

## Half-year Financial Report 2021

**150** YEARS

People. Passion. Performance.

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# Interim Management Report

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# Interim Management Report for the Six Months Ended 30 June 2021

## 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 2020 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.

As of financial year 2021, KSB has adapted the management of the Group’s business activities in line with a realignment of the organisation. The basis for this was the new organisational structure defined in the Climb 21 strategy project and implemented within the scope of the Grip 21+ project in the business management processes and in the Group’s internal reporting system.

The changes in the organisation have resulted in the following new reporting segments (hereinafter also referred to as “segments”) for the Group from financial year 2021: Pumps, Valves and KSB SupremeServ.

Even in the new segment structure, KSB continues to make management decisions primarily on the basis of the key indicators order intake, external sales revenue and earnings before finance income / expense and taxes (EBIT).

Detailed information on the derivation and content of the Group’s individual new segments is provided in section VII. Segment Reporting of the Notes in this half-year financial report.

A key difference to the previous segment structure is that the spare parts business for pumps and valves is now fully included in the KSB SupremeServ segment. In the previous segment structure, however, these transactions were generally allocated to one of the three historical segments Pumps, Valves or Service, depending on the type of underlying product or service.

With the changed organisational alignment and the resulting new segmentation of the Group, there is a transparent separation between the new pumps business, the new valves business and the KSB services provided until the end of the product life cycle as grouped under KSB SupremeServ.

The management of the Group using this new structure is aimed in particular at strategically strengthening the individual segments and leveraging market potential. This primarily relates to the business activities of the KSB SupremeServ segment. In addition, KSB is using its new organisational and segment structure to focus even more strongly on market-specific and customer-specific needs in the solutions it offers. For the Pumps segment, this is ensured by considering individual Market Areas separately for internal management purposes.

In addition to the segment information, this interim management report contains supplementary quantitative explanations on the Group’s performance at the geographical region level.

## Macroeconomic Environment and Sector View

The global economy recovered significantly in the first half of 2021 compared with the same prior-year period, despite the second and third waves of coronavirus infection that emerged first in Europe and then in Asia. The vaccination campaign, which has been progressing since the end of the previous year and has now achieved vaccination rates in the double-digit percentage range worldwide, made a significant contribution to this. In addition, strong economic stimulus packages in individual countries contributed to an upswing in economic performance. KSB's business, which was directly and indirectly affected by government-imposed lockdowns and production plant closures in the comparative prior-year period, also benefited from the economic upturn in almost all areas. However, growth since the beginning of the year has been accompanied by an unprecedented delay in supply chains and an increase in raw material and energy costs.

Despite the global upswing, the gap between the economically advanced countries and the emerging and developing countries continues to widen. There are still significant risks to the global economy from possible further waves of the COVID-19 pandemic. Added to the risks in the first half of the year is the possibility of higher inflation, which would be associated with distortions on the financial markets. In addition, the risks for emerging and developing countries, where vaccination rates are rising more slowly or where there is a high level of debt, are significantly greater than in the economically advanced countries.

In the latest estimate of the International Monetary Fund (IMF), the global average growth forecast for the current year has remained unchanged. Global economic output is anticipated to grow by 6 %. In terms of distribution, however, the country forecasts have now diverged more strongly. The IMF has raised its forecast for the economically advanced countries.

The USA saw a particularly strong increase in the forecast. In view of strong fiscal policy measures and elevated expectations from consumers and in the business environment, the forecast was raised significantly to 7 %.

In the euro zone, expected growth is weaker in comparison with other countries and is estimated by the IMF at 5 %. The high infection figures and the associated restrictions on the economy in the first quarter had a dampening effect. Nevertheless, the forecast is above the expectations earlier in the year.

In China, one of KSB's most important markets, the positive growth already seen in the previous year will accelerate to 8 % according to the IMF forecast.

In contrast, in India, another important market for KSB, the strong upswing at the beginning of the year has weakened due to high infection figures and lockdown measures, resulting in the most recent forecast being lowered to 10 %.

The economies of the five economically most important countries in Southeast Asia – Indonesia, Malaysia, the Philippines, Thailand and Vietnam – are expected to grow by 4 %. Their economies are also being weakened by the recent sharp rise in the number of infections combined with a low vaccination rate.

In Brazil, where KSB holds a strong market position, persistently high infection figures had slowed economic momentum in the first quarter. Most recently, the progress of the vaccination campaign led to an improvement in the business climate and an increase in the forecast to 5 %.

The economic performance of the countries in the Middle East as well as of Russia is forecast at 4 %, for the Sub-Saharan countries the forecast is 3 %.

### **MECHANICAL ENGINEERING BENEFITS FROM STRONG DEMAND FOR CAPITAL GOODS**

The mechanical engineering sector is recovering significantly, and not only because of the very low baseline values of the previous year. Demand for capital goods and mechanical engineering products is rising particularly strongly as a result of catch-up effects and economic stimulus packages.

The German Mechanical Engineering Industry Association (VDMA) has adopted the Oxford Economics baseline scenario for the forecast of global real sales revenue in mechanical engineering, which was most recently raised significantly to 13 %.

The sales revenue of mechanical engineering companies producing in Germany increased by 6 %, unadjusted for inflation, in the first six months of the current year compared with the prior-year period. Order intake increased by 31 %.

Order volumes of liquid pumps produced in Germany increased in the first six months. The order intake for building services valves was particularly strong, while the increase for industrial valves was only moderate.

### **PERFORMANCE OF KEY MARKETS**

The global economic upswing 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, strong growth was recorded in machinery and equipment production as well as in vehicle construction, driven by strong demand for capital goods. Growth for the full year is also expected to be well above the low baseline of the previous year. This also applies to the pharmaceutical industry, which is being boosted by the coronavirus pandemic. In the consumer goods industry, however, growth is somewhat more moderate.

Investments in water and waste water management were only slightly lower in the previous year compared with other sectors. In the current year, both the backlog of postponed or cancelled investments and state-subsidised infrastructure projects for expansion and modernisation as well as stricter requirements will ensure a stronger increase.

