,230	-11,923	-19,153
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
702	-	-	-	-	702	-	702
953,330	-124,168	-4,539	2,227	-263,534	674,751	194,372	869,123

Other comprehensive income							
Other revenue reserves	Currency translation differences	Changes in the fair value of financial instruments: Hedging reserve	Changes in the fair value of financial instruments: Hedging cost reserve	Remeasurement of defined benefit plans	Equity attributable to shareholders of KSB SE & Co. KGaA	Non-controlling interests	Total Equity
953,330	-124,168	-4,539	2,227	-263,534	674,751	194,372	869,123
-	11,843	5,585	-3,057	144,815	159,186	383	159,569
103,649	-	-	-	-	103,649	23,689	127,338
103,649	11,843	5,585	-3,057	144,815	262,835	24,072	286,907
-21,241	-	-	-	-	-21,241	-8,791	-30,032
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-426	-	38	-	-38	-426	-	-426
1,035,312	-112,325	1,084	-830	-118,757	915,919	209,653	1,125,572



Statement of Cash Flows

€ thousands	2022	2021
Earnings after income tax	127,338	110,323
Taxes on income	33,330	29,611
Finance income	-7,461	-10,425
Finance expense	17,712	11,494
Depreciation and amortisation	90,419	80,892
Gain / loss on disposal of intangible assets and property, plant and equipment	-305	389
Change in inventories	-192,562	-17,903
Change in contract assets	-1,071	3,369
Change in trade receivables	-103,366	-23,214
Change in provisions	-13,957	-1,790
Change in contract liabilities	31,688	-3,046
Change in trade payables	58,786	15,511
Change in other assets and liabilities	987	3,953
Income tax paid	-45,789	-44,835
Interest received	6,360	9,587
Cash flows from operating activities	2,109	163,916
Proceeds from disposal of intangible assets and property, plant and equipment	2,457	1,276
Payments to acquire intangible assets and property, plant and equipment	-102,393	-73,972
Sale of subsidiaries and other operations less cash and cash equivalents sold	-	481
Proceeds from deposits with an original maturity of more than 3 months	13,763	2,888
Payments for deposits with an original maturity of more than 3 months	-2,608	-4,282
Proceeds from investments in Group companies that are not fully consolidated	475	710
Payments for investments in Group companies that are not fully consolidated	-992	-2,193
Proceeds from dividends from Group companies that are not fully consolidated	882	733
Payments for capitalisation measures with Group companies that are not fully consolidated	-621	-2,030
Cash flows from investing activities	-89,037	-76,389
Dividends paid to shareholders of KSB SE & Co. KGaA	-21,241	-7,230
Dividends paid to non-controlling interests	-8,791	-11,924
Proceeds from financial liabilities	13,318	9,893
Payments for financial liabilities (not including lease liabilities)	-38,169	-14,395
Repayment of lease liabilities	-17,091	-16,917
Interest paid	-3,866	-2,852
Cash flows from financing activities	-75,840	-43,425
Changes in cash and cash equivalents	-162,768	44,102
Effects of exchange rate changes on cash and cash equivalents	4,252	8,353
Effects of changes in consolidated Group	403	2,716
Cash and cash equivalents at beginning of period	386,683	331,512
Cash and cash equivalents at end of period	228,570	386,683

Further information is provided in Section VII. Statement of Cash Flows in the Notes to the consolidated financial statements.



Download Excel files of the 2022 tables for the KSB Group

Notes

I. GENERAL INFORMATION AND BASIC PRINCIPLES

General Information on the Group

KSB SE & Co. KGaA, Frankenthal / Pfalz, Germany, is a capital market-oriented *Kommanditgesellschaft auf Aktien* [partnership limited by shares] under the law of the Federal Republic of Germany. The company is registered with the *Handelsregister* [German Commercial Register] of the *Amtsgericht* [Local Court] Ludwigshafen am Rhein, registration No. HRB 65657, and has its registered office at Johann-Klein-Straße 9, 67227 Frankenthal / Pfalz, Germany. KSB SE & Co. KGaA was formed from KSB Aktiengesellschaft by entry in the German Commercial Register on 17 January 2018. The general partner is KSB Management SE, a European public limited company. The shares in this company are wholly owned by Klein, Schanzlin & Becker GmbH, Frankenthal / Pfalz. Klein, Schanzlin & Becker GmbH is jointly managed by its two shareholders, the non-profit KSB Stiftung [KSB Foundation], Stuttgart, and the non-profit Kühborth-Stiftung GmbH [Kühborth Foundation], Stuttgart. KSB SE & Co. KGaA and thus the KSB Group are managed via KSB Management SE, which has four Managing Directors and a five-member Administrative Board.

KSB SE & Co. KGaA is the ultimate and immediate parent company whose consolidated financial statements include the single-entity financial statements of KSB SE & Co. KGaA. The consolidated financial statements of KSB SE & Co. KGaA prepared in accordance with International Financial Reporting Standards as adopted by the EU are published in the *Bundesanzeiger* [German Federal Gazette].

The KSB Group (hereinafter also called “KSB” or the “Group”) is a global supplier of high-quality pumps, valves and related systems and also provides a wide range of support services to users of these products. The breakdown of the Group’s business activities is based on three Segments: Pumps, Valves and KSB SupremeServ.

Basis of preparation of the consolidated financial statements

The accompanying consolidated financial statements of KSB SE & Co. KGaA were prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the additional requirements of German commercial law under Section 315e(1) HGB [*Handelsgesetzbuch* – German Commercial Code]. To do so, the Conceptual Framework and all Standards applicable at the reporting date and adopted by the European Commission for use in the EU that are of relevance to the KSB Group as well as the interpretations of the IFRS Interpretations Committee were applied. For the purposes of this document, the term IFRSs includes applicable International Accounting Standards (IASs). The consolidated financial statements of KSB SE & Co. KGaA therefore meet the requirements of the IFRSs as adopted by the EU. The consolidated financial statements were prepared on a going concern basis in accordance with IAS 1.25. On principle, the historical cost is the measurement basis used for the consolidated financial statements, unless Section III. Accounting Policies provides otherwise.

Amounts in this report are generally presented in thousands of euros (€ thousands) using standard commercial rounding rules. Due to rounding, there may be minor differences in the totals and percentages presented in this report.

The financial year of the companies consolidated is the calendar year.

The income statement as part of the statement of comprehensive income has been prepared using the nature of expense method.

All material items of the balance sheet and the income statement are presented separately and explained in these Notes.

The main accounting policies used to prepare the consolidated financial statements are presented below. The policies described were applied consistently for the reporting periods presented unless stated otherwise.

The consolidated financial statements, the annual financial statements of the parent company and the combined management report are submitted to and published in the *Bundesanzeiger*.

The consolidated financial statements are approved by the Managing Directors of KSB Management SE on 14 March 2023 for forwarding to the Supervisory Board. The Supervisory Board is expected to approve the financial statements on 15 March 2023.

New accounting principles

a) Accounting principles applied for the first time in the 2022 financial year

The new or revised accounting Standards and Interpretations listed below which were adopted for the first time in the reporting year had no or no material impact on the Group's net assets, financial position and results of operations.

b) Accounting principles that have been published but that are not yet mandatory

The new or revised Accounting Standards and Interpretations listed below were not yet mandatory and were not applied in the 2022 financial year.

As a matter of principle, the new or revised Standards or Interpretations shown in the table have not been adopted early. We expect no or no material effects on our net assets, financial position or results of operations from these amendments.

Accounting principles applied for the first time in the 2022 financial year

	First-time adoption in the EU
Amendments to IFRS 3 Business Combinations	1 Jan. 2022
Amendments to IAS 16 Property, Plant and Equipment	1 Jan. 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Receivables	1 Jan. 2022
Annual improvements to IFRSs (2018–2020 cycle) by amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 16 Leases	1 Jan. 2022

Accounting principles that have been published but that are not yet mandatory

	First-time adoption in the EU
Amendments to IAS 1 Presentation of Financial Statements including Amendments to IFRS Practice Statement 2 Making Materiality Judgements	1 Jan. 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 Jan. 2023
Amendments to IAS 12 Income Taxes	1 Jan. 2023

II. CONSOLIDATION PRINCIPLES

Consolidated Group

As at 31 December 2022, in addition to KSB SE & Co. KGaA, 9 German and 79 foreign companies (previous year: 9 German and 77 foreign companies) were fully consolidated in the consolidated financial statements. A majority interest is held, either directly or indirectly, in the voting power of these subsidiaries which the KSB Group has the option to control under IFRS 10.

Subsidiaries are companies controlled by the Group. The Group controls a company if it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power of disposition over the company. The financial statements of subsidiaries are included in the Group's financial statements from the date on which control begins until the date on which control ends. Changes in the investment ratio that do not result in a loss of control are treated as a transaction between shareholders and recognised directly in equity. Such transactions do not result in the recognition of goodwill or the realisation of disposal profits.

The consolidation principles apply accordingly to the five joint ventures and associated companies accounted for using the equity method as at 31 December 2022. Upon the loss of joint control or significant influence any retained interest in the investee is remeasured at fair value through profit or loss.

Associates are companies in which the Group has significant influence but does not have control or joint control over financial and business policy. A joint venture is an agreement through which the Group exercises joint control, in that it has rights to the net assets of the agreement rather than rights to its assets and obligations for its liabilities. The shares in companies included at-equity are measured at cost of acquisition plus or minus cumulative changes in net assets, with recognised goodwill reported in the carrying amount of the investment.

The Thai company KSB Pumps Co. Ltd., Bangkok, and the Indian company KSB Limited, Pimpri (Pune), are included in the group of fully consolidated affiliates despite the fact that KSB holds less than 50 % of the voting rights. KSB does, however, have the power to determine their business and financial policies and thus the level of variable returns.

KSB gained control over KSB Limited, Pimpri (Pune), in which KSB owns 40.54 % of the shares, through contractual agreements with other shareholders. These agreements ensure that KSB has the majority of voting rights in management committees and also exercises control over the budget.

Likewise, KSB exercises control over KSB Pumps Co. Ltd., Bangkok, in which it owns 40 % of the shares, through additional agreements which give KSB the majority of voting rights in management committees and control over the budget.

Companies that were not consolidated due to there being no material impact are reported as other investments under non-current other financial assets.

Changes in the consolidated Group

In the 2022 financial year, there were the following changes in the consolidated Group, none of which had a material impact on the Group's assets, financial position and results of operations.

KSB Colombia S.A.S., Funza / Cundinamarca, which was previously not consolidated due to immateriality, is now included in the Group financial statements as a fully consolidated company.

In addition, the group of fully consolidated companies was expanded in the reporting year to include the newly founded TOB "KSB Ukraine" LLC, Kyiv (Ukraine).

A full list of the shareholdings held by the KSB Group is provided at the end of these Notes to the consolidated financial statements.

Consolidation methods

For the purposes of consolidation, the effects of any intercompany transactions are eliminated in full. Any receivables and liabilities between the consolidated companies are offset against each other, and any unrealised gains and losses recognised in fixed assets and inventories are eliminated. Any revenues from intercompany sales are offset against the corresponding expenses.

Capital consolidation is based on the purchase method of accounting pursuant to IFRS 3. This means that the amortised cost of the parent's shares in the subsidiary is eliminated against the remeasured equity attributable to the parent at the date of acquisition.

Any goodwill created from the application of the purchase method denominated in a currency other than the functional currency of the KSB Group is measured at the relevant current closing rate. Goodwill is reported under intangible assets and tested for impairment at least once a year. If an impairment is identified, an impairment loss is recognised. Any excess of our interest in the fair values of net assets acquired over cost is recognised in profit or loss in the year it occurred.

Those shares of subsidiaries' equity not attributable to KSB SE & Co. KGaA are reported as non-controlling interests. Further explanations on non-controlling interests of other shareholders are included under Notes No. 10. Equity.

Currency translation

The consolidated financial statements have been prepared in euro (€). Unless otherwise stated, amounts in this report are presented in thousands of euros (€ thousands) using standard commercial rounding rules.

Currency translation is effected on the basis of the functional currency of the consolidated companies. As in the previous year, the functional currency is exclusively the local currency of the company consolidated, as it operates as a financially, economically and organisationally independent entity.

Transactions denominated in foreign currencies are translated at the individual companies at the rate prevailing when the transaction is initially recognised. Monetary assets and liabilities are subsequently measured at the closing rate. Measurement effects are recognised in the income statement.

When translating financial statements of consolidated companies that are not prepared in euro, assets and liabilities are translated at the closing rate; the income statement accounts are translated at average exchange rates (modified closing rate method). An exception to this, with a translation of the income statement items at the closing rate, results from the application of IAS 29 Financial Reporting in Hyperinflationary Countries, as explained in greater detail below. Gains and losses from the translation of items of assets and liabilities compared with their translation in the previous year are taken directly to equity in other comprehensive income and reported under currency translation differences.

The exchange rates of the most important currencies for the KSB Group at the reporting date and on an annual average are presented in the table below.

Exchange rates of the most important currencies

	Closing rate		Average rate	
	31 Dec. 2022	31 Dec. 2021	2022	2021
US dollar	1.0666	1.1326	1.0531	1.1827
Brazilian real	5.6386	6.3101	5.4399	6.3784
Indian rupee	88.1710	84.2292	82.6864	87.4355
Chinese yuan	7.3582	7.1947	7.0788	7.6280

Hyperinflation

Argentina has been classified as a hyperinflationary country for accounting purposes since 2018, so IAS 29 Financial Reporting in Hyperinflationary Countries has been applied since then to the translation of the financial statements of KSB Compañía Sudamericana de Bombas S.A., Carapachay (Buenos Aires), Argentina. From the reporting year onwards, Turkey has also been considered a hyperinflationary country, so in 2022 KSB also applied IAS 29 to KSB-Pompa, Armatür Sanayi ve Ticaret A.S., Ankara, Turkey.

As a result, the activities of the two said subsidiaries are not accounted for on the basis of historical acquisition and production costs, but are adjusted for the effects of inflation by using country-specific price indices. The inflation adjustment to the financial statements of the Argentine subsidiary is based on the consumer price index IPC (*Índice de precios al consumidor*), which was at 1,134.59 on 31 December 2022 (31 December 2021: 582.02; 1 January 2021: 385.90). The

consumer price index TÜFE (*Tüketici fiyat endeksi*) is used to adjust for inflation in the financial statements of the Turkish subsidiary; the value applied at the reporting date was 1,128.45 (31 December 2021: 686.95; 1 January 2021: 504.81).

The net loss from monetary depreciation to be taken into account under IAS 29 on the affected monetary assets and liabilities, amounting to € 4,628 thousand (previous year € 1,797 thousand), is included in the income statement under other financial expenses within financial income / expense.

After applying the inflation adjustment, the balance sheet and income statement items are translated into the reporting currency (euro) at the closing rate for inclusion in the consolidated financial statements.

III. ACCOUNTING POLICIES

1. General accounting policies

Acquisition and production costs

In addition to the purchase price, acquisition cost includes attributable incidental costs (except for costs associated with the acquisition of a company) and subsequent expenditure. Purchase price reductions are deducted.

As well as directly allocated costs, production costs also include reasonable proportions of material and production overheads based on standard capacity utilisation of the relevant production facilities, if and to the extent these were incurred as part of the production process. This also includes production-related administrative expenses. General administrative expenses, research costs and selling expenses are not capitalised.

Borrowing costs as defined in IAS 23 that can be directly allocated to the acquisition or production of qualifying assets are capitalised. As in the previous year no such borrowing costs were incurred.

Fair value

Fair value is the price that independent market participants would, under standard market conditions, receive when selling an asset or pay when transferring a liability at the measurement date. This applies irrespectively of whether the price is directly observable or has been estimated using a measurement method.

The KSB Group defined a monitoring framework concept for determining fair value. This includes the monitoring of all material measurements at fair value and the direct communication of material facts to Management and, if necessary, to the audit committee. For the purposes of calculating fair value, KSB makes use wherever possible of estimates from market participants or estimates derived from these. As an initial step, regular checks are made to ascertain if there are current prices on active markets for an identical transaction. If no quoted market prices are available, the preference is to use the market-based approach (deriving the fair value from the market or transaction prices of comparable assets, for example multipliers) or the income-based approach (calculation of fair value as a future value by discounting future cash surpluses).

Based upon the input factors used in the measurement methods, fair values are assigned to different levels of the fair value hierarchy.

- Level 1: Quoted prices (unadjusted) on active markets for identical assets and liabilities
- Level 2: Measurement parameters that are not the quoted prices taken into account for level 1, but that are observable for the asset or the liability either directly as a price or indirectly derived from prices
- Level 3: Measurement parameters for assets or liabilities that are not based on observable market data

If input factors categorised into different levels are included in the fair value measurement, the measurement must be categorised in its entirety in the level of the lowest level input factor that is material for the entire measurement.

Reclassifications between different levels in the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

Maturities

Maturities of up to one year are classified as current.

Assets that can only be realised after more than twelve months, as well as liabilities that only become due after more than twelve months, are also classified as current if they are attributable to the operating cycle defined in IAS 1. An operating cycle of more than 12 months typically applies to made-to-order production (construction contracts).

Assets and liabilities not classified as current are non-current.

Financial assets and financial liabilities

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised in the consolidated balance sheet at the time when KSB becomes a contractual party. When the contractual right to payments from financial assets expires, these are derecognised. Financial liabilities are derecognised at the time when the contractual obligations are settled or cancelled or have expired. The acquisition and sale of financial instruments on an arm's length basis are recognised at the value at the date of settlement. This applies to primary financial instruments, such as trade receivables and financial receivables. Only derivative financial instruments are recognised at the value at the trade date.

a) Primary financial instruments

In the KSB Group, primary financial instruments are allocated to the following measurement categories as financial assets and financial liabilities based on the requirements of IFRS 9:

- Financial assets at amortised cost – Receivables, credits, cash and cash equivalents, loans and other financial assets
- Financial assets at fair value through profit or loss (FVPL) – Financial instruments
- Financial liabilities at amortised cost – Loans, trade payables and other financial liabilities

Financial assets and liabilities are reported at fair value on initial recognition. Financial assets and liabilities that are not measured at fair value are recognised after adjustment for transaction costs. Subsequent measurement is in line with the measurement category allocated to the financial asset or financial liability.

The fair value option is not being used at the moment.

b) Derivatives

Derivatives are exclusively used for hedging purposes. Future cash flows and existing recognised underlyings are hedged against foreign currency and interest rate risks. The hedging instruments used are exclusively currency forwards and interest rate derivatives entered into with prime-rated banks. Interest rate risks are minimised for long-term borrowings at floating rates of interest. Group guidelines govern the use of these instruments. These transactions are also subject to continuous risk monitoring.

Derivative financial instruments are categorised as at fair value through profit or loss unless they are part of hedge accounting. In the case of designated cash flow hedges, changes in the fair value of the effective portions of the currency derivatives are recognised under other comprehensive income and reported under "Changes in the fair value of financial instruments" in equity for as long as the underlying transaction is not recognised in the income statement. Only the spot element of the derivative hedging instrument is designated, while the forward element and currency basis spreads are excluded from the hedge and reported separately in the hedging cost reserve in other comprehensive income. Any ineffectiveness and changes in the market value of currency forwards not designated as hedges are recognised in the income statement.

Changes in the fair value of interest rate derivatives used to hedge against interest rate risks in liabilities are recognised under other comprehensive income and presented under "Changes in the fair value of financial instruments" in equity.

The carrying amounts equal fair value and are determined on the basis of input factors observable either directly (as a price) or indirectly (derived from prices). Fair values may be positive or negative. Fair value is the amount that KSB would receive or have to pay at the reporting date to settle the financial instrument. This amount is determined using the relevant exchange rates, interest rates and counterparty credit ratings at the reporting date. Information is obtained solely from recognised external sources.

Currency forwards are reported under other financial assets and under other financial liabilities. This also applies in principle to interest rate swaps, where applicable.

2. Specific accounting policies

Intangible assets

Intangible assets are recognised at (acquisition or production) cost and reduced by straight-line amortisation. Depreciation / amortisation is reported under "Depreciation / amortisation" in the income statement. The underlying useful life of intangible assets – excluding goodwill (indefinite useful life) – is between 2 and 15 years. If an intangible asset's recoverable amount is lower than its carrying amount, an impairment loss is recognised. Impairment testing is carried out at least once a year for goodwill, other intangible assets with indefinite useful lives and intangible assets under development at the reporting date. In addition, all types of intangible assets are subject to impairment testing if there are indications as defined in IAS 36 of a possible impairment. If the reasons for an impairment loss in a previous period no longer apply, it is reversed up to a

maximum of amortised cost (write-up), with the exception of goodwill.

Goodwill is scheduled to be tested for impairment once a year. The test relates to cash-generating units (CGUs). The cash-generating units are generally represented by the respective share in a legal entity that is allocated to an operating segment. The Group's total of five operating segments encompass Energy, Mining and Standard Markets for new business with Pumps, new business with Valves and KSB SupremeServ. A legal entity contains several cash-generating units if the main business activities are spread over several operating segments. Further details on KSB's segmentation are provided in Section VIII. Segment Reporting in these Notes to the consolidated financial statements.

