Consolidated Financial Statements

Balance Sheet

Assets

€ thousands	Notes	31 Dec. 2023	31 Dec. 2022
Non-current assets			
Intangible assets	1	75,716	72,673
Right-of-use assets	2	46,939	40,220
Property, plant and equipment	3	602,166	578,512
Non-current financial assets	4	1,227	1,191
Other non-financial assets	5	7,728	7,319
Investments accounted for using the equity method	6	24,480	20,833
Deferred tax assets	20	94,040	37,074
		852,295	**757,822**
Current assets			
Inventories	7	748,393	719,221
Contract assets	8	58,969	80,018
Trade receivables	8	554,583	579,539
Other financial assets	8	70,888	71,517
Other non-financial assets	8	44,272	42,203
Cash and cash equivalents	9	340,420	228,570
		1,817,524	**1,721,069**
		2,669,819	**2,478,890**

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

Download Excel files of the 2023 tables for the KSB Group

Equity and liabilities

€ thousands	Notes	31 Dec. 2023	31 Dec. 2022
Equity	**10**		
Subscribed capital		44,772	44,772
Capital reserve		66,663	66,663
Revenue reserves		888,998	804,484
Equity attributable to shareholders of KSB SE & Co. KGaA		1,000,434	915,919
Non-controlling interests		216,465	209,653
		1,216,899	**1,125,572**
Non-current liabilities			
Deferred tax liabilities	20	9,857	12,010
Provisions for employee benefits *	11	496,114	451,568
Other provisions *	12	15,703	16,715
Financial liabilities	13	28,960	24,116
		550,634	**504,409**
Current liabilities			
Other provisions *	12	120,781	98,999
Financial liabilities	13	26,053	26,630
Contract liabilities	13	202,619	186,477
Trade payables	13	324,723	333,361
Other financial liabilities	13	27,659	23,921
Other non-financial liabilities	13	181,804	164,604
Income tax liabilities	13	18,649	14,918
		902,286	**848,910**
		2,669,819	**2,478,890**

* Compared with the presentation in the 2022 Annual Report the provisions for pensions and similar obligations are now shown as a separate item to increase transparency. Provisions for other employee benefits under IAS 19 are presented in the other provisions item together with provisions under IAS 37. The prior-year values concerned have been restated accordingly.

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

Statement of Comprehensive Income

Income statement

€ thousands	Notes	2023	2022
Sales revenue	**14**	**2,818,988**	**2,573,387**
Changes in inventories		24,271	99,412
Work performed and capitalised		1,959	1,716
Total output of operations		**2,845,217**	**2,674,515**
Other income	15	44,384	34,462
Cost of materials	16	–1,153,651	–1,156,292
Staff costs	17	–960,699	–901,551
Depreciation and amortisation	1 – 3	–88,094	–90,419
Other expenses	18	–463,257	–391,612
Earnings before finance income / expense and income tax (EBIT)		**223,902**	**169,103**
Finance income	19	9,382	7,461
Finance expense	19	–29,656	–17,712
Income from / expense to investments accounted for using the equity method	19	5,361	1,816
Finance income / expense		**–14,913**	**–8,435**
Earnings before income tax (EBT)		**208,989**	**160,668**
Taxes on income	20	–32,376	–33,330
Earnings after income tax		**176,613**	**127,338**
Attributable to:			
Non-controlling interests	21	24,318	23,689
Shareholders of KSB SE & Co. KGaA		**152,295**	**103,649**
Diluted and basic earnings per ordinary share (€)	22	86,83	59,05
Diluted and basic earnings per preference share (€)	22	87,09	59,31

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

Download Excel files of the 2023 tables for the KSB Group

Statement of income and expense recognised in equity

€ thousands	Notes	2023	2022
Earnings after income tax		**176,613**	**127,338**
Remeasurement of defined benefit plans	11	–39,433	158,429
Taxes on income		27,618	–13,868
Remeasurement of defined benefit plans attributable to investments accounted for using the equity method		237	–35
Items not reclassified to profit or loss in subsequent periods		**–11,579**	**144,526**
Currency translation differences		–32,872	12,386
Changes in the fair value of financial instruments: Hedging reserve		–1,260	7,510
Taxes on income: Hedging reserve		415	–1,925
Changes in the fair value of financial instruments: Hedging cost reserve		802	–4,225
Taxes on income: Hedging cost reserve		–119	1,168
Expense and income recognised directly in equity relating to investments accounted for using the equity method		–498	129
Items reclassified to profit or loss in subsequent periods if required		**–33,532**	**15,043**
Other comprehensive income		**–45,110**	**159,569**
Comprehensive income		**131,503**	**286,907**
Attributable to:			
Non-controlling interests		16,146	24,072
Shareholders of KSB SE & Co. KGaA		**115,357**	**262,835**

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

Statement of Changes in Equity

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

€ thousands	Subscribed capital of KSB SE & Co. KGaA	Capital reserve of KSB SE & Co. KGaA
1 Jan. 2023	**44,772**	**66,663**
Other comprehensive income	–	–
Earnings after income tax	–	–
Total comprehensive income	**–**	**–**
Dividends paid	–	–
Capital increase / decrease	–	–
Step acquisitions	–	–
Other	–	–
31 Dec. 2023	**44,772**	**66,663**

Download Excel files of the 2023 tables for the KSB Group

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

	Other comprehensive income						
Other revenue reserves	Currency translation differences	Changes in the fair value of financial instruments: Hedging reserve	Changes in the fair value of financial instruments: Hedging cost reserve	Remeasurement of defined benefit plans	Equity attributable to shareholders of KSB SE & Co. KGaA	Non-controlling interests	Total Equity
1,035,312	**–112,325**	**1,084**	**–830**	**–118,757**	**915,919**	**209,653**	**1,125,572**
–	–24,938	–845	684	–11,839	–36,938	–8,172	–45,110
152,295	–	–	–	–	152,295	24,318	176,613
152,295	**–24,938**	**–845**	**684**	**–11,839**	**115,357**	**16,146**	**131,503**
–34,376	–	–	–	–	–34,376	–6,311	–40,687
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
3,534	–	–	–	–	3,534	–3,022	512
1,156,764	–137,263	239	–146	–130,596	1,000,434	216,465	1,216,899

Statement of Cash Flows

€ thousands	2023	2022
Earnings after income tax	176,613	127,338
Taxes on income	32,376	33,330
Finance income	–9,382	–7,461
Financial expense	29,656	17,712
Depreciation and amortisation	88,094	90,419
Gain / loss on disposal of intangible assets and property, plant and equipment	153	–305
Change in inventories	–59,122	–192,562
Change in contract assets	20,694	–1,071
Change in trade receivables	12,617	–103,366
Change in provisions	9,394	–13,957
Change in contract liabilities	26,510	31,688
Change in trade liabilities	–2,375	58,786
Change in other assets and liabilities	12,836	987
Income tax paid	–65,058	–45,789
Interest received	7,298	6,360
Cash flows from operating activities	**280,304**	**2,109**
Proceeds from disposal of intangible assets and property, plant and equipment	2,098	2,457
Payments to acquire intangible assets and property, plant and equipment	–106,461	–102,393
Sale of subsidiaries and other operations less cash and cash equivalents sold	–908	–
Proceeds from deposits with an original maturity of more than 3 months	9,674	13,763
Payments for deposits with an original maturity of more than 3 months	–5,720	–2,608
Proceeds from investments in Group companies that are not fully consolidated	294	475
Payments for investments in Group companies that are not fully consolidated	–2,997	–992
Proceeds from dividends from Group companies that are not fully consolidated	823	882
Payments for capitalisation measures with Group companies that are not fully consolidated	–339	–621
Cash flows from investing activities	**–103,536**	**–89,037**
Dividends paid to shareholders of KSB SE & Co. KGaA	–34,376	–21,241
Dividends paid to non-controlling interests	–6,311	–8,791
Proceeds from financial liabilities	9,991	13,318
Payments for financial liabilities (not including lease liabilities)	–11,674	–38,169
Repayment of lease liabilities	–17,771	–17,091
Interest paid	–3,347	–3,866
Cash flows from financing activities	**–63,488**	**–75,840**
Changes in cash and cash equivalents	113,280	–162,768
Effects of exchange rate changes on cash and cash equivalents	–3,001	4,252
Effects of changes in consolidated Group	1,571	403
Cash and cash equivalents at beginning of period	228,570	386,683
Cash and cash equivalents at end of period	**340,420**	**228,570**

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

Download Excel files of the 2023 tables for the KSB Group

Notes

I. GENERAL INFORMATION AND BASIC PRINCIPLES

General Information on the Group

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

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

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

Basis of preparation of the consolidated financial statements

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

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

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

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

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

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

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

These consolidated financial statements are released by the Managing Directors of KSB Management SE on 12 March 2024 for approval at the meeting of the Supervisory Board on 20 March 2024.

New accounting principles

a) Accounting principles applied for the first time in the 2023 financial year

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

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

The new or revised Accounting Standards and Interpretations listed below were not yet mandatory and were not applied in the 2023 financial year.

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

Accounting principles applied for the first time in the 2023 financial year

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

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

	First-time adoption in the EU
Amendments to IFRS 16 Leases	1 Jan. 2024
Amendments to IAS 1 Presentation of Financial Statements	1 Jan. 2024

II. CONSOLIDATION PRINCIPLES

Consolidated Group

As at 31 December 2023, in addition to KSB SE & Co. KGaA, 10 German and 78 foreign companies (previous year: 9 German and 79 foreign companies) were fully consolidated in the consolidated financial statements. A majority interest is held, either directly or indirectly, in the voting power of these subsidiaries which the KSB Group has the option to control under IFRS 10.

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

The consolidation principles apply accordingly to the five joint ventures and associated companies accounted for using the equity method as at 31 December 2023. Upon the loss of joint control or significant influence any retained interest in the investee is remeasured at fair value through profit or loss.

Associates are companies in which the Group has significant influence but does not have control or joint control over financial and business policy. A joint venture is an agreement through which the Group exercises joint control, in that it has rights to the net assets of the agreement rather than rights to its assets and obligations for its liabilities.

The shares in companies included at-equity are measured at cost of acquisition plus or minus cumulative changes in net assets, with recognised goodwill reported in the carrying amount of the investment.

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

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

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

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

Changes in the consolidated Group

In the 2023 financial year, there were the following changes in the consolidated Group, none of which had a material impact on the Group's assets, financial position and results of operations. Against this background, no further information is provided in this context.

With regard to the subsidiaries of D.P. Industries B.V. based in Alphen aan den Rijn, the Netherlands, there have been changes under company law. On the one hand, former DP Pompen B.V. now trades under the name KSB Manufacturing Netherlands B.V. On the other hand, DP Pumps B.V. initially was renamed Duijvelaar Pompen B.V. and subsequently the previously separate entities KSB B.V., Duijvelaar Installatiebouw B.V. and DP Service B.V. were merged with it.

The acquisition by KSB of all shares in DAG - Dieselanlagen Service GmbH, Oberwaltersdorf, Austria, in the 2023 financial year expands the group of fully consolidated companies.

In addition, KSB Čerpadlá a Armatúry, s.r.o., Bratislava, Slovakia, and TOO "KSB Kazakhstan", Almaty, Kazakhstan, which were previously not consolidated due to immateriality, are now included in the Group financial statements as fully consolidated companies.

The company Vari.Co. GmbH, Karlsruhe, Germany, which was acquired in the reporting year, is not consolidated due to immateriality.

In addition, former KSB FINANZ S.A. based in Echternach, Luxembourg, now trades as KSB FINANZ GmbH based in Frankenthal / Pfalz, Germany, as at the balance sheet date of the reporting year.

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

Consolidation methods

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

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

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

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

Currency translation

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

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

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

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

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

Hyperinflation

Argentina and Turkey have been classified as hyperinflationary economies for accounting purposes since 2018 and 2022 respectively. Accordingly, IAS 29 Financial Reporting in Hyperinflationary Economies has since been applied to the translation of the financial statements of KSB Compañía Sudamericana de Bombas S.A., Carapachay (Buenos Aires), Argentina, and KSB-Pompa, Armatür Sanayi ve Ticaret A.S., Ankara, Turkey.

As a result, the activities of the two said subsidiaries are not accounted for on the basis of historical acquisition and production costs, but are adjusted for the effects of inflation by using country-specific price indices. The inflation adjustment to the financial statements of the Argentine subsidiary is based on the consumer price index IPC (*Índice de precios al consumidor*), which was at 3,520.10 on 31 December 2023 (31 December 2022: 1,134.59; 1 January 2022: 582.02). The con-sumer price index TÜFE (*Tüketici fiyat endeksi*) is used to adjust for inflation in the financial statements of the Turkish subsidiary; the value applied at the reporting date was 1,859.38 (31 December 2022: 1,128.45; 1 January 2022: 686.95).

