

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d)**  
**of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): February 20, 2024**

**FLOWSERVE CORPORATION**  
(Exact Name of Registrant as Specified in its Charter)

**New York**  
(State or Other Jurisdiction  
of Incorporation)

**1-13179**  
(Commission  
File Number)

**31-0267900**  
(IRS Employer  
Identification No.)

**5215 N. O'Connor Blvd., Suite 700, Irving, Texas**  
(Address of Principal Executive Offices)

**75039**  
(Zip Code)

**(972) 443-6500**  
(Registrant's telephone number, including area code)

**N/A**  
(Former Name or Former Address, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class            | Trading<br>Symbol(s) | Name of each exchange<br>on which registered |
|--------------------------------|----------------------|--|
| Common Stock, \$1.25 Par Value | FLS                  | New York Stock Exchange                      |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 2.02 Results of Operations and Financial Condition.**

On February 20, 2024, Flowserve Corporation, a New York corporation (the “Company”), issued a press release announcing financial results for the fourth quarter and full year ended December 31, 2023. A copy of this press release is attached as Exhibit 99.1 and incorporated herein by reference.

The information in this Item 2.02 of Form 8-K and in Exhibit 99.1 attached hereto is furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

**Item 7.01 Regulation FD Disclosure.**

On February 21, 2024, the Company will make a presentation about its financial and operating results for the fourth quarter of 2023, as noted in the press release described in Item 2.02 above. The Company has posted the presentation on its website at <http://www.flowserve.com> under the “Investors” section.

The information in this Item 7.01 of Form 8-K and in Exhibit 99.1 attached hereto is furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u>   |
|--------------------|--|
| 99.1               | <a href="#">Press Release, dated February 20, 2024.</a>                      |
| 104                | Cover Page Interactive Data File (embedded within the Inline XBRL Document). |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FLOWSERVE CORPORATION

Dated: February 20, 2024

By: /s/ Amy B. Schwetz

Amy B. Schwetz

Senior Vice President, Chief Financial Officer



FOR IMMEDIATE RELEASE

## Flowserve Corporation Reports Fourth Quarter and Full-Year 2023 Results; Initiates 2024 Guidance

- **Fourth quarter Reported and Adjusted<sup>1</sup> Earnings Per Share (EPS)<sup>2</sup> of 47 cents and 68 cents, respectively, reflects continued strong operational performance**
- **Delivered solid fourth quarter bookings of \$1.04 billion, including strong aftermarket awards exceeding \$550 million**
- **Increased quarterly cash dividend 5% to \$0.21 per share and replenished total stock repurchase authorization to \$300 million**
- **Initiated full year 2024 guidance<sup>3</sup>, including revenue growth between 4%-6% and Reported and Adjusted EPS of \$2.25 to \$2.45 and \$2.40 to \$2.60, respectively**

DALLAS, February 20, 2024 – Flowserve Corporation (NYSE: FLS), a leading provider of flow control products and services for the global infrastructure markets, today announced its financial results for the fourth quarter and full-year ended December 31, 2023.

### **Fourth Quarter 2023 Highlights** (all comparisons to the 2022 fourth quarter, unless otherwise noted)

- Reported EPS of \$0.47 and Adjusted EPS<sup>1</sup> of \$0.68, compared to \$0.92 and \$0.63, respectively
  - Fourth quarter 2023 Reported EPS includes after-tax adjusted expenses of \$27.6 million, comprised primarily of realignment charges and below-the-line foreign exchange
- Total bookings were \$1.04 billion, down \$63.1 million or 5.7%. On a constant currency basis<sup>4</sup>, total bookings were down \$78.5 million or 7.1%
  - Original equipment bookings were \$490.3 million, down \$65.8 million or 11.8%. On a constant currency basis, original equipment bookings were down \$72.1 million or 13.0%
  - Aftermarket bookings were \$553.3 million, up \$2.7 million or 0.5%. On a constant currency basis<sup>4</sup>, aftermarket bookings were down \$6.4 million or 1.2%
- Sales were \$1.17 billion, up \$126.2 million or 12.1%. On a constant currency basis<sup>4</sup>, sales were up \$104.4 million or 10.1%
  - Original equipment sales were \$576.1 million, up \$76.3 million or 15.3%. On a constant currency basis<sup>4</sup>, original equipment sales were up \$65.3 million or 13.1%

