

Company registration number: 07065382

**SPX Flow Europe Limited**  
**Report and financial statements**  
**for the financial year ended 31 December 2022**



**SPX Flow Europe Limited**

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**SPX Flow Europe Limited**

**Directors and other information**

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | Mark Shanahan<br>Jaime Easley<br>Peter Ryan   |
| <b>Company number</b>    | 07065382  |
| <b>Registered office</b> | c/o SPX Flow Europe Limited<br>Part Ground Floor<br>Alexander House<br>4 Station Road<br>Cheadle Hulme<br>SK8 5AE |
| <b>Solicitors</b>        | Eversheds Sutherland LLP<br>Eversheds House<br>70 Great Bridgewater Street<br>Manchester<br>M1 5ES                |
| <b>Auditor</b>           | RSM Ireland<br>Statutory Auditor<br>Trinity House<br>Charleston Road<br>Ranelagh<br>Dublin 6<br>Ireland           |

**SPX Flow Europe Limited**  
**Strategic report**  
**for the financial year ended 31 December 2022**

The Directors present their Strategic report together with the audited financial statements for SPX Flow Europe Limited, ("the company") for the financial year ended 31 December 2022.

**Principal activities and business reviews**

SPX Flow Europe Limited operates as the principal entity with sales branches in multiple European countries, as part of the group headed by SPX Flow, Inc ("SPX FLOW"), the company's ultimate parent undertaking.

The company operates in two reportable segments: The Nutrition and Health segment and the Precision Solutions segment as described below:

**Nutrition and Health:** The Nutrition and Health segment operates in a regulated, global industry with customers who demand highly engineered, process solutions. Key demand drivers include dairy consumption, emerging market capacity expansion, sustainability and productivity initiatives, customer product innovation and food safety. Key products for the segment include pumps, valves, heat exchangers, homogenisers and other related products. The company also designs and assembles process systems that integrate many of these products for customers. The key brands include APV, Gerstenberg Schröder, Anhydro, Seital and Waukesha Cherry-Burrell.

**Precision Solutions:** The Precision Solutions segment primarily serves customers in the chemical, petrochemical, paper and pulp, infrastructure construction, rigging, quarrying and marine industries. Key demand drivers of this segment are tied to macroeconomic conditions and growth in the respective end markets we serve. Key products for the segment are pumps, mixers, bolting solutions, hydraulic technologies and heat exchangers. Key brands include APV, Bolting Systems, Bran+Luebbe, Plenty Mixers, Johnson Pump, Johnson Pump Marine, LIGHTNIN, Deltech, Hankison, Jemaco, Power Team and Stone.

In addition to the above activities, the company continued to provide finance support, human resource ("HR") and customer and payroll services via its European Shared Service Centre ("ESSC") to SPX FLOW entities predominantly within the EMEA and Americas regions. Furthermore, the company continues to act as a hub within EMEA for hosting employees who serve various SPX FLOW businesses both within EMEA and globally. In 2021, certain of the company's finance related services in the ESSC fully transitioned to an external business process outsourcing provider with no significant changes in the company's control environment.

On 5 April 2022, SPX FLOW, the company's parent company as at 31 December 2021, completed a transaction through an Agreement and Plan of Merger (the "Merger Agreement"), whereby all shares of SPX FLOW were acquired in the transaction and SPX FLOW is no longer listed on the US stock exchange. Prior to completion of the acquisition noted above, the company's parent operated a share-based payment scheme for certain employees of the company (the "Former Scheme") in which awards became fully vested, cancelled, and converted into a right to receive an amount in cash, without interest and subject to applicable withholding in 2022, in connection with terms of Merger Agreement (see notes 8 and 26).

In 2022, the company maintained its core operational focus without any exceptional activities, except for the full vesting and cash settlement of share-based payments under the Former Scheme, in accordance with terms of the "Merger Agreement" as noted above, which resulted in a charge of €4.9 million to 'administrative costs' in the statement of comprehensive income. In 2021, the company recorded a pre-tax gain of €3.0 million related to the sale of a former Globe product line, which was recognised as a reduction of 'administrative costs' in the statement of comprehensive income and €1.6 million of 'other operating income' related to discontinued product lines, which did not recur in 2022. In 2022, the company focused on nurturing organic revenue growth from its Nutrition and Health segment components and aftermarket products, and systems, and benefited from broad-based strengthening across most short-cycle Precision Solutions segment product lines.

**SPX Flow Europe Limited**  
**Strategic report (continued)**  
**for the financial year ended 31 December 2022**

**Principal activities and business reviews (continued)**

The company expects to continue to expand its growth in sales operations through the implementation of SPX FLOW's strategic plan for continuing to implement value-based market pricing strategies, maximising sales in its highest value product and process technologies. Continuous improvement ('CI') sits at the heart of the business with several ongoing improvements programs which focus on delivering an efficient and effective level of service delivery from its ongoing operations. The business continues to provide control and compliance leadership on its practice of embedding robust processes and its CI streams of promoting simplification and standardisation. The company's financial results are directly impacted by the performance of its combined sales branch operations and the number of business units to which it provides Finance support, customer services and HR services, as well as the number of hosted employees/functions it supports. The company has branches in the United Kingdom, Belgium, the Netherlands, Ireland, Finland, Italy, Spain, France, Sweden, and Germany.

During 2022, revenue increased by €18.0 million, or 9%. In 2022, on a geographic basis, revenue within the United Kingdom increased by €2.8 million or 14%, and revenue outside the United Kingdom increased by €15.2 million or 8% compared to prior year. The company realised an operating profit of €1.5 million in 2022, compared to an operating loss of €0.7 million in 2021. The improvement in operating profit was driven primarily by:

- (i) a €4.7 million increase in gross profit from organic revenue growth from our Nutrition and Health segment components and aftermarket products, and systems, and broad-based strengthening across most short-cycle Precision Solutions segment product lines, attributable primarily to increased demand due to reduced adverse effects of the COVID-19 pandemic from 2021 to 2022 (see note 4),
- (ii) a €5.0 million reduction in administrative costs mainly due to the reduction of the company's office footprint by moving to smaller facilities, reduction in professional fees expenses, a reduction in cost due to fully transitioning the Finance Shared Services Centre to an external business process outsourcing provider and a reduction in administrative costs resulting from received from other SPX FLOW group entities, and
- (iii) nonrecurring recognition of a €0.5 million goodwill impairment charge in 2021 related to the poor performance of certain branches in the prior year,  
  
partially offset by:
  - (iv) a €3.6 million increase in administrative costs resulting from the full vesting and cash settlement of share-based payments under the Former Scheme, as noted previously (see notes 8 and 26),
  - (v) nonrecurring recognition of a €3.0 million gain from the sale of our former Globe product line in 2021 to a third-party buyer, and
  - (vi) nonrecurring recognition of €1.6 million of 'other operating income' in 2021 related to discontinued product lines.

**SPX Flow Europe Limited**  
**Strategic report (continued)**  
**for the financial year ended 31 December 2022**

**Principal activities and business reviews (continued)**

Net current assets of the company were €20.7 million as of 31 December 2022, compared to net current assets of €17.1 million as of 31 December 2021. The increase was mainly driven by (i) an increase in net contract asset/liability position of €20.1 million (net contract assets of €4.2 million at 31 December 2022 and net contract liabilities of €15.9 million at 31 December 2021) mainly due to both an increase in revenue recognised over time by €25.6 million compared to last year as well as a decrease in advance payments received from customers on new project orders as of December 2022 when compared to December 2021 and (ii) an increase in trade and other receivables of €3.7 million in line with sales growth, partially offset by (iii) a decrease of €18.5 million in cash and cash equivalents in line with SPX FLOW's treasury strategy to reduce cash balances maintained by its subsidiaries.

**Key performance indicators ("KPIs")**

The company produces detailed management reports and accounts on a monthly basis and a number of KPIs are an integral part of this process. The monthly management reporting and accounts focus on the actual performance of the business compared to budget set for the current financial year.

The company's KPIs consist of the following:

|                                    | <b>2022</b>                      | <b>2021</b>               |
|------------------------------------|----------------------------------|---------------------------|
| Gross profit margin                | <b>25.87%</b> <sup>(1)</sup>     | 25.86% <sup>(1)</sup>     |
| Net operating profit/(loss)        | <b>€1,533,000</b> <sup>(2)</sup> | (€739,000) <sup>(2)</sup> |
| Net operating profit/(loss) margin | <b>0.67%</b> <sup>(2)</sup>      | (0.35%) <sup>(2)</sup>    |
| Current ratio                      | <b>1.35</b> <sup>(3)</sup>       | 1.23 <sup>(3)</sup>       |

- (1) The consistent gross profit margin compared to 2021 reflects the result of improvements in the company's operational efficiency driven by (i) organic revenue growth from our Nutrition and Health segment components, aftermarket products and systems, (ii) broad-based end market strengthening across most short-cycle Precision Solutions segment product lines, (iii) improved project execution on a more favorable mix of revenue, and (iv) savings from cost reduction actions related to reductions of its facilities footprint, partially offset by (v) increases in raw materials and freight costs.
- (2) See "Principal activities and business reviews" section above for further discussion of year-over-year changes in net operating profit (loss).
- (3) See "Principal activities and business reviews" section above for further discussion of year-over-year increases in the company's net current assets and, therefore, its current ratio.

In addition to the key financial metrics noted above, the company also uses non-financial KPIs.

During 2022, the company hosted 75 employees (2021 - 68) on behalf of other SPX FLOW group entities.

During 2022, the ESSC provided:

- Finance support for 36 reporting units (2021 - 34)
- HR services for 31 reporting units (2021 - 31)
- Customer service for 5 reporting units (2021- 5)

**SPX Flow Europe Limited**  
**Strategic report (continued)**  
**for the financial year ended 31 December 2022**

**Principal risks and uncertainties**

As the company has a substantial number of transactions with other companies in the SPX FLOW group, its exposure to price, credit and liquidity risk is somewhat mitigated.

The directors actively monitor the risks associated with the operations of the business, including changes in the prices of raw materials and other costs and continuously assesses the impact that such changes may require to its selling prices. Although the company does not obtain collateral or other security to mitigate credit loss exposure, management actively monitors the extension of credit and credit standing of its customers. The directors liaise with the wider group's supply chain, commercial and treasury functions when circumstances require to mitigate exposures to such risks.

The Russia/Ukraine conflict did not have a significant impact on the operating results of the company, or the wider group headed by SPX FLOW. As of March 2024, the company had approximately €0.1 million of orders in backlog with customers based in Russia which are generally on hold as the group continues to (i) perform an evaluation of the applicability of trade restrictions potentially relevant to fulfilling such orders and (ii) monitor developments in the ongoing conflict. In addition, the SPX FLOW group is monitoring the availability of certain raw materials that are supplied by vendors from time to time in these countries. However, currently, we do not expect any potential impacts from such relationships or the disposition of such contractual obligations to be material to the company or the wider group's operating results.

The Hamas/Israel conflict which began in October 2023 has not had a significant impact on the operating results of the company or SPX FLOW group. As of March 2024, the company had approximately €1.2 million of orders in backlog with customers based in Israel. We are engaged with our Israeli customers and will continue to monitor the status of the conflict and its potential impacts; however, at this time, we do not expect any potential impacts from the disposition of our contractual obligations to be material to the company's operating results or the wider group's operating results.

**Foreign exchange risk**

The company's principal foreign currency exposures relate to the British Sterling, Swedish Krona, US Dollar and Polish Zloty. The company monitors its exposure to these and other currencies on a continuous basis. Management reports such exposures to the wider group's treasury function on a periodic basis and utilises its access to the SPX FLOW finance facility and periodically enters into hedging activity to actively mitigate exposures that might otherwise result from maintaining significant non-functional currency positions.

The increases in cash flow volatility and liquidity risk which may arise from the company's increased dependence on trade with parties outside the SPX FLOW group are substantially mitigated by its access to the SPX FLOW finance facility which may be drawn upon, when needed, to support its working capital or other financial requirements.

The directors continue to actively monitor the above risks to the business and continue to liaise with SPX FLOW group management on a regular basis. The directors consider the risk management strategies of the SPX FLOW group sufficient to identify and mitigate the risks to the company and are therefore confident in the ongoing performance and risk position of the business.

**SPX Flow Europe Limited**  
**Strategic report (continued)**  
**for the financial year ended 31 December 2022**

**Development and performance**

The company expects to continue to expand its growth in sales operations through the implementation of SPX FLOW's strategic plan for continuing to implement value-based market pricing strategies, maximising sales in its highest value product and process technologies. This is coupled with the continuation of migrating both Customer Services and HR activities from other SPX FLOW entities into the ESSC. Continuous improvement ("CI") sits at the heart of the centre with a number of ongoing change and improvement programmes in flight which focus on delivering an efficient and effective level of service delivery from its ongoing operations. The business continues to provide control and compliance leadership on its practice of embedding robust processes and its CI streams of promoting simplification and standardisation.

The company's sales operations and provision of services, which are provided at arm's length via formal service level agreements, are measured by agreed KPIs for the SPX FLOW business.

In 2021 and continued in 2022, certain of the company's finance related ESSC services fully transitioned to an external business process outsourcing provider with no significant changes in the company's control environment. The company's ESSC will continue to provide customer service, HR and payroll services to SPX FLOW entities within the EMEA and Americas regions. A partnership with the external business process outsourcing provider (the "BPO") offers a unique opportunity to take a significant step toward further transformation and standardisation of the SPX FLOW group's finance shared services. The BPO brings to the company its expertise in digital and automation solutions that are expected to drive efficiency in our transactional processes. The BPO's six sigma and continuous improvement DNA are expected to create a healthy and consistent push for leaner processes and new ways of working, focused on reducing process waste and transactional cost.

**Post balance sheet events**

On 31 March, 2023, the company's wholly owned subsidiary, SPX Flow Technology Santorso S.r.l., declared and paid a dividend of €6,500,000 to the company in cash.

On 13 July 2023, the company reduced its share capital from 200,649,000 ordinary shares to 175,649,000 by extinguishing 25,000,000 ordinary shares for €1 each.

There were no other events subsequent to the year-end date requiring adjustment to, or disclosure in, the financial statements.

**Change of ownership – Sale of SPX FLOW to Lone Star Fund XI, L.P.**

As at 31 December 2021, the ultimate parent company was SPX FLOW. On 5 April 2022, SPX FLOW executed a merger agreement with LSF11 Redwood Acquisitions, LLC., a Delaware limited liability company and a wholly owned subsidiary of LSF11 Redwood Topco, LLC., and Redwood Star Merger Sub, Inc., a Delaware corporation, and a wholly owned subsidiary of LSF11 Redwood Acquisitions, LLC. Pursuant to the merger agreement, on the effective date, Redwood Star Merger Sub, Inc., merged with SPX FLOW, with SPX FLOW, continuing as the legal entity. As a result of the merger, Redwood Star Merger Sub, Inc., no longer operated as a standalone legal entity and SPX FLOW became a wholly owned subsidiary LSF11 Redwood Acquisitions, LLC. The LSF11 Redwood Topco, LLC., group is owned and controlled by funds managed by Lone Star Fund XI, L.P. ("Lone Star"). The merger agreement had no impact on the nature of the company or its operations.

**SPX Flow Europe Limited**  
**Strategic report (continued)**  
**for the financial year ended 31 December 2022**

**Section 172 Statement**

All large companies must include a separate statement within their strategic report that explains how directors considered the interests of key stakeholders and the broader matters set out in section 172 ("S172") of the Companies Act 2006 when performing their duty to promote the success of the company. This includes considering the interest of other stakeholders who will have an impact on the long-term success of the company. The directors of the company are aware of and acknowledge their duty under section 172 of the Act. This S172 statement explains how the Directors considered the following matters:

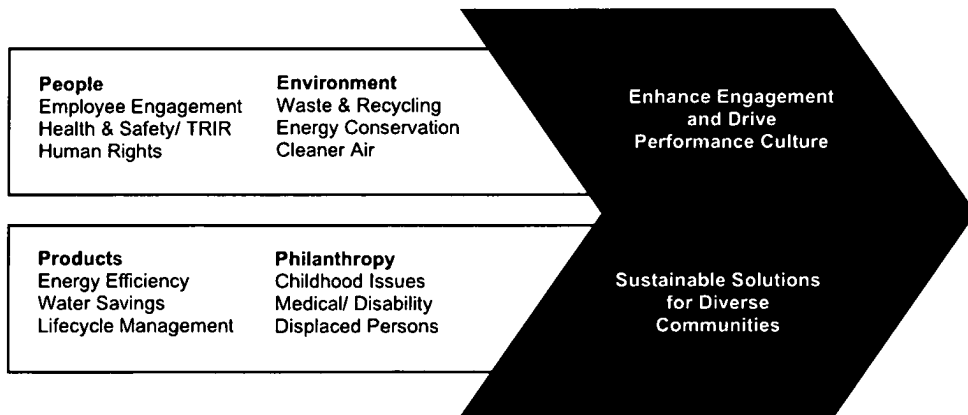
- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers, and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act as between members of the company.