The net loss from monetary depreciation to be taken into account under IAS 29 on the affected monetary assets and liabilities, amounting to € 6,872 thousand (previous year: € 4,628 thousand), is included in the income statement under other financial expenses within finance income / expense.

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

Exchange rates of the most important currencies

	Closing rate		Average rate	
	31 Dec. 2023	31 Dec. 2022	2023	2022
US dollar	1.1050	1.0666	1.0813	1.0531
Brazilian real	5.3618	5.6386	5.4010	5.4399
Indian rupee	91.9045	88.1710	89.3001	82.6864
Chinese yuan	7.8509	7.3582	7.6600	7.0788

III. ACCOUNTING POLICIES

1. General accounting policies

Acquisition and production costs

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

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

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

Fair value

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

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

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

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

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

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

Maturities

Maturities of up to one year are classified as current.

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

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

Financial assets and financial liabilities

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

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

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

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

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

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

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

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

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

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

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

2. Specific accounting policies

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

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

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

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

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

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

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

Leases

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

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

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

Property, plant and equipment

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

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

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

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

Useful life of property, plant and equipment

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

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

Non-current other non-financial assets
Investments in non-consolidated subsidiaries are measured at amortised cost.

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

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

Inventories
Pursuant to IAS 2, inventories are recognised at the lower of cost and net realisable value as at the reporting date. Cost is measured using the weighted average method. KSB takes account of the inventory risks resulting from slow-moving goods or impaired marketability through write-downs to the net realisable value. This also applies if the selling price is lower than production cost plus costs still to be incurred. If the reasons for an impairment loss charged in a previous period no longer apply, the impairment loss is reversed (write-up).

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

Contract assets and contract liabilities
A contract asset shows KSB's claim to consideration in exchange for goods or services transferred to customers, with the right to payment being not only conditional on the passage of time but also on the satisfaction of an overall contractual performance obligation by KSB. By contrast, receivables

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

Trade receivables

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

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

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

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

Other non-financial assets

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

Cash and cash equivalents

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

Taxes on income

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

Deferred taxes are accounted for in accordance with IAS 12 using the balance sheet liability method on the basis of the enacted or substantively enacted local tax rates. This means that deferred tax assets and liabilities generally arise when the tax base of assets and liabilities differs from their carrying amount in the IFRS financial statements, and this leads to future tax expense or income. KSB recognises deferred tax assets from tax loss carryforwards in those cases where it is more likely than not that there will be sufficient taxable profit available in the near future against which these tax loss carryforwards can be utilised. Deferred taxes are also recognised for consolidation adjustments. Deferred taxes are not discounted. Deferred tax assets and liabilities are always offset where they relate to the same tax authority. Changes to deferred taxes in the consolidated balance sheet generally result in deferred tax expense or income. If, however, a direct entry is made in other comprehensive income in equity, the change in deferred taxes is also taken directly to equity.

Provisions

a) Provisions for pensions and similar obligations

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

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

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

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

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

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

b) Other provisions

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

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

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

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

Contingent liabilities

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

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

Sales revenue

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

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

If a performance obligation meets the criteria for recognising sales revenue over time under IFRS 15 and the progress towards completion and expected consideration can be reliably estimated, the sales revenue is recognised based on progress towards complete satisfaction of the performance obligation. KSB specifically recognises sales revenue over time for contracts covering the production of customised pumps and valves as well as contracts for the provision of services. By contrast, standard products in the pumps and valves areas are typically subject to sales revenue recognition at a point in time. KSB applies the input-oriented method to determine progress that is measured by the factors used. The percentage of completion of contracts is determined on the basis of the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs at the reporting date and thus follows the cost-to-cost method. Contract revenue consists of all contractually agreed revenues, as well as additional claims and incentive payments that are likely to result in revenue and are capable of being reliably measured. Contract revenue may vary, for instance because of renegotiations or penalties. Sales revenue is accounted for based on the amount fixed in the contract less expected consideration. Variable considerations (penalties, bonuses) are estimated at the most likely value. Restrictions on estimate options are taken into account. Estimates on costs and contract progress are corrected if circumstances change. Any resultant increases or reductions in the estimated proceeds or costs are reflected in the profit and loss account for the period in which the circumstances giving rise to the correction occurred. If the earnings from a service or production order with sales revenue recognition over time cannot be reliably estimated, revenue will only be recognised in the amount of the contract costs incurred that are likely to be covered and the contract costs recognised as an expense for the period in which they are incurred.

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

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

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

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

Other income statement items

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

3. Significant judgements, estimates and assumptions

The preparation of consolidated financial statements in accordance with the IFRSs as adopted by the EU requires management to make estimates and assumptions that affect the accounting policies to be applied. When implementing such accounting policies, estimates and assumptions affect the assets, liabilities, income and expenses recognised in the consolidated financial statements, and their presentation.

These estimates and assumptions are based on past experience and a variety of other factors deemed appropriate under the circumstances. Actual amounts may differ from these estimates and assumptions. The estimates and assumptions made are constantly reviewed. If more recent information and additional knowledge are available, recognised amounts are adjusted to reflect the new circumstances. Any changes in estimates and assumptions that result in material differences are explained separately.

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

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

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

Net realisable value of inventories

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

Impairments on contract assets and trade receivables

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

Actuarial assumptions for the measurement of provisions for employee benefits

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

Recognition and measurement of other provisions

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

Estimates in connection with the accounting treatment of income taxes

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

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

Sales revenue recognition over time

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

Consideration of sustainability issues (ESG)

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

Geopolitical and macroeconomic developments

The business activities of the KSB Group 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 the Group's economic environment is characterised by ongoing inflation, increased interest rates as well as volatile share prices and exchange rates. 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 consolidated financial statements of KSB. The duration and possible escalation of conflicts are decisive with regard to future repercussions for the Group.

IV. BALANCE SHEET DISCLOSURES

1. Intangible assets

Statement of changes in intangible assets

€ thousands	Concessions, industrial property and similar rights and assets, as well as licences in such rights and assets		Goodwill		Internally generated intangible assets		Advance payments		Intangible assets Total	
Historical cost	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Balance at 1 January	79,772	74,671	32,204	31,411	43,319	40,383	1,984	5,649	157,279	152,114
Currency translation adjustments	–759	602	–121	793	–	–	–3	4	–883	1,399
Other	667	10	1,405	–	–	–	–	–	2,073	10
Additions	5,181	2,633	–	–	2,696	1,552	1,921	1,028	9,799	5,213
Disposals	–704	–781	–	–	–	–13	–83	–663	–787	–1,457
Reclassifications	263	2,637	–	–	393	1,397	–656	–4,034	–	–
Balance at 31 December	84,421	79,772	33,489	32,204	46,408	43,319	3,163	1,984	167,481	157,279
Accumulated depreciation and amortisation	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Balance at 1 January	71,398	67,363	2,403	700	10,805	8,124	–	–	84,606	76,187
Currency translation adjustments	–547	576	–31	–12	–	–	–	–	–578	564
Other	194	3	–	–	–	–	–	–	194	3
Additions	4,119	4,220	678	1,715	2,815	2,694	–	–	7,611	8,629
Disposals	–69	–764	–	–	–	–13	–	–	–69	–777
Reclassifications	–	–	–	–	–	–	–	–	–	–
Balance at 31 December	75,095	71,398	3,050	2,403	13,620	10,805	–	–	91,765	84,606
Carrying amount at 31 December	9,326	8,374	30,439	29,801	32,788	32,514	3,163	1,984	75,716	72,673

The additions to intangible assets amounting to € 9.8 million (previous year: € 5.2 million) are distributed among various software applications.

The “Concessions, industrial property and similar rights and assets, as well as licences in such rights and assets” item includes € 6.5 million (previous year: € 7.7 million) of software including software licences valid for a limited period. As in the previous year, there are no restrictions on ownership or use.

The increase of € 1,405 thousand in the acquisition costs for goodwill in the “Other” line results from the acquired goodwill as part of the acquisition of DAG - Dieselanlagen Service GmbH, Oberwaltersdorf (Austria).

KSB reported internally generated intangible assets of € 32,788 thousand (previous year: € 32,514 thousand). These are primarily attributable to the KSBase sales software.

In the reporting year, impairment losses on intangible assets amounting to € 786 thousand (previous year: € 1,715 thousand) were recognised, of which € 678 thousand related to goodwill (previous year: € 1,715 thousand). The impairment losses were recognised in the income statement under depreciation and amortisation expense. Further details on the goodwill impairments are provided in the following explanations on impairment testing under IAS 36.

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

IMPAIRMENT TESTING UNDER IAS 36

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

In the previous year, impairment testing was also carried out for goodwill as at 31 December 2022 to take account of identified indications for a possible impairment of assets as defined in IAS 36. The following information on the basic assumptions and parameters, the goodwill impairments and the sensitivity analyses therefore relates to the reporting year as at 30 September 2023 and to the previous year as at 31 December 2022.

Basic assumptions and parameters

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

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

The interest rate for risk-free 30-year Bunds was used as a base rate. This rate was 2.7 % in the reporting year (previous year: 2.0 %). The market risk premium was set at 6.7 % (previous year: 7.2 %), with a beta factor of 1.25 (previous year: 1.22). In addition, country-specific tax rates and country risk premiums are taken into account individually for each cash-generating unit (CGU). The growth rate for the cash-generating units in the reporting year was generally set at 1.5 % (previous year: 0.5 %). The regular review of the peer group did not generate any new findings in relation to the business models of comparative companies. The peer group for examining the weighted capital cost factor therefore remained the same as in the previous year.

Basic parameters for the impairment testing of goodwill considered material (30 September 2023)

Name of CGU	Carrying amount of goodwill € thousands	Percentage of total carrying amount of goodwill	Method	Planning time horizon	Discount rate	Growth rate
KSB SupremeServ operating segment of D.P. Industries B.V., Netherlands	10,146	33 %	Value in use	5 years	14.1 % before tax / 10.9 % after tax	**1.5 %**
Standard Markets Pumps operating segment of D.P. Industries B.V., Netherlands	8,139	27 %	Value in use	5 years	14.3 % before tax / 10.9 % after tax	**1.5 %**

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

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

Impairment of goodwill in the 2023 financial year

Name of CGU	Segment	Discount rate (before taxes)	Discount rate (after taxes)	Recoverable amount (€ thousands)	Impairment loss (€ thousands)
KSB SupremeServ operating segment of Dynamik-Pumpen GmbH, Germany	KSB SupremeServ	15.0 %	10.9 %	3,226	249
Standard Markets Pumps operating segment of KAGEMA Industrieausrüstungen GmbH, Germany	Pumps	15.7 %	10.9 %	2,404	429
Total					678

The goodwill from the Standard Markets Pumps operating segment of KAGEMA Industrieausrüstungen GmbH, Germany, was fully amortised in the reporting year.

Disclosures on material goodwill items

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

In addition, the carrying amount of the other goodwill of € 12,154 thousand is spread over a large number of the Group's cash-generating units. There are no other significant carrying amounts of individual goodwill in relation to the total carrying amount of the Group's goodwill.

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

The Group's material assumptions impacting cash flows from the multi-year financial plan on which the impairment test as at 30 September 2023 is based relate to the performance of order intake, sales revenue and earnings before finance income / expense and taxes (EBIT). For all three of the above-mentioned key indicators, tangible growth was projected in all five years of the detailed planning period, both for the KSB SupremeServ operating segment and for the Standard Markets operating segment for new business with pumps of D.P. Industries B.V. The assessments take into account the company's own experience-based knowledge of competitors and markets as well as published economic data collected externally.

Impairment loss on goodwill

The impairment losses on goodwill recognised in the reporting year are shown in the "Impairment loss on goodwill in the 2023 financial year" table. Impairment testing for goodwill in the previous year resulted in an impairment requirement of € 1,715 thousand.

→ Impairment of goodwill in the 2023 financial year

Sensitivity analyses

For the cash-generating units in the form of the operating segments Standard Markets for new pump business and KSB SupremeServ of D.P. Industries B.V., with goodwill considered material from the Group's perspective, additional sensitivity analyses were performed based on the parameters as at 30 September 2023. As in the previous year, the following assumptions were made: a 15 % increase in the cost of capital (Sensitivity 1), a reduction in the growth rate to 0.0 % (Sensitivity 2) and a reduction in sales revenue of 10 % with the corresponding impact on expense items and performance indicators (Sensitivity 3).

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

2. Right-of-use assets

€ thousands	31 Dec. 2023	31 Dec. 2022
Right-of-use assets	**46,939**	**40,220**
of which land and buildings	30,576	28,456
of which technical equipment and machinery	783	979
of which other equipment, operating and office equipment	15,579	10,785

Additions to right-of-use assets in the reporting year amounted to € 25,891 thousand (previous year: € 15,340 thousand).