The goodwill is reduced by the difference in value or down to zero at maximum if the value in use is lower than the carrying amount of the CGU. If the difference exceeds the carrying amount of goodwill, further impairment testing is required at the level of intangible assets, rights to use leased assets and property, plant and equipment. Reversal of an impairment loss from an earlier period is not possible for goodwill.

The discounted cash flow model is used to determine the recoverable amount (value in use). The future earnings (EBIT in accordance with IFRS) applied are taken from a multi-year financial plan (five years), based on the 30 September reporting date taking into account the medium-term strategy approved by Management for the respective cash-generating unit. This planning is carried out based on certain assumptions which are drawn from both forecasts from external sources, e.g. current German Mechanical Engineering Industry Association (VDMA) publications, and own experience-based knowledge of markets and competitors. The earnings of the last plan year are consistently extrapolated as a constant, if that level is considered to be achievable in the long term. Growth rates are derived taking account of the estimates with regard to economic circumstances. The Group regularly tests goodwill for impairment in the fourth quarter of every year based on the figures as per 30 September of the year in question. In addition, a review of impairment is always carried out when events or circumstances ("trigger events") suggest that the value could be impaired.

In order to assess the risk of impairment of material goodwill, the Group also performs sensitivity analyses as part of its impairment testing. To this end, changes deemed possible in material assumptions underlying the calculation of the value in use are taken into account.

When companies are acquired, purchase price allocations are made and the fair value of the assets and liabilities acquired is determined. In addition to the assets and liabilities already recognised by the selling party, account is also taken of marketing-related aspects (primarily brands or trademarks and competitive restrictions), customer-related aspects (primarily customer lists, customer relations and orders on hand), contract-related aspects (mainly particularly advantageous service, work, purchasing and employment contracts) as well as technology-related aspects (primarily patents, know-how and databases). The residual value method, the excess earnings method and cost-oriented procedures are primarily applied to determine values.

Development costs are capitalised as internally generated intangible assets at cost where the criteria described in IAS 38 are met and reduced by straight-line amortisation as from the time the asset becomes operational. Research costs are expensed as incurred. Where research and development costs cannot be reliably distinguished within a project, no costs are capitalised.

Leases

According to IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For leases where KSB is the lessee, lease liabilities and right-of-use assets (rights to use leased assets) must be recognised on the balance sheet. Leases of low value assets and short-term leases with a term of up to 12 months are exempt from this provision as KSB has elected to make use of the practical expedient of accounting for lease payments as an expense. In this context, leased assets with a fair value of up to € 5,000 are defined as low-value assets.

Lease liabilities and right-of-use assets are generally recognised at the time at which the leased asset is made available to KSB by the lessor for use. The carrying amount of the two items is essentially based on the present value of the future minimum lease payments. It is discounted using the incremental borrowing rate of KSB if no interest rate implicitly underlying the lease is available. Extension and termination options are included in the term and the carrying amounts of a lease if it is deemed reasonably certain that they will be exercised by KSB. Only lease components and in particular no separate service components are taken into account in the measurement of lease payments. The right-of-use assets are depreciated over the economic useful life of the leased asset or over the term of the lease, whichever is shorter. Lease liabilities are subsequently measured at amortised cost using the effective interest rate

method in the form of a redemption and interest portion. Changes in lease payments are taken into account through remeasurements of lease liabilities. The interest expense for the lease liability and depreciation / amortisation expense for the right-of-use asset are recognised separately.

KSB's activities as a lessor mainly relate to operating leases. The associated lease payments are recognised by KSB as income on a pro rata basis.

Property, plant and equipment

In accordance with IAS 16, property, plant and equipment is measured at cost and reduced by straight-line depreciation over its useful life. If an asset's recoverable amount is lower than its carrying amount, an impairment loss is recognised. Impairment testing of property, plant and equipment is always carried out if there are indications as defined in IAS 36 of a possible impairment. If the reasons for an impairment loss recognised in a previous period no longer apply, the impairment loss is reversed (write-up) up to a maximum of amortised cost.

Government grants relating to property, plant and equipment are transferred to an adjustment item on the liabilities side. This item is reversed pro rata over the useful life of the subsidised assets and recognised as other income.

Maintenance expenses are recognised as an expense in the period in which they are incurred, unless they lead to the expansion or material improvement of the asset concerned.

As in the previous year, the following useful lives are applied:

Useful life of property, plant and equipment

Buildings	10 to 50 years
Plant and machinery	5 to 25 years
Other equipment, operating and office equipment	3 to 25 years

Non-current financial assets

Interest-bearing loans are recognised at amortised cost, whereas non-current financial instruments are recognised in the income statement at fair value as at the reporting date. Financial assets such other cash deposits are subject to an expected default risk. The impairment loss is calculated based on the loan amount on the closing or reporting date, the loss ratio of the loan amount and the term-weighted credit default spreads as a benchmark for probability of failure. Furthermore, partial or complete impairment is recognised as soon as there are signs of an increase in default risk.

Non-current other non-financial assets

Investments in non-consolidated subsidiaries are measured at amortised cost.

Defined benefit assets are recognised at the amount by which the fair value of the plan assets exceeds the related defined benefit obligation, less the effects of the asset ceiling in accordance with IAS 19.

Investments accounted for using the equity method

Investments accounted for using the equity method are companies in which the parties exercise joint control (joint venture) or have the power to exercise significant influence over the companies' operating and financial policies (associate); this is usually the case where an entity holds between 20 % and 50 % of the voting power. These assets are recognised at cost at the time of acquisition. If the costs of acquisition exceed the share of the net assets, adjustments are made on the basis of the fair value (pro rata hidden reserves and liabilities). The remaining amount is recognised as goodwill. It forms part of the carrying amount of the joint venture or associate and is not amortised. For subsequent measurement, the carrying amounts are increased / reduced annually by the pro-rata earnings, distributed dividends or other changes in equity of the joint venture or the associate. If local accounting principles differ from the Group's standard accounting policies, adjustments are made accordingly. The share of earnings is reported in the consolidated income statement in a separate line (earnings from investments accounted for using the equity method), and changes such as currency translation effects are taken directly to Group equity. If the losses attributable to the KSB Group correspond to the carrying amount of the company or exceed this, they are not recognised unless KSB has entered into obligations or has made payments for the company. Intercompany gains and losses from transactions between Group companies and investments accounted for using the equity method are offset against the carrying amount in profit or loss. At each reporting date, a review is carried out to determine whether there are any objective indications of impairment, and the amount of such impairment is calculated if required. If the carrying amount exceeds the recoverable amount of an investment, it is written down to the recoverable amount. Any impairments or reversals of impairments are reported in the consolidated income statement under finance income / expense.

Inventories

Pursuant to IAS 2, inventories are recognised at the lower of cost and net realisable value as at the reporting date. Cost is measured using the weighted average method. KSB takes account of the inventory risks resulting from slow-moving

goods or impaired marketability through write-downs to the net realisable value. This also applies if the selling price is lower than production cost plus costs still to be incurred. If the reasons for an impairment loss charged in a previous period no longer apply, the impairment loss is reversed (write-up).

Advance payments made on inventories are also presented under inventories because of the correlation and expected realisation of these advances (through conversion into inventories) within the normal business cycle.

Contract assets and contract liabilities

A contract asset shows KSB's claim to consideration in exchange for goods or services transferred to customers, with the right to payment being not only conditional on the passage of time but also on the satisfaction of an overall contractual performance obligation by KSB. By contrast, receivables reflect KSB's unqualified claim to consideration. A contract liability also represents KSB's obligation to transfer goods or services to a customer. However, in these cases KSB has already received consideration from a customer that exceeds the amount of the goods or services provided. Contract assets relate to ongoing projects that have not yet been invoiced and are subject to similar credit risks as trade receivables for the same types of contract. Against this background, the expected loss ratios of trade receivables are also used for the risk provision for expected credit loss (ECL) of contract assets determined using the simplified impairment model. If it becomes apparent to KSB at the respective project stage that it is sufficiently likely that customers will default on payments, these risks are taken into account by appropriate individual impairment allowances for the contract assets concerned.

Trade receivables

Trade receivables and other current assets are subsequently recognised at amortised cost. Low-interest or non-interest-bearing receivables are discounted. In addition, identifiable risks are taken into account by charging individual impairment losses. Individual impairment allowances are regularly made if insolvency or collection proceedings have been instigated, on the default or failure to meet agreed repayment plans and on overdue payments. Receivables are derecognised if it is reasonably certain that payment cannot be expected. A risk provision for expected credit losses (ECL) is set aside under the simplified impairment model according to IFRS 9 for receivables that are not individually impaired. To measure expected credit losses, trade receivables are summarised on the basis of common credit risk features (risk classes) and number of days overdue. The expected default rates stem from the historical payment profiles of sales revenues over the last three financial years before the reporting date. The historical and forward-

looking information forms the basis for the expected probability of failure, adjusted for future-oriented macroeconomic factors.

Part of the default risk exposure of trade receivables is hedged. For more information, please refer to Section VI. Additional Information on Financial Instruments" – sub-section "Financial risks – Credit risk".

For trade receivables for which collateral, such as credit insurance, has been provided or letters of credit have been opened, a risk provision is set aside, taking account of default risks of the provider of the security and the company's macroeconomic factors.

If the reasons for an impairment loss charged in a previous period no longer apply, the impairment loss is reversed (write-up).

Other non-financial assets

The prepayments made that are presented in this item relate to accrued expenditure prior to the reporting date that will only be classified as an expense after the reporting date.

Cash and cash equivalents

Cash (cash and sight deposits) and cash equivalents (short-term, highly liquid financial investments that are readily convertible to defined amounts of cash, and that are subject to only immaterial fluctuations in terms of their value) are recognised at amortised cost. Cash and cash equivalents are subject to an expected credit default risk. The impairment allowance under IFRS 9 is calculated based on the loan amount on the closing date, the loss ratio of the loan amount and the term-weighted credit default spreads as a benchmark for probability of failure. Furthermore, partial or complete impairment allowances are recognised as soon as there are signs of an increase in default risk.

Taxes on income

Current taxes on income are recognised in income tax liabilities to the extent that they have not yet been paid. If the amount already paid exceeds the amount owed, an income tax receivable is recognised and reported in other tax assets under other non-financial assets.

Deferred taxes are accounted for in accordance with IAS 12 using the balance sheet liability method on the basis of the enacted or substantively enacted local tax rates. This means that deferred tax assets and liabilities generally arise when the tax base of assets and liabilities differs from their carrying amount in the IFRS financial statements, and this leads to

future tax expense or income. KSB recognises deferred tax assets from tax loss carryforwards in those cases where it is more likely than not that there will be sufficient taxable profit available in the near future against which these tax loss carryforwards can be utilised. Deferred taxes are also recognised for consolidation adjustments. Deferred taxes are not discounted. Deferred tax assets and liabilities are always offset where they relate to the same tax authority. Changes to deferred taxes in the consolidated balance sheet generally result in deferred tax expense or income. If, however, a direct entry is made in other comprehensive income in equity, the change in deferred taxes is also taken directly to equity.

Provisions

a) Provisions for pensions and similar obligations

Provisions for pensions and similar obligations pursuant to IAS 19 are calculated on the basis of actuarial reports. They are based on defined benefit pension plans. They are measured using the projected unit credit method.

Actuarial gains and losses are taken directly to other comprehensive income and reported in equity under “Remeasurement of defined benefit plans”. The actuarial demographic assumptions and the setting of the discount rate (based on senior, fixed-income corporate bonds) and other measurement parameters (for example income and pension trends) are based on best estimates.

Net interest is calculated by multiplying the discount rate with the net liability (pension obligation minus plan assets) or the net asset value that results if the plan assets exceed the pension obligation.

The defined benefit costs include the service cost, which is included in staff costs under pension costs, and the net interest income or expense on the net liability or net asset value, which is recognised in finance income / expense under interest and similar expenses or under interest and similar income.

Defined benefit assets are reported under non-current other non-financial assets.

No provisions are set aside for defined contribution pension plans. In these cases, the premium payments are recognised directly in staff costs in the income statement. Other than an obligation to pay premiums, KSB has no further obligations. Consequently, the insurance risk remains with the insured parties.

b) Other provisions

Provisions are recognised if an event that occurred by the reporting date of the respective financial year results in a present legal or constructive external obligation that the company has no realistic alternative to settling, where settlement of this obligation is expected to result in an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably. The amount of the provision corresponds to the best estimate of the settlement amount of the current obligation on the reporting date. Any more or less secure recourse or reimbursement claims are recognised as separate assets.

Obligations in the form of expected losses from onerous contracts are recognised if the unavoidable costs to KSB of fulfilling a contract exceed the expected economic benefits. In the case of customer contracts that are expected to be loss-making, first an impairment of contract-related inventories is recognised before additional provisions are recognised. In contrast, contract assets are reported gross on the one hand and provisions for expected losses from onerous customer contracts are recognised on the other hand.

Provisions for restructurings are recognised only if the criteria set out in IAS 37 are met.

Non-current provisions are discounted if the effects are material.

Contingent liabilities

Contingent liabilities, which are not recognised, are potential obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events. Contingent liabilities may also be present obligations that arise from past events where it is possible but not probable that there will be an outflow of resources embodying economic benefits.

Contingent liabilities correspond to the extent of liability at the reporting date.

Sales revenue

KSB generates sales revenue from the sale of goods and goods purchased and held for resale from the production, sale and trade of machinery, systems and other industrial products, particularly pumps and valves and related support services. The breadth of orders with pumps ranges from the supply of an individual pump to customised pump sets, including drive and control systems. These goods and services are sold to engineering contractors, OEMs and end users or, in some cases, distributed via dealers. Some customer contracts contain several service components, such as manufacture of a pump and the related installation and commissioning. These installation services cover integration services and can only be carried out by specifically trained and qualified staff. They are not accounted for as independent performance obligations and the transaction price is not split.

Sales revenue is recognised in the amount of the consideration expected by KSB based on the transfer of goods or provision of services to the customer. Depending on the type of performance and contractual structure, sales revenue is recognised either over time or at a point in time in line with satisfaction of the performance obligation by KSB.

If a performance obligation meets the criteria for recognising sales revenue over time under IFRS 15 and the progress towards completion and expected consideration can be reliably estimated, the sales revenue is recognised based on progress towards complete satisfaction of the performance obligation. KSB specifically recognises sales revenue over time for contracts covering the production of customised pumps and valves as well as contracts for the provision of services. By contrast, standard products in the pumps and valves areas are typically subject to sales revenue recognition at a point in time. KSB applies the input-oriented method to determine progress that is measured by the factors used. The percentage of completion of contracts is determined on the basis of the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs at the reporting date and thus follows the cost-to-cost method. Contract revenue consists of all contractually agreed revenues, as well as additional claims and incentive payments that are likely to result in revenue and are capable of being reliably measured. Contract revenue may vary, for instance because of renegotiations or penalties. Sales revenue is accounted for based on the amount fixed in the contract less expected consideration. Variable considerations (penalties, bonuses) are estimated at the most likely value. Restrictions on estimate options are taken into account. Estimates on costs and contract progress are corrected if circumstances change. Any resultant increases or reductions in the estimated proceeds or costs are reflected

in the profit and loss account for the period in which the circumstances giving rise to the correction occurred. If the earnings from a service or production order with sales revenue recognition over time cannot be reliably estimated, revenue will only be recognised in the amount of the contract costs incurred that are likely to be covered and the contract costs recognised as an expense for the period in which they are incurred.

Sales revenue is recognised at a point in time for performance obligations that do not meet the criteria for recognising sales revenue over time under IFRS 15. At KSB, this typically applies in particular to standard products without any significant customer-specific characteristic in the Pumps and Valves segments. At the time of revenue recognition, receipt of the consideration must be probable and the amount of sales revenue must be reliably measurable. A reliable estimation of the associated costs and potential return of the goods must also be possible. The point in time at which KSB satisfies the performance obligations from contracts with customers subject to sales revenue recognition at a point in time is generally based on the agreed delivery terms and conditions (INCOTERMS). For certain deliveries and services, a declaration of acceptance by the customer is required for the recognition of sales revenue. The Group generally aims to agree on delivery terms and conditions with the earliest possible transfer of risk. For customer contracts based on sales revenue recognised at a point in time, sales reductions also reduce sales revenue.

KSB agrees payment terms and conditions for customer contracts that allow for payment in a reasonable period after the invoice has been issued. Extended payment terms are not usually granted to customers. There are usually no long-term financing components.

In individual cases and in compliance with the statutory requirements of IFRS 15, a customer may ask to obtain control of a product prior to delivery of the goods (bill-and-hold arrangements). This can result in earlier sales revenue recognition.

For regular fixed-price contracts, the customer pays a fixed amount using a payment plan. Depending on the ratio of the customer payments received to the claim to consideration acquired by KSB based on the transfer of goods and services to the customer, there is an advance or subsequent type of payment on the reporting date for the respective customer contract. Contract assets are reported reduced by advances received, if the amount of the goods and services provided by KSB exceed the payment amount. Payments received from the customer that exceed the amount of the goods and services

provided by KSB for the respective customer contract result in the reporting of a contract liability.

Other income statement items

Interest income and expense are recognised in the period in which they occur. **Dividend income** from investments is collected when the legal entitlement to payment is created. **Operating expenses** are recognised when they are incurred or when the services are utilised. **Income tax** is calculated in accordance with the statutory tax rules in the countries in which the Group operates. Deferred taxes are accounted for on the basis of the enacted or substantively enacted income tax rates.

3. Significant judgements, estimates and assumptions

The preparation of consolidated financial statements in accordance with the IFRSs as adopted by the EU requires management to make estimates and assumptions that affect the accounting policies to be applied. When implementing such accounting policies, estimates and assumptions affect the assets, liabilities, income and expenses recognised in the consolidated financial statements, and their presentation. These estimates and assumptions are based on past experience and a variety of other factors deemed appropriate under the circumstances. Actual amounts may differ from these estimates and assumptions. The estimates and assumptions made are constantly reviewed. If more recent information and additional knowledge are available, recognised amounts are adjusted to reflect the new circumstances. Any changes in estimates and assumptions that result in material differences are explained separately.

Recoverability of intangible assets, right-of-use assets and property, plant and equipment

Impairment tests for goodwill, which are conducted at least once per year, require an estimate of the recoverable amounts for each cash-generating unit (CGU). These correspond to the higher amount from the fair value less costs to sell and value in use. The earnings forecast on the basis of these estimates are affected by various factors, which may include exchange rate fluctuations, progress in Group integration or the expectations for the economic development of these units. Although Management believes that the assumptions used to calculate the recoverable amount are appropriate, any unforeseen changes in these assumptions could lead to an impairment loss.

Estimates and assumptions must also be made when testing the impairment of other intangible assets, the rights to use leased assets and property, plant and equipment. For each asset it must be verified to what extent there are indications of an impairment. When determining the recoverable amount of

property, plant and equipment, the estimation of the relevant useful life is subject to uncertainty.

Net realisable value of inventories

Determining the net realisable value of inventories requires, in particular, estimates of the further marketability of the inventory items and the future development of market prices on the sales markets of KSB in relation to the needed production costs. If the actual development in a later period differs from the original estimates, this may result in an additional impairment requirement for the inventory items or in the reversal of impairments.

Impairments on contract assets and trade receivables

Contract assets and trade receivables are subject to the impairment rules of IFRS 9. The assessments that KSB makes regarding customers' solvency are of central importance here. Depending on the actual payment behaviour of customers, actual defaults on receivables may exceed the impairment losses recognised in previous periods, or impairments may be reversed.

Actuarial assumptions for the measurement of provisions for employee benefits

Provisions for employee benefits, in particular provisions for pensions and similar obligations, are determined according to actuarial principles. These are based on statistical and other factors so as to anticipate future events. Material factors are the reported market discount rates and life expectancy. The actuarial assumptions made may differ from actual developments as a result of changing market and economic conditions, and this can have material effects on the amount of provisions and thus on the company's overall net assets, financial position and results of operations. For the material pension plans of the German companies, every employee is entitled to apply at any time during the ongoing employment contract for payment in annual instalments, as a one-time payment or as a pension for life. KSB's estimate as to how the specific workforce is likely to decide on exercising the lump-sum option is reviewed on a regular basis and is reflected accordingly in the measurement of pension provisions.

Recognition and measurement of other provisions

Provisions are recognised for uncertain liabilities with a probability of occurrence of more than 50 %. The provision corresponds to the best estimate of the expenditure to fulfil the current obligation on the reporting date. The later, actual outflow can, however, differ from the estimate as a result of changed economic, political or legal conditions. This will be reflected in additional expenses or income from reversals.



Estimates in connection with the accounting treatment of income taxes

The Group's global scope of activities must be taken into account in relation to taxes on income. Based on operative activities in numerous countries with varying tax laws and administrative interpretation, differentiated assessment is required for determining tax liabilities. Uncertainty may arise due to different interpretations by taxable entities on the one hand and local finance authorities on the other. Uncertain tax assets and liabilities are recognised if their probability of occurrence exceeds 50 %. The best estimate of the expected tax payment is used for reporting purposes; depending on the case in question this will take the form of the most probable result or of the expected value. Although KSB believes it has made a reasonable estimate regarding any tax uncertainties, it is possible that the actual tax obligation will differ from the original estimate.

