

Half-year Financial Report 2023



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Interim Management Report for the Six Months Ended 30 June 2023

Basic Principles of the Group

The basic business model of the KSB Group (hereinafter also referred to as “KSB” or the “Group”) has not changed compared with the presentation in the 2022 consolidated financial statements. External economic and political changes, however, have had a partial effect on business. These are – where relevant and material to KSB – described in the following sections.

KSB takes management decisions primarily 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 Supreme-Serv reporting segments (hereinafter also referred to as “Segments”).

Macroeconomic Environment and Sector View

The outlook for global economic development in the current year improved at the start of the year. This is attributable to China’s strong recovery after the pandemic, the easing of supply chain disruptions and adaptation to the distortions on the energy and commodity markets due to the war in Ukraine. At the same time, the monetary policy tightening measures to curb inflation showed the first signs of taking effect. Inflation rates declined as a result of interest rate increases by the central banks, and falling energy and commodity prices. Core inflation, however, proved persistent. The turbulence on the financial markets dampened the outlook for global economic growth and financial market instability emerged as a considerable risk.

Overall, the downside risks prevail for the global economic development forecast. The threat of upheaval on the financial markets due to systemic risks, combined with a coinciding high level of debt, could lead to a drastic deterioration in financing conditions and therefore weaken the real economy. Higher and prolonged core inflation could force central banks to tighten their monetary policy measures even more and therefore slow down growth further. Another risk is the ongoing war in Ukraine, which is not only driving up energy and commodity prices again but could even spread to other countries. Growing

geopolitical tensions and fragmentation into geopolitical blocs on the one hand are one reason for lowering medium-term growth expectations. On the other hand, they represent a risk factor for the forecast.

In the latest estimate of the International Monetary Fund (IMF) of July 2023, the global average growth forecast for the current year was slightly raised compared with the estimate at the beginning of the year. Global economic output is anticipated to grow by 3.0 %, and global inflation expectations have increased to 6.8 % compared with the start of the year. The IMF has raised its economic growth forecast slightly for the economically advanced countries to 1.5 % and expects an inflation rate of 4.7 % in these countries.

In the USA, high inflation and rising interest rates led to lower consumer spending and a slowdown in growth. Although the forecasts were raised slightly, the economy is expected to grow by only 1.8 %. The legislation passed in recent years to improve infrastructure and combat inflation is intended to offer considerable incentive for investments and develop their impact.

The negative impact of the war is felt most in Europe. Expected growth in the euro zone is estimated at 0.9 %, which is only marginally above the forecast at the beginning of the year.

In China, one of KSB’s most important markets, growth will accelerate to 5.2 % according to the IMF forecast, which is in agreement with expectations at the start of the year. This is attributable to the economic recovery after the pandemic-related restrictions were lifted. The real estate market, too, has stabilised, reflecting tighter regulation and restored confidence. Major infrastructure projects are also making an impact. The inflation trend remained low by international standards, so that the economy could also be stimulated through monetary policy measures.

In India, another important market for KSB, weaker export growth, inflation and a more restrictive monetary policy slowed down growth. The forecast remained at 6.1 %.

The economy of the ASEAN countries is expected to grow by 4.6 %, which is slightly above expectations at the beginning of the year. Growth is subdued by the negative impact of inflation and slower global growth coinciding with these countries' high foreign trade ratio.

In Brazil, where KSB holds a strong market position, growth is slowing down due to lower momentum in domestic demand and exports. Nonetheless, the current forecast for the year was raised to 2.1 %.

Following the strong momentum in the previous year, growth in the countries in the Region Middle East was a more moderate 2.6 %. This development is somewhat weaker than expected at the start of the year. For energy-exporting countries this is mainly attributable to lower energy prices, while countries importing crude oil are held back by inflation and more restrictive monetary policy.

The Sub-Saharan countries are anticipated to grow at a rate of 3.5 %, which is slightly lower than expected at the beginning of the year.

SLOWER GROWTH IN MECHANICAL ENGINEERING

Demand for capital goods and machinery and equipment is rising only slowly, because of continued high inflation rates and ongoing monetary policy tightening by the central banks.

The German Mechanical Engineering Industry Association (VDMA) is forecasting growth of 1 % in global real sales revenue in mechanical engineering. Despite capital goods schemes, sales revenue adjusted for inflation is expected to decline in the USA and the euro zone.

Sales revenue of mechanical engineering companies producing in Germany rose by 15 %, unadjusted for inflation, compared with the prior-year period. However, the order intake unadjusted for inflation declined by 6 % in the same period.

Order volumes (unadjusted for inflation) of liquid pumps produced in Germany increased compared with the prior-year period. Similarly, the order volume for industrial valves saw an increase. By comparison, the order volume for building services valves declined.

PERFORMANCE OF KEY MARKETS

The global deceleration of economic growth was also reflected in the individual sales markets for pumps and valves, albeit with varying intensity and time lags.

Key sales markets for KSB continued to be general industry, the water and waste water sector and the energy industry.

In general industry, growth in machinery and equipment production as well as in metal processing, adjusted for inflation, was subdued. This is attributable to rising financing costs as a result of interest rate increases and weaker demand for capital goods. Expectations for the further course of the year were revised downwards compared with the start of the year. By comparison, growth in vehicle construction is higher, reflecting higher orders on hand and a normalisation of supply chains. Stable growth is expected in the course of the year for the pharmaceutical industry, which is confirmed by the statistics for the first few months. In the consumer goods industry, by contrast, growth is somewhat more subdued, due to inflation and lower demand.

Investments in water and waste water management are less sensitive to cyclical fluctuations compared with other sectors. State-subsidised infrastructure programmes in numerous countries, including the USA, EU member states and India, as well as tighter environmental regulation and market requirements for energy efficiency and digitalisation, ensure the continued robust growth of these investments.

In the energy industry, energy prices have normalised again and a shortage of gas in Europe did not materialise. The decarbonisation strategies of many countries and the previous year's energy crisis triggered a sharp rise in investment in electrification and decarbonisation technologies (hydrogen, wind power, nuclear power, battery storage), which continued in the current year.