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

€ thousands	2023	2022
Depreciation on right-of-use assets	**18,445**	**16,917**
of which land and buildings	11,065	9,734
of which technical equipment and machinery	379	418
of which other equipment, operating and office equipment	7,001	6,765

Write-downs for the reporting year include impairment losses on rights to use land and buildings in the KSB SupremeServ Segment amounting to € 201 thousand. There were no impairments on right-of-use assets in the previous year.

3. Property, plant and equipment

Statement of changes in property, plant and equipment

€ thousands	Land and buildings		Plant and machinery		Other equipment, operating and office equipment		Advance payments and assets under construction*		Property, plant and equipment	
Historical cost	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Balance at 1 January	509,342	461,545	680,423	629,990	259,540	244,123	50,463	67,599	1,499,768	1,403,257
Currency translation adjustments	–9,156	4,190	–12,572	7,342	–4,845	1,586	–1,072	2,403	–27,644	15,520
Other	–	–	53	49	565	88	–	–	618	136
Additions	19,753	19,597	22,404	22,737	22,952	20,525	34,761	38,138	99,871	100,997
Disposals	–3,254	–1,288	–12,621	–9,423	–13,040	–9,339	–203	–93	–29,118	–20,142
Reclassifications	14,335	25,299	17,346	29,728	6,438	2,557	–38,119	–57,584	–	–
Balance at 31 December	531,021	509,342	695,033	680,423	271,611	259,540	45,829	50,463	1,543,494	1,499,768
Accumulated depreciation and amortisation	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Balance at 1 January	236,082	218,176	497,936	471,946	187,239	175,349	–	–	921,256	865,471
Currency translation adjustments	–3,400	1,602	–8,098	6,287	–3,248	1,597	–	–	–14,746	9,486
Other	–	–	47	38	319	58	–	–	366	97
Additions	12,466	16,476	29,458	28,664	20,113	19,733	–	–	62,038	64,872
Disposals	–2,725	–744	–12,440	–9,168	–12,421	–8,758	–	–	–27,585	–18,670
Reclassifications	–	571	106	169	–106	–740	–	–	–	–
Balance at 31 December	242,423	236,082	507,010	497,936	191,896	187,239	–	–	941,328	921,256
Carrying amount at 31 December	288,598	273,261	188,023	182,488	79,715	72,302	45,829	50,463	602,166	578,512

* The carrying amount of advance payments on property, plant and equipment as at the reporting date is € 13,913 thousand (previous year: € 11,051 thousand).

Impairment losses on property, plant and equipment of € 1,490 thousand (previous year: € 3,879 thousand) were recognised in the reporting year. Of this amount, € 398 thousand (previous year: € 3,549 thousand) was attributable to land and buildings, € 900 thousand (previous year: € 222 thousand) to technical equipment and machinery, and € 192 thousand (previous year: € 108 thousand) to other equipment and operating and office equipment. The Pumps Segment was affected by the impairments in the amount of € 935 thousand (previous year: € 1,912 thousand), the KSB SupremeServ Segment in the amount of € 555 thousand (previous year: € 1,532 thousand) and the Valves Segment in the previous year in the amount of € 435 thousand. The impairment losses are reported in the income statement under depreciation and amortisation.

The reversals of impairment losses on property, plant and equipment in the reporting year amounted to € 2,194 thousand. Of this amount, € 1,676 thousand was attributable to land and buildings, € 444 thousand to technical equipment and machinery, and € 73 thousand to other equipment and operating and office equipment. The reversals of impairment losses on property, plant and equipment were recognised for the Pumps Segment in the amount of € 1,811 thousand, the Valves Segment in the amount of € 300 thousand and the KSB SupremeServ Segment in the amount of € 83 thousand.

There were no material reversals of impairment losses on property, plant and equipment in the previous year.

Disposals of intangible assets and items of property, plant and equipment resulted in book gains of € 867 thousand (previous year: € 1,057 thousand) and book losses of € 1,021 thousand (previous year: € 752 thousand). The book gains and losses are reported in the income statement under other income and other expenses.

4. Non-current financial assets

The non-current financial assets in the amount of € 1,227 thousand (previous year: € 1,191 thousand) were mainly accounted for by loans to equity investments with € 1,018 thousand (previous year: € 1,105 thousand).

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

5. Other non-financial assets

€ thousands	31 Dec. 2023	31 Dec. 2022
Other investments	3,699	3,801
Defined benefit assets	4,029	3,518
	7,728	7,319

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

6. Investments accounted for using the equity method

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

→ Material joint ventures

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

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

→ Summarised balance sheet

→ Summarised statement of comprehensive income

→ Reconciliation to carrying amount of Group share in joint ventures

→ Summarised information on joint ventures and associates that are immaterial individually

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

Material joint ventures

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

Summarised balance sheet

	KSB Pumps Arabia Ltd.		Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd.	
€ thousands	**2023**	**2022**	**2023**	**2022**
Non-current assets	9,864	10,208	76,663	75,689
Current assets	45,294	35,671	196,481	189,834
of which cash and cash equivalents	2,728	1,700	42,144	23,471
Non-current liabilities	–7,539	–1,557	–6,369	–6,795
of which non-current financial liabilities (excluding trade payables and provisions)	–6,109	–87	–6,369	–6,795
Current liabilities	–33,987	–33,067	–223,564	–218,280
of which current financial liabilities (excluding trade payables and provisions)	–10,354	–9,916	–12,737	–13,590
Net assets	**13,632**	**11,255**	**43,212**	**40,448**

Summarised statement of comprehensive income

	KSB Pumps Arabia Ltd.		Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd.	
€ thousands	**2023**	**2022**	**2023**	**2022**
Sales revenue	40,060	32,316	86,284	91,895
Depreciation / amortisation	1,023	1,023	4,855	4,859
Interest income	–	–	208	134
Interest expense	–934	–514	–650	–993
Earnings from continuing operations	2,674	2,633	2,015	5,112
Taxes on income	–407	–519	3,420	–998
Earnings after taxes from continuing operations	**2,268**	**2,115**	**5,435**	**4,114**
Earnings after taxes from discontinued operations	–	–	–	–
Other comprehensive income	110	427	–2,671	–985
Comprehensive income	**2,378**	**2,542**	**2,764**	**3,129**
Dividends received from joint ventures	**–**	**–**	**–**	**–**

Reconciliation to carrying amount of Group share in joint ventures

	KSB Pumps Arabia Ltd,		Shanghai Electric-KSB Nuclear Pumps and Valves Co,, Ltd,	
€ thousands	**2023**	**2022**	**2023**	**2022**
Net carrying amount at 1 January	11,255	8,713	40,448	37,319
Earnings after income tax	2,268	2,115	5,435	4,114
Distribution of dividends	–	–	–	–
Other comprehensive income	110	427	–2,671	–985
Net carrying amount at 31 December	**13,633**	**11,255**	**43,212**	**40,448**
Investment in joint venture (50 % / 45 %)	6,817	5,628	19,445	18,202
Elimination of intercompany profit and loss *	–1,123	–870	–6,880	–7,694
Goodwill	–	–	–	–
Carrying amount at 31 December	**5,693**	**4,757**	**12,565**	**10,508**

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

Summarised information on joint ventures and associates that are immaterial individually

€ thousands	**Joint ventures 2023**	**Associates 2023**	**Total 2023**	**Joint ventures 2022**	**Associates 2022**	**Total 2022**
Group share of earnings from continuing operations	597	1,033	**1,630**	126	794	**920**
Group share of other comprehensive income	–192	–	**–192**	214	–	**214**
Group share of comprehensive income	405	1,033	**1,438**	340	794	**1,134**
Elimination of intercompany profit and loss	39	–	**39**	–263	–	**–263**
Dividend distributed to the Group	–49	–774	**–823**	–	–625	**–625**
Total carrying amounts of Group shares in these companies	**4,429**	**1,793**	**6,222**	**4,033**	**1,535**	**5,568**

7. Inventories

€ thousands	**31 Dec. 2023**	**31 Dec. 2022**
Raw materials and production supplies	268,175	257,070
Work in progress	261,167	222,631
Finished goods and goods purchased and held for resale	196,200	216,254
Advance payments	22,851	23,266
	748,393	**719,221**

As at the reporting date, inventories amounting to € 57,263 thousand (previous year: € 51,018 thousand) are carried at net realisable value.

The impairment losses on inventories recognised as an expense in the reporting period amount to € 21,847 thousand (previous year: € 21,792 thousand).

Reversals of impairments on inventories in the amount of € 7,946 thousand (previous year: € 3,979 thousand) resulted from increased net realisable values compared with the previous year. Impairment losses and reversals of impairment losses on inventories are recognised in the income statement under cost of materials and changes in inventories.

Inventories amounting to € 1,129,380 thousand (previous year: € 1,056,880 thousand) were recognised as an expense in the reporting period.

Of the inventories as at the reporting date, work in progress and finished goods amounting to a total of € 88,664 thousand (previous year: € 87,023 thousand) have a maturity of more than one year.

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

€ thousands	31 Dec. 2023	31 Dec. 2022
Contract assets	**58,969**	**80,018**
Trade receivables	**554,583**	**579,539**
Trade receivables from third parties *	505,795	530,156
Trade receivables from related parties *	48,787	49,383
Other financial assets	**70,888**	**71,517**
Receivables from loans to related parties	4,652	2,498
Currency forwards	2,325	2,970
Other receivables and other current assets	63,912	66,050
Other non-financial assets	**44,272**	**42,203**
Other tax assets	33,577	31,470
Deferred income	10,694	10,733

* In the presentation in the 2022 Annual Report, trade receivables from third parties as at 31 December 2022 included items amounting to € 104 thousand from related parties. By introducing a separate item for all trade receivables from related parties, a clear distinction is now made from balances with third parties to increase transparency. The previous year's figure for trade receivables from third parties has been adjusted accordingly in this and the other relevant tables in this section. The change in presentation has no impact on the total value of trade receivables from related parties itemised for the previous year in Section IX. Other Disclosures.

Contract assets at the end of the reporting year totalled € 58,969 thousand (previous year: € 80,018 thousand). This decline is due to the fact that KSB's contract progress fell more sharply than the related advance payments received as at the reporting date. Impairment losses on contract assets amounted to € 1,599 thousand (previous year: € 1,609 thousand). Of the contract assets as at the reporting date, € 12,361 thousand (previous year: € 17,482 thousand) relate to project orders with customers whose completion is not expected until more than one year after the reporting date.

Impairment losses of € 33,781 thousand (previous year: € 32,833 thousand) were recognised on trade receivables from third parties as at the reporting date.

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

Impairment losses on trade receivables from third parties

€ thousands	31 Dec. 2023	31 Dec. 2022
Gross carrying amount of trade receivables from third parties	539,576	562,989
of which unhedged receivables	373,723	404,621
of which hedged receivables	165,853	158,368
Individual impairment allowance (EWB)	–29,713	–29,380
Risk provisions for expected credit losses (ECL)	–4,068	–3,453
of which ECL for unhedged receivables	–3,347	–2,855
of which ECL for hedged receivables	–721	–598
Net carrying amount of trade receivables from third parties	**505,795**	**530,156**

Impairment losses on contract assets

		31 Dec. 2023	31 Dec. 2022
Gross carrying amount of contract assets	€ thousands	60,568	81,627
Individual impairment allowance (EWB)	€ thousands	–1,150	–1,258
Risk provisions for expected credit losses (ECL)	€ thousands	–449	–351
Net carrying amount of contract assets	**€ thousands**	**58,969**	**80,018**
Expected default risk in relation to ECL	in %	0.7	0.4

Impairment losses of € 151 thousand (previous year: € 87 thousand) were recognised on trade receivables from related parties as at the reporting date. The impairment losses relate entirely to receivables from other investments. There were no impairment losses on receivables from loans to related parties as at the reporting date (previous year: € 320 thousand).

For further information on relationships with related parties, please refer to the relevant details in Section IX. Other Disclosures.