In parallel with the economic recovery, the demand for electrical power is also increasing, especially in industry-heavy emerging markets such as China. Global investments in the energy sector are also increasing in the current year, mainly for renewable energies and grid expansion.

Investment in oil and gas production has declined sharply since the start of the coronavirus pandemic. This is primarily attributable to the slump in fuel consumption resulting from mobility restrictions, as well as to measures to reduce CO<sub>2</sub> emissions and substitution with renewable energy sources. The petrochemical and chemical industries, in contrast, are experiencing an upswing due to demand from end markets, with global growth forecasts being strongly driven by developments in China.

The construction industry worldwide is also on a growth course, significantly influenced by the largest markets China and the USA. In Europe, developments and expectations are more subdued. Overall, the recovery in civil engineering and residential building construction is more dynamic than in non-residential building construction, which is heavily dependent on investments in the services sector.

In mining, the increase in demand, especially in Asia, has led to global growth in production and investment. The sharp rise in commodity and energy prices has caused an increase in the mining of metals and coal. In addition, oil sands mining also increased compared with the previous year.

## Business Development and Results of Operations

The first six months of the 2021 financial year were characterised by a significant recovery after the slump in the global economy caused by the effects of the coronavirus pandemic.

Order intake increased in all regions, in some cases considerably. Temporary government-imposed lockdowns in parts of Asia – especially in India due to high infection rates – prevented stronger growth.

The process of expanding electronic sales of pumps and valves via the Web Shop and e-sales solutions, initiated in previous years, was driven forward rigorously. A total of 15 countries now have the new e-sales platform. Other countries will follow over the course of the next few years. The platform has been developing well and has established itself as an additional sales channel.

As explained in the previous section Basic Principles of the Group, KSB has changed its organisational and segment structure as of financial year 2021. In this context, the internal reporting systems were adapted in a comprehensive manner and fully aligned with the new structure. The financial information for the 2020 reporting period was not collected retrospectively in line with the new segment structure, as the effort of doing this by implementing a parallel system including the associated data collection would have been disproportionately high from the Group's point of view. In order to determine comparative data for the same period of the previous year, the data for the current year would have had to be manually transferred to the previous structure. This would also have entailed excessive costs for data collection. Against this background,

there are no reconciliations of the key financial performance indicators between the old and new segmentation for the Group.

The names of the new Pumps, Valves and KSB SupremeServ segments are partly identical to those of the Pumps, Valves and Service segments in the previous structure, despite significant differences in content. In order to take into account the differences in content between the new and the former segments, no quantitative segment information based on the historical segmentation is provided in this interim management report for the prior-year period. For these disclosures, please refer to the Group's Half-year Financial Report 2020. A comparison of the key financial performance indicators between the reporting periods of the current year and the previous year is only made for the Group as a whole and not for individual segments.

### CONSIDERABLE INCREASE IN ORDER INTAKE

Order intake in the first six months was € 1,249.0 million, up by € 136.3 million on the comparative prior-year period. The 12.3 % increase is due to the global recovery from the effects of the COVID-19 pandemic in 2020. Orders postponed in the previous year were made up for in both the project business and the general business. Essentially all Market Areas and Regions benefited from this.

Among the Regions, the Region Middle East / Africa / Russia in particular recorded the largest percentage increase. Order intake rose considerably by 24.1 % to € 84.3 million (previous year: € 67.9 million). The companies in the Region Asia / Pacific also recorded above-average growth of 16.4 % to € 300.8 million (previous year: € 258.3 million). The Region Americas also grew considerably by 10.6 % to € 203.5 million (previous year: € 184.0 million). The same applies to Europe, by far the largest Region. It also recorded a considerable increase of 9.6 % to € 660.4 million (previous year: € 602.4 million).

### Segment reporting

	Order intake		Sales revenue		EBIT	
	Six months ended					
€ thousands	30 June 2021	30 June 2020*	30 June 2021	30 June 2020*	30 June 2021	30 June 2020*
Pumps segment	681,742	–	606,600	–	9,753	–
Valves segment	175,911	–	138,910	–	–6,512	–
KSB SupremeServ segment	391,371	–	366,427	–	50,385	–
<b>Total</b>	<b>1,249,024</b>	<b>1,112,709</b>	<b>1,111,937</b>	<b>1,049,206</b>	<b>53,626</b>	<b>15,070</b>

\* For the segment information of the previous year based on the historical segmentation, please refer to the Group's Half-year Financial Report 2020.

### SIGNIFICANT INCREASE IN SALES REVENUE

Consolidated sales revenue, which follows the order intake with a time lag, rose significantly by 6.0 % (+ € 62.7 million) to € 1,111.9 million (previous year: € 1,049.2 million). Sales revenue would have been € 33.6 million higher excluding exchange rate effects.

Companies in the Region Asia / Pacific posted the greatest percentage growth. Sales revenue rose considerably by 24.8 % to € 258.3 million (previous year: € 207.0 million). This is equivalent to an increase of € 51.4 million. The Region Middle East / Africa / Russia also recorded considerable growth – albeit at a low level. Sales revenue rose by 15.1 % to € 71.0 million (previous year: € 61.7 million). This is equivalent to an increase of € 9.3 million.

Europe is by far the Region with the highest sales revenue. The European companies, which had even posted a slight increase in the COVID-19 year 2020, were able to increase their sales revenue again and grew moderately by 2.0 % to € 610.2 million (previous year: € 598.4 million). This is equivalent to an increase of € 11.7 million.

Only the Region Americas remained significantly below the previous year. Sales revenue fell by 5.3 % to € 172.4 million (previous year: € 182.1 million). This is € 9.7 million less than in the comparative prior-year period. Excluding exchange rate effects, there would have been a noticeable increase in sales revenue in the Region Americas.

### ORDERS ON HAND

At mid-year, orders on hand totalled € 1,456.2 million (year-end figure in 2020: € 1,288.5 million). As in the previous year, this covers a production period of around eight months.