- Aftermarket sales were \$589.1 million, up \$49.9 million or 9.3%. On a constant currency basis<sup>4</sup>, aftermarket sales were up \$39.1 million or 7.2%
- Reported gross and operating margins were 29.1% and 9.4%, respectively
  - Adjusted gross and operating margins<sup>5</sup> were 29.8% and 10.5%, respectively

**Full Year 2023 Highlights** (all comparisons to full year 2022, unless otherwise noted)

- Reported EPS of \$1.42 and Adjusted EPS<sup>1</sup> of \$2.10, compared to \$1.44 and \$1.10, respectively
  - Full-year 2023 Reported EPS includes after-tax adjusted expenses of \$90.9 million, comprised primarily of realignment charges, below-the-line foreign exchange, and terminated acquisition costs, partially offset by the release of tax valuation allowances
- Total bookings were \$4.27 billion, down \$175.8 million or 4.0%. On a constant currency basis<sup>4</sup>, total bookings were down \$185.2 million or 4.2%
  - 2022 full-year bookings included over \$230 million of original equipment orders related to a Middle East gas project, representing one of Flowserve's largest awards ever
  - Original equipment bookings were \$1.99 billion, down \$289.9 million or 12.7%. On a constant currency basis<sup>4</sup>, original equipment bookings were down \$292.4 million or 12.8%
  - Aftermarket bookings were \$2.28 billion, up \$114.1 million or 5.3%. On a constant currency basis<sup>4</sup>, aftermarket bookings were up \$107.2 million or 5.0%
- Sales were \$4.32 billion, up \$705.5 million or 19.5%. On a constant currency basis<sup>4</sup>, sales were up \$690.3 million or 19.1%
  - Original equipment sales were \$2.09 billion, up \$379.7 million or 22.3%. On a constant currency basis<sup>4</sup>, original equipment sales were up \$371.8 million or 21.8%
  - Aftermarket sales were \$2.23 billion, up \$325.8 million or 17.1%. On a constant currency basis<sup>4</sup>, aftermarket sales were up \$318.5 million or 16.7%
- Reported gross and operating margins were 29.6% and 7.7%, up 210 and 220 basis points, respectively
  - Adjusted gross and operating margins<sup>5</sup> were 30.1% and 9.5%, up 220 and 330 basis points, respectively
- Backlog of \$2.70 billion, down 1.5% compared to prior year-end
  - Full year 2023 book-to-bill solid at 0.99x

"I am incredibly pleased with our progress and the results that we delivered in 2023, as evidenced by our significant year-over-year growth in revenue, adjusted earnings, and cash flow," said Scott Rowe, Flowserve's President and Chief Executive Officer. "The organizational design and operational discipline that we implemented last year delivered as expected and positions the company extremely well for 2024. Our strong performance in 2023 is a testament to the hard work of our associates who continue to execute at a high-level and position Flowserve for long term success."

Rowe concluded, “Flowserve’s 3D strategy is the catalyst for accelerated growth and positions us to capture the increased spending levels on energy security and decarbonization investments. Additionally, we expect both aftermarket and MRO opportunities to remain at elevated levels in 2024 and beyond. In 2024, we intend to increase the conversion percentage of our strong \$2.7 billion backlog, continue to deliver outsized growth, and expand operating margins through improved operational excellence and enhanced product management. As we build on the momentum established last year, we are confident in Flowserve’s future and believe that executing on our objectives will create long-term value for our customers, associates, and shareholders.”

### **2024 Guidance**<sup>3</sup>

Flowserve today also initiated Reported and Adjusted EPS guidance for 2024, as well as certain other financial metrics, as shown in the table below.

|                             | <b>2024 Target Range</b> |
|-----------------------------|--------------------------|
| Revenue Growth              | Up 4.0% to 6.0%          |
| Reported Earnings Per Share | \$2.25 to \$2.45         |
| Adjusted Earnings Per Share | \$2.40 to \$2.60         |
| Net Interest Expense        | \$60 to \$65 million     |
| Adjusted Tax Rate           | ~20%                     |
| Capital Expenditures        | \$75 to \$85 million     |

Flowserve’s 2024 Adjusted EPS target range excludes expected adjusted items including realignment charges of approximately \$30 million, as well as the potential impact of below-the-line foreign currency effects and certain other discrete items which may arise during the course of the year.