The S172 statement focuses on matters of strategic importance, and the level of information disclosed is consistent with the size and the complexity of the business.

**Stakeholders and General Confirmation of Directors' Duties:**

Stakeholders are at the heart of the company's strategy and business model. Engaging with them helps us understand their evolving needs and improves our strategic decision-making process. We have identified five key stakeholder groups critical to its future success: employees, customers, suppliers/strategic partners, communities (and the environment), and shareholders.

The company and its Directors are deeply committed to global corporate citizenship and having a lasting positive impact in the communities in which we work and live. This commitment begins at the top of our organisation and extends through all our employees across our continuing operations in multiple countries. We view the future as our opportunity to help enhance the world through new ideas, and we are working to meet the needs of a growing global community in a responsible way. We take special pride in the fact that many of our products and services are helping to create a more sustainable, safer, and healthier world. We also applaud the efforts and generosity of our people who contribute their talents, creativity, and time — at work and outside it — to help build a better world for tomorrow. Our current sustainability focus areas are illustrated below.



**SPX Flow Europe Limited**  
**Strategic report (continued)**  
**for the financial year ended 31 December 2022**

**Section 172 Statement (continued)**

**(A) “The likely consequences of any decision in the long term”**

The company's purpose is to innovate with customers to help feed and enhance the world by designing, delivering, and servicing high value solutions at the heart of growing and sustaining our diverse communities. With this purpose, the focus of the company and its directors is on the following key strategic choices:

- Winning aspiration- innovative with customers feed and enhance the world by delivering high value process solutions;
- Where we will play- select Micro-Verticals within \$330bn process solutions market;
- How will we win- through customer experience; and
- What capabilities do we need- Our 5 core capabilities are people & culture, velocity, customer intimacy, vitality and M & A.

The directors have a clear delegation of authority framework for determining the matters within its remit and has approved limits for the matters delegated to its executive and management teams. When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the company's success for the benefit of its stakeholders.

**(B) “The interests of the company's employees”**

The directors recognise that the company's employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining, and motivating employees.

From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

The directors and management review the findings of the company's Voice survey. The Voice survey is one of the company's main tools to measure employee engagement, motivation, and commitment to the company. It provides insight into employee views and is used by the directors and management teams to strengthen the company's culture and values.

As also explained in the Report of the directors, the SPX FLOW group's management provides periodic global updates to employees with information on matters of concern to them as employees, such as the strategic direction of the wider SPX FLOW group, and the financial and economic factors affecting the performance of the group. These updates are typically recorded via webcast and are available to employees for playback.

In connection with the COVID-19 global pandemic, the company implemented a variety of workplace changes in an effort to protect the health and safety of its employees including, at all its locations, permitting remote work options to employees to the extent feasible and, at a minimum, where required by local regulations, and by otherwise limiting the number of employees who could be on site at any particular location, equipping employees and locations with relevant safety supplies (e.g., safety masks, sanitising solutions), and increasing the cleaning requirements/protocols for its locations.

**SPX Flow Europe Limited**

**Strategic report (continued)  
for the financial year ended 31 December 2022**

**Section 172 Statement (continued)**

**(C) “The need to foster the company’s business relationships with suppliers, customers and others”**

Fostering positive business relationships with key stakeholders, such as customers and suppliers, is also important to the success of the company. These relationships are largely delegated to the management of the company, while the directors closely monitor metrics and engage with the leadership team to understand issues if our performance is not meeting expectations. The company’s customers are one of its most important stakeholders. In an environment where needs are rapidly evolving, we consider customer engagement as a key element of promoting success of the company. We engage with our customers directly, through channel partners or through customer events and trade shows.

**(D) “The impact of the company’s operations on the community and the environment”**

The company is following the SPX FLOW group’s environmental, health and safety policy. It is committed to operating its business throughout the world in a manner that reflects the highest standards of ethics and integrity and meets or exceeds applicable environmental, health and safety laws and regulations. It values continuous improvement in its ongoing efforts to implement and communicate effective management systems that help to protect environmental, health and safety interests.

The director - Environmental, Health and Safety of the SPX FLOW group is responsible for implementing the policies and practices that address the matters and risks such as incorrect use of equipment, health and safety hazards, and environmental risks (energy, waste and pollution). The company’s managers and employees share the responsibility to abide by its environmental, health and safety policies and practices, and apply them to their jobs.

The company continually seeks opportunities to improve the safety of work practices and environments by communicating and providing the appropriate training and resources to address environmental issues, assure compliance, protect the environment, and carry out responsibilities in a safe manner.

**(E) “The desirability of the company maintaining a reputation for high standards of business conduct”**

The company follows the SPX FLOW group’s code of business conduct, which clarifies the importance that each employee must comply with the letter and spirit of every applicable law or regulation in each country and locality in which SPX FLOW operates. Each employee is responsible for understanding the laws and regulations that relate to their individual responsibilities.

The company prohibits forced labour, slavery, and trafficking in persons. Employees, contractors, subcontractors, vendors, suppliers, partners and other through whom SPX FLOW conducts business must not engage in any practice that utilises child, slave, prisoner, or any other form of forced or involuntary labour, or engage in abusive, misleading or corrupt employment practices resulting in forced labour, slavery or human trafficking, including (i) destroying, concealing, confiscating or otherwise denying access to an individual’s identity or immigration documents such as passports or drivers licenses and (ii) failing to disclose during the recruitment process, or making material misrepresentations concerning, key terms and conditions, including wages, benefits, work location, living conditions, housing, transportation and associated costs.

**SPX Flow Europe Limited**  
**Strategic report (continued)**  
**for the financial year ended 31 December 2022**

**Section 172 Statement (continued)**

**(F) "The need to act fairly as between members of the company"**

The company follows the SPX FLOW group's policy for equal treatment of personnel. To achieve a well-functioning equal treatment effort, SPX FLOW aims to work from both qualitative and quantitative perspectives. At SPX FLOW and at the company, employers and employees work together to achieve equality across gender, race, sexual orientation, disability and age. Each manager takes responsibility for the intentions of gender equality work carried out within his or her own function. Responsible personnel shall be provided with the necessary training and continuous information in the field. Well-functioning equality work is important to take advantage of employees' special skills in terms of skills, knowledge, experience, contacts, values and leadership.


At SPX FLOW and at the company, everyone is treated equally regardless of gender, ethnicity, sexual orientation, disability, and age. SPX FLOW and the company choose to look after each individual's performance and not to group affiliation. In this way, we can attract and retain those who work best to achieve our goals and visions.

**(F) "The need to act fairly as between members of the company" (continued)**

On the basis of the above, the members of the Board consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the financial year ended 31 December 2022.

**Approval**

This Strategic report was approved by the board on 28/03/2024 and signed on its behalf by:

DocuSigned by:  
  
D58CF3C9092D4B4...  
**Mark Shanahan**  
Director  
28 March 2024

## **SPX Flow Europe Limited**

### **Directors' report for the financial year ended 31 December 2022**

The directors present their report together with the audited financial statements of SPX Flow Europe Limited for the financial year ended 31 December 2022.

SPX Flow Europe Limited (the "company") is a private company limited by shares, incorporated in England and Wales. The company's immediate parent is APV Overseas Holdings Limited, incorporated in England and Wales. In 2022, the principal subsidiaries of the company are SPX Flow Technology Poland sp. z.o.o, SPX Flow Technology Santorso, SPX Flow Technology Assen B.V and Hydraulic Technologies Netherlands B.V. (note 13).

The company has issued 200,649,179 ordinary shares at €224,789,000 (note 20).

The company made no political donations during the year (2021 - €Nil).

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Easley  
M Shanahan  
P Ryan

The parent company, SPX FLOW, Inc. ("SPX FLOW"), maintains directors' and officers' liability insurance, which is available to the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force as at the date of approving the report. No director had an interest in the issued share capital of the company at any point during the current or prior year.

#### **Results and dividends**

The statement of comprehensive income is set out on page 19 and shows the profit for the year.

No ordinary dividends were paid during the year (2021 - €Nil). The directors do not recommend payment of a final dividend (2021 - €Nil).

#### **Principal activities**

The company's principal activities included primarily the sale and marketing of pumps, valves, heat exchangers, homogenisers and other related products, as well as large engineered systems, with a focus on processing industries such as the food, dairy, chemical, petrochemical, paper and pulp, shipbuilding and greenhouse industries. In addition, the company's activities included the sale of bolting solutions, including hydraulic torque and tensioning systems, pumps and other related products and services, into various industries, including the construction, rigging, quarrying and marine industries. The company's sales activities are organised into two segments: the Nutrition and Health segment and Precision Solutions segment.

In addition to the above activities, in 2021 and 2022, the company continued to provide finance support, customer service, human resources and payroll services to SPX FLOW entities within the EMEA and Americas regions, and also served as a hub within EMEA for hosting employees who serve various SPX FLOW businesses both within EMEA and globally. In 2021, the company's finance-related services fully transitioned to an external business process outsourcing provider, managed by a team in the company's ESSC.

## **SPX Flow Europe Limited**

### **Directors' report (continued) for the financial year ended 31 December 2022**

#### **Employment of disabled persons**

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or by perceptions of it.

#### **Employee involvement**

The wider group's management provides periodic global updates to employees with information on matters of concern to them as employees, such as the strategic direction of the wider SPX FLOW group, and the financial and economic factors affecting the performance of the SPX FLOW group. These updates are typically recorded via webcast and are available to employees for playback. The SPX FLOW group also undertakes periodic staff surveys which enables employees to express their views anonymously on a broad range of matters that affect them.

UK employees are generally eligible to participate in one of a variety of group-sponsored bonus plans, depending on the function, role, and/or pay grade of the employee. Generally, the level of bonus payments achieved is, for certain employees, dependent on Group-wide performance against various annual financial targets and, for other employees, dependent on shared-service performance against key performance targets.

#### **Future developments and financial risk management**

The company has chosen, in accordance with Companies Act 2006, s.414C(11), to set out in the company's Strategic report information required to be contained in the Report of the directors. It has done so in respect of future developments and financial risk management.

#### **Going concern**

The activities of the business, together with factors likely to affect its future development, performance and position, are set out in the Strategic report and thus the directors hold an expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors of the business meet with business leadership, including commercial and operational leadership, at least monthly to discuss, among other items as required in the circumstances, (i) actual results of the business versus forecasted results, (ii) cash flow performance of the business, (iii) commercial and end market outlooks, trends and potential risks, and (iv) a number of key operating metrics, in order to assess performance of the business and any potential changes in business strategy or direction that may be required.

The directors have made enquiries of the parent company SPX FLOW about its intentions for the company for the foreseeable future. After making enquiries, the directors are satisfied that SPX FLOW will continue to provide sufficient financial support for a period of at least twelve months from the date of approval of these financial statements and have been provided with a letter of support as confirmation.

Accordingly, the company continues to adopt the going concern basis in preparing the financial statements.

## SPX Flow Europe Limited

### Directors' report (continued) for the financial year ended 31 December 2022

#### Streamlined Energy and Carbon Reporting

In line with current Streamlined Energy and Carbon Reporting requirements (SECR), the total emissions for the UK Branch of the company in the year ended 31 December 2022 was 668,729 kWh (i.e., ratio of 3,377 kWh per head) based on invoices and contracted mileage over a fixed term. The directors are committed to reducing the company's environmental footprint by proactively identifying and implementing environmental sustainability initiatives across our operations. Several energy efficiencies projects were completed in 2022 including reduction of two UK offices footprint by moving to smaller facilities.

Emissions are analysed as follows:

|  | 2022           |                | 2021           |                |
|--|----------------|----------------|----------------|----------------|
|  | Kwh            | KgCO2e         | Kwh            | KgCO2e         |
| UK direct emissions (UK facilities and vehicles)   | 568,942        | 113,161        | 346,365        | 75,711         |
| UK indirect emissions (UK facilities and vehicles) | 99,787         | 19,297         | 251,854        | 53,476         |
| <b>Total</b>                                       | <b>668,729</b> | <b>132,458</b> | <b>598,219</b> | <b>129,187</b> |

The methodologies used to calculate both emissions and energy data is as follow:

- For Gas & Electricity usage, the company used 2022 actual units in kWh invoiced from the service providers and then used the 2022 government converting factors to convert to kg CO2e. (Greenhouse gas reporting: conversion factors 2022 - GOV.UK ([www.gov.uk](http://www.gov.uk)))
- For Car emissions, the company used the estimated 2021 usage per car provided by the service providers and then used the 2022 government converting factors to convert (Greenhouse gas reporting: conversion factors 2022 - GOV.UK ([www.gov.uk](http://www.gov.uk))).

#### Post balance sheet events

Material post balance sheet events have been included in the Strategic report and Note 29 of the financial statements.

#### Corporate governance Statement

This Corporate Governance Statement explains how the company has applied the principles and complied with the relevant provisions of the UK Corporate Governance Code 2018 ('the Code') and other relevant requirements to which it is subject during the financial year ended 31 December 2022.

This Corporate Governance Statement forms part of the Directors Report and has been prepared in line with the Code which can be found on the website of the Financial Reporting Council at [www.frc.org.uk](http://www.frc.org.uk).

During the financial year ended 31 December 2022, the Board considers that it has complied with the provisions of the Code. Specific disclosures required can be found as follows.

- a description of the main features of our internal control and risk management systems in relation to the financial reporting process can be seen on page 4.
- share capital information can be found in the Directors' report on page 11.
- details of the composition of the Board can be found on page 11.

**SPX Flow Europe Limited**

**Directors' report (continued)  
for the financial year ended 31 December 2022**

**Disclosure of information to the auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

**Auditors**

During the year, RSM Ireland Business Advisory Limited, trading as RSM Ireland, were appointed as auditor of the Company by the Directors. RSM Ireland have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

This report was approved by the board of directors on 28/03/2024 and signed on behalf of the board by:

DocuSigned by:

*Mark Shanahan*

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**Mark Shanahan**

Director

28 March 2024

**SPX Flow Europe Limited**

**Directors' responsibilities statement  
for the financial year ended 31 December 2022**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**SPX Flow Europe Limited****Independent auditor's report to the members of  
SPX Flow Europe Limited  
for the financial year ended 31 December 2022****Opinion on the financial statements**

We have audited the financial statements of SPX Flow Europe Limited (the "company") for the financial year ended 31 December 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statements of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom adopted International Accounting Standards.

In our opinion the financial statements of SPX Flow Europe Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the financial year then ended;
- have been properly prepared in accordance with United Kingdom adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## SPX Flow Europe Limited

### Independent auditor's report to the members of SPX Flow Europe Limited (continued) for the financial year ended 31 December 2022

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### *Extent to which the audit was considered capable of detecting irregularities, including fraud*

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit. However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

**SPX Flow Europe Limited****Independent auditor's report to the members of  
SPX Flow Europe Limited (continued)  
for the financial year ended 31 December 2022****Auditor's responsibilities for the audit of the financial statements (continued)***Extent to which the audit was considered capable of detecting irregularities, including fraud  
(continued)*

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are United Kingdom adopted International Accounting Standards, the Companies Act 2006 and tax compliance legislation. We performed audit procedures to detect non-compliance which may have a material impact on the financial statements which included agreeing the financial statement disclosures to underlying supporting documentation, and enquiries with management.

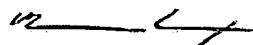
The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations and inspected board minutes and other relevant sources for evidence of undisclosed issues.

The audit engagement team identified the risk of revenue recognition and management override of controls as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing the revenue recognition criteria including the stage of completion for over-time revenue and delivery for point in time revenue. We also tested manual journal entries and other adjustments and evaluated the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

Date: 30 March 2024**Mark Carew (Senior Statutory Auditor)****For and on behalf of**

RSM Ireland, Statutory Auditor

Trinity House

Charleston Road

Ranelagh

Dublin 6

Ireland

**SPX Flow Europe Limited**  
**Statement of comprehensive income**  
**for the financial year ended 31 December 2022**

|   | Note | 2022<br>€'000                | 2021<br>€'000                |
|---|------|------------------------------|------------------------------|
| Revenue   | 4    | 229,013                      | 211,000                      |
| Cost of sales   |      | <u>(169,761)</u>             | <u>(156,444)</u>             |
| <b>Gross profit</b>   |      | <b>59,252</b>                | <b>54,556</b>                |
| Administrative costs  |      | (57,770)                     | (56,330)                     |
| Impairment losses   |      | –                            | (541)                        |
| Other operating income  |      | 51                           | 1,576                        |
| <b>Operating profit/(loss)</b>                                |      | <u><b>1,533</b></u>          | <u><b>(739)</b></u>          |
| Finance expense   | 9    | (118)                        | (456)                        |
| <b>Profit/(loss) before taxation</b>                          |      | <u><b>1,415</b></u>          | <u><b>(1,195)</b></u>        |
| Tax expense for the year                                      | 10   | (2,209)                      | (1,185)                      |
| <b>Loss after taxation</b>                                    |      | <u><b>(794)</b></u>          | <u><b>(2,380)</b></u>        |
| Other comprehensive loss                                      |      |                              |                              |
| <i>Items that will not be reclassified to profit or loss:</i> |      |                              |                              |
| Remeasurement of defined benefit pension schemes              | 22   | (357)                        | (23)                         |
| <b>Total comprehensive loss</b>                               |      | <u><u><b>(1,151)</b></u></u> | <u><u><b>(2,403)</b></u></u> |

All the activities of the company are from continuing operations.