### TOTAL OUTPUT OF OPERATIONS

At € 1,123.3 million, total output of operations was € 59.0 million or 5.5 % higher than the prior-year figure of € 1,064.3 million. This increase was driven by sales revenue, which rose by € 62.7 million to € 1,111.9 million, while changes in inventories fell by € 3.4 million.

### INCOME AND EXPENSES

In line with the increase in sales revenue, the cost of materials rose by € 28.8 million to a total of € 461.2 million compared with the first six months of the previous year; as a percentage of total output of operations, it was up from 40.6 % in the prior-year period to 41.1 % in the period under review.

Staff costs only increased from € 418.1 million to € 420.7 million, which reduced staff costs as a percentage of total output of operations by 2.0 percentage points to 37.5 % year on year. The average headcount fell from 15,509 to 15,155.

At € 159.3 million, other expenses were € 12.7 million lower than in the comparative prior-year period and thus fell by 2 % as a percentage of total output of operations. The decrease is mainly due to the measures introduced in the previous year to reduce consulting costs and services procured. In addition, lower travel costs also contributed to the decrease.

### HALF-YEAR EARNINGS

EBIT grew from € 15.1 million to € 53.6 million. This development is mainly attributable to the increase in sales revenue and lower costs compared with the previous year. At € 50.4 million, the KSB SupremeServ segment made the strongest contribution to EBIT. The Pumps segment contributed EBIT of € 9.8 million, and the Valves segment € – 6.5 million.

Earnings before income taxes (EBT) increased very strongly from € 10.4 million to € 51.7 million year on year. Taxes on income dropped from € 38.4 million to € 17.1 million. The income tax rate in the first half of 2021 is 33.0 %, after 368.2 % in the comparative prior-year period. The high income tax rate in the previous year was mainly due to high impairments on deferred tax assets in the amount of € 22.8 million as well as high losses in companies where it was not possible to recognise deferred taxes on loss carryforwards.

Earnings after income tax thus amount to € 34.6 million (previous year: € – 28.0 million). Earnings attributable to non-controlling interests amount to € 7.6 million in absolute terms (previous year: € 4.4 million). Earnings attributable to shareholders of KSB SE & Co. KGaA (€ 27.1 million) were € 59.4 million higher than in the previous year (€ – 32.3 million). In the previous year, impairments on deferred tax assets impacted on earnings attributable to shareholders of KSB SE & Co. KGaA in the amount of € 22.8 million.

Earnings per ordinary share were € 15.33, compared with € – 18.59 in the previous year, and € 15.59 per preference share, compared with € – 18.33 in the first half of 2020.

## Financial Position and Net Assets

### LIQUIDITY

Cash flows from operating activities amounted to € 51.9 million (previous year: € 23.7 million). In particular, the positive development of the earnings after income taxes, which increased by € 62.6 million, contributed to this inflow of funds. The outflow of funds in the amount of € 14.8 million due to the increase in working capital had an opposite effect.

Cash flows from investing activities amounted to € 13.8 million (prior-year period: € – 29.0 million) and was mainly characterised by the addition of term deposits with maturities of more than 3 and up to 12 months (€ 36.9 million) to cash and cash equivalents. Payments for investments in the amount of € 23.7 million (previous year: € 27.5 million) had the opposite effect.

Cash flows from financing activities amounted to € – 31.1 million in the period under review and thus changed little (previous year: € – 30.2 million). A € 10.4 million increase in the dividend payment to non-controlling interests was largely offset by a € 7.9 million decrease in the dividend payment to the shareholders of KSB SE & Co. KGaA.

Cash and cash equivalents from all cash flows increased from € 331.5 million as at 31 December 2020 to € 371.3 million. Exchange rate effects amounting to € 4.2 million (previous year: € – 3.9 million) contributed to this.

### INVESTMENTS

Investments in the first half of 2021 came to € 36.1 million, € 5.4 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 the USA, India and China. These investments comprise primarily investments in the expansion of production capacities.

### 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, increased from € 304.8 million as at 31 December 2020 to € 312.0 million. Cash flows from operating activities of € 51.9 million contributed to the increase, while payments for investments of € 23.7 million and dividend payments of € 19.0 million had an opposite effect.

### NET ASSETS

Non-current assets of € 680.2 million have hardly changed compared with € 675.0 million as at 31 December 2020. Property, plant and equipment increased by € 5.0 million, mainly

due to higher assets under construction and advance payments. An increase of € 3.4 million in deferred tax assets is offset by a decrease of € 3.1 million in intangible assets.

Inventories, at € 518.6 million, were up € 21.1 million on the 2020 year-end level. This growth mainly resulted from the increased processing of customer contracts, which is reflected in work in progress at € 24.1 million. Raw materials, consumables and supplies rose by € 7.7 million, while finished goods fell by € 13.6 million.

The increase in contract assets by € 11.6 million to € 94.0 million is mainly attributable to the fact that the degree of processing of customer orders increased, while the advance payments received from customers for contract assets remained almost constant. Trade receivables increased by € 19.7 million to € 463.9 million compared with the comparatively low level as at 31 December 2020.

Other current financial assets decreased sharply by € 40.6 million, mainly due to the reallocation of fixed-term deposits with maturities of more than 3 to 12 months (€ 35.1 million) and lower balances from forward exchange transactions (€ 3.5 million).

Cash and cash equivalents accounted for around 17 % of assets, totalling € 371.3 million (previous year: € 331.5 million).

Total assets amounted to € 2,216.0 million as at 30 June 2021, representing an increase of € 76.0 million or 3.6 % compared with the 2020 year-end figure. This change resulted primarily from higher inventories (€ 21.1 million), higher trade receivables (€ 19.7 million) and higher contract assets (€ 11.6 million).

### EQUITY

KSB Group equity increased from € 703.8 million (31 December 2020) to € 757.5 million. The increase was mainly attributable to the shareholders of KSB SE & Co. KGaA; non-controlling interests were almost unchanged. The main factor was earnings after income taxes. The changes in other comprehensive income increased equity (€ 38.0 million). This includes € 23.9 million from actuarial gains for pension provisions as a result of the increase in the discount rate, as well as positive currency translation differences of € 16.2 million. As a result of the increase in equity, the equity ratio rose from 32.9 % as at 31 December 2020 to 34.2 %.

