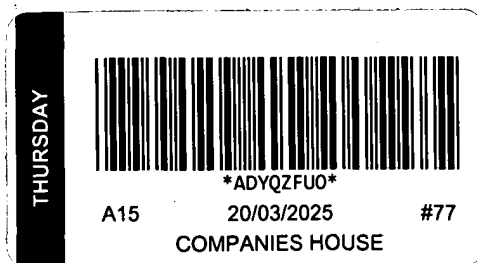


**Howden Group Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2023**

**Registered Number: 00472621**



# Howden Group Limited

## Annual report for the year ended 31 December 2023

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**Howden Group Limited**  
Registered Number: 00472621

**Directors and advisers for the year ended 31 December 2023**

**Directors**

J Brinkman  
J Evanko  
H Hotchkiss  
M Durham

**Independent Auditors**

Deloitte LLP  
100 Embankment  
Cathedral Approach  
Manchester  
M3 7FB

**Registered Office**

One Chamberlain Square  
Birmingham  
B3 3AX

**Bankers**

HSBC Bank Plc  
Regional Service Centre Europe  
PO Box 125, 2nd Floor  
62-76 Park Street  
London  
SE1 9DZ

**Solicitors**

Brodies LLP  
110 Queen Street  
Glasgow  
G1 3BX

**Pinsent Masons LLP**

58 Morrison Street  
Edinburgh  
EH3 8BP

**Dentons UK and Middle East LLP**

One Fleet Place  
London  
EC4M 7WS

## **Strategic report for the year ended 31 December 2023**

The directors present their strategic report for the year ended 31 December 2023.

### **Business review, principal activities and future developments**

On November 8, 2022, the ultimate parent entered into an Equity Purchase Agreement (the "Purchase Agreement") with Chart Industries, Inc. (the "Buyer"). Pursuant to the Purchase Agreement, the Buyer will acquire (the "Transaction"), all of the equity interests of the ultimate parent, which constitutes the business of Howden. The base purchase price for this transaction is \$4.4 billion, subject to customary purchase price adjustments for cash, indebtedness, transaction expenses and working capital. The transaction closed on 17 March 2023.

The Company operates as an investment holding Company whose subsidiary Company activities are the design, manufacture and marketing of air and gas handling equipment. The company generates operating income from other Howden group companies which arises from licence agreements and management recharges of central costs incurred by the company.

The Directors consider the results for the year to be in line with expectations. The results for the year are set out in the income statement on page 10. The company's loss for the year is £41,827,000 (2022: loss £19,490,000). The company incurred employee costs of £14,483,000 during the year (2022: £25,230,000), which represents staff costs associated with Howden central functions. Main driver of the result in the year is exceptional costs related to the Chart acquisition, with one off costs of £46,587,000 in the current year (2022: £nil), and income of £8,187,000 (2022: £nil) from sale of a trademark upon disposal by the Group of Howden Roots LLC, both of which are not expected to recur. No dividend was paid during the year (2022: £nil). No dividend has been proposed during the year or post year end. The net assets of the company have declined by £41.3m to £56.8m as a result of the loss for the year explained above.

The future developments of the Company's subsidiaries are included in their own statutory accounts. The company will continue to act as an investment holding company.

### **Principal risks and uncertainties**

The Company's principal financial instruments comprise inter-group loans. The principal risks to which the Company is exposed to are those relating to credit, liquidity and interest rate risk. These risks are managed in accordance with Board approved policies.

#### *Credit risk*

The credit risk associated with the Company's inter-group receivables is considered to be limited.

#### *Foreign exchange risk*

Translational risk arises from the translation of foreign currency denominated intercompany loans and 3<sup>rd</sup> party payables translated into sterling for reporting purposes. These balances are not deemed to be material in size.

#### *Liquidity risk*

The Company obtains funds for its operations via the Group's bank facilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and loans.

#### *Interest rate risk*

The Company's intergroup balances are subject to variable interest rates. Interest rate risk is regularly monitored and is not considered to be material.

## **Strategic report for the year ended 31 December 2023 (continued)**

### **Statement by the Directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006 (continued)**

The Directors are well aware of their duties under s172 of the Companies Act 2006 to act in the way which 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 and, in doing so, to have regards (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interest of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operation on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company.

In pursuant of the above duty the Directors have put in place the following measures to engage with the wider stakeholder group to enable a decision-making process that promotes the success of the Company for the benefit of its members as a whole.