With regard to future tax benefits, KSB assesses their realisability as at every reporting date. For this reason, deferred tax assets are only recognised if sufficient taxable income is available in future. In assessing this future taxable income within the planning horizon of three to five years it must be taken into account that expected future business developments are subject to uncertainties and are in some cases excluded from control by company management (for example changes to applicable tax legislation). If KSB comes to the conclusion that previously reported deferred tax assets cannot be realised because of changed assumptions, then the assets will be written down by the appropriate amount.

Sales revenue recognition over time

If performance obligations meet the relevant criteria of IFRS 15, KSB recognises revenue from customer contracts over time in line with progress towards completion. The progress towards completion is determined according to the percentage of completion. This requires estimates regarding the total contract costs and revenue including the variable considerations of contract risks as well as other relevant factors. These estimates take into account the empirical values of KSB and are reviewed regularly by those with operative responsibility and adjusted where necessary.

Consideration of sustainability issues (ESG)

In connection with the sustainability issues of environment (E), social issues (S) and responsible corporate governance (G), estimates are required in the preparation of the consolidated financial statements with regard to the effects on the financial statements. ESG-related aspects did not have a material impact on KSB's net assets, financial position and results of operations in the reporting year. For further information in this context, please refer to the Group's opportunities and risks report as part of the combined management report.

Geopolitical and macroeconomic developments

In the reporting year, the Russian war of aggression against Ukraine and the related inflation and disruptions to supply chains put a strain on the global economy.

China's strict zero-COVID policy in 2022, which was associated with several lockdowns, further exacerbated the bottlenecks in the supply chains.

As a consequence, companies were faced with uncertainty in the procurement markets and high price increases. KSB passed on price increases to customers, provided the competitive situation allowed it.

In connection with Russia's war against Ukraine, the impairments on inventories explained in Section IV. Balance Sheet Disclosures in Notes No. 7 "Inventories" were recognised in the reporting year. Beyond this, there were no material quantifiable effects on the Group's net assets, financial position and results of operations.

The COVID-19 pandemic again led to temporary production stoppages and increased absences due to illness at KSB in the reporting year.

The geopolitical and macroeconomic uncertainties accompanying the above-mentioned aspects require a high degree of discretionary assessments and assumptions with regard to their future development and impact on the consolidated financial statements of KSB. Possible adverse effects on the procurement markets and supply chains, in particular, are therefore of material significance to the Group. The duration of the war in Ukraine and possible escalation of the conflict are decisive with regard to future repercussions for KSB.

IV. BALANCE SHEET DISCLOSURES

1. Intangible assets

Statement of changes in intangible assets

€ thousands	Concessions, industrial property and similar rights and assets, as well as licences in such rights and assets		Goodwill		Internally generated intangible assets		Advance payments		Intangible assets Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Historical cost										
Balance at 1 January	74,671	72,629	31,411	32,249	40,383	40,219	5,649	3,975	152,114	149,072
Currency translation adjustments	602	845	793	122	–	–	4	7	1,399	974
Other	10	–828	–	–	–	–	–	–	10	–828
Additions	2,633	1,673	–	–	1,552	151	1,028	2,138	5,213	3,962
Disposals	–781	–106	–	–960	–13	–	–663	–	–1,457	–1,066
Reclassifications	2,637	458	–	–	1,397	13	–4,034	–471	–	–
Balance at 31 December	79,772	74,671	32,204	31,411	43,319	40,383	1,984	5,649	157,279	152,114
Accumulated depreciation and amortisation										
Balance at 1 January	67,363	63,092	700	1,625	8,124	4,420	–	–	76,187	69,137
Currency translation adjustments	576	752	–12	35	–	–	–	–	564	787
Other	3	–162	–	–	–	–	–	–	3	–162
Additions	4,220	3,975	1,715	–	2,694	3,695	–	–	8,629	7,670
Disposals	–764	–285	–	–960	–13	–	–	–	–777	–1,245
Reclassifications	–	–9	–	–	–	9	–	–	–	–
Balance at 31 December	71,398	67,363	2,403	700	10,805	8,124	–	–	84,606	76,187
Carrying amount at 31 December	8,374	7,308	29,801	30,711	32,514	32,259	1,984	5,649	72,673	75,927

The additions to intangible assets amounting to € 5.2 million (previous year: € 4.0 million) are distributed among various software applications.

The “Concessions, industrial property and similar rights and assets, as well as licences in such rights and assets” item includes € 7.7 million (previous year: € 6.6 million) of software including software licences valid for a limited period. As in the previous year, there are no restrictions on ownership or use.

KSB reported internally generated intangible assets of € 32,514 thousand (previous year: € 32,259 thousand). These are primarily attributable to the KSB sales software.

In the reporting year, impairment losses on intangible assets amounting to € 1,715 thousand (previous year: none) were recognised, all of which related to goodwill. The impairment losses were recognised in the income statement under depreciation and amortisation expense. Further details can be found in the following explanations on impairment testing under IAS 36.

As in the previous year, no product-related development costs were capitalised in the reporting year because not all of the comprehensive recognition criteria defined in IAS 38 were met.

Impairment testing under IAS 36

When assessing the indicators of a possible impairment of assets as at 31 December 2022, it was found on the one hand that the carrying amount of the equity of the shareholders of KSB SE & Co. KGaA exceeds market capitalisation. On the other hand, the weighted average cost of capital of the Group increased significantly, due to the increase in general market interest rates in the reporting year. As a result, in addition to impairment testing for goodwill, the Group's other intangible assets, right-of-use assets and property, plant and equipment were tested for impairment under IAS 36 as at 31 December 2022.

a) Impairment testing for goodwill

The date defined by KSB for the mandatory annual impairment testing for goodwill is 30 September of each year. The impairment testing methodology is explained in more detail in Section III. Accounting Policies in the "Intangible assets" subsection.

In accordance with the explanations above, impairment testing was carried out again for goodwill as at 31 December 2022 in the same way as at 30 September. For the year-end review, the underlying assumptions and parameters were taken into account on the basis of updated findings.

The following information on the basic assumptions and parameters, the goodwill impairments and the sensitivity analyses relates to the consideration as at 31 December 2022. In line with the presentation in the 2021 consolidated financial statements, the previous year's figures are based on the date 30 September 2021.

Basic assumptions and parameters

The carrying amounts of the cash-generating units in connection with the impairment testing of goodwill do not contain any items relating to income tax or financing activities.

To determine the discount factor, the weighted average cost of capital (WACC) method is applied in conjunction with the capital asset pricing model (CAPM), taking into account a peer group. Under this method, first the cost of equity is determined using CAPM and the borrowing costs are defined, and then the individual capital components are weighted in accordance with the capital structure taking account of the peer group. The peer group information includes aspects like beta factors, capital structure data and borrowing costs. The peer group includes companies that are similar to the Group in terms of industry, size and activity. To account for changes in market parameters, the composition of the peer group is reviewed at regular intervals and adjusted if necessary (e.g. due to changes in the business model of either the cash-generating unit or the comparable company being looked at).

The interest rate for risk-free 30-year Bunds was used as a base rate. This rate was 2.0 % in the reporting year (previous year: 0.1 %). The market risk premium was set at 7.2 % (previous year: 7.2 %), with a beta factor of 1.22 (previous year: 1.15). In addition, country-specific tax rates and country risk premiums are taken into account individually for each cash-generating unit (CGU). The growth rate for all cash-generating units in the reporting year was set at 0.5 %, as in the previous year. The regular review of the peer group did not generate any new findings in relation to the business models of comparative companies. The peer group for examining the weighted capital cost factor therefore remained the same as in the previous year.

Basic parameters for the impairment testing of goodwill considered material (31 December 2022)

Name of CGU	Carrying amount of goodwill (€ thousands)	Percentage of total carrying amount of goodwill	Method	Planning time horizon	Discount rate	Growth rate
KSB SupremeServ operating segment of D.P. Industries B.V., the Netherlands	10,146	34 %	Value in use	5 years	14.1 % before tax / 10.6 % after tax	0.5 %
Operating segment Standard Markets Pumps of D.P. Industries B.V., the Netherlands	8,139	27 %	Value in use	5 years	14.1 % before tax / 10.6 % after tax	0.5 %

Basic parameters for the impairment testing of goodwill considered material (30 September 2021)

Name of CGU	Carrying amount of goodwill (€ thousands)	Percentage of total carrying amount of goodwill	Method	Planning time horizon	Discount rate	Growth rate
KSB SupremeServ operating segment of D.P. Industries B.V., the Netherlands	10,146	33 %	Value in use	5 years	10.9 % before tax / 8.3 % after tax	0.5 %
Operating segment Standard Markets Pumps of D.P. Industries B.V., the Netherlands	8,139	26 %	Value in use	5 years	10.9 % before tax / 8.3 % after tax	0.5 %

Impairment loss on goodwill in the 2022 financial year

Name of CGU	Segment	Discount rate (before taxes)	Discount rate (after taxes)	Recoverable amount (€ thousands)	Impairment loss (€ thousands)
Operating segment Standard Markets Pumps of Dynamik-Pumpen GmbH, Germany	Pumps	13.0 %	10.5 %	515	400
Operating segment Standard Markets Pumps of KSB ITUR Spain S.A., Spain	Pumps	15.8 %	14.0 %	4,209	400
Operating segment KSB SupremeServ of Standard Alloys Incorporated, USA	SupremeServ	12.9 %	10.6 %	19,061	915
Total					1,715

The goodwill affected by impairment in the reporting year is fully amortised as at 31 December 2022.

D.P. Industries B.V., Alphen aan den Rijn, the Netherlands, represents the only goodwill considered material for KSB from the Group's perspective, both in the reporting year and in the previous year, totalling € 18,285 thousand.

In addition, the carrying amount of the other goodwill of € 11,516 thousand is spread over a large number of the Group's cash-generating units. There are no other significant carrying amounts of individual goodwill in relation to the total carrying amount of the Group's goodwill.

The basic parameters for the impairment testing of material goodwill are summarised in the tables above.

The Group's material assumptions impacting cash flows from the multi-year financial plan on which the impairment test as at 30 December 2022 is based relate to the performance of order intake, sales revenue and earnings before finance income / expense and income tax (EBIT). For all three of the above-mentioned key indicators, tangible growth was projected in all five years of the detailed planning period, both for the KSB SupremeServ operating segment and for the Standard Markets operating segment for new business with pumps of D.P. Industries B.V. The assessments take into account the company's own experience-based knowledge of competitors and markets as well as published economic data collected externally.

Impairment loss on goodwill

The impairment losses on goodwill recognised in the year under review are shown in the “Impairment loss on goodwill in the 2022 financial year” table. Impairment testing for goodwill in the previous year did not result in any impairment requirement.

→ [Impairment loss on goodwill in the 2022 financial year](#)

Sensitivity analyses

For the cash-generating units in the form of the operating segments Standard Markets for new pump business and KSB SupremeServ of D.P. Industries B.V., with goodwill considered material from the Group’s perspective, additional sensitivity analyses were performed based on the parameters as at 31 December 2022. As in the previous year, the following assumptions were made: a 15 % increase in the cost of capital (Sensitivity 1), a reduction in the growth rate to 0.0 % (Sensitivity 2) and a reduction in sales revenue of 10 % with the corresponding impact on expense items and performance indicators (Sensitivity 3).

As in the previous year, the sensitivity analyses did not reveal any impairment requirement in the reporting year.

b) Impairment testing for other intangible assets, right-of-use assets and for property, plant and equipment

In addition to goodwill, impairment testing was also carried out for other intangible assets as well as for right-of-use assets and property, plant and equipment under IAS 36 as at 31 December 2022.

In doing so, a comparison of the recoverable amount in the form of the value in use with the carrying amount on the reporting date was made at the level of individual cash-generating units. The value in use was determined similarly to the discounted cash flow method for the impairment test of goodwill. The underlying discount rates were determined for the reporting date 31 December 2022.

If the impairment test at the level of a cash-generating unit as at the reporting date showed a lower value in use compared with the carrying amount, more extensive impairment testing was as a rule carried out at the individual level of the material intangible assets, right-of-use assets and property, plant and equipment of the cash-generating unit concerned. For this purpose, the fair value less costs to sell was determined for the assets concerned using appropriate estimation procedures and compared with the carrying amount as at the reporting date.

In determining the fair value less costs to sell for the assets concerned, generally the replacement cost of an equivalent modern asset was used. In addition to an indexation of historical acquisition costs using adequate price indices, this included in particular estimates of technical impairments due to disadvantages compared with comparable modern technologies as well as estimates regarding depreciation due to the age and use of the assets. As a result of the significant non-observable input factors, the fair value determined as current replacement cost is to be classified in level 3 of the fair value hierarchy in accordance with IFRS 13.

As part of the impairment tests as at 31 December 2022, the impairments on property, plant and equipment described in Notes No. 3 “Property, plant and equipment” were identified. Reversals of impairments did not come to bear in this context.

For the other intangible assets (with the exception of goodwill) and for the right-of-use assets for leases, there was no impairment requirement either from impairment testing as at 31 December 2022 or previously in the course of the reporting year.

2. Right-of-use assets

€ thousands	31 Dec. 2022	31 Dec. 2021
Right-of-use assets	40,220	42,709
of which land and buildings	28,456	29,176
of which technical equipment and machinery	979	1,284
of which other equipment, operating and office equipment	10,785	12,250

Additions to right-of-use assets in the reporting year amounted to € 15,340 thousand (previous year: € 17,626 thousand).

Depreciation on right-of-use assets in the reporting year was as follows:

€ thousands	2022	2021
Depreciation on right-of-use assets	16,917	17,101
of which land and buildings	9,734	9,165
of which technical equipment and machinery	418	638
of which other equipment, operating and office equipment	6,765	7,298

3. Property, plant and equipment

Statement of changes in property, plant and equipment

€ thousands	Land and buildings		Plant and machinery		Other equipment, operating and office equipment		Advance payments and assets under construction*		Property, plant and equipment	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Historical cost										
Balance at 1 January	461,545	438,002	629,990	603,765	244,123	237,832	67,599	42,346	1,403,257	1,321,945
Currency translation adjustments	4,190	8,663	7,342	13,793	1,586	4,505	2,403	2,910	15,520	29,871
Other	–	152	49	372	88	512	–	–	136	1,036
Additions	19,597	10,674	22,737	14,087	20,525	15,926	38,138	41,324	100,997	82,011
Disposals	–1,288	–3,425	–9,423	–10,039	–9,339	–17,888	–93	–254	–20,142	–31,606
Reclassifications	25,299	7,479	29,728	8,012	2,557	3,236	–57,584	–18,727	–	–
Balance at 31 December	509,342	461,545	680,423	629,990	259,540	244,123	50,463	67,599	1,499,768	1,403,257
Accumulated depreciation and amortisation										
Balance at 1 January	218,176	205,209	471,946	445,992	175,349	170,064	–	–	865,471	821,265
Currency translation adjustments	1,602	3,934	6,287	9,902	1,597	3,346	–	–	9,486	17,182
Other	–	76	38	226	58	365	–	–	97	667
Additions	16,476	11,983	28,664	25,368	19,733	18,767	–	–	64,872	56,118
Disposals	–744	–3,026	–9,168	–9,609	–8,758	–17,126	–	–	–18,670	–29,761
Reclassifications	571	–	169	67	–740	–67	–	–	–	–
Balance at 31 December	236,082	218,176	497,936	471,946	187,239	175,349	–	–	921,256	865,471
Carrying amount at 31 December	273,261	243,369	182,488	158,044	72,302	68,774	50,463	67,599	578,512	537,786

* The carrying amount of advance payments on property, plant and equipment as at the reporting date amounts to € 11,051 thousand (previous year: € 9,154 thousand).

Impairment testing for assets within the scope of IAS 36 as explained in Notes No. 1 “Intangible assets” resulted in impairment losses on property, plant and equipment in the amount of € 3,598 thousand in the reporting year. In addition, further impairment losses on property, plant and equipment in the amount of € 281 thousand were recognised during the course of the reporting year.

Of the total amount of impairment losses on property, plant and equipment of € 3,879 thousand, € 3,549 thousand was attributable to land and buildings, € 222 thousand to technical equipment and machinery and € 108 thousand to other equipment and operating and office equipment. The Pumps Segment was affected by the impairments in the amount of € 1,912 thousand, the Valves Segment in the amount of € 435 thousand and the KSB SupremeServ Segment in the amount of

€ 1,532 thousand. The impairment losses are reported in the income statement under depreciation and amortisation.

No material reversals of impairments on property, plant and equipment were recognised in the reporting year, nor in the previous year. There were no material impairments on property, plant and equipment in the previous year either.

Disposals of intangible assets and items of property, plant and equipment resulted in book gains of € 1,057 thousand (previous year: € 700 thousand) and book losses of € 752 thousand (previous year: € 1,089 thousand). The book gains and losses are reported in the income statement under other income and other expenses.



4. Non-current financial assets

€ thousands	31 Dec. 2022	31 Dec. 2021
Loans	1,137	1,458
Financial instruments	53	50
	1,191	1,508

Of the loans, € 1,105 thousand (previous year: € 1,056 thousand) are accounted for by loans to equity investments.

In the reporting year, as in the previous year, no material impairment losses on loans were recognised, because no significant default risks were identified.

5. Other non-financial assets

€ thousands	31 Dec. 2022	31 Dec. 2021
Other investments	3,801	3,833
Defined benefit assets	3,518	3,758
	7,319	7,592

Other investments are investments in affiliates that were not consolidated due to there being no material impact. As in the previous year, there was no depreciation and amortisation applied in the reporting year.

6. Investments accounted for using the equity method

The following table lists the KSB Group's material joint ventures. "Seat" refers to the country in which the main activity is performed. All joint ventures and associates are accounted for using the equity method and can also be found in the list of shareholdings in these Notes to the Consolidated Financial Statements. The share of capital corresponds to the share of voting rights.

→ [Material joint ventures](#)

Neither of the two material joint ventures is listed on a stock market, which is why there is no active market.

Summarised financial information on these material joint ventures of the KSB Group and a combined summary for all the individually immaterial joint ventures and associated companies are provided in the following tables:

→ [Summarised balance sheet](#)

→ [Summarised statement of comprehensive income](#)

→ [Reconciliation to carrying amount of Group share in joint ventures](#)

→ [Summarised information on joint ventures and associates that are immaterial individually](#)

As in the previous year, there are no pro rata losses that have not been recognised from the consolidation at equity.

Material joint ventures

Name and seat	Capital share	Nature of the entity's relationship
KSB Pumps Arabia Ltd., Saudi Arabia	50.00 %	KSB Pumps Arabia Ltd. in Riyadh, Saudi Arabia, offers a wide range of services and activities for the energy market as well as in water, waste water and building services applications. The portfolio includes business development and marketing, supply chain management, production of pressure booster systems and pump sets, sale of pumps, valves and systems and technical service activities. KSB Pumps Arabia Ltd. is important for the growth of the Group in the Saudi Arabian market.
Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd. (China)	45.00 %	Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd. in Shanghai, China, produces suitable auxiliary pumps for the secondary coolant circuits and modern reactor coolant pumps for the primary cooling circuits of nuclear power stations. Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd. is a strategic partnership on the part of the Group, through which KSB is participating in the expansion of energy capacity in China and other Asian markets.

Summarised balance sheet

€ thousands	KSB Pumps Arabia Ltd.		Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd.	
	2022	2021	2022	2021
Non-current assets	10,208	9,370	75,689	79,397
Current assets	35,671	26,307	189,834	167,968
of which cash and cash equivalents	1,700	494	23,471	16,240
Non-current liabilities	-1,557	-1,205	-6,795	-4,929
of which non-current financial liabilities (excluding trade payables and provisions)	-87	-	-6,795	-4,929
Current liabilities	-33,067	-25,759	-218,280	-205,116
of which current financial liabilities (excluding trade payables and provisions)	-9,916	-6,418	-13,590	-15,920
Net assets	11,255	8,713	40,448	37,319

Summarised statement of comprehensive income

€ thousands	KSB Pumps Arabia Ltd.		Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd.	
	2022	2021	2022	2021
Sales revenue	32,316	20,989	91,895	79,490
Depreciation / amortisation	1,023	872	4,859	4,610
Interest income	-	-	134	158
Interest expense	-514	-444	-993	-656
Earnings from continuing operations	2,633	-4,320	5,112	2,477
Taxes on income	-519	-79	-998	-465
Earnings after taxes from continuing operations	2,115	-4,399	4,114	2,012
Earnings after taxes from discontinued operations	-	-	-	-
Other comprehensive income	427	1,127	-985	3,752
Comprehensive income	2,542	-3,272	3,129	5,764
Dividends received from joint ventures	-	-	-	-



Reconciliation to carrying amount of Group share in joint ventures

€ thousands	KSB Pumps Arabia Ltd.		Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd.	
	2022	2021	2022	2021
Net carrying amount at 1 January	8,713	11,985	37,319	31,555
Earnings after income tax	2,115	-4,399	4,114	2,012
Distribution of dividends	-	-	-	-
Other comprehensive income	427	1,127	-985	3,752
Net carrying amount at 31 December	11,255	8,713	40,448	37,319
Investment in joint venture (50 % / 45 %)	5,628	4,357	18,202	16,794
Elimination of intercompany profit and loss *	-870	-	-7,694	-6,289
Goodwill	-	-	-	-
Carrying amount at 31 December	4,757	4,357	10,508	10,505

* The effects shown as elimination of intercompany profits and loss in the reconciliation to the carrying amount of KSB's investment in Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd., Shanghai, China, result from eliminations in connection with the oncharging of product licences from KSB SE & Co. KGaA, Frankenthal/Pfalz, to this joint venture.