**SPX Flow Europe Limited**  
**Statement of financial position**  
**as at 31 December 2022**

|                                      | Note | 2022<br>€'000  | 2021<br>€'000  |
|--------------------------------------|------|----------------|----------------|
| <b>Assets</b>                        |      |                |                |
| <b>Current assets</b>                |      |                |                |
| Inventories                          | 14   | 12,734         | 14,606         |
| Trade and other receivables          | 15   | 41,037         | 37,318         |
| Contract assets                      | 4    | 13,848         | 7,272          |
| Cash and cash equivalents            | 17   | 12,758         | 31,210         |
| <b>Total current assets</b>          |      | <u>80,377</u>  | <u>90,406</u>  |
| <b>Non-current assets</b>            |      |                |                |
| Property, plant and equipment        | 11   | 1,190          | 1,397          |
| Right-of-use assets                  | 23   | 1,220          | 1,786          |
| Intangible assets                    | 12   | 30,879         | 36,404         |
| Investments in subsidiaries          | 13   | 185,313        | 185,313        |
| <b>Total non-current assets</b>      |      | <u>218,602</u> | <u>224,900</u> |
| <b>Total assets</b>                  |      | <u>298,979</u> | <u>315,306</u> |
| <b>Liabilities</b>                   |      |                |                |
| <b>Current liabilities</b>           |      |                |                |
| Trade and other payables             | 16   | 45,182         | 46,100         |
| Contract liabilities                 | 4    | 9,622          | 23,123         |
| Loans and borrowings                 | 17   | -              | 23             |
| Lease liabilities                    | 23   | 493            | 590            |
| Employee benefit liabilities         | 18   | 1,947          | 1,926          |
| Provisions                           | 19   | 695            | 443            |
| Income tax liability                 |      | 1,730          | 1,081          |
| <b>Total current liabilities</b>     |      | <u>59,669</u>  | <u>73,286</u>  |
| <b>Non-current liabilities</b>       |      |                |                |
| Lease liabilities                    | 23   | 678            | 1,148          |
| Employee benefit liabilities         | 18   | 788            | 847            |
| Provisions                           | 19   | 77             | 300            |
| Deferred tax liabilities             | 10   | 1,475          | 2,282          |
| <b>Total non-current liabilities</b> |      | <u>3,018</u>   | <u>4,577</u>   |
| <b>Total liabilities</b>             |      | <u>62,687</u>  | <u>77,863</u>  |
| <b>Net assets</b>                    |      | <u>236,292</u> | <u>237,443</u> |

**SPX Flow Europe Limited**

**Statement of financial position (continued)**

**as at 31 December 2022**

|   | Note | 2022<br>€'000  | 2021<br>€'000  |
|---|------|----------------|----------------|
| <b>Issued capital and reserves attributable to owners</b> |      |                |                |
| Share capital   | 20   | 224,789        | 224,789        |
| Share premium reserve                                     | 21   | 1,490          | 1,490          |
| Capital contributions                                     | 21   | 19,907         | 19,907         |
| Other reserves  | 21   | 284            | 641            |
| Accumulated deficit                                       | 21   | (10,178)       | (9,384)        |
| <b>Total equity</b>                                       |      | <u>236,292</u> | <u>237,443</u> |

These financial statements were approved by the board of directors and authorised for issue on .....28/03/24..... and are signed on behalf of the board by:

DocuSigned by:

*Mark Shanahan*

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**Mark Shanahan**  
 Director

Company Registration No: 07065382

## SPX Flow Europe Limited

Statement of changes in equity  
as at 31 December 2022

|  | Share<br>capital<br>€'000 | Share<br>premium<br>reserve<br>€'000 | Capital<br>contributions<br>€'000 | Other<br>reserves<br>€'000 | Accumulated<br>deficit<br>€'000 | Total<br>equity<br>€'000 |
|--|---------------------------|--------------------------------------|-----------------------------------|----------------------------|---------------------------------|--------------------------|
| <b>At 1 January 2021</b>                               | <b>224,789</b>            | <b>1,490</b>                         | <b>16,381</b>                     | <b>664</b>                 | <b>(7,004)</b>                  | <b>236,320</b>           |
| <b>Transactions with the owners<br/>of the company</b> |                           |                                      |                                   |                            |                                 |                          |
| Capital contribution<br>(see below)                    | -                         | -                                    | 3,526                             | -                          | -                               | 3,526                    |
| <b>Total contributions</b>                             | <b>-</b>                  | <b>-</b>                             | <b>3,526</b>                      | <b>-</b>                   | <b>-</b>                        | <b>3,526</b>             |
| <b>Comprehensive loss for the<br/>year</b>             |                           |                                      |                                   |                            |                                 |                          |
| Loss for the year                                      | -                         | -                                    | -                                 | -                          | (2,380)                         | (2,380)                  |
| Other comprehensive loss                               | -                         | -                                    | -                                 | (23)                       | -                               | (23)                     |
| <b>Total comprehensive loss for<br/>the year</b>       | <b>-</b>                  | <b>-</b>                             | <b>-</b>                          | <b>(23)</b>                | <b>(2,380)</b>                  | <b>(2,403)</b>           |
| <b>As at 31 December 2021 and<br/>1 January 2022</b>   | <b>224,789</b>            | <b>1,490</b>                         | <b>19,907</b>                     | <b>641</b>                 | <b>(9,384)</b>                  | <b>237,443</b>           |
| <b>Comprehensive income for<br/>the year</b>           |                           |                                      |                                   |                            |                                 |                          |
| Loss for the year                                      | -                         | -                                    | -                                 | -                          | (794)                           | (794)                    |
| Other comprehensive loss                               | -                         | -                                    | -                                 | (357)                      | -                               | (357)                    |
| <b>Total comprehensive income<br/>for the year</b>     | <b>-</b>                  | <b>-</b>                             | <b>-</b>                          | <b>(357)</b>               | <b>(794)</b>                    | <b>(1,151)</b>           |
| <b>At 31 December 2022</b>                             | <b>224,789</b>            | <b>1,490</b>                         | <b>19,907</b>                     | <b>284</b>                 | <b>(10,178)</b>                 | <b>236,292</b>           |

**Capital contribution**

The €3,526,000 shown as capital contributions in 2021 represents waivers of amounts owed by related undertakings.

The notes on pages 24 to 74 form part of these financial statement

## SPX Flow Europe Limited

## Statement of cash flows

for the financial year ended 31 December 2022

|  | Notes | 2022<br>€'000   | 2021<br>€'000   |
|--|-------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>  |       |                 |                 |
| Loss for the year  |       | (794)           | (2,380)         |
| Adjustments for:   |       |                 |                 |
| Depreciation of property, plant and equipment  | 11    | 339             | 288             |
| Depreciation of right-of-use assets  | 23    | 889             | 878             |
| Amortisation of intangible assets  | 12    | 5,525           | 5,565           |
| Impairment loss on intangible assets   | 12    | –               | 541             |
| Finance expense  | 9     | 118             | 456             |
| Share-based payment expense  | 26    | 4,856           | 1,250           |
| Income tax expense (benefit)   | 10    | 2,209           | 1,185           |
|  |       | <u>13,142</u>   | <u>7,783</u>    |
| Decrease (increase) in:  |       |                 |                 |
| Trade and other receivables, including contract assets                                     |       | (10,295)        | 298             |
| Inventories  |       | 1,872           | (3,185)         |
| Decrease in:   |       |                 |                 |
| Trade and other payables, including contract liabilities                                   |       | (19,291)        | (6,851)         |
| Provisions and employee benefits   |       | (366)           | (915)           |
| <b>Cash used in operations</b>   |       | <u>(14,938)</u> | <u>(2,870)</u>  |
| Income taxes paid  |       | (2,367)         | (1,514)         |
| <b>Net cash flows used in operating activities</b>   |       | <u>(17,305)</u> | <u>(4,384)</u>  |
| <b>Cash flows from investing activities</b>  |       |                 |                 |
| Purchase of investment in subsidiaries   | 13    | –               | (16,982)        |
| Purchase of property, plant and equipment  | 11    | (201)           | (1,050)         |
| Disposal of property, plant and equipment  | 11    | 69              | 310             |
| <b>Net cash flow from investing activities</b>   |       | <u>(132)</u>    | <u>(17,722)</u> |
| <b>Cash flows from financing activities</b>  |       |                 |                 |
| Principal paid on lease liabilities  | 23    | (906)           | (903)           |
| Interest paid on loans and borrowings  | 9     | (86)            | (368)           |
| <b>Cash flow used in financing activities</b>  |       | <u>(992)</u>    | <u>(1,271)</u>  |
| <b>Decrease in cash and cash equivalents, net of loans and borrowings</b>                  |       | <u>(18,429)</u> | <u>(23,377)</u> |
| <b>Cash and cash equivalents at the beginning of the year, net of loans and borrowings</b> |       | <u>31,187</u>   | <u>54,564</u>   |
| <b>Cash and cash equivalents at the end of the year, net of loans and borrowings</b>       |       | <u>12,758</u>   | <u>31,187</u>   |

## SPX Flow Europe Limited

### Notes to the financial statements for the financial year ended 31 December 2022

#### 1. General information

SPX Flow Europe Limited ("the company") is a private company limited by shares and incorporated and domiciled in England & Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic report on page 2.

#### 2. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### Basis of preparation

The financial statements of the company have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in compliance with the adopted international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

The company is exempt under Section 401 of the Companies Act 2006 from the requirement to present consolidated Financial Statements as it is a wholly owned subsidiary undertaking of SPX FLOW, Inc. ("SPX FLOW"), registered in the U.S., which itself prepares consolidated Financial Statements. The consolidated financial statements of SPX FLOW are available from its registered office, 13320 Ballantyne Corporate Place, Charlotte, NC 28277 or [www.spxflow.com](http://www.spxflow.com). Therefore, these Financial Statements are for the company only.

##### Basis of measurement

The financial statements of the company have been prepared on a historical cost basis of accounting except for net defined benefit pension liability. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

The financial statements are presented in euro, which is the functional currency of the company. There has been no change to the functional currency of the company in the year. Amounts are rounded to the nearest thousand, unless otherwise stated.

##### Going concern

The company has net assets of €236,292,000 (2021: €237,443,000) and profit before tax of €1,415,000 (loss before tax in 2021: €1,195,000). As at 31 December 2022, the company's net cash and cash equivalents was €12,758,000 (2021: €31,210,000). As a consequence, the directors believe that the company is well placed to manage its business risks.

The directors acknowledge the latest guidance on going concern. The company is a key part of SPX FLOW's future strategy and has access to considerable financial resources by way of a corporate cash pooling account from which it can draw the necessary cash it requires.

The activities of the business, together with factors likely to affect its future development, performance and position, are set out in the strategic report and the directors hold an expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have made enquiries of the parent company, SPX FLOW, about its intentions for the company for the foreseeable future. After making enquiries, the directors are satisfied that SPX FLOW will continue to provide sufficient financial support for a period of at least twelve months from the date of approval of these financial statements and have been provided with a letter of support as confirmatio

**SPX Flow Europe Limited****Notes to the financial statements (continued)  
for the financial year ended 31 December 2022****2. Accounting policies (continued)****Going concern (continued)**

The directors have no concerns regarding the ability of the parent to provide such support. The directors have considered (i) the trading outlook for the company and have taken account of reasonably possible changes in future trading performance and (ii) in connection with the wider group's overall Nutrition and Health business strategy, the company has re-evaluated its approach and strategy in the dry-dairy market within its Nutrition and Health segment, the effect of which is expected to result in improved operating results in future periods. Based on these collective considerations, the directors have determined that the company has adequate resources for the foreseeable future and thus continue to adopt the going concern basis in preparing the financial statements.

**New or amended accounting standards and interpretations adopted**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)* - The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)* - The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognised in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.
- *Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)* - On 14 May 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs – IFRS 9, 16, 1 and IAS 41) as result of the IASB's annual improvements project. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**2. Accounting policies (continued)**

**New or amended accounting standards and interpretations adopted (continued)**

- *References to Conceptual Framework (Amendments to IFRS 3)* - The amendments replace the reference of IFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognised in a business combination would remain the same as those recognised applying the current requirements in IFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognised by an acquirer. The amendments should be applied prospectively.

The following amendments are effective for the period beginning 1 January 2023:

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* - The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information.
- *Definition of Accounting Estimates (Amendments to IAS 8)* - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy require an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.
- *Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**2. Accounting policies (continued)**

**New or amended accounting standards and interpretations adopted (continued)**

The following amendments are effective for the period beginning 1 January 2024:

- *IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)* - On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
- *IAS 7 and IFRS 7 Supplier Finance Arrangements* - On 25 May 2023, the IASB issued 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
- *IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)* - On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

**Revenue**

Revenue represents the amounts (excluding VAT) derived primarily from the sale and marketing of pumps, valves, heat exchangers, homogenisers, and other related products, as well as large engineered systems, with a focus on processing industries such as the food, dairy, chemical, petrochemical, paper and pulp, shipbuilding, and greenhouse industries. In addition, revenue is derived from the sale of bolting solutions, including hydraulic torque, and tensioning systems, pumps and other related products and services, into various industries, including the infrastructure construction, rigging, quarrying and marine industries. The company's sales activities are organised into two segments: the Nutrition and Health segment and the Precision Solutions segment.

In addition to the above activities, the company derives service revenue through its European Shared Service Centre ("ESSC") in the form of finance support, customer service, human resource ("HR") and payroll services provided to SPX FLOW entities within the EMEA and Americas regions, and also serves as a hub within EMEA for hosting employees who serve various SPX FLOW businesses both within EMEA and globally.

*Performance obligations and timing of revenue recognition*

IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the company's financial statements are described below.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The company has adopted the terminology used in IFRS 15 to describe such balances.

The company uses percentage of completion ("POC") contract accounting resulting in the need to recognise deferred revenue, accrued revenue and WIP over various service lines. The company has disaggregated revenue into various categories (Revenue analysed by class of business, Revenue analysed by geographical market, Timing of revenue recognition) which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date.

**SPX Flow Europe Limited****Notes to the financial statements (continued)  
for the financial year ended 31 December 2022****2. Accounting policies (continued)****Revenue (continued)***Performance obligations and timing of revenue recognition (continued)*

The company invoices its customers for products and services at the time of delivery or based on the contractual milestones, resulting in outstanding receivables with payments terms from these customers. In some cases, the timing of revenue recognition, particularly for revenue recognised over time, differs from when such amounts are invoiced to customers, resulting in a contract asset (revenue recognition precedes the invoicing of the related revenue amount) or a contract liability (payment from the customer precedes recognition of the related revenue amount).

Contract assets have been recognised for goods and services for which control has transferred to the customer and respective performance obligation is met, but before consideration is due. Contract assets are reclassified as receivables when the right to payment becomes unconditional and the customer has been billed.

Contract liabilities have been recognised when payment has been received in advance for goods and services that have not transferred to the customer.

The vast majority of the company's contracts are for the delivery of goods within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies. However, certain contracts for the delivery of goods and services have been entered into for which both:

- the original contractual period was greater than 12 months; and
- the company's right to consideration does not correspond directly with the performance.

The company's revenue is derived from selling goods and services with revenue recognised (1) at a point in time when control of the goods has transferred to the customer or when the service has been delivered or (2) with revenue recognised over time as the project progresses and performance obligation is satisfied.

*Point in time*

This is generally when the goods are delivered to the customer. There is limited judgement needed in identifying the point at which control passes, once physical delivery of the products to the agreed location has occurred, the company no longer has physical possession and retains none of the significant risks and rewards of the goods in question.

Some goods sold by the company include warranties which require the company to either replace or repair a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. On some product lines, a customer is able to take out extended warranties. These are accounted for as separate performance obligations, with the revenue related to fulfilment of the extended warranty recognised on a straight-line basis over the term of the extended warranty.

*Over time*

Revenue includes the recognition of the progress in service contracts carried out during the year, based on an assessment of work carried out. Once the outcome of a contract can be estimated reliably, profit is recognised in the income statement on a stage of contract completion basis by reference to the costs incurred to date and total forecast costs on the contract. Losses expected in bringing a contract to completion are recognised immediately in the income statement as soon as they are forecast.