#### *Employees*

The Company continues to recognise that employees involvement is fundamental to its success. Employees are encouraged to participate in training seminars and discussion committees on specific areas of importance, for example, health and safety. The Company engages with employees via various platforms such as e-newsletters, regular townhall events and annual engagement surveys. We also operate performance appraisal schemes based on individual objectives in line with overall company strategy. Applications for employment received from disabled persons are considered on an equal basis with other applications. Where disablement occurs during service within the Company every effort is made to seek suitable alternative Company re-employment. Training, development and promotion, where appropriate, are available to all employees.

#### *Suppliers*

The Company seeks to act ethically, fairly and transparently and to create effective longstanding relationships with suppliers that are mutually beneficial. The Company has continued to engage with key suppliers and has served to strengthen relationships and promote good business.

#### *Environment*

The Company is committed to preventing pollution and minimising the impact of its operations on the environment. We regard the conservation of energy, raw materials and water and reducing waste to be a high priority in our business. Through employee co-operation and efficient management procedures, the Company undertakes to encourage sound environmental practices throughout the business.

**Howden Group Limited**  
Registered Number: 00472621

## **Strategic report for the year ended 31 December 2023 (continued)**

### **Key performance indicators**

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or financial position of the business. The development, performance and financial position of Chart industries, Inc. subsidiaries, which includes this company, are discussed in the annual report of Chart Industries, Inc. which does not form part of this report.

On behalf of the board



**Mark Durham**  
**Director**  
**06 March 2025**

**Howden Group Limited**  
Registered Number: 00472621

## **Directors' report for the year ended 31 December 2023**

The Directors present their report together with the financial statements and auditor's report for the year ended 31 December 2023.

### **Directors**

The Directors who held office during the year and up to the date of signing are as follows:

J Robertson (resigned 14 February 2024)  
J Brinkman  
J Evanko

H Hotchkiss  
M Durham (appointed 1 February 2024)

### **Financial risk management**

The company risks are discussed in the risks and uncertainties section of the Strategic report.

### **Future developments**

The future developments of the Company are described in the Strategic Report.

### **Dividend**

No dividends were paid during the year ended 31 December 2023 (2022: £ nil). No dividend has been proposed during the year or post year end.

### **Disabled employees**

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

### **Streamlined energy and carbon reporting (SECR)**

Under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, Howden Group Limited does not meet the size threshold for disclosure of SECR.

### **Going concern**

The Company is ultimately owned by Chart Industries, Inc. ("the Group"). As a consequence, the Company depends, in part, on the ability of the Group to continue as a going concern. The directors have considered the Company's funding relationship with Chart Industries, Inc. to date and have considered available relevant information relating to Chart Industries, Inc. ability to continue as a going concern. The directors have a reasonable expectation that the Company has adequate resources to continue for the foreseeable future. A formal letter of support has been received from Chart Industries, Inc. indicating it will continue to fund the Company, should it become necessary, to enable the Company to continue, for a period of at least 12 months from the date of approval of these financial statements. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

### **Directors' Indemnities**

The Company has purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors, subject to the conditions set out in section 234 of the Companies Act 2006.

**Howden Group Limited**  
**Registered Number: 00472621**

**Directors' report (continued)**

**Independent auditors**

Due to the change of control, Deloitte LLP were appointed as auditors during the year. Deloitte LLP has indicated their willingness to be reappointed for another term.

**Statement of directors' responsibilities**

The Directors are responsible for preparing the Strategic Report, Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)". 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:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

**Disclosure of information to auditors**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**On behalf of the Board**



**Mark Durham**  
**Director**  
**06 March 2025**

# **Independent auditors' report to the members of Howden Group Limited**

## **Opinion**

In our opinion the financial statements of Howden Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

## **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 Financial Reporting Council's (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.

# **Independent auditors' report to the members of Howden Group Limited (continued)**

## **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.

## **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.

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

## **Independent auditors' report to the members of Howden Group Limited (continued)**

**Extent to which the audit was considered capable of detecting irregularities, including fraud**  
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as our IT specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

## **Independent auditors' report to the members of Howden Group Limited (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006 (continued)**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

### **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.

### **Use of our report**

This report is made solely to the company's members, as a body, 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 members those matters we are required to state to them 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Smith (Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, UK  
06 March 2025

## Howden Group Limited

### Statement of comprehensive income for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Operating income		41,799	49,878
Operating expenses		(91,215)	(68,366)
<b>Operating loss</b>	4	<b>(49,416)</b>	<b>(18,488)</b>
Profit on sale of intellectual property	7	8,187	-
Finance cost	8	-	(398)
Finance income	8	195	-
<b>Loss on ordinary activities before tax</b>		<b>(41,034)</b>	<b>(18,886)</b>
Tax on loss	9	(793)	(604)
<b>Loss for the financial year</b>		<b>(41,827)</b>	<b>(19,490)</b>

All amounts are classified as continuing operations of the Company.