Summarised information on joint ventures and associates that are immaterial individually

€ thousands	Joint ventures	Associates	Total 2022	Joint ventures	Associates	Total 2021
	2022	2022		2021	2021	
Group share of earnings from continuing operations	126	794	920	56	734	790
Group share of other comprehensive income	214	-	214	225	-	225
Group share of comprehensive income	340	794	1,134	281	734	1,015
Elimination of intercompany profit and loss	-263	-	-263	-	-	-
Total carrying amounts of Group shares in these companies	4,033	1,535	5,568	3,956	1,366	5,322

7. Inventories

€ thousands	31 Dec. 2022	31 Dec. 2021
Raw materials and production supplies	257,070	178,319
Work in progress	222,631	158,779
Finished goods and goods purchased and held for resale	216,254	173,482
Advance payments	23,266	18,871
	719,221	529,451

As at the reporting date, inventories amounting to € 51,018 thousand (previous year: € 49,807 thousand) are carried at net realisable value.

The impairment losses on inventories recognised as an expense in the reporting period amount to € 21,792 thousand (previous year: € 11,252 thousand). The increase in impairments on inventories compared with the previous year is mainly related to orders that were affected by the sanctions imposed on Russia.

Reversals of impairments on inventories in the amount of € 3,979 thousand (previous year: € 4,018 thousand) resulted from increased net realisable values compared with the previous year. Impairment losses and reversals of impairment losses on inventories are recognised in the income statement under cost of materials and changes in inventories.

Inventories amounting to € 1,056,880 thousand (previous year: € 960,882 thousand) were recognised as an expense in the reporting period.

Of the inventories as at the reporting date, work in progress and finished goods amounting to a total of € 87,023 thousand (previous year: € 63,168 thousand) have a maturity of more than one year.

8. Contract assets, trade receivables and other financial and non-financial assets

€ thousands	31 Dec. 2022	31 Dec. 2021
Contract assets	80,018	79,300
Trade receivables	579,539	479,244
Trade receivables from third parties	530,260	444,601
Trade receivables from other investments, associates and joint ventures	49,279	34,643
thereof from other investments	7,802	3,071
thereof from associates	610	–
thereof from joint ventures	40,867	31,572
Other financial assets	71,517	80,140
Receivables from loans to other investments, associates and joint ventures	2,498	1,918
Currency forwards	2,970	643
Other receivables and other current assets	66,050	77,579
Other non-financial assets	42,203	39,298
Other tax assets	31,470	28,205
Deferred income	10,733	11,093

At € 80,018 thousand (previous year: € 79,300 thousand), the balance of contract assets at the end of the reporting year was at a comparable level to the previous year. Impairment losses on contract assets amounted to € 1,609 thousand (previous year: € 1,630 thousand). Of the contract assets as at the reporting date, € 17,482 thousand (previous year: € 16,779 thousand) relate to project orders with customers whose completion is not expected until more than one year after the reporting date.

Impairment losses of € 32,833 thousand (previous year: € 35,181 thousand) were recognised on trade receivables from third parties as at the reporting date.

Impairment losses on trade receivables and contract assets include the individual impairment allowance (EWB) and risk provisions for expected credit losses (ECL).

Impairment losses on trade receivables from third parties

€ thousands	31 Dec. 2022	31 Dec. 2021
Gross carrying amount of trade receivables from third parties	563,093	479,782
of which unhedged receivables	404,725	345,870
of which hedged receivables	158,368	133,912
Individual impairment allowance (EWB)	–29,380	–32,165
Risk provisions for expected credit losses (ECL)	–3,453	–3,016
of which ECL for unhedged receivables	–2,855	–2,384
of which ECL for hedged receivables	–598	–632
Net carrying amount of trade receivables from third parties	530,260	444,601



Impairment losses on contract assets

		31 Dec. 2022	31 Dec. 2021
Gross carrying amount of contract assets	€ thousands	81,627	80,930
Individual impairment allowance (EWB)	€ thousands	-1,258	-1,211
Risk provisions for expected credit losses (ECL)	€ thousands	-351	-419
Net carrying amount of contract assets	€ thousands	80,018	79,300
Expected default risk in relation to ECL	%	0.4	0.5

Impairment losses on receivables from loans to other equity investments amounted to € 320 thousand, as at the prior-year reporting date. Impairment losses of € 87 thousand (previous year: none) were recognised on trade receivables from other equity investments. As in the previous year, there are no impairment losses on receivables from associates and joint ventures.

The reconciliation of impairment losses on trade receivables from third parties and contract assets between the opening and closing balance sheets is shown in the following tables.

Reconciliation of impairment losses 2022

€ thousands	Trade receivables from third parties			Contract assets		
	EWB	ECL	Total	EWB	ECL	Total
Opening balance at 1 January	-32,165	-3,016	-35,181	-1,211	-419	-1,630
Additions	-8,210	-1,239	-9,449	-298	-96	-394
Utilised	944	-	944	-	-	-
Reversal	9,577	615	10,192	8	111	119
Currency translation / Other	474	187	661	243	54	296
Closing balance at 31 December	-29,380	-3,453	-32,833	-1,258	-351	-1,609

Reconciliation of impairment losses 2021

€ thousands	Trade receivables from third parties			Contract assets		
	EWB	ECL	Total	EWB	ECL	Total
Opening balance at 1 January	-32,254	-2,856	-35,110	-	-524	-524
Additions	-11,591	-1,202	-12,793	-1,254	-18	-1,272
Utilised	5,996	-	5,996	-	-	-
Reversal	6,864	1,056	7,920	-	121	121
Currency translation / Other	-1,180	-14	-1,194	43	2	45
Closing balance at 31 December	-32,165	-3,016	-35,181	-1,211	-419	-1,630

Risk provision for expected credit losses by maturity of trade receivables

31 Dec. 2022		Not overdue	Up to 30 days	Up to 90 days	Up to 180 days	Up to 360 days	Over 360 days	Total
Gross carrying amount of unhedged								
trade receivables from third parties	€ thousands	275,237	48,141	29,928	18,250	9,156	24,012	404,725
ECL	€ thousands	-1,296	-275	-386	-365	-200	-333	-2,855
Expected default risk								
in relation to ECL	%	0.5	0.6	1.3	2.0	2.2	1.4	-
31 Dec. 2021								
Gross carrying amount of unhedged								
trade receivables from third parties	€ thousands	240,617	34,508	22,751	12,204	8,186	27,603	345,870
ECL	€ thousands	-865	-377	-309	-233	-235	-366	-2,384
Expected default risk								
in relation to ECL	%	0.4	1.1	1.4	1.9	2.9	1.3	-

The expected default risk of unhedged trade receivables from third parties determined based on the simplified impairment model is distributed over the age structure of the receivables portfolio at gross carrying amount as shown in the table above.

In the case of unhedged trade receivables from third parties with high overdue amounts, the risk provision for expected credit losses (ECL) in the reporting year partly results in a lower expected default risk compared with time bands with lower overdue amounts. This is the result of the relatively high recognition of individual impairments for the entirety of the far overdue open receivables items.

Other receivables and other current assets include hedges of credit balances prescribed by law for partial retirement arrangements and long-term working time accounts of the

German Group companies in the amount of € 13,103 thousand (previous year: € 11,425 thousand).

€ 48,907 thousand (previous year: € 42,072 thousand) of total receivables and other assets are due after more than one year.

9. Cash and cash equivalents

Cash and cash equivalents are term deposits with short maturities and call deposits, and also current account balances. Cash equivalents include short-term deposits with an original maturity of less than three months.

In the reporting year, as in the previous year, no material impairment losses were recognised on cash and cash equivalents as no significant default risks were identified.

10. Equity

There was no change in the share capital of KSB SE & Co. KGaA as against the previous year. In accordance with the Articles of Association, it totals € 44,771,963.82 and, as in the previous year, is composed of 886,615 ordinary shares and 864,712 preference shares. Each no-par-value share represents an equal notional amount of the share capital. The preference shares carry separate cumulative preferred dividend rights and progressive additional dividend rights. All shares are no-par-value bearer shares. The individual shares have no par value.

The capital reserve results from the appropriation of premiums from capital increases in previous years.

In addition to revenue reserves from previous years, the revenue reserves include currency translation adjustments, consolidation effects, remeasurements of defined benefit plans under IAS 19 and changes in the fair value of interest rate derivatives taken directly to equity. These issues resulted in deferred tax assets in the amount of € 29,732 thousand (previous year: € 43,776 thousand) and deferred tax liabilities in the amount of € 856 thousand (previous year: € 166 thousand).

The development of the currency translation differences recognised in equity is shown in the table below.

→ [Development of currency translation differences in equity](#)

A total of € 21,241 thousand (dividend of € 9.00 per ordinary share and € 9.26 per preference share, plus an anniversary dividend of € 3.00 per ordinary share and per preference share) was paid from equity by resolution of the Annual General Meeting of the Group's parent company KSB SE & Co. KGaA, Frankenthal, on 5 May 2022.

The proposal on the appropriation of the net retained earnings of KSB SE & Co. KGaA for the reporting year calculated in accordance with HGB [*Handelsgesetzbuch* – German Commercial Code] is shown at the end of these Notes.

The development of the equity items, including the non-controlling interests explained in more detail below, is shown in the statement of changes in equity.

Non-controlling interests

The table below shows the subsidiaries with material non-controlling interests from the Group's perspective. "Seat" refers to the country in which the main activity is performed.

→ [Subsidiaries with material non-controlling interests](#)

Non-controlling interest thus relates primarily to PAB Pumpen- und Armaturen-Beteiligungsges. mbH, Frankenthal / Pfalz, and the interests it holds, as well as to companies in India and China. KSB SE & Co. KGaA, Frankenthal / Pfalz, holds a 51 % interest in PAB Pumpen- und Armaturen-Beteiligungsges. mbH, while Johannes und Jacob Klein GmbH, Frankenthal / Pfalz, holds a 49 % interest.

Development of currency translation differences in equity

€ thousands	Currency translation differences in equity attributable to shareholders of KSB SE & Co. KGaA	Currency translation differences in non-controlling interests	Total amount of currency translation differences in equity
1 Jan. 2021	-142,129	-34,233	-176,362
Change in 2021	17,961	12,365	30,326
31 Dec. 2021	-124,168	-21,868	-146,036
1 Jan. 2022	-124,168	-21,868	-146,036
Change in 2022	11,843	672	12,515
31 Dec. 2022	-112,325	-21,196	-133,521

Subsidiaries with material non-controlling interests

Name and seat	Non-controlling interest in capital	Earnings after income tax attributable to non-controlling interests		Accumulated non-controlling interests in equity	
		2022 / 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022
€ thousands					
PAB, Germany / USA (subgroup)	49,00%	5,998	3,931	101,598	89,996
KSB Limited, India	59,46%	13,218	9,231	76,591	70,476
KSB Shanghai Pump Co., Ltd., China	20,00%	2,056	1,618	9,359	12,021
Subsidiaries with individually immaterial non-controlling interests		2,418	1,895	22,106	21,879
Total amount of non-controlling interests		23,689	16,675	209,653	194,372

Composition of the PAB subgroup as at 31 Dec. 2022

Cons. No.	Name and seat	Country	Capital share in %	Held by No.
1	PAB Pumpen- und Armaturen-Beteiligungsges. mbH, Frankenthal	Germany	51.00	–
2	KSB America Corporation, Richmond / Virginia	USA	100.00	1
3	GIW Industries, Inc., Grovetown / Georgia	USA	100.00	2
4	KSB Dubric, Inc., Comstock Park / Michigan	USA	100.00	2
5	KSB, Inc., Richmond / Virginia	USA	100.00	2
6	KSB, Inc. – Western Division, Bakersfield / California	USA	100.00	2
7	Standard Alloys Incorporated, Port Arthur / Texas	USA	100.00	2

Information on the subgroup that comprised the subsidiaries of the KSB Group listed in the following table as at 31 December 2022 is summarised under the name “PAB”.

→ [Composition of the PAB subgroup as at 31 Dec. 2022](#)

The summarised financial information regarding the KSB Group’s subsidiaries with significant non-controlling interests and the PAB subgroup considered here is provided below. Except for the details on the PAB subgroup, this information corresponds to the amounts shown in the subsidiaries’ financial statements prepared in accordance with IFRS prior

to intercompany eliminations. The required intercompany eliminations were taken into consideration for the PAB subgroup.

→ [Summarised balance sheet](#)

→ [Summarised statement of comprehensive income](#)

→ [Condensed statement of cash flows](#)



Summarised balance sheet

€ thousands / 31 Dec.	PAB		KSB Limited		KSB Shanghai Pump Co., Ltd.	
	2022	2021	2022	2021	2022	2021
Non-current assets	110,567	108,641	54,401	50,013	29,064	29,418
Current assets	163,954	137,589	152,376	141,942	137,293	141,570
Non-current liabilities	-14,669	-12,267	-2,171	-4,117	-463	-71
Current liabilities	-52,511	-50,299	-75,795	-69,310	-119,101	-110,812
Net assets	207,342	183,664	128,811	118,527	46,793	60,104

Summarised statement of comprehensive income

€ thousands	PAB		KSB Limited		KSB Shanghai Pump Co., Ltd.	
	2022	2021	2022	2021	2022	2021
Sales revenue	274,891	208,571	219,339	169,957	179,474	176,035
Earnings after income tax	12,240	8,022	22,621	15,832	10,278	8,092
Other comprehensive income	11,437	16,491	-7,075	7,187	-863	6,320
Comprehensive income	23,678	24,512	15,545	23,019	9,415	14,412
Other comprehensive income attributable to non-controlling interests	5,604	8,080	-4,207	4,273	-173	1,264
Comprehensive income attributable to non-controlling interests	11,602	12,011	9,011	13,505	1,883	2,882
Dividends paid to non-controlling interests	-	-7,350	-3,129	-2,012	-4,545	-2,098

Summarised cash flow statement

€ thousands	PAB		KSB Limited		KSB Shanghai Pump Co., Ltd.	
	2022	2021	2022	2021	2022	2021
Cash flows from operating activities	-9,399	16,041	4,686	7,102	9,175	16,451
Cash flows from investing activities	7,167	-7,909	-1,540	323	-782	-876
Cash flows from financing activities	-2,648	-8,037	-6,115	-10,889	-14,481	-10,913
Changes in cash and cash equivalents	-4,880	95	-2,969	-3,464	-6,088	4,662
Cash and cash equivalents at beginning of period	14,419	12,974	6,788	9,755	47,612	38,410
Effects of exchange rate changes	2,347	1,350	-118	497	-822	4,540
Cash and cash equivalents at end of period	11,886	14,419	3,701	6,788	40,702	47,612

11. Provisions

Composition of provisions

€ thousands	31 Dec. 2022			31 Dec. 2021		
	Total	Non-current	Current	Total	Non-current	Current
Employee benefits	474,293	466,400	7,893	636,922	629,245	7,677
Pensions and similar obligations	451,568	451,568	–	613,380	613,380	–
Other employee benefits	22,725	14,832	7,893	23,542	15,865	7,677
Other provisions	92,989	1,883	91,106	95,020	1,569	93,451
Warranty obligations and contractual penalties	53,129	–	53,129	55,600	–	55,600
Onerous contracts	13,667	–	13,667	17,162	–	17,162
Miscellaneous other provisions	26,193	1,883	24,310	22,258	1,569	20,689
	567,282	468,283	98,999	731,941	630,814	101,128

Development of individual provision categories

€ thousands	1 Jan. 2022	CTA** / Other	Utilisation	Reversal	Additions	31 Dec. 2022
Employee benefits	636,922	–160	–32,933	–157,458	27,923	474,293
Pensions and similar obligations *	613,380	–54	–24,239	–156,940	19,422	451,568
Other employee benefits	23,542	–105	–8,694	–518	8,501	22,725
Other provisions	95,020	954	–34,174	–11,021	42,211	92,989
Warranty obligations and contractual penalties	55,600	–34	–21,690	–9,273	28,525	53,129
Onerous contracts	17,162	48	–5,978	–296	2,731	13,667
Miscellaneous other provisions	22,258	940	–6,507	–1,453	10,955	26,193
	731,941	794	–67,107	–168,480	70,133	567,282

* The movement shown as a reversal in the pensions and similar obligations item essentially results from the remeasurements under IAS 19.

** Currency translation adjustments

Provisions for pensions and similar obligations

The pension obligations in the KSB Group include defined contribution and defined benefit plans and contain both obligations from current pensions and future pension benefit entitlements.

Defined contribution pension plans

Total expenses for defined contribution pension plans in the reporting year amounted to € 52,816 thousand (previous year: € 49,603 thousand). Of this figure, € 27,714 thousand (previous year: € 27,457 thousand) resulted from contributions into the statutory pension insurance scheme in Germany.

Description of the defined benefit pension plans

The obligations for defined benefit pension plans for employees of the Group are mainly due to pension obligations in Germany, as well as in France, the United States and Switzerland.

More than 90 % of the defined benefit plans are attributable to the German Group companies. These relate to direct commitments by the companies to their employees. The commitments are based on salary and length of service. Contributions from employees themselves are also considered. This pension provision can be broken down into purely company-financed basic provision and the top-up provision from the employer. The latter is based on the amount of own contributions and the generated return on sales before taxes on income. Both components take account of the general pension contribution (the amount of which partially depends on company performance), personal income (the relationship between pensionable income and maximum income threshold) and the annuity conversion factor (based on age). Within the scope of the material pension plans of the German companies, every employee is entitled to apply at any time during the ongoing employment contract for payment in annual instalments, as a one-time payment or as a pension for life.



Pension schemes in France are governed by the provisions of the respective collective agreements. The obligations are basically covered by assets that have been paid in to an external fund. Upon retirement, the employees concerned receive a one-off payment from the fund.

The defined benefit pension plans in the United States are closed to new entrants. The pension benefit amount is derived from the average salary and years of service before closure of the plan. The retirement age is 65 years; from this point a monthly payment is made to the beneficiaries. The pension benefits are financed by external funds.

The obligations for defined benefit pension plans in Switzerland are based on occupational pensions in accordance with the *Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge* (BVG) [Swiss Federal Act on Occupational Retirement, Surviving Dependents', and Disability Pension Plans]. Every employee of a company with a total annual income above a certain minimum amount is insured in the employer's pension fund as a mandatory requirement. The occupational pension plan, as the second pillar of the Swiss pension system supplementing the state pension plan as the first pillar which is classified as a defined contribution plan, includes defined additional benefits in old age, in the event of disability or in the event of death with the aim of safeguarding the accustomed standard of living. Both employer and employee contributions are paid to finance this. If the pension fund has a shortfall, the employer is obliged to make up for it. The pension benefits after retirement are paid out as a monthly pension, as a one-off lump-sum payment or in the form of a combination of these, according to the choice of the employee.

In addition, employees in other countries are also entitled to a limited extent to retirement and partly to medical care benefits, depending mainly on the length of service and salary.

These defined benefit plans harbour actuarial risks, such as the longevity risk and interest rate risk. The payments associated with the pension obligations are mostly serviced through liquidity. Plan assets are also partially available for financing these obligations. Most of the plan assets are managed by insurers who set their own appropriate investment policies.

The actuarial valuations of the present value of the defined benefit obligation (and the related current service cost and the past service cost) are measured and calculated annually on the basis of actuarial reports using the projected unit credit method (IAS 19). Plan assets are measured at fair value.

Explanation of the effects of the defined benefit pension plans on the balance sheet and income statement

The regional allocation of the total defined benefit pension plans from the Group's point of view, as well as the change in the present value of the defined benefit obligation, the fair value of plan assets and the net liability from defined benefit obligations, as consolidated for the Group, is presented in the following tables.

