



# Annual Financial Statements 2023 of KSB SE & Co. KGaA

## Five-year Financial Summary

### Business development and earnings

		2023	2022	2021	2020	2019
Order intake	€ m	864	858	801	730	797
Sales revenue	€ m	996	900	869	814	842
Net profit / loss for the year	€ m	49	54	4	-8	-17

### Balance sheet and equity

		2023	2022	2021	2020	2019
Balance sheet total	€ m	1,222	1,146	1,038	978	983
Equity	€ m	336	321	289	292	315
Equity ratio	%	28	28	28	30	32

### Employees

		2023	2022	2021	2020	2019
Number as at 31 December		3,839	3,826	3,820	3,826	3,834

### Dividend

		2023	2022	2021	2020	2019
Per ordinary share	€	26.00	19.50	12.00	4.00	8.50
Per preference share	€	26.26	19.76	12.26	4.26	8.76

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The management report combines the management reports of KSB SE & Co. KGaA and the Group and is published as part of the KSB Group's Annual Report 2023.

The annual financial statements and the combined management report of KSB SE & Co. KGaA and the KSB Group for the 2023 financial year are published in the Bundesanzeiger [German Federal Gazette].



The combined management report is available at:  
[ksb.com/managementreport](https://ksb.com/managementreport)



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links directly to the respective page.

# Balance Sheet

## Assets

€ thousands	Notes	31 Dec. 2023	31 Dec. 2022
<b>Fixed assets</b>			
Intangible assets	1	38,437	38,276
Property, plant and equipment	1	175,660	157,067
Financial assets	2	346,053	337,838
		<b>560,150</b>	<b>533,181</b>
<b>Current assets</b>			
Inventories	3	283,330	300,754
Advances received from customers	3	-68,142	-88,664
		<b>215,188</b>	<b>212,090</b>
Receivables and other assets	4	339,293	362,283
Cash and bank balances		102,868	34,704
		<b>442,161</b>	<b>396,987</b>
<b>Prepaid expenses</b>		<b>4,258</b>	<b>3,970</b>
		<b>1,221,757</b>	<b>1,146,228</b>

## Equity and liabilities

€ thousands	Notes	31 Dec. 2023	31 Dec. 2022
<b>Equity</b>	<b>6</b>		
Subscribed capital		44,772	44,772
Capital reserve		66,663	66,663
Revenue reserves		136,180	136,180
Net retained profits		88,642	73,637
		<b>336,257</b>	<b>321,253</b>
<b>Provisions</b>	<b>7</b>		
Pensions and similar obligations		517,464	504,498
Miscellaneous other provisions		128,523	111,046
		<b>645,987</b>	<b>615,544</b>
<b>Liabilities</b>	<b>8</b>	<b>239,513</b>	<b>208,171</b>
Deferred income	9	-	1,260
		<b>1,221,757</b>	<b>1,146,228</b>

# Income Statement

## Income statement

€ thousands	Notes	2023	2022
<b>Sales revenue</b>	13	996,306	899,583
Changes in inventories		-16,118	18,012
Work performed and capitalised		1,683	1,244
<b>Total output of operations</b>	14	981,871	918,839
Other operating income	15	22,558	33,322
Cost of materials	16	-418,203	-414,807
Staff costs	17	-379,718	-368,642
Depreciation and amortisation		-21,163	-20,056
Other operating expenses	18	-191,097	-163,544
		<b>-5,752</b>	<b>-14,887</b>
Income from equity investments	19	61,613	93,320
Other financial income / expense		1,791	-16,863
		<b>63,404</b>	<b>76,457</b>
Taxes on income	21	-6,889	-5,910
<b>Earnings after taxes</b>		<b>50,763</b>	<b>55,660</b>
Other taxes		-1,383	-1,715
<b>Net profit / loss for the year</b>		<b>49,380</b>	<b>53,945</b>
Profit / loss carried forward		39,262	19,692
Transfer to other revenue reserves		-	-
<b>Net retained profits</b>		<b>88,642</b>	<b>73,637</b>

# Notes

## GENERAL

KSB SE & Co. KGaA, with its registered office in Frankenthal / Pfalz and branches in Bremen, Halle and Pegnitz, is a large corporation as defined in Section 267(3) HGB [*Handelsgesetzbuch* – German Commercial Code] as at the reporting date 31 December 2023. The company is registered with the *Handelsregister* [German Commercial Register] of the *Amtsgericht* [Local Court] Ludwigshafen am Rhein, registration No. HRB 65657. 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.

The annual financial statements of KSB SE & Co. KGaA have been prepared in accordance with the provisions of the *Handelsgesetzbuch* (HGB) [German Commercial Code] and the *Aktiengesetz* (AktG) [German Public Companies Act] including the German principles of proper accounting.

For the sake of clarity, KSB has summarised individual items of the balance sheet and the income statement. The items are shown separately in these Notes to the financial statements. The Notes also contain the additional information required to be disclosed on individual items of the balance sheet and the income statement.

The financial statements have been prepared in euro (€). All amounts are stated in thousands of euros unless otherwise noted. The previous year's figures are as a rule shown in brackets in the Notes.

Details on the changes in fixed assets and the list of shareholdings pursuant to Section 285 No. 11 HGB follow the explanations on fixed assets.

### Geopolitical and macroeconomic developments

The business activities of KSB SE & Co. KGaA take place in an increasingly complex and uncertain macroeconomic and geopolitical environment. In particular, the war in Ukraine, the conflicts in the Middle East and especially in the Gaza region, and the China-Taiwan conflict are global flashpoints of key importance for the global economy. The overall picture of KSB SE & Co. KGaA's economic environment is characterised by ongoing inflation, rising interest rates and volatile share and currency prices. All of these uncertainties are fuelling concerns about a medium-term slowdown in global economic growth in key markets.

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 single-entity financial statements of KSB SE & Co. KGaA. The duration and possible escalation of conflicts are decisive with regard to future repercussions for KSB SE & Co. KGaA.

## ACCOUNTING POLICIES

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

For internally generated intangible assets, the option pursuant to Section 248(2) HGB is exercised. They are capitalised at production cost (development cost) if there is at least a high probability of the actual creation of an asset as at the reporting date. Production costs include the individually attributable costs from the consumption of goods and the utilisation of services as well as reasonable proportions of material and production overheads and write-downs of fixed asset items in the course of the development process. Internally generated industrial property rights and similar rights and assets are amortised on a straight-line basis pro rata temporis over their respective expected useful lives.

Intangible fixed assets acquired from third parties against payment and tangible fixed assets (property, plant and equipment) are capitalised at acquisition cost and own work capitalised at production cost (both directly attributable costs and reasonable proportions of overheads as well as depreciation / amortisation) and depreciated or amortised in accordance with their expected useful life on a straight-line basis, pro rata temporis in the year of acquisition. If the fair values of individual fixed assets fall below their carrying value, write-downs are recognised in the event of expected permanent impairment. Borrowing costs are not recognised as part of the acquisition or production costs.

The following useful lives are applied:

### Useful life

Intangible assets	3 to 15 years
Buildings	15 to 50 years
Plant and machinery	6 to 25 years
Other equipment, operating and office equipment	4 to 25 years

As far as the accounting of low-value assets is concerned, the tax law regulations of Sections 6(2) and (2a) EStG [*Einkommensteuergesetz* – German Income Tax Act] are also applied in commercial law for reasons of materiality. Acquisition or production costs of depreciable movable assets capable of independent use are recognised in full as operating expenses in the financial year of acquisition, production or contribution if the acquisition or production costs, less any input tax included therein, do not exceed € 800 for the individual asset. In the financial years prior to 2018, collective items as defined in Section 6(2a) EStG were recognised for low-value assets.

Development costs (excluding internally generated intangible assets as described above) are expensed in the year incurred.

Financial assets include the shares in affiliates and equity investments measured at acquisition cost or, in the event of expected permanent impairment, at the lower fair value. Write-ups due to the requirement to reverse impairment losses are recognised up to the original acquisition cost if the reasons for permanent impairment no longer exist.

The fair value of affiliates and equity investments is determined using the discounted cash flow method. The detailed planning period of the underlying company data generally extends over a planning horizon of five years from the reporting date. For the subsequent period, a constant is calculated using an expected growth rate per investment. The cost of capital rates used for discounting take into account the country risk as well as the individual debt level of the individual investments. If the calculated enterprise value adjusted for net debt exceeds the carrying amount of the investment as at the reporting date, there is generally no need for impairment. If required, the carrying amount of the investment is written down.

Advance payments are recognised at nominal value.