Investment in crude oil and gas production will rise only slightly in the course of the year, despite the record profits made in the previous year. The regional focus of investment is the Middle East, while investment in other regions remains low. In addition to capacity expansion, it also includes the transition to clean energy through carbon storage and utilisation as well as hydrogen. The expansion of the liquefied natural gas (LNG) infrastructure, which was boosted significantly by the sanctions against Russia and changes in global trade flows, will continue at a strong pace in the current year. New capacity is being created, especially in North America and the Middle East. Growth in the chemical industry, which was already low in the previous year due to high energy and raw



material costs, slowed further and is expected to be lower in the current year than in the previous year. This is attributable to weaker demand overall and higher costs.

The slowdown in global economic growth is also putting the brakes on the construction industry worldwide. Civil engineering remains largely unaffected by this, boosted by the infrastructure subsidy programmes in many countries. Momentum in non-residential building construction is modest, due to higher interest rates, weaker demand in the sectors and a reluctance to invest. Inflation, interest rate increases and falling real income are the main factors stalling the development in residential building construction. Construction output is even expected to decline in the course of the year.

The mining of coal and metals is facing subdued demand in the face of slower economic growth, with the development in China in particular playing an important role. The mining sector is being increasingly shaped by the focus on sustainability and promotion of decarbonisation technologies, as well as by geopolitical strategies of individual countries. The US Inflation Reduction Act, in particular, is seen as a driver of global investment in critical commodities. Oil sands production rose slightly in the reporting period.

Business Development and Results of Operations

Despite all the global economic uncertainties, KSB continued to expand its order intake, sales revenue and earnings before finance income / expense and taxes (EBIT) in the first half of 2023.

Order intake increased considerably overall compared with the prior-year period. Demand in the standard business, especially in General Industry and Building Services, slowed down in the second quarter, reflecting the economic downturn especially in Europe. The Mining and Energy Market Areas, which focus on the project business, were particularly strong in terms of incoming orders.

Sales revenue increased strongly in the first six months compared with the prior-year period.

The Group further increased its profitability year on year and generated a very good return on sales.

KSB continues to benefit from its broad positioning across several Market Areas and Regions, so that declines on the one hand can be offset by strength on the other.

CONSIDERABLE GROWTH IN ORDER INTAKE

Order intake in the first six months of the 2023 financial year amounted to € 1,608.7 million (previous year: € 1,487.2 million). The € 121.4 million or 8.2 % increase resulted for the most part from the encouraging development of order intake in the energy and mining business.

The order intake of € 875.5 million (previous year: € 843.2 million) in the Pumps Segment was up significantly by € 32.3 million or 3.8 % on the first half of 2022. Order intake totalling € 173.1 million (previous year: € 115.0 million) in the Mining and Energy operating segments, which include the project business in particular, was 50.5 % higher compared with the prior-year period. While the rise in the Mining Market Area is attributable to higher order intake for large-scale projects, the increase in the Energy Market Area is based on strong participation in the European and Asian power plant markets. The Standard Markets operating segment achieved order intake of € 702.4 million (previous year: € 728.2 million). This equates to a decline of 3.5 %. This is attributable, among other things, to a major order in the Water Market Area in the prior-year period, which was not matched by comparable order intake in the reporting year. The Region Europe contributed the largest share of order intake of the Pumps Segment with € 408.6 million (previous year: € 437.5 million), followed by the Region Asia / Pacific with € 269.7 million (previous year: € 225.6 million) and the Regions Americas and Middle East / Africa / Russia, each with lower contributions in absolute terms. The highest growth rate was reported in Asia / Pacific.

The Valves Segment achieved a € 24.8 million increase in order intake to € 220.7 million (previous year: € 195.9 million) and therefore growth of 12.7 %. The main driver was higher order intake in the energy business. At € 130.9 million (previous year: € 121.4 million), the Region Europe accounted for the largest share of order intake of the Valves Segment. The next-largest contributions amounted to € 68.8 million (previous year: € 57.8 million) from the Region Asia / Pacific, followed by the Region Americas and the Region Middle East / Africa / Russia. The strongest growth rate was achieved in the Region Asia / Pacific.

Segment reporting

€ thousands	Order intake		Sales revenue		EBIT	
	Six months ended					
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Pumps Segment	875,473	843,244	745,591	608,023	19,186	10,495
Valves Segment	220,680	195,893	183,903	160,067	4,360	-3,960
KSB SupremeServ Segment	512,522	448,102	457,111	377,588	88,563	46,961
Total	1,608,675	1,487,239	1,386,605	1,145,678	112,109	53,496



Order intake in the KSB SupremeServ Segment, which covers all service and spare parts activities, rose substantially by € 64.4 million or 14.4 % to € 512.5 million (previous year: € 448.1 million). This is attributable to higher spare parts sales in the energy business and to price increases, among other things. In the KSB SupremeServ Segment, too, the Region Europe made the greatest contribution to order intake with € 246.2 million (previous year: € 210.1 million), followed by Americas with € 148.6 million (previous year: € 133.3 million) and Asia / Pacific and Middle East / Africa / Russia. The highest growth rate was reported in Asia / Pacific.

Overall, Europe again accounted for the largest business volume by far of all the Group's Regions. This is reflected in this Region's total order intake of € 785.7 million (previous year: € 769.1 million). However, at 2.2 %, the Region Europe's growth was less than that of the Group. At € 431.5 million (previous year: € 357.9 million) or with an increase of 20.6 %, the Region Asia / Pacific featured the largest percentage growth in the first half of the year. Order intake in the Region Americas rose by € 37.1 million year on year to € 307.5 million (previous year: € 270.4 million). This corresponds to an increase of 13.7 %. On the other hand, order intake in the Region Middle East / Africa / Russia fell to € 84.0 million (previous year: € 89.8 million) due to the Russia-Ukraine conflict and the accompanying negative development of the Russian company.

SALES REVENUE

Consolidated sales revenue, which follows order intake with a time lag, rose by € 240.9 million or 21.0 % to € 1,386.6 million (previous year: € 1,145.7 million).