## LIABILITIES

Liabilities rose from € 1,436.2 million at the end of the previous year to € 1,458.5 million. This change (€ 22.3 million or 1.6 %) was mainly due to increased current other non-financial liabilities (€ 18.7 million), contract liabilities (€ 11.8 million) and trade payables (€ 10.3 million). They are partly offset by lower non-current and current provisions for employee benefits (€ – 26.3 million).

## Employees

The number of employees decreased slightly over the past twelve months. As at 30 June 2021, 15,167 people were employed in the KSB Group, 11 fewer than on the same date of the previous year. The number of employees in the Regions Asia / Pacific and Americas rose slightly but fell slightly or was unchanged in the other Regions.

## Report on Expected Developments

The following projections for the Group's key financial performance indicators for the 2021 financial year were made in the 2020 Annual Report:

- Order intake: € 2,150 million to € 2,450 million
- Sales revenue: € 2,150 million to € 2,400 million
- EBIT: € 80 million to € 120 million

The Group confirms the expected development of these three indicators, with the expectation that the forecast values will be at the upper end of the given corridors. However, KSB continues to see the global business environment as being subject to uncertainties, especially due to the increase in commodity and energy costs, and delays in supply chains. This could slow down growth.

## 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 in-

formation 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 2020 Annual Report. There has been no material change to the overall risk situation for KSB compared with this presentation. KSB also draws attention to the forward-looking statements at the end of its report on expected developments.

## 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 of the German Commercial Code [HGB].

## 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 in the *Bundesanzeiger* [German Federal Gazette], as well as on the [www.ksb.com](http://www.ksb.com) web site. A print version is also available on request.





# Interim Consolidated Financial Statements

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# Balance Sheet

## Assets

€ thousands	Notes	30 June 2021	31 Dec. 2020
<b>Non-current assets</b>			
Intangible assets	1	76,795	79,935
Right-of-use assets	1	40,697	41,641
Property, plant and equipment	1	505,683	500,680
Non-current financial assets	1	2,611	2,267
Other non-financial assets	1	2,557	3,302
Investments accounted for using the equity method	1	21,047	19,787
Deferred tax assets	14	30,789	27,360
		<b>680,180</b>	<b>674,971</b>
<b>Current assets</b>			
Inventories	2	518,619	497,495
Contract assets	3	94,007	82,412
Trade receivables	3	463,891	444,174
Other financial assets	3	41,607	82,210
Other non-financial assets	3	46,370	27,189
Cash and cash equivalents	4	371,286	331,512
		<b>1,535,780</b>	<b>1,464,992</b>
		<b>2,215,960</b>	<b>2,139,964</b>

## Equity and Liabilities

€ thousands	Notes	30 June 2021	31 Dec. 2020
<b>Equity</b>	<b>5</b>		
Subscribed capital		44,772	44,772
Capital reserve		66,663	66,663
Revenue reserves		470,226	416,439
Equity attributable to shareholders of KSB SE & Co. KGaA		581,662	527,874
Non-controlling interests		175,820	175,928
		<b>757,482</b>	<b>703,803</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		7,621	8,430
Provisions for employee benefits	6	660,682	684,858
Other provisions	6	3,039	3,017
Financial liabilities	7	49,071	50,624
		<b>720,412</b>	<b>746,929</b>
<b>Current liabilities</b>			
Provisions for employee benefits	6	8,016	10,168
Other provisions	6	88,790	79,674
Financial liabilities	7	30,498	32,033
Contract liabilities	7	165,442	153,690
Trade payables	7	247,892	237,558
Other financial liabilities	7	33,385	27,205
Other non-financial liabilities	7	154,744	136,045
Income tax liabilities	7	9,299	12,860
		<b>738,066</b>	<b>689,232</b>
		<b>2,215,960</b>	<b>2,139,964</b>

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 2021	Six months ended 30 June 2020
<b>Sales revenue</b>	<b>8</b>	<b>1,111,937</b>	<b>1,049,206</b>
Changes in inventories		10,291	13,691
Work performed and capitalised		1,101	1,396
<b>Total output of operations</b>		<b>1,123,329</b>	<b>1,064,293</b>
Other income	9	12,113	15,512
Cost of materials	10	-461,204	-432,412
Staff costs	11	-420,702	-418,090
Depreciation and amortisation	1	-40,628	-42,257
Other expenses	12	-159,282	-171,976
<b>Earnings before finance income / expense and income tax (EBIT)</b>		<b>53,626</b>	<b>15,070</b>
Finance income	13	2,555	2,608
Finance expense	13	-5,170	-6,092
Income from / expense to investments accounted for using the equity method	13	700	-1,161
<b>Finance income / expense</b>		<b>-1,915</b>	<b>-4,645</b>
<b>Earnings before income tax (EBT)</b>		<b>51,711</b>	<b>10,425</b>
Taxes on income	14	-17,072	-38,383
<b>Earnings after income tax</b>		<b>34,639</b>	<b>-27,958</b>
Attributable to:			
Non-controlling interests	15	7,571	4,367
<b>Shareholders of KSB SE &amp; Co. KGaA</b>		<b>27,068</b>	<b>-32,325</b>
Diluted and basic earnings per ordinary share (€)	16	15,33	-18,59
Diluted and basic earnings per preference share (€)	16	15,59	-18,33