Inventories are measured at acquisition or production cost, taking into account the lower of cost or market principle. All identifiable risks in inventories resulting from above-average storage periods, reduced usability and/or lower replacement costs are recognised through appropriate write-downs. In all cases, measurement at the lower of cost or market value was applied, i.e. if the anticipated selling prices less the costs incurred until the sale resulted in a lower fair value, corresponding write-downs were recognised.

Apart from customary retention of title, the inventories are free from third-party rights.

The acquisition costs of raw materials, consumables and supplies as well as goods are determined using the average value method.

Finished goods and work in progress are measured at production cost. The production costs include the components that must be capitalised in accordance with Section 255(2) HGB. Interest charges for debt capital have not been capitalised.

Advances received from customers are recognised at nominal value and openly deducted from inventories in full.

Receivables and other assets are recognised at the lower of nominal value or fair value as at the reporting date; non-interest-bearing or low-interest-bearing receivables are discounted. Identifiable risks are taken into account through appropriate individual impairment allowances. In addition, the general credit risk is covered by a general impairment allowance, which is deducted directly from the net receivables that are not individually impaired.

Cash and cash equivalents are recognised at nominal value on the reporting date.

Expenses prior to the reporting date are recognised as prepaid expenses if they represent expenses for a certain period after this date.

Subscribed capital is recognised at nominal value.

Provisions were recognised at the settlement amount required according to reasonable commercial assessment, taking into account future price and cost increases.

Provisions with a remaining term of more than one year are discounted at the average market interest rate of the past seven

financial years corresponding to their remaining term. Pension provisions are discounted taking into account the average market interest rate of the past ten financial years.

Provisions for pensions and similar obligations are calculated in accordance with actuarial principles using the projected unit credit method, taking into account the 2018 G mortality tables published by Prof. Dr. Klaus Heubeck. The actuarial assumptions are as follows: The market interest rate for the assumed remaining term of 15 years, as published by the Deutsche Bundesbank in accordance with the *Rückstellungsabzinsungsverordnung* [German Regulation on the Discounting of Provisions] as at 31 December 2023, rose from 1.78 % to 1.82 %. The rate of future salary and pension increases is assumed to be 2.7 % (previous year: 2.7 %) and 2.3 % (previous year: 2.3 %) respectively. In addition to the payment of a monthly pension for life, the pension plans provide for the full payment of the capital amount or a payment in monthly instalments. Every employee is entitled to apply at any time during the ongoing employment contract for payment in annual instalments, as a single lump-sum payment or as a pension for life. KSB has estimated how the specific workforce is likely to decide on exercising the lump-sum option and has taken this into account for the measurement of pension provisions.

The regular assessment made by KSB regarding the exercising of the lump-sum option by employees led to an adjustment of the measurement assumptions compared with the previous year.

Therefore, as at 31 December 2023, a payment in the form of a lifelong pension was assumed for 65 % (previous year: 45 %) of the specific workforce, a one-off payment for 30 % (previous year: 35 %) and payment in instalments over 10 years after termination of employment for 5 % (previous year: 20 %). This resulted in a one-off effect on the pension provisions of € 14,688 thousand, which was recognised in the income statement under staff costs.

All other measurement parameters are unchanged year on year. Average fluctuation is assumed.

Provisions for obligations from partial retirement schemes are recognised in accordance with the phased block model. Provisions for partial retirement are measured in accordance with actuarial principles using an interest rate of 0.99 % p.a. (previous year: 0.43 %), based on the 2018 G mortality tables published by Prof. Dr. Klaus Heubeck. As in the previous year, annual wage and salary increases of 2.7 % were used to determine the provisions for partial retirement obligations.



The provisions for partial retirement were recognised for phased retirement agreements already concluded as at the reporting date and for future potential agreements. They include top-up amounts and settlement obligations of the company accrued up to the reporting date.

Appropriate provisions were recognised at the respective settlement amount for future expenses from the fulfilment of guarantees and warranties, i.e. taking into account the cost ratios expected to apply at the time of fulfilment. Provisions are recognised for specific individual risks as well as in the form of a lump-sum provision based on the sales revenue of the last eighteen months.

Provisions for future expenses relating to penalty risks are calculated on the basis of individual contractual arrangements in accordance with the delay in the completion of the project. In addition, a lump-sum provision is recognised.

Liabilities are measured at their settlement amount.

Deferred income is income received before the reporting date that represents income for a certain period after this date.

#### **Currency translation**

Transactions denominated in foreign currencies are generally recorded at the historical exchange rate at the time of initial recognition.

Balance sheet items are measured as follows as at the reporting date:

Non-current foreign currency receivables are recognised at the selling rate when the receivable arises or at the lower fair value based on the average spot exchange rate on the reporting date (impairy principle). Current foreign currency receivables (remaining term of one year or less) as well as cash and cash equivalents or other current assets denominated in foreign currencies are translated at the average spot exchange rate on the reporting date. Non-current foreign currency liabilities are recognised at the buying rate at the time the liability is incurred or at the higher closing rate at the reporting date based on the spot exchange rate on the reporting date (impairy principle). Current foreign currency liabilities (remaining term of one year or less) are translated at the average spot exchange rate on the reporting date.

#### **Deferred taxes**

Deferred taxes are recognised on the differences between the carrying amounts in the financial accounts and the tax accounts, if and to the extent that these are expected to

decrease in later financial years. In addition, deferred tax assets are recognised on corporate and trade tax loss carry-forwards to the extent that losses are expected to be offset within, as a rule, the next five years. According to the formal approach, the sole tax debtor is the company as the controlling company, i.e. actual and deferred taxes of the controlled companies must also be shown in full in the annual financial statements of the controlling company, as it alone is subject to the taxation consequences. Accordingly, the deferred taxes on temporary differences of the controlled companies are recognised in the financial statements of KSB SE & Co. KGaA. The calculation of deferred taxes is based on an effective tax rate of around 31 %, which is expected to apply when the differences are reduced. Deferred tax assets and liabilities are reported net. In the case of an asset surplus of deferred taxes as at the reporting date, no use is made of the capitalisation option provided for in Section 274(1) Sentence 2 HGB.

#### **Derivative financial instruments and hedge accounting**

The company is exposed to currency and interest rate risks in the course of its business activities. These are hedged mainly through the use of derivative financial instruments. These are instruments traded outside the stock exchange (OTC). Currently, only forward exchange transactions are used. They are applied to hedge the company's operating business as well as the related cash investments and financing transactions. The aim here is to reduce the volatility resulting from changes in exchange rates and interest rates in relation to earnings and cash flows.

KSB uses micro and portfolio hedges to hedge transactions already recognised and future highly probable cash flows from its operating business.

The hedging instruments used share the essential terms and conditions with the underlying transactions, i.e. with regard to amount, term and quality. They are deployed in accordance with uniform guidelines and are subject to strict internal controls. In addition, these transactions are subject to prospective and retrospective effectiveness testing and risk monitoring. The hedging instruments used are exclusively simple currency forwards entered into with prime-rated banks.

Assets and liabilities, pending transactions and transactions that are expected in the future with a high degree of probability (underlyings) are, within the scope of hedge accounting, grouped in micro and portfolio hedges to offset opposing changes in fair value and cash flows with derivative financial instruments (hedge transactions), provided the requirements of Section 254 HGB are met.

If hedge accounting in accordance with Section 254 HGB is applied to hedges and highly probable forecast transactions, the forward exchange transactions are not recognised in the balance sheet until the underlying transaction occurs (net hedge presentation method). After the underlying transaction has occurred, the underlying transaction and the hedge transaction are recognised in accordance with the gross hedge presentation method. The fair value of these hedges is reported in the other assets balance sheet item as well as in the other liabilities balance sheet item.

For derivatives, previously recognised exchange rate gains or losses from extended hedge transactions are accrued within the scope of micro-hedges, if and to the extent that they result in future offsetting effects.

The critical terms match method is used prospectively for hedge accounting with forward exchange transactions; retrospectively, the assessment is based on the dollar offset method. KSB assumes a high probability of occurrence of the hedged transactions, as they are generally routine transactions and the hedge is below the planned total volume.

## BALANCE SHEET DISCLOSURES

### 1. Intangible assets, property, plant and equipment

In the financial year under review, investment activity fell slightly compared with the previous year. The focus continued to be on replacement investments in manufacturing facilities. Investments amounted to € 40,020 thousand (previous year: € 40,107 thousand) and depreciation / amortisation to € 21,162 thousand (previous year: € 20,056 thousand). As in the previous year, there were no material write-downs.