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

Reconciliation of impairment losses 2023

	Trade receivables from third parties			Contract assets		
€ thousands	**EWB**	**ECL**	**Total**	**EWB**	**ECL**	**Total**
Opening balance at 1 January	**–29,380**	**–3,453**	**–32,833**	**–1,258**	**–351**	**–1,609**
Additions	–12,216	–2,221	–14,437	–168	–226	**–393**
Utilised	2,239	–	2,239	–	–	**–**
Reversal	8,281	1,292	9,572	–	75	**75**
Currency translation / Other	1,363	315	1,678	276	52	**328**
Closing balance at 31 December	**–29,713**	**–4,068**	**–33,781**	**–1,150**	**–449**	**–1,599**

Reconciliation of impairment losses 2022

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

Risk provision for expected credit losses by maturity of trade receivables

31 Dec. 2023		Not overdue	Up to 30 days	Up to 90 days	Up to 180 days	Up to 360 days	Over 360 days	Total
Gross carrying amount of unhedged trade receivables from third parties	€ thousands	242,964	46,945	27,924	19,752	10,316	25,822	373,723
ECL	€ thousands	–1,558	–415	–459	–397	–344	–174	–3,347
Expected default risk in relation to ECL	in %	0,6	0,9	1,6	2,0	3,3	0,7	–
31 Dec. 2022								
Gross carrying amount of unhedged trade receivables from third parties	€ thousands	275,133	48,141	29,928	18,250	9,156	24,012	**404,621**
ECL	€ thousands	–1,296	–275	–386	–365	–200	–333	**–2,855**
Expected default risk in relation to ECL	in %	0.5	0.6	1.3	2.0	2.2	1.4	–

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

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

Other receivables and other current assets include hedges of credit balances prescribed by law for partial retirement arrangements and long-term working time accounts of the German Group companies in the amount of € 15,810 thousand (previous year: € 13,103 thousand).

€ 37,567 thousand (previous year: € 48,907 thousand) of total receivables and other assets are due after more than one year.

9. Cash and cash equivalents

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

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

10. Equity

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

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

In addition to revenue reserves from previous years, the revenue reserves include currency translation adjustments, consolidation effects, remeasurements of defined benefit plans under IAS 19 and changes in the fair value of interest rate derivatives taken directly to equity. These issues resulted in deferred tax assets in the amount of € 57,712 thousand (previous year: € 29,732 thousand) and deferred tax liabilities in the amount of € 793 thousand (previous year: € 856 thousand).

Intercompany results from the transfer of assets within the Group are now eliminated on a pro rata basis in the non-controlling interests, and no longer in full with an effect on the equity attributable to the shareholders of KSB SE & Co. KGaA. The adjustment resulted in a reclassification of € 3,022 thousand, taken directly to equity, from non-controlling interests to revenue reserves in the reporting year.

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

A total of € 34,376 thousand (dividend of € 19.50 per ordinary share and € 19.76 per preference share) was paid from equity by resolution of the Annual General Meeting of the Group's parent company KSB SE & Co. KGaA, Frankenthal, on 4 May 2023.

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

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

Non-controlling interests

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

→ Subsidiaries with material non-controlling interests

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

Development of currency translation differences in equity

€ thousands	Currency translation differences in equity attributable to shareholders of KSB SE & Co. KGaA	Currency translation differences in non-controlling interests	Total amount of currency translation differences in equity
1 Jan. 2022	–124,168	–21,868	**–146,036**
Change in 2022	11,843	672	**12,515**
31 Dec. 2022	**–112,325**	**–21,196**	**–133,521**
1 Jan. 2023	–112,325	–21,196	**–133,521**
Change in 2023	–24,938	–8,433	**–33,370**
31 Dec. 2023	**–137,263**	**–29,629**	**–166,891**

Subsidiaries with material non-controlling interests

Name and seat	Non-controlling interest in capital	Earnings after income tax attributable to non-controlling interests		Accumulated non-controlling interests in equity	
€ thousands	**2023 / 2022**	**31 Dec. 2023**	**31 Dec. 2022**	**31 Dec. 2023**	**31 Dec. 2022**
PAB, Germany / USA (subgroup)	49.00 %	7,964	5,998	103,690	101,598
KSB Limited, India	59.46 %	13,268	13,218	83,155	76,591
KSB Shanghai Pump Co., Ltd., China	20.00 %	1,755	2,056	8,639	9,359
Subsidiaries with individually immaterial non-controlling interests		1,330	2,418	20,982	22,106
Total amount of non-controlling interests		**24,318**	**23,689**	**216,465**	**209,653**

Composition of the PAB subgroup as at 31 December 2023

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

Information on the subgroup that comprised the subsidiaries of the KSB Group listed in the following table as at 31 December 2023 is summarised under the name “PAB”.

→ Composition of the PAB subgroup as at 31 December 2023

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

→ Summarised balance sheet

→ Summarised statement of comprehensive income

→ Condensed statement of cash flows

Summarised balance sheet

	PAB		KSB Limited		KSB Shanghai Pump Co., Ltd.	
€ thousands / 31 Dec.	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Non-current assets	103,858	110,567	58,289	54,401	29,156	29,064
Current assets	182,599	163,954	166,034	152,376	149,750	137,293
Non-current liabilities	–13,068	–14,669	–2,279	–2,171	–391	–463
Current liabilities	–56,864	–52,511	–81,157	–75,795	–134,232	–119,101
Net assets	**216,526**	**207,342**	**140,886**	**128,811**	**44,283**	**46,793**

Summarised statement of comprehensive income

	PAB		KSB Limited		KSB Shanghai Pump Co,, Ltd,	
€ thousands	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Sales revenue	292,917	274,891	250,825	219,339	186,347	179,474
Earnings after income tax	16,050	12,240	23,327	22,621	9,129	10,278
Other comprehensive income	–6,867	11,437	–5,404	–7,075	–2,947	–863
Comprehensive income	9,184	23,678	17,923	15,545	6,182	9,415
Other comprehensive income attributable to non-controlling interests	–3,365	5,604	–3,213	–4,207	–589	–173
Comprehensive income attributable to non-controlling interests	4,500	11,602	10,055	9,011	1,236	1,883
Dividends paid to non-controlling interests	–	–	–3,477	–3,129	–1,738	–4,545

Summarised cash flow statement

	PAB		KSB Limited		KSB Shanghai Pump Co,, Ltd,	
€ thousands	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Cash flows from operating activities	32,422	–9,399	16,580	4,686	21,338	9,175
Cash flows from investing activities	–10,432	7,167	–201	–1,540	–2,442	–782
Cash flows from financing activities	–3,996	–2,648	–6,553	–6,115	–9,257	–14,481
Changes in cash and cash equivalents	**17,994**	**–4,880**	**9,826**	**–2,969**	**9,639**	**–6,088**
Cash and cash equivalents at beginning of period	11,886	14,419	3,701	6,788	40,702	47,612
Effects of exchange rate changes	164	2,347	–429	–118	–2,781	–822
Cash and cash equivalents at end of period	**30,044**	**11,886**	**13,098**	**3,701**	**47,560**	**40,702**

11. Provisions for pensions and similar obligations

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

Defined contribution pension plans

Total expenses for defined contribution pension plans in the reporting year amounted to € 62,327 thousand (previous year: € 52,816 thousand). Of this figure, € 27,884 thousand (previous year: € 27,714 thousand) resulted from contributions into the statutory pension insurance scheme in Germany.

Description of the defined benefit pension plans

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

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

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

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

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

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

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

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

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

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

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

Regional allocation of the defined benefit pension plans

	Defined benefit obligations (DBOs)	Fair value of plan assets	Effect of the asset upper limit	Net balance approach	Defined benefit obligations (DBOs)	Fair value of plan assets	Effect of the asset upper limit	Net balance approach
€ thousands	31 Dec. 2023				31 Dec. 2022			
Germany	476,577	–	–	476,577	432,985	–	–	432,985
France	9,699	–2,209	–	7,490	8,755	–2,798	–	5,957
USA	10,094	–13,303	–	–3,209	11,168	–13,845	–	–2,677
Switzerland	12,911	–12,439	–	472	12,474	–11,885	–	589
Other countries	40,552	–33,314	3,520	10,758	44,002	–36,522	3,717	11,197
	549,833	–61,265	3,520	492,088	509,384	–65,050	3,717	448,051

Change in present value of defined benefit obligations

€ thousands	2023	2022
Opening balance of the defined benefit obligation (DBO) – 1 Jan.	509,384	678,323
Current service cost	10,008	13,264
Interest cost	18,977	8,835
Employee contributions	352	301
Remeasurements		
– / + Gain / loss from the change in demographic assumptions	–339	–333
– / + Gain / loss from the change in financial assumptions	40,729	–188,897
– / + Experience-based gain / loss	41	20,139
Benefit payments	–28,750	–23,831
Past service cost (incl. effects of settlements and curtailments)	150	851
Currency translation differences	–719	–131
Changes in consolidated Group / Other	–	863
Closing balance of the defined benefit obligation (DBO) – 31 Dec.	549,833	509,384

Changes in the fair value of the plan assets

€ thousands	2023	2022
Opening balance of the plan assets measured at fair value – 1 Jan.	**65,050**	**68,701**
Interest income	2,977	1,781
Remeasurements		
+ / – Gain / loss from plan assets excluding amounts already recognised in interest income	541	–6,796
Contributions by the employer	1,060	4,737
Contributions by the beneficiary employees	352	301
Currency translation differences	–419	–63
Paid benefits	–8,150	–4,086
Changes in consolidated Group / Other	–146	475
Closing balance of the plan assets measured at fair value – 31 Dec.	**61,265**	**65,050**

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

€ thousands	2023	2022
Opening balance of the net balance sheet approach from defined benefit obligations – 1 Jan.	**448,051**	**609,622**
Current service cost	10,008	13,264
Net interest expense	16,182	7,054
Employee contributions	–	–
Contributions by the employer	–1,060	–4,737
Remeasurements		
– / + Gain / loss from plan assets excluding amounts already recognised in interest income	–541	6,796
– / + Gain / loss from the change in demographic assumptions	–339	–333
– / + Gain / loss from the change in financial assumptions	40,729	–188,897
– / + Experience-based gain / loss	41	20,139
Change in the asset ceiling	–456	3,866
Benefit payments	–20,600	–19,745
Past service cost (incl. effects of settlements and curtailments)	150	851
Currency translation differences	–223	–217
Changes in consolidated Group / Other	146	388
Closing balance of the net balance sheet approach from defined benefit obligations – 31 Dec.	**492,088**	**448,051**
of which assets from defined benefit assets	4,028	3,518
of which provisions for pensions and similar obligations	496,116	451,569

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

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

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

Overall, because of the asset ceiling stipulated in IAS 19, a surplus of plan assets over the present value of the related defined benefit obligations in the amount of € 3,520 thousand (previous year: € 3,717 thousand) is not recognised as an asset as at the reporting date. KSB does not derive any future economic benefit from this surplus in the form of reduced contributions or a refund.

Explanation of the plan assets

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

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

The actual income from plan assets amounted to € 3,518 thousand (previous year: expense of € 5,015 thousand).

In the following year, employer contributions to plan assets are expected to be at the level seen in the 2023 financial year. The amounts in 2023 came to € 1,060 thousand.

Composition of plan assets

€ thousands	Quoted market price in an active market 31 Dec. 2023	No quoted market price in an active market 31 Dec. 2023	Total 31 Dec. 2023	Quoted market price in an active market 31 Dec. 2022	No quoted market price in an active market 31 Dec. 2022	Total 31 Dec. 2022
Equity instruments (shares)	17,537	–	17,537	28,154	–	28,154
Debt instruments (loans)	21,409	–	21,409	12,179	477	12,656
of which government bonds	16,429	–	16,429	7,169	477	7,646
of which corporate bonds	4,980	–	4,980	5,010	–	5,010
Currency forwards	–	–	–	137	–	137
Money market investments	1,470	359	1,829	2,159	96	2,255
Real estate	2,953	84	3,037	3,516	124	3,640
Insurance contracts	48	9,259	9,307	280	9,653	9,933
Bank credit balances	500	5,089	5,589	634	5,300	5,934
Other investments	1,920	637	2,557	2,341	–	2,341
	45,837	15,428	61,265	49,400	15,650	65,050

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

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

For the material pension plans of the German companies, 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 %). The resulting actuarial losses had a negative effect of € 7,068 thousand on other comprehensive income in the reporting year.

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

Discount rate

%	31 Dec. 2023	31 Dec. 2022
Germany	3.2	3.7
France	3.2	3.8
USA	5.3	4.9
Switzerland	2.0	1.8

As in the previous year the basis for the calculation of the sensitivities is the same method which was used for the calculation of the provisions for pensions and similar obligations. Were the discount factor to increase by 100 basis points, the DBO would fall by € 62,170 thousand (previous year: € 53,175 thousand). A 100 basis point reduction in the discount factor would increase the DBO by € 78,164 thousand (previous year: € 65,355 thousand). It should be noted that a change in the discount factor due to particular financial effects (such as compound interest) does not affect the development of the DBO on a straight-line basis. Were life expectancy to increase by 1 year, the DBO would increase by € 18,028 thousand (previous year: € 14,932 thousand). Additionally, the individual actuarial assumptions are mutually dependent, but these interdependencies are not taken into account in the sensitivity analysis.

On 31 December 2023 the weighted average term of the DBO was 14 years (previous year: 13 years).

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

Expected pension benefit payments

€ thousands at 31 Dec. 2023	2024	2025	2026	2027	2028
Expected payments	23,894	26,901	28,235	28,625	30,626

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

12. Other provisions

The provisions for warranty obligations and contractual penalties cover the statutory and contractual obligations to customers and are based on estimates prepared using historical data for similar products and services. They amount to € 71,945 thousand (previous year: € 53,129 thousand) in the reporting year.