Amy Schwetz, Flowserve’s Senior Vice President and Chief Financial Officer said, “We believe our 2024 guidance range has Flowserve well-positioned on its trajectory towards the long-term financial targets unveiled at our 2023 analyst day. We remain confident in our ability to drive further Adjusted margin improvement and Adjusted EPS growth as we pursue a disciplined capital allocation approach to deliver long-term shareholder value creation.”

### **Buyback Authorization Replenished to \$300 Million and Quarterly Cash Dividend Increased**

Flowserve’s Board of Directors authorized a 5% increase in the quarterly cash dividend to \$0.21 per share on the company’s outstanding shares of common stock and replenished the total share repurchase authorization under the current share repurchase program to \$300 million, inclusive of approximately \$96 million of capacity remaining.

The dividend is payable on April 12, 2024, to shareholders of record as of the close of business on March 28, 2024. While Flowserve currently intends to pay regular quarterly cash dividends for the foreseeable future, any future dividends, at this \$0.21 per share rate or otherwise, will be reviewed individually and declared by the Board at its discretion.

#### **Fourth Quarter and Full Year 2023 Results Conference Call**

Flowserve will host its conference call with the financial community on Wednesday, February 21<sup>st</sup> at 11:00 AM Eastern. Scott Rowe, President and Chief Executive Officer, as well as other members of the management team will be presenting. The call can be accessed by shareholders and other interested parties at [www.flowserve.com/investors](http://www.flowserve.com/investors).

- <sup>1</sup> See Consolidated Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure (Unaudited) and Segment Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure (Unaudited) tables for a detailed reconciliation of reported results to adjusted measures.
- <sup>2</sup> Adjusted 2023 EPS excludes identified realignment expenses, the impact from other specific discrete items and below-the-line foreign currency effects and utilizes the then-applicable FX rates and approximately 132 million fully diluted shares.
- <sup>3</sup> Adjusted 2024 EPS excludes realignment expenses as well as the impact of below-the-line foreign currency effects and certain other discrete items which may arise during the year and utilizes year-end 2023 FX rates and approximately 132 million fully diluted shares.
- <sup>4</sup> Constant currency is a non-GAAP financial measure. We have calculated constant currency amounts and the associated currency effects on operations by translating current year results on a monthly basis at prior year exchange rates for the same periods.
- <sup>5</sup> Adjusted gross and operating margins are calculated by dividing adjusted gross profit and adjusted operating income, respectively, by revenues. Adjusted gross profit and adjusted operating income are derived by excluding the adjusted items. See Consolidated Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure (Unaudited) and Segment Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure (Unaudited) tables for a detailed reconciliation.

#### **About Flowserve**

Flowserve Corp. is one of the world's leading providers of fluid motion and control products and services. Operating in more than 50 countries, the company produces engineered and industrial pumps, seals and valves as well as a range of related flow management services. More information about Flowserve can be obtained by visiting the company's Web site at [www.flowserve.com](http://www.flowserve.com).

**Safe Harbor Statement:** This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Words or phrases such as, "may," "should," "expects," "could," "intends," "plans," "anticipates," "estimates," "believes," "forecasts," "predicts" or other similar expressions are intended to identify forward-looking statements, which include, without limitation, earnings forecasts, statements relating to our business strategy and statements of expectations, beliefs, future plans and strategies and anticipated developments concerning our industry, business, operations and financial performance and condition.