Disposals of assets with a carrying amount of € 104 thousand (previous year: € 754 thousand) resulted in book gains of € 49 thousand (previous year: € 250 thousand) and book losses of € 102 thousand (previous year: € 12 thousand).

KSB SE & Co. KGaA exercised the option of capitalising internally generated intangible fixed assets in accordance with Section 248(2) HGB and recognised internally generated intangible assets totalling € 32,788 thousand (previous year: € 32,514 thousand). These are mainly attributable to the KSBase software (selection software for the standard pump range), which was already completed in 2020, and the E2E e-sales software. Software in development accounted for € 5,466 thousand. In the financial year under review, research and development costs amounted to € 42,555 thousand (previous year: € 39,868 thousand).

### 2. Financial assets

In the 2023 financial year, shares were mainly acquired in DAG - Dieselanlagen Service GmbH in Oberwaltersdorf, Austria, for € 1,455 thousand.

The equity of Canadian Kay Pump Ltd., Mississauga, Canada was reduced. This resulted in a disposal of equity investments in the amount of € 2,440 thousand, which accrued as a cash settlement to KSB SE & Co. KGaA in 2023.

In addition, in the 2023 financial year the carrying amount of the investment in KSB Seil, Seoul, South Korea required an impairment write-down of € 1,304 thousand in accordance with Section 253(3) Sentence 5 HGB. By contrast, in the 2023 financial year the carrying amounts of the equity investments resulting from impairment testing in accordance with Section 253(5) HGB increased by € 2,250 thousand for Wiener Neudorf, Austria, by € 974 thousand for Hydroskepi GmbH, Amaroussion, Greece, by € 2,304 thousand for Uder Elektromechanik GmbH, Friedrichsthal, Germany, and by € 3,493 thousand for REEL s.r.l., Ponte di Nanto, Italy.

All additions and disposals, as well as impairment testing, resulted in a total addition to financial assets of € 8,216 thousand in the 2023 financial year.

# Statement of Changes in Fixed Assets

## Statement of changes in fixed assets in the 2023 financial year

€ thousands	Historical cost				Accumulated depreciation and amortisation					Net value		
	Balance at 1 Jan. 2023	Additions	Disposals	Reclassifications	Balance at 31 Dec. 2023	Balance at 1 Jan. 2023	Additions	Disposals	Reclassification/Write-ups	Balance at 31 Dec. 2023	Balance at 31 Dec. 2023	Prior-year balance
<b>Intangible assets</b>												
Internally generated industrial property rights and similar rights and assets	43,319	2,696	–	393	46,408	10,805	2,815	–	–	13,620	32,788	32,514
Concessions, industrial property and similar rights and assets acquired against payment, as well as licences in such rights and assets	52,188	853	5	148	53,184	48,213	2,371	4	–	50,580	2,604	3,975
Advance payments	1,787	1,804	5	–541	3,045	–	–	–	–	–	3,045	1,787
	<b>97,294</b>	<b>5,353</b>	<b>10</b>	<b>–</b>	<b>102,637</b>	<b>59,018</b>	<b>5,186</b>	<b>4</b>	<b>–</b>	<b>64,200</b>	<b>38,437</b>	<b>38,276</b>
<b>Property, plant and equipment</b>												
Land or land rights and buildings including buildings on third-party land	143,543	4,750	1	8,085	156,377	93,951	2,399	–	–	96,350	60,027	49,592
Plant and machinery	278,176	9,414	9,113	8,171	286,648	220,775	7,622	9,102	106	219,401	67,247	57,401
Other equipment, operating and office equipment	65,898	5,494	4,277	4,571	71,686	40,849	5,955	4,243	–106	42,455	29,231	25,049
Advance payments and assets under construction	25,025	15,009	52	–20,827	19,155	–	–	–	–	–	19,155	25,025
	<b>512,642</b>	<b>34,667</b>	<b>13,443</b>	<b>–</b>	<b>533,866</b>	<b>355,575</b>	<b>15,976</b>	<b>13,345</b>	<b>–</b>	<b>358,206</b>	<b>175,660</b>	<b>157,067</b>
<b>Financial assets</b>												
Investments in affiliates	350,464	1,871	3,174	–	349,161	32,048	1,304	–	–9,021	24,331	324,830	318,417
Equity investments	19,421	2	–	–	19,423	–	–	–	–	–	19,423	19,421
Loans to affiliates	–	1,800	–	–	1,800	–	–	–	–	–	1,800	–
	<b>369,885</b>	<b>3,673</b>	<b>3,174</b>	<b>–</b>	<b>370,384</b>	<b>32,048</b>	<b>1,304</b>	<b>–</b>	<b>–9,021</b>	<b>24,331</b>	<b>346,053</b>	<b>337,838</b>
	<b>979,821</b>	<b>43,693</b>	<b>16,627</b>	<b>–</b>	<b>1,006,887</b>	<b>446,641</b>	<b>22,466</b>	<b>13,349</b>	<b>–9,021</b>	<b>446,737</b>	<b>560,150</b>	<b>533,181</b>

# List of Shareholdings

## LIST OF SHAREHOLDINGS IN 2023

The shares in affiliates and equity investments (interests held) reported under financial assets – i.e. the companies in which the company holds, directly or indirectly, at least 20 % of the share capital – are listed below. The disclosures on equity and the net profit or loss for the year of affiliates are provided in accordance with IFRS.

### Affiliates (national and international)

Cons. No.	Name and seat	Country	Activ-ity <sup>1)</sup>	Capital share in %	Group share of capital in %	Held by No.	Equity <sup>2)</sup> € thousands	Net profit / loss for the year <sup>2)</sup> € thousands
1	Aplicaciones Mecánicas Válvulas Industriales, S.A. (AMVI), Burgos	Spain	P	100.00	100.00		5,108	22
2	Canadian Kay Pump Limited, Mississauga / Ontario	Canada	H	100.00	100.00		1,536	2,044
3	KSB Limited, Pimpri (Pune)	India	P	40.54	40.54	2	140,886	23,327
4	KSB MIL Controls Limited, Annamanada	India	P	49.00 51.00	19.86 51.00	3	17,008	2,549
5	Pofran Sales & Agency Limited, Pimpri (Pune)	India	S	100.00	40.54	3	18	-1
6	DAG - Dieselanlagen Service GmbH, Oberwaltersdorf	Austria	S	100.00	100.00		1,992	117
7	Dynamik-Pumpen GmbH, Stuhr	Germany	SVC	100.00	100.00		690	828
8	Hydoskepi GmbH, Amaroussion (Athens)	Greece	H	100.00	100.00		240	-100
9	KAGEMA Industrieausrüstungen GmbH, Pattensen	Germany	P	100.00	100.00		2,860	1,061
10	KSB Armaturen Verwaltungs- und Beteiligungs-GmbH, Frankenthal	Germany	H	100.00	100.00		1,308	-104
11	OOO "KSB", Moscow	Russia	P	100.00	100.00	10	606	-2,229
12	I000 "KSB BEL", Minsk	Belarus	S	99.52 0.48	99.52 0.48	11 10	74	-160
13	TOO "KSB Kazakhstan", Almaty	Kazakhstan	S	100.00	100.00	11	635	226
14	TOV "KSB Ukraine", Kyiv	Ukraine	S	100.00	100.00	11	153	-251
15	TOB "KSB Ukraine" LLC, Kyiv	Ukraine	S	100.00	100.00	10	451	233
16	KSB Belgium S.A., Bierges-lez-Wavre	Belgium	S	100.00	100.00		4,416	423
17	KSB Service Belgium S.A./N.V., Bierges-lez-Wavre	Belgium	SVC	100.00	100.00	16	39	-352
				92.00	92.00			
18	KSB, Bombas e Válvulas, SA, Albarraque	Portugal	S	1.00 1.00 1.00	1.00 1.00 1.00	27 61 28	719	86
19	KSB Čerpadlá a Armatúry, s.r.o., Bratislava	Slovakia	S	100.00	100.00		535	90
20	KSB Chile S.A., Santiago	Chile	P	100.00	100.00		29,999	6,331
21	KSB Colombia S.A.S., Funza (Cundinamarca)	Colombia	S	100.00	100.00		786	96