Sales revenue in the Pumps Segment rose sharply by € 137.6 million or 22.6 % to € 745.6 million (previous year: € 608.0 million). Sales revenue in the Standard Markets operating segment was increased substantially by 23.2 % to € 614.4 million (previous year: € 498.8 million). The Water and General Industry Market Areas made a marked contribution to this increase. The Mining and Energy operating segments recorded a rise of € 22.1 million to € 131.2 million (previous year: € 109.1 million). Higher sales revenue from the Region Asia / Pacific in particular led to a significant increase of € 10.3 million in the Mining Market Area. At the same time, the Energy Market Area reported a stronger increase – in line with order intake – of € 11.7 million. This is mainly attributable to the strong business in the European and Asian power plant markets. The Region Europe contributed the largest share of sales revenue of the Pumps Segment with € 386.7 million (previous year: € 297.3 million), followed by the Region Asia / Pacific with € 202.5 million (previous year: € 174.0 million) and the Regions Americas and Middle East / Africa / Russia

with lower contributions in absolute terms. The Region Europe achieved the strongest growth rate.

The Valves Segment increased its sales revenue to € 183.9 million (previous year: € 160.1 million) and thus achieved growth of € 23.8 million or 14.9 %. At € 106.7 million (previous year: € 96.7 million), the Region Europe accounted for the largest share of sales revenue in the Valves Segment. The next-largest contributions amounted to € 59.1 million (previous year: € 48.3 million) from the Region Asia / Pacific, followed by the Region Americas and the Region Middle East / Africa / Russia. In relative terms, the Region Americas contributed most to this growth.

Sales revenue in the KSB SupremeServ Segment rose by € 79.5 million or 21.1 % to € 457.1 million (previous year: € 377.6 million). The pumps spare parts business made the greatest contribution, especially in Mining, where customers are making full use of capacities again after the end of the pandemic. The same applies to Energy, where the previous year's order intake from large-scale projects was invoiced in the reporting year. With € 218.7 million (previous year: € 176.9 million), the Region Europe also contributed the greatest share of sales revenue in the KSB SupremeServ Segment, followed by the Region Americas with € 142.0 million (previous year: € 116.8 million), the Region Asia / Pacific and the Region Middle East / Africa / Russia. The strongest growth rate was achieved in the Region Asia / Pacific.

As is the case with order intake, Europe also continues to account for by far the largest share of all sales revenue of all the Group's Regions. Sales revenue in the Region Europe totalled € 712.1 million (previous year: € 571.0 million). This equates to an increase of 24.7 % year on year. The Region Asia / Pacific increased sales revenue by € 54.0 million or 19.2 % year on year to € 335.3 million (previous year: € 281.3 million). Sales revenue also developed positively in the Region Americas with € 262.6 million (previous year: € 221.2 million) as well as in the Region Middle East / Africa / Russia with € 76.7 million (previous year: € 72.2 million).

TOTAL OUTPUT OF OPERATIONS

At € 1,432.8 million, total output of operations was € 177.8 million or 14.2 % higher than the prior-year figure of € 1,255.1 million. This increase was largely supported by sales revenue, which increased by € 240.9 million or 21.0 % from € 1,145.7 million to € 1,386.6 million, while changes in inventories fell by € 63.4 million, from € 108.6 million to € 45.3 million.

INCOME AND EXPENSES

In line with the increase in total output of operations, the cost of materials rose by € 38.5 million to a total of € 599.3 million compared with the first six months of the previous year; as a percentage of total output of operations, it fell from 44.7 % in the prior-year period to 41.8 %.

Staff costs increased from € 448.4 million to € 481.7 million, while staff costs as a percentage of total output of operations decreased by 2.1 percentage points to 33.6 % compared with the prior-year period. The number of employees increased from 15,693 to 15,931 compared with the 2022 year-end figure. The average headcount rose from 15,524 to 15,854 compared with the same period of the previous year.

Other expenses increased by € 50.1 million compared with the prior-year period to € 220.1 million. This rise is attributable to higher warranty costs, administrative costs, higher expenses for repairs, maintenance and third-party services, as well as higher distribution costs.

HALF-YEAR EARNINGS

EBIT more than doubled year on year, from € 53.5 million to € 112.1 million. It was positively influenced by insurance compensation of € 10.2 million for the hail damage incurred at the French plant in La Roche-Chalais in 2022. While the previous year was negatively impacted by the Covid-19 restrictions in China that were still in place in the first quarter, the effects of the cyber attack and the severe damage caused by hail at the valves production facility in La Roche-Chalais, the increase in the first half of 2023 is largely due to the improvement in margins. At € 88.6 million (previous year: € 47.0 million), the KSB SupremeServ Segment made the strongest contribution to EBIT. The Pumps Segment contributed EBIT of € 19.2 million (previous year: € 10.5 million) and the Valves Segment € 4.4 million (previous year: € - 4.0 million). The insurance compensation largely impacted in the Valves Segment.

Earnings before income taxes (EBT) increased from € 49.9 million to € 104.9 million compared with the prior-year figure. In the current year, EBT was reduced mainly by the higher interest rates for pension provisions. Taxes on income rose from € 2.3 million to € 30.8 million. The income tax rate in the first half of 2023 is 29.3 %, after 4.6 % in the comparative prior-year period. The low income tax rate in the previous year was largely the result of income from deferred tax assets. This income was recognised in the same amount as a charge from deferred tax assets in other comprehensive income in equity.

Earnings after income taxes amounted to € 74.1 million (previous year: € 47.6 million) and thus increased by € 26.5 million. Earnings attributable to non-controlling interests amounted to € 12.1 million in absolute terms (previous year: € 9.1 million). Earnings attributable to shareholders of KSB SE & Co. KGaA (€ 62.0 million) were € 23.6 million higher than in the previous year (€ 38.5 million).

Earnings per ordinary share were € 35.30, compared with € 21.84 in the previous year, and € 35.56 per preference share, compared with € 22.10 in the first half of 2022.

Financial Position and Net Assets

LIQUIDITY

Cash flows from operating activities amounted to € 57.8 million (previous year: € - 88.9 million). In addition to good earnings after income taxes of € 74.1 million, the outflow of funds from working capital, which was € 65.6 million lower compared with the previous year, contributed to the improvement. Overall, € 63.6 million in cash and cash equivalents were used to further increase the working capital.

Cash flows from investing activities came to € - 34.0 million (comparative prior-year period: € - 31.5 million) and mainly included payments for investments of € - 43.2 million (previous year: € - 38.0 million).