The company records as a contract asset the net amount due from customers for contracts for which the costs have been incurred, plus the recorded margins, net of any losses incurred, and net of any progress payments already invoiced. Where progress payments exceed revenue and other contract balances, the excess is shown within contract liabilities.

**SPX Flow Europe Limited****Notes to the financial statements (continued)  
for the financial year ended 31 December 2022****2. Accounting policies (continued)****Revenue (continued)***Overtime (continued)*

The company has a business which carries out large scale projects for clients, with revenue recognised typically on an over time basis. This is because the projects have no alternative use for the company and the contracts would require payment to be received for the time and effort spent by the company on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the company's failure to perform its obligations under the contract.

On partially complete service contracts, the company recognises revenue based on stage of completion of the project which is estimated by comparing the cost actually incurred on the project with the total cost expected to complete the project (i.e. an input based method). This is considered a representative depiction of the transfer of services as the contracts are initially priced on the basis of anticipated costs to complete the projects and therefore also represents the amount to which the company would be entitled based on its performance to date.

For non-stage of completion projects, the revenue is recognised at 100% completion rather than stage of completion as the project progresses.

*Determining the transaction price*

Most of the company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

*Allocating amounts to performance obligations*

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the company is able to determine the allocation of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

*Transfer Pricing*

The UK's transfer pricing rules are set out in Part 4 TIOPA 2010 (prior to April 2010 in s770A and Schedule 28AA of the Income and Corporation Taxes Act 1988). These came into effect for accounting periods ending after 30 June 1999. UK legislation refers to the OECD Guidelines and the arm's length principle they set out. Transfer pricing is part of UK corporation tax self-assessment. This means that submitted corporate tax returns must comply with the arm's length principle.

As noted previously, the ESSC provides finance support, customer service, HR and payroll services to SPX FLOW entities within the EMEA and Americas regions. In 2021, certain of the company's finance related services fully transitioned to an external business process outsourcing provider with no significant changes in the company's revenues, costs, operations or control environment, as the full effect of outsourcing commenced in the first quarter of 2021. The company's ESSC will continue to provide customer service, HR and payroll services to SPX FLOW entities within the EMEA and Americas regions.

In addition, the ESSC will sometimes contract with third parties on behalf of SPX FLOW operating companies. These costs will be recharged to the operating companies without a mark-up. As they are pass-through costs, where the ESSC is not involved in changing the nature of the underlying service, not charging a mark-up is consistent with transfer pricing rules. An example of this is the quarterly banking fees received from Deutsche Bank.

A 5% full cost-plus mark-up is applied to ESSC services. This Transfer Pricing Method is the Transaction Net Margin Method ('TNMM'). The ESSC charging process and 5% mark-up comply with the OECD Guidelines and the arm's length principle.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**2. Accounting policies (continued)**

**Current and deferred taxation**

The tax expense represents the sum of the current and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Current and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and liabilities and deferred tax assets liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**SPX Flow Europe Limited****Notes to the financial statements (continued)  
for the financial year ended 31 December 2022****2. Accounting policies (continued)****Intangible assets**

Intangible assets internally developed or acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of intangible assets less their estimated residual values over their useful lives on the following bases:

|                        |                   |
|------------------------|-------------------|
| Customer relationships | - 6 to 9 years    |
| Developed technology   | - 3 to 7 years    |
| Intellectual property  | - 9 years         |
| Trademarks             | - Indefinite life |
| Backlog                | - 5 months        |
| Licences               | - 10 years        |

**Goodwill**

Goodwill represents the difference between the amounts paid on the cost of a business combination or group reorganisation and the acquirer's interest in the fair value of the identifiable assets and liabilities of the acquiree at the date of acquisition. Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued, the fair value of the existing equity interest in the acquiree.

Goodwill is allocated on initial recognition to each of the company's cash generating units ("CGUs") that are expected to benefit from a business combination that gives rise to the goodwill.

Subsequent to the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised and is reviewed annually for impairment.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the statement of comprehensive income on the acquisition date.

**Investments in subsidiaries**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in subsidiaries are assessed at each reporting date to determine whether there is any indication that the investments are impaired. Where there is any indication that an investment may be impaired, the carrying value of the investment is tested for impairment. An impairment loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount.

## SPX Flow Europe Limited

### Notes to the financial statements (continued) for the financial year ended 31 December 2022

#### 2. Accounting policies (continued)

##### Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less depreciation and any impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                                  |                                     |
|----------------------------------|-------------------------------------|
| Land and buildings leasehold     | • 10% straight line per annum       |
| Plant and machinery              | • 20% - 33% straight line per annum |
| Fixtures, fittings and equipment | • 10% straight line per annum       |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to the statement of comprehensive income.

##### Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment assessments on non-financial assets (excluding inventories and deferred tax assets) are undertaken annually at the financial year end to determine whether there is any indication that the assets are impaired. All non-financial assets are subject to impairment assessments whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment.

Where the carrying value of an asset exceeds its recoverable amount (i.e., the higher of value in use and fair value less costs to sell), the asset is impaired accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment assessment is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its CGUs'.

Assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased except for goodwill where impairment losses previously recognised are not reversed.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive loss. An impairment loss recognised for goodwill is not reversed.

##### Inventories

Inventories are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income. Provision is made for obsolete, slow-moving, or defective items where appropriate.

##### Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment. Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**SPX Flow Europe Limited****Notes to the financial statements (continued)  
for the financial year ended 31 December 2022****2. Accounting policies (continued)****Financial assets (continued)**

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company's accounting policy for each category is as follows:

*Amortised cost*

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables, contract assets and receivables from related parties), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

*Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**2. Accounting policies (continued)**

**Financial assets (continued)**

*Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

*Financial liabilities*

Basic financial liabilities, including trade and other payables and loans from related parties in Note 16 that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

*Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

*Equity instruments*

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash at bank and short-term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management

**Receivables**

Trade receivables, receivables from related parties and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'trade and other receivables'. Such amounts are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**2. Accounting policies (continued)**

**Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The company has recognised provisions for liabilities of uncertain timing or amount including those for onerous contracts, warranty claims and leasehold dilapidations.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks or uncertainties specific to the liability. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

**Liquidated damages and warranty**

Specific provisions are created for the probable and estimable costs of claims, and a general warranty provision for probable future costs based on respective revenue streams.

**Employee benefits**

The costs of short-term employee benefits are expenses as the related service is provided. A liability is recognised on an undiscounted basis if the company has a present obligation to pay this amount as a result of past service provided by the employee and the liability can be estimated reliably.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

**Retirement benefits**

*Defined contribution schemes*

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

*Defined benefit schemes*

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The expected return on plan assets and net interest cost on the net defined benefit liability is charged to profit or loss and included within administration costs. Net interest expense (income) is recognised in profit or loss and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.

Remeasurement gains and losses, comprised of actuarial gains and losses and the difference between expected and actual returns on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive loss. Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**2. Accounting policies (continued)**

**Retirement benefits (continued)**

*Defined benefit schemes (continued)*

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. Actuarial valuations are obtained annually and are updated at each balance sheet date.

A branch of the company located in Belgium operated four defined benefit pension schemes. The difference between the fair value of the assets held in the company's defined benefit pension schemes and the schemes' liabilities measured on an actuarial basis using the projected unit credit method were recognised on the company's statement of financial position as a pension asset or liability as appropriate.

*Other long-term service benefits*

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities.

**Share-based payments**

Equity awards in SPX FLOW are granted to certain employees of SPX Flow Europe Limited.

Equity-settled share-based payment awards are measured and recorded as a liability to SPX FLOW based on the cumulative expense recognised to date for any outstanding, unvested awards. The recognition of compensation expense for share-based payment awards is based on their grant date fair values. The fair value of each award is expensed over the service period, which is generally three years.

Where equity settled share awards are awarded to employees, the fair value of the awards at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of awards that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the awards granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of awards are modified before they vest, the increase in the fair value of the awards, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

**Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**Share capital**

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity instruments.

**SPX Flow Europe Limited****Notes to the financial statements (continued)  
for the financial year ended 31 December 2022****2. Accounting policies (continued)****Leases**

The company adopted IFRS 16 in the financial year beginning 1 January 2019, using the modified retrospective method in accordance with the transitional provisions.

On transition to IFRS 16 the company capitalised its rented office premises and other operating facilities on the statement of financial position by recognising them as "right-of-use" assets and their corresponding lease liabilities for the present value of future lease payments, unless certain exemptions are available. For leases classified as operating leases, under previous accounting requirements the company did not recognise related assets or liabilities, and instead spread the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

In respect of the lease liability the remaining payments payable under lease arrangements are discounted using an appropriate incremental borrowing rate and recognised as lease liabilities.

Right-of-use assets are recognised equivalent to the lease liability, adjusted for any pre-existing prepaid lease payments, accrued lease expenses, and related onerous lease and decommissioning provisions.

The company has decided to apply the following practical expedients and exemptions that are available under IFRS 16 and have made the following judgements:

- Application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on an assessment of whether a lease is onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review using the principles in IAS 36 Impairment of Assets;
- No recognition of leases whose term ends within 12 months of the date of initial application and low value leases, such leases continue to be recognised using the previous policy;
- Exclusion of initial direct costs from the measurement of the right of use asset at the date of initial application;
- Treatment of lease and non-lease components as a single lease component. Non-lease components are prevalent mainly in leases for real estate, including such charges as CAM, insurance, property taxes, maintenance, other services etc. Non-lease components that are fixed are included in determination of base rent and the calculation of right of use assets and lease liabilities. Non-lease components that are variable (such as reimbursement of costs incurred by a landlord) are excluded from the determination of base rent and recognised when incurred;
- No reassessment of the lease term from the previous accounting treatment. Some of the company's leases have renewal options to lease the asset for an additional period beyond the original lease term, typically for a period less than the original term. In some cases, the terms of the renewal are uncertain and require negotiation at or near the date of renewal. Rarely does a lease contract provide an economic incentive that makes a renewal option reasonably certain to be exercised at the point of lease inception; and
- The company has applied the assumption that the discount rates are equal to its incremental cost of borrowing.

Where the company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**2. Accounting policies (continued)**

**Foreign currency transactions**

*Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'euro', which is the functional currency of the primary economic environment in which the company operates ('the functional currency').

*Transactions and balances*

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which each branch operates (their 'functional currency') are remeasured into the company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are remeasured at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are remeasured at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or expense'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'administrative expenses'.

**Business combination**

The company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the company.

The consideration transferred in the acquisition is generally measured at fair value, as the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on purchase is recognised in profit or loss immediately and any transaction costs are expenses as incurred, except if related to the issue of debt or equity security.

**3. Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates and assumptions.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**3. Critical accounting judgements and key sources of estimation uncertainty**

*Judgements*

In the process of applying the company's accounting policies, management has had to make the following judgements, apart from those involving estimations, which have the most significant impact on the amounts recognised in the financial statements:

- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- The company has intercompany receivables and payables for which expectations are that all will be fully paid and received without a premium or discount. In assessing the recoverability of amounts owed to the company by fellow Group undertakings, Management has considered the anticipated cash flow within the wider Group and the support from the parent company and has deemed these balances recoverable.
- In determining the carrying value of investments in subsidiaries, the company applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. In determining the fair value of investments, key assumptions are analysed and sensitivity analysis on the key assumptions is performed as part of the fair value calculation to ensure key assumptions are appropriate.
- Determine whether amounts owed by customers are recoverable. Management has considered the credit rating of the customer, as well as current settlement of trading balances subsequent to the year and has deemed the current provision against these balances to be appropriate.
- Determine whether the recoverable amount in relation to the company's inventories is appropriate. Management has considered the aging of inventory lines, as well as the post year end trading of inventory held at year end and has deemed the current provision against these balances to be appropriate.
- Determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limited or uncertainties.

*Estimates and assumptions*

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Revenue recognition (note 4)*

- Management has considered the detailed criteria for the recognition of revenue and, in particular, whether the company has transferred to the buyer the significant risks and rewards of ownership.
- Percentage of completion accounting is used for revenue recognition on contracts where it is applicable. This requires that reasonable estimates can be made as to the extent of progress towards completion, project revenues, and project costs.

## SPX Flow Europe Limited

### Notes to the financial statements (continued) for the financial year ended 31 December 2022

#### 3. Critical accounting judgements and key sources of estimation uncertainty

##### *Estimates and assumptions (continued)*

##### *Transfer pricing*

- The company determines whether transactions with other subsidiary undertakings of the wider group have been conducted on an arm's length basis. These decisions involve the input of internal and external tax advisors to the company, including analysis of comparable companies and groups who operate in similar markets to SPX FLOW.

##### *Property, plant, and equipment (note 11)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### *Intangible assets (note 12)*

Intangible assets are amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors similar to those referred to above for tangible fixed assets are taken into account.

##### *Investments in subsidiaries (note 13)*

The company reviews the valuation of its investments for impairment annually or if events and changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows.

##### *Impairment of non-financial assets (notes 9, 10 and 11)*

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when indicators of impairment may exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

##### *Leases (note 23)*

- Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used.
- In determining the lease term and assessing the length of the non-cancellable period of a lease, the company determines the period for which the contract is enforceable. A lease is no longer considered enforceable when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

## SPX Flow Europe Limited

Notes to the financial statements (continued)  
for the financial year ended 31 December 2022

## 3. Critical accounting judgements and key sources of estimation uncertainty

*Estimates and assumptions (continued)**Provisions – Impairment of trade and other receivables, dilapidations and warranty (notes 15 and 19)*

- Provisions are made based on the historical experience of levels of recovery from accounts and specifically identified debtors. The actual amounts collected could differ from the estimated level of recovery which could impact the operating results.
- Specific provisions are created for the probable and estimable costs of significant claims, and a general warranty provision for probable future costs based on respective revenue streams.
- Dilapidation provisions are calculated based on the best estimates of the cost required to return leased properties back to their original condition upon termination of the lease.

*Defined benefit pension scheme (note 25)*

- The most critical estimates, assumptions and judgements relate to the determination of discount rates, future salary increases, future pension increases, inflation and mortality rates. In determining these assumptions, the entity uses a third-party valuation company.

*Share based awards (note 26)*

- The Monte Carlo simulation model valuation technique used is routinely assessed to ensure that the share-based payments are recorded appropriately and that the appropriate inputs are used in the valuation of awards at grant.

## 4. Revenue from contracts with customers

*Disaggregation of revenue*

The company has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date.

| <b>Revenue analysed by class of business and timing:</b> | <b>2022</b>    | <b>2021</b>    |
|--|----------------|----------------|
|  | <b>€'000</b>   | <b>€'000</b>   |
| Sale of goods and services                               | 215,548        | 196,479        |
| Provision of shared service centre services              | 13,465         | 14,521         |
|  | <b>229,013</b> | <b>211,000</b> |
|  | <hr/> <hr/>    | <hr/> <hr/>    |
| <b>Revenue analysed by geographical market:</b>          | <b>2022</b>    | <b>2021</b>    |
|  | <b>€'000</b>   | <b>€'000</b>   |
| EMEA   | 159,230        | 147,928        |
| United Kingdom   | 23,814         | 20,965         |
| Middle East and Asia                                     | 31,442         | 27,660         |
| United States of America                                 | 14,527         | 14,447         |
|  | <b>229,013</b> | <b>211,000</b> |
|  | <hr/> <hr/>    | <hr/> <hr/>    |
| <b>Timing of revenue recognition</b>                     | <b>2022</b>    | <b>2021</b>    |
|  | <b>€'000</b>   | <b>€'000</b>   |
| Revenue recognised at a point in time                    | 135,925        | 143,551        |
| Revenue recognised over time                             | 93,088         | 67,449         |
|  | <b>229,013</b> | <b>211,000</b> |
|  | <hr/> <hr/>    | <hr/> <hr/>    |

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**4. Revenue from contracts with customers (continued)**

The company enters into contracts with customers which are comprised of multiple deliverables, which can include hardware and software components, installation, maintenance, and extended warranties. In some cases, the contract will be for the integration of a complex set of tasks and components into a single project, even if the single project results in delivery of multiple units. Alternatively, the company delivers contracts that are for the delivery of distinct goods or services as a stand-alone sale which can include spare parts or individual items.

|   | <b>Contract assets</b> |                             | <b>Contract liabilities</b> |          |
|---|------------------------|-----------------------------|-----------------------------|----------|
|   | <b>2022</b>            | 2021                        | <b>2022</b>                 | 2021     |
|   | <b>€'000</b>           | €'000                       | <b>€'000</b>                | €'000    |
| Current   | <b>13,848</b>          | 7,272                       | <b>(9,622)</b>              | (23,123) |
|   | <b>Contract assets</b> | <b>Contract liabilities</b> |                             |          |
|   | <b>2022</b>            | 2021                        | <b>2022</b>                 | 2021     |
|   | <b>€'000</b>           | €'000                       | <b>€'000</b>                | €'000    |
| As at 1 January   | <b>7,272</b>           | 7,467                       | <b>(23,123)</b>             | (11,686) |
| Transfers in the period from contract assets to trade receivables                             | <b>11,283</b>          | (1,862)                     | –                           | –        |
| Amounts included in contract liabilities that were recognised as revenue during the period    | –                      | –                           | <b>18,292</b>               | 8,113    |
| Excess of revenue recognised over cash (or rights to cash) being recognised during the period | <b>(4,707)</b>         | 1,667                       | –                           | –        |
| Cash received in advance of performance and not recognised as revenue during the period       | –                      | –                           | <b>(4,791)</b>              | (19,550) |
|   | <b>13,848</b>          | 7,272                       | <b>(9,622)</b>              | (23,123) |

Contract assets and contract liabilities are recorded on the face of the statement of financial position. They arise from the company's project-related business, which enters into contracts that can take up to 2 years to complete, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of cumulative revenue recognised on the contracts.