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

<sup>2)</sup> Data according to latest annual financial statements under IFRS



Cons. No.	Name and seat	Country	Activ-ity <sup>1)</sup>	Capital share in %	Group share of capital in %	Held by No.	Equity <sup>2)</sup> € thousands	Net profit / loss for the year <sup>2)</sup> € thousands
22	KSB de Mexico, S.A. de C.V., Querétaro	Mexico	P	100.00	100.00		3,684	157
23	KSB Finance Nederland B.V., Zwanenburg	Netherlands	H	100.00	100.00		27,503	10,097
24	D.P. Industries B.V., Alphen aan den Rijn	Netherlands	H	100.00	100.00	23	49,095	-18,615
25	Duijvelaar Pompen B.V., Alphen aan den Rijn	Netherlands	SVC	100.00	100.00	24	23	10,524
26	KSB Manufacturing Netherlands B.V., Alphen aan den Rijn	Netherlands	P	100.00	100.00	24	18	23,684
27	KSB Nederland B.V., Zwanenburg	Netherlands	S	100.00	100.00	23	6,575	2,596
28	KSB FINANZ GmbH, Frankenthal	Germany	H	100.00	100.00		79,778	19,811
29	Dalian KSB AMRI Valves Co., Ltd., Dalian	China	P	100.00	100.00	28	7,081	955
30	KSB Algérie Eurl, Bordj el Kiffan (Alger)	Algeria	S	100.00	100.00	28	2,061	329
31	KSB Australia Pty Ltd, Bundamba QLD	Australia	P	100.00	100.00	28	13,634	3,750
32	KSB New Zealand Limited, Albany / Auckland	New Zealand	S	100.00	100.00	31	844	267
33	KSB BRASIL LTDA., Várzea Paulista	Brazil	P	100.00	100.00	28	59,425	16,606
34	KSB Compañía Sudamericana de Bombas S.A., Carapachay (Buenos Aires)	Argentina	P	95.00 5.00	95.00 5.00	28	11,076	877
35	KSB Middle East FZE, Dubai	U.A.E.	S	100.00	100.00	28	2,870	112
36	KSB Pumps (S.A.) (Pty) Ltd., Germiston (Johannesburg)	South Africa	H	100.00	100.00	28	15,266	3,974
37	KSB Pumps and Valves (Pty) Ltd., Germiston (Johannesburg)	South Africa	P	70.00	70.00	36	24,477	6,447
38	KSB PUMPS AND VALVES LIMITED, Nairobi	Kenya	S	100.00	100.00	36	226	98
39	KSB Shanghai Pump Co., Ltd., Shanghai	China	P	80.00	80.00	28	44,283	9,129
40	KSB Finland Oy, Kerava	Finland	S	100.00	100.00		10,990	1,784
41	KSB Hungary Kft., Budapest	Hungary	S	100.00	100.00		1,057	204
42	KSB Italia S.p.A., Milan	Italy	P	100.00	100.00		30,443	4,334
43	KSB ITUR Spain S.A., Zarautz	Spain	P	100.00	100.00		23,268	1,330
44	KSB Korea Ltd., Seoul	South Korea	P	100.00	100.00		3,381	584
45	KSB Limited, Hong Kong	China	S	100.00	100.00		3,302	2,192
46	KSB Pump & Valve Technology Service (Tianjin) Co., Ltd, Tianjin	China	SVC	100.00	100.00	45	5,422	1,437
47	KSB Limited, Loughborough	United Kingdom	S	100.00	100.00		6,420	1,191
48	KSB Ltd., Tokyo	Japan	S	100.00	100.00		-3,583	-2,944
49	KSB Norge AS, Ski	Norway	P	100.00	100.00		1,882	473
50	KSB Österreich Gesellschaft mbH, Vienna	Austria	S	100.00	100.00		2,669	1,373
51	KSB Perú S.A., Lurin	Peru	S	100.00	100.00		2,210	423
52	KSB Polska Sp. z o.o., Ozarów-Mazowiecki	Poland	S	100.00	100.00		9,212	2,022
53	KSB-Pompa, Armatür Sanayi ve Ticaret A.S., Ankara	Turkey	P	100.00	100.00		13,712	2,138
54	KSB Pumps and valves L.t.d., Domžale	Slovenia	S	100.00	100.00		5,099	1,068
55	KSB Pumps Co. Ltd., Bangkok	Thailand	P	40.00	40.00		5,096	-1,773
56	KSB Pumps Company Limited, Lahore	Pakistan	P	58.89	58.89		6,540	6
57	KSB Pumps Inc., Mississauga / Ontario	Canada	S	100.00	100.00		3,950	887

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

<sup>2)</sup> Data according to latest annual financial statements under IFRS

Cons. No.	Name and seat	Country	Activity <sup>1)</sup>	Capital share in %	Group share of capital in %	Held by No.	Equity <sup>2)</sup> € thousands	Net profit / loss for the year <sup>2)</sup> € thousands
58	KSB-Pumpy+Armatary s.r.o., concern, Prague	Czech Republic	S	100.00	100.00		4,279	266
59	KSB S.A.S., Gennevilliers (Paris)	France	P	100.00	100.00		86,703	10,650
60	KSB POMPES ET ROBINETTERIES S.à.r.l. d'Associé unique, Casablanca	Morocco	S	100.00	100.00	59	1,916	230
61	KSB (Schweiz) AG, Oftringen	Switzerland	S	100.00	100.00		2,526	696
62	KSB Seil Co., Ltd., Busan	South Korea	P	100.00	100.00		7,511	761
63	KSB Service GmbH, Frankenthal	Germany	SVC	100.00	100.00		17,540	13,882
64	KSB Service GmbH, Schwedt	Germany	SVC	100.00	100.00		3,043	4,032
65	KSB Singapore (Asia Pacific) Pte Ltd, Singapore	Singapore	P	100.00	100.00		8,082	2,257
66	KSB Malaysia Pumps & Valves Sdn. Bhd., Shah Alam	Malaysia	P	100.00	100.00	65	1,135	626
67	KSB PHILIPPINES, INC., Makati City	Philippines	S	100.00	100.00	65	641	185
68	KSB Vietnam Co., Ltd, Long Thanh District	Vietnam	S	100.00	100.00	65	-137	-595
69	KSB Sverige Aktiebolag, Gothenburg	Sweden	S	100.00	100.00		9,303	2,411
70	KSB Sverige Fastighets AB, Gothenburg	Sweden	S	100.00	100.00	69	1,233	37
71	PUMPHUSET Sverige AB, Sollentuna	Sweden	SVC	100.00	100.00	69	2,286	572
72	KSB Taiwan Co., Ltd., New Taipei City	Taiwan	S	100.00	100.00		3,656	1,957
73	KSB Tech Pvt. Ltd., Pimpri (Pune)	India	T	100.00	100.00		4,197	1,282
74	KSB Valves (Changzhou) Co., Ltd., Jiangsu	China	P	100.00	100.00		14,505	2,063
75	PAB Pumpen- und Armaturen-Beteiligungsges. mbH, Frankenthal	Germany	H	51.00	51.00		17,149	173
76	KSB America Corporation, Richmond / Virginia	USA	H	100.00	51.00	75	61,071	1,288
77	GIW Industries, Inc., Grovetown / Georgia	USA	P	100.00	51.00	76	156,776	13,717
78	KSB Dubric, Inc., Comstock Park / Michigan	USA	SVC	100.00	51.00	76	-1,422	-289
79	KSB, Inc., Richmond / Virginia	USA	P	100.00	51.00	76	12,800	2,067
80	KSB, Inc. – Western Division, Bakersfield / California	USA	SVC	100.00	51.00	76	2,583	183
81	Standard Alloys Incorporated, Port Arthur / Texas	USA	SVC	100.00	51.00	76	5,901	-719
82	PMS-BERCHEM GmbH, Neuss	Germany	SVC	100.00	100.00		689	646
83	PT. KSB Indonesia, Cibitung	Indonesia	P	94.06 5.94	94.06 5.94	28	17,218	1,888
84	PT. KSB Sales Indonesia, Cibitung	Indonesia	S	99.00 1.00	99.00 1.00	83	2,614	110
85	Pumpen-Service Bentz GmbH, Reinbek	Germany	SVC	100.00	100.00		723	1,394
86	REEL s.r.l., Ponte di Nanto	Italy	P	100.00	100.00		4,150	2,099
87	SISTO Armaturen S.A., Echternach	Luxembourg	P	52.85	52.85		25,158	3,626
88	Uder Elektromechanik GmbH, Friedrichsthal	Germany	SVC	100.00	100.00		27	980