Cash flows from financing activities of € - 50.7 million (previous year: € - 30.5 million) increased significantly year on year in the reporting period. This was due to a € 13.1 million higher dividend payment to the shareholders of KSB SE & Co. KGaA and a € 6.8 million decrease in loans taken out.



Cash and cash equivalents from all cash flows decreased from € 228.6 million as at 31 December 2022 to € 199.9 million. Exchange rate effects amounting to € - 2.1 million (previous year: € 9.9 million) contributed to this. From the current perspective, the KSB Group's finance management continues to assume that it will meet the goal of ensuring liquidity at all times essentially without any additional financing measures.

INVESTMENTS

Investments in the first half of 2023 amounted to € 45.7 million, € 9.0 million higher year on year. Investments were made above all in Europe – in particular in Germany, France and the Netherlands. Outside Europe, the focus of investments was on India, China and the USA. These investments comprise primarily investments in the expansion of production capacities and productivity enhancement.

NET FINANCIAL POSITION

The KSB Group's net financial position, i.e. the difference between interest-bearing financial assets on the one hand and financial liabilities on the other, declined from € 225.6 million as at 31 December 2022 to € 186.7 million. Cash flows from operating activities of € 57.8 million contrasted with payments for investments of € 43.2 million and dividend payments of € 39.0 million.

NET ASSETS

Non-current assets of € 757.3 million have hardly changed compared with the level as at 31 December 2022 (€ 757.8 million). Property, plant and equipment decreased by € 10.4 million. This mainly covers technical equipment and machinery (€ 6.0 million) and land and buildings (€ 5.8 million). Intangible assets increased by € 3.5 million. Deferred tax assets rose by € 4.0 million to € 41.1 million.

Inventories, at € 785.1 million, were up € 65.9 million on the 2022 year-end level. The increase was primarily attributable to the high level of orders on hand. This is reflected in the increase in the work in progress of € 29.2 million and finished goods and goods purchased and held for resale, which rose by € 11.4 million. Raw materials, consumables and supplies also increased by € 23.8 million.

The increase in contract assets by € 8.9 million to € 88.9 million is primarily attributable to the fact that the level of completion of customer orders increased by € 5.0 million, while the advance payments received from customers for contract assets declined by € 3.9 million.

Trade receivables increased by € 6.6 million to € 586.2 million compared with the comparatively low level as at 31 December 2022.

Other current non-financial assets rose from € 42.2 million in the prior-year period to € 58.7 million, above all due to pre-paid expenses that were up € 12.9 million.

Cash and cash equivalents accounted for around 8 % of assets, totalling € 199.9 million (previous year: € 228.6 million).

Totals assets amounted to € 2,546.4 million as at 30 June 2023, representing an increase of € 67.5 million or 2.7 % compared with the 2022 year-end figure. This change resulted primarily from higher inventories (€ 65.9 million) and other non-financial assets (€ 16.5 million), while cash and cash equivalents declined by € 28.7 million.

EQUITY

KSB Group equity increased from € 1,125.6 million (31 December 2022) to € 1,139.5 million. € 10.7 million of the € 13.9 million increase was attributable to the shareholders of KSB SE & Co. KGaA, while the share attributable to non-controlling interests increased by only € 3.3 million. The main factor was earnings after income taxes of € 74.1 million. However, negative currency translation differences of € 16.2 million and € 7.1 million in actuarial losses impacted the re-measurement of defined benefit plans in other comprehensive income. Furthermore, dividend distributions of € 38.9 million reduced equity. As a result of the increase in total equity and liabilities, the equity ratio fell from 45.4 % as at 31 December 2022 to 44.7 % at the reporting date.

LIABILITIES

Liabilities rose from € 1,353.3 million at the end of the previous year to € 1,406.9 million. This change (€ 53.5 million or 4.0 %) is mainly due to a € 17.6 million increase in contract liabilities and a € 16.5 million increase in other provisions, especially owing to the € 13.8 million increase in warranty provisions.

Report on Expected Developments

The following projections for the Group's key financial performance indicators for the 2023 financial year were made in the 2022 Annual Report:

- Order intake: € 2,750 million to € 3,000 million
- Sales revenue: € 2,500 million to € 2,850 million
- EBIT: € 165 million to € 200 million

Based on the key indicators as at 30 June 2023 and the outlook for the second half of the year, KSB amended these projections to the following ranges:

- Order intake: € 2,900 million to € 3,100 million
- Sales revenue: € 2,800 million to € 2,950 million
- EBIT: € 210 million to € 230 million

Order intake will be significantly higher than the figure projected in the 2022 Annual Report, essentially due to several unplanned large-scale projects that were booked already in the first half of the year. This is reflected especially in the Pumps Segment, where stable performance is expected instead of a marked decline. Order intake in the Valves Segment will perform somewhat better than expected at the start of the year. In the KSB SupremeServ Segment, order intake will be at the upper end of the original projections.

Sales revenue will be higher than assumed at the beginning of the year, especially due to the spare parts business, which already performed better than expected in the first six months of the reporting year. KSB therefore expects a stronger increase in sales revenue in the KSB SupremeServ Segment than was assumed originally. Sales revenue in the Valves Segment will also develop better than expected, while KSB continues to expect strong growth for the Pumps Segment.

In line with sales revenue, EBIT will perform better than expected due to the development of the spare parts business described above. The improvement in margins also has a positive effect. These circumstances result in a higher contribution to the increase in EBIT being recorded in the KSB SupremeServ Segment than was assumed initially. KSB confirms the projections for a substantial increase for the Pumps and Valves Segments.

Forward-looking Statements

This report contains forward-looking statements and information that are based upon the assumptions of the Managing Directors. They express current forecasts and expectations with regard to future events. As a result, these forward-looking statements and information are exposed to risks and uncertainties that lie outside the Management's sphere of influence. KSB wishes to point out that actual events or earnings may differ materially from the forward-looking statements and information presented, if one or more of the following opportunities or risks, or other opportunities, risks and uncertainties should materialise, or if the assumptions underlying the statements prove to be inaccurate.

Opportunities and Risks Report

Opportunities and risks KSB sees facing its business were presented in detail in the 2022 Annual Report. The overall risk situation for KSB has eased compared with this presentation. The risk of rising prices of commodities and materials, which was still considered one of the biggest risks at the end of the previous year, has become much less significant due to price adjustments and better availability. The legal representative continues to state that at the present time, according to the analysis of the KSB Group's overall risk position and risk-bearing capacity, no threat has been identified to the business continuity of the KSB Group.