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

The provisions for onerous contracts amounting to € 13,672 thousand (previous year: € 13,667 thousand) result in particular from project orders with customers.

Miscellaneous other provisions include provisions for litigation risks in the amount of € 5,768 thousand (previous year: € 4,52 thousand).

€ 44,419 thousand (previous year: € 40,743 thousand) of the other provisions are expected to become cash-effective after more than one year.

Composition of other provisions *

	31 Dec. 2023			31 Dec. 2022		
€ thousands	Total	Non-current	Current	Total	Non-current	Current
Warranty obligations and contractual penalties	71,945	–	71,945	53,129	–	53,129
Employee benefits	22,585	13,855	8,730	22,725	14,832	7,893
Onerous contracts	13,672	–	13,672	13,667	–	13,667
Miscellaneous other provisions	28,281	1,848	26,433	26,193	1,883	24,310
	136,483	15,703	120,781	115,714	16,715	98,999

* Compared with the presentation in the 2022 Annual Report, provisions for employee benefits in accordance with IAS 19 that do not relate to pensions and similar obligations are now included in the other provisions item to increase transparency. The previous year's figures have been restated accordingly. Provisions for pensions and similar obligations are shown in a separate balance sheet item and explained in Section 11 above.

Development of other provisions *

€ thousands	1 Jan. 2023	CTA ** / Other	Utilisation	Reversal	Additions	31 Dec. 2023
Warranty obligations and contractual penalties	53,129	–470	–18,943	–6,839	45,068	71,945
Employee benefits	22,725	–47	–8,752	–493	9,152	22,585
Onerous contracts	13,667	–8	–8,056	–170	8,238	13,672
Miscellaneous other provisions	26,193	–235	–6,516	–2,333	11,172	28,281
	115,714	–760	–42,266	–9,835	73,631	136,483

* Restated compared with the presentation in the 2022 Annual Report; cf. the explanation below the "Composition of other provisions" table.

** Currency translation adjustments

13. Liabilities

Non-current liabilities

€ thousands	31 Dec. 2023	31 Dec. 2022
Financial liabilities	**28,960**	**24,117**
Bank loans and overdrafts	312	940
Finance lease liabilities	28,170	22,904
Other	477	272

Current liabilities

€ thousands	31 Dec. 2023	31 Dec. 2022
Financial liabilities	**26,053**	**26,630**
Bank loans and overdrafts	10,189	13,094
Finance lease liabilities	15,853	13,526
Other	10	10
Contract liabilities	**202,619**	**186,477**
Trade payables	**324,723**	**333,361**
Trade payables to third parties *	318,930	328,373
Trade payables to related parties *	5,793	4,988
Other financial liabilities	**27,659**	**23,921**
Currency forwards	2,304	2,322
Miscellaneous other financial liabilities	25,355	21,599
Other non-financial liabilities	**181,804**	**164,604**
Social security and liabilities to employees	152,410	132,989
Tax liabilities (excluding income tax)	23,782	24,147
Prepaid expenses	630	2,393
Investment grants and subsidies	4,982	5,075
Income tax liabilities	**18,649**	**14,918**

* In the presentation in the 2022 Annual Report, trade payables to third parties as at 31 December 2022 included trade payables to related parties amounting to € 4,007 thousand. By introducing a separate item for all trade payables to related parties, a clear distinction is now made with respect to balances with third parties in order to increase transparency. The previous year’s figure for trade payables to third parties was restated accordingly. The change in presentation has no impact on the total value of trade payables to related parties itemised for the previous year in Section IX. Other Disclosures.

The weighted average interest rate on bank loans and overdrafts was 9.06 % (previous year: 8.19 %). The interest rate is in particular influenced by the terms and conditions for borrowing by subsidiaries based abroad, which finance themselves in the local market due to a greater currency devaluation.

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

Maturity analysis of liabilities from lease obligations

€ thousands	31 Dec. 2023	31 Dec. 2022
Due within 1 year	15,853	13,526
Due between 1 and 5 years	25,094	19,195
Due after more than 5 years	3,076	3,709
	44,023	**36,430**

The amount of contract liabilities at the end of the reporting year is € 202,619 thousand and is thus above the comparative prior-year value of € 186,477 thousand. This increase is due to the higher advance payments received from customers in the 2023 financial year compared with the prior-year reporting date, coupled with a lower associated contract progress on the part of KSB. In the reporting year, KSB recognised sales revenue of € 95,453 thousand (previous year: € 86,757 thousand) which was included in the balance of contract liabilities at the beginning of the reporting year.

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

Overall, assets of the Group amounting to € 22,883 thousand (previous year: € 21,503 thousand) are used to secure liabilities and are subject to corresponding restrictions on disposal by KSB or pledges. The majority of the assets used as security for liabilities, at € 17,444 thousand (previous year: € 14,921 thousand), is attributable to other receivables and other current assets, and includes in particular hedges of credit balances for partial retirement arrangements and long-term working accounts of the German Group companies.

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

V. INCOME STATEMENT DISCLOSURES

14. Sales revenue

Breakdown of sales revenue for the 2023 financial year

€ thousands	Pumps Segment	Valves Segment	KSB SupremeServ Segment	Total
Sales revenue	**1,513,653**	**361,435**	**943,900**	**2,818,988**
of which sales revenue from the sale of goods	1,513,653	361,435	647,903	2,522,991
of which sales revenue from the provision of services	–	–	295,997	295,997
of which goods and services transferred at a specific time	1,255,058	342,177	545,246	2,142,481
of which goods and services transferred over a period of time	258,595	19,258	398,654	676,507

Breakdown of sales revenue for the 2022 financial year

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

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

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

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

€ thousands	31 Dec. 2023	31 Dec. 2022
Total transaction price of performance obligations unsatisfied or partially unsatisfied as at the reporting date (orders on hand)	**1,548,138**	**1,497,754**
of which expected sales revenue within the next 12 months	1,223,626	1,170,521
of which expected sales revenue after more than 12 months	324,512	327,233

15. Other income

€ thousands	2023	2022
Income from the reversal of impairment losses	9,648	10,313
Government grants	6,140	4,520
Currency translation gains	2,138	3,050
Insurance compensation	12,862	2,981
Income from disposal of assets	867	1,057
Miscellaneous other income	12,728	12,540
	44,384	**34,462**

In the reporting year, KSB received insurance compensation of € 10.4 million in relation to the hail damage at the French factory in La Roche-Chalais in 2022.

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

16. Cost of materials

The cost of materials amounted to € 1,153,651 thousand (previous year: € 1,156,292 thousand) in the reporting year. This item includes expenses for raw materials, consumables and supplies and for goods and services purchased. Due in part to the sales growth in the KSB SupremeServ Segment, the cost of materials was at the same level as in the previous year, while sales revenue increased year on year. In addition, a slight fall in procurement prices had an impact in some cases.

17. Staff costs

€ thousands	2023	2022
Wages and salaries	781,483	730,170
Social security contributions and employee assistance costs	161,990	150,420
Pension costs	17,226	20,961
	960,699	**901,551**

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

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

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

Employees

	Average for the year		At reporting date	
	2023	2022	31 Dec. 2023	31 Dec. 2022
Wage earners	6,787	6,827	6,758	6,804
Salaried employees	9,151	8,816	9,280	8,889
	15,938	**15,643**	**16,038**	**15,693**

18. Other expenses

€ thousands	2023	2022
Repairs, maintenance, third-party services	159,651	139,693
Administrative expenses	110,890	93,936
Selling expenses	80,219	67,193
Other staff costs	31,689	27,271
Other taxes	13,557	13,108
Rents and leases	12,585	12,835
Impairment losses on trade receivables and contract assets	14,906	9,935
Currency translation losses	158	2,719
Losses from current assets	1,442	569
Losses from asset disposals	1,021	752
Miscellaneous other expenses	37,137	23,602
	463,257	**391,612**

The increase in administrative costs was due in particular to higher consulting costs and travel expenses.

The expenses for rents and leases consist of expenses for leases with low-value underlying assets of € 3,498 thousand (previous year: € 2,629 thousand), expenses for short-term leases in the amount of € 6,511 thousand (previous year: € 5,916 thousand), expenses from variable lease payments of € 1,280 thousand (previous year: € 1,061 thousand) and expenses for rents and other leases in the amount of € 1,297 thousand (previous year: € 3,229 thousand).

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

19. Finance income / expense

Interest and similar expenses include the net interest expense for pension provisions amounting to € 16,182 thousand (previous year: € 7,054 thousand). In addition, the item also includes interest expense from the subsequent measurement of lease liabilities in the amount of € 1,329 thousand (previous year: € 673 thousand).

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

Finance income / expense

€ thousands	2023	2022
Finance income	**9,382**	**7,461**
Income from equity investments	–	257
thereof from other investments	–	257
Interest and similar income	9,301	7,132
thereof from other investments	65	59
thereof from investments accounted for using the equity method	81	350
Other finance income	81	72
Finance expense	**–29,656**	**–17,712**
Interest and similar expenses	–22,620	–12,985
Other finance expense	–7,036	–4,727
Income from / expense to investments accounted for using the equity method	**5,361**	**1,816**
Finance income / expense	**–14,913**	**–8,435**

20. Taxes on income

This item shows the effective and deferred taxes on income of the companies included in the consolidated financial statements. The applicable tax rate of 30.5 % in the 2023 financial year (previous year: 30.7 %) is a composite rate resulting from the current German corporation tax, solidarity surcharge and trade tax rates. This tax rate forms the base for deriving the actual tax rate for the Group.

Taxes on income in the income statement

Taxes on income

€ thousands	2023	2022
Effective taxes	64,971	48,606
Deferred taxes	–32,595	–15,276
	32,376	**33,330**

Effective taxes include prior-period tax refunds in the amount of € 1,369 thousand (previous year: € 2,090 thousand) and tax arrears in the amount of € 933 thousand (previous year: € 386 thousand). As in the previous year, the introduction of new local taxes had no effects in the reporting year. Changes in foreign tax rates led to an increase in the total tax expense of € 198 thousand (previous year: reduction of € 205 thousand).

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

Reconciliation of deferred taxes

€ thousands	2023	2022
Change in deferred tax assets	–56,966	–2,455
Change in deferred tax liabilities	–2,153	2,833
Change in deferred taxes recognised in balance sheet	**–59,119**	**378**
Change in deferred taxes taken directly to equity	27,915	–14,625
Changes in consolidated Group / CTA * / Other	–1,391	–1,029
Deferred taxes recognised in income statement	**–32,595**	**–15,276**

* Currency translation adjustments

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

Reconciliation of income tax

€ thousands	2023	2022
Earnings before income tax (EBT)	208,989	160,668
Calculated income taxes on the basis of the applicable Group tax rate	63,742	49,281
Differences in tax rates	–10,405	–8,607
Tax losses from the current year that are not recognised	2,193	1,646
Changes in the value of deferred taxes on tax loss carryforwards	–24,364	–7,193
Impairment loss on goodwill	207	219
Changes in the value of deferred taxes on temporary differences	–15,415	–13,975
Tax-exempt income	–6,022	–5,315
Non-deductible expenses	13,042	13,096
Prior-period taxes	5,379	–1,511
Non-deductible foreign income tax	5,416	5,243
Investments accounted for using the equity method	–1,406	–352
Other	9	797
Current taxes on income	**32,376**	**33,330**
Current tax rate	16 %	21 %

Taxes on income in the balance sheet

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

→ Allocation of deferred taxes

As at the reporting date, deferred tax assets (after offsetting) of € 5,903 thousand (previous year: € 9,713 thousand) were recognised in the balance sheet, which arose from companies posting a loss in the reporting year or in the previous year and whose realisation depends exclusively on the creation of future profit. Based on the planning figures available, KSB expects realisation to take place.