## Statement of income and expense recognised in equity

€ thousands	Notes	Six months ended 30 June 2021	Six months ended 30 June 2020
<b>Earnings after income tax</b>		<b>34,639</b>	<b>-27,958</b>
Remeasurement of defined benefit plans		23,669	-5,504
Taxes on income		26	-51,528
Remeasurement of defined benefit plans attributable to investments accounted for using the equity method		197	-
<b>Items not reclassified to profit or loss in subsequent periods</b>		<b>23,892</b>	<b>-57,032</b>
Currency translation differences *		15,525	-34,447
Changes in the fair value of financial instruments: Hedging reserve		-2,065	977
Taxes on income: Hedging reserve		19	-311
Changes in the fair value of financial instruments: Hedging cost reserve		-30	-153
Taxes on income: Hedging cost reserve		-	44
Expense and income recognised directly in equity relating to investments accounted for using the equity method *		678	-135
<b>Items reclassified to profit or loss in subsequent periods if required</b>		<b>14,127</b>	<b>-34,025</b>
<b>Other comprehensive income</b>		<b>38,019</b>	<b>-91,057</b>
<b>Comprehensive income</b>		<b>72,658</b>	<b>-119,015</b>
Attributable to:			
Non-controlling interests		11,687	168
<b>Shareholders of KSB SE &amp; Co. KGaA</b>		<b>60,971</b>	<b>-119,183</b>

\* Compared with the 2020 interim consolidated financial statements, the presentation was amended so that expense and income recognised directly in equity relating to investments accounted for using the equity method are now shown as a separate item and not subsumed as "Attributable to" under the currency translation differences item.

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
<b>1 Jan. 2020</b>	44,772	66,663
Other comprehensive income	–	–
Earnings after income tax	–	–
<b>Total comprehensive income</b>	–	–
Dividends paid	–	–
Capital increase / decrease	–	–
Step acquisitions *	–	–
Other *	–	–
<b>30 June 2020</b>	<b>44,772</b>	<b>66,663</b>

€ thousands	Subscribed capital of KSB SE & Co. KGaA	Capital reserve of KSB SE & Co. KGaA
<b>1 Jan. 2021</b>	44,772	66,663
Other comprehensive income	–	–
Earnings after income tax	–	–
<b>Total comprehensive income</b>	–	–
Dividends paid	–	–
Capital increase / decrease	–	–
Step acquisitions	–	–
Other	–	–
<b>30 June 2021</b>	<b>44,772</b>	<b>66,663</b>

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	
892,652	-95,765	-3,298	-606	-224,067	680,351	182,210	862,562	
-	-30,475	644	-109	-56,918	-86,858	-4,199	-91,057	
-32,325	-	-	-	-	-32,325	4,367	-27,958	
-32,325	-30,475	644	-109	-56,918	-119,183	168	-119,015	
-15,111	-	-	-	-	-15,111	-1,428	-16,539	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-1,583	-	-	-	1,583	-	-	-	
843,633	-126,240	-2,654	-715	-279,402	546,058	180,950	727,007	

Revenue reserves		Other comprehensive income						
Other revenue reserves	Currency translation differences	Changes in the fair value of financial instruments: Hedging reserve	Changes in the fair value of financial instruments: Hedging cost reserve	Remeasurement of defined benefit plans	Equity attributable to shareholders of KSB SE & Co. KGaA	Non-controlling interests	Total equity	
866,210	-142,129	1,313	-282	-308,673	527,874	175,928	703,803	
-	12,041	-2,046	-30	23,938	33,903	4,116	38,019	
27,068	-	-	-	-	27,068	7,571	34,639	
27,068	12,041	-2,046	-30	23,938	60,971	11,687	72,658	
-7,230	-	-	-	-	-7,230	-11,795	-19,025	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
46	-	-	-	-	46	-	46	
886,094	-130,088	-733	-312	-284,735	581,662	175,820	757,482	

\* Compared with the 2020 interim consolidated financial statements, the presentation was amended so that changes in the equity items resulting from changes in the consolidated Group are now included under Other.

## Statement of Cash Flows

€ thousands	Six months ended 30 June 2021	Six months ended 30 June 2020
<b>Cash flows from operating activities</b>	<b>51,933</b>	<b>23,664</b>
<b>Cash flows from investing activities</b>	<b>13,828</b>	<b>-28,958</b>
<b>Cash flows from financing activities</b>	<b>-31,125</b>	<b>-30,159</b>
Changes in cash and cash equivalents	34,636	-35,453
Effects of exchange rate changes on cash and cash equivalents	4,187	-3,857
Effects of changes in consolidated Group	951	-
Cash and cash equivalents at beginning of period	331,512	280,875
<b>Cash and cash equivalents at end of period</b>	<b>371,286</b>	<b>241,565</b>

# 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 2021 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 2020 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 2021, in addition to KSB SE & Co. KGaA, 9 German and 70 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 2021.

### Changes in the consolidated Group

In the first half of the 2021 financial year, there were the following changes in the consolidated Group, none of which had a material impact on the Group's assets, financial position and results of operations.

KSB SOC, Cairo (Egypt) was founded in the first half of 2021. KSB SE & Co. KGaA holds all shares in the newly founded company, which is not consolidated for reasons of materiality.

The South African-based and previously fully consolidated company FORTY FOUR ACTIVIA PARK (PTY) LTD, Germiston (Johannesburg), was liquidated.

The previously fully consolidated company VM Pumpar AB, Gothenburg (Sweden), was merged with its previous shareholder, the Group subsidiary KSB Sverige Aktiebolag AB, Gothenburg (Sweden).

KSB Perú S.A., Lurin (Peru), 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 changes to consolidation methods or currency translation methods compared with the consolidated financial statements for the 2020 financial year.

## III. ACCOUNTING POLICIES

The accounting policies were essentially unchanged from the consolidated financial statements for the 2020 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 2021 financial year, additions of € 36,065 thousand (compared with € 30,710 thousand for the same period of the previous year) were recognised for property, plant and equipment, rights of use to leased assets and intangible assets. At € 40,628 thousand (previous year: € 42,257 thousand), depreciation and amortisation on these items ranged slightly below the level of the comparative prior-year period).

As explained in section VII. Segment Reporting of these Notes to the consolidated financial statements, KSB's segment structure has changed starting in the 2021 financial year. For this reason, impairment tests were carried out for the Group's assets within the scope of IAS 36 in the first half of 2021. No impairment was identified in this context.

Overall, no impairment was 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 2020.