Audit Review

This interim management report – as well as the underlying condensed interim consolidated financial statements – have neither been audited nor reviewed in accordance with Section 317 HGB [German Commercial Code].

Information and Publication

Due to rounding, there may be minor differences in the totals, the percentages and information on changes presented in the management report compared with the previous year.

The half-year financial report is published on the web site www.ksb.com.



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Balance Sheet

Assets

€ thousands	Notes	30 June 2023	31 Dec. 2022
Non-current assets			
Intangible assets	1	76,202	72,673
Right-of-use assets	1	41,817	40,220
Property, plant and equipment	1	568,066	578,512
Non-current financial assets	1	1,087	1,191
Other non-financial assets	1	6,883	7,319
Investments accounted for using the equity method	1	22,077	20,833
Deferred tax assets	14	41,122	37,074
		757,254	757,822
Current assets			
Inventories	2	785,127	719,221
Contract assets	3	88,924	80,018
Trade receivables	3	586,183	579,539
Other financial assets	3	70,246	71,517
Other non-financial assets	3	58,740	42,203
Cash and cash equivalents	4	199,909	228,570
		1,789,129	1,721,069
		2,546,383	2,478,890

Equity and Liabilities

€ thousands	Notes	30 June 2023	31 Dec. 2022
Equity	5		
Subscribed capital		44,772	44,772
Capital reserve		66,663	66,663
Revenue reserves		815,177	804,484
Equity attributable to shareholders of KSB SE & Co. KGaA		926,612	915,919
Non-controlling interests		212,903	209,653
		1,139,515	1,125,572
Non-current liabilities			
Deferred tax liabilities		10,315	12,010
Provisions for employee benefits	6	475,453	466,400
Other provisions	6	1,874	1,883
Financial liabilities	7	24,170	24,116
		511,812	504,409
Current liabilities			
Provisions for employee benefits	6	7,702	7,893
Other provisions	6	107,606	91,106
Financial liabilities	7	25,980	26,630
Contract liabilities	7	204,099	186,477
Trade payables	7	332,897	333,361
Other financial liabilities	7	25,250	23,921
Other non-financial liabilities	7	172,632	164,604
Income tax liabilities	7	18,889	14,918
		895,056	848,910
		2,546,383	2,478,890

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



Statement of Comprehensive Income

Income statement

€ thousands	Notes	Six months ended 30 June 2023	Six months ended 30 June 2022
Sales revenue	8	1,386,605	1,145,678
Changes in inventories		45,268	108,633
Work performed and capitalised		977	784
Total output of operations		1,432,849	1,255,095
Other income	9	23,303	18,824
Cost of materials	10	-599,279	-560,808
Staff costs	11	-481,665	-448,402
Depreciation and amortisation	1	-43,034	-41,295
Other expenses	12	-220,065	-169,918
Earnings before finance income / expense and income tax (EBIT)		112,109	53,496
Finance income	13	4,032	3,469
Finance expense	13	-13,327	-9,233
Income from / expense to investments accounted for using the equity method	13	2,065	2,187
Finance income / expense		-7,229	-3,577
Earnings before income tax (EBT)		104,880	49,919
Taxes on income	14	-30,754	-2,302
Earnings after income tax		74,126	47,617
Attributable to:			
Non-controlling interests	15	12,081	9,138
Shareholders of KSB SE & Co. KGaA		62,046	38,479
Diluted and basic earnings per ordinary share (€)	16	35.30	21.84
Diluted and basic earnings per preference share (€)	16	35.56	22.10

Statement of income and expense recognised in equity

€ thousands	Notes	Six months ended 30 June 2023	Six months ended 30 June 2022
Earnings after income tax		74,126	47,617
Remeasurement of defined benefit plans		-7,102	158,636
Taxes on income		2,711	-13,282
Remeasurement of defined benefit plans attributable to investments accounted for using the equity method		237	-34
Items not reclassified to profit or loss in subsequent periods		-4,154	145,320
Currency translation differences		-16,152	37,649
Changes in the fair value of financial instruments: Hedging reserve		-1,085	-4,388
Taxes on income: Hedging reserve		322	1,296
Changes in the fair value of financial instruments: Hedging cost reserve		551	2,467
Taxes on income: Hedging cost reserve		-141	-757
Expense and income recognised directly in equity attributable to investments accounted for using the equity method		-675	1,067
Items reclassified to profit or loss in subsequent periods if required		-17,179	37,334
Other comprehensive income		-21,333	182,654
Total comprehensive income		52,793	230,271
Attributable to:			
Non-controlling interests		7,811	19,271
Shareholders of KSB SE & Co. KGaA		44,983	211,000

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	–	–
30 June 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	–	–
30 June 2023	44,772	66,663

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	
-	28,625	-3,092	1,710	145,278	172,521	10,133	182,654	
38,479	-	-	-	-	38,479	9,138	47,617	
38,479	28,625	-3,092	1,710	145,278	211,000	19,271	230,271	
-21,240	-	-	-	-	-21,240	-4,071	-25,311	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
970,569	-95,543	-7,631	3,937	-118,256	864,511	209,572	1,074,083	

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	
1,035,312	-112,325	1,084	-830	-118,757	915,919	209,653	1,125,572	
-	-12,597	-762	411	-4,114	-17,063	-4,270	-21,333	
62,046	-	-	-	-	62,046	12,081	74,126	
62,046	-12,597	-762	411	-4,114	44,983	7,811	52,793	
-34,376	-	-	-	-	-34,376	-4,560	-38,936	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
87	-	-	-	-	87	-	87	
1,063,068	-124,922	322	-419	-122,871	926,612	212,903	1,139,515	