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

<sup>2)</sup> Data according to latest annual financial statements under IFRS

## Joint ventures

Cons. No.	Name and seat	Country	Activ-ity <sup>1)</sup>	Capital share in %	Group share of capital in %	Held by No.	Equity <sup>2)</sup> € thousands	Net profit / loss for the year <sup>2)</sup> € thousands
89	KSB MOTOR TEKNOLOJİLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ, Ankara	Turkey	P	55.00	55.00	53	194	171
90	KSB Pumps Arabia Ltd., Riyadh	Saudi Arabia	P	50.00	50.00	28	13,632	2,268
91	KSB Service LLC, Abu Dhabi	U.A.E.	SVC	49.00	49.00		9,278	1,026
92	Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd., Shanghai	China	P	45.00	45.00		43,212	5,435

## Associates

Cons. No.	Name and seat	Country	Activ-ity <sup>1)</sup>	Capital share in %	Group share of capital in %	Held by No.	Equity <sup>2)</sup> € thousands	Net profit / loss for the year <sup>2)</sup> € thousands
93	Motori Sommersi Riavvolgibili S.r.l., Cedegolo	Italy		25.00	25.00		7,171	4,132

## Companies not consolidated due to immateriality

Cons. No.	Name and seat	Country	Activ-ity <sup>1)</sup>	Capital share in %	Group share of capital in %	Held by No.	Equity <sup>2)</sup> € thousands	Net profit / loss for the year <sup>2)</sup> € thousands
94	Geheimrat Dr. Jacob Klein-Unterstützungseinrichtung e.V.	Germany		100.00	100.00		110	-15
95	KSB BOMBAS E VÁLVULAS (Angola), LDA, Belas	Angola	S	65.00	65.00		237	-42
96	KSB Ecuador S.A., Samborondón	Ecuador	S	100.00	100.00	33	1,239	74
97	KSB Egypt SOC, Cairo	Egypt	H	100.00	100.00		91	-7
98	KSB Panama S.A., Panamá	Panama	S	100.00	100.00	33	692	54
99	KSB Pumpe i Armature d.o.o. Belgrade	Serbia	S	100.00	100.00	54	354	116
100	KSB pumpe i armature d.o.o., Rakov Potok	Croatia	S	100.00	100.00	54	206	-2
101	KSB PUMPS AND VALVES (NAMIBIA) (PROPRIETARY) LIMITED, KLEIN WINDHOEK	Namibia	S	100.00	100.00	36	-86	24
102	KSB Pumps and Valves Nigeria Ltd, Lagos	Nigeria	S	60.00	60.00		143	22
103	KSB Service Egypt LLC, Cairo	Egypt	SVC	11.00	11.00	97	988	339
				1.00	1.00	28		
104	KSB ZAMBIA LIMITED, Kitwe	Zambia	S	100.00	100.00	36	479	49
105	Techni Pompe Service Maroc (TPSM), Casablanca	Morocco	SVC	100.00	100.00	60	-553	34
106	Vari.Co. GmbH, Karlsruhe	Germany	T	51.00	51.00		205	69

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

<sup>2)</sup> Data according to latest annual financial statements under IFRS



### 3. Inventories and advances received

#### Inventories and advances received

€ thousands	31 Dec. 2023	31 Dec. 2022
Raw materials, consumables and supplies	119,703	117,217
Work in progress	117,260	153,863
Finished goods and goods purchased and held for resale	42,999	25,239
Advance payments	3,369	4,435
Advances received from customers	-68,142	-88,664
	<b>215,188</b>	<b>212,090</b>

€ 576 thousand (previous year: € 1,080 thousand) of the advance payments made are attributable to affiliates and equity investments. The advance payments received, at € 27,526 thousand (previous year: € 26,283 thousand), relate to affiliates and equity investments.

The carrying amount of inventories includes impairments of € 20,987 thousand (previous year: € 59,122 thousand), measured at the lower of cost or market value. The decrease in these impairments compared with the previous year was due to the invoicing of a major project in the UK.

Projects in Russia accounted for the largest share of the impairment measured at the lower of cost or market value, at € 9,756 thousand.

### 4. Receivables and other assets

#### Receivables and other assets

€ thousands	31 Dec. 2023	31 Dec. 2022
Trade receivables	47,527	53,298
of which with a remaining term of more than 1 year	1,845	942
Receivables from affiliates	228,850	250,262
of which with a remaining term of more than 1 year	566	54,086
Receivables from non-controlling interests	39,502	37,615
of which with a remaining term of more than 1 year	1,613	2,028
Other assets	23,414	21,109
<b>Total</b>	<b>339,293</b>	<b>362,283</b>
of which with a remaining term of more than 1 year	4,024	57,056

Unless otherwise stated, the receivables are due within one year. € 156,452 thousand (previous year: € 158,166 thousand) of the receivables from affiliates are intercompany trade receivables. Loans and cash investments in the Group accounted for € 63,677 thousand (previous year: € 88,768 thousand). This item also includes receivables from profit and loss transfer agreements in the amount of € 8,721 thousand (previous year: € 3,328 thousand). € 35,497 thousand (previous year: € 36,590 thousand) of the receivables from non-controlling interests relate to intercompany trade receivables. Loans and cash investments in the Group accounted for € 4,005 thousand (previous year: € 1,025 thousand).

Other assets amounted to € 23,414 thousand (previous year: € 21,109 thousand). They include receivables from credit balances for partial retirement agreements and long-term working time accounts amounting to € 15,810 thousand (previous year: € 13,103 thousand), which are secured against insolvency in accordance with the statutory provisions. Other assets also include receivables from tax authorities amounting to € 3,379 thousand (previous year: € 3,692 thousand). These relate to receivables from income and excise tax credits in the amount of € 2,047 thousand and from electricity tax in the amount of € 1,333 thousand. The other assets all have a remaining term of up to one year.

### 5. Cash and bank balances

A portion of the cash and cash equivalents amounting to € 1 thousand (previous year: € 18,344 thousand) was accounted for by short-term call deposits and fixed-term deposits. The remaining € 102,867 thousand (previous year: € 16,360 thousand) resulted from current account balances at banks and from cash assets.

## 6. Equity

There was no change in the share capital of KSB SE & Co. KGaA as against the previous year; it totals € 44,771,963.82 in accordance with the Articles of Association. It is divided into 886,615 no-par-value ordinary shares (€ 22,665,952.56) and 864,712 no-par-value ordinary shares (€ 22,106,011.26).

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.

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

Out of the 2022 net retained earnings of € 73,637 thousand, dividends totalling € 34,376 thousand (dividend of € 19.50 per ordinary share and € 19.76 per preference share) were distributed by resolution of the Annual General Meeting of 4 May 2023. The remaining amount of € 39,262 thousand was carried forward to new account. The revenue reserves exclusively comprise other revenue reserves.

As at the reporting date of 31 December 2023, the distributable capital, consisting of the net profit / loss for the year plus the retained earnings carried forward and the freely available reserves in the total amount of € 220,344 thousand exceeded the total amount of the non-distributable amounts of € 38,387 thousand by € 181,957 thousand. Therefore, no dividend pay-out restriction was adopted with regard to the net retained earnings of the financial year in the amount of € 88,642 thousand.

## 7. Provisions

### Provisions

€ thousands	31 Dec. 2023	31 Dec. 2022
Provisions for pensions and similar obligations	517,464	504,498
Provisions for taxes	6,992	5,335
Other provisions	121,531	105,711
	<b>645,987</b>	<b>615,544</b>

The increase in pension provisions continued in 2023. The change in the interest rate of the obligation resulted in an effect of € 5,958 thousand (previous year: € 15,342 thousand), which is included as interest expense in the other financial income / expense.

The regular assessment made by KSB regarding the exercising of the lump-sum option by employees led to an adjustment of the measurement assumptions compared with the previous year.

Therefore, as at 31 December 2023, a payment in the form of a lifelong pension was assumed for 65 % (previous year: 45 %) of the specific workforce, a one-off payment for 30 % (previous year: 35 %) and payment in instalments over 10 years after termination of employment for 5 % (previous year: 20 %). This resulted in a one-off effect on the pension provisions of € 14,688 thousand, which was recognised in the income statement under staff costs.

The tax provisions of € 6,992 thousand (previous year: € 5,335 thousand) cover provisions for corporate income tax of € 3,249 thousand, trade tax of € 3,036 thousand and foreign tax risks in the amount of € 706 thousand from previous years that have not yet been assessed or finally audited and determined. Income tax provisions relate to the reporting year and previous years not yet finally assessed; prepayments and tax credit balances are offset. If these exceed the provision amounts, they are reported under other assets.

Of the other provisions, the largest portion of € 55,851 thousand (previous year: € 52,519 thousand) relates to personnel obligations. The main increase was in obligations from bonus payments (€ +4,018 thousand) and from holiday entitlements (€ +449 thousand). In contrast, obligations from other staff costs (€ -531 thousand) and from partial retirement arrangements (€ -391 thousand) decreased.