There are no other items of comprehensive income other than as reported in the statement of comprehensive income.

# Howden Group Limited

## Statement of financial position as at 31 December 2023

	Note	2023 £'000	2022 £'000 As restated (see note 3)
<b>Non-current assets</b>			
Intangible assets	10	1,909	2,517
Property, plant and equipment	11	100	183
Investments in subsidiaries	12	59,741	59,741
Trade and other receivables	13	34,669	32,145
		96,419	94,586
<b>Current assets</b>			
Trade and other receivables	14	45,242	44,750
Cash		2	2
		45,244	44,752
Trade and other payables: amounts falling due within one year	15	(84,508)	(41,254)
<b>Net current (liabilities)/assets</b>		<b>(39,264)</b>	<b>3,498</b>
<b>Total assets less current liabilities</b>		<b>57,155</b>	<b>98,084</b>
Provisions for other liabilities	20	(360)	-
<b>Net assets</b>		<b>56,795</b>	<b>98,084</b>
<b>Equity</b>			
Ordinary shares	17	5,395	5,395
Capital redemption reserve		1,832	1,832
Retained earnings		49,568	90,857
<b>Total equity</b>		<b>56,795</b>	<b>98,084</b>

The financial statements on pages 11 to 36 were approved by the board of Directors and authorised for issue on 06 March 2025 and were signed on its behalf by:

  
**Mark Durham**  
 Director  
 Company registered number: 00472621

## Howden Group Limited

### Statement of changes in equity for the year ended at 31 December 2023

	Ordinary shares	Capital redemption reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance as at 1 January 2022	5,395	1,832	108,189	115,416
Total comprehensive loss for the year	-	-	(19,490)	(19,490)
Share based payments	-	-	2,158	2,158
<b>Balance as at 31 December 2022</b>	<b>5,395</b>	<b>1,832</b>	<b>90,857</b>	<b>98,084</b>
Total comprehensive loss for the year	-	-	(41,827)	(41,827)
Share based payments	-	-	538	538
<b>Balance as at 31 December 2023</b>	<b>5,395</b>	<b>1,832</b>	<b>49,568</b>	<b>56,795</b>

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023

### 1. Accounting policies

#### i. General information

Howden Group Limited is a private limited company limited by shares and it is incorporated in United Kingdom under the Companies Act 2006 and registered in England. The address of its registered office One Chamberlain Square, Birmingham, B3 3AX. The Company's registered number is 00472621.

The principal activity of the Company continues to be as an investment holding Company whose subsidiary Company activities are the design, manufacture and marketing of air and gas handling equipment.

#### ii. Statement of compliance

The individual financial statements of Howden Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### iii. Summary of significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

##### a) Basis of accounting

The financial statements are prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and applicable accounting standards in the United Kingdom. The financial statements have been prepared under FRS 102.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key source of estimation uncertainty' section of later in this note.

##### b) Going concern

The Company is ultimately owned by Chart Industries, Inc. ("the Group"). As a consequence, the Company depends, in part, on the ability of the Group to continue as a going concern. The directors have considered the Company's funding relationship with Chart Industries, Inc. to date and have considered available relevant information relating to Chart Industries, Inc. ability to continue as a going concern. The directors have a reasonable expectation that the Company has adequate resources to continue for the foreseeable future. A formal letter of support has been received from Chart Industries, Inc. indicating it will continue to fund the Company, should it become necessary, to enable the Company to continue, for a period of at least 12 months from the date of approval of these financial statements. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### c) Exemptions for qualifying entities under FRS 102

Howden Group Limited has taken advantage of the exemption available under section 400 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Chart Industries, Inc., which prepares publicly available group financial statements which include the results of the company and its subsidiaries.

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. As a qualifying entity, the Company has taken advantage of the following exemptions under FRS 102:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to disclose share based payment information, as required by paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- iv) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- v) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

### d) Operating income

Operating income represents amounts received from subsidiary companies in respect of a licensing agreement, and management charge agreement, and is recorded exclusive of Value Added Tax.

### e) Foreign currency

#### i) *Functional and presentation currency*

The Company's functional and presentation currency is the pound sterling rounded in thousands.

#### ii) *Transactions and balances*

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the reporting date. Exchange gains or losses are included in profit on ordinary activities.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### f) Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements and defined benefit pension plans.

#### i) Short term benefits

Short term benefits, including bonus and other similar non – monetary benefits, are recognised as an expense in the period in which the service is received.

#### ii) Management incentive schemes

Granite Management Holdings LP granted, pursuant to the Granite Management Holdings LP Equity Incentive Plan ("Granite Equity Plan"), non-voting membership interests to select key members of the Company's management in the form of shares. The shares were profits interests in Granite Management Holdings LP. Refer to Note 16, "Management Incentive Compensation".