The forward-looking statements included in this news release are based on our current expectations, projections, estimates and assumptions. These statements are only predictions, not guarantees. Such forward-looking statements are subject to numerous risks and uncertainties that are difficult to predict. These risks and uncertainties may cause actual results to differ materially from what is forecast in such forward-looking statements, and include, without limitation, the following: economic, political and other risks associated with our international operations, including military actions, trade embargoes, epidemics or pandemics or changes to tariffs or trade agreements that could affect customer markets, particularly North African, Latin American, Asian and Middle Eastern markets and global oil and gas producers, and non-compliance with U.S. export/re-export control, foreign corrupt practice laws, economic sanctions and import laws and regulations; any continued volatile regional and global economic conditions resulting from the COVID-19 pandemic on our business and operations; global supply chain disruptions and the current inflationary environment could adversely affect the efficiency of our manufacturing and increase the cost of providing our products to customers; a portion of our bookings may not lead to completed sales, and our ability to convert bookings into revenues at acceptable profit margins; changes in global economic conditions and the potential for unexpected cancellations or delays of customer orders in our reported backlog; our dependence on our customers' ability to make required capital investment and maintenance expenditures; if we are not able to successfully execute and realize the expected financial benefits from any restructuring and realignment initiatives, our business could be adversely affected; the substantial dependence of our sales on the success of the oil and gas, chemical, power generation and water management industries; the adverse impact of

volatile raw materials prices on our products and operating margins; increased aging and slower collection of receivables, particularly in Latin America and other emerging markets; our exposure to fluctuations in foreign currency exchange rates, including in hyperinflationary countries such as Venezuela and Argentina; potential adverse consequences resulting from litigation to which we are a party, such as litigation involving asbestos-containing material claims; expectations regarding acquisitions and the integration of acquired businesses; the potential adverse impact of an impairment in the carrying value of goodwill or other intangible assets; our dependence upon third-party suppliers whose failure to perform timely could adversely affect our business operations; the highly competitive nature of the markets in which we operate; environmental compliance costs and liabilities; potential work stoppages and other labor matters; access to public and private sources of debt financing; our inability to protect our intellectual property in the U.S., as well as in foreign countries; obligations under our defined benefit pension plans; our internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud; the recording of increased deferred tax asset valuation allowances in the future or the impact of tax law changes on such deferred tax assets could affect our operating results; our information technology infrastructure could be subject to service interruptions, data corruption, cyber-based attacks or network security breaches, which could disrupt our business operations and result in the loss of critical and confidential information; ineffective internal controls could impact the accuracy and timely reporting of our business and financial results; and other factors described from time to time in our filings with the Securities and Exchange Commission.

All forward-looking statements included in this news release are based on information available to us on the date hereof, and we assume no obligation to update any forward-looking statement.

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that non-GAAP financial measures which exclude certain non-recurring items present additional useful comparisons between current results and results in prior operating periods, providing investors with a clearer view of the underlying trends of the business. Management also uses these non-GAAP financial measures in making financial, operating, planning and compensation decisions and in evaluating the Company's performance. Non-GAAP financial measures, which may be inconsistent with similarly captioned measures presented by other companies, should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with GAAP.

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#### Flowserve Contacts

#### Investor Contacts:

|   |                |
|---|----------------|
| Jay Roueche, Vice President, Investor Relations & Treasurer | (972) 443-6560 |
| Tarek Zeni, Director, Investor Relations                    | (469) 420-4045 |

#### Media Contact:

|  |                |
|--|----------------|
| Wes Warnock, Vice President, Corporate Communications & Public Affairs | (972) 443-6900 |
|--|----------------|



**CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**

|   | <b>Three Months Ended December 31,</b> |              |
|---|--|--------------|
|   | <b>2023</b>                            | <b>2022</b>  |
| (Amounts in thousands, except per share data)                                     |  |              |
| Sales   | \$ 1,165,179                           | \$ 1,038,959 |
| Cost of sales   | (825,635)                              | (743,718)    |
| Gross profit  | 339,544                                | 295,241      |
| Selling, general and administrative expense                                       | (234,744)                              | (193,588)    |
| Net earnings from affiliates  | 4,663                                  | 3,647        |
| Operating income  | 109,463                                | 105,300      |
| Interest expense  | (16,886)                               | (12,909)     |
| Interest income   | 1,457                                  | 1,025        |
| Other income (expense), net   | (22,599)                               | (28,711)     |
| Earnings before income taxes  | 71,435                                 | 64,705       |
| Benefit from (provision for) income taxes   | (3,991)                                | 60,257       |
| Net earnings, including noncontrolling interests                                  | 67,444                                 | 124,962      |
| Less: Net earnings attributable to noncontrolling interests                       | (4,827)                                | (3,633)      |
| Net earnings attributable to Flowserve Corporation                                | \$ 62,617                              | \$ 121,329   |
| Net earnings per share attributable to Flowserve Corporation common shareholders: |  |              |
| Basic   | \$ 0.48                                | \$ 0.93      |
| Diluted   | 0.47                                   | 0.92         |
| Weighted average shares – basic   | 131,184                                | 130,710      |
| Weighted average shares – diluted   | 132,132                                | 131,560      |