- Regional allocation of the defined benefit pension plans
- Change in present value of defined benefit obligations
- Changes in the fair value of the plan assets
- Changes to the net liability of the defined benefit obligations

Regional allocation of the defined benefit pension plans

€ thousands	Defined benefit obligations (DBO)	Fair value of plan assets	Effect of the asset ceiling	Net balance approach	Defined benefit obligations (DBO)	Fair value of plan assets	Effect of the asset ceiling	Net balance approach
	31 Dec. 2022				31 Dec. 2021			
Germany	432,985	–	–	432,985	589,511	–	–	589,511
France	8,755	–2,798	–	5,957	11,633	–3,315	–	8,318
USA	11,168	–13,845	–	–2,677	13,617	–15,389	–	–1,772
Switzerland	12,474	–11,885	–	589	13,750	–12,848	–	902
Other countries	44,002	–36,522	3,717	11,197	49,812	–37,149	–	12,663
	509,384	–65,050	3,717	448,051	678,323	–68,701	–	609,622

Change in present value of defined benefit obligations

€ thousands	2022	2021
Opening balance of the defined benefit obligation (DBO) – 1 Jan.	678,323	726,991
Current service cost	13,264	12,682
Interest cost	8,835	6,469
Employee contributions	301	226
Remeasurements		
– / + Gain / loss from the change in demographic assumptions	–333	–226
– / + Gain / loss from the change in financial assumptions	–188,897	–49,313
– / + Experience-based gain / loss	20,139	904
Benefit payments	–23,831	–25,018
Past service cost		
(incl. effects of settlements and curtailments)	851	–1,049
Currency translation differences	–131	3,750
Changes in consolidated Group / Other	863	2,907
Closing balance of the defined benefit obligation (DBO) – 31 Dec.	509,384	678,323



Changes in the fair value of the plan assets

€ thousands	2022	2021
Opening balance of the plan assets measured at fair value – 1 Jan.	68,701	58,307
Interest income	1,781	1,605
Remeasurements		
+ / – Gain / loss from plan assets excluding amounts already recognised in interest income	–6,796	5,918
Contributions by the employer	4,737	1,284
Contributions by the beneficiary employees	301	226
Currency translation differences	–63	3,356
Paid benefits	–4,086	–4,827
Changes in consolidated Group / Other	475	2,832
Closing balance of the plan assets measured at fair value – 31 Dec.	65,050	68,701

Changes to the net balance sheet approach of the defined benefit obligations

€ thousands	2022	2021
Opening balance of the net balance sheet approach from defined benefit obligations – 1 Jan.	609,622	668,684
Current service cost	13,264	12,682
Net interest expense	7,054	4,864
Employee contributions	–	–
Contributions by the employer	–4,737	–1,284
Remeasurements		
– / + Gain / loss from plan assets excluding amounts already recognised in interest income	6,796	–5,918
– / + Gain / loss from the change in demographic assumptions	–333	–226
– / + Gain / loss from the change in financial assumptions	–188,897	–49,313
– / + Experience-based gain / loss	20,139	904
Change in the asset ceiling	3,866	–
Benefit payments	–19,745	–20,191
Past service cost		
(incl. effects of settlements and curtailments)	851	–1,049
Currency translation differences	–217	394
Changes in consolidated Group / Other	388	75
Closing balance of the net balance sheet approach from defined benefit obligations – 31 Dec.	448,051	609,622
of which assets from defined benefit assets	3,518	3,758
of which provisions for pensions and similar obligations	451,569	613,380

Current and past service costs are recognised in staff costs under pension costs.

The interest rate effect from accounting for the defined benefit pension plans, in the form of interest expenses from the DBO and interest income from the plan assets, is recognised in the income statement as a net amount under the interest and similar expenses item and thus in the finance income / expense.

The remeasurement of defined benefit obligations and plan assets as well as the change in the asset ceiling is included in other comprehensive income and thus directly in the Group's equity.

Overall, because of the asset ceiling stipulated in IAS 19, a surplus of plan assets over the present value of the related defined benefit obligations in the amount of € 3,717 thousand is not recognised as an asset as at the reporting date. KSB does not derive any future economic benefit from this surplus in the form of reduced contributions or a refund. In contrast, there were no effects from the application of the asset ceiling as at 31 December 2021.

Explanation of the plan assets

The composition of the plan assets is explained in the table of the same name.

In principle, the pension funds are endowed with the amount needed to meet the respective statutory minimum requirements.

The actual expense for plan assets amounted to € 5,015 thousand (previous year: income of € 7,523 thousand).

In the following year, employer contributions to plan assets are expected to be at the level seen in the 2022 financial year. The amounts in 2022 came to € 4,737 thousand.

Actuarial assumptions, sensitivities and other disclosures on defined benefit pension plans

A mean fluctuation rate (2.0 %) continues to be applied to staff turnover for the German plans, as in the previous year. The biometric assumptions are based on the 2018G mortality tables published by Prof. Klaus Heubeck, and the retirement age used for the calculations is based on the *Rentenversicherungs-Altersgrenzenanpassungsgesetz 2007* [RVAGAnpG – German Act Adapting the Standard Retirement Age for the Statutory Pension Insurance System]. Other measurement parameters (e.g. cost trends in the medical care area) are not material.

The discount rate and future mortality were identified as key actuarial assumptions.

→ [Actuarial assumptions](#)

As in the previous year the basis for the calculation of the sensitivities is the same method which was used for the calculation of the provisions for pensions and similar obligations. Were the discount factor to increase by 100 basis points, the DBO would fall by € 53,175 thousand (previous year: € 92,054 thousand). A 100 basis point reduction in the discount factor would increase the DBO by € 65,355 thousand (previous year: € 120,135 thousand). It should be noted that a change in the discount factor due to particular financial effects (such as compound interest) does not affect the development of the DBO on a straight-line basis. Were life expectancy to increase by 1 year, the DBO would increase by € 14,932 thousand (previous year: € 24,920 thousand). Additionally, the individual actuarial assumptions are mutually dependent, but these interdependencies are not taken into account in the sensitivity analysis.

On 31 December 2022 the weighted average term of the DBO was 13 years (previous year: 17 years).

KSB's expected benefit payments from defined benefit pension plans over the next five years are shown in the table below.

→ [Expected pension benefit payments](#)

Composition of plan assets

€ thousands	Quoted market price in an active market	No quoted market price in an active market	Total	Quoted market price in an active market	No quoted market price in an active market	Total
	31 Dec. 2022	31 Dec. 2022	31 Dec. 2022	31 Dec. 2021	31 Dec. 2021	31 Dec. 2021
Equity instruments (shares)	28,154	–	28,154	32,651	–	32,651
Debt instruments (loans)	12,179	477	12,656	15,460	398	15,858
of which government bonds	7,169	477	7,646	9,061	398	9,459
of which corporate bonds	5,010	–	5,010	6,399	–	6,399
Currency forwards	137	–	137	387	–	387
Money market investments	2,159	96	2,255	1,070	195	1,265
Real estate	3,516	124	3,640	3,468	147	3,615
Insurance contracts	280	9,653	9,933	353	6,988	7,341
Bank credit balances	634	5,300	5,934	480	4,051	4,531
Other investments	2,341	–	2,341	3,050	3	3,053
	49,400	15,650	65,050	56,919	11,782	68,701

Actuarial assumptions

%	Discount rate		Assumed rate of salary increase *		Assumed rate of pension increase *	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Germany	3.7	1.2	2.7	2.7	2.3	1.9
France	3.8	1.0	2.8	2.8	–	–
USA	4.9	2.5	–	–	–	–
Switzerland	1.8	0.2	1.5	1.0	–	–

* The assumed rate of salary increase and assumed rate of pension increase is presented in addition to the actuarial assumptions, which are deemed to be material by KSB. No sensitivity calculations were made for these two variables.

Expected pension benefit payments

€ thousands at 31 Dec. 2022	2023	2024	2025	2026	2027
Expected payments	23,475	24,810	26,109	29,136	29,934

€ thousands at 31 Dec. 2021	2022	2023	2024	2025	2026
Expected payments	21,080	22,914	22,615	25,267	27,788

Other employee benefits

Provisions for other employee benefits relate primarily to anniversary and partial retirement obligations.

The provisions for onerous contracts amounting to € 13,667 thousand (previous year: € 17,162 thousand) result in particular from project orders with customers.

Other provisions

The provisions for warranty obligations and contractual penalties cover the statutory and contractual obligations to customers and are based on estimates prepared using historical data for similar products and services. They amount to € 53,129 thousand (previous year: € 55,600 thousand) in the reporting year.

Miscellaneous other provisions include provisions for litigation risks in the amount of € 4,522 thousand (previous year: € 2,685 thousand).

€ 25,911 thousand (previous year: € 28,683 thousand) of the other provisions are expected to become cash-effective after more than one year.

12. Liabilities

Non-current liabilities

€ thousands	31 Dec. 2022	31 Dec. 2021
Financial liabilities	24,117	27,067
Bank loans and overdrafts	940	2,284
Finance lease liabilities	22,904	24,494
Other	272	289

Current liabilities

€ thousands	31 Dec. 2022	31 Dec. 2021
Financial liabilities	26,630	51,898
Loan against borrower's note	–	21,996
Bank loans and overdrafts	13,094	15,382
Finance lease liabilities	13,526	14,512
Other	10	8
Contract liabilities	186,477	157,389
Trade payables	333,361	272,813
Trade payables to third parties	332,380	272,193
Liabilities to other investments, associates and joint ventures	981	619
Other financial liabilities	23,921	26,635
Currency forwards	2,322	6,332
Miscellaneous other financial liabilities	21,599	20,303
Other non-financial liabilities	164,604	157,466
Social security and liabilities to employees	132,989	128,761
Tax liabilities (excluding income tax)	24,147	20,023
Prepaid expenses	2,393	3,845
Investment grants and subsidies	5,075	4,837
Income tax liabilities	14,918	10,931

In the reporting year, the final tranche in the amount of € 22.0 million of the loan against borrower's note originally placed in 2012 by KSB SE & Co. KGaA was repaid.

The weighted average interest rate on bank loans and overdrafts was 8.19 % (previous year: 5.90 %). The interest rate is in particular influenced by the terms and conditions for borrowing by subsidiaries based abroad, which finance themselves in the local market due to a greater currency devaluation. Additionally taking into account the loan against borrower's note, the weighted average interest rate in the previous year was 4.77 %.

The maturity analysis of lease obligations at the reporting date is as follows:

Maturity analysis of liabilities Lease liabilities

€ thousands	31 Dec. 2022	31 Dec. 2021
Due within 1 year	13,526	14,512
Due between 1 and 5 years	19,195	21,208
Due after more than 5 years	3,709	3,286
	36,430	39,006

The amount of contract liabilities at the end of the reporting year is € 186,477 thousand and is thus above the comparative prior-year value in the amount of € 157,389 thousand. This increase is mainly attributable to the higher advance payments received from customers in the 2022 financial year compared with the prior-year reporting date, coupled with a lower associated contract progress on the part of KSB. In the reporting year, KSB recognised sales revenue of € 86,757 thousand (previous year: € 80,352 thousand) which was contained in the balance of contract liabilities at the beginning of the reporting year.

The reported investment grants and subsidies largely comprise funding from the European Union and German entities for new buildings and development aid projects. There are no material unfulfilled conditions or other contingencies related to these grants.

Overall, assets of the Group amounting to € 21,503 thousand (previous year: € 21,918 thousand) are used to secure liabilities and are subject to corresponding restrictions on disposal by KSB or pledges. In the reporting year, this relates to the full extent to items under current assets, whereas in the previous year a pro-rata contribution of € 1,280 thousand was attributable to non-current assets in the form of property, plant and equipment. The majority of the assets used as security for liabilities, at € 14,921 thousand (previous year: € 12,751 thousand), is attributable to other receivables and other current assets, and includes in particular hedges of credit balances for partial retirement arrangements and long-term working accounts of the German Group companies.

There were no covenant agreements for loans in the reporting year, as was the case in the previous year.

V. INCOME STATEMENT DISCLOSURES

13. Sales revenue

Breakdown of sales revenue for the 2022 financial year

€ thousands	Pumps Segment	Valves Segment	KSB	
			SupremeServ Segment	Total
Sales revenue	1,390,192	333,072	850,123	2,573,387
of which sales revenue from the sale of goods	1,390,192	333,072	554,976	2,278,240
of which sales revenue from the provision of services	–	–	295,147	295,147
of which goods and services transferred at a specific time	1,147,952	302,740	460,136	1,910,828
of which goods and services transferred over a period of time	242,240	30,332	389,987	662,559

Breakdown of sales revenue for the 2021 financial year

€ thousands	Pumps Segment	Valves Segment	KSB	
			SupremeServ Segment	Total
Sales revenue	1,271,104	305,570	766,903	2,343,577
of which sales revenue from the sale of goods	1,271,104	305,570	461,041	2,037,715
of which sales revenue from the provision of services	–	–	305,862	305,862
of which goods and services transferred at a specific time	1,029,091	278,401	366,268	1,673,760
of which goods and services transferred over a period of time	242,013	27,169	400,635	669,817

The tables above show the breakdown of the Group's sales revenue by product category, timing of revenue recognition and Segment. Detailed information on KSB's Segments is provided in Section VIII. Segment Reporting of the Notes to the consolidated financial statements.

The Group's orders on hand, in the form of the total transaction price of performance obligations unsatisfied or partially unsatisfied as at the reporting date, are as follows:

Performance obligations unsatisfied or partially unsatisfied as at the reporting date (orders on hand)

€ thousands	31 Dec. 2022	31 Dec. 2021
Total transaction price of performance obligations unsatisfied or partially unsatisfied as at the reporting date (orders on hand)	1,497,754	1,366,205
of which expected sales revenue within the next 12 months	1,170,521	1,077,126
of which expected sales revenue after more than 12 months	327,233	289,079

14. Other income

€ thousands	2022	2021
Income from the reversal of impairment losses	10,313	8,041
Government grants	4,520	5,032
Currency translation gains	3,050	3,832
Insurance compensation	2,981	647
Income from disposal of assets	1,057	700
Miscellaneous other income	12,540	9,478
	34,462	27,730

Other income relates to a large number of individual items and includes, among other things, remuneration for various other services provided by the Group outside its primary business activities.

15. Cost of materials

The cost of materials amounted to € 1,156,292 thousand (previous year: € 975,410 thousand) in the reporting year. This item includes expenses for raw materials, consumables and supplies and for goods and services purchased.

16. Staff costs

€ thousands	2022	2021
Wages and salaries	730,170	679,826
Social security contributions and employee assistance costs *	150,420	139,581
Pension costs	20,961	17,748
	901,551	837,154

* The presentation takes into account an allocation of expenses from defined contribution plans with a statutory basis to social security contributions and employee assistance costs. For this purpose, the related expenses in the amount of € 12,096 thousand for the previous year were reclassified from pension costs to the above-mentioned item compared with the presentation in the 2021 Annual Report.

Pension costs are reduced by the interest component included in the allocation of provisions that is reported in financial income / expense.

The average number of employees in the Group during the year and as at the reporting date is shown in the table below.

→ Employees

The increase in staff costs compared with the previous year reflects the higher number of employees and increased profit bonuses for employees.

Employees

	Average for the year		At reporting date	
	2022	2021	31 Dec. 2022	31 Dec. 2021
Wage earners	6,827	6,532	6,804	6,529
Salaried employees	8,816	8,755	8,889	8,883
	15,643	15,287	15,693	15,412

17. Other expenses

€ thousands	2022	2021
Repairs, maintenance, third-party services	139,693	120,550
Administrative expenses	93,936	73,422
Selling expenses	67,193	59,049
Other staff costs	27,271	27,030
Other taxes	13,108	11,950
Rents and leases	12,835	10,455
Impairment losses on trade receivables and contract assets	9,935	14,065
Currency translation losses	2,719	3,650
Losses from current assets	569	494
Losses from asset disposals	752	1,089
Miscellaneous other expenses	23,602	31,459
	391,612	353,215

The increase in administrative costs was due in particular to higher travel expenses and entertainment costs. In the reporting year, this item also includes a small amount of costs for external support in connection with the cyber attack committed against KSB in the course of the year.

The expenses for rents and leases consist of expenses for leases with low-value underlying assets of € 2,629 thousand (previous year: € 2,975 thousand), expenses for short-term leases in the amount of € 5,916 thousand (previous year: € 4,374 thousand), expenses from variable lease payments of € 1,061 thousand (previous year: € 885 thousand) and

expenses for rents and other leases in the amount of € 3,229 thousand (previous year: € 2,222 thousand).

Other expenses are primarily made up of expenses from the additions to provisions for warranties and expected losses associated with customer contracts. Income from the reversal of such provisions is also included in this item.

18. Finance income / expense

The decrease in interest and similar income year on year is due in particular to the fact that in the previous year, one-off effects resulting from interest on back payment claims had the effect of increasing the value.

Interest and similar expenses include the net interest expense for pension provisions amounting to € 7,054 thousand (previous year: € 4,864 thousand). In addition, the item also includes interest expense from the subsequent measurement of lease liabilities in the amount of € 673 thousand (previous year: € 785 thousand).

Other finance expense includes the effects from the application of IAS 29 Financial Reporting in Hyperinflationary Countries described in Section II. Consolidation Principles under Hyperinflation.

Finance income / expense

€ thousands	2022	2021
Finance income	7,461	10,425
Income from equity investments	257	108
thereof from other investments	257	108
Interest and similar income	7,132	10,317
thereof from other investments	59	62
thereof from investments accounted for using the equity method	350	461
Other finance income	72	–
Finance expense	–17,712	–11,494
Interest and similar expenses	–12,985	–9,567
Expenses from the remeasurement of financial instruments	–99	–
Other finance expense	–4,628	–1,927
Income from / expense to investments accounted for using the equity method	1,816	–157
Finance income / expense	–8,435	–1,226

19. Taxes on income

This item shows the effective and deferred taxes on income of the companies included in the consolidated financial statements. The applicable tax rate of 30.7 % in the 2022 financial year (previous year: 30.7 %) is a composite rate resulting from the current German corporation tax, solidarity surcharge and trade tax rates.

Taxes on income and on earnings in the income statement

Taxes on income

€ thousands	2022	2021
Effective taxes	48,606	43,292
Deferred taxes	-15,276	-13,681
	33,330	29,612

Effective taxes include prior-period tax refunds in the amount of € 2,090 thousand (previous year: € 250 thousand) and tax arrears in the amount of € 386 thousand (previous year: € 125 thousand). As in the previous year, the introduction of new local taxes had no effects in the reporting year. Changes in foreign tax rates led to a reduction in the total tax expense of € 205 thousand (previous year: reduction of € 88 thousand).

Deferred tax assets according to the income statement are derived as follows:

Reconciliation of deferred taxes

€ thousands	2022	2021
Change in deferred tax assets	-2,455	-7,259
Change in deferred tax liabilities	2,833	747
Change in deferred taxes recognised in balance sheet	378	-6,512
Change in deferred taxes taken directly to equity	-14,625	-7,362
Changes in consolidated Group / CTA* / Other	-1,029	194
Deferred taxes recognised in income statement	-15,276	-13,680

* Currency translation adjustments

The reconciliation for the derivation of the taxes on income reported in the income statement, based on the earnings before income tax (EBT), is shown in the following table.

Reconciliation of income tax

€ thousands	2022	2021
Earnings before income tax (EBT)	160,668	139,935
Calculated income taxes on the basis of the applicable Group tax rate	49,281	42,960
Differences in tax rates	-8,607	-7,589
Tax losses from the current year that are not recognised	1,646	33
Changes in the value of deferred taxes on tax loss carryforwards	-7,193	-13,818
Impairment loss on goodwill	219	-
Changes in the value of deferred taxes on temporary differences	-13,975	3,552
Tax-exempt income	-5,315	-5,332
Non-deductible expenses *	13,096	6,199
Prior-period taxes	-1,511	2,152
Other tax credits	-	-828
Non-deductible foreign income tax	5,243	1,022
Investments accounted for using the equity method	-352	-140
Other *	797	1,403
Current taxes on income	33,330	29,612
Current tax rate	21%	21%

* In departure from the presentation in the 2021 Annual Report, off-balance sheet corrections for trade tax purposes are now included in the "Non-deductible expenses" line instead of in the "Other" line. The disclosures for the previous year were adjusted accordingly.

Taxes on income and earnings in the balance sheet

The allocation of deferred tax assets and deferred tax liabilities to the items in the Group's balance sheet is shown in the table below.

→ Allocation of deferred taxes

As at the reporting date, deferred tax assets (after offsetting) of € 9,713 thousand (previous year: € 3,696 thousand) were recognised in the balance sheet, which arose from companies posting a loss in the reporting year or in the previous year and whose realisation depends exclusively on the creation of future profit. Based on the planning figures available, KSB expects realisation to take place.

As shown in the reconciliation to the comprehensive earnings in the Group's statement of comprehensive income, taxes on income are reflected in the Group's equity as follows:

Income tax included under equity

€ thousands	2022	2021
Remeasurement of defined benefit plans *	158,394	54,755
Taxes on income	-13,868	-8,289
Currency translation differences *	12,515	30,326
Taxes on income	-	-
Changes in the fair value of financial instruments	3,285	-4,270
Taxes on income	-757	927
Other comprehensive income	159,569	73,449

* These items include the changes taken directly to equity relating to investments accounted for using the equity method. Further details can be found in the statement of comprehensive income.

Allocation of deferred taxes

€ thousands	Deferred tax assets		Deferred tax liabilities	
	2022	2021	2022	2021
Non-current assets	6,228	5,198	40,630	36,487
Intangible assets	442	424	1,334	194
Right-of-use assets	19	26	8,536	8,560
Property, plant and equipment	4,952	3,872	29,150	25,782
Financial and non-financial assets	815	876	1,610	1,951
Current assets	40,999	30,961	19,889	22,090
Inventories	33,552	28,926	297	30
Receivables and other current assets	7,447	2,035	19,592	22,060
Non-current liabilities	37,212	51,978	3,447	792
Provisions	32,343	47,461	3,447	792
Other liabilities *	4,869	4,517	-	-
Current liabilities	25,134	23,410	22,610	28,529
Provisions	11,482	10,118	145	1,002
Other liabilities *	13,652	13,292	22,465	27,527
Tax loss carryforwards	2,067	1,793	-	-
Gross deferred taxes – before offsetting	111,640	113,340	86,576	87,898
Offset under IAS 12.74	-74,566	-78,721	-74,566	-78,721
Net deferred taxes – after offsetting	37,074	34,619	12,010	9,177

* Deferred tax assets from non-current lease liabilities amount to € 4,869 thousand (previous year: € 3,306 thousand) and those from current lease liabilities to € 2,719 thousand (previous year: € 2,185 thousand). They are reported under deferred taxes for other liabilities (non-current and current).