*Remaining performance obligations*

The vast majority of the company's contracts are for the delivery of goods within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies. However, certain contracts for the delivery of goods and services have been entered into for which both:

- the original contractual period was greater than 12 months; and
- the company's right to consideration does not correspond directly with the performance.

Revenue recognised in 2022 and 2021 relating to performance obligations that were satisfied, or partially satisfied, in previous years was not material.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**5. Expenses by nature**

|   | <b>2022</b>    | 2021    |
|---|----------------|---------|
|   | <b>€'000</b>   | €'000   |
| Employee benefit expense (note 8)                                     | <b>42,539</b>  | 39,237  |
| Cost of inventory recognised as an expense                            | <b>142,513</b> | 115,970 |
| Group charges   | <b>20,531</b>  | 22,627  |
| Amortisation of intangible assets (note 12)                           | <b>5,525</b>   | 5,565   |
| Depreciation of right-of-use assets (note 23)                         | <b>889</b>     | 878     |
| Legal fees  | <b>21</b>      | 114     |
| Travel expenses   | <b>1,705</b>   | 1,099   |
| Operating lease expense for low value or short-term leases (note 23): |                |         |
| - Property  | <b>277</b>     | 652     |
| - Vehicles  | <b>864</b>     | 618     |
| Professional fees   | <b>2,269</b>   | 3,194   |
| Auditors' remuneration (note 7)                                       | <b>299</b>     | 282     |
| Depreciation of property, plant and equipment (note 11)               | <b>339</b>     | 288     |
| Foreign exchange (gain) losses  | <b>(11)</b>    | 287     |

Amortisation charges on the company's intangible assets are recognised in the administrative expenses line item in the statement of comprehensive income.

Impairment charges have been recognised as a separate line item in the statement of comprehensive income.

**6. Income from investments in group undertakings**

|                 | <b>2022</b>  | 2021  |
|-----------------|--------------|-------|
|                 | <b>€'000</b> | €'000 |
| Dividend income | <b>-</b>     | -     |

The company did not receive any dividends from investments in subsidiaries during the year (2021: €Nil).

## SPX Flow Europe Limited

Notes to the financial statements (continued)  
for the financial year ended 31 December 2022

## 7. Auditors' remuneration

|   | 2022<br>€'000 | 2021<br>€'000 |
|---|---------------|---------------|
| Fees payable to the company's auditor:      |               |               |
| <b>For audit services:</b>                  |               |               |
| Audit of the company's financial statements | 299           | 245           |
| <b>For other services:</b>                  |               |               |
| Tax compliance services                     | -             | 27            |
| Other services                              | -             | 10            |
|   | <u>299</u>    | <u>282</u>    |

## 8. Employee benefit expenses

Employee benefit expenses (including directors) comprise:

|   | 2022<br>€'000 | 2021<br>€'000 |
|---|---------------|---------------|
| Wages and salaries                              | 28,064        | 27,281        |
| Social security contributions and similar taxes | 6,087         | 5,006         |
| Other short-term employee benefits              | 1,648         | 1,859         |
| Defined contribution schemes                    | 1,611         | 1,872         |
| Defined benefit pension costs (note 25)         | 228           | 271           |
| Share-based payments                            | 4,856         | 1,250         |
| Redundancy costs                                | 45            | 1,698         |
|   | <u>42,539</u> | <u>39,237</u> |

Included in profit or loss is €Nil (2021: €Nil) of government grants obtained relating to supporting the payroll of the company's employees. The company has elected to reduce the related expense, rather than presenting this government grant separately. The company had to commit to spending the assistance on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The company does not have any unfulfilled obligations relating to this program.

The average number of employees employed by the company (including directors) were:

|                  | 2022       | 2021       |
|------------------|------------|------------|
| Management staff | 12         | 11         |
| Operations staff | 341        | 339        |
| Support staff    | 24         | 26         |
|                  | <u>377</u> | <u>376</u> |

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**8. Employee benefit expenses (continued)**

**Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the company, including the directors of the company listed on page 11.

|   | <b>2022</b>  | 2021  |
|---|--------------|-------|
|   | <b>€'000</b> | €'000 |
| Wages and salaries                              | <b>945</b>   | 1,101 |
| Social security contributions and similar taxes | <b>125</b>   | 110   |
| Defined contribution pension costs              | <b>67</b>    | 63    |
| Share-based payments                            | <b>195</b>   | 44    |
| Other short-term employee benefits              | <b>63</b>    | 53    |
|   | <b>1,395</b> | 1,371 |

**9. Finance expense**

|  | <b>2022</b>  | 2021  |
|--|--------------|-------|
|  | <b>€'000</b> | €'000 |
| Interest expense on financial liabilities measured at amortised cost | <b>86</b>    | 368   |
| Interest on lease liabilities (note 23)                              | <b>32</b>    | 88    |
| Total finance expense  | <b>118</b>   | 456   |

The above finance expense includes the following in respect of liabilities not at fair value through profit or loss:

|   | <b>2022</b>  | 2021  |
|---|--------------|-------|
|   | <b>€'000</b> | €'000 |
| Total interest expense on financial liabilities | <b>118</b>   | 456   |

## SPX Flow Europe Limited

**Notes to the financial statements (continued)**  
**for the financial year ended 31 December 2022**

**10. Taxation**

## a) Tax on profit on ordinary activities

|  | <b>2022</b>         | 2021           |
|--|---------------------|----------------|
|  | <b>€'000</b>        | €'000          |
| <b>Current tax expense</b>   |                     |                |
| Current tax on profits for the year                                    | <b>3,016</b>        | 2,978          |
| <b>Deferred tax benefit</b>  |                     |                |
| Origination and reversal of temporary differences                      | <b>(811)</b>        | (1,861)        |
| Recognition of previously unrecognised deferred tax assets/liabilities | <b>4</b>            | 68             |
|  | <u><b>(807)</b></u> | <u>(1,793)</u> |
|  | <u><b>2,209</b></u> | <u>1,185</u>   |

## b) Reconciliation of tax expense

|  | <b>2022</b>         | 2021         |
|--|---------------------|--------------|
|  | <b>€'000</b>        | €'000        |
| Profit (loss) before taxation  | <b>1,058</b>        | (1,195)      |
| Expected tax expense/(credit) based on the blended rate of corporation tax in the U.K. of 19.00% (2021 - 19.00%) | <b>201</b>          | (227)        |
| Expenses not deductible  | <b>1,018</b>        | 1,053        |
| Change in corporation tax rate   | <b>(386)</b>        | (1,350)      |
| Tax effect of carry forward of tax losses not recognised   | <b>2,561</b>        | 1,426        |
| Group relief surrendered   | <b>791</b>          | -            |
| Share-based payment charge   | <b>115</b>          | 49           |
| Adjustment in respect of prior period  | <b>4</b>            | 68           |
| Foreign charge - overseas branches   | <b>1,838</b>        | 1,862        |
| Branch profits - non-taxable in determining U.K. taxable profits   | <b>(3,933)</b>      | (1,696)      |
|  | <u><b>2,209</b></u> | <u>1,185</u> |

The adjustment in respect of prior period in 2022 of €4,000 related to an adjustment in respect of the tax written down value of fixed assets.

## c) Tax rates

The Finance (No. 2) Act 2015 was enacted in October 2015 and reduced the main rate of corporation tax from 20% to 19% from 1 April 2017. The Budget of 3 March 2021, the Chancellor of the Exchequer announced an increase in the UK corporation tax rate from 19% to 25%, which is due to be effective from 1 April 2023. This was enacted in May 2021 and therefore, the deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**10. Taxation (continued)**

d) Overseas branch tax considerations

We have received 2022 tax returns from the tax advisers for the France, Ireland, Sweden, Finland, Italy and Spain branches. We have recorded the tax charges per these returns as overseas tax.

The 2022 tax returns for the Netherlands, Belgium, and Germany branches have not yet been prepared. We have made an estimate of tax due for 2022 based on the financial results of these branches, adjusted for estimated permanently disallowable items. As there are no timing differences in relation to fixed assets or provisions (tax treatment follows accounting treatment), no adjustment has been made for these items in the estimates. Following receipt of these tax returns in 2023, we will perform a true-up exercise of these assumptions and disclose any changes in respect of these branches in the company's 2023 financial statements.

e) Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19.00% tax rate (2021: 19.00%). Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The analysis of the deferred tax balances (after offset) for financial reporting purposes is as follows:

|   | <b>2022</b>           | 2021           |
|---|-----------------------|----------------|
|   | <b>€'000</b>          | €'000          |
| <b>Assets - recognised</b>                      |                       |                |
| Decelerated capital allowances                  | <b>2,056</b>          | 1,882          |
| Shared-based payments                           | –                     | 496            |
|   | <u><b>2,056</b></u>   | <u>2,378</u>   |
| <b>Liabilities</b>                              |                       |                |
| Intangibles acquired in a business combination  | <b>(3,531)</b>        | (4,660)        |
| Net liability                                   | <u><b>(1,475)</b></u> | <u>(2,282)</u> |
|   | <b>2022</b>           | 2021           |
|   | <b>€'000</b>          | €'000          |
| <b>Movements in the year</b>                    |                       |                |
| At beginning of year                            | <b>(2,282)</b>        | (4,075)        |
| Credit to the statement of comprehensive income | <b>807</b>            | 1,793          |
| At end of year                                  | <u><b>(1,475)</b></u> | <u>(2,282)</u> |

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**10. Taxation (continued)**

The deferred tax assets set out above relate to fixed asset timing differences in relation to assets held in the U.K. and unrealised benefit of future tax deductions in relation to share based awards.

The deferred tax liability arose on the recognition of intangible assets on business combinations in 2018 and 2020. Amortisation has been charged on the intangibles for the proportion of the year that each has been held by the branch, and the associated deferred tax liability has been reduced accordingly.

The company also has net unrecognised deferred tax assets in relation to the following:

|  | 2022<br>€'000 | 2021<br>€'000 |
|--|---------------|---------------|
| UK – carried forward trading losses      | 7,417         | 4,856         |
| Belgium – pension                        | 68            | 78            |
| Ireland – carried forward trading losses | 2,133         | 2,134         |
| Germany – carried forward trading losses | 264           | 42            |
|  | <u>9,882</u>  | <u>7,110</u>  |

Such amounts have not been recognised due to uncertainty in relation to the availability of future profits in the branches.

**11. Property, plant and equipment**

|  | Land and<br>buildings<br>Leasehold<br>€'000 | Plant and<br>machinery<br>€'000 | Furnitures,<br>Fixtures, and<br>equipment<br>€'000 | Total<br>€'000 |
|--|---|---------------------------------|--|----------------|
| <b>Cost</b>  |   |                                 |  |                |
| At 1 January 2022                                  | 1,305                                       | 1,467                           | 189  | 2,961          |
| Additions  | –   | 154                             | 47   | 201            |
| Disposals  | (75)  | (343)                           | –  | (418)          |
| <b>At 31 December 2022</b>                         | <u>1,230</u>                                | <u>1,278</u>                    | <u>236</u>   | <u>2,744</u>   |
| <b>Accumulated depreciation<br/>and impairment</b> |   |                                 |  |                |
| At 1 January 2022                                  | 546   | 989                             | 29   | 1,564          |
| Depreciation                                       | 182   | 126                             | 31   | 339            |
| Disposals  | (6)   | (343)                           | –  | (349)          |
| <b>At 31 December 2022</b>                         | <u>722</u>                                  | <u>772</u>                      | <u>60</u>  | <u>1,554</u>   |
| <b>Net book value</b>                              |   |                                 |  |                |
| <b>At 31 December 2022</b>                         | <u>508</u>                                  | <u>506</u>                      | <u>176</u>   | <u>1,190</u>   |
| <b>At 31 December 2021</b>                         | <u>759</u>                                  | <u>478</u>                      | <u>160</u>   | <u>1,397</u>   |

## SPX Flow Europe Limited

Notes to the financial statements (continued)  
for the financial year ended 31 December 2022

## 12. Intangible assets

|  | Customer relationships<br>€'000 | Goodwill<br>€'000 | Developed technology<br>€'000 | Intellectual property<br>€'000 | Trademarks<br>€'000 | Backlog<br>€'000 | Licenses<br>€'000 | Total<br>€'000 |
|--|---------------------------------|-------------------|-------------------------------|--------------------------------|---------------------|------------------|-------------------|----------------|
| <i>Cost or valuation</i>                       |                                 |                   |                               |                                |                     |                  |                   |                |
| <b>At 31 December 2021 and 2022</b>            | <b>37,102</b>                   | <b>23,205</b>     | <b>6,087</b>                  | <b>1,836</b>                   | <b>651</b>          | <b>561</b>       | <b>123</b>        | <b>69,565</b>  |
| <i>Accumulated amortisation and impairment</i> |                                 |                   |                               |                                |                     |                  |                   |                |
| <b>At 1 January 2021</b>                       | <b>13,151</b>                   | <b>10,582</b>     | <b>2,128</b>                  | <b>510</b>                     | <b>–</b>            | <b>561</b>       | <b>123</b>        | <b>27,055</b>  |
| Amortisation charge for the year               | 4,506                           | –                 | 855                           | 204                            | –                   | –                | –                 | 5,565          |
| Impairment loss                                | –                               | 541               | –                             | –                              | –                   | –                | –                 | 541            |
| <b>At 1 January 2022 and 31 December 2021</b>  | <b>17,657</b>                   | <b>11,123</b>     | <b>2,983</b>                  | <b>714</b>                     | <b>–</b>            | <b>561</b>       | <b>123</b>        | <b>33,161</b>  |
| Amortisation charge for the year               | 4,617                           | –                 | 704                           | 204                            | –                   | –                | –                 | 5,525          |
| <b>At 31 December 2022</b>                     | <b>22,274</b>                   | <b>11,123</b>     | <b>3,687</b>                  | <b>918</b>                     | <b>–</b>            | <b>561</b>       | <b>123</b>        | <b>38,686</b>  |
| <b>Net book value</b>                          |                                 |                   |                               |                                |                     |                  |                   |                |
| <b>At 31 December 2022</b>                     | <b>14,828</b>                   | <b>12,082</b>     | <b>2,400</b>                  | <b>918</b>                     | <b>651</b>          | <b>–</b>         | <b>–</b>          | <b>30,879</b>  |
| <b>At 31 December 2021</b>                     | <b>19,445</b>                   | <b>12,082</b>     | <b>3,104</b>                  | <b>1,122</b>                   | <b>651</b>          | <b>–</b>         | <b>–</b>          | <b>36,404</b>  |

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**12. Intangible assets (continued)**

The company does not have any contractual commitments for the acquisition of intangible assets.

Customer relationships consist of the customer lists owned by the company which were acquired through business combinations in 2018 and 2020 and are being amortised over the directors' estimate of useful life of 6 - 9 years.

Goodwill represents the excess of the cost of a business combination over the fair value of the entity's share of the net identifiable assets of the acquired business. Goodwill is not amortised and is reviewed annually for impairment.

Developed technology represents the value of the rights to internally generated software and technology owned by the company. Developed technology is being amortised over the directors' estimate of useful life of 3 -7 years.

Intellectual property includes internally developed ideas and designs for which the company has the exclusive rights to use and are being amortised over the directors' estimate of useful life of 9 years.

Trademarks include brand names which are primarily used in the marketing or promotion of products or services. Trademarks are not amortised.

During 2021, due to the continued poor performance of the Johnson Pump brand and Nutrition and Health segment of the UK and Ireland branches, as well as management's forecast of future operating cash flows, goodwill has been impaired by €463,000 and €78,000 respectively.

Amortisation of intangibles is included in administrative expenses.

Impairment of intangibles is included in the statement of comprehensive income as a separate line item.