# Consolidated Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure (Unaudited)

(Amounts in thousands, except per share data)

| Three Months Ended December 31, 2023           | Gross Profit      | Selling,<br>General &<br>Administrative<br>Expense | Operating<br>Income | Other<br>Income<br>(Expense),<br>Net | Provision For<br>(Benefit From)<br>Income Taxes | Net Earnings<br>(Loss) | Effective<br>Tax Rate | Diluted<br>EPS |
|--|-------------------|--|---------------------|--------------------------------------|---|------------------------|-----------------------|----------------|
| <b>Reported</b>                                | <b>\$ 339,544</b> | <b>\$ 234,744</b>                                  | <b>\$ 109,463</b>   | <b>\$ (22,599)</b>                   | <b>\$ 3,991</b>                                 | <b>\$ 62,617</b>       | <b>5.6%</b>           | <b>0.47</b>    |
| <i>Reported as a percent of sales</i>          | 29.1%             | 20.1%  | 9.4%                | -1.9%                                | 0.3%  | 5.4%                   |                       |                |
| Realignment charges (a)                        | 9,464             | (5,949)  | 15,413              | —                                    | 4,534   | 10,879                 | 29.4%                 | 0.08           |
| Discrete asset write-downs (b)(c)              | (1,254)           | —  | (1,254)             | 2,000                                | 94  | 652                    | 12.6%                 | 0.01           |
| Acquisition related (d)                        | —                 | 1,244  | (1,244)             | —                                    | (293)   | (951)                  | 23.6%                 | (0.01)         |
| Below-the-line foreign exchange<br>impacts (e) | —                 | —  | —                   | 16,764                               | (274)   | 17,038                 | -1.6%                 | 0.13           |
| <b>Adjusted</b>                                | <b>\$ 347,754</b> | <b>\$ 230,039</b>                                  | <b>\$ 122,378</b>   | <b>\$ (3,835)</b>                    | <b>\$ 8,052</b>                                 | <b>\$ 90,235</b>       | <b>7.8%</b>           | <b>0.68</b>    |
| <i>Adjusted as a percent of sales</i>          | 29.8%             | 19.7%  | 10.5%               | -0.3%                                | 0.7%  | 7.7%                   |                       |                |

Note: Amounts may not calculate due to rounding

- (a) Charges represent realignment costs incurred as a result of realignment programs of which \$2,100 is non-cash.
- (b) Includes reversals of expenses that were adjusted for Non-GAAP measures in previous periods of \$1,254.
- (c) Charge represents a non-cash asset write-down of \$2,000 associated with the impairment of an equity investment.
- (d) Represents reversal of costs associated with a terminated acquisition that were adjusted for Non-GAAP measures in previous periods.
- (e) Below-the-line foreign exchange impacts represent the remeasurement of foreign exchange derivative contracts as well as the remeasurement of assets and liabilities that are denominated in a currency other than a site's respective functional currency.