In total, € 15,704 thousand (previous year: € 16,095 thousand) was recognised for obligations from partial retirement schemes.

In addition, other provisions include risks arising from warranty claims of € 32,480 thousand (previous year: € 19,335 thousand), penalties of € 6,658 thousand (previous year: € 2,624 thousand), expected losses from uncompleted transactions of € 3,650 thousand (previous year: € 5,319 thousand) and for other uncertain obligations.

The material increase in provisions for warranties is primarily attributable to a legacy project each in the UK and in Algeria.

## 8. Liabilities

### Liabilities

€ thousands	31 Dec. 2023	31 Dec. 2022
Trade payables	68,487	71,465
Remaining term of up to 1 year	68,487	71,465
Liabilities to affiliates	161,717	127,953
Remaining term of up to 1 year	161,717	127,953
Liabilities to non-controlling interests	702	461
Remaining term of up to 1 year	702	461
Other liabilities	8,607	8,292
Remaining term of up to 1 year	8,508	8,187
Remaining term of more than 1 year	41	38
of which remaining term of more than 5 years	58	57
of which tax liabilities	4,479	4,363
of which social security liabilities	202	175
<b>Total liabilities</b>	<b>239,513</b>	<b>208,171</b>
Remaining term of up to 1 year	239,414	208,076
Remaining term of more than 1 year	41	38
of which remaining term of more than 5 years	58	57

Trade payables amounted to € 29,016 (previous year: € 27,762) to affiliates and € 702 thousand (€ 461 thousand) to equity investments. Intercompany loans and cash investments resulted in liabilities to affiliates amounting to € 132,701 thousand (previous year: € 100,191 thousand). Liabilities from intercompany loans and cash investments were offset with receivables from profit and loss transfer agreements in the amount of € 10,239 thousand (previous year: € 11,255 thousand).

## 9. Deferred income

There was no deferred income in the 2023 financial year (previous year: € 1,260 thousand).

## 10. Derivative financial instruments and hedge accounting

The major share of exchange rate risks from receivables and liabilities was hedged by forward exchange transactions with external contractual partners; their fair value amounted to € +929 thousand (nominal value: € 44,269 thousand) and € -1,168 thousand (nominal value: € 5,305 thousand) for receivables and liabilities respectively.

Forward exchange transactions with a positive fair value of € +794 thousand (nominal value: € 106,779 thousand) and a negative fair value of € -803 thousand (nominal value: € 23,549 thousand) were used to hedge highly probable transactions in foreign currencies.

There were no uncompleted transactions in foreign currencies.

Foreign currency items were primarily hedged in USD, CNY, USD, SEK and CHF. The terms to maturity of the derivatives used are mostly one to two years.

Any exchange rate losses or gains that are later offset by corresponding hedge transactions are accrued in other assets in the amount of € 715 thousand and in other provisions in the amount of € 209 thousand.

Foreign exchange rate risks hedged within the scope of group hedging amounted to € 2,900 thousand.

## 11. Contingent liabilities

KSB SE & Co. KGaA issued bonds and guarantees to banks in favour of equity investments amounting to € 18,860 thousand (previous year: € 18,550 thousand). There were also bonds and guarantee commitments to third parties in the amount of € 38,501 thousand (previous year: € 31,011 thousand).

Based on the information available at the time of preparation, KSB SE & Co. KGaA currently assumes that the obligations underlying the above-mentioned contingent liabilities can be met in all cases by the respective principal debtors on the basis of their economic capacity. The company therefore estimates the probability of a claim to be very low.

## 12. Other financial obligations and off-balance sheet transactions

### Other financial obligations and off-balance sheet transactions

€ thousands	
The following obligations from rental agreements and leases will fall due in subsequent years:	
2024	2,654
2025 — 2028	2,482
	5,136

The rental agreements and leases relate to the vehicle fleet, buildings and warehouses, and office and business equipment (copiers, printers). In all cases, these are operating leases, which means the leased assets are not recognised in the company's balance sheet. The advantage of these agreements lies in the reduced amount of capital tied up compared with acquisition and the elimination of the utilisation risk. Risks can arise from the term of the agreement if and to the extent that the assets can no longer be fully used, for which there are currently no indications.

The obligations from IT services agreements amounted to € 89,238 thousand (previous year: € 104,200 thousand). Of this amount, € 31,566 thousand is attributable to 2024 and € 57,672 T thousand to subsequent years up to 2028.

The aggregate purchase commitments for fixed assets amounted to € 13,667 thousand (previous year: € 18,646 thousand).

The total amount of other financial obligations as at the reporting date was € 108,040 thousand (€ 128,865 thousand).

Unsecured credit lines were agreed with affiliates for borrowing within the framework of cash pooling. The utilisation of these credit lines by Group companies is significantly more favourable for them than comparable borrowing from banks. In principle, there is a default risk involved, which KSB considers to be very low due to the financial position of the companies. As at the reporting date, an amount of € 30,672 thousand (previous year: € 18,269 thousand) of the total volume of credit lines granted of € 56,550 thousand (previous year: € 25,600 thousand) had not been utilised.

Since December 2018, a syndicated loan agreement has been in place for KSB SE & Co. KGaA, under which a credit line of € 300 million and a guarantee line of € 350 million are available. The credit line can be used at any time and has a fixed term of five years with the option to renew twice by one year each time. In 2019, the option granted was exercised for the first time. In 2020, the credit line was extended for the second time and will thus run until the end of 2025.

**INCOME STATEMENT DISCLOSURES**

**13. Sales revenue**

**Sales revenue**

€ thousands	2023	2022
Sales revenue from the sale of pumps	641,772	563,639
Sales revenue from the sale of valves	85,805	88,594
Sales revenue from KSB SupremeServ	188,765	176,588
<b>Subtotal</b>	<b>916,342</b>	<b>828,821</b>
Other sales revenue	79,964	70,762
<b>Sales revenue recognised in income statement</b>	<b>996,306</b>	<b>899,583</b>

Sales revenue from the new business with Pumps and Valves and from KSB SupremeServ, which comprises all the service and spare parts business, include charges for deliveries and services billed to customers plus licence income and income from foundry products, less sales reductions. The sales revenue of € 996,306 thousand generated in 2023 increased by € 96,723 thousand (+ 10.8 %) year on year. The breakdown of sales revenue by Region changed slightly compared with the previous year. The domestic market accounted for 39 % (previous year: 40 %). The other European countries achieved 29 % (previous year: 29 %) overall. The Region Asia / Pacific accounted for 17 % (previous year: 17 %), the Region Middle East / Africa / Russia for 9 % (previous year: 8 %) and the Region Americas for 6 % (previous year: 6 %) of sales revenue.

Other sales revenue of € 79,964 thousand (previous year: € 70,762 thousand) mainly comprised services for Group companies of € 75,053 thousand (previous year: € 66,194 thousand) and income from rentals and leases of € 1,353 thousand (previous year: € 1,210 thousand).

**14. Total output of operations**

In addition to the increase in sales revenue, the decrease in inventories of finished goods and work in progress as well as the increase in own work capitalised also had an impact on the total output of operations. The total output of operations was € 63.032 thousand above the prior-year figure; this equates to an increase of 6.9 %.

**15. Other operating income**

The main component of other operating income in the amount of € 22,558 thousand (previous year: € 33,322 thousand) was income from currency translation gains. At € 14,574 thousand, this was € 8,612 thousand below the previous year's figure of € 21,462 thousand.

Other operating income also included prior-period income, mainly from the reversal of provisions in the amount of € 3,910 thousand (previous year: € 6,744 thousand).

**16. Cost of materials**

**Cost of materials**

€ thousands	2023	2022
Cost of raw materials, production supplies and of goods purchased and held for resale	343,344	351,877
Cost of purchased services	74,859	62,930
	<b>418,203</b>	<b>414,807</b>

The cost of materials increased as a result of the increase in sales, and was € 3,396 thousand higher than the prior-year figure. The cost of materials as a percentage of total output of operations was 42.6 % following 45.1 % in the previous year.

**17. Staff costs**

**Staff costs**

€ thousands	2023	2022
Wages and salaries	305,554	285,087
Social security contributions and employee assistance costs	54,540	51,461
Pension costs	19,624	32,094
	<b>379,718</b>	<b>368,642</b>

Staff costs as a percentage of total output of operations decreased slightly year on year to 38.7 % (previous year: 40.1 %). Higher wages and salaries due to the collectively agreed pay adjustment as from June 2023 as well as provisions for profit bonuses and the collectively agreed one-off payment of the inflation compensation bonus had an impact here. Pension costs decreased by € 12,470 thousand. This is attributable to inflation-related adjustments. Inflation continued to be at a high level, but declined compared with the previous year.