Statement of Cash Flows

€ thousands	Six months ended 30 June 2023	Six months ended 30 June 2022
Earnings after income tax	74,126	47,617
Taxes on income	30,754	2,302
Finance income	-4,032	-3,469
Finance expense	13,327	9,233
Depreciation and amortisation	43,034	41,295
Gain / loss on disposal of intangible assets and property, plant and equipment	-807	6
Change in inventories	-80,060	-159,859
Change in contract assets	-9,226	-9,982
Change in trade receivables	-13,320	-36,946
Change in provisions	10,344	-6,621
Change in contract liabilities	25,464	44,227
Change in trade liabilities	13,504	33,280
Change in other assets and liabilities	-16,595	-36,377
Income tax paid	-31,514	-16,539
Interest received	2,780	2,944
Cash flows from operating activities	57,779	-88,890
Proceeds from disposal of intangible assets and property, plant and equipment	2,486	1,408
Payments to acquire intangible assets and property, plant and equipment	-43,164	-37,973
Acquisition of subsidiaries and other operations less cash and cash equivalents acquired	-908	-
Proceeds from deposits with an original maturity of more than 3 months	12,406	6,119
Payments for deposits with an original maturity of more than 3 months	-5,199	-578
Proceeds from investments in Group companies that are not fully consolidated	175	500
Payments for investments in Group companies that are not fully consolidated	-49	-618
Proceeds from dividends from Group companies that are not fully consolidated	258	228
Payments for capitalisation measures with Group companies that are not fully consolidated	-	-621
Cash flows from investing activities	-33,995	-31,535
Dividends paid to shareholders of KSB SE & Co. KGaA	-34,376	-21,241
Dividends paid to non-controlling interests	-4,560	-4,071
Proceeds from financial liabilities	4,350	11,171
Payments for financial liabilities (not including lease liabilities)	-5,777	-7,139
Repayment of lease liabilities	-8,546	-8,279
Interest paid	-1,808	-982
Cash flows from financing activities	-50,717	-30,541
Changes in cash and cash equivalents	-26,933	-150,966
Effects of exchange rate changes on cash and cash equivalents	-2,064	9,907
Effects of changes in consolidated Group	336	-
Cash and cash equivalents at beginning of period	228,570	386,683
Cash and cash equivalents at end of period	199,909	245,623

Notes

I. GENERAL INFORMATION ON THE GROUP

Basis of preparation of the interim consolidated financial statements

These unaudited condensed interim consolidated financial statements of KSB SE & Co. KGaA, Frankenthal / Pfalz, Germany, have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as adopted by the European Union (EU), taking into consideration the interpretations of the IFRS Interpretations Committee (IFRIC). The standards and interpretations applicable as at 1 January 2023 were used. The interim consolidated financial statements have been prepared in euros (€) on a going concern basis.

Amounts in this report are generally presented in thousands of euros (€ thousands) using standard commercial rounding rules and in condensed form pursuant to IAS 34. Due to rounding, there may be minor differences in the totals and percentages presented in this report.

New accounting principles

Compared with the consolidated financial statements for the 2022 financial year, no accounting standards and interpretations were adopted for the first time that had a material impact on the KSB Group's (hereinafter also referred to as "KSB" or the "Group") assets, liabilities, financial position and results of operations.

II. CONSOLIDATION PRINCIPLES

Consolidated Group

As at 30 June 2023, in addition to KSB SE & Co. KGaA, 9 German and 78 foreign companies were fully consolidated in the interim consolidated financial statements. The equity method was used to consolidate four joint ventures and one associate company as at 30 June 2023.

Changes in the consolidated Group

In the first half of 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. For one thing, the former DP Pompen B.V. now trades under the name KSB Manufacturing Netherlands B.V. For another, 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 first half of 2023 expands the group of fully consolidated companies.

In addition, KSB Čerpadlá a Armatúry, s.r.o., Bratislava (Slovakia), which was previously not consolidated due to immateriality, is now included in the Group financial statements as a fully consolidated company.

Consolidation and currency translation methods

There were no material changes to consolidation methods or currency translation methods compared with the consolidated financial statements for the 2022 financial year.

III. ACCOUNTING POLICIES

The accounting policies were essentially unchanged from the consolidated financial statements for the 2022 financial year. They apply to all companies included in the interim consolidated financial statements.

IV. BALANCE SHEET DISCLOSURES

1. Non-current assets

In the first six months of the 2023 financial year, additions of € 45,710 thousand (comparative prior-year period: € 36,740 thousand) were recognised for property, plant and equipment, rights of use to leased assets and intangible assets. At € 43,034 thousand (previous year: € 41,295 thousand), depreciation and amortisation on these items was slightly above the level of the comparative prior-year period.

Overall, no significant impairment losses and reversals of impairment losses were recognised on intangible assets, property, plant and equipment, and rights of use to leased assets in the reporting period – as was the case too in the first half of 2022.

2. Inventories

€ thousands	30 June 2023	31 Dec. 2022
Raw materials, consumables and supplies	280,822	257,070
Work in progress	251,853	222,631
Finished goods and goods purchased and held for resale	227,650	216,254
Advance payments	24,802	23,266
	785,127	719,221

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

Impairment losses on contract assets amounted to € 1,230 thousand (year-end figure in 2022: € 1,609 thousand).

Impairment losses of € 33,912 thousand (year-end figure in 2022: € 32.833 thousand) were recognised on trade receivables from third parties as at the reporting date.

Impairment losses on receivables from loans to other equity investments amounted to € 320 thousand (year-end figure in 2022: € 320 thousand). Impairment losses of € 76 thousand (year-end figure in 2022: € 87 thousand) were recognised on trade receivables from other equity investments. As was the case on 31 December of the previous year, there are no impairment losses for receivables from associated companies and joint ventures.

→ **Contract assets, trade receivables and other financial and non-financial assets**

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

€ thousands	30 June 2023	31 Dec. 2022
Contract assets	88,924	80,018
Trade receivables	586,183	579,539
Trade receivables from third parties	546,471	530,260
Trade receivables from other equity investments, associates and joint ventures	39,712	49,279
thereof from other investments	6,427	7,802
thereof from associates	–	610
thereof from joint ventures	33,285	40,867
Other financial assets	70,246	71,517
Receivables from loans to other investments, associates and joint ventures	4,916	2,498
Currency forwards	3,811	2,970
Other receivables and other current assets	61,518	66,050
Other non-financial assets	58,740	42,203
Other tax assets	35,101	31,470
Deferred income	23,638	10,733

4. 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.

5. 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 bearer shares and, as no-par value shares, have no par value.

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

Non-controlling interest 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.

The development of the equity items, including the non-controlling interests of other shareholders, is presented in the Statement of Changes in Equity.