##### 2. Inventories

€ thousands	30 June 2021	31 Dec. 2020
Raw materials, consumables and supplies	178,728	170,965
Work in progress	156,052	132,022
Finished goods and goods purchased and held for resale	163,094	176,692
Advance payments	20,745	17,815
	<b>518,619</b>	<b>497,495</b>

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

Impairment losses on contract assets amounted to € 535 thousand (year-end figure in 2020: € 524 thousand).

Impairment losses of € 33,562 thousand (year-end figure in 2020: € 35,110 thousand) were recognised on trade receivables from third parties as at the closing date.

Impairment losses on receivables from loans to other investments amounted to € 320 thousand (year-end figure in 2020: € 320 thousand). As on 31 December 2020, there are no impairment losses on other receivables from other equity investments, associates and joint ventures.

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

€ thousands	30 June 2021	31 Dec. 2020
<b>Contract assets</b>	<b>94,007</b>	<b>82,412</b>
<b>Trade receivables</b>	<b>463,891</b>	<b>444,174</b>
Trade receivables from third parties	439,735	419,458
Trade receivables from other investments, associates and joint ventures	24,156	24,717
thereof from other investments	3,588	3,715
thereof from associates	–	317
thereof from joint ventures	20,568	20,684
<b>Other financial assets</b>	<b>41,607</b>	<b>82,210</b>
Receivables from loans to other investments, associates and joint ventures	1,693	710
Currency forwards	1,191	4,694
Other receivables and other current assets	38,723	76,806
<b>Other non-financial assets</b>	<b>46,370</b>	<b>27,189</b>
Other tax assets	25,260	18,360
Deferred income	21,110	8,829

#### 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 no-par-value bearer shares.

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 FINANZ S.A., Echternach, Luxembourg, holds a 51 % interest in PAB Pumpen- und Armaturen-Beteiligungsges. mbH, while Johannes und Jacob Klein GmbH, Frankenthal / Pfalz, holds a 49 % interest.

The cumulative currency translation differences included in non-controlling interest changed by € 4,162 thousand in the reporting period of the current year (comparative prior-year reporting period: change by € – 4,107 thousand). The total amount of currency translation differences recognised in equity as at the closing date is € – 160,159 thousand (as at 30 June 2020: € – 148,522 thousand; year-end figure in 2020: € – 176,362 thousand).

The performance of equity items and non-controlling interests of other shareholders is shown in the Statement of Changes in Equity.

#### 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. Plan assets have been offset to a small extent in relation to the Group's overall 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 2021	31 Dec. 2020
<b>Employee benefits</b>	<b>668,698</b>	<b>695,025</b>
Pensions and similar obligations	644,764	670,239
Other employee benefits	23,934	24,786
<b>Other provisions</b>	<b>91,829</b>	<b>82,691</b>
Warranty obligations and contractual penalties	48,567	48,733
Onerous contracts *	18,660	16,766
Miscellaneous other provisions *	24,602	17,192
	<b>760,527</b>	<b>777,716</b>

\* In order to increase transparency, the presentation has been adjusted compared with the half-year financial report 2020 in that the provisions for onerous contracts are now shown separately and no longer as part of the miscellaneous other provisions. The restructuring provisions are now included in miscellaneous other provisions for reasons of materiality.

## 7. Liabilities

### Non-current liabilities

€ thousands	30 June 2021	31 Dec. 2020
<b>Financial liabilities</b>	<b>49,071</b>	<b>50,624</b>
Loan against borrower's note	21,992	21,992
Bank loans and overdrafts	3,519	3,985
Finance lease liabilities	23,268	24,336
Other	291	310

### Current liabilities

€ thousands	30 June 2021	31 Dec. 2020
<b>Financial liabilities</b>	<b>30,498</b>	<b>32,033</b>
Bank loans and overdrafts	16,744	17,578
Finance lease liabilities	13,745	14,446
Other	9	9
<b>Contract liabilities</b>	<b>165,442</b>	<b>153,690</b>
<b>Trade payables</b>	<b>247,892</b>	<b>237,558</b>
Trade payables to third parties	246,055	236,547
Liabilities to other investments, associates and joint ventures	1,838	1,011
<b>Other financial liabilities</b>	<b>33,385</b>	<b>27,205</b>
Currency forwards	3,527	2,623
Miscellaneous other financial liabilities	29,858	24,582
<b>Other non-financial liabilities</b>	<b>154,744</b>	<b>136,045</b>
Social security and liabilities to employees	116,495	103,045
Tax liabilities (excluding income tax)	29,231	23,399
Prepaid expenses	4,036	4,847
Investment grants and subsidies	4,982	4,754
<b>Income tax liabilities</b>	<b>9,299</b>	<b>12,860</b>

## V. INCOME STATEMENT DISCLOSURES

### 8. Sales revenue

The Group's consolidated sales revenue in the reporting period was € 1,111,937 thousand (previous year: € 1,049,206 thousand).

KSB generates income from the transfer of goods and services over time or at a point in time in the segments presented, which have been redefined as from the 2021 financial year.

→ Sales revenue by segment and timing of revenue recognition

For the sales revenue of the comparative prior-year reporting period, broken down according to the former segment structure, please refer to the Group's Half-year Financial Report 2020.

Detailed information on KSB's new segments is provided in section VII. Segment Reporting of the Notes to the consolidated financial statements.

### 9. Other income

€ thousands	Six months ended 30 June 2021	Six months ended 30 June 2020
Income from the reversal of impairment losses	3,913	1,114
Income from disposal of assets	365	231
Currency translation gains	1,551	1,549
Miscellaneous other income	6,284	12,617
	<b>12,113</b>	<b>15,512</b>

Other income includes, inter alia, income from government grants and subsidies, as well as rental and lease income. In the prior-year reporting period, this item also included profits from the sale of subsidiaries as well as higher income from claims for damages.

### 10. Cost of materials

The cost of materials amounted to € 461,204 thousand (previous year: € 432,412 thousand) in the reporting period. This item includes expenses for raw materials, consumables and supplies and for goods and services purchased.