The Company accounts for incentive units in accordance with Section 26 of FRS 102 'Share-based payment'. In accordance with Section 26, compensation expense is measured at estimated grant date fair value of the incentive units (excluding the effect of non-market based vesting conditions) and is included as compensation expense over the vesting period

Where equity settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to the date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement.

The Company uses the Monte Carlo simulation method to determine fair value of its incentive units, as the equity units granted have certain economic similarities to options. The Monte Carlo simulation method utilizes multiple inputs to estimate the probability that market conditions will be achieved. These assumptions reflect the Company's best estimates, but they involve inherent uncertainties based on market conditions generally outside the control of the Company. As a result, if other assumptions are used, unit-based compensation cost could be materially impacted.

For equity awards that have a performance condition, the Company recognizes compensation expense on consummation of an exit event.

The Company classifies equity-based compensation expense in its income statement in the same manner in which the award recipient's salary and related costs are classified or in which the award recipient's service payments are classified.

A separate cash settled Long-Term Incentive Plan exists for a limited group of key senior participants to reward them for their contributions to the long-term success of the business. This award is based on the return on invested capital multiple measured at the time of an exit event. This plan is accounted for as a under Section 28 of FRS 102 'Employee benefits'. An expense is recorded on consummation of an exit event. These distributions are accounted for by the Company as non-cash compensation expense with a corresponding accrual in other liabilities.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

#### i) Current taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

#### ii) Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessment in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

### h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of property, plant and equipment is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated to write off the book value in equal instalments over the anticipated lives of the assets concerned. The principal rates used are 20% to 33% for plant, furniture and fittings and 10% to 33% for software.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in income statement and included in 'Other operating (losses)/gains'.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### i) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term.

### j) Fixed asset investments

Fixed asset investments are included at cost less any provision for impairment.

### k) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

### l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities.

### m) Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

The effect of the time value of money is not material and therefore the provisions are not discounted.

### n) Dividends

Dividend distributions to the company's shareholders are recognised in the accounts in the period when paid. Dividends receivable are recognised when the company's right to receive payment has been established and is unconditional.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### **o) Financial instruments**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### *i) Financial assets*

Basic financial assets, including cash and bank balances and loans to fellow Group companies, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 profit or loss.

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 profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### *ii) Financial liabilities*

Basic financial liabilities, including other payables and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at present value of the future receipts discounted at market value. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 2. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical accounting judgements made during the year.

#### a. Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The Company believes there were no estimates and assumptions in the year that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 3. Prior year restatement

The Company identified that amounts owed by group undertakings of £32,145,000 had been incorrectly recorded within current assets instead of non-current assets for the prior year ended 31 December 2022. Therefore, the prior year comparatives have been restated resulting in an increase to non-current assets of £32,145,000 and a decrease to current assets of £32,145,000. This reflects the fact that the Directors did not expect the balance to be collected within 12 months of the balance sheet date and therefore the presentation of the balance as non-current is considered appropriate.

The impact on amounts previously reported is shown below:

	2022 £'000	2022 PYA £'000	2022 restated £'000
<b>Statement of Financial Position</b>			
<b>Non-current assets</b>			
Trade and other receivables	-	32,145	32,145
<b>Current assets</b>			
Trade and other receivables	76,895	(32,145)	44,750

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 4. Operating loss

	2023	2022
	£'000	£'000
Operating loss is stated after charging/(crediting):		
Licence fee income	(29,716)	(29,696)
Management fee income	(12,083)	(19,576)
Staff Costs	14,483	25,230
Management fee expense	8,619	328
One-off acquisition related professional fees	46,587	-
Depreciation of property, plant and equipment	1,197	1,270
Operating lease rentals:		
- plant and machinery	45	59
Auditors' remuneration: audit services	60	1,920
- Non audit services	-	367

In the prior year the audit services included services in relation to the company and the wider Howden Group of companies. In the current year and following the change in ownership and the change in auditor, the fees disclosed solely relate to the company. The non-audit services are in relation to non-audit assurance services.

### 5. Directors' remuneration

	2023	2022
	£'000	£'000
Aggregate emoluments	2,539	2,569
Company pension contributions to defined contribution scheme	64	32
<b>Highest paid director</b>		
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	1,042	1,058
Accrued pension at the end of the year	-	-

The value of the company's contributions paid to a defined contribution scheme in respect of the highest paid director amounts to £31,000 (2022: £nil).