Further information and explanations on taxes on income and earnings

Contingent liabilities from income tax issues amount to € 215 thousand (previous year: € 688 thousand). There are currently no indications that the utilisation of these obligations is likely.

As far as net income from affiliates and other equity investments is concerned, withholding taxes incurred in connection with distributions and German taxes incurred are recognised as deferred taxes if these gains are expected to be subject to corresponding taxation, or there is no intention of reinvesting them in the long term. No deferred tax liabilities were recognised for temporary differences of € 6,297 thousand (previous year: € 3,804 thousand) in relation to affiliates and associates as it is unlikely that these temporary differences will be reversed in the foreseeable future.

No deferred tax assets were recognised for corporate tax loss carryforwards amounting to € 104,619 thousand (previous year: € 120,529 thousand) and for trade tax loss carryforwards amounting to € 64,917 thousand (previous year: € 89,305 thousand), due to the recognition criteria of IAS 12, especially in the case where there is a history of losses. The loss carryforwards are largely available for an indefinite period. The income resulting from the use of loss carryforwards for which no deferred tax assets had been recognised so far was € 6,033 thousand (previous year: € 2,240 thousand).

Deductible temporary differences for which no deferred tax assets had to be set up amounted to € 107,236 thousand

(previous year: € 262,065 thousand). The vast majority of this amount is attributable to the tax group of KSB SE & Co. KGaA, as in the 2021 financial year. In the Group's opinion, deductible temporary differences beyond taxable temporary differences for the tax group of KSB SE & Co. KGaA were, as in the previous year, impaired in the 2022 financial year. In 2022, as in the previous year, the allocation of the impairment on the excess of deferred tax assets in the tax group of KSB SE & Co. KGaA to other comprehensive income and to the income statement is significantly affected by the change in temporary differences, due to the increase in the discount rate and the resulting decrease in provisions for pensions and similar obligations. The resulting reallocation between other comprehensive income and the income statement leads to a deferred tax income and a charge in the same amount in other comprehensive income.

20. Earnings after income tax – Non-controlling interests

The net profit attributable to non-controlling interests amounts to € 25,244 thousand (previous year: € 17,646 thousand) and the net loss attributable to non-controlling interests amounts to € 1,555 thousand (previous year: € 971 thousand). Further details on the non-controlling interests are provided in Notes No. 10 "Equity".

21. Earnings per share

Earnings per share are calculated using the weighted average number of shares as the denominator.

Earnings per share

		2022	2021
Earnings after income tax – Attributable to KSB SE & Co. KGaA shareholders	€ thousands	103,649	93,648
Additional dividend attributable to preference shareholders (€ 0.26 per preference share) (previous year: € 0.26 per preference share)	€ thousands	-225	-225
	€ thousands	103,425	93,423
Number of ordinary shares		886,615	886,615
Number of preference shares		864,712	864,712
Total number of shares		1,751,327	1,751,327
Diluted and basic earnings per ordinary share	€	59.05	53.34
Diluted and basic earnings per preference share	€	59.31	53.60

VI. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

1. Financial instruments – Carrying amounts, fair values and other disclosures by measurement category

Financial instruments by measurement category – 31 Dec. 2022

Balance sheet item / Class € thousands	Measurement category *	Carrying amount	Fair value	Fair value Level 1 **	Fair value Level 2 ***	Fair value Level 3 ****
Assets						
Non-current assets						
Non-current financial instruments	FVPL	53	53	53	–	–
Loans	AC	1,137	1,137	–	1,137	–
Current assets						
Trade receivables from third parties	AC	530,260	530,260	–	–	–
Trade receivables from other equity investments, associates and joint ventures	AC	49,279	49,279	–	–	–
Receivables from loans to other equity investments, associates and joint ventures	AC	2,498	2,498	–	–	–
Currency forwards designated as hedges	n.a	2,522	2,522	–	2,522	–
Currency forwards not designated as hedges	FVPL	448	448	–	448	–
Other receivables and other current assets	AC	66,050	66,050	–	–	–
Cash and cash equivalents	AC	228,570	228,570	–	–	–
Equity and Liabilities						
Non-current liabilities						
Financial liabilities excluding lease obligations	AC	1,212	891	–	891	–
Lease obligations	n.a.	22,904	–	–	–	–
Current liabilities						
Financial liabilities excluding lease obligations	AC	13,104	13,104	–	–	–
Lease obligations	n.a.	13,526	–	–	–	–
Trade payables	AC	333,361	333,361	–	–	–
Currency forwards designated as hedges	n.a.	1,791	1,791	–	1,791	–
Currency forwards not designated as hedges	FVPL	531	531	–	531	–
Miscellaneous other financial liabilities	AC	21,599	21,599	–	–	–

Measurement categories aggregated under IFRS 9 – 31 Dec. 2022

Assets	AC	877,794
Equity and Liabilities	AC	369,276
Assets	FVPL	501
Equity and Liabilities	FVPL	531

* AC = Amortised cost, FVPL = Fair value through profit or loss

** Level 1: Fair value is determined on the basis of quoted prices (unadjusted) on active markets for identical assets and liabilities.

*** Level 2: The fair value is determined on the basis of measurement parameters that are not the quoted prices taken into account for level 1, but are observable for the asset or the liability either directly as a price or indirectly derived from prices.

**** Level 3: The fair value is determined on the basis of measurement parameters for assets or liabilities that are not based on observable market data.


Financial instruments by measurement category – 31 Dec. 2021

Balance sheet item / Class € thousands	Measurement category *	Carrying amount	Fair value	Fair value Level 1 **	Fair value Level 2 ***	Fair value Level 3 ****
Assets						
Non-current assets						
Non-current financial instruments	FVPL	50	50	50	–	–
Loans	AC	1,458	1,458	–	1,458	–
Current assets						
Trade receivables from third parties	AC	444,601	444,601	–	–	–
Trade receivables from other equity investments, associates and joint ventures	AC	34,643	34,643	–	–	–
Receivables from loans to other equity investments, associates and joint ventures	AC	1,918	1,918	–	–	–
Currency forwards designated as hedges	n.a	494	494	–	494	–
Currency forwards not designated as hedges	FVPL	149	149	–	149	–
Other receivables and other current assets	AC	77,579	77,579	–	–	–
Cash and cash equivalents	AC	386,683	386,683	–	–	–
Equity and Liabilities						
Non-current liabilities						
Financial liabilities excluding lease obligations	AC	2,573	2,379	–	2,379	–
Lease obligations	n.a.	24,494	–	–	–	–
Current liabilities						
Financial liabilities excluding lease obligations	AC	37,386	37,386	–	–	–
Lease obligations	n.a.	14,512	–	–	–	–
Trade payables	AC	272,813	272,813	–	–	–
Currency forwards designated as hedges	n.a.	5,052	5,052	–	5,052	–
Currency forwards not designated as hedges	FVPL	1,280	1,280	–	1,280	–
Miscellaneous other financial liabilities	AC	20,304	20,304	–	–	–

Measurement categories aggregated under IFRS 9 – 31 Dec. 2021

Assets	AC	946,882
Equity and Liabilities	AC	333,076
Assets	FVPL	199
Equity and Liabilities	FVPL	1,280

* AC = Amortised cost, FVPL = Fair value through profit or loss

** Level 1: Fair value is determined on the basis of quoted prices (unadjusted) on active markets for identical assets and liabilities.

*** Level 2: The fair value is determined on the basis of measurement parameters that are not the quoted prices taken into account for level 1, but are observable for the asset or the liability either directly as a price or indirectly derived from prices.

**** Level 3: The fair value is determined on the basis of measurement parameters for assets or liabilities that are not based on observable market data.

For the financial assets measured at amortised cost, it is assumed that the fair values correspond to the carrying amounts, given the predominantly short maturities of these financial instruments. This is also the case for all financial liabilities measured at amortised cost, with the exception of non-current financial liabilities.

The fair values of the current and non-current financial instruments are based on prices quoted in active markets (level 1).

Fair values within level 2 are determined using a discounted cash flow method. This relates to loans, non-current financial liabilities and currency forwards. KSB applies an appropriate yield curve for discounting. Future cash flows from currency forwards are calculated on the basis of forward exchange rates (observable rates on the reporting date) and the contracted forward exchange rates.

Level 3 includes financial instruments whose fair value is based on measurement parameters that are not based on observable market data.

In the reporting year, as in the previous year, there were no significant reclassifications of financial assets or liabilities between the hierarchy levels described above.

The net gains and losses from financial instruments, after taking into account the relevant tax effect, are presented in the following table:

→ **Net results by measurement category**

The interest shown is a component of finance income / expense. The other gains and losses are partly reported in other income and other expenses.

Differences between the gross and net carrying amounts of financial assets, which are reflected in the table on net results under the column “Impairments”, mainly concern trade receivables. For further details, please refer to Notes No. 8 “Contract assets, trade receivables and other financial and non-financial assets”.

The amount of financial assets and liabilities subject to offsetting agreements is not material.

Net results by measurement category in 2022

€ thousands	From interest and dividends	From subsequent measurement			From disposal	Net results
		At fair value	Currency translation	Impairment losses		
Amortised cost (assets)	7,132	–	315	815	–	8,262
Amortised cost (equity and liabilities)	–4,984	–	–199	–	–	–5,183
FVPL (assets and equity and liabilities)	–	1,049	–	–	–	1,049
	2,148	1,049	116	815	–	4,128

Net results by measurement category in 2021

€ thousands	From interest and dividends	From subsequent measurement			From disposal	Net results
		At fair value	Currency translation	Impairment losses		
Amortised cost (assets)	5,633	–	1,130	–5,045	–	1,718
Amortised cost (equity and liabilities)	–3,813	–	16	–	–	–3,797
FVPL (assets and equity and liabilities)	–	–466	–	–	–	–466
	1,820	–466	1,146	–5,045	–	–2,545

2. Financial risks

KSB is exposed to certain financial risks as a consequence of its business activities. These risks can be classified into three areas:

KSB is firstly exposed to credit risk. Credit risk is defined as the potential default or delays in the receipt of contractually agreed payments. KSB is also exposed to liquidity risk which is the risk that an entity will be unable to meet its financial obligations, or will be unable to meet them in full. In addition, KSB is exposed to market price risk. The risk of exchange rate or interest rate changes may adversely affect the economic position of the Group. Risks from fluctuations in the prices of financial instruments are not material for KSB.

KSB limits all these risks through an appropriate risk management system, defining how these risks are addressed through guidelines and work instructions. Furthermore, KSB continuously monitors the current risk characteristics and regularly provides the information obtained to the Managing Directors and the Supervisory Board in the form of standardised reports and individual analyses.

The three risk areas are described in detail in the following. Additional information is also provided in the group management report, in particular in the Economic Review, Report on Expected Developments, Opportunities and Risks Report sections.

Credit risk

The primary credit risk is that there is a delay in settling a receivable, or that it is not settled either in full or in part. KSB minimises this risk using a variety of measures. As a matter of principle, KSB runs credit checks on potential and existing counterparties. KSB only enters into business relationships if the results of these checks are positive. Additionally, European companies in particular take out trade credit insurance policies. In exceptional cases KSB accepts other securities (collateral) such as guarantees. The insurance policies primarily cover the risk of loss of receivables. Moreover, cover is also taken out against political and commercial risks in the case of specific customers in selected countries. For both types of insurance, KSB has agreed deductibles, which represent significantly less than 50 % of the insured volume. The total amount of unhedged trade receivables as at the reporting date is shown under Notes No. 8 "Contract assets, trade receivables and other financial and non-financial assets". As part of receivables management, KSB continuously monitors outstanding items, performs maturity analyses and establishes contact with customers at an early stage if delays in payment occur. In the case of major projects, the terms and conditions provide for prepayments, guarantees and – for export transactions – letters of credit. These also mitigate risk. KSB recognises impairment

losses for the residual risk remaining in trade receivables. It regularly examines the extent to which individual receivables need to be written down for impairment. Indications of this are significant financial difficulties of the debtor, such as insolvency or bankruptcy. Receivables are derecognised when it is reasonably certain that payment cannot be expected.

The maximum default risk, excluding collateral received, corresponds to the carrying amount of the financial assets.

There is no concentration of risk because the diversity of KSB's business means that it supplies a considerable number of customers in different sectors.

Liquidity risk

Liquidity management ensures that the liquidity risk is minimised in the Group and that solvency is ensured at all times. There are no concentrations of risk because KSB works with a number of credit institutions, on which strict credit-worthiness requirements are imposed.

KSB generates its financial resources primarily from its operating business. These are used to finance investments in non-current assets. The Group also uses them to cover working capital requirements. KSB monitors changes in inventories, contract assets, trade receivables, trade payables and contract liabilities regularly using a standardised Group reporting system.

The reporting system additionally ensures, with the help of monthly rolling cash flow planning, that the Group's central financial management is continuously informed about liquidity surpluses and requirements. This enables KSB to optimally meet the needs of the Group as a whole and of the individual companies. In order to be able to provide the necessary collateral in the project business, KSB makes corresponding guarantee volumes available.

In addition, it is always ensured that free credit facilities are sufficient; KSB identifies the need for these on the basis of regular liquidity planning. This way, it can respond at any time to fluctuating liquidity requirements. Approved cash loans and credit lines total approximately € 1,267.2 million (previous year: approx. € 1,281.2 million), of which € 851.5 million (previous year: € 839.9 million) has not yet been utilised.

Cash loans and credit lines included amounts from a syndicated loan agreement signed in December 2018 whose credit line can be used at any time. Following the utilisation of renewal options by KSB in previous years, the credit line now has a fixed term until the end of 2025.

The utilisation of cash loans and credit lines from the syndicated loan agreement by the Group was as follows at the end of the reporting year:

In € thousands / Type of line	Maximum amount of line	Utilisation as at 31 Dec. 2022
Loans	300,000	2,143
Sureties	350,000	117,663

The following tables show the contractually agreed non-discounted future cash flows of the financial liabilities (primary financial instruments) and derivative financial

instruments. Interest payments on fixed-rate liabilities are determined on the basis of the fixed rate. Floating-rate interest payments are based on the last floating interest rates fixed before 31 December. Projections for future new liabilities are not included in the presentation. Based on the current state of knowledge, it is neither expected that the cash flows will take place significantly earlier, nor that the amounts will differ significantly.

Cash flows of financial liabilities 2022

€ thousands	Total	Up to 1 year	1 – 5 years	> 5 years
Financial liabilities	54,703	28,628	21,883	4,192
of which from lease obligations	40,453	15,300	21,034	4,119
Trade payables	333,361	333,361	–	–
Miscellaneous other financial liabilities	21,599	21,407	192	–
Derivative financial instruments (net)	2,322	2,067	255	–
	411,985	385,463	22,330	4,192

Cash flows of financial liabilities 2021

€ thousands	Total	Up to 1 year	1 – 5 years	> 5 years
Financial liabilities	81,945	54,025	24,514	3,406
of which from lease obligations	41,123	15,546	22,235	3,342
Trade payables	272,813	272,813	–	–
Miscellaneous other financial liabilities	20,304	17,662	2,642	–
Derivative financial instruments (net)	6,332	5,892	440	–
	381,394	350,392	27,596	3,406



Market price risk

Global business activities expose KSB primarily to currency and interest rate risk. Any changes in market prices can affect fair values and future cash flows. Sensitivity analyses are used to determine the hypothetical impact of such market price fluctuations on earnings and equity. In doing so, KSB assumes that the portfolio at the reporting date is representative of the full year.

Currency risk

Currency risk mainly affects cash flows from operating activities. It arises when Group companies settle transactions in currencies that are not their functional currency. The main currencies in the KSB Group are the US dollar (USD), the Chinese yuan (CNY), the Indian rupee (INR) and the Brazilian real (BRL).

→ [Currency volumes](#)

KSB minimises currency risk by using currency forwards. Further information is provided in Section III. Accounting Policies under “Financial assets and financial liabilities – b) Derivatives” and in the following sub-section 3. “Hedge accounting”.

For the currency sensitivity analysis shown in the tables below, KSB simulates the effects for the main currencies used in the Group based on the notional volume of existing foreign currency derivatives and foreign currency receivables and liabilities at the reporting date. For the analysis, a 10 % increase (decrease) in the value of the euro versus the other currencies is assumed.

→ [Currency sensitivity](#)

Currency volumes

€ thousands	CNY	CNY	USD	USD	INR	INR	BRL	BRL
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Trade receivables	47,261	45,965	36,586	26,263	46,549	36,287	18,834	12,018
Trade payables	47,863	46,396	24,460	20,403	36,910	31,465	24,210	8,554
Balance	-602	-432	12,126	5,860	9,639	4,822	-5,376	3,464

Currency sensitivity as at 31 December 2022

€ millions	Effect on consolidated earnings for		Effect on other comprehensive income for	
	Increase in the value of the	Decrease in the value of the	Increase in the value of the	Decrease in the value of the
	euro by + 10 %	euro by – 10 %	euro by + 10 %	euro by – 10 %
CNY	0.3	-0.3	1.0	-1.0
USD	0.0	0.0	6.4	-6.4
INR	-1.0	1.0	-	-
BRL	0.5	-0.5	-	-

Currency sensitivity as at 31 December 2021

€ millions	Effect on consolidated earnings for		Effect on other comprehensive income for	
	Increase in the value of the	Decrease in the value of the	Increase in the value of the	Decrease in the value of the
	euro by + 10 %	euro by – 10 %	euro by + 10 %	euro by – 10 %
CNY	0.5	-0.5	0.9	-0.9
USD	1.5	-1.5	4.5	-4.5
INR	-0.5	0.5	-	-
BRL	-0.3	0.3	-	-

Interest rate risks

KSB regularly monitors the interest rate risks associated with its financing activities. To avoid the negative effects of interest rate fluctuations on the international capital markets, KSB concludes interest rate hedges (interest rate swaps) where necessary, generally for long-term loans. These are used exclusively to hedge floating rate loans against rising interest rates. In the reporting year, as in the previous year, there were no such transactions or other interest rate derivatives in the portfolio.

As part of the interest rate sensitivity analysis shown in the table below, KSB simulates a 100 basis point increase (decrease) in market interest rates (previous year: 50 basis points) and analyses the impact on the floating rate financial instruments.

Interest rate sensitivity

€ millions	31 Dec. 2022		31 Dec. 2021	
	+ 100 basis points	- 100 basis points	+ 50 basis points	- 50 basis points
Consolidated earnings	2.6	-2.6	2.2	-1.9



3. Hedge accounting

KSB uses micro hedges (hedging individual transactions) and macro hedges (hedging an overall risk portfolio) to hedge currency risk from transactions already recognised in the balance sheet as well as transactions that are expected in the future with a high degree of probability. The hedging instruments used share the essential terms and conditions with the underlying transactions, i.e. with regard to amount, term and quality. The maturities of the currency derivatives used are, as in the previous year, mostly between one and two years. Internal guidelines govern the use of financial instruments. Such transactions are also subject to ongoing risk control measures.

The effectiveness of hedges is determined at the beginning of the hedge and through regular prospective assessment. The aim is to ensure that there is a financial relationship between the hedge underlying and hedging instrument. The hedging instruments used are exclusively currency forwards entered into with prime-rated banks. To hedge forward exchange transactions, the Group takes out hedges where the contractual modalities of the hedging instrument essentially match those of the hedged underlying. The hedge ratio for hedges is 1:1, i.e. the volume of hedge transactions matches the designated underlyings. In order to measure the effectiveness

or ineffectiveness of hedges, KSB compares the fair value of the underlying and the hedge transactions. Changes in the fair value of the derivatives are almost completely offset by changes in the fair value of the cash flows from the underlyings (dollar offset method). The change in fair value of the underlyings and hedges in the financial year therefore match the unrealised profits and losses recorded under equity. As a rule, KSB does not hedge currency risks from the translation of foreign operations into the Group currency (€). Ineffectiveness can arise from hedging currency risk if the material measurement parameters of the underlying and hedge no longer match. There was no material ineffectiveness in the KSB Group in respect of currency hedges in the 2022 and 2021 financial years.

At the reporting date, the notional volume of the currency forwards designated as hedges was €188,568 thousand (previous year: €167,185 thousand). The hedged currency risk relates in particular to the US dollar and the Chinese yuan. The contractual maturities of payments for these currency forwards are as follows:

Notional volumes in 2022

€ thousands	Total	Up to 1 year	1 – 5 years	> 5 years
Currency forwards designated as hedges	188,568	155,225	32,962	381

Notional volumes in 2021

€ thousands	Total	Up to 1 year	1 – 5 years	> 5 years
Currency forwards designated as hedges	167,185	133,266	33,383	536

The weighted average rate of hedging instruments for the main foreign currencies was:

Hedging of currency risk

	2022	2021
Average rate EUR / USD	1.07	1.18
Average rate EUR / CNY	7.22	7.81

The “Changes in the fair value of derivatives” table shows the change in the hedging reserve and in the cost of the hedging reserve for currency hedges before tax. In the reporting year, the realisation of the underlying recognised in income includes amounts of € 29 thousand (previous year: 29 thousand) resulting from hedging transactions in which the hedged future cash flows are no longer expected to occur.