### 11. Staff costs

€ thousands	Six months ended 30 June 2021	Six months ended 30 June 2020
Wages and salaries	342,078	337,586
Social security contributions and employee assistance costs	61,823	63,259
Pension costs	16,801	17,245
	<b>420,702</b>	<b>418,090</b>

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

The average number of employees in the reporting period was 15,155, compared with 15,509 in the first half of the previous year.

#### Sales revenue by segment and timing of revenue recognition in the first six months of 2021

€ thousands	Pumps segment	Valves segment	KSB SupremeServ segment	Total
Revenue from contracts with customers	606,600	138,910	366,427	<b>1,111,937</b>
Timing of revenue recognition				
At a point in time	529,726	130,860	181,699	<b>842,285</b>
Over time	76,874	8,050	184,728	<b>269,652</b>

**12. Other expenses**

€ thousands	Six months ended 30 June 2021	Six months ended 30 June 2020
Repairs, maintenance, third-party services	57,051	56,935
Administrative expenses	32,673	38,935
Selling expenses	27,800	26,957
Other taxes	6,134	6,569
Rents and leases	4,749	5,342
Other staff costs	10,667	11,000
Impairment losses on trade receivables and contract assets	4,740	3,186
Currency translation losses	2,558	3,038
Losses from current assets	40	34
Losses from asset disposals	343	116
Miscellaneous other expenses	12,527	19,864
	<b>159,282</b>	<b>171,976</b>

Other expenses primarily include 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. In the prior-year reporting period, this item also included losses from the sale of subsidiaries.

**13. Finance income / expense**

Interest and similar expenses include the net interest cost on pension provisions amounting to € 2,343 thousand (previous year: € 3,444 thousand). In addition, the item also includes interest expense from the subsequent measurement of lease liabilities.

**Finance income / expense**

€ thousands	Six months ended 30 June 2021	Six months ended 30 June 2020
<b>Finance income</b>	<b>2,555</b>	<b>2,608</b>
Income from equity investments	105	–
thereof from other investments	105	–
Interest and similar income	2,438	2,576
thereof from other investments	5	9
thereof from investments accounted for using the equity method	151	176
Other finance income	11	33
<b>Finance expense</b>	<b>–5,170</b>	<b>–6,092</b>
Interest and similar expenses	–4,485	–6,046
thereof from other investments	–	–
Other finance expense	–685	–46
<b>Income from / expense to investments accounted for using the equity method</b>	<b>700</b>	<b>–1,161</b>
<b>Finance income / expense</b>	<b>–1,915</b>	<b>–4,645</b>

#### 14. Taxes on income

All income-related taxes of the consolidated companies and deferred taxes are reported in this item.

##### Taxes on income

€ thousands	Six months ended	Six months ended
	30 June 2021	30 June 2020
Effective taxes	20,760	16,869
Deferred taxes	-3,688	21,514
	17,072	38,383

The expenses from deferred taxes in the prior-year reporting period included € 22,800 thousand from reductions in the carrying amount of deferred tax assets. In addition, the impairments of deferred tax assets in the previous year's values in the amount of € 53,200 thousand were reflected in other comprehensive income in equity.

#### 15. Earnings after income tax – Non-controlling interests

The net profit attributable to non-controlling interests amounts to € 8,335 thousand (previous year: € 4,762 thousand) and the net loss attributable to non-controlling interests amounts to € 764 thousand (previous year: € 395 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	Six months ended
	30 June 2021	30 June 2020
Diluted and basic earnings per ordinary share	15.33	-18.59
Diluted and basic earnings per preference share	15.59	-18.33

## VI. 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

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.

As of financial year 2021, KSB has adapted its management and internal Group reporting to the realignment of the organisation that began in the previous year. The changes in the organisation have resulted in the following new reporting segments (hereinafter also referred to as “segments”) for the Group from financial year 2021: Pumps, Valves and KSB SupremeServ.

Even in the new segment structure, KSB continues to make management decisions primarily on the basis of the key indicators order intake, external sales revenue and earnings before finance income / expense and taxes (EBIT). Reporting the relevant assets, number of employees and inter-segment sales revenue for the segments is, as in the past, not part of internal reporting.

The new reporting segments are aligned with the Group's products and services in an overview. For the derivation of the Pumps segment, the underlying differentiation of individual Market Areas must also be taken into account, as described below.

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

For the new business with pumps, the Energy, Mining and Standard Market Areas are derived from the changed organisational and reporting structure of the Group as operating segments as defined by IFRS 8. These areas 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. In addition, from the Group's point of view, fundamentally comparable risks can arise in all three Pumps operating segments from major projects or smaller projects with customers. 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 inter-relationships from the Group's point of view.

The redefined Valves segment comprises 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 fields of application 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, whose continued intensification is a central focus of the new segmentation. On the other hand, KSB's service activities are allocated to this segment. These include the installation, commissioning, inspection, servicing, maintenance and repair of pumps, related systems and valves, as well as modular service concepts and system analyses for complete plants.

Up to and including the 2020 financial year, the Group was managed on the basis of three segments: Pumps, Valves and Service. Although some of these segments have the same names, the content of these segments differs significantly from the new segments effective from the 2021 financial year: Pumps, Valves and KSB SupremeServ. In particular, the spare parts business for pumps and valves was basically allocated to the individual segments in the previous segment structure depending on the type of underlying product or service. While the spare parts business was reflected in all three segments in the historical analysis, these transactions are fully subsumed under the KSB SupremeServ segment in the new segment structure.

In order to reflect the Group's new segment structure, the internal reporting systems were adapted in a comprehensive manner and fully aligned with the new structure. The financial information for the 2020 reporting period was not collected retrospectively in line with the new segment structure, as the effort of such a technical system implementation including the associated data collection would have been disproportionately high from the Group's point of view. In order to determine comparative data for the same period of the previous year, the data for the current year would have had to be manually transferred to the previous structure. This would also have entailed excessive costs for data collection. Against this background,

there are no reconciliations between the old and new segmentation for all key financial performance indicators (order intake, external sales, EBIT).