During the period, 3 directors (2022: none) received share options in respect of qualifying service, and no directors (2022: none) exercised share options. In respect of the highest paid director, share options were received in respect of qualifying service, and no share options were exercised.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 5. Directors' remuneration (continued)

Advances to directors outstanding at 31 December 2023 totalled £nil (2022: £967,000). These advances were in relation to share based payment awards and were repaid on exit. The interest rate applicable on outstanding balances was 2.5% per annum.

During the year, amounts totalling £538,000 (2022: £2,158,000) were recorded as an expense in the income statement in relation to Management Incentive Schemes.

### 6. Employee information

	2023	2022
	£'000	£'000
Employment costs:		
Wages and salaries	8,108	14,374
Social security costs	945	1,285
Share based payments	4,976	9,037
Other pensions costs	454	534
<b>Staff costs</b>	<b>14,483</b>	<b>25,230</b>

The average monthly number of persons (including executive directors) employed by the Company during the year was:

By activity	2023	2022
	Number	Number
Sales, marketing and technical	5	6
Administration	86	98
	91	104

### 7. Profit on sale of intellectual property

	2023	2022
	£'000	£'000
Sale of Howden Roots trademark	8,187	-
	8,187	-

In August 2023, the Group disposed of its interest in Howden Roots LLC. As part of that transaction, Howden Group sold the trademark held for Howden Roots LLC, which had nil value, for £8,187,000.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 8. Net finance (expense)/income

	2023	2022
	£'000	£'000
Bank interest receivable	-	-
Interest on Group loan	195	(398)
<b>Net finance income/(expense)</b>	<b>195</b>	<b>(398)</b>

### 9. Tax

	2023	2022
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax on loss for the year	-	(195)
Adjustment in respect of previous year	1,180	583
Overseas withholding tax	(1,119)	(1,301)
<b>Total current tax credit/(charge)</b>	<b>61</b>	<b>(913)</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(803)	235
Adjustments in respect of previous periods		
Change in tax rate	(51)	74
<b>Total deferred tax (note 17)</b>	<b>(854)</b>	<b>309</b>
<b>Total tax charge on loss for the year</b>	<b>(793)</b>	<b>(604)</b>

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 9. Tax (continued)

The tax assessed for the year is higher (2022: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2023	2022
	£'000	£'000
<b>Loss on ordinary activities before tax</b>	(41,034)	(18,886)
Loss on ordinary activities multiplied by standard rate in the UK at 19% (2022: 19%).	(9,651)	(3,588)
Effects of:		
Non-taxable income	(11)	-
Expenses not deductible for tax purposes	12,539	5,706
Group relief claimed for nil consideration	(956)	(857)
Overseas tax rates	1	-
Over provided in prior years	(1,179)	(583)
Difference between current & deferred tax rates	50	(74)
<b>Total tax charge for the year</b>	<b>793</b>	<b>604</b>

During the year, the standard rate of corporation tax increased from 19% to 25%.

## Howden Group Limited

### Notes to the financial statements for the year ended 31 December 2023 (continued)

#### 10. Intangible Assets

	Software	Total
	£'000	£'000
<b>Cost</b>		
At 1 January 2023	20,148	20,148
Additions	548	548
Disposals	(1,062)	(1,062)
<b>At 31 December 2023</b>	<b>19,634</b>	<b>19,634</b>
<b>Accumulated Depreciation</b>		
At 1 January 2023	17,631	17,631
Charge for the year	1,114	1,114
Disposals	(1,020)	(1,020)
<b>At 31 December 2023</b>	<b>17,725</b>	<b>17,725</b>
<b>Net book amount</b>		
<b>At 31 December 2023</b>	<b>1,909</b>	<b>1,909</b>
At 31 December 2022	2,517	2,517

## Howden Group Limited

### Notes to the financial statements for the year ended 31 December 2023 (continued)

#### 11. Property, plant and equipment

	Plant, furniture and fittings £'000	Total £'000
<b>Cost</b>		
At 1 January 2023	1,236	1,236
Disposals	(398)	(398)
<b>At 31 December 2023</b>	<b>838</b>	<b>838</b>
<b>Accumulated Depreciation</b>		
At 1 January 2023	1,053	1,053
Charge for the year	83	83
Disposals	(398)	(398)
<b>At 31 December 2023</b>	<b>738</b>	<b>738</b>
<b>Net book amount</b>		
<b>At 31 December 2023</b>	<b>100</b>	<b>100</b>
At 31 December 2022	183	183

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 12. Investments in subsidiaries

The company movement during the year was as follows:

	£'000
<b>Cost</b>	
At 1 January 2023	59,741
<b>At 31 December 2023</b>	<b>59,741</b>
<b>Provisions</b>	
At 1 January 2023	-
<b>At 31 December 2023</b>	<b>-</b>
<b>Net Book Value</b>	
<b>At 31 December 2023</b>	<b>59,741</b>
At 31 December 2022	59,741

The direct and indirect investments of the company are detailed below:

Subsidiary undertaking	Country of incorporation	Registered address	Direct or Indirect (100% unless otherwise stated)
James Howden & Godfrey Overseas Ltd	Scotland	Old Govan Road, Renfrew, PA4 8XJ	Direct
Howden Engineering Ltd	Scotland	Old Govan Road, Renfrew, PA4 8XJ	Direct
James Howden & Company Ltd	Scotland	Old Govan Road, Renfrew, PA4 8XJ	Direct
Howden Compressors Limited	Scotland	Old Govan Road, Renfrew, PA4 8XJ	Direct
Howden UK Limited	Northern Ireland	1 Lanyon Place, Belfast, BT1 3LP	Indirect
Spencer Turbine Trading (Beijing) Co. Limited	China	Suite 628, Floor 6, Building 2, No. 36 South Hongjunying Road, Chaoyang District, Beijing, 100101, China	Indirect

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 13. Non-current trade and other receivables

	2023	2022
	£'000	£'000
		As restated
		See note 3
Amounts owed by group undertakings	32,238	32,145
Deferred tax (note 16)	2,431	-
	34,669	32,145

Amounts owed by group undertakings are unsecured, attract interest at LIBOR minus 1%, subject to a minimum of 0% and are repayable on demand.

### 14. Trade and other receivables

	2023	2022
	£'000	£'000
		As restated
		See note 3
Amounts owed by group undertakings	44,258	31,467
Trade debtors	68	26
Taxation and social security	-	384
Deferred tax (note 16)	-	3,285
Prepayments and accrued income	838	9,401
Other debtors	78	187
	45,242	44,750

Amounts owed by group undertakings are unsecured, attract interest at LIBOR minus 1%, subject to a minimum of 0% and are repayable on demand.

## Howden Group Limited

### Notes to the financial statements for the year ended 31 December 2023 (continued)

#### 15. Trade and other payables: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade payables	918	1,980
Amounts owed to group undertakings	69,767	6,611
Taxation and social security	345	393
Corporation tax	41	1,306
Other payables	-	1
Accruals and deferred income	13,437	30,963
	<b>84,508</b>	<b>41,254</b>

Amounts owed to group undertakings are unsecured, attract interest at 3 month LIBOR plus 4.54% and are repayable on demand.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 16. Deferred tax assets

	2023 £'000	2022 £'000
Included in other receivables (note 13)	2,431	3,285
<b>Net tax assets</b>	<b>2,431</b>	<b>3,285</b>

The provision for deferred tax is made up as follows:

	2023 £'000	2022 £'000
Fixed asset timing differences	2,681	2,870
Short term timing differences	(250)	415
<b>Net tax asset</b>	<b>2,431</b>	<b>3,285</b>

	2023 £'000	2022 £'000
At the beginning of the period	3,285	2,976
Adjustment in respect of prior years	(1)	-
Deferred tax charged to the profit & loss account	(853)	309
<b>At the end of the period</b>	<b>2,431</b>	<b>3,285</b>

	2023 £'000	2022 £'000
Recoverable within 12 months	-	415
Recoverable after 12 months	2,431	2,870
<b>Deferred tax assets</b>	<b>2,431</b>	<b>3,285</b>

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 17. Issued capital and reserves

#### Share capital

	2023 £'000	2022 £'000
<b>Authorised</b>		
53,950,167 (2022: 53,950,167 of £0.10 each) ordinary shares of £0.10 each	5,395	5,395
<b>Allotted, issued and fully paid</b>		
53,950,167 (2022: 53,950,167 of £0.10 each) ordinary shares of £0.10 each	5,395	5,395

There is a single class of ordinary shares. There are no restrictions on the distribution of capital and the repayment of capital.

#### Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

### 18. Management incentive compensation

Pursuant to the Granite Management Holdings, LP Equity Incentive Plan (the "Granite Equity Plan"), Granite Management Holdings LP ("Granite") granted non-voting membership interests to select key members of the Company's management titled Class B and Class C units. Granite is a limited partnership entity that was established to provide key executives an opportunity to have equity participation in conjunction with private equity owners. Granite and the Company are both under common control and part of the same group.

The Company receives services from the employees granted the awards in their roles as key members of senior management of the Company, but it does not have an obligation to settle the awards. Accordingly, it accounts for the Class B and Class C units as equity-settled share-based payment arrangements under Section 26 of Financial Reporting Standard ("FRS") 102 and recognises compensation expense as the vesting conditions of the awarded units are satisfied.