**13. Investments in subsidiaries**

|                              | <b>2022</b>    | 2021    |
|------------------------------|----------------|---------|
|                              | <b>€'000</b>   | €'000   |
| <b>Cost:</b>                 |                |         |
| At beginning of year         | <b>185,958</b> | 168,976 |
| Additions                    | -              | 16,982  |
| At end of year               | <b>185,958</b> | 185,958 |
| <b>Impairment:</b>           |                |         |
| At beginning and end of year | <b>645</b>     | 645     |
| <b>Net book value</b>        |                |         |
| <b>At beginning of year</b>  | <b>185,313</b> | 168,331 |
| <b>At end of year</b>        | <b>185,313</b> | 185,313 |

## SPX Flow Europe Limited

### Notes to the financial statements (continued) for the financial year ended 31 December 2022

#### 13. Investments in subsidiaries (continued)

On 5 December 2022, the company incorporated a 100% subsidiary registered in The Netherlands: Hydraulic Technologies Netherlands B.V., with an initial equity of €1. In April 2023, the company contributed to its recently formed subsidiary, its pre-existing Hydraulics Technologies brand, as well as certain pre-existing trade and assets of the company's Netherlands branch, for a preliminary value of €6.7m. This transaction is not expected to result in a material impact to revenues and profits for future periods of the company.

The company's subsidiary, SPX Flow Technology Crawley Limited, was in the process of being dissolved during the year and this was completed in 2023.

The principal subsidiaries of the company are as follows:

| Name                                    | Country of incorporation and place of business  | Proportion of ownership interest at 31 December |      |
|---|---|---|------|
|   |   | 2022  | 2021 |
| SPX Flow Technology Poland sp. z.o.o    | Bydgoszcz, at Stanisława Jana Rolbieskiego 2, Poland  | 100%  | 100% |
| SPX Flow Technology Santorso S.r.l      | Via delle Prese, 14, Santorso, IT 3601, Italy   | 100%  | 100% |
| SPX Flow Technology Assen B.V.          | Dr A.F Philipsweg 51, 9403 AD Assen, Netherlands  | 100%  | 100% |
| SPX Flow Technology Crawley Limited     | C/O SPX Flow Europe Limited<br>Part Ground Floor, Alexander House, 4 Station Road, Cheadle Hulme, United Kingdom, SK8 SAE | 100%  | 100% |
| Hydraulic Technologies Netherlands B.V. | Achterweg Zuidzijde 8, 3216 AB Abbenbroek, Netherlands  | 100%  | –    |

#### 14. Inventories

|                                     | 2022<br>€'000 | 2021<br>€'000 |
|-------------------------------------|---------------|---------------|
| Raw materials and consumables       | 3,185         | 6,394         |
| Work-in progress                    | 866           | 2,466         |
| Finished goods and goods for resale | 8,683         | 5,746         |
|                                     | <u>12,734</u> | <u>14,606</u> |

There is no material difference between the balance sheet value of inventories and their replacement value. There are no inventories pledged as security for liabilities. The figures above are after an inventory provision of €814,000 (2021 - €697,000).

## SPX Flow Europe Limited

**Notes to the financial statements (continued)**  
**for the financial year ended 31 December 2022**

**15. Trade and other receivables**

|   | <b>2022</b>    | 2021    |
|---|----------------|---------|
|   | <b>€'000</b>   | €'000   |
| Trade receivables   | <b>34,045</b>  | 32,461  |
| Less provision for impairment of trade receivables                              | <b>(1,254)</b> | (1,323) |
| Trade receivables - net   | <b>32,791</b>  | 31,138  |
| Receivable from related parties (note 27)                                       | <b>4,612</b>   | 2,182   |
| Total financial assets other than cash and cash equivalents and contract assets | <b>37,403</b>  | 33,320  |
| Other debtors   | <b>111</b>     | 84      |
| Prepayments   | <b>3,523</b>   | 3,914   |
| Total trade and other receivables   | <b>41,037</b>  | 37,318  |

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

The company does not hold any collateral as security.

No trade receivables have been sold to a provider of invoice discounting or debt factoring services.

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to trade receivables for similar types of contracts.

The expected credit loss rates are based on the company's historic credit losses experienced over the one year prior to the year end. The historical loss rates are then adjusted for the current and forward-looking information and consider macroeconomic factors affecting the company's customers. The company has identified the gross domestic product, unemployment rate and inflation rate as the key macroeconomic factors in the countries where the company operates.

At 31 December 2022, the lifetime expected loss provision for trade receivables is as follows:

|                       | <b>Current</b> | <b>More than</b> | <b>More than</b> | <b>More than</b> | <b>Total</b>  |
|-----------------------|----------------|------------------|------------------|------------------|---------------|
|                       | <b>€'000</b>   | <b>30 days</b>   | <b>60 days</b>   | <b>90 days</b>   | <b>€'000</b>  |
|                       |                | <b>past due</b>  | <b>past due</b>  | <b>past due</b>  |               |
|                       |                | <b>€'000</b>     | <b>€'000</b>     | <b>€'000</b>     |               |
| Gross carrying amount | <b>31,571</b>  | <b>667</b>       | <b>200</b>       | <b>1,607</b>     | <b>34,045</b> |
| Expected loss rate    | <b>0.07%</b>   | <b>0.25%</b>     | <b>0.53%</b>     | <b>44.95%</b>    | <b>2.19%</b>  |
| Loss provision        | <b>22</b>      | <b>2</b>         | <b>1</b>         | <b>722</b>       | <b>747</b>    |

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**15. Trade and other receivables (continued)**

At 31 December 2021, the lifetime expected loss provision for trade receivables is as follows:

|                       | Current<br>€'000 | More than<br>30 days<br>past due<br>€'000 | More than<br>60 days<br>past due<br>€'000 | More than<br>90 days<br>past due<br>€'000 | Total<br>€'000 |
|-----------------------|------------------|---|---|---|----------------|
| Gross carrying amount | 28,001           | 1,596                                     | 586                                       | 2,278                                     | 32,461         |
| Expected loss rate    | 0.15%            | 3.19%                                     | 0.04%                                     | 41.73%                                    | 3.21%          |
| Loss provision        | 41               | 51  | 0   | 951                                       | 1,043          |

Provision for impairment of trade receivables include allowance for sales return and credit memo of €507,000 (2021: €280,000).

Contract assets have nil lifetime expected credit losses as the underlying contracts have cancellation and payment clauses within the terms of the contract that protect the company from a default by the customer. In addition, the customers with whom these types of contracts are entered into are generally among the company's largest and, generally and relatively, have more significant levels of financial resources. The company has historically not experienced credit loss under contracts recognised over time.

As at 31 December 2022, trade receivables of €741,000 (2021: €729,000) had lifetime expected credit losses of the full value of the receivables. The receivables due at the end of the financial year relate to 165 (2021: 195) different customers and the average receivable amount is €3,300 (2021: €3,700). The largest of these receivables was €75,000 (2021: €49,000).

Movements in the impairment allowance for trade receivables are as follows:

|  | <b>2022</b>         | 2021                |
|--|---------------------|---------------------|
|  | <b>€'000</b>        | €'000               |
| At 1 January   | <u>1,323</u>        | <u>1,631</u>        |
| Decrease during the year                                 | <b>(69)</b>         | (301)               |
| Receivables written off during the year as uncollectible | -                   | (7)                 |
| Impairment loss/ during the year                         | <u><b>(69)</b></u>  | <u>(308)</u>        |
| At 31 December   | <u><u>1,254</u></u> | <u><u>1,323</u></u> |

Credit risk for receivables from related parties has not increased significantly since their initial recognition.

As per SPX FLOW policy, receivables from related parties are not included in the bad debt reserves. Related party payments are generally settled through SPX FLOW's BMG payment netting process. In countries where this is not possible, payments are settled through wire transfers. Related party invoices are settled in the first BMG cash pooling settlement occurring after completion of the accounts payable matching process or, when applicable, completion of the dispute resolution process. The only exception to this settlement policy occurs when additional documentation is required for regulatory purposes (e.g., import duty requirements, transfer pricing).

See additional information regarding the nature of SPX FLOW 's cash pooling facility maintained through BMG, a third-party bank in the Netherlands, in note 17.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**16. Trade and other payables**

|   | <b>2022</b>   | 2021   |
|---|---------------|--------|
|   | <b>€'000</b>  | €'000  |
| Trade payables  | <b>6,866</b>  | 2,096  |
| Accruals  | <b>13,547</b> | 11,908 |
|   | <hr/>         | <hr/>  |
| Total financial liabilities excluding contract liabilities and loans and borrowings, classified as financial liabilities measured at amortised cost | <b>20,413</b> | 14,004 |
| Amount due to related parties (note 27)   | <b>21,500</b> | 26,028 |
| Other taxes and social security   | <b>3,269</b>  | 6,068  |
|   | <hr/>         | <hr/>  |
| Total trade and other payables  | <b>45,182</b> | 46,100 |

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

**17. Cash and cash equivalents**

|                          | <b>2022</b>   | 2021   |
|--------------------------|---------------|--------|
|                          | <b>€'000</b>  | €'000  |
| Cash at bank and in hand | <b>12,758</b> | 31,210 |

The book value of loans and borrowings is as follows:

|                | <b>2022</b>  | 2021  |
|----------------|--------------|-------|
|                | <b>€'000</b> | €'000 |
| <b>Current</b> |              |       |
| Overdrafts     | <b>–</b>     | 23    |

The overdraft relates to a cash pool facility that is a notional pool structure through which many SPX FLOW companies maintain an account with BMG in the Netherlands. This account can be an investment account (with a positive balance and earning interest) or a borrowing account (with a negative balance and accruing interest payable). SPX FLOW subsidiaries provide their excess cash to the cash pool which allows other entities to borrow from the cash pool, such that the cash position can be managed centrally at a corporate level. SPX FLOW monitors the entire notional cash pool balance to ensure the overall cash pool balance is positive. This allows SPX FLOW to provide global liquidity to all companies which are legally eligible to participate in a notional pooling structure and to achieve lower external cost of funding.

The cash pooling facility is not secured and does not have any collateral. Collectively, the borrowing positions in the cash pool are pledged by the collective invested (credit) balances in the cash pool.

|                | <b>2022</b>  | 2021      |
|----------------|--------------|-----------|
|                | <b>€'000</b> | €'000     |
| Euro           | –            | 21        |
| Pound sterling | –            | 2         |
|                | <hr/>        | <hr/>     |
|                | <b>–</b>     | <b>23</b> |

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**17. Cash and cash equivalents (continued)**

As of the year end, the average December base interest rate for each currency is as follows:

|                | <b>2022</b>   | 2021   |
|----------------|---------------|--------|
|                | %             | %      |
| Euro           | <b>1.6464</b> | 0.5425 |
| Pound sterling | <b>3.6851</b> | 0.2738 |

Loans and borrowings (account) balances in the cash pool add 0.75% and surplus balances in the cash pool earn (0.25%) as the cost of participating in the cash pool, amounts which are paid to (or received from) SPX FLOW.

**Bank Borrowings**

The company does not have any undrawn committed borrowing facilities available as at 31 December 2022 and as at 31 December 2021.

**18. Employee benefit liabilities**

Liabilities for employee benefits comprise:

|                                   | <b>2022</b>  | 2021  |
|-----------------------------------|--------------|-------|
|                                   | €'000        | €'000 |
| Defined benefit schemes (note 25) | <b>271</b>   | 308   |
| Defined contribution scheme       | <b>517</b>   | 539   |
| Accrual for annual leave          | <b>1,947</b> | 1,926 |
|                                   | <b>2,735</b> | 2,773 |

Categorised as:

|            | <b>2022</b>  | 2021  |
|------------|--------------|-------|
|            | €'000        | €'000 |
| Current    | <b>1,947</b> | 1,926 |
| Noncurrent | <b>788</b>   | 847   |
|            | <b>2,735</b> | 2,773 |

The costs, assets and liabilities of the defined benefit schemes operated by the company are determined using methods relying on actuarial estimates and assumptions such as the discount rate and salary inflation rate. Details of the key assumptions are set out in note 25. The company takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the statement of comprehensive income and the statement of financial position.

## SPX Flow Europe Limited

Notes to the financial statements (continued)  
for the financial year ended 31 December 2022

## 19. Provisions

|   | Onerous<br>contracts<br>€'000 | Warranty<br>claims<br>€'000 | Dilapidations<br>€'000 | Total<br>€'000 |
|---|-------------------------------|-----------------------------|------------------------|----------------|
| At 1 January 2022                                   | 95                            | 348                         | 300                    | 743            |
| Charged to the statement<br>of comprehensive income | 119                           | 357                         | 6                      | 482            |
| Utilised in the year                                | (86)                          | (367)                       | –                      | (453)          |
| <b>At 31 December 2022</b>                          | <b>128</b>                    | <b>338</b>                  | <b>306</b>             | <b>772</b>     |
| Due within one year                                 | 128                           | 338                         | 229                    | 695            |
| Due after more than one<br>year                     | –                             | –                           | 77                     | 77             |

The onerous contracts provision represents amounts provided in respect of amounts payable to complete a contract in which the aggregate cost required to fulfil the agreement is higher than the economic benefit obtained from it. The onerous contract provision is recognised at the point in time that the contract becomes loss making and is released, to the extent not utilised during the completion of the contract, when the contract is completed. The provision is estimated as the expected future loss that will be incurred upon recognition of any remaining revenue associated with the contract.

The warranty claims provision represents amounts provided in respect of amounts payable to honour warranty clauses within the sales contracts. For certain products the company has an obligation to exchange, replace or repair the item if the item breaks prematurely due to a lack of quality. Revenue for the sale is recognised once the goods are delivered, however, a provision is recognised concurrently based on the historic experience of the warranty claims. The warranty provision is based on the expected warranty costs relating to products sold prior to the balance sheet date which remain in their warranty period. The provision amount is estimated using the assumption that future warranty claims will be in line with historic trends.

The dilapidations provision represents amounts provided in respect of amounts payable to dismantle leasehold improvements and return the property to its original state primarily on termination of property lease agreements. The provisions will run in line with the current leasing arrangements of the offices and warehouses being leased. The primary lease to which these dilapidations provisions relate expired in March 2021 and was not renewed. Dilapidation provisions are calculated based on the best estimates of the cost required to return leased properties back to their original condition upon termination of the lease.

## 20. Share capital

|                              | 2022<br>Number     | 2022<br>€'000  | 2021<br>Number     | 2021<br>€'000  |
|------------------------------|--------------------|----------------|--------------------|----------------|
| <b>Issued and fully paid</b> |                    |                |                    |                |
| Ordinary shares of €1 each   | <u>200,649,179</u> | <u>224,789</u> | <u>200,649,179</u> | <u>224,789</u> |

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**21. Reserves**

The following describes the nature and purpose of each reserve within equity:

| <b>Reserve</b>        | <b>Description and purpose</b>  |
|-----------------------|---|
| Share premium reserve | Amount subscribed for share capital in excess of nominal value, net of any issue costs.   |
| Capital contributions | Amount of money or assets contributed to the company by its parent company. There were no capital contributions in the current year. In the prior year, the Parent made a capital contribution of €3,526,000 by way of waiver of balances owed to the company by wider group undertakings.          |
| Other reserves        | Other reserves include (1) foreign exchange differences arising from the change in functional currency from British sterling to euro effective 1 January 2017, and (2) actuarial gains and losses under the company's defined benefit pension scheme which are recognised as a component of equity. |
| Accumulated deficit   | Cumulative loss, net of distributions to owners (e.g., dividends) not recognised elsewhere.   |

**22. Analysis of amounts recognised in other comprehensive loss**

|  | Other reserves<br>€'000 |
|--|-------------------------|
| Year to 31 December 2022                                     |                         |
| <i>Items that will not be reclassified to profit or loss</i> |                         |
| Actuarial loss on defined benefit schemes                    | <u><u>(357)</u></u>     |
| Year to 31 December 2021                                     |                         |
| <i>Items that will not be reclassified to profit or loss</i> |                         |
| Actuarial loss on defined benefit schemes                    | <u><u>(23)</u></u>      |

**23. Leases**

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**23. Leases (continued)**

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the company if it is reasonably certain to exercise that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated lease increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**23. Leases (continued)**

**Nature of leasing activities (in the capacity as lessee)**

The company leases a number of properties in the jurisdictions in which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation and in others to be reset periodically to market rental rates. In some jurisdictions the periodic rent is fixed over the lease term.

The company also leases certain items of plant and equipment. Leases of plant, equipment and vehicles comprise only fixed payments over the lease terms.

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

31 December 2022

|   | Lease<br>contracts<br>Number | Fixed<br>Payments<br>% | Variable<br>Payments<br>% | Sensitivity<br>€'000 |
|---|------------------------------|------------------------|---------------------------|----------------------|
| Property leases with periodic uplifts to market rentals | 1                            | –                      | 33                        | 15                   |
| Property leases with fixed payments                     | 6                            | 67                     | –                         | –                    |
| Leases of plant and equipment                           | 0                            | –                      | –                         | –                    |

31 December 2021

|   | Lease<br>contracts<br>Number | Fixed<br>Payments<br>% | Variable<br>Payments<br>% | Sensitivity<br>€'000 |
|---|------------------------------|------------------------|---------------------------|----------------------|
| Property leases with periodic uplifts to market rentals | 1                            | –                      | 30                        | 15                   |
| Property leases with fixed payments                     | 7                            | 70                     | –                         | –                    |
| Leases of plant and equipment                           | 1                            | –                      | –                         | –                    |

The company sometimes negotiates break clauses in its property leases. On a case-by-case basis, the company considers whether the absence of a break clause exposes the company to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the company.