Fair value changes in derivatives in 2022

€ thousands	OCI	
	Cash flow hedges – Hedging reserve	Cash flow hedges – Hedging cost reserve
Currency risk		
Opening balance at 1 January	–5,988	3,213
Effective portion of changes in fair value	36,961	–22,542
Realisation of underlying recognised in income	–29,413	18,317
Closing balance at 31 December	1,560	–1,012

Fair value changes in derivatives in 2021

€ thousands	OCI	
	Cash flow hedges – Hedging reserve	Cash flow hedges – Hedging cost reserve
Currency risk		
Opening balance at 1 January	1,899	–404
Effective portion of changes in fair value	–2,396	1,069
Realisation of underlying recognised in income	–5,491	2,548
Closing balance at 31 December	–5,988	3,213

VII. STATEMENT OF CASH FLOWS

The cash flow statement shows how the Group's cash and cash equivalents reported in the balance sheet changed during the reporting year as a result of cash inflows and outflows. In accordance with the requirements of IAS 7, a distinction is made between cash flows from operating activities and from investing and financing activities. The exact composition of these individual components can be seen in the individual items listed in the cash flow statement.

Non-cash effects from currency translation and from changes in the consolidated Group are eliminated in the respective items. Consequently, the cash flows from changes in balance sheet items shown in the cash flow statement cannot be reconciled with the corresponding movements in the Group's balance sheet.

Cash flows reported by Group companies in foreign currencies are translated into euros at average exchange rates for the year, while cash and cash equivalents are translated at the closing rate.

The effect of exchange rate changes on cash and cash equivalents, as well as the effect of changes in the consolidated Group, are shown in a separate item in the cash flow statement.

The cash flow from investing activities includes the cash effects from additions and disposals of intangible assets and property, plant and equipment. The total additions and disposals in the reporting year can be found in the explanatory notes to the balance sheet items in these Notes to the Consolidated Financial Statements.

The change in financial liabilities over the year, including the cash-effective portion of this change, which is included in the cash flows from financing activities, is presented in the tables below.

As in the previous year, the cash and cash equivalents reported as at the reporting date are not subject to any restrictions on disposal by KSB.

Change in financial liabilities in 2022

€ thousands	1 Jan. 2022	Cash-effective in cash flows from financing activities	Non-cash changes		31 Dec. 2022
			Additions / Disposals / Acquisitions / Other	Exchange-rate- related changes	
Non-current financial liabilities (excluding lease liabilities)	2,574	-1,996	226	410	1,213
Current financial liabilities (excluding lease liabilities)	37,386	-26,048	2,996	-1,231	13,103
Lease liabilities	39,006	-17,764	15,080	108	36,430
Total financial liabilities	78,966	-45,808	18,302	-713	50,746

Change in financial liabilities in 2021

€ thousands	1 Jan. 2021	Cash-effective in cash flows from financing activities	Non-cash changes		31 Dec. 2021
			Additions / Disposals / Acquisitions / Other	Exchange-rate- related changes	
Non-current financial liabilities (excluding lease liabilities)	26,287	-2,295	-21,235	-183	2,574
Current financial liabilities (excluding lease liabilities)	17,587	-4,274	24,201	-128	37,386
Lease liabilities	38,783	-17,702	17,263	662	39,006
Total financial liabilities	82,657	-24,271	20,229	351	78,966

VIII. SEGMENT REPORTING

Segment reporting is prepared in accordance with IFRS 8 based on the management approach and corresponds to the internal organisational and management structure as well as the reporting lines to the Managing Directors as the chief operating decision-makers.

KSB takes management decisions primarily on the basis of the key performance indicators – order intake, external sales revenue and earnings before financial income / expense and taxes (EBIT) – determined for the Pumps, Valves and KSB SupremeServ reporting segments (hereinafter also referred to as “Segments”). Reporting the relevant assets, number of employees and inter-segment sales revenue of the Segments is not part of internal reporting.

Based on comprehensive consideration, the reporting segments were aligned with the Group’s products and services. For the derivation of the Pumps Segment, the underlying differentiation of individual Market Areas must also be taken into account, as described below.

The Pumps Segment comprises new business with single-stage and multistage pumps, submersible pumps and the associated control and drive systems. The applications are assigned to the Market Areas of Energy and Mining and to the Market Areas of Water, Building Services, Petrochemicals / Chemicals and General Industry, which are grouped together in the organisational and reporting structure of the Group as Standard Markets. Each customer is assigned by the Group to a specific Market Area according to their main business activity. The allocation of transactions with customers to the Market Areas follows this clear assignment of customers by KSB, irrespective of the specific product underlying the transaction.

For the new business with pumps, the Energy, Mining and Standard Market Areas are derived from the organisational and reporting structure of the Group as operating segments as defined by IFRS 8. These segments share the characteristic that they are based on a common product group, i.e. pumps. Furthermore, it follows from the customer-related delineation of the Market Areas described above that these operating segments are not based on a classification according to specific products and services, taking into account technological and economic characteristics, such as production processes or sales methods. According to KSB’s estimates and expectations, the three pumps operating segments have similar long-term earnings trends and may also involve fundamentally comparable risks. As a result, the operating segments considered here are aggregated into the Pumps reporting segment

pursuant to IFRS 8 in view of the close technological and economic interrelationships from the Group’s point of view.

The Valves Segment combines the Group’s business activities with regard to new business in butterfly valves, globe valves, gate valves, control valves, diaphragm valves and ball valves as well as associated actuators and control systems. The basic applications for these products are identical to those for pumps. However, in contrast to the Pumps Segment, the Valves Segment is not divided into individual Market Areas for the central management of the Group.

The KSB SupremeServ Segment on the one hand comprises the spare parts business for pumps and valves. On the other hand, KSB’s service activities are allocated to this Segment. These include the installation, commissioning, start-up, inspection, servicing, maintenance and repair of pumps, related systems and valves, as well as modular service concepts and system analyses for complete plants.

The amounts disclosed for the individual segments have been established in compliance with the accounting policies of the present consolidated financial statements.

The order intake by segment presents order intake generated with third parties.

The sales revenue by segment presents sales revenue generated with third parties.

The “Segment reporting” table shows earnings before finance income / expense and income tax (EBIT) including non-controlling interests.

EBIT includes depreciation and amortisation of € 42,705 thousand (previous year: € 38,035 thousand) for the Pumps Segment, € 11,592 thousand (previous year: € 11,123 thousand) for the Valves Segment and € 36,122 thousand (previous year: € 31,734 thousand) for the KSB SupremeServ Segment). The total depreciation and amortisation in the year under review included impairment of goodwill in the amount of € 1,715 thousand and impairment of property, plant and equipment in the amount of € 3,879 thousand. Of these impairments, € 2,712 thousand relate to the Pumps Segment, € 435 thousand to the Valves Segment and € 2,447 thousand to the KSB SupremeServ Segment. In the previous year, there were no significant impairments under IAS 36.



€ 560,517 thousand (previous year: € 571,700 thousand) of the sales revenue shown were generated by the companies based in Germany, € 215,103 thousand (previous year: € 197,013 thousand) by companies in China, € 180,404 thousand (previous year: € 183,144 thousand) by companies in France, € 238,973 thousand (previous year: € 182,304 thousand) by companies in the USA and € 1,378,390 thousand (previous year: € 1,209,416 thousand) by the other Group companies.

There were no relationships with individual customers that accounted for a material proportion of Group sales revenue.

At the reporting date, the total non-current assets of the KSB Group under review for the purposes of segment reporting amounted to € 712,238 thousand (year-end figure in 2021: € 676,607 thousand), with € 256,585 thousand (year-end figure in 2021: € 238,698 thousand) being attributable to the companies based in Germany and € 455,653 thousand (year-end figure in 2021: € 437,909 thousand) being attributable to the other Group companies. The values shown include intangible assets, rights of use to leased assets, property, plant and equipment and investments accounted for using the equity method.

Segment reporting

€ thousands	Order intake		Sales revenue		EBIT	
	2022	2021	2022	2021	2022	2021
Pumps Segment	1,585,727	1,307,305	1,390,192	1,271,104	27,718	24,120
Valves Segment	359,676	338,398	333,072	305,570	-4,635	-6,560
KSB SupremeServ Segment	916,684	766,042	850,123	766,903	146,020	123,601
Total	2,862,087	2,411,745	2,573,387	2,343,577	169,103	141,161

IX. OTHER DISCLOSURES

Capital disclosures

Sufficient financial independence is a key requirement for safeguarding KSB's continued existence in the long term. Obtaining the necessary funds for ongoing business operations is also extremely important for KSB. KSB regularly monitors the development of the net financial position that is derived from the balance of interest-bearing financial liabilities and interest-bearing financial assets (current and non-current financial instruments, interest-bearing loans to companies accounted for using the equity method as well as companies that were not consolidated due to there being no material impact, cash and cash equivalents and receivables from deposits). One objective is to avoid net debt. The net financial position at the end of the reporting year was € 225.6 million (previous year: € 365.6 million). This decrease is essentially due to the marked decline in cash flows from operating activities.

Contingent liabilities

Contingent liabilities to third parties and other investments are as follows at the reporting date:

Contingent liabilities

€ thousands	31 Dec. 2022	31 Dec. 2021
From legal disputes	3,090	3,636
from guarantees	2,000	2,000
From warranty agreements	5,109	5,591
From other tax matters	13,207	13,035
From other contingent liabilities	3,177	3,006
	26,583	27,268

In the context of establishing the contingent liabilities, estimates are required in particular with regard to the existence of any obligations and in relation to the probability and amount of an outflow of resources.

At present, KSB does not expect a payment obligation for the total of contingent liabilities listed in the table of that name.

In addition, the KSB Group has contingent liabilities towards associates and joint ventures of € 7,311 thousand (previous year: € 5,732 thousand). The extent to which these will result in a cash outflow depends on the future business performance of the respective company.

As at the reporting date of the reporting year, there are no material contingent receivables of the Group, as in the previous year.

Other financial obligations

As in the previous year, there are no purchase price obligations from acquisitions of companies and no payment obligations from capitalisation measures at Group companies.

The aggregate purchase obligation for investments amounts to € 27,273 thousand (previous year: € 19,112 thousand). Of this amount, € 2,717 thousand (previous year: € 706 thousand) is attributable to intangible assets and € 24,556 thousand (previous year: € 18,406 thousand) to property, plant and equipment. Most of the corresponding payments are due in 2023.

Leases

KSB as lessee

Lease agreements in which KSB is the lessee mainly relate to real estate and motor vehicles. The terms of leases and additional cancellation and renewal options for one or both contracting parties are agreed individually and at different conditions.

The total cash outflow from leases, in the form of the repayment of lease liabilities, payments for leases relating to low-value assets and for short-term leases as well as variable lease payments, totalled € 26,697 thousand in the reporting year (previous year: € 25,151 thousand).

The Group expects future payments of € 5,967 thousand (previous year: € 1,317 thousand) from leases already concluded where the leased asset had not yet been made available to KSB by the lessor for use at the reporting date.

KSB as lessor

KSB acts as a lessor in the context of operating leases. This relates, among other things, to the leasing of real estate. In total, the Group generated income from operating leases of € 694 thousand in the reporting year (previous year: € 693 thousand).

The maturity analysis of future lease payments from operating leases is as follows:

Maturity analysis of future operating lease payments

€ thousands	31 Dec. 2022	31 Dec. 2021
Due within 1 year	1,521	2,575
Due between 1 and 2 years	530	1,208
Due between 2 and 3 years	451	991
Due between 3 and 4 years	311	799
Due between 4 and 5 years	302	667
Due after more than 5 years	–	471
	3,115	6,711

The financing leases where KSB acts as a lessor have minor significance for KSB and do not have any material effect on the consolidated financial statements.

Research and development costs

Research and development costs in the reporting year amounted to € 56,307 thousand (previous year: € 52,452 thousand).

Related party disclosures

Related parties are legal entities or natural persons that have influence over the KSB Group or are subject to control, joint control or significant influence by the KSB Group.

In order to determine the entirety of related parties of the Group, the organisational and shareholding structure of KSB SE & Co. KGaA must be taken into account. Johannes und Jacob Klein GmbH, Frankenthal / Pfalz, holds an unchanged voting interest of 83.94 % in KSB SE & Co. KGaA. The voting rights in this company are held, again unchanged, by KSB Stiftung, Stuttgart, with 74.93 %, and by Kühborth-Stiftung GmbH, Stuttgart, with 25.07 %.

Transactions with related parties are performed at arm's length and are described in more detail below.

Related parties (entities)

In view of the above explanations, related parties of the KSB Group are, on the one hand, KSB Stiftung, Stuttgart, and Kühborth Stiftung GmbH, Stuttgart, each with their direct and indirect interests, joint ventures and associates. This includes Klein, Schanzlin & Becker GmbH, Frankenthal / Pfalz, which in turn holds 100 % of the voting rights in KSB Management SE, Frankenthal / Pfalz. KSB Management SE, as general partner, is also a related party. Similarly, Johannes und Jacob Klein GmbH, Frankenthal / Pfalz, and its direct and indirect interests, joint ventures and associates are to be classified as related parties of the Group. This includes in particular Palatina Versicherungsservice GmbH, Frankenthal / Pfalz, and the companies of Abacus alpha GmbH, Frankenthal / Pfalz.

Furthermore, related parties also include entities controlled or jointly controlled by the Managing Directors of Johannes und Jacob Klein GmbH, the Managing Directors or members of the Administrative Board of KSB Management SE or the Managing Directors or members of the Advisory Board of Klein, Schanzlin & Becker GmbH.

The group of related parties (entities) also includes the companies fully consolidated in the consolidated financial statements, the joint ventures and associates of the Group as well as the companies not consolidated due to immateriality. Balances and transactions between fully consolidated companies of the KSB Group have been eliminated for the purposes of these consolidated financial statements and are therefore not explained in detail below.

As part of normal business activities, KSB maintains business relationships with related parties in the following areas:

- Buying / selling assets
- Sourcing / providing services
- Usage / transferring usage of assets
- Granting of loans

The following table shows the services provided and used in relation to the purchase and sale of assets and services, as well as the associated pending receivables and liabilities owed from and to related parties.

→ [Services, receivables and liabilities in dealings with related parties](#)

Services, receivables and liabilities in dealings with related parties

€ thousands	Sale of		Purchase of		Trade receivables		Trade payables	
	assets and services		assets and services					
	2022	2021	2022	2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
KSB Management SE	4	5	6,179	7,032	–	–	3,652	3,926
Klein, Schanzlin & Becker GmbH	–	–	–	–	–	–	–	–
KSB Stiftung and Kühborth-Stiftung GmbH	–	–	–	–	–	–	–	–
Johannes und Jacob Klein GmbH	1	–	21	–	–	–	16	–
Subsidiaries of Johannes und Jacob Klein GmbH	572	606	3,936	3,525	104	108	339	27
Associates / joint ventures of Johannes und Jakob Klein GmbH	–	–	–	–	–	–	–	–
Joint ventures	43,078	40,619	2,182	1,214	40,867	31,572	439	318
Associates **	5	3	6,595	4,609	610	–	415	–
Companies not consolidated due to immateriality	13,124	6,540	274	48	7,802	3,071	127	301

* In contrast to the presentation in the 2021 consolidated financial statements, the disclosure on purchases of assets and services now also includes the liability remuneration payable to KSB Management SE. The prior-year figure was adjusted accordingly.

** Compared with the presentation in the 2021 Annual Report, the balance of purchases of assets and services made by the Group from associates in the normal course of business activities in the previous year was added.

Pending balances at the year end are unsecured, do not accrue interest and are settled by means of payments. No guarantees were given or received. At the reporting date, impairments of € 87 thousand (previous year: none) were recognised on the presented receivables from companies not consolidated due to immateriality.

As the legal representative, KSB Management SE provides management services for KSB. The management fee is charged on to KSB SE & Co. KGaA. In addition, KSB Management SE as general partner assumes liability for KSB and receives annual remuneration for this amounting to 4 % of its share capital. Accordingly, € 5,964 thousand (previous year: € 6,939 thousand) of the purchases of assets and services from KSB Management SE relate to the remuneration of the members of the governing bodies of KSB Management SE, which is explained in more detail in the “Related persons” subsection below, € 20 thousand (previous year: € 20 thousand) to the liability remuneration, and € 194 thousand (previous year: € 73 thousand) to a further reimbursement of expenses in connection with the management of the Group’s business. The liabilities to KSB Management SE are due in the short term.

Relations covering the supply of products and services in relation with Johannes und Jacob Klein GmbH were of minor scope in the reporting year as in the previous year. In addition, Johannes und Jacob Klein GmbH received dividend payments.

Transactions with subsidiaries of Johannes und Jacob Klein GmbH comprise transactions with Palatina Versicherungsservice GmbH, Abacus alpha GmbH, Abacus Resale GmbH, Abacus Experten GmbH, Salinnova GmbH and airinotec

GmbH). A services agreement for insurances is in place between Palatina Versicherungsservice GmbH and KSB SE & Co. KGaA. Abacus Experten GmbH concluded a number of service agreements with KSB SE & Co. KGaA; there is a framework delivery and service agreement with Abacus Resale GmbH for the purchase of returns and the provision of additional related services. In addition, products were delivered to the company as part of the normal business activities. KSB SE & Co. KGaA and Abacus alpha GmbH have also concluded service agreements. In the course of normal business activities, airinotec GmbH and Salinnova GmbH were supplied with KSB products and a small volume of products was purchased from Salinnova GmbH.

Further information on joint ventures, associates and companies not consolidated due to immateriality can be found in Section IV. Balance Sheet Disclosures – Notes No. 4 “Other financial assets”, Notes No. 6 “Investments accounted for using the equity method”, Notes No. 8 “Contract assets, trade receivables and other financial and non-financial assets”, Notes No. 12 “Liabilities” and in Section IX. Other Disclosures – Contingent Liabilities. In addition, the cash flows from the granting of loans and from capital measures with the above-mentioned companies are shown in the statement of cash flows under cash flows from investing activities.

Related parties (persons)

The members of the Supervisory Board, the Managing Directors of KSB Management SE and the members of the Administrative Board of KSB Management SE, as well as their close family members, are deemed to be related parties of the KSB Group. Further information is provided below, in these

consolidated financial statements, before the comments concerning the proposal on the appropriation of the net retained earnings of KSB SE & Co. KGaA.

In the reporting year, two members of the Administrative Board held an immaterial share of interests in KSB SE & Co. KGaA.

The remuneration paid to key management personnel of the Group, i.e. the Managing Directors and the members of the Administrative Board of KSB Management SE, is listed in the following table. The amounts are paid by KSB under an expense reimbursement agreement.

Management remuneration

€ thousands	2022	2021
Short-term benefits	3,729	4,397
Post-employment benefits	1,602	1,961
Other long-term benefits	633	581
Total	5,964	6,939

The remuneration system for the Managing Directors of KSB Management SE consists of components that are not performance-related, in the form of fixed sum plus benefits and pension commitments, as well as short-term and long-term variable remuneration components. In this context, 60 % of the regular annual salary, i.e. the sum of fixed and variable remuneration, is accounted for by the fixed component. The variable remuneration accounts for 40 % of the regular annual salary, with about two thirds of this being allocated to the long-term variable remuneration. The majority of the variable remuneration is thus linked to the long-term performance of the company.

The short-term variable remuneration with an assessment period of one year is designed as a target bonus model and is awarded annually. The target amount, i.e. the amount paid out if 100 % of the target is achieved, corresponds to 15 % of the respective regular annual salary. The Administrative Board of KSB Management SE has set the performance targets of EBIT margin, sales revenue and the overall assessment of the personal performance of the Managing Directors in equal parts as the basis for assessment.

The long-term variable remuneration is structured as an annually granted plan with a three-year, forward-looking assessment period. The target amount corresponds to 25 % of the respective regular annual salary. The Administrative Board has defined the performance target as the equally weighted average of the earnings per share (EPS) over three years with a weighting of 80 % and the achievement of sustainability goals in the areas of environment, social issues and governance (ESG) with a weighting of 20 %. By considering earnings per

share, a focus is placed on the long-term successful performance of the company as well as linking the interests of the Managing Directors with the interests of the shareholders.

The final payment of the long-term variable remuneration is made after the end of the assessment period. For the financial years 2021 and 2022, a one-time payment on account amounting to 40 % of the target value in the event of 100 % target achievement has been agreed. At the end of the assessment period, it will be offset against any amount paid out in excess of this; no repayment has been agreed in the event that the sum falls short of this amount.

As at the reporting date, the Group recognised provisions for pension obligations to current Managing Directors of KSB Management SE amounting to € 578 thousand (previous year: € 783 thousand), and to former members of the Board of Management of KSB AG (excluding the Managing Directors of KSB Management SE) and their surviving dependants amounting to € 33,070 thousand (previous year: € 40,267 thousand). The total remuneration of the latter persons amounted to € 2,380 thousand in the past financial year (previous year: € 2,727 thousand).

The members of the Supervisory Board receive a fixed remuneration and attendance fees. In addition, they receive remuneration for activities that require them to devote special time to the tasks of the Supervisory Board that go beyond preparing and holding meetings of the Supervisory Board and its committees. The short-term benefits paid to members of the Supervisory Board amount to € 894 thousand for the 2022 financial year (previous year: € 786 thousand). At the end of the financial year, liabilities of € 513 thousand (previous year: € 465 thousand) were recognised towards the members of the Supervisory Board.