| Three Months Ended December 31, 2022           | Gross Profit      | Selling,<br>General &<br>Administrative<br>Expense | Operating<br>Income | Other<br>Income<br>(Expense),<br>Net | Provision For<br>(Benefit From)<br>Income Taxes | Net Earnings<br>(Loss) | Effective<br>Tax Rate | Diluted<br>EPS |
|--|-------------------|--|---------------------|--------------------------------------|---|------------------------|-----------------------|----------------|
| <b>Reported</b>                                | <b>\$ 295,241</b> | <b>\$ 193,588</b>                                  | <b>\$ 105,300</b>   | <b>\$ (28,711)</b>                   | <b>\$ (60,257)</b>                              | <b>\$ 121,329</b>      | <b>-93.1%</b>         | <b>0.92</b>    |
| <i>Reported as a percent of sales</i>          | 28.4%             | 18.6%  | 10.1%               | -2.8%                                | -5.8%   | 11.7%                  |                       |                |
| Realignment charges (a)                        | 481               | 480  | 1                   | —                                    | 1,866   | (1,865)                | N/A                   | (0.01)         |
| Discrete asset write-downs (b)(c)              | 3,646             | (2,885)  | 6,531               | —                                    | 2,661   | 3,870                  | 40.7%                 | 0.03           |
| Below-the-line foreign exchange<br>impacts (d) | —                 | —  | —                   | 25,206                               | 6,170   | 19,036                 | 24.5%                 | 0.14           |
| Discrete tax benefit (e)                       | —                 | —  | —                   | —                                    | 59,313  | (59,313)               | 0.0%                  | (0.45)         |
| <b>Adjusted</b>                                | <b>\$ 299,368</b> | <b>\$ 191,183</b>                                  | <b>\$ 111,832</b>   | <b>\$ (3,505)</b>                    | <b>\$ 9,753</b>                                 | <b>\$ 83,057</b>       | <b>10.1%</b>          | <b>0.63</b>    |
| <i>Adjusted as a percent of sales</i>          | 28.8%             | 18.4%  | 10.8%               | -0.3%                                | 0.9%  | 8.0%                   |                       |                |

Note: Amounts may not calculate due to rounding

- (a) Charges represent realignment costs incurred and cost credits as a result of realignment programs.
- (b) Includes reversals of expenses that were adjusted for Non-GAAP measures in previous periods of \$7,111.
- (c) Charges represent a \$13,642 reserve of Russia-related financial exposures.
- (d) Below-the-line foreign exchange impacts represent the remeasurement of foreign exchange derivative contracts as well as the remeasurement of assets and liabilities that are denominated in a currency other than a site's respective functional currency.
- (e) Represents a discrete tax benefit due to release of tax valuation allowance on the net deferred tax assets in foreign jurisdictions. The associated tax expense was adjusted out in 2017.

SEGMENT INFORMATION  
(Unaudited)

| FLOWSERVE PUMPS DIVISION<br>(Amounts in millions, except percentages) | Three Months Ended December 31, |          |
|---|---------------------------------|----------|
|   | 2023                            | 2022     |
| Bookings  | \$ 722.2                        | \$ 786.2 |
| Sales   | 832.8                           | 739.4    |
| Gross profit  | 238.2                           | 217.1    |
| Gross profit margin   | 28.6%                           | 29.4%    |
| SG&A  | 149.4                           | 130.1    |
| Segment operating income  | 93.5                            | 90.7     |
| Segment operating income as a percentage of sales                     | 11.2%                           | 12.3%    |

| FLOW CONTROL DIVISION<br>(Amounts in millions, except percentages) | Three Months Ended December 31, |          |
|--|---------------------------------|----------|
|  | 2023                            | 2022     |
| Bookings   | \$ 326.9                        | \$ 324.9 |
| Sales  | 336.0                           | 301.8    |
| Gross profit   | 101.9                           | 87.5     |
| Gross profit margin  | 30.3%                           | 29.0%    |
| SG&A   | 52.1                            | 49.4     |
| Segment operating income   | 49.8                            | 38.1     |
| Segment operating income as a percentage of sales                  | 14.8%                           | 12.6%    |

## Segment Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure (Unaudited)

(Amounts in thousands)

### Flowserve Pumps Division

| Three Months Ended<br>December 31, 2023 | Gross<br>Profit   | Selling, General<br>&<br>Administrative<br>Expense | Operating<br>Income |
|---|-------------------|--|---------------------|
| <b>Reported</b>                         | <b>\$ 238,213</b> | <b>\$ 149,354</b>                                  | <b>\$ 93,522</b>    |
| <i>Reported as a percent of sales</i>   | 28.6%             | 17.9%  | 11.2%               |
| Realignment charges (a)                 | 3,313             | (2,537)  | 5,850               |
| Discrete asset write-downs (b)          | (1,254)           | —  | (1,254)             |
| <b>Adjusted</b>                         | <b>\$ 240,272</b> | <b>\$ 146,817</b>                                  | <b>\$ 98,118</b>    |
| <i>Adjusted as a percent of sales</i>   | 28.9%             | 17.6%  | 11.8%               |