## SPX Flow Europe Limited

Notes to the financial statements (continued)  
for the financial year ended 31 December 2022

## 23. Leases (continued)

## Right-of-use assets

|                            | Land and<br>Buildings<br>€'000 | Plant,<br>machinery, and<br>equipment<br>€'000 | Total<br>€'000 |
|----------------------------|--------------------------------|--|----------------|
| At 1 January 2022          | 1,785                          | 1  | 1,786          |
| Adjustment to lease term   | 363                            | –  | 363            |
| Depreciation               | (888)                          | (1)  | (889)          |
| Foreign exchange movements | (40)                           | –  | (40)           |
| At 31 December 2022        | <u>1,220</u>                   | <u>–</u>                                       | <u>1,220</u>   |

|                            | Land and<br>Buildings<br>€'000 | Plant,<br>machinery, and<br>Equipment<br>€'000 | Total<br>€'000 |
|----------------------------|--------------------------------|--|----------------|
| At 1 January 2021          | 1,634                          | 6  | 1,640          |
| Additions                  | 1,870                          | –  | 1,870          |
| Disposals                  | (895)                          | –  | (895)          |
| Depreciation               | (873)                          | (5)  | (878)          |
| Foreign exchange movements | 49                             | –  | 49             |
| At 31 December 2021        | <u>1,785</u>                   | <u>1</u>                                       | <u>1,786</u>   |

## Lease liabilities

|                            | Land and<br>Buildings<br>€'000 | Plant,<br>machinery, and<br>equipment<br>€'000 | Total<br>€'000 |
|----------------------------|--------------------------------|--|----------------|
| At 1 January 2022          | 1,737                          | 1  | 1,738          |
| Adjustment to lease term   | 363                            | –  | 363            |
| Interest expense           | 32                             | –  | 32             |
| Lease payments             | (905)                          | (1)  | (906)          |
| Foreign exchange movements | (56)                           | –  | (56)           |
| At 31 December 2022        | <u>1,171</u>                   | <u>–</u>                                       | <u>1,171</u>   |

## SPX Flow Europe Limited

Notes to the financial statements (continued)  
for the financial year ended 31 December 2022

## 23. Leases (continued)

| Lease liabilities                                   | Land and<br>Buildings<br>€'000 | Plant,<br>machinery, and<br>equipment<br>€'000 | Total<br>€'000 |
|---|--------------------------------|--|----------------|
| At 1 January 2021                                   | 1,645                          | 7  | 1,652          |
| Additions   | 1,841                          | –  | 1,841          |
| Disposals   | (1,006)                        | –  | (1,006)        |
| Interest expense                                    | 88                             | –  | 88             |
| Lease payments                                      | (898)                          | (5)  | (903)          |
| Foreign exchange movements                          | 67                             | (1)  | 66             |
| At 31 December 2021                                 | <u>1,737</u>                   | <u>1</u>                                       | <u>1,738</u>   |
|   |                                | <b>2022</b>                                    | <b>2021</b>    |
|   |                                | <b>€'000</b>                                   | <b>€'000</b>   |
| Non-current liabilities from leases                 |                                | <b>678</b>                                     | 1,148          |
| Short-term lease liabilities                        |                                | <b>493</b>                                     | 590            |
|   |                                | <u><b>1,171</b></u>                            | <u>1,738</u>   |
| Short-term lease expense                            |                                | <b>277</b>                                     | 652            |
| Low value lease expense                             |                                | <b>864</b>                                     | 618            |
| Total rent expense                                  |                                | <u><b>1,141</b></u>                            | <u>1,270</u>   |
| Amount recognised in profit or loss are as follows: |                                |  |                |
|   |                                | <b>2022</b>                                    | <b>2021</b>    |
|   |                                | <b>€'000</b>                                   | <b>€'000</b>   |
| Depreciation of right-of-use assets                 |                                | <b>889</b>                                     | 878            |
| Rent expense  |                                | <b>1,141</b>                                   | 1,270          |
| Interest expense on lease liabilities               |                                | <b>32</b>                                      | 88             |
|   |                                | <u><b>2,062</b></u>                            | <u>2,236</u>   |

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**24. Commitments and contingencies**

As at 31 December, the company had outstanding undiscounted commitments for future minimum lease payments:

| Lessee  | 2022<br>€'000       | 2021<br>€'000       |
|---|---------------------|---------------------|
| Not later than one year                           | 493                 | 590                 |
| Later than one year and not later than five years | <u>678</u>          | <u>1,148</u>        |
|   | <u><u>1,171</u></u> | <u><u>1,738</u></u> |

As at 31 December 2022, there were no other commitments and contingencies (2021: €Nil).

**25. Defined benefit schemes**

Defined benefit schemes in operation in 2022:

*(i) Defined benefit scheme characteristics and funding*

The company operates four post-employment defined benefit schemes for its qualifying employees in a branch located in Belgium. All of the schemes provide employees in the Belgium branch with a pension on retirement which is varied based on the age of retirement, the length of service and salary level.

- Scheme A is restricted to APV employees
- Scheme B is restricted to Blue Collar employees
- Scheme C is restricted to Management employees
- Scheme D is restricted to White Collar employees

All of the schemes are funded by the company and the employee. Contributions by the company are calculated by a separate actuarial valuation based on the funding policies detailed in the scheme agreement.

The schemes are legally separate from the company and are administered by a separate fund. The board of the fund is made up of representatives of the company and employees (present and former), as well as an independent chair. By law, the board is required to act in the best interests of participants to the scheme and has the responsibility of setting investment, contribution, and other relevant policies.

The schemes are exposed to a number of risks, including:

- investment risk: movement of discount rate used against the return from plan assets;
- interest rate risk: decreases/increases in the discount rate and interest rate used will increase/decrease the defined benefit obligation;
- longevity risk: changes in the estimation of mortality rates of current and former employees; and
- salary risk: increases in future salaries increase the gross defined benefit obligation.

Employees not participating in a defined benefit scheme are eligible to join a defined contribution scheme. No other post-retirement benefits are provided by the company.

In 2023, the company expects to contribute €458,095 into its defined benefit schemes.

## SPX Flow Europe Limited

**Notes to the financial statements (continued)**  
**for the financial year ended 31 December 2022**

**25. Defined benefit schemes (continued)***(ii) Reconciliation of defined benefit obligation and fair value of scheme assets*

All of the schemes are exposed to materially the same risks and therefore the reconciliation below is presented in aggregate.

|  | Defined benefit obligation |                | Fair value of scheme assets |               | Net defined scheme liability |               |
|--|----------------------------|----------------|-----------------------------|---------------|------------------------------|---------------|
|  | 2022<br>€'000              | 2021<br>€'000  | 2022<br>€'000               | 2021<br>€'000 | 2022<br>€'000                | 2021<br>€'000 |
| At 1 January   | (5,713)                    | (5,721)        | 5,405                       | 5,291         | (308)                        | (430)         |
| Service cost   | (206)                      | (249)          | –                           | –             | (206)                        | (249)         |
| Interest cost/(income)                                 | (54)                       | (31)           | 54                          | 30            | –                            | (1)           |
| Administration costs                                   | (22)                       | (21)           | –                           | –             | (22)                         | (21)          |
| Included in profit or loss                             | <b>(282)</b>               | <b>(301)</b>   | <b>54</b>                   | <b>30</b>     | <b>(228)</b>                 | <b>(271)</b>  |
| Remeasurement (loss)/gain                              |                            |                |                             |               |                              |               |
| a. Actuarial (loss)/gain from:                         |                            |                |                             |               |                              |               |
| - Financial assumptions                                | 434                        | –              | –                           | –             | 434                          | –             |
| - Adjustments (experience)                             | (949)                      | 104            | –                           | –             | (949)                        | 104           |
| b. Return on plan assets (excluding interests)         | –                          | –              | 162                         | (127)         | 162                          | (127)         |
| c. Change in irrecoverable surplus other than interest | –                          | –              | –                           | –             | (4)                          | –             |
| Included in other comprehensive (loss)/gain            | <b>(515)</b>               | <b>104</b>     | <b>162</b>                  | <b>(127)</b>  | <b>(357)</b>                 | <b>(23)</b>   |
| Employer contributions                                 | –                          | –              | 622                         | 416           | 622                          | 416           |
| Plan participant Contributions                         | (58)                       | (57)           | 58                          | 57            | –                            | –             |
| Disbursements  | 462                        | 262            | (462)                       | (262)         | –                            | –             |
| Other movement   | <b>404</b>                 | <b>205</b>     | <b>218</b>                  | <b>211</b>    | <b>622</b>                   | <b>416</b>    |
| At 31 December   | <b>(6,106)</b>             | <b>(5,713)</b> | <b>5,839</b>                | <b>5,405</b>  | <b>(271)</b>                 | <b>(308)</b>  |

*(iii) Disaggregation of defined benefit scheme assets*

The fair value of the Scheme assets is comprised of the following:

|                     | 2022<br>€'000 | 2021<br>€'000 |
|---------------------|---------------|---------------|
| Insurance contracts | <b>5,839</b>  | <b>5,405</b>  |

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**25. Defined benefit schemes (continued)**

*(iii) Disaggregation of defined benefit scheme assets (continued)*

The schemes are funded through guaranteed insurance contracts. The fair value of the pension schemes' assets represents the present value of future pension benefits plus the present value of future surplus interest expected to be realised under the contract. The market rate was assumed to be equal to the discount rate which reflected the assets underlying the contract.

*(iv) Defined benefit obligation – actuarial assumptions*

The principal actuarial assumptions used in determining the present value of the defined benefit obligation of the schemes include:

|  | <b>2022</b>  | 2021  |
|--|--------------|-------|
| Discount rate                                    | <b>3.80%</b> | 0.97% |
| Increase in social security                      | <b>2.00%</b> | 1.75% |
| Increase in inflation                            | <b>2.00%</b> | 1.75% |
| Increase in future salaries                      | <b>3.00%</b> | 3.00% |
| Longevity at retirement age (current pensioners) |              |       |
| - Males  | <b>20</b>    | 20    |
| - Females  | <b>24.7</b>  | 24.7  |
| Longevity at retirement age (future pensioners)  |              |       |
| - Males  | <b>22.2</b>  | 22.2  |
| - Females  | <b>24.7</b>  | 24.7  |

The average duration of the defined benefit obligation at 31 December 2022 was 9.01 years (2021: 13.61 years).

*(v) Defined benefit obligation – sensitivity analysis*

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumptions constant, is presented in the table below:

| <b>Actuarial assumption</b> | <b>Reasonably possible change</b> | <b>Defined benefit obligation</b> |                           |
|-----------------------------|-----------------------------------|-----------------------------------|---------------------------|
|                             |                                   | <b>Increase<br/>€'000</b>         | <b>Decrease<br/>€'000</b> |
| Discount rate               | (+/- 0.50%)                       | <u>(60)</u>                       | <u>60</u>                 |

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**26. Share-based payments**

*Former share-based payment scheme*

On 5 April 2022, SPX FLOW, the company's parent company as at 31 December 2021, completed a transaction through an Agreement and Plan of Merger (the "Merger Agreement"), whereby all shares of SPX FLOW were acquired in the transaction and SPX FLOW is no longer listed on the US stock exchange.

Prior to completion of the acquisition noted above, the company's parent operated a share-based payment scheme for certain employees of the company (the "Former Scheme").

Equity awards in SPX FLOW under the Former Scheme were granted at no exercise price to the recipient. The stock awards were denominated in US dollars. Stock awards under the Former Scheme generally had a three-year vesting schedule. Time-based stock awards that were granted under the Former Scheme vested in three equal instalments at one, two and three years after the date of grant. Performance-based awards that were granted under the Former Scheme vested at three years if either (i) certain share price performance or (ii) certain internal performance metric criteria were met. Awards were forfeited if the employee left the group before the awards vested. Except as is noted below, awards under the Former Scheme were equity-settled at their gross value net of associated income tax liabilities. To the extent that the value of shares required was in excess of a round number of shares, the excess value was settled in cash.

*Effect of Merger Agreement on former share-based payment scheme - vesting*

At the effective time of the parent's merger, each outstanding performance-based award immediately prior to the effective time of the merger, to the extent unvested, vested in accordance with the following: (i) if the applicable performance period had not been completed, vested at the target level of performance (or, with respect to the awards that vested on the basis of the parent's operating income margin, at 325% of the target level of performance and with respect to the awards that vested on the basis of the parent's total shareholder return and were issued in 2020 or 2021, at 200% of the target level of performance) and (ii) if the applicable performance period had been completed, vested at the actual level of performance, as determined in accordance with the terms of each outstanding award agreement, and all vested awards were cancelled and converted into a right to receive an amount in cash, without interest and subject to applicable withholding, equal to (i) the total number of shares of Parent common stock subject to such vested award, multiplied by (ii) \$86.50 per share.

At the effective time of the merger, each outstanding time-based award stock award, vested or unvested, was fully vested, cancelled and converted into a right to receive an amount in cash, without interest and subject to applicable withholding, equal to (i) the total number of shares of Parent common stock subject to such award, multiplied by (ii) \$86.50 per share. The expense recognised in the current year was €4,856,000 (2021: €1,250,000).

The table below summaries the movements in awards under the Former Scheme during the year:

|                                      | <b>2022</b>     | 2021          |
|--------------------------------------|-----------------|---------------|
|                                      | <b>Number</b>   | Number        |
| Outstanding at the start of the year | <b>79,156</b>   | 57,156        |
| Granted during the year              | –               | 30,540        |
| Cancelled during the year            | <b>(2,772)</b>  | (6,880)       |
| Transferred during the year          | –               | 30,377        |
| Vested during the year               | <b>(76,384)</b> | (32,037)      |
| Outstanding at the start of the year | <u>–</u>        | <u>79,156</u> |

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**26. Share-based payment (continued)**

The weighted average exercise price of awards outstanding under the Former Scheme at the end of 2021 was \$Nil and their weighted average contractual life was 1.80 years.

The following information was relevant in the determination of the fair value of the awards granted during 2021 under the Former Scheme operated by SPX FLOW:

|                                       | 2021        |
|---------------------------------------|-------------|
| <b>Equity settled</b>                 |             |
| Option pricing model used             | Monte-Carlo |
| Weighted average share price (USD \$) | \$67.58     |
| Expected volatility (1)               | 50.31       |
| Risk-free interest rate (2)           | 0.20%       |
| Expected dividends (3)                | 0.00%       |

- (1) The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of a 50-day rolling median volatility convention of comparable publicly quoted companies.
- (2) The risk-free rate of return represents the implied yield available during the month the option was granted based on the US Treasury STRIP curve with a remaining term of 2.85 years.
- (3) A dividend was not being paid by the company and the recipients were not entitled to receive dividends or dividend equivalents, as of the date of grant of the 2021, 2020 or 2019 awards. A dividend program was, subsequent to grant, initiated by the company (the initial dividend was first declared beginning in the first quarter of the company's fiscal 2021 - but subsequent to when the 2021 grants were awarded during the first quarter of 2021).

*Current share-based payment scheme*

Effective 10 June 2022, certain employees of the company were granted incentive unit awards which vest subject to meeting certain vesting conditions, and which entitle the employee to cash distributions upon a future liquidation of the company's ultimate parent (the "Current Scheme"). Based on provisions contained within the Current Scheme, compensation costs related to such awards, if vesting provisions are satisfied, are expected to be substantially recognised upon a future liquidation of the Company's ultimate Parent.

Amounts potentially distributable to participants in the Current Scheme are dependent upon the amount of capital returned to the company's ultimate parent in excess of its initial investment contributed to acquire SPX FLOW, plus certain expenses of the Company's ultimate parent, and are subject to fluctuation based upon the amount of capital ultimately returned upon a future liquidation of the company's ultimate parent. Half of incentive unit awards vest over time, subject to continued employment, ratably per year over a five-year period, and the remainder vest at the conclusion of the investment period (also subject to continued employment). Vesting does not trigger the right to a distribution under the Current Scheme but entitles participants to a potential distribution upon a future liquidation of the company's ultimate parent. Depending on the underlying conditions of a recipient's termination prior to a future liquidation of the company's ultimate parent, vested incentive unit awards may either remain outstanding until such liquidation event or be forfeited. In any event, unvested incentive unit awards are forfeited upon a recipient's termination prior to a future liquidation of the company's ultimate parent.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**26. Share-based payment (continued)**

Based on key terms of the agreements and application of relevant guidance, the awards granted to company recipients are being accounted for as liability-classified awards. The Black Scholes option pricing simulation model was used to determine the fair value of the Current Scheme awards, utilising various inputs discussed further below, with such fair value estimate reflecting a discount for lack of marketability of 31.0%, determined utilising the Finnerty put option valuation technique, given the privately held nature of the membership units of the company's ultimate parent.