The Class B units have a service condition, whereby the awards vest 25% on each of the four anniversary dates, as defined in the individual agreements or upon full exit of the Company's primary shareholder (the "Exit Event"). The Class C units have a non-market performance condition whereby the awards would vest upon achievement of a specified return on invested capital multiple as defined by the Granite Equity Plan, at the date of the Exit Event, subject to the employees' continued employment.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 18. Management incentive compensation (continued)

The Class B units are valued at their grant-date fair value and are recognised as compensation expense over the vesting period of the awards. The Class C units are valued at their grant-date fair value and are recognised as compensation expense when the non-market performance conditions are met, subject to the employees' employment at the date of the Exit Event. The fair value of the Class B and Class C units was determined using a Monte Carlo valuation model based on a Geometric Brownian Motion formula. The risk-free rate is based on the time horizon to the Exit Event. The expected volatility was estimated using historical data of comparable publicly traded companies in the industry. The non-market performance condition for the Class C units was not factored in the Monte Carlo valuation model but was considered in determining the number of Class C units that will ultimately vest.

A summary of the activity related to the Class B and C units is as follows:

	Class B		Class C	
	Number of Units	Weighted average grant date fair value £	Number of Units	Weighted average grant date fair value £
Outstanding at 31 December 2021	13,033	288.84	12,694	232.97
Outstanding at 31 December 2022	13,033	288.84	12,694	232.97
Exercised during the year	(13,033)	288.84	(12,694)	232.97
Outstanding at 31 December 2023	-	-	-	-
Exercisable at 31 December 2022	8,989	282.77	-	-
Exercisable at 31 December 2023	-	-	-	-

For the years ended 31 December 2023 and 2022, the Company recorded compensation expense of £247,000 and £522,000, respectively, related to the Class B units, which is recognised within staff costs of the statement of comprehensive income. For the years ended 31 December 2023 and 2022, the Company recorded compensation expense of £184,000 and £1,636,000, respectively, related to the Class C units, which is recognised within staff costs of the statement of comprehensive income.

On November 8, 2022, the ultimate parent entered into an Equity Purchase Agreement (the "Purchase Agreement") with Chart Industries, Inc. (the "Buyer"). The transaction closed on 17 March 2023.

Upon the close of the transaction, all Class B and Class C Profits Interests vested, and were settled in cash by Granite Management Holdings LP.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 18. Management incentive compensation (continued)

#### Phantom Units

During 2021, the Company issued phantom units to key executives whereby the cash bonus award is based on the increase in value of the Class B and Class C units (the "Phantom Units"). The Phantom Units have been accounted for as cash-settled share-based payment arrangements under Section 26 of FRS 102. When the related service and non-market performance conditions are expected to be met, the Company determines the fair value of the amount payable to the employees, with the fair value of the Phantom Units remeasured at each reporting period until the award is settled. The valuation methodology adopted for the Phantom Units and the related vesting conditions are the same as noted for the other Class B and Class C units under the equity-settled share-based payment arrangements.

A summary of the activity related to the Class B and C phantom units is as follows:

	Class B		Class C	
	Number of Units	Weighted average grant date fair value £	Number of Units	Weighted average grant date fair value £
Outstanding at December 31, 2020	-	-	-	-
Issued	1,744	443.78	2,615	406.82
Outstanding at December 21, 2021	1,744	443.78	2,615	406.82
Outstanding at December 21, 2022	1,744	443.78	2,615	406.82
Exercised during year	(1,744)	443.78	(2,615)	406.82
Outstanding at December 21, 2023	-	-	-	-

For the years ended 31 December 2023 and 2022, the Company recorded compensation expense of £4,439,000 and £6,611,000 respectively related to Phantom Units, which is recognised within staff costs of the statement of profit and loss. The Company remeasured the Phantom Units at 31 December 2023 based on the exit value and determined that the liability for the Phantom Units was £10,629,000 (2022: £6,879,000), which was included in other accruals within the balance sheet.

On November 8, 2022, the ultimate parent entered into an Equity Purchase Agreement (the "Purchase Agreement") with Chart Industries, Inc. (the "Buyer"). The transaction closed on 17 March 2023. Upon the close of the transaction, all Phantom Units vested, and were settled in cash by the employing entity of the award holder.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 18. Management incentive compensation (continued)

#### *Long-Term Incentive Plan*

The Company provides cash bonus awards under its Long-Term Incentive Plan (the "LTIP") to a limited group of key senior employees to reward them for their contributions to the long-term success of the Company. Under the LTIP, the awards are based on specified return on invested capital multiples at the time of an Exit Event, subject to the employees' employment at the date of the Exit Event. The Company accounts for the cash-settled awards issued under the LTIP in accordance with Section 28 of FRS 102. The Company recognises the liability and related expense of the awards when it has a present legal or constructive obligation to make such payments and a reliable estimate of the obligation can be made. At and for the years ended 31 December 2022 and 2021, the Company recorded a liability related to the awards under the LTIP of £3,971,000 and £1,660,000 and expense related to the awards under the LTIP of £2,311,000 and £1,660,000.