The average number of employees over the year, excluding trainees, was 3,860. Of these, 2,158 were allocated to production, 1,199 to sales and products and 503 to corporate functions.

### 18. Other operating expenses

Other operating expenses mainly include purchased services, maintenance and other selling, assembly and contract costs and, at € 191,097 thousand, were higher than in the previous year (€ 163,544 thousand).

The significant increase in other operating expenses is attributable to expenses for warranties, liquidated damages and contractual penalties of € 21,814 thousand (previous year: € 5,323 thousand) and expenses for maintenance of € 21,820 thousand (previous year € 16,875 thousand).

There were further changes in expenses for auditing and consulting (€ 14,668 thousand; previous year: € 11,884 thousand) and in losses and impairments on trade receivables (€ 2,763 thousand; previous year: € 736 thousand).

Expenses for currency and exchange rate losses fell from € 18,730 thousand in the previous year to € 14,871 thousand.

As a percentage of total output of operations, other operating expenses increased by 1.7 percentage points to 19.5 % (previous year: 17.8 %).

### 19. Income from equity investments

#### Income from equity investments

€ thousands	2023	2022
Income from affiliates and equity investments	42,653	41,135
of which from affiliates	41,878	40,510
Income from profit transfers	18,960	14,583
Income from the merger	–	37,602
	<b>61,613</b>	<b>93,320</b>

Income from affiliates and equity investments mainly included the dividends of KSB Finance Nederland B.V., Netherlands, amounting to € 10,100 thousand and KSB S.A.S., France, amounting to € 10,000 thousand.

Fiscal unity agreements (control and profit and loss transfer agreements) are in place with the following companies: 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 Industrie-ausrüstungen GmbH, Pattensen. The agreements are registered in the *Handelsregister* [German Commercial Register]. In accordance with the agreements, the annual earnings of the individual companies are transferred to KSB SE & Co. KGaA.

### 20. Other financial income / expense

#### Other financial income / expense

€ thousands	2023	2022
Other interest and similar income	5,650	569
of which from affiliates	4,024	336
Write-ups of financial assets	9,021	–
Write-downs of financial assets	–1,640	–322
Interest and similar expenses	–11,240	–17,110
of which to affiliates	–4,632	–291
of which from the addition of accrued interest to provisions	–5,866	–15,441
	<b>1,791</b>	<b>–16,863</b>

In the 2023 financial year, financial assets totalling € 9,021 thousand were written up due to a permanent increase in value. The write-ups related to REEL s.r.l., Ponte di Nanto, Italy, at € 3,493 thousand, Uder Elektromechanik GmbH, Friedrichsthal, Germany, at € 2,304 thousand, KSB Österreich Gesellschaft mbh, Wiener Neudorf, Austria, at € 2,250 thousand and Hydroskepi GmbH, Amaroussion, Greece, at € 974 thousand. Write-downs of financial assets due to expected permanent impairment of investments in affiliated companies included € 1,305 thousand for KSB Seil Co., Ltd., Busan, South Korea.

The change in interest and similar expenses is primarily attributable to the decline in expenses for the addition of accrued interest to long-term provisions.

### 21. Taxes on income

Domestic income taxes of € 2,802 (previous year: € 3,225 thousand) were recorded in the 2023 financial year. In addition, the tax expense included € 4,087 thousand (previous year: € 2,685 thousand) for foreign taxes deducted at source relating to income from equity investments, licences and technical services.

## 22. Non-distributable amounts (Sections 253(6), 268(8) HGB)

As at the reporting date, the following amounts are subject to dividend payout restriction:

### Non-distributable amounts (Sections 253(6), 268(8) HGB)

€ thousands	
Provisions for pensions (7-year average interest rate)	523,063
Less provisions for pensions (10-year average interest rate)	517,464
Difference under Section 253(6) Sentence 3 HGB	5,599
Internally generated industrial property rights and similar rights and assets	32,788
Plus deferred tax assets	–
<b>Total of non-distributable amounts</b>	<b>38,387</b>

Deferred taxes are not taken into account when calculating the dividend payout restriction, as KSB does not make use of the option regarding the capitalisation of surplus assets (Section 274(1) Sentence 2 HGB).

### OTHER DISCLOSURES

The disclosures on deferred taxes are made taking into account the controlled companies. As at the reporting date, lower carrying amounts were recognised in the tax balance sheet for fixed assets (excluding financial assets) of € 31,261 thousand (previous year: € 24,382 thousand), pension provisions of € 268,496 thousand (previous year: € 265,643 thousand) and other provisions of € 20,796 thousand (previous year: € 24,769 thousand). Higher carrying amounts were recognised for financial assets of € 238,706 thousand (previous year: € 237,674 thousand) and for other assets of € 2,125 thousand (previous year: € 87 thousand). Based on a tax rate of 30.5 %, this results in a total future tax reduction of € 79,234 thousand (previous year: € 81,498 thousand), which was not capitalised. There were corporate tax loss carryforwards of € 60,472 thousand (previous year: € 87,714 thousand) and trade tax loss carryforwards of € 32,234 thousand (previous year: € 64,783 thousand).

KSB SE & Co. KGaA, as a capital market-oriented parent company, is required to prepare consolidated financial statements and a Group management report in accordance with Section 290 HGB in conjunction with Section 291(3) No. 1. KSB SE & Co. KGaA is therefore 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].

### Expenses for services of the auditors

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, based in Frankfurt am Main with an office in Mannheim, were appointed as auditors and group auditors for the 2023 financial year at the Annual General Meeting of KSB SE & Co. KGaA on 4 May 2023. Overall, fees (including expenses) amounting to € 914 thousand were recognised as expenses. Of this, € 734 thousand related to audit services, € 76 thousand to other certification services and € 104 thousand to other consultancy services.

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

### Statement of Compliance pursuant to Section 161 AktG

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 13 December 2023. The Statement is accessible to the public at KSB's web site: [www.ksb.com](http://www.ksb.com) > Investor Relations > Corporate Governance > Statement and Report.

### Related party disclosures

Related parties are legal entities or natural persons that have influence over KSB SE & Co. KGaA or are subject to control, joint control or significant influence by KSB SE & Co. KGaA.

In order to determine the entirety of related parties, 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 explained in more detail below.

#### Related parties (entities)

In view of the above explanations, related parties of KSB SE & Co. KGaA 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 KSB SE & Co. KGaA. This includes in particular Palatina Versicherungsservice GmbH, Frankenthal / Pfalz, and the companies of Abacus alpha GmbH, Frankenthal / Pfalz.

Furthermore, related parties 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.

As part of normal business activities, KSB SE & Co. KGaA maintains business relationships with related parties in the following areas:

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

#### 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 KSB SE & Co. KGaA.

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

The remuneration paid to key management personnel of KSB SE & Co. KGaA, 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	2023	2022
Short-term benefits	4,594	3,729
Post-employment benefits	1,439	1,602
Other long-term benefits	521	633
<b>Total</b>	<b>6,554</b>	<b>5,964</b>

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 the Environmental, Social and Governance (ESG) sustainability goals 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 2021 and 2022 financial years, a one-off payment on account amounting to 40 % of the target value in the event of 100 % target



achievement was agreed and paid. 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.

Provisions of € 763 thousand (previous year: € 727 thousand) were recognised for pension obligations to active Managing Directors. Provisions of € 35,638 thousand (previous year: € 39,040 thousand) were recognised for pension obligations to former members of the Board of Management (excluding Managing Directors) and their surviving dependants. Pension payments to former members of the Board of Management and their surviving dependants amounted to € 2,761 thousand in the financial year under review (previous year: € 2,380 thousand).

In accordance with Section 7(3) of the Articles of Association, KSB Management SE receives an annual remuneration not based on profit and loss in the amount of 4 % of the share capital for the management of the company and assumption of statutory liability. The remuneration is recognised as an expense at KSB in the amount of € 20 thousand.

In the financial year, KSB Management SE received from KSB SE & Co. KGaA reimbursed expenses of € 137 thousand (previous year: € 194 thousand) for managing KSB's business, in addition to the above-mentioned reimbursement of expenses for the remuneration of the members of the governing bodies of KSB Management SE.

The members of the Supervisory Board receive a fixed remuneration, attendance fees and reimbursement of expenses. 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 amounted to € 851 thousand for the 2023 financial year (previous year: € 894 thousand). At the end of the financial year, liabilities of € 472 thousand (previous year: € 513 thousand) were recognised towards the members of the Supervisory Board.