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

Income tax included under equity

€ thousands	2023	2022
Remeasurement of defined benefit plans *	–39,196	158,394
Taxes on income	27,618	–13,868
Currency translation differences *	–33,370	12,515
Taxes on income	–	–
Changes in the fair value of financial instruments	–458	3,285
Taxes on income	297	–757
Other comprehensive income	**–45,110**	**159,569**

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

Allocation of deferred taxes

	Deferred tax assets		Deferred tax liabilities	
€ thousands	2023	2022	2023	2022
Non-current assets	**5,268**	**6,228**	**42,122**	**40,630**
Intangible assets	407	442	1,861	1,334
Right-of-use assets	17	19	9,522	8,536
Property, plant and equipment	4,202	4,952	28,944	29,150
Financial and non-financial assets	642	815	1,795	1,610
Current assets	**45,006**	**40,999**	**16,818**	**19,889**
Inventories	38,152	33,552	1,538	297
Receivables and other current assets	6,854	7,447	15,280	19,592
Non-current liabilities	**66,538**	**37,212**	**4,854**	**3,447**
Provisions for pensions and similar obligations	59,502	31,702	4,854	3,447
Other provisions	932	641	–	–
Other liabilities *	6,104	4,869	–	–
Current liabilities	**36,467**	**25,134**	**22,028**	**22,610**
Other provisions	18,400	11,482	264	145
Other liabilities *	18,067	13,652	21,764	22,465
Tax loss carryforwards	**16,729**	**2,067**	**–**	**–**
Gross deferred taxes – before offsetting	**170,006**	**111,640**	**85,822**	**86,576**
Offset under IAS 12.74	–75,966	–74,566	–75,966	–74,566
Net deferred taxes – after offsetting	**94,040**	**37,074**	**9,857**	**12,010**

* Deferred tax assets from non-current lease liabilities amount to € 6,104 thousand (previous year: € 4,869 thousand) and those from current lease liabilities to € 3,460 thousand (previous year: € 2,719 thousand). They are reported under deferred taxes for other liabilities (non-current and current).

Further information and explanations on taxes on income

Contingent liabilities from income tax issues amount to € 1,068 thousand (previous year: € 215 thousand). There are currently no indications that the utilisation of these obligations is likely.

As far as net income from affiliates and other equity investments is concerned, withholding taxes incurred in connection with distributions and German taxes incurred are recognised as deferred taxes if these gains are expected to be subject to corresponding taxation, or there is no intention of reinvesting them in the long term. No deferred tax liabilities were recognised for taxable temporary differences of € 6,139 thousand (previous year: € 6,297 thousand) in relation to affiliates and associates as it is unlikely that these temporary differences will be reversed in the foreseeable future.

No deferred tax assets were recognised for corporate tax loss carryforwards amounting to € 17,219 thousand (previous year: € 104,619 thousand) and for trade tax loss carryforwards amounting to € 2,942 thousand (previous year: € 64,917 thousand), due to the recognition criteria of IAS 12, especially in the case where there is a history of losses. The loss carryforwards are largely available for an indefinite period. The income resulting from the use of loss carryforwards for which no deferred tax assets had been recognised so far was € 4,714 thousand (previous year: € 6,033 thousand).

Deductible temporary differences for which no deferred tax assets had to be set up amounted to € 4,663 thousand (previous year: € 107,236 thousand).

KSB considers the existing deferred tax assets in the tax group of KSB SE & Co. KGaA from loss carryforwards and from taxable temporary differences to be fully recoverable. The basis for this assessment is, firstly, the elimination of the loss history for KSB SE & Co. KGaA's tax group. Secondly, KSB expects positive taxable income for KSB SE & Co. KGaA's tax group in the coming years. The reversal of impairment losses recognised in the previous year results in deferred tax income of € 32,532 thousand in the income statement and € 15,261 thousand in other comprehensive income.

The Group falls within the scope of the OECD Pillar Two model rules. The Pillar Two legislation was adopted in Germany and has been applicable since 1 January 2024. As the Pillar Two legislation had not yet been finalised as at the reporting date, the Group is not subject to any taxation in this respect for the 2023 financial year. The Group makes use of the exemption from recognising deferred taxes in connection with Pillar Two income taxes, which was the subject of the amendments to IAS 12 published in May 2023. Overall, the Group does not expect the first-time application of the Pillar Two rules in 2024 to have any material impact on its net assets, financial position and results of operations. The Group is currently working with external tax specialists to support the application and implementation of the Pillar Two legislation.

21. Earnings after income tax – Non-controlling interests

The net profit attributable to non-controlling interests amounts to € 25,940 thousand (previous year: € 25,244 thousand) and the net loss attributable to non-controlling interests amounts to € 1,622 thousand (previous year: € 1,555 thousand). Further details on the non-controlling interests are provided in Notes No. 10 “Equity”.

22. Earnings per share

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

Earnings per share

		2023	2022
Earnings after income tax – Attributable to KSB SE & Co. KGaA shareholders	€ thousands	152,295	103,649
Additional dividend attributable to preference shareholders (€ 0.26 per preference share) (previous year: € 0.26 per preference share)	€ thousands	–225	–225
	€ thousands	**152,070**	**103,425**
Number of ordinary shares		886,615	886,615
Number of preference shares		864,712	864,712
Total number of shares		**1,751,327**	**1,751,327**
Diluted and basic earnings per ordinary share	**€**	**86.83**	**59.05**
Diluted and basic earnings per preference share	**€**	**87.09**	**59.31**

VI. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

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

Financial instruments by measurement category – 31 Dec. 2023

Balance sheet item / Class € thousands	Measurement category *	Carrying amount	Fair value	Fair value Level 1 **	Fair value Level 2 ***	Fair value Level 3 ****
Assets						
Non-current assets						
Loans and other assets	AC	1,227	1,227	–	1,227	–
Current assets						
Trade receivables from third parties	AC	505,795	505,795	–	–	–
Trade receivables from related parties	AC	48,787	48,787	–	–	–
Receivables from loans to related parties	AC	4,652	4,652	–	–	–
Currency forwards designated as hedges	n.a.	1,724	1,724	–	1,724	–
Currency forwards not designated as hedges	FVPL	601	601	–	601	–
Other receivables and other current assets	AC	63,912	63,912	–	–	–
Cash and cash equivalents	AC	340,420	340,420	–	–	–
Equity and Liabilities						
Non-current liabilities						
Financial liabilities excluding lease obligations	AC	789	742	–	742	–
Lease obligations	n.a.	28,170	–	–	–	–
Current liabilities						
Financial liabilities excluding lease obligations	AC	10,199	10,199	–	–	–
Lease obligations	n.a.	15,853	–	–	–	–
Trade payables	AC	324,723	324,723	–	–	–
Currency forwards designated as hedges	n.a.	2,165	2,165	–	2,165	–
Currency forwards not designated as hedges	FVPL	139	139	–	139	–
Miscellaneous other financial liabilities	AC	25,355	25,355	–	–	–

Measurement categories aggregated under IFRS 9 – 31 Dec. 2023

Assets	AC	964,793
Equity and Liabilities	AC	361,066
Assets	FVPL	601
Equity and Liabilities	FVPL	139

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

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

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

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

Financial instruments by measurement category – 31 Dec. 2022

Balance sheet item / Class € thousands	Measurement category *	Carrying amount	Fair value	Fair value Level 1 **	Fair value Level 2 ***	Fair value Level 3 ****
Assets						
Non-current assets						
Non-current financial instruments	FVPL	53	53	53	–	–
Loans	AC	1,137	1,137	–	1,137	–
Current assets						
Trade receivables from third parties	AC	530,156	530,156	–	–	–
Trade receivables from related parties	AC	49,383	49,383	–	–	–
Receivables from loans to related parties	AC	2,498	2,498	–	–	–
Currency forwards designated as hedges	n.a.	2,522	2,522	–	2,522	–
Currency forwards not designated as hedges	FVPL	448	448	–	448	–
Other receivables and other current assets	AC	66,050	66,050	–	–	–
Cash and cash equivalents	AC	228,570	228,570	–	–	–
Equity and Liabilities						
Non-current liabilities						
Financial liabilities excluding lease obligations	AC	1,212	891	–	891	–
Lease obligations	n.a.	22,904	–	–	–	–
Current liabilities						
Financial liabilities excluding lease obligations	AC	13,104	13,104	–	–	–
Lease obligations	n.a.	13,526	–	–	–	–
Trade payables	AC	333,361	333,361	–	–	–
Currency forwards designated as hedges	n.a.	1,791	1,791	–	1,791	–
Currency forwards not designated as hedges	FVPL	531	531	–	531	–
Miscellaneous other financial liabilities	AC	21,599	21,599	–	–	–

Measurement categories aggregated under IFRS 9 – 31 Dec. 2022

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

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

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

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

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

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

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

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

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

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

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

→ Net results by measurement category

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

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

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

Net results by measurement category in 2023

		From subsequent measurement				
€ thousands	**From interest and dividends**	**At fair value**	**Currency translation**	**Impairment losses**	**From disposal**	**Net results**
Amortised cost (assets)	9,301	–	–848	–4,809	–	3,644
Amortised cost (equity and liabilities)	–4,389	–	–136	–	–	–4,525
FVPL (assets and equity and liabilities)	–	544	–	–	–	544
	4,912	**544**	**–984**	**–4,809**	**–**	**–337**

Net results by measurement category in 2022

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

2. Financial risks

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

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

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

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

Credit risk

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

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

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

Liquidity risk

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

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

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

In addition, it is always ensured that free credit facilities are sufficient; KSB identifies the need for these on the basis of regular liquidity planning. This way, it can respond at any time to fluctuating liquidity requirements. The available cash loans and credit lines total € 1,077.9 million (previous year: € 1,086.4 million). The utilisation of cash loans and credit lines by the Group was as follows at the end of the reporting year:

€ thousands / Type of line	Maximum amount of line	Utilisation as at 31 Dec.2023
Loans	420.1	10.5
Sureties	657.8	212.6

Cash loans and credit lines included amounts from a syndicated loan agreement signed in December 2018, whose credit line in the amount of € 300.0 million can be used at any time. The credit line from the syndicated loan agreement comes to € 350.0 million. Following the utilisation of renewal options by KSB in previous years, the cash loan and credit line now has a fixed term until the end of 2025.

The following tables show the contractually agreed non-discounted future cash flows of the financial liabilities (primary financial instruments) and derivative financial instruments. Interest payments on fixed-rate liabilities are determined on the basis of the fixed rate. Floating-rate interest payments are based on the last floating interest rates fixed before 31 December. Projections for future new liabilities are not included in the presentation. Based on the current state of knowledge, it is neither expected that the cash flows will take place significantly earlier, nor that the amounts will differ significantly.

Cash flows of financial liabilities 2023

€ thousands	Total	Up to 1 year	1 – 5 years	> 5 years
Financial liabilities	57,097	27,581	26,151	3,365
of which from lease obligations	46,094	16,971	25,830	3,293
Trade payables	324,723	324,723	–	–
Miscellaneous other financial liabilities	25,355	25,230	125	–
Derivative financial instruments (net)	2,304	2,202	102	–
	409,479	**379,736**	**26,378**	**3,365**

Cash flows of financial liabilities 2022

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

Market price risk

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

Currency risk

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

→ Currency volumes

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

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

→ Currency sensitivity

Currency volumes

€ thousands	CNY 31 Dec. 2023	CNY 31 Dec. 2022	USD 31 Dec. 2023	USD 31 Dec. 2022	INR 31 Dec. 2023	INR 31 Dec. 2022	BRL 31 Dec. 2023	BRL 31 Dec. 2022
Trade receivables	44,590	47,261	30,235	36,586	53,110	46,549	20,550	18,834
Trade payables	49,093	47,863	22,322	24,460	41,235	36,910	16,190	24,210
Balance	–4,502	–602	7,912	12,126	11,875	9,639	4,360	–5,376

Currency sensitivity as at 31 December 2023

	Effect on consolidated earnings for		Effect on other comprehensive income for	
€ millions	Increase in the value of the euro by + 10 %	Decrease in the value of the euro by – 10 %	Increase in the value of the euro by + 10 %	Decrease in the value of the euro by – 10 %
CNY	0.8	–0.8	0.5	–0.5
USD	1.8	–1.8	4.5	–4.5
INR	–1.2	1.2	–	–
BRL	–0.4	0.4	–	–

Currency sensitivity as at 31 December 2022

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

Interest rate risks

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

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

Interest rate sensitivity

	31 Dec. 2023		31 Dec. 2022	
€ millions	+ 100 basis points	– 100 basis points	+ 100 basis points	– 100 basis points
Consolidated earnings	3.7	–3.7	2.6	–2.6

3. Hedge accounting

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

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

In order to measure the effectiveness or ineffectiveness of hedges, KSB compares the fair value of the underlying and the hedge transactions. Changes in the fair value of the derivatives are almost completely offset by changes in the fair value of the cash flows from the underlyings (dollar offset method). The changes in the fair value of the underlyings and hedges in the financial year therefore match the unrealised profits and losses recorded under equity. As a rule, KSB does not hedge currency risks from the translation of foreign operations into the Group currency (€). Ineffectiveness can arise from hedging currency risk if the material measurement parameters of the underlying and hedge no longer match. There was no material ineffectiveness in the KSB Group in respect of currency hedges in the 2023 and 2022 financial years.