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	28,625	10,091	38,716
30 June 2022	-95,543	-11,777	-107,320
1 Jan. 2023	-112,325	-21,196	-133,521
Change in 2023	-12,597	-4,230	-16,827
30 June 2023	-124,922	-25,426	-150,348



6. Provisions

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.

Most of the provisions for pensions and similar obligations result from defined benefit plans in place for the German Group companies. Available plan assets are offset against the Group's pension obligations.

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

The provisions for warranty obligations and contractual penalties reported under other provisions cover the statutory and contractual obligations to customers and are based on estimates prepared using historical data for similar products and services.

KSB uses provisions for onerous contracts to account for expected losses resulting in particular from project orders with customers.

Miscellaneous other provisions include, inter alia, provisions for process risks.

Provisions

€ thousands	30 June 2023	31 Dec. 2022
Employee benefits	483,155	474,293
Pensions and similar obligations	460,384	451,568
Other employee benefits	22,771	22,725
Other provisions	109,480	92,989
Warranty obligations and contractual penalties	66,935	53,129
Onerous contracts	12,023	13,667
Miscellaneous other provisions	30,522	26,193
	592,635	567,282

7. Liabilities

Non-current liabilities

€ thousands	30 June 2023	31 Dec. 2022
Financial liabilities	24,170	24,117
Bank loans and overdrafts	646	940
Finance lease liabilities	23,261	22,904
Other	263	272

Current liabilities

€ thousands	30 June 2023	31 Dec. 2022
Financial liabilities	25,980	26,630
Bank loans and overdrafts	10,423	13,094
Finance lease liabilities	15,147	13,526
Other	410	10
Contract liabilities	204,099	186,477
Trade payables	332,897	333,361
Trade payables to third parties	330,557	332,380
Liabilities to other equity investments, associates and joint ventures	2,340	981
Other financial liabilities	25,250	23,921
Currency forwards	1,986	2,322
Miscellaneous other financial liabilities	23,264	21,599
Other non-financial liabilities	172,632	164,604
Social security and liabilities to employees	132,872	132,989
Tax liabilities (excluding income tax)	33,155	24,147
Prepaid expenses	1,549	2,393
Investment grants and subsidies	5,056	5,075
Income tax liabilities	18,889	14,918



V. INCOME STATEMENT DISCLOSURES

8. Sales revenue

The Group's consolidated sales revenue during the reporting period was € 1,386,605 thousand (previous year: € 1,145,678 thousand).

KSB generates income from the transfer of goods and services over time or at a point in time in the segments presented.

→ [Sales revenue by segment and timing of revenue recognition](#)

Detailed information on KSB's Segments are included in Section VII. Segment Reporting of the Notes to the consolidated financial statements.

9. Other income

€ thousands	Six months ended 30 June 2023	Six months ended 30 June 2022
Income from the reversal of impairment losses	2,918	8,557
Government grants	2,068	1,956
Currency translation gains	1,707	961
Insurance compensation	10,971	858
Income from the disposal of assets	1,021	535
Miscellaneous other income	4,617	5,958
	23,303	18,824

In the first half of 2023, KSB received insurance compensation of € 10.2 million in relation to the damage caused in 2022 by hail at the French production facility in La Roche-Chalais, which related for the most part to the Valves Segment.

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.

Sales revenue by segment and timing of revenue recognition in the first six months of 2023

€ thousands	Pumps Segment	Valves Segment	KSB SupremeServ Segment	Total
Sales revenue	745,591	183,903	457,111	1,386,605
of which goods and services transferred at a point in time	622,909	177,030	268,555	1,068,494
of which goods and services transferred over time	122,682	6,873	188,556	318,111

Sales revenue by segment and timing of revenue recognition in the first six months of 2022

€ thousands	Pumps Segment	Valves Segment	KSB SupremeServ Segment	Total
Sales revenue	608,023	160,067	377,588	1,145,678
of which goods and services transferred at a point in time	508,709	146,998	202,694	858,401
of which goods and services transferred over time	99,314	13,069	174,894	287,277

10. Cost of materials

The cost of materials amounted to € 599,279 thousand (previous year: € 560,808 thousand) in the reporting period. This item includes expenses for raw materials, consumables and supplies and for goods and services purchased.

11. Staff costs

	Six months ended	Six months ended
€ thousands	30 June 2023	30 June 2022
Wages and salaries	391,020	364,553
Social security contributions and employee assistance costs *	81,135	73,891
Pension costs	9,509	9,959
	481,665	448,402

* The presentation takes into account an allocation of expenses from defined contribution plans with a statutory basis to social security contributions and employee assistance costs. For this purpose, the related expenses in the amount of € 6,372 thousand were reclassified from pension costs to the above-mentioned item for the prior-year period compared with the disclosures in the 2022 half-year financial report.

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 reporting period was 15,854, compared with 15,524 in the first half of the previous year.

12. Other expenses

	Six months ended	Six months ended
€ thousands	30 June 2023	30 June 2022
Repairs, maintenance, third-party services	70,423	61,076
Administrative expenses	52,556	40,723
Selling expenses	38,257	30,989
Other taxes	6,517	6,119
Rents and leases	6,577	5,361
Other staff costs	14,424	12,059
Impairment losses on trade receivables and contract assets	5,320	1,542
Currency translation losses	2,055	788
Losses from current assets	266	49
Losses from asset disposals	214	541
Miscellaneous other expenses	23,456	10,671
	220,065	169,918

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.

13. Finance income / expense

Interest and similar expenses include the net interest cost on pension provisions amounting to € 7,977 thousand (previous year: € 3,426 thousand). In addition, the item also includes interest expense from the subsequent measurement of lease liabilities.

As was the case as at 31 December 2022, IAS 29 Financial Reporting in Hyperinflationary Economies was applied to KSB Compañía Sudamericana de Bombas S.A., Carapachay (Buenos Aires), Argentina, and KSB-Pompa, Armatür Sanayi ve Ticaret A.S., Ankara, Turkey. The associated net loss from the monetary depreciation of the affected monetary assets and liabilities of these companies to be taken into account is included under other finance expense.