# Supervisory Board

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

**René Klotz**, NC Programmer, Heßheim  
(Deputy Chair and Member until 4 May 2023)  
Chair of the General Works Council of KSB SE & Co. KGaA  
and KSB Service GmbH

**Claudia Augustin**, Office Management Assistant, Pegnitz  
(Deputy Chair since 4 May 2023)  
Chair of the Pegnitz Works Council of KSB SE & Co. KGaA

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

**Arturo Esquinca**, Dipl.-Chemieing., MBA, Forch,  
Switzerland  
Head of Business Development, Glas Trösch Holding AG

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

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

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

**Prof. Dr.-Ing. Corinna Salander**, Dipl.-Physikerin, Berlin  
Head of the Railways Department at the Federal Ministry for  
Digital Infrastructure and Transport (BMDV)

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

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

**Gabriele Sommer**, Dipl.-Geol., Wörthsee <sup>2)</sup>  
Head of Business Development Management Systems &  
Certification, TÜV SÜD AG

**Jürgen Walther**, IT Coordinator, Offstein  
(Member since 4 May 2023)  
Deputy Chair of the Frankenthal Works Council of  
KSB SE & Co. KGaA

## 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  
TÜV SÜD Auto Service GmbH, Stuttgart



CVs of the Supervisory  
Board members





# Legal Representatives

## Managing Directors of KSB Management SE

**Dr. Stephan Jörg Timmermann,**  
CEO, Augsburg <sup>1)</sup>

Strategy, Human Resources, Communications, Internal Audits,  
Legal & Compliance, Patents & Trademarks, Service  
(since 1 April 2023)

**Dr. Stephan Bross,** Weinheim <sup>2)</sup>

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

**Ralf Kannefuss,** Regensburg <sup>3)</sup>

Sales, Service (until 31 March 2023) and Marketing

**Dr. Matthias Schmitz,** Frankenthal <sup>4)</sup>

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 Valves S.A., Echternach, Luxembourg (until 18 Dec. 2023)  
KSB Finance Nederland B.V., Zwanenburg, 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 <sup>1)</sup>  
Deputy Chairman of the Executive Board of  
Evonik Industries AG

**Andrea Teutenberg**, Kaarst <sup>2)</sup>

## Mandates on statutory Supervisory Boards

- 1) Evonik Operations GmbH, Essen, Germany (Chair of the Supervisory Board)  
Currenta GmbH & Co. OHG, Leverkusen, Germany
- 2) Bauer AG, Schrobenhausen, Germany (until 2 Nov. 2023)

## 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  
Member of the Advisory Board, Talbot Holding GmbH, Aachen, Germany

## 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 € 88,641,634.78 of KSB SE & Co. KGaA will be submitted to the Annual General Meeting on 8 May 2024:

### Proposal for the appropriation of net retained earnings

€	
Dividend of € 26.00 per ordinary no-par-value share	23,051,990.00
Dividend of € 26.26 per preference no-par-value share	22,707,337.12
<b>Total</b>	<b>45,759,327.12</b>
<b>Carried forward to new account</b>	<b>42,882,307.66</b>
	88,641,634.78

Frankenthal, 12 March 2024

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: [ksb.com/financialstatements](https://ksb.com/financialstatements)

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the combined management report for KSB SE & Co. KGaA and the Group includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Frankenthal, 12 March 2024

KSB Management SE

The Managing Directors

# Independent Auditor's Report

To KSB SE & Co. KGaA, Frankenthal

## Report on the Audit of the Annual Financial Statements and of the Management Report

### AUDIT OPINIONS

We have audited the annual financial statements of KSB SE & Co. KGaA, Frankenthal, which comprise the balance sheet as at 31 December 2023, and the statement of profit and loss for the financial year from 1 January to 31 December 2023 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of KSB SE & Co. KGaA, which is combined with the group management report, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the section "Description of Key Features of the Internal Control System, the Risk Management System and the Compliance Management System in Accordance with the A.5 DCGK 2022 Recommendation" of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023 in compliance with German Legally Required Accounting Principles and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the section referred to above.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements



and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

#### **KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

① Measurement of shares in affiliated companies and other equity investments

Our presentation of this key audit matter has been structured as follows:

- ① Matter and issue
- ② Audit approach and findings
- ③ Reference to further information

Hereinafter we present the key audit matter:

① Measurement of shares in affiliated companies and other equity investments

① In the annual financial statements of the Company shares in affiliated companies and other equity investments amounting to € 344.3 million are reported under the “Financial assets” balance sheet item.

Shares in affiliated companies and other equity investments are measured in accordance with German commercial law at the lower of cost and fair value. The fair values are calculated using discounted cash flow models as the present values of the expected future cash flows according to the planning projections prepared by the executive directors. Expectations relating to future market developments and assumptions about the development of macroeconomic factors on

the business activities of the affiliated companies and the companies which are other equity investments are also taken into account. The discount rate used is the individually determined cost of capital for the relevant financial investment. On the basis of the values determined and supplementary documentation, a write-down amounting to € 1.3 million as well as a write-up amounting to € 9.0 million were required for the financial year.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth used. The valuation is therefore subject to material uncertainties. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets and financial performance, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed the methodology used for the purposes of the valuation, among other things. In particular, we assessed whether the fair values had been appropriately determined using discounted cash flow models in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated companies and other equity investments.

③ The Company's disclosures relating to the financial investment are contained section "Balance sheet disclosures" note 2 "Financial Assets" of the notes to the financial statements.

#### **OTHER INFORMATION**

The executive directors are responsible for the other information. The other information comprises the section "Description of Key Features of the Internal Control System, the Risk Management System and the Compliance Management System in Accordance with the A.5 DCGK 2022 Recommendation" as an unaudited part of the management report.

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB

- the separate non-financial report to comply with §§ 289b to 289e HGB and §§ 315b to 315c HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

#### **RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT**

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In

In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to

provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Other Legal and Regulatory Requirements

### REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 ABS. 3A HGB

#### Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file ksbsecokgaa\_JA\_LB\_ESEF-2023-12-31.zip and prepared for publication purposes complies in all material respects

with the requirements of § 328 Abs. 1 HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above. In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2023 contained in the “Report on the Audit of the Annual Financial Statements and on the Management Report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

#### **Basis for the Assurance Opinion**

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the “Auditor’s Responsibilities for the Assurance Work on the ESEF Documents” section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

#### **Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents**

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF-documents as part of the financial reporting process.

#### **Auditor's Responsibilities for the Assurance Work on the ESEF Documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the annual financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

#### **FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION**

We were elected as auditor by the annual general meeting on 4 May 2023. We were engaged by the supervisory board on 20 September 2023. We have been the auditor of the KSB SE & Co. KGaA, Frankenthal, without interruption since the financial year 2015.



We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

#### **REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT**

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the “Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB” and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

## **German Public Auditor Responsible for the Engagement**

The German Public Auditor responsible for the engagement is Dirk Fischer.

Mannheim, 12 March 2024

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Dirk Fischer  
German Public Auditor

Matthias Böhm  
German Public Auditor

# Contacts

## EDITOR

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## GROUP INFORMATION

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on the KSB Group at: [ksb.com](https://ksb.com)

Should you need additional information,  
please contact:

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## CONCEPT AND DESIGN

KSB Corporate Communications, Frankenthal  
3st kommunikation, Mainz, Germany

## PHOTOGRAPHY

katatonia, Adobe Stock (Title)

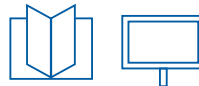


As a signatory to the United Nations Global Compact, KSB is committed to endorsing the ten principles of the international community in the areas of human rights, labour standards, environmental protection and anti-corruption.

KSB Group's Annual Financial Statements are also available in German.

## Download the Annual Financial Statements

PDF version for download:  
[ksb.com/financialstatements](https://ksb.com/financialstatements)



# Financial Calendar

**26 March 2024**

Reporting on the 2023 financial year  
Financial press conference,  
10:00, Frankenthal

**25 April 2024**

Interim report  
January – March 2024

**8 May 2024**

Annual General Meeting  
10:00, Frankenthal

**31 July 2024**

Half-year financial report  
January – June 2024

**12 November 2024**

Interim report  
January – September 2024

**30 January 2025**

Preliminary report on the 2024 financial year

You will find the latest information on  
the 2024 Annual General Meeting at:  
[ksb.com/agm](https://ksb.com/agm)



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