In addition, assets and services amounting to € 21 thousand (previous year: € 33 thousand) were sold to other related parties (corporate bodies) in the year under review.

Auditors

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, based in Frankfurt am Main with an office in Mannheim, were appointed as auditors and group auditors for the 2022 financial year at the Annual General Meeting of KSB SE & Co. KGaA on 5 May 2022. Overall, fees (including expenses) amounting to € 878 thousand were recognised as expenses. Of this, € 775 thousand relate to audit services, € 70 thousand to other certification services and € 33 thousand to other services.

The audit fees include costs for the audit of the consolidated financial statements and of the statutory annual financial statements of KSB SE & Co. KGaA and the German subsidiaries included in the consolidated financial statements. The fees for other certification services primarily include attestation services outside of the audit of the consolidated financial statements. The fees for other services primarily include fees for consultancy services in Compliance.

Use of exemption option

KSB Service GmbH, Frankenthal, KSB Service GmbH, Schwedt, Uder Elektromechanik GmbH, Friedrichsthal, Dynamik-Pumpen GmbH, Stuhr, PMS-BERCHEM GmbH, Neuss, Pumpen-Service Bentz GmbH, Reinbek, and KAGEMA Industrieausrüstungen GmbH, Pattensen, have made partial use of the exemption provision pursuant to Section 264(3) HGB [German Commercial Code].

Events after the Reporting Period

There were no events after the end of the financial year that are of particular significance for the Group's net assets, financial position and result of operations.

German Corporate Governance Code

The Managing Directors and the Supervisory Board of KSB SE & Co. KGaA issued the current Statement of Compliance with the recommendations of the Government Commission on the German Corporate Governance Code in accordance with Section 161 AktG [*Aktiengesetz* – German Public Companies Act] on 14 December 2022. The Statement is accessible to the public at KSB's web site: www.ksb.com > Investor Relations > Corporate Governance > Corporate Governance Statement / Statement of Compliance with the German Corporate Governance Code.



List of Shareholdings

Affiliates (national and international)

Cons. No.	Name and seat	Country	Activ-ity ¹⁾	Capital share in %	Group share of capital in %	Held by No.
1	Aplicaciones Mecánicas Válvulas Industriales, S.A. (AMVI), Burgos	Spain	P	100.00	100.00	
2	Canadian Kay Pump Limited, Mississauga / Ontario	Canada	H	100.00	100.00	
3	KSB Limited, Pimpri (Pune)	India	P	40.54	40.54	2
4	KSB MIL Controls Limited, Annamanada	India	P	49.00 51.00	19.86 51.00	3
5	Pofran Sales & Agency Limited, Pimpri (Pune)	India	S	100.00	40.54	3
6	Dynamik-Pumpen GmbH, Stuhr	Germany	SVC	100.00	100.00	
7	Hydroskepi GmbH, Amaroussion (Athens)	Greece	H	100.00	100.00	
8	KAGEMA Industrieausrüstungen GmbH, Pattensen	Germany	P	100.00	100.00	
9	KSB Algérie Eurl, Bordj el Kifane (Alger)	Algeria	S	100.00	100.00	
10	KSB Armaturen Verwaltungs- und Beteiligungs-GmbH, Frankenthal	Germany	H	100.00	100.00	
11	OOO "KSB", Moscow	Russia	P	100.00	100.00	10
12	IOOO "KSB BEL", Minsk	Belarus	S	98.10 1.90	98.10 1.90	11 10
13	TOV "KSB Ukraine", Kyiv	Ukraine	S	100.00	100.00	11
14	TOB "KSB Ukraine" LLC, Kyiv	Ukraine	S	100.00	100.00	10
15	KSB Belgium S.A., Bierges-lez-Wavre	Belgium	S	100.00	100.00	
16	KSB Service Belgium S.A./N.V., Bierges-lez-Wavre	Belgium	SVC	100.00	100.00	15
17	KSB, Bombas e Válvulas, SA, Albarraque	Portugal	S	92.00 1.00 1.00 1.00	92.00 1.00 1.00 1.00	28 61 29
18	KSB Chile S.A., Santiago	Chile	P	100.00	100.00	
19	KSB Colombia S.A.S., Funza (Cundinamarca)	Colombia	S	100.00	100.00	
20	KSB de Mexico, S.A. de C.V., Querétaro	Mexico	P	100.00	100.00	
21	KSB Finance Nederland B.V., Zwanenburg	Netherlands	H	100.00	100.00	
22	D.P. Industries B.V., Alphen aan den Rijn	Netherlands	P	100.00	100.00	21
23	KSB B.V., Alphen aan den Rijn	Netherlands	S	100.00	100.00	22
24	Duijvelaar Installatiebouw B.V., Alphen aan den Rijn	Netherlands	SVC	100.00	100.00	22
25	DP Pompen B.V., Alphen aan den Rijn	Netherlands	P	100.00	100.00	22
26	DP Pumps B.V., Alphen aan den Rijn	Netherlands	S	100.00	100.00	22
27	DP Service B.V., Alphen aan den Rijn	Netherlands	SVC	100.00	100.00	22
28	KSB Nederland B.V., Zwanenburg	Netherlands	S	100.00	100.00	21
29	KSB Finanz S.A., Echternach	Luxembourg	H	100.00	100.00	
30	Dalian KSB AMRI Valves Co., Ltd., Dalian	China	P	100.00	100.00	29
31	KSB Australia Pty Ltd, Bundamba QLD	Australia	P	100.00	100.00	29
32	KSB New Zealand Limited, Albany / Auckland	New Zealand	S	100.00	100.00	31

¹⁾ P = Production / assembly, S = Sales, SVC = Service, H = Holding, T = Technical service provider

Cons. No.	Name and seat	Country	Activ-ity ¹⁾	Capital share in %	Group share of capital in %	Held by No.
33	KSB BRASIL LTDA., Várzea Paulista	Brazil	P	100.00	100.00	29
34	KSB Compañía Sudamericana de Bombas S.A., Carapachay (Buenos Aires)	Argentina	P	95.00 5.00	95.00 5.00	29
35	KSB Middle East FZE, Dubai	U.A.E.	S	100.00	100.00	29
36	KSB Pumps (S.A.) (Pty) Ltd., Germiston (Johannesburg)	South Africa	H	100.00	100.00	29
37	KSB Pumps and Valves (Pty) Ltd., Germiston (Johannesburg)	South Africa	P	70.00	70.00	36
38	KSB PUMPS AND VALVES LIMITED, Nairobi	Kenya	S	100.00	100.00	36
39	KSB Shanghai Pump Co., Ltd., Shanghai	China	P	80.00	80.00	29
40	KSB Finland Oy, Kerava	Finland	S	100.00	100.00	
41	KSB Hungary Kft., Budapest	Hungary	S	100.00	100.00	
42	KSB Italia S.p.A., Milano	Italy	P	100.00	100.00	
43	KSB ITUR Spain S.A., Zarautz	Spain	P	100.00	100.00	
44	KSB Korea Ltd., Seoul	South Korea	P	100.00	100.00	
45	KSB Limited, Hongkong	China	S	100.00	100.00	
46	KSB Pump & Valve Technology Service (Tianjin) Co., Ltd, Tianjin	China	SVC	100.00	100.00	45
47	KSB Limited, Loughborough	United Kingdom	S	100.00	100.00	
48	KSB Ltd., Tokio	Japan	S	100.00	100.00	
49	KSB Norge AS, Ski	Norway	P	100.00	100.00	
50	KSB Österreich Gesellschaft mbH, Vienna	Austria	S	100.00	100.00	
51	KSB Perú S.A., Lurin	Peru	S	100.00	100.00	
52	KSB Polska Sp. z o.o., Ozarów-Mazowiecki	Poland	S	100.00	100.00	
53	KSB-Pompa, Armatür Sanayi ve Ticaret A.S., Ankara	Turkey	P	100.00	100.00	
54	KSB Pumps and valves L.t.d., Domžale	Slovenia	S	100.00	100.00	
55	KSB Pumps Co. Ltd., Bangkok	Thailand	P	40.00	40.00	
56	KSB Pumps Company Limited, Lahore	Pakistan	P	58.89	58.89	
57	KSB Pumps Inc., Mississauga / Ontario	Canada	S	100.00	100.00	
58	KSB-Pumpy+Armatury s.r.o., concern, Prague	Czech Republic	S	100.00	100.00	
59	KSB S.A.S., Gennevilliers (Paris)	France	P	100.00	100.00	
60	KSB POMPES ET ROBINETTERIES S.à.r.l. d'Associé unique, Casablanca	Morocco	S	100.00	100.00	59
61	KSB (Schweiz) AG, Oftringen	Switzerland	S	100.00	100.00	
62	KSB Seil Co., Ltd., Busan	South Korea	P	100.00	100.00	
63	KSB Service GmbH, Frankenthal	Germany	SVC	100.00	100.00	
64	KSB Service GmbH, Schwedt	Germany	SVC	100.00	100.00	
65	KSB Singapore (Asia Pacific) Pte Ltd, Singapore	Singapore	P	100.00	100.00	
66	KSB Malaysia Pumps & Valves Sdn. Bhd., Shah Alam	Malaysia	P	100.00	100.00	65
67	KSB PHILIPPINES, INC., Makati City	Philippines	S	100.00	100.00	65
68	KSB Vietnam Co., Ltd, Long Thanh District	Vietnam	S	100.00	100.00	65
69	KSB Sverige Aktiebolag, Gothenburg	Sweden	S	100.00	100.00	
70	KSB Sverige Fastighets AB, Gothenburg	Sweden	S	100.00	100.00	69
71	PUMPHUSET Sverige AB, Sollentuna	Sweden	SVC	100.00	100.00	69
72	KSB Taiwan Co., Ltd., New Taipei City	Taiwan	S	100.00	100.00	
73	KSB Tech Pvt. Ltd., Pimpri (Pune)	India	T	100.00	100.00	
74	KSB Valves (Changzhou) Co., Ltd., Jiangsu	China	P	100.00	100.00	

¹⁾ P = Production / assembly, S = Sales, SVC = Service, H = Holding, T = Technical service provider



Cons. No.	Name and seat	Country	Activ-ity ¹⁾	Capital share in %	Group share of capital in %	Held by No.
75	PAB Pumpen- und Armaturen-Beteiligungsges. mbH, Frankenthal	Germany	H	51.00	51.00	
76	KSB America Corporation, Richmond / Virginia	USA	H	100.00	51.00	75
77	GIW Industries, Inc., Grovetown / Georgia	USA	P	100.00	51.00	76
78	KSB Dubric, Inc., Comstock Park / Michigan	USA	SVC	100.00	51.00	76
79	KSB, Inc., Richmond / Virginia	USA	P	100.00	51.00	76
80	KSB, Inc. – Western Division, Bakersfield / California	USA	SVC	100.00	51.00	76
81	Standard Alloys Incorporated, Port Arthur / Texas	USA	SVC	100.00	51.00	76
82	PMS-BERCHEM GmbH, Neuss	Germany	SVC	100.00	100.00	
83	PT. KSB Indonesia, Cibitung	Indonesia	P	100.00	100.00	
84	PT. KSB Sales Indonesia, Cibitung	Indonesia	S	99.00 1.00	99.00 1.00	83
85	Pumpen-Service Bentz GmbH, Reinbek	Germany	SVC	100.00	100.00	
86	REEL s.r.l., Ponte di Nanto	Italy	P	100.00	100.00	
87	SISTO Armaturen S.A., Echternach	Luxembourg	P	52.85	52.85	
88	Uder Elektromechanik GmbH, Friedrichsthal	Germany	SVC	100.00	100.00	

Joint ventures (international)

Cons. No.	Name and seat	Country	Activ-ity ¹⁾	Capital share in %	Group share of capital in %	Held by No.	Equity ²⁾ € thousands	Net profit / loss for the year ²⁾ € thousands
89	KSB MOTOR TEKNOLOJİLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ, Ankara	Turkey	P	55.00	55.00	53	210	118
90	KSB Pumps Arabia Ltd., Riad	Saudi Arabia	P	50.00	50.00	29	11,255	2,114
91	KSB Service LLC, Abu Dhabi	U.A.E.	SVC	49.00	49.00		8,532	124
92	Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd., Shanghai	China	P	45.00	45.00		40,448	4,114

Associates (international)

Cons. No.	Name and seat	Country	Activ-ity ¹⁾	Capital share in %	Group share of capital in %	Held by No.	Equity ²⁾ € thousands	Net profit / loss for the year ²⁾ € thousands
93	Motori Sommersi Riavvolgibili S.r.l., Cedegolo	Italy		25.00	25.00		6,139	3,173

¹⁾ P = Production / assembly, S = Sales, SVC = Service, H = Holding, T = Technical service provider

²⁾ Data according to latest annual financial statements under IFRS

Companies not consolidated because of immateriality – Affiliates (national and international)

Cons. No.	Name and seat	Country	Activ-ity ¹⁾	Capital share in %	Group share of capital in %	Held by No.	Equity ²⁾ € thousands	Net profit / loss for the year ²⁾ € thousands
94	Geheimrat Dr. Jacob Klein-Unterstützungseinrichtung e.V.	Germany		100.00	100.00		105	-16
95	KSB BOMBAS E VÁLVULAS (Angola), LDA, Belas	Angola	S	65.00	65.00		492	-242
96	KSB Čerpadlá a Armatúry, s.r.o., Bratislava	Slovakia	S	100.00	100.00		444	78
97	KSB Ecuador S.A., Samborondón	Ecuador	S	99.00	99.00	33	1,301	309
				1.00	1.00	29		
98	KSB Egypt SOC, Cairo	Egypt	H	100.00	100.00		434	243
99	KSB Panama S.A., Panamá	Panama	S	100.00	100.00	33	343	5
100	KSB Pumpe i Armature d.o.o. Belgrade	Serbia	S	100.00	100.00	54	236	27
101	KSB pumpe i armature d.o.o., Rakov Potok	Croatia	S	100.00	100.00	54	208	-2
102	KSB PUMPS AND VALVES (NAMIBIA) (PROPRIETARY) LIMITED, KLEIN WINDHOEK	Namibia	S	100.00	100.00	36	-145	-55
103	KSB Pumps and Valves Nigeria Ltd, Lagos	Nigeria	S	60.00	60.00		283	-89
				48.00	48.00		836	-183
104	KSB Service Egypt LLC, Cairo	Egypt	SVC	11.00	11.00	98		
				1.00	1.00	29		
105	KSB ZAMBIA LIMITED, Kitwe	Zambia	S	100.00	100.00	36	622	163
106	Techni Pompe Service Maroc (TPSM), Casablanca	Morocco	SVC	100.00	100.00	60	-576	-15
107	TOO "KSB Kazakhstan", Almaty	Kazakhstan	S	100.00	100.00	11	648	448

¹⁾ P = Production / assembly, S = Sales, SVC = Service, H = Holding, T = Technical service provider

²⁾ Data according to latest annual financial statements under IFRS



Supervisory Board

Dr. Bernd Flohr, Dipl.-Kfm., Dipl.-Soz., Geislingen
Former Executive Board Member of WMF AG (Chair)

René Klotz, NC Programmer, Heßheim
Chair of the General Works Council of KSB SE & Co. KGaA
and KSB Service GmbH (Deputy Chair)

Claudia Augustin, Office Management Assistant, Pegnitz
Deputy Chair of the Pegnitz Works Council of
KSB SE & Co. KGaA, until 22 Jan. 2023,
Chair of the Pegnitz Works Council of KSB SE & Co. KGaA,
since 23 Jan. 2023

Klaus Burchards, Dipl.-Kfm., Stuttgart
Independent Auditor

Arturo Esquinca, Dipl.-Chemieing., MBA, Forch,
Switzerland
M&A and Strategy Consultant

Klaus Kühborth, Dipl.-Wirtsch.-Ing., Frankenthal
Managing Director of Johannes und Jacob Klein GmbH

Birgit Mohme, Industrial Business Management Assistant,
Frankenthal
1st Delegate and Managing Director of IG Metall
Ludwigshafen / Frankenthal

Thomas Pabst, Dipl.-Ing., Freinsheim ¹⁾
Head of the Energy Market Area of KSB SE & Co. KGaA

Prof. Dr.-Ing. Corinna Salander, Dipl.-Physikerin, Dresden
Director of the German Centre for Railway Traffic Research at
Eisenbahn-Bundesamt [Federal Railway Authority],
until 31 January 2023,
Head of the Railways Department of the Federal Ministry for
Digital Infrastructure and Transport (BMDV),
since 1 February 2023

Harald Schöberl, Industrial Business Management Assistant,
Plech
Full-time Member of the Pegnitz Works Council of
KSB SE & Co. KGaA

Volker Seidel, Electrical and Electronics Installer,
Münchberg
1st Delegate and Treasurer of IG Metall Ostoberfranken

Gabriele Sommer, Dipl.-Geol., Wörthsee ²⁾
Spokesperson for the Management of
TÜV Süd Management Service GmbH

Mandates of KSB Supervisory Board members on the Supervisory Board/Board of Directors of other companies

- 1) Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd.,
Shanghai, China
- 2) TÜV SÜD Industrie Service GmbH, Munich, Germany
TÜV SÜD Auto Service GmbH, Stuttgart, Germany



CVs of the Supervisory
Board members



Legal Representatives

Managing Directors of KSB Management SE

Dr. Stephan Jörg Timmermann,

CEO, Augsburg ¹⁾

Strategy, Human Resources, Communications, Internal Audits,
Legal & Compliance, Patents & Trademarks

Dr. Stephan Bross, Weinheim ²⁾

Global Operations, Research and Development, Innovation and
Complexity Management, Digital Transformation, Committees
and Associations

Ralf Kannefass, Regensburg ³⁾

Sales, Service and Marketing

Dr. Matthias Schmitz, Frankenthal ⁴⁾

Taxes, Controlling KSB Group, Finance, Accounting, Information
Technology and Procurement

Mandates of the Managing Directors on the Board of Directors of KSB companies

- 1) KSB America Corporation, Richmond / Virginia, USA
GIW Industries, Inc., Grovetown / Georgia, USA
- 2) KSB Limited, Pimpri (Pune), India
KSB MOTOR TEKNOLOJİLERİ SANAYİ VE TİCARET ANONİM
ŞİKETİ, Ankara, Turkey
KSB MIL Controls Limited, Annamanada, India
- 3) KSB Shanghai Pump Co., Ltd., Shanghai, China
Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd.,
Shanghai, China
KSB Pumps (S.A.) (Pty) Ltd., Germiston (Johannesburg),
South Africa
KSB Pumps and Valves (Pty) Ltd., Germiston (Johannesburg),
South Africa
- 4) KSB Finanz S.A., Echternach, Luxembourg
KSB Finance Nederland B.V., Zwanenburg, the Netherlands
Canadian Kay Pump Limited, Mississauga / Ontario, Canada
KSB Limited, Pimpri (Pune), India
KSB Shanghai Pump Co., Ltd., Shanghai, China
KSB BRASIL LTDA., Várzea Paulista, Brazil
KSB Pumps Arabia Ltd., Riyadh, Saudi Arabia
KSB Österreich Gesellschaft mbH, Vienna, Austria

Members of the Administrative Board of KSB Management SE

Oswald Bubel, Chair, Saarbrücken

Monika Kühborth, Deputy Chair, Homburg
Managing Director of Klein, Schanzlin & Becker GmbH

Günther Koch, Ludwigshafen

Dr. Harald Schwager, Speyer ¹⁾
Deputy Chairman of the Executive Board
of Evonik Industries AG

Andrea Teutenberg, Kaarst ²⁾

Mandates on statutory Supervisory Boards

- 1) Evonik Operations GmbH, Essen, Germany (Chair of the Supervisory Board)
Currenta GmbH & Co. OHG, Leverkusen, Germany, since 15 July 2022
- 2) Bauer AG, Schrobenhausen, Germany

Mandates in comparable supervisory bodies

- 1) Member of the Presidential Board of DEKRA e.V., Stuttgart, Germany
- 2) Member of the Advisory Board, EJOT Holding GmbH & Co. KG, Bad Berleburg,
Germany, since 14 March 2022
Member of the Advisory Board, Talbot Holding GmbH, Aachen, Germany,
since 26 August 2022



Proposal on the Appropriation of the Net Retained Earnings of KSB SE & Co. KGaA

The following proposal on the appropriation of the net retained earnings of € 73,637,253.73 of KSB SE & Co. KGaA will be submitted to the Annual General Meeting on 4 May 2023:

Proposal for the appropriation of net retained earnings

€	
Dividend of € 19.50 per ordinary no-par-value share	17,288,992.50
Dividend of € 19.76 per preference no-par-value share	17,086,709.12
Total	34,375,701.62
Carried forward to new account	39,261,552.11
	73,637,253.73

Frankenthal, 14 March 2023

KSB Management SE

The Managing Directors

The annual financial statements of KSB SE & Co. KGaA were prepared in accordance with German accounting principles. They are published in the *Bundesanzeiger* [German Federal Gazette]. These annual financial statements are also available online: www.ksb.com/financialstatements2022