In order to differentiate between the new and former segments, some of which have identical names, no quantitative segment information based on historical segmentation is provided in the present segment reporting for the comparative prior-year period. For these disclosures, please refer to the Group's Half-year Financial Report 2020. Furthermore, a comparison of quantitative information between the reporting periods of the current year and the previous year is only made for the Group as a whole and not for individual segments. The following qualitative statements refer accordingly to the segmentation relevant for KSB from 2021. The other disclosures in this section on the geographical areas are independent of the changes in the segment structure and continue to be fundamentally comparable with the prior-year figures.

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

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

→ [Segment reporting](#)

The EBIT of the Pumps segment includes depreciation and amortisation expense of € 19,042 thousand, the EBIT of the Valves segment includes depreciation and amortisation expense of € 5,534 thousand and the EBIT of the KSB SupremeServ segment includes depreciation and amortisation expense of € 16,052 thousand.

€ 288,971 thousand (previous year: € 280,156 thousand) of the sales revenue presented was generated by the companies based in Germany, € 87,327 thousand (previous year: € 98,882 thousand) was generated by the companies based in France, € 85,506 thousand (previous year: € 101,760 thousand) by the companies based in the USA, and € 650,133 thousand (previous year: € 568,408 thousand) by the other Group companies.

There were no relationships with individual customers that accounted for a material proportion of consolidated 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 € 644,222 thousand (year-end figure in 2020: € 642,042 thousand), with € 233,443 thousand (year-end figure in 2020: € 234,733 thousand) being attributable to the companies based in Germany and € 410,779 thousand (year-end figure in 2020: € 407,309 thousand) being attributable to the other Group companies. The values shown include intangible assets, rights of use to leased assets, property, plant and equipment and investments accounted for using the equity method.

#### Segment reporting

€ thousands	Order intake		Sales revenue		EBIT	
	Six months ended 30 June 2021	Six months ended 30 June 2020*	Six months ended 30 June 2021	Six months ended 30 June 2020*	Six months ended 30 June 2021	Six months ended 30 June 2020*
Pumps segment	681,742	–	606,600	–	9,753	–
Valves segment	175,911	–	138,910	–	–6,512	–
KSB SupremeServ segment	391,371	–	366,427	–	50,385	–
<b>Total</b>	<b>1,249,024</b>	<b>1,112,709</b>	<b>1,111,937</b>	<b>1,049,206</b>	<b>53,626</b>	<b>15,070</b>

\* For the segment information of the previous year based on the historical segmentation, please refer to the Group's Half-year Financial Report 2020.

## 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 2020.

### Related party disclosures

Pursuant to section 21(1) of the 28 Dec. 2007 version of the WpHG [*Wertpapierhandelsgesetz* – German Securities Trade Act], KSB Stiftung [KSB Foundation], Stuttgart, notified us on 21 May 2008 that its voting interest in KSB SE & Co. KGaA, Frankenthal / Pfalz exceeded the 75.00 % threshold on 5 May 2008 and amounted to 80.24 % (711,453 voting shares) on this date. 0.54 % of the voting rights (4,782 voting shares) were held directly by KSB Stiftung, Stuttgart, and 79.70 % (706,671 voting shares) were attributed to KSB Stiftung, Stuttgart, pursuant to section 22(1), sentence 1, No. 1 of the 28 Dec. 2007 version of the WpHG. The voting rights attributed to KSB Stiftung, Stuttgart, were held by Johannes und Jacob Klein GmbH, Frankenthal / Pfalz. In 2018 the voting interest of Johannes und Jacob Klein GmbH increased to 83.94 %.

Related parties are KSB Management SE as general partner, KSB Stiftung, Stuttgart, and Kühborth Stiftung GmbH, Stuttgart, each with their direct and indirect interests, joint ventures and associates. These are primarily Johannes und Jacob Klein GmbH, Frankenthal / Pfalz, 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 Geheimrat Dr. Jacob Klein-Unterstützungseinrichtung e.V. is also a related party of the Group.

The members of the Supervisory Board, the Managing Directors of KSB Management SE and the members of the Administrative Board of KSB Management SE are deemed to be related parties of KSB SE & Co. KGaA.

As part of normal business activities, the company maintains business relationships with numerous companies, including affiliates that are deemed to be related parties.

Overall, there were no significant changes in the contractual basis and the supply of services between KSB SE & Co. KGaA and its related parties compared with 31 December 2020.

### Auditors

The Annual General Meeting of KSB SE & Co. KGaA on 6 May 2021 resolved to appoint PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, based in Frankfurt am Main with an office in Mannheim, as auditors and group auditors for the 2021 financial year.

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

### Events after the reporting period

There were no reportable events after the reporting date.

### 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 [*Aktengesetz* – German Public Companies Act] on 8 December 2020. The Statement of Compliance is published on the KSB web site ([www.ksb.com](http://www.ksb.com)) and has thus been made permanently accessible.

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

The Annual General Meeting on 06 May 2021 resolved to appropriate the net retained earnings of € 44,530,795.16 of KSB SE & Co. KGaA as follows:

### Appropriation of net retained earnings

€	
Dividend of € 4.00 per ordinary no-par-value share	3,546,460,00
Dividend of € 4.26 per preference no-par-value share	3,683,673,12
<b>Total</b>	<b>7,230,133,12</b>
<b>Carried forward to new account</b>	<b>37,300,662,04</b>
	44,530,795,16

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, 12 August 2021

KSB Management SE

The Managing Directors

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[www.ksb.com](http://www.ksb.com)

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## CONCEPT AND DESIGN

KSB Communications, Frankenthal, Germany

## PRINTING

Ottweiler Druckerei und Verlag GmbH, Ottweiler

# Financial Calendar

## 9 November 2021

Interim report  
January – September 2021

## 31 January 2022

Preliminary report on the  
2021 financial year

## 24 March 2022

Financial press conference  
Frankenthal

## 28 April 2022

Interim report  
January – March 2022

## 5 May 2022

Annual General Meeting  
Frankenthal

## 4 August 2022

Half-year financial report  
January – June 2022





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