At the reporting date, the notional volume of the currency forwards designated as hedges was € 215,935 thousand (previous year: € 188,568 thousand). In addition to the US dollar, the hedged currency risk relates to a number of other currencies to a lesser extent. The weighted average EUR / USD exchange rate for hedging instruments denominated in US dollars was 1.11 (previous year: 1.07) as at the balance sheet date. The contractual maturities of payments for these currency forwards are as follows:

Notional volumes in 2023

€ thousands	Total	Up to 1 year	1 – 5 years	> 5 years
Currency forwards designated as hedges	215,935	204,144	11,791	–

Notional volumes in 2022

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

The "Changes in the fair value of derivatives" table shows the change in the hedging reserve and in the cost of the hedging reserve for currency hedges before tax. In the reporting year, the realisation of the underlying recognised in income includes amounts of € 62 thousand (previous year: € 29 thousand) resulting from hedging transactions in which the hedged future cash flows are no longer expected to occur.

Fair value changes in derivatives in 2023

	OCI	
€ thousands	Cash flow hedges – Hedging reserve	Cash flow hedges – Hedging cost reserve
Currency risk		
Opening balance at 1 January	1,560	–1,012
Effective portion of changes in fair value	–832	2,191
Realisation of underlying recognised in income	–429	–1,389
Closing balance at 31 December	**299**	**–210**

Fair value changes in derivatives in 2022

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

VII. STATEMENT OF CASH FLOWS

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

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

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

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

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

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

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

Change in financial liabilities in 2023

			Non-cash changes		
€ thousands	1 Jan. 2023	Cash-effective in cash flows from financing activities	Additions / Disposals / Acquisitions / Other	Exchange-rate-related changes	31 Dec. 2023
Non-current financial liabilities (excluding lease liabilities)	1,213	–865	612	–170	790
Current financial liabilities (excluding lease liabilities)	13,103	–2,835	1,933	–2,001	10,200
Lease liabilities	36,430	–19,100	27,237	–545	44,022
Total financial liabilities	**50,746**	**–22,801**	**29,782**	**–2,717**	**55,011**

Change in financial liabilities in 2022

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

VIII. SEGMENT REPORTING

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

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

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

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

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

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

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

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

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

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

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

EBIT includes depreciation and amortisation of € 40,994 thousand (previous year: € 42,705 thousand) for the Pumps Segment, € 11,353 thousand (previous year: € 11,592 thousand) for the Valves Segment and € 35,747 thousand (previous year: € 36,122 thousand) for the KSB SupremeServ Segment.

The total depreciation and amortisation included impairment losses on intangible assets, property, plant and equipment, and rights of use to leased assets in the amount of € 2,476 thousand (previous year: € 5,594 thousand). Of these impairments, € 1,472 thousand (previous year: € 2,712 thousand) relate to the Pumps Segment, € 1,004 thousand (previous year: € 2,447 thousand) to the KSB SupremeServ Segment and € 435 thousand in the previous year to the Valves Segment. In addition, the write-downs for the reporting year include reversals of impairments on property, plant and equipment in the amount of € 2,194 thousand. These were attributable to the Pumps Segment in the amount of € 1,811 thousand, the Valves Segment in the amount of € 300 thousand and the KSB SupremeServ Segment in the amount of € 83 thousand.

€ 641,992 thousand (previous year: € 560,517 thousand) of the sales revenue presented were generated by the companies based in Germany, € 215,770 thousand (previous year: € 215,103 thousand) by companies in China, € 200,211 thousand (previous year: € 180,404 thousand) by companies in France, € 238,773 thousand (previous year: € 238,973 thousand) by companies in the USA, € 249.847 thousand (previous year: € 218,850 thousand) by companies in India and € 1,272,395 thousand (previous year: € 1,159,540 thousand) by the other Group companies.

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

At the reporting date, the total non-current assets of the KSB Group under review for the purposes of segment reporting amounted to € 749,300 thousand (year-end figure in previous year: € 712,238 thousand), with € 285,090 thousand (year-end figure in previous year: € 256,585 thousand) being attributable to the companies based in Germany and € 464,210 thousand (year-end figure in previous year: € 455,653 thousand) being attributable to the other Group companies. The values presented include intangible assets, rights of use to leased assets, property, plant and equipment and investments accounted for using the equity method.

Segment reporting

	Order intake		Sales revenue		EBIT	
€ thousands	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Pumps Segment	1,576,483	1,585,727	1,513,653	1,390,192	52,301	27,718
Valves Segment	392,573	359,676	361,435	333,072	–7,522	–4,635
KSB SupremeServ Segment	990,418	916,684	943,900	850,123	179,123	146,020
Total	**2,959,474**	**2,862,087**	**2,818,988**	**2,573,387**	**223,902**	**169,103**

IX. OTHER DISCLOSURES

Capital disclosures

Sufficient financial independence is a key requirement for safeguarding KSB's continued existence in the long term. Obtaining the necessary funds for ongoing business operations is also extremely important for KSB. KSB regularly monitors the development of the net financial position that is derived from the balance of interest-bearing financial liabilities and financial assets (mainly cash and cash equivalents as well as receivables from deposits). One objective is to avoid net debt. The net financial position at the end of the reporting year was € 324.9 million (previous year: € 225.6 million). This rise is essentially due to the marked increase in cash flows from operating activities.

Contingent liabilities

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

Contingent liabilities

€ thousands	31 Dec. 2023	31 Dec. 2022
From legal disputes	2,264	3,090
from guarantees	2,055	2,000
From warranty agreements	1,755	5,109
From other tax matters	13,432	13,207
From other contingent liabilities	503	3,177
	20,009	**26,583**

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

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

In addition, the KSB Group has contingent liabilities towards associates and joint ventures of € 7,163 thousand (previous year: € 7,311 thousand). The extent to which these will result in a cash outflow depends on the future business performance of the respective company.

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

Other financial obligations

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

The aggregate purchase obligation for investments amounts to € 27,852 thousand (previous year: € 27,273 thousand). Of this amount, € 1,052 thousand (previous year: € 2,717 thousand) is attributable to intangible assets and € 26,800 thousand (previous year: € 24,556 thousand) to property, plant and equipment. Most of the corresponding payments are due in 2024.

Leases

KSB as lessee

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

The total cash outflow from leases, in the form of the repayment of lease liabilities, payments for leases relating to low-value assets and for short-term leases as well as variable lease payments, totalled € 29,060 thousand in the reporting year (previous year: € 26,697 thousand).

The Group expects future payments of € 5,328 thousand (previous year: € 5,967 thousand) from leases already concluded where the leased asset had not yet been made available to KSB by the lessor for use at the reporting date.

KSB as lessor

KSB acts as a lessor to a small extent, including in the context of real estate leasing. These activities have no material impact on the consolidated financial statements, so no further disclosures are made in this context.

Research and development costs

Research and development costs in the reporting year amounted to € 60,577 thousand (previous year: € 56,307 thousand).

Related party disclosures

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

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

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

Related parties (entities)

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

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

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

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

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

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

→ Services, receivables and liabilities in dealings with related parties

Services, receivables and liabilities in dealings with related parties

	Sale of assets and services		Purchases of assets and services		Trade receivables		Trade payables	
€ thousands	2023	2022	2023	2022	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
KSB Management SE	5	4	6,711	6,179	–	–	4,148	3,652
Klein, Schanzlin & Becker GmbH	–	–	–	–	–	–	–	–
KSB Stiftung and Kühborth-Stiftung GmbH	–	–	–	–	–	–	–	–
Johannes und Jacob Klein GmbH	–	1	9	21	–	–	–	16
Subsidiaries of Johannes und Jacob Klein GmbH	647	572	3,999	3,936	136	104	268	339
Associates / joint ventures of Johannes und Jakob Klein GmbH	–	–	–	–	–	–	–	–
Joint ventures	44,289	43,078	1,506	2,182	41,811	40,867	434	439
Associates	3	5	6,422	6,595	1,483	610	544	415
Companies not consolidated due to immateriality	8,953	13,124	411	274	5,357	7,802	398	127

Pending balances at the year end are unsecured, do not accrue interest and are settled by means of payments. No guarantees were given or received. At the reporting date, impairments of € 151 thousand (previous year: € 87 thousand) were recognised on the presented receivables from companies not consolidated due to immateriality.

As the legal representative, KSB Management SE provides management services for KSB. The management fee is charged on to KSB SE & Co. KGaA. In addition, KSB Management SE as general partner assumes liability for KSB and receives annual remuneration for this amounting to 4 % of its share capital. Accordingly, € 6,554 thousand (previous year: € 5,964 thousand) of the purchases of assets and services from KSB Management SE relate firstly to the remuneration of the members of the governing bodies of KSB Management SE, which is explained in more detail under the “Related parties (persons)” sub-section below. Secondly, they include the liability remuneration in the amount of € 20 thousand (previous year: € 20 thousand) and a further reimbursement of expenses in connection with the management of the Group’s business in the amount of € 137 thousand (previous year: € 194 thousand). The liabilities to KSB Management SE are due in the short term.

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

Transactions with subsidiaries of Johannes und Jacob Klein GmbH comprise transactions with Palatina Versicherungsservice GmbH, Abacus alpha GmbH, Abacus Resale GmbH, Abacus Experten GmbH, Salinnova GmbH and airinotec GmbH). A services agreement for insurances is in place between Palatina Versicherungsservice GmbH and KSB SE & Co. KGaA. Abacus Experten GmbH concluded a number of service agreements with KSB SE & Co. KGaA. In particular, there is a framework delivery and service agreement with Abacus Resale GmbH for the purchase of returns and the provision of additional related services. In addition, products were delivered to Abacus Resale GmbH and to airinotec GmbH as part of the normal business activities. Services were provided by Abacus alpha GmbH to a minor extent. In the previous year, there was also a two-way supply of products with Salinnova GmbH.

Further information on joint ventures, associates and companies not consolidated due to immateriality is provided in Section IV. Balance Sheet Disclosures – Notes No. 4 “Other financial assets”, Notes No. 6 “Investments accounted for using the equity method”, Notes No. 8 “Contract assets, trade receivables and other financial and non-financial assets”, Notes No. 13 “Liabilities” and in Section IX. Other Disclosures – Contingent Liabilities. In addition, the cash flows from the granting of loans and from capital measures with the aforementioned companies are shown in the statement of cash flows under cash flows from investing activities.

Related parties (persons)

The members of the Supervisory Board, the Managing Directors of KSB Management SE and the members of the Administrative Board of KSB Management SE, as well as their close family members, are deemed to be related parties of the KSB Group. Further information is provided below, in these consolidated financial statements, before the comments concerning the proposal on the appropriation of the net retained earnings of KSB SE & Co. KGaA.

In the reporting year, two members of the Administrative Board 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 the Group, i.e. the Managing Directors and the members of the Administrative Board of KSB Management SE, is listed in the following table. The amounts are paid by KSB under an expense reimbursement agreement.

Management remuneration

€ thousands	2023	2022
Short-term benefits	4,594	3,729
Post-employment benefits	1,439	1,602
Other long-term benefits	521	633
Total	**6,554**	**5,964**

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-time 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.

As at the reporting date, the Group recognised provisions for pension obligations to current Managing Directors of KSB Management SE amounting to € 644 thousand (previous year: € 578 thousand), and to former members of the Board of Management of KSB AG (excluding the Managing Directors of KSB Management SE) and their surviving dependants amounting to € 32,084 thousand (previous year: € 33,070 thousand). The total remuneration of the latter persons amounted to € 2,761 thousand in the past financial year (previous year: € 2,380 thousand).

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 amount 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.

In addition, assets and services amounting to € 20 thousand (previous year: € 21 thousand) were sold to other related parties (corporate bodies) in the reporting year.

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.

The following table shows the total fees for all services that KSB utilised in the reporting year from the global PwC network, to which the group auditors belong. It also shows the specific share of the total amount attributable to the Group auditors based in Germany.

Total fees PricewaterhouseCoopers / Group auditors in 2023

€ thousands	Global PwC network	Attributable to: PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
Audit fees	2,361	886
Tax advisory services	40	–
Other certification services	98	76
Other services	139	104
	2,638	1,066

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

Use of exemption option

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

Events after the Reporting Period

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

German Corporate Governance Code

The Managing Directors and the Supervisory Board of KSB SE & Co. KGaA issued the current Statement of Compliance with the recommendations of the Government Commission on the German Corporate Governance Code in accordance with Section 161 AktG [*Aktiengesetz* – German Public Companies Act] on 13 December 2023. The Statement is accessible to the public at KSB's web site: www.ksb.com > Investor Relations > Corporate Governance > Statement and Report.