→ [Finance income / expense](#)



Finance income / expense

€ thousands	Six months ended 30 June 2023	Six months ended 30 June 2022
Finance income	4,032	3,469
Income from equity investments	211	228
thereof from other investments	211	228
Interest and similar income	3,477	3,223
thereof from other investments	8	2
thereof from investments accounted for using the equity method	45	187
Other finance income	344	18
Finance expense	-13,327	-9,232
Interest and similar expenses	-10,692	-6,103
Other finance expense	-2,635	-3,130
Income from / expense to investments accounted for using the equity method	2,065	2,187
Finance income / expense	-7,229	-3,577

14. Taxes on income

This item shows the effective and deferred taxes on income of the companies included in the consolidated financial statements. The tax rate for the first half of 2023 was 29.3 % compared with 4.6 % in the first half of 2022. The lower tax rate in the prior-year reporting period was primarily attributable to the sharp increase in the interest rate used for the measurement of pension provisions in the German Group companies. The rise in interest rates led to income from deferred taxes in the income statement, which was offset by a charge in an equal amount in other comprehensive income in equity.

Taxes on income

€ thousands	Six months ended 30 June 2023	Six months ended 30 June 2022
Effective taxes	34,088	19,462
Deferred taxes	-3,334	-17,160
	30,754	2,302

For these interim consolidated financial statements, KSB has applied the temporary exception in accordance with IAS 12 and did not recognise any deferred taxes resulting from the implementation of the Pillar Two Model Rules.

15. Earnings after income tax – Non-controlling interests

The net profit attributable to non-controlling interests amounts to € 12,696 thousand (previous year: € 9,957 thousand) and the net loss attributable to non-controlling interests amounts to € 615 thousand (previous year: € 819 thousand). Further information on non-controlling interests is provided under Notes No. 5 Equity.

16. Earnings per share

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

An additional dividend attributable to preference shareholders of € 0.26 (previous year: € 0.26) per share is assumed for the calculation.

Earnings per share

€	Six months ended 30 June 2023	Six months ended 30 June 2022
Diluted and basic earnings per ordinary share	35.30	21.84
Diluted and basic earnings per preference share	35.56	22.10

VI. FURTHER INFORMATION ON FINANCIAL INSTRUMENTS

1. Financial instruments – Fair values

In view of the following explanations, detailed information on the fair values of the financial instruments as at 30 June 2023 is not provided.

In line with the assessment provided as at 31 December 2022, it is assumed for the financial assets measured at amortised cost 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.

There was no significant change from 31 December 2022 in the relation between the carrying amount and fair value of the non-current financial liabilities.

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. In addition, KSB continuously monitors the current risk characteristics and regularly provides the information obtained in this way to the Managing Directors and the Supervisory Board in the form of standardised reports and individual analyses.



VII. SEGMENT REPORTING

The derivation of the Pumps, Valves and KSB SupremeServ reporting segments (hereinafter also referred to as “Segments”) in accordance with IFRS 8 and their definition in terms of content is unchanged compared with 31 December 2022. KSB continues to take management decisions in this segment structure primarily on the basis of the key performance indicators – order intake, external sales revenue and earnings before finance income / expense and income tax (EBIT).

The amounts disclosed below for the individual segments have been established in compliance with the accounting policies of the present interim 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.

Earnings before finance income / expense and income tax (EBIT) for each segment also comprises the earnings attributable to non-controlling interests.

EBIT includes depreciation and amortisation of € 20,544 thousand (previous year: € 18,789 thousand) for the Pumps Segment, € 5,754 thousand (previous year: € 5,377 thousand) for the Valves Segment and € 16,736 thousand (previous year: € 17,129 thousand) for the KSB SupremeServ Segment).

Segment reporting

€ thousands	Order intake		Sales revenue		EBIT	
	Six months ended					
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Pumps Segment	875,473	843,244	745,591	608,023	19,186	10,495
Valves Segment	220,680	195,893	183,903	160,067	4,360	-3,960
KSB SupremeServ Segment	512,522	448,102	457,111	377,588	88,563	46,961
Total	1,608,675	1,487,239	1,386,605	1,145,678	112,109	53,496

VIII. OTHER DISCLOSURES

Contingent liabilities and other financial obligations

Contingent liabilities and other financial obligations fall within the scope of what is required to carry on normal business activities. Contingent liabilities and other financial obligations have not changed materially compared with 31 December 2022.

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.

Overall, there were no significant changes in the contractual basis between the Group and its related parties compared with 31 December 2022.

Revenue from the sale of assets and services to joint ventures, associates and to companies not consolidated because of immateriality amounted to € 22,914 thousand in the first half of 2023 (previous year: € 28,103 thousand). Further information on the pending receivables from and trade payables to these companies is included in Section IV. Balance Sheet Disclosures – Notes No. 3 “Contract assets, trade receivables and other financial and non-financial assets” and in Notes No. 7 “Liabilities”.

Auditors

The Annual General Meeting of KSB SE & Co. KGaA on 4 May 2023 resolved to appoint PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, based in Frankfurt am Main with an office in Mannheim, as auditors and group auditors for the 2023 financial year.

This half-year financial report has been neither reviewed nor audited in accordance with Section 317 HGB [German Commercial Code].

Events after the Reporting Period

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

German Corporate Governance Code

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



Appropriation of the net retained earnings of KSB SE & Co. KGaA

The Annual General Meeting on 4 May 2023 resolved to appropriate the net retained earnings of € 73,637,253.73 of KSB SE & Co. KGaA as follows:

Appropriation of net retained earnings

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

Pursuant to Section 58(4), sentence 2, of the German Public Companies Act [AktG – *Aktien-gesetz*], the claim to the dividend shall be due on the third business day following the resolution adopted by the Annual General Meeting.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable interim reporting principles, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group during the remainder of the financial year.

Frankenthal, 3 August 2023

KSB Management SE

The Managing Directors



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GROUP INFORMATION

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on the KSB Group at: www.ksb.com

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CONCEPT AND DESIGN

KSB Communications, Frankenthal, Germany

Financial Calendar

9 November 2023

Interim report
January – September 2023

31 January 2024

Preliminary report on the
2023 financial year

26 March 2024

Financial press conference
Frankenthal

25 April 2024

Interim report
January – March 2024

8 May 2024

Annual General Meeting
Frankenthal

31 July 2024

Half-year financial report
January – June 2024



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