### Flow Control Division

| Three Months Ended<br>December 31, 2023 | Gross<br>Profit   | Selling, General<br>&<br>Administrative<br>Expense | Operating<br>Income |
|---|-------------------|--|---------------------|
| <b>Reported</b>                         | <b>\$ 101,894</b> | <b>\$ 52,056</b>                                   | <b>\$ 49,838</b>    |
| <i>Reported as a percent of sales</i>   | 30.3%             | 15.5%  | 14.8%               |
| Realignment charges (a)                 | 6,313             | (915)  | 7,228               |
| Acquisition related (c)                 | —                 | 1,244  | (1,244)             |
| <b>Adjusted</b>                         | <b>\$ 108,207</b> | <b>\$ 52,385</b>                                   | <b>\$ 55,822</b>    |
| <i>Adjusted as a percent of sales</i>   | 32.2%             | 15.6%  | 16.6%               |

Note: Amounts may not calculate due to rounding

- (a) Charges represent realignment costs incurred as a result of realignment programs of which \$2,100 is non-cash.
- (b) Represents reversals of expenses that were adjusted for Non-GAAP measures in previous periods.
- (c) Represents reversal of costs associated with a terminated acquisition that were adjusted for Non-GAAP measures in previous periods.

| Three Months Ended<br>December 31, 2022 | Gross<br>Profit   | Selling, General<br>&<br>Administrative<br>Expense | Operating<br>Income |
|---|-------------------|--|---------------------|
| <b>Reported</b>                         | <b>\$ 217,134</b> | <b>\$ 130,084</b>                                  | <b>\$ 90,698</b>    |
| <i>Reported as a percent of sales</i>   | 29.4%             | 17.6%  | 12.3%               |
| Realignment charges (a)                 | 358               | 2  | 356                 |
| Discrete asset write-downs (b)(c)       | 3,342             | (2,247)  | 5,589               |
| <b>Adjusted</b>                         | <b>\$ 220,834</b> | <b>\$ 127,839</b>                                  | <b>\$ 96,643</b>    |
| <i>Adjusted as a percent of sales</i>   | 29.9%             | 17.3%  | 13.1%               |

| Three Months Ended<br>December 31, 2022 | Gross<br>Profit  | Selling, General<br>&<br>Administrative<br>Expense | Operating<br>Income |
|---|------------------|--|---------------------|
| <b>Reported</b>                         | <b>\$ 87,501</b> | <b>\$ 49,409</b>                                   | <b>\$ 38,093</b>    |
| <i>Reported as a percent of sales</i>   | 29.0%            | 16.4%  | 12.6%               |
| Realignment charges (a)                 | 123              | 452  | (329)               |
| Discrete asset write-downs (c)          | 304              | (638)  | 942                 |
| <b>Adjusted</b>                         | <b>\$ 87,928</b> | <b>\$ 49,223</b>                                   | <b>\$ 38,706</b>    |
| <i>Adjusted as a percent of sales</i>   | 29.1%            | 16.3%  | 12.8%               |

Note: Amounts may not calculate due to rounding

- (a) Charges represent realignment costs incurred and cost credits as a result of realignment programs.
- (b) Includes reversals of expenses that were adjusted for Non-GAAP measures in previous periods of \$7,111.
- (c) Charges represent the reserve of Russia-related financial exposures of \$13,642.