List of Shareholdings

Affiliates (national and international)

Cons. No.	Name and seat	Country	Activity[1]	Capital share in %	Group share of capital in %	Held by No.
1	Aplicaciones Mecánicas Válvulas Industriales, S.A. (AMVI), Burgos	Spain	P	100.00	100.00	
2	Canadian Kay Pump Limited, Mississauga / Ontario	Canada	H	100.00	100.00	
3	KSB Limited, Pimpri (Pune)	India	P	40.54	40.54	2
4	KSB MIL Controls Limited, Annamanada	India	P	49.00	19.86	3
				51.00	51.00	
5	Pofran Sales & Agency Limited, Pimpri (Pune)	India	S	100.00	40.54	3
6	DAG - Dieselanlagen Service GmbH, Oberwaltersdorf	Austria	S	100.00	100.00	
7	Dynamik-Pumpen GmbH, Stuhr	Germany	SVC	100.00	100.00	
8	Hydroskepi GmbH, Amaroussion (Athens)	Greece	H	100.00	100.00	
9	KAGEMA Industrieausrüstungen GmbH, Pattensen	Germany	P	100.00	100.00	
10	KSB Armaturen Verwaltungs- und Beteiligungs-GmbH, Frankenthal	Germany	H	100.00	100.00	
11	OOO “KSB”, Moscow	Russia	P	100.00	100.00	10
12	IOOO “KSB BEL”, Minsk	Belarus	S	99.52	99.52	11
				0.48	0.48	10
13	TOO "KSB Kazakhstan", Almaty	Kazakhstan	S	100.00	100.00	11
14	TOV “KSB Ukraine”, Kyiv	Ukraine	S	100.00	100.00	11
15	TOB “KSB Ukraine” LLC, Kyiv	Ukraine	S	100.00	100.00	10
16	KSB Belgium S.A., Bierges-lez-Wavre	Belgium	S	100.00	100.00	
17	KSB Service Belgium S.A./N.V., Bierges-lez-Wavre	Belgium	SVC	100.00	100.00	16
18	KSB, Bombas e Válvulas, SA, Albarraque	Portugal	S	92.00	92.00	
				1.00	1.00	27
				1.00	1.00	61
				1.00	1.00	28
19	KSB Čerpadlá a Armatúry, s.r.o., Bratislava	Slovakia	S	100.00	100.00	
20	KSB Chile S.A., Santiago	Chile	P	100.00	100.00	
21	KSB Colombia S.A.S., Funza (Cundinamarca)	Colombia	S	100.00	100.00	
22	KSB de Mexico, S.A. de C.V., Querétaro	Mexico	P	100.00	100.00	
23	KSB Finance Nederland B.V., Zwanenburg	Netherlands	H	100.00	100.00	
24	D.P. Industries B.V., Alphen aan den Rijn	Netherlands	H	100.00	100.00	23
25	Duijvelaar Pompen B.V., Alphen aan den Rijn	Netherlands	SVC	100.00	100.00	24
26	KSB Manufacturing Netherlands B.V., Alphen aan den Rijn	Netherlands	P	100.00	100.00	24
27	KSB Nederland B.V., Zwanenburg	Netherlands	S	100.00	100.00	23
28	KSB FINANZ GmbH, Frankenthal	Germany	H	100.00	100.00	
29	Dalian KSB AMRI Valves Co., Ltd., Dalian	China	P	100.00	100.00	28
30	KSB Algérie Eurl, Bordj el Kifane (Alger)	Algeria	S	100.00	100.00	28
31	KSB Australia Pty Ltd, Bundamba QLD	Australia	P	100.00	100.00	28
32	KSB New Zealand Limited, Albany / Auckland	New Zealand	S	100.00	100.00	31

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

Cons. No.	Name and seat	Country	Activity [1]	Capital share in %	Group share of capital in %	Held by No.
33	KSB BRASIL LTDA., Várzea Paulista	Brazil	P	100.00	100.00	28
34	KSB Compañía Sudamericana de Bombas S.A., Carapachay (Buenos Aires)	Argentina	P	95.00	95.00	28
				5.00	5.00	
35	KSB Middle East FZE, Dubai	U.A.E.	S	100.00	100.00	28
36	KSB Pumps (S.A.) (Pty) Ltd., Germiston (Johannesburg)	South Africa	H	100.00	100.00	28
37	KSB Pumps and Valves (Pty) Ltd., Germiston (Johannesburg)	South Africa	P	70.00	70.00	36
38	KSB PUMPS AND VALVES LIMITED, Nairobi	Kenya	S	100.00	100.00	36
39	KSB Shanghai Pump Co., Ltd., Shanghai	China	P	80.00	80.00	28
40	KSB Finland Oy, Kerava	Finland	S	100.00	100.00	
41	KSB Hungary Kft., Budapest	Hungary	S	100.00	100.00	
42	KSB Italia S.p.A., Milan	Italy	P	100.00	100.00	
43	KSB ITUR Spain S.A., Zarautz	Spain	P	100.00	100.00	
44	KSB Korea Ltd., Seoul	South Korea	P	100.00	100.00	
45	KSB Limited, Hong Kong	China	S	100.00	100.00	
46	KSB Pump & Valve Technology Service (Tianjin) Co., Ltd, Tianjin	China	SVC	100.00	100.00	45
47	KSB Limited, Loughborough	United Kingdom	S	100.00	100.00	
48	KSB Ltd., Tokyo	Japan	S	100.00	100.00	
49	KSB Norge AS, Ski	Norway	P	100.00	100.00	
50	KSB Österreich Gesellschaft mbH, Vienna	Austria	S	100.00	100.00	
51	KSB Perú S.A., Lurin	Peru	S	100.00	100.00	
52	KSB Polska Sp. z o.o., Ozarow-Mazowiecki	Poland	S	100.00	100.00	
53	KSB-Pompa, Armatür Sanayi ve Ticaret A.S., Ankara	Turkey	P	100.00	100.00	
54	KSB Pumps and valves L.t.d., Domžale	Slovenia	S	100.00	100.00	
55	KSB Pumps Co. Ltd., Bangkok	Thailand	P	40.00	40.00	
56	KSB Pumps Company Limited, Lahore	Pakistan	P	58.89	58.89	
57	KSB Pumps Inc., Mississauga / Ontario	Canada	S	100.00	100.00	
58	KSB-Pumpy+Armatury s.r.o., koncern, Prague	Czech Republic	S	100.00	100.00	
59	KSB S.A.S., Gennevilliers (Paris)	France	P	100.00	100.00	
60	KSB POMPES ET ROBINETTERIES S.à.r.l. d'Associé unique, Casablanca	Morocco	S	100.00	100.00	59
61	KSB (Schweiz) AG, Oftringen	Switzerland	S	100.00	100.00	
62	KSB Seil Co., Ltd., Busan	South Korea	P	100.00	100.00	
63	KSB Service GmbH, Frankenthal	Germany	SVC	100.00	100.00	
64	KSB Service GmbH, Schwedt	Germany	SVC	100.00	100.00	
65	KSB Singapore (Asia Pacific) Pte Ltd, Singapore	Singapore	P	100.00	100.00	
66	KSB Malaysia Pumps & Valves Sdn. Bhd., Shah Alam	Malaysia	P	100.00	100.00	65
67	KSB PHILIPPINES, INC., Makati City	Philippines	S	100.00	100.00	65
68	KSB Vietnam Co., Ltd, Long Thanh District	Vietnam	S	100.00	100.00	65
69	KSB Sverige Aktiebolag, Gothenburg	Sweden	S	100.00	100.00	
70	KSB Sverige Fastighets AB, Gothenburg	Sweden	S	100.00	100.00	69
71	PUMPHUSET Sverige AB, Sollentuna	Sweden	SVC	100.00	100.00	69
72	KSB Taiwan Co., Ltd., New Taipei City	Taiwan	S	100.00	100.00	
73	KSB Tech Pvt. Ltd., Pimpri (Pune)	India	T	100.00	100.00	
74	KSB Valves (Changzhou) Co., Ltd., Jiangsu	China	P	100.00	100.00	

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

Cons. No.	Name and seat	Country	Activity[1]	Capital share in %	Group share of capital in %	Held by No.
75	PAB Pumpen- und Armaturen-Beteiligungsges. mbH, Frankenthal	Germany	H	51.00	51.00	
76	KSB America Corporation, Richmond / Virginia	USA	H	100.00	51.00	75
77	GIW Industries, Inc., Grovetown / Georgia	USA	P	100.00	51.00	76
78	KSB Dubric, Inc., Comstock Park / Michigan	USA	SVC	100.00	51.00	76
79	KSB, Inc., Richmond / Virginia	USA	P	100.00	51.00	76
80	KSB, Inc. – Western Division, Bakersfield / California	USA	SVC	100.00	51.00	76
81	Standard Alloys Incorporated, Port Arthur / Texas	USA	SVC	100.00	51.00	76
82	PMS-BERCHEM GmbH, Neuss	Germany	SVC	100.00	100.00	
83	PT. KSB Indonesia, Cibitung	Indonesia	P	94.06	94.06	
				5.94	5.94	28
84	PT. KSB Sales Indonesia, Cibitung	Indonesia	S	99.00	99.00	83
				1.00	1.00	
85	Pumpen-Service Bentz GmbH, Reinbek	Germany	SVC	100.00	100.00	
86	REEL s.r.l., Ponte di Nanto	Italy	P	100.00	100.00	
87	SISTO Armaturen S.A., Echternach	Luxembourg	P	52.85	52.85	
88	Uder Elektromechanik GmbH, Friedrichsthal	Germany	SVC	100.00	100.00	

Joint ventures (international)

Cons. No.	Name and seat	Country	Activity[1]	Capital share in %	Group share of capital in %	Held by No.	Equity [2] € thousands	Net profit / loss for the year[2] € thousands
89	KSB MOTOR TEKNOLOJİLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ, Ankara	Turkey	P	55.00	55.00	53	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 (international)

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

[1] P = Production / assembly, S = Sales, SVC = Service, H = Holding, T = Technical service provider
[2] Data according to latest annual financial statements under IFRS

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

Cons. No.	Name and seat	Country	Activity [1]	Capital share in %	Group share of capital in %	Held by No.	Equity [2] € thousands	Net profit / loss for the year [2] € thousands
94	Geheimrat Dr. Jacob Klein-Unterstützungseinrichtung e.V.	Germany		100.00	100.00		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	48.00	48.00		988	339
				11.00	11.00	97		
				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

[1] P = Production / assembly, S = Sales, SVC = Service, H = Holding, T = Technical service provider
[2] Data according to latest annual financial statements under IFRS

Supervisory Board

Dr. Bernd Flohr, Dipl.-Kfm., Dipl.-Soz., Geislingen
(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
1st Delegate and Managing Director of
IG Metall Ludwigshafen / Frankenthal

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

Prof. Dr.-Ing. Corinna Salander, Dipl.-Physikerin, 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
1st Delegate and Treasurer of IG Metall Ostoberfranken

Gabriele Sommer, Dipl.-Geol., Wörthsee [2)]
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 [1)]
Strategy, Human Resources, Communications,
Internal Audits, Legal & Compliance,
Patents & Trademarks, Service (since 1 April 2023)

Dr. Stephan Bross, Weinheim [2)]
Global Operations, Research and Development, Innovation and Complexity Management, Digital Transformation, Committees and Associations

Ralf Kannefass, Regensburg [3)]
Sales, Service (until 31 March 2023) and Marketing

Dr. Matthias Schmitz, Frankenthal [4)]
Taxes, Controlling KSB Group, Finance, Accounting,
Information Technology and Procurement

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

1) KSB America Corporation, Richmond / Virginia, USA,
GIW Industries, Inc., Grovetown / Georgia, USA

2) KSB Limited, Pimpri (Pune), India
KSB MOTOR TEKNOLOJİLERİ SANAYİ VE TİCARET ANONİM ŞİKETİ, Ankara, Turkey
KSB MIL Controls Limited, Annamanada, India

3) KSB Shanghai Pump Co., Ltd., Shanghai, China
Shanghai Electric-KSB Nuclear Pumps and Valves Co., Ltd., Shanghai, China
KSB Pumps (S.A.) (Pty) Ltd., Germiston (Johannesburg), South Africa
KSB Pumps and Valves (Pty) Ltd., Germiston (Johannesburg), South Africa

4) KSB Valves S.A., Echternach, Luxembourg (until 18 Dec. 2023)
KSB Finance Nederland B.V., Zwanenburg, the Netherlands
Canadian Kay Pump Limited, Mississauga / Ontario, Canada
KSB Limited, Pimpri (Pune), India
KSB Shanghai Pump Co., Ltd., Shanghai, China
KSB BRASIL LTDA., Várzea Paulista, Brazil
KSB Pumps Arabia Ltd., Riyadh, Saudi Arabia
KSB Österreich Gesellschaft mbH, Vienna, Austria

Members of the Administrative Board of KSB Management SE

Oswald Bubel, Chair, Saarbrücken

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

Günther Koch, Ludwigshafen

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

Andrea Teutenberg, Kaarst [2)]

Mandates on statutory Supervisory Boards

1) Evonik Operations GmbH, Essen, Germany (Chair of the Supervisory Board)
Currenta GmbH & Co. OHG, Leverkusen, Germany

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
Total	**45,759,327.12**
Carried forward to new account	**42,882,307.66**
	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