On November 8, 2022, the ultimate parent entered into an Equity Purchase Agreement (the "Purchase Agreement") with Chart Industries, Inc. (the "Buyer"). The transaction closed on 17 March 2023.

Upon close, all LTIP awards vested and were settled in cash by Howden Group Limited.

#### *Share based payments*

Equity awards are made as a part of our long term incentive program under the Chart Industries, Inc. 2017 Omnibus Equity Plan. These awards are granted to executives on the Howden Group Limited payroll as part of their senior employee incentives packages. Awards may be granted in three distinct equity vehicles: Stock Options, Performance Units and Restricted Stock Units.

Stock Options give the opportunity to purchase a specific number of Chart shares in the future at the grant price after the vesting period.

Restricted Stock Units (RSUs) are Chart Restricted Stock Units which vest at a future date with no vesting requirements other than staying in the employment of the company until the RSUs are vested. The employee is awarded with shares into their brokerage account and can choose either to sell them at the market price at that time, or retain these shares to share in potential appreciation over time.

Performance Units (PSUs) are Chart Performance Units which are earned at the end of a three-year measurement period based on the achievement of certain pre-determined performance and market conditions during the measurement period. Furthermore, as long as they remain within the employment of the company until the PSUs are vested and the performance and market conditions have been met, the employee is awarded with shares into their brokerage account and can choose either to sell them at the market price at that time, or retain these shares to share in potential appreciation over time. PSUs that have not met the performance or market conditions within the three-year measurement period will be forfeited at the end of the measurement period.

The exercise price of the options is equal to the closing stock price of Chart's Common stock on the date of grant, with a maximum contractual term of 10 years.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 18. Management incentive compensation (continued)

#### *Share based payments (continued)*

The entity is part of a group share-based payment plan, and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis for allocation is the grant date fair value of the total shares granted spread over the vesting period.

The expense recognised for share-based payments in respect of employee services received during the year to 31 December 2023 is £106,509 (2022: £ nil).

### 19. Financial commitments

#### Operating leases

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2023	2022
	£'000	£'000
Not later than one year	21	45
Later than one year and not later than five years	16	37
Later than five years	-	-

The company had no other off-balance sheet arrangements.

### 20. Provisions for liabilities

	2023	2022
	£'000	£'000
<b>Reorganisation provision</b>		
At the beginning of the period	-	-
Additions dealt with in profit or loss	360	-
<b>At the end of the period</b>	<b>360</b>	<b>-</b>

The provision was utilised during FY24.

# Howden Group Limited

## Notes to the financial statements for the year ended 31 December 2023 (continued)

### 21. Related party transactions

	2023	2022
	£'000	£'000
Income from group company - Howden Hua Engineering Company Limited	(9,683)	(12,034)
Income from group company - Howden Africa Holdings Limited	(5,347)	(5,337)
Income from group company – James Howden Holdings Limited	(10)	(25)
Income from joint venture – L&T Howden Private Limited	(273)	(147)
Expenses from group company - Howden Hua Engineering Company Limited	1	1
Expenses from joint venture – L&T Howden Private Limited	-	-
Expenses from group company – Howden Africa Holdings Limited	-	-
Trade debtor amounts due from group companies	2,620	3,800
Trade creditors amounts due to group companies	(3)	(3)

As at 31 December 2023, the Company was a wholly owned subsidiary of Chart Industries, Inc. and was included in the consolidated financial statements of Chart Industries, Inc., which are publicly available. The Company has taken advantage of the exemption as per paragraph 33.1A of FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group.

### 22. Immediate and ultimate parent company and controlling party

The immediate parent undertaking was Howden UK B.V. with a 100% shareholding until August 2024, when it changed to Howden Finance Limited.

The ultimate parent undertaking of the smallest and the largest group of undertakings to consolidate these financial statements is Chart Industries, Inc. The consolidated financial statements of Chart Industries, Inc. are available from its head office at 2200 Airport Industrial Drive, Suite 100, Ball Ground, GA 30107, USA.

### 23. Post balance sheet events

In December 2024, the Company received a contribution from its parent, Howden Finance Limited, issuing 10 £0.10 shares at premium for a total of £55,317k.