There were 74,565 incentive units granted to company employees during 2022, all of which remained outstanding as of 31 December 2022. The weighted average exercise price of awards outstanding under the Current Scheme at the end of 2022 was \$Nil and their weighted average contractual life was estimated to be 3.0 years. No compensation costs have been recognised to date related to such awards as, based on provisions contained within the Current Scheme, compensation costs related to such awards, if vesting provisions are satisfied, are expected to be substantially recognised when a future liquidation of the Company's ultimate Parent is more likely than not to be achieved. The future liquidation of the company's ultimate parent is not more likely than not to be achieved as of the year-end date.

Key assumptions used in determining the fair value of Current Scheme awards granted on June 10, 2022 included the following:

|                                       | 2022          |
|---------------------------------------|---------------|
| <b>Cash settled</b>                   |               |
| Option pricing model used             | Black Scholes |
| Weighted average share price (USD \$) | \$43.45       |
| Expected volatility (1)               | 62.50%        |
| Risk-free interest rate (2)           | 3.20%         |
| Expected dividends (3)                | 0.00%         |

- (1) The volatility assumption was based on observed comparable guideline public company stock volatilities after consideration of differences in public versus private ownership, growth stage, size, risk and profitability, as well as the composition of the company's ultimate parent's capital structure.
- (2) The risk-free rate of return was based on an interpolation of the daily U.S. treasury yield curve rate as of the grant date.
- (3) An expected dividend yield was not assumed as dividends were not being declared on the company's ultimate Parent membership units as of the grant date noted above.

The company did not enter into any share-based payment transactions with parties other than employees during the periods presented in these financial statements.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**27. Related party transactions**

During the year, the Company entered into the following transactions with related parties who are members of the SPX FLOW group.

|   | Sale of goods and services |               | Purchase of goods and services |                | Amounts owed to related parties |               | Amounts owed by related parties |                 |
|---|----------------------------|---------------|--------------------------------|----------------|---------------------------------|---------------|---------------------------------|-----------------|
|   | 2022<br>€'000              | 2021<br>€'000 | 2022<br>€'000                  | 2021<br>€'000  | 2022<br>€'000                   | 2021<br>€'000 | 2022<br>€'000                   | 2021<br>€'000   |
| APV Middle East Limited                                     | 3,003                      | 51            | –                              | 11             | 65                              | 50            | –                               | –               |
| Mixing Solutions Limited                                    | 585                        | –             | 4                              | –              | 43                              | –             | –                               | –               |
| Philadelphia Mixing Solutions LLC                           | 384                        | –             | –                              | –              | 116                             | –             | –                               | –               |
| Plc Uutechnic Group Oyj                                     | 5                          | –             | –                              | –              | 3                               | –             | –                               | –               |
| Posi Lock Puller Inc  | –                          | –             | (32)                           | –              | 15                              | –             | –                               | –               |
| SPX (Shanghai) Flow Technology Co. Limited                  | 1,895                      | 2,321         | 5,188                          | 7,125          | –                               | –             | (384)                           | (234)           |
| SPX Chile Limited   | 13                         | 123           | –                              | –              | –                               | 7             | (17)                            | –               |
| SPX Corporation (China) Limited                             | –                          | –             | –                              | 140            | –                               | –             | –                               | –               |
| SPX Flow Germany Holding GmbH                               | 2                          | 1             | 334                            | 255            | –                               | –             | (34)                            | (2,210)         |
| SPX Flow, Inc.  | 1,553                      | 3,367         | 10,169                         | 8,408          | –                               | –             | (4,060)                         | (3,010)         |
| SPX FLOW TECHNOLOGIES LTDA                                  | 18                         | –             | 30                             | –              | 3                               | –             | –                               | –               |
| SPX Flow Technology (India) Private Limited                 | 1,427                      | 1,600         | 1,466                          | 870            | 713                             | –             | –                               | (556)           |
| SPX Flow Technology (Pty) Limited                           | 2,172                      | 1,186         | –                              | –              | 505                             | –             | –                               | –               |
| SPX Flow Technology (Thailand) Ltd                          | 29                         | –             | 88                             | –              | –                               | 573           | (90)                            | –               |
| SPX Flow Technology Assen BV                                | 152                        | 238           | 22,275                         | 25,021         | 54                              | –             | –                               | (1,356)         |
| SPX Flow Technology Australia Pty Limited                   | 704                        | 757           | 153                            | 226            | 139                             | –             | –                               | –               |
| SPX Flow Technology Canada                                  | 59                         | –             | –                              | –              | –                               | –             | –                               | –               |
| SPX Flow Technology Danmark A/S                             | 2,334                      | 2,817         | 10,053                         | 14,279         | –                               | 28            | (2,929)                         | (8,246)         |
| SPX Flow Technology do Brasil Industria e Comercio Limitada | –                          | –             | –                              | 2              | –                               | –             | –                               | (27)            |
| SPX Flow Technology England Limited                         | 133                        | 277           | 81                             | 65             | –                               | –             | (116)                           | –               |
| SPX Flow Technology Etten-Leur B.V.                         | 30                         | 38            | 2                              | 3              | –                               | 19            | (1)                             | –               |
| SPX Flow Technology Germany GmbH                            | 2,572                      | 2,205         | 11,669                         | 8,470          | –                               | 2             | (4,300)                         | –               |
| SPX Flow Technology Hongkong Limited                        | 3,812                      | 1,547         | –                              | –              | 188                             | 333           | –                               | –               |
| SPX Flow Technology Hungary Kft                             | 1,201                      | 1,167         | 12                             | 6              | 3                               | 193           | –                               | –               |
| SPX Flow Technology Japan, Inc.                             | 548                        | 468           | –                              | 21             | 66                              | 151           | –                               | (2)             |
| SPX Flow Technology Korea Co. Limited                       | 103                        | 83            | –                              | –              | –                               | –             | –                               | –               |
| SPX Flow Technology London Limited                          | –                          | –             | –                              | –              | –                               | 44            | –                               | –               |
| SPX Flow Technology Mexico, S.A. de C.V.                    | 1,146                      | 808           | –                              | –              | 335                             | –             | –                               | –               |
| SPX Flow Technology Moers GmbH                              | 105                        | –             | –                              | –              | –                               | –             | –                               | –               |
| SPX Flow Technology Newzealand Limited                      | –                          | –             | –                              | –              | –                               | 59            | –                               | –               |
| SPX Flow Technology Poland sp. Z.o.o                        | 533                        | 842           | 70,224                         | 57,785         | –                               | –             | (8,629)                         | (6,532)         |
| SPX Flow Technology s.r.o                                   | 220                        | 68            | 1,239                          | 1,309          | –                               | –             | (130)                           | (323)           |
| SPX Flow Technology Santorso s.r.l.                         | 149                        | 144           | 1,176                          | 747            | –                               | –             | (54)                            | (479)           |
| SPX Flow Technology SAS                                     | 2,135                      | 1,663         | 7,173                          | 6,573          | –                               | –             | (185)                           | (1,954)         |
| SPX Flow Singapore Pte. Limited                             | 1,876                      | 841           | –                              | 103            | 468                             | –             | –                               | –               |
| SPX Flow Technology Sweden AB                               | –                          | –             | –                              | –              | –                               | 6             | –                               | (2)             |
| SPX FLOW Technology Systems Inc.                            | 2                          | 22            | –                              | 304            | –                               | –             | –                               | –               |
| SPX Flow Technology Goldsboro                               | –                          | –             | 3                              | –              | –                               | –             | (4)                             | –               |
| SPX Flow US LLC   | 4,179                      | 3,857         | 6,597                          | 5,872          | –                               | –             | (567)                           | (1,077)         |
| SPX International Holding GmbH                              | –                          | –             | –                              | 2              | –                               | –             | –                               | –               |
| SPX Latin America Corporation                               | –                          | –             | 65                             | –              | –                               | –             | –                               | (15)            |
| SPX Middle East FXE   | 6,423                      | 6,927         | 252                            | 31             | 1,830                           | 689           | –                               | –               |
| UD-RD Holding Company Limited                               | –                          | 277           | –                              | –              | –                               | –             | –                               | (5)             |
| SPX Flow Technology USA Inc                                 | 199                        | 41            | –                              | –              | –                               | –             | –                               | –               |
| Stelzer Ruhrtechnic INT GMBH                                | 347                        | –             | 82                             | 11             | 63                              | 28            | –                               | –               |
| Uutechnic Oy  | 75                         | –             | 3                              | –              | 3                               | –             | –                               | –               |
|   | <u>40,123</u>              | <u>33,736</u> | <u>148,306</u>                 | <u>137,639</u> | <u>4,612</u>                    | <u>2,182</u>  | <u>(21,500)</u>                 | <u>(26,028)</u> |

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**27. Related party transactions (continued)**

Sales and purchases of goods to related parties were made at the company's usual list prices.

The company has not made any allowances for bad or doubtful debts in respect of related party debtors.

There were no other related party transactions in the year.

**28. Financial instruments – risk management**

The company is exposed through its operations to the following financial risks:

- Credit risk,
- Interest rate risk,
- Foreign exchange risk,
- Other market price risk, and
- Liquidity risk.

In common with other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

**Principal financial instruments**

The principal financial instruments used by the company, all of which are measured at amortised cost, from which financial instrument risk arises, are detailed below:

|                                       | <b>2022</b>          | <b>2021</b>   |
|---------------------------------------|----------------------|---------------|
|                                       | <b>€'000</b>         | <b>€'000</b>  |
| Cash and cash equivalents (note 17)   | <b>12,758</b>        | 31,210        |
| Trade and other receivables (note 15) | <b>37,514</b>        | 33,404        |
| Total financial assets                | <b><u>50,272</u></b> | <u>64,614</u> |
| Trade and other payables (note 16)    | <b>41,913</b>        | 40,032        |
| Loans and borrowings (note 17)        | <b>–</b>             | 23            |
| Total financial liabilities           | <b><u>41,913</u></b> | <u>40,055</u> |

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**28. Financial instruments – risk management (continued)**

**General objectives, policies, and processes**

The directors have overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, they have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The directors actively monitor the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the directors is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

*Credit risk*

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales, cash deposits, cash equivalents and trade debtors. It is company policy, implemented locally, to assess the credit risk of new customers before entering contracts. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Such credit ratings are taken into account by local business practices, each new customer is analysed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring additional approval. Although the company does not obtain collateral or other security to mitigate credit loss exposure, management actively monitors the extension of credit and credit standing of its customers. Credit guarantee insurance is purchased when deemed appropriate. The directors liaise with the wider group's supply chain, commercial and treasury functions when circumstances require to mitigate exposures to such risks.

Management determines concentrations of credit risk by monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with additional approval, otherwise payment in advance is required.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The company only deposits cash with major banks with high quality credit standing.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 15.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**28. Financial instruments – risk management**

**General objectives, policies, and processes (continued)**

*Cash in bank and short-term deposits*

The company's cash is held with the following institutions:

|                  | Rating | 2022<br>€'000 | 2021<br>€'000 |
|------------------|--------|---------------|---------------|
| Bank Mendes Gans | Aa3    | 11,990        | 29,067        |
| Bank of America  | A2     | 768           | 2,143         |
|                  |        | <u>12,758</u> | <u>31,210</u> |

Management monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties. For all financial assets to which the impairment requirements have not been applied, the carrying amount represents the maximum exposure to credit loss.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk by type of asset at 31 December is as shown below:

|                                       | 2022<br>€'000 | 2021<br>€'000 |
|---------------------------------------|---------------|---------------|
| Cash and cash equivalents (note 17)   | 12,758        | 31,210        |
| Trade and other receivables (note 15) | 37,514        | 33,404        |
| Total financial assets                | <u>50,272</u> | <u>64,614</u> |

*Market risk*

Market risk arises from the company's use of financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rate, foreign exchange rates or other market factors.

*Interest rate risk*

The company is exposed to cash flow interest rate risk from borrowing at a variable rate. Local operations are not permitted to borrow long-term from external sources. The company does not utilise instruments to manage its exposure to movements in interest rates.

*Foreign exchange risk*

The company's principal foreign currency exposures relate to the British Sterling and US Dollar. The company monitors its exposure to these and other currencies on a continuous basis. Management reports such exposures to the SPX FLOW group's treasury function on a periodic basis and utilises its access to the SPX FLOW finance facility to actively mitigate exposures that might otherwise result from maintaining significant non-functional currency requirements.

Foreign exchange risk arises when the company enters into transactions denominated in a currency other than its functional currency. The company's policy is, where possible, to settle liabilities denominated in its functional currency with the cash generated from its own operations in that currency. Where the company has liabilities denominated in a currency other than its functional currency (and have insufficient availability of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group, or foreign currency hedges may be entered into to mitigate such risk.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**28. Financial instruments – risk management**

**General objectives, policies, and processes (continued)**

*Foreign exchange risk (continued)*

In order to monitor the continuing effectiveness of this policy, the company monitors transactions for all major currencies, of liabilities due for settlement and expected cash reserves. Generally, the company does not cover its exposure in exchange rates for trade sales and purchases. The company does not use derivative financial instruments for speculative purposes.

*Other market price risk*

The directors actively monitor the risks associated with the operations of the business, including changes in the price of raw materials and other costs and continuously assess the impact that such changes may require to its selling prices.

The company holds some strategic investments in other companies where those complement the company's operations. The directors believe that the exposure to market price risk from this activity is acceptable in the company's circumstances.

*Liquidity risk*

Liquidity risk arises from the company's increased dependence on trade with parties outside of the SPX FLOW group. This risk is substantially mitigated by its access to the SPX FLOW group finance facility which may be drawn upon, when needed, to support its working capital and other financial requirements.

The company's management of working capital and the finance charges gives rise to the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The liquidity risk of each SPX FLOW group entity is managed centrally by the group treasury function. Each operation has a facility with group treasury, the amount of the facility being based on the position of the cash pooling facility.

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**28. Financial instruments – risk management**

**General objectives, policies, and processes (continued)**

*Liquidity risk (continued)*

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

|  | Carrying<br>Amount<br>€'000 | Less than<br>one year<br>€'000 | Between 1<br>and 5 years<br>€'000 |
|--|-----------------------------|--------------------------------|-----------------------------------|
| <b>At 31 December 2022</b>                   |                             |                                |                                   |
| Trade and other payables (note 17)           | 41,913                      | 41,913                         | –                                 |
| Lease liabilities (note 23)                  | 1,171                       | 493                            | 678                               |
| Future interest expense on lease liabilities | –                           | 19                             | 27                                |
| <b>Total</b>                                 | <b>43,084</b>               | <b>42,425</b>                  | <b>705</b>                        |
|  | Carrying<br>Amount<br>€'000 | Less than<br>one year<br>€'000 | Between 1<br>and 5 years<br>€'000 |
| <b>At 31 December 2021</b>                   |                             |                                |                                   |
| Trade and other payables (note 17)           | 40,032                      | 40,032                         | –                                 |
| Loans and borrowings (note 15)               | 23                          | 23                             | –                                 |
| Lease liabilities (note 23)                  | 1,738                       | 590                            | 1,148                             |
| Future interest expense on lease liabilities | –                           | 32                             | 45                                |
| <b>Total</b>                                 | <b>41,793</b>               | <b>40,677</b>                  | <b>1,193</b>                      |

*Capital disclosures*

The company reviews its capital structure at least annually to ensure that the company will be able to continue as a going concern. The company monitors "adjusted capital" which comprises all components of equity (i.e. share capital, share premium, accumulated deficit, and other reserves), and the capital structure is managed by the company and its parent, SPX FLOW.

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern and to provide returns for its parent and benefits for other stakeholders. The company's overall strategy remains unchanged from prior year.

The company does not have any external debt and there are no externally imposed capital requirements. The current and quick ratio at 31 December 2022 and at 31 December 2021 were as follows:

|                                 | 2022<br>€'000 | 2021<br>€'000 |
|---------------------------------|---------------|---------------|
| Current assets                  | 80,377        | 90,406        |
| Current liabilities             | 59,169        | 73,286        |
| Current ratio                   | <u>1.35</u>   | <u>1.23</u>   |
| Current assets less inventories | 67,643        | 75,800        |
| Quick ratio                     | <u>1.13</u>   | <u>1.03</u>   |

**SPX Flow Europe Limited**

**Notes to the financial statements (continued)  
for the financial year ended 31 December 2022**

**29. Post balance sheet events**

On 31 March 2023, the company's wholly owned subsidiary, SPX Flow Technology Santorso S.r.l., declared and paid a dividend of €6,500,000 to the company in cash.

On 13 July 2023, the company reduced its share capital from 200,649,000 ordinary shares to 175,649,000 by extinguishing 25,000,000 ordinary shares for €1 each.

There were no other events subsequent to the year-end date requiring adjustment to, or disclosure in, the financial statements.