# **CONSOLIDATED STATEMENTS OF INCOME**

|   | Year Ended December 31, |              |              |
|---|-------------------------|--------------|--------------|
|   | 2023                    | 2022         | 2021         |
| (Amounts in thousands, except per share data)                                     |                         |              |              |
| Sales   | \$ 4,320,577            | \$ 3,615,120 | \$ 3,541,060 |
| Cost of sales   | (3,043,749)             | (2,620,825)  | (2,491,335)  |
| Gross profit  | 1,276,828               | 994,295      | 1,049,725    |
| Selling, general and administrative expense                                       | (961,169)               | (815,545)    | (797,076)    |
| Gain on sale of business  | —                       | —            | 1,806        |
| Net earnings from affiliates  | 17,894                  | 18,469       | 16,304       |
| Operating income  | 333,553                 | 197,219      | 270,759      |
| Interest expense  | (66,924)                | (46,247)     | (57,617)     |
| Loss on extinguishment of debt  | —                       | —            | (46,176)     |
| Interest income   | 6,991                   | 3,963        | 2,764        |
| Other income (expense), net   | (49,870)                | (559)        | (36,142)     |
| Earnings before income taxes  | 223,750                 | 154,376      | 133,588      |
| Benefit from (provision for) income taxes   | (18,562)                | 43,639       | 2,594        |
| Net earnings, including noncontrolling interests                                  | 205,188                 | 198,015      | 136,182      |
| Less: Net earnings attributable to noncontrolling interests                       | (18,445)                | (9,326)      | (10,233)     |
| Net earnings attributable to Flowserve Corporation                                | \$ 186,743              | \$ 188,689   | \$ 125,949   |
| Net earnings per share attributable to Flowserve Corporation common shareholders: |                         |              |              |
| Basic   | \$ 1.42                 | \$ 1.44      | \$ 0.97      |
| Diluted   | 1.42                    | 1.44         | 0.96         |
| Weighted average shares – basic   | 131,117                 | 130,630      | 130,305      |
| Weighted average shares – diluted   | 131,931                 | 131,315      | 130,857      |

# Consolidated Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure (Unaudited)

(Amounts in thousands, except per share data)

| Twelve Months Ended December 31, 2023       | Gross Profit       | Selling, General & Administrative Expense | Operating Income | Other Income (Expense), Net | Provision For (Benefit From) Income Taxes | Net Earnings Attributable to Noncontrolling Interests | Net Earnings (Loss) | Effective Tax Rate | Diluted EPS |
|---|--------------------|---|------------------|-----------------------------|---|---|---------------------|--------------------|-------------|
| <b>Reported</b>                             | <b>\$1,276,828</b> | <b>\$ 961,169</b>                         | <b>\$333,553</b> | <b>\$ (49,870)</b>          | <b>\$ 18,562</b>                          | <b>\$ 18,445</b>                                      | <b>\$186,743</b>    | <b>8.3%</b>        | <b>1.42</b> |
| <i>Reported as a percent of sales</i>       | 29.6%              | 22.2%                                     | 7.7%             | -1.2%                       | 0.4%                                      | 0.4%  | 4.3%                |                    |             |
| Realignment charges (a)                     | 21,012             | (45,025)                                  | 66,037           | —                           | 14,949                                    | —   | 51,088              | 22.6%              | 0.39        |
| Discrete asset write-downs (b)              |                    |   |                  |                             |   |   |                     |                    |             |
| (c)(d)(e)                                   | 715                | (3,955)                                   | 4,670            | 2,000                       | 1,611                                     | —   | 5,059               | 24.2%              | 0.04        |
| Acquisition related (f)                     | —                  | (7,247)                                   | 7,247            | —                           | 1,704                                     | —   | 5,543               | 23.5%              | 0.04        |
| Below-the-line foreign exchange impacts (g) | —                  | —   | —                | 41,092                      | 2,395                                     | —   | 38,697              | 5.8%               | 0.29        |
| Correction of prior period errors (h)       | —                  | —   | —                | —                           | —   | (3,559)   | 3,559               | 0.0%               | 0.03        |
| Discrete tax benefit (i)                    | —                  | —   | —                | —                           | 13,000                                    | —   | (13,000)            | 0.0%               | (0.10)      |
| <b>Adjusted</b>                             | <b>\$1,298,555</b> | <b>\$ 904,942</b>                         | <b>\$411,507</b> | <b>\$ (6,778)</b>           | <b>\$ 52,221</b>                          | <b>\$ 14,886</b>                                      | <b>\$277,689</b>    | <b>15.1%</b>       | <b>2.10</b> |
| <i>Adjusted as a percent of sales</i>       | 30.1%              | 20.9%                                     | 9.5%             | -0.2%                       | 1.2%                                      | 0.3%  | 6.4%                |                    |             |

Note: Amounts may not calculate due to rounding

- (a) Charges represent realignment costs incurred as a result of realignment programs of which \$9,701 is non-cash.
- (b) Charge represents a further expense of \$1,834 associated with a sales contract that was initially adjusted out of Non-GAAP measures in 2017.
- (c) Includes reversals of expenses that were adjusted for Non-GAAP measures in previous periods of \$81.
- (d) Charge represents a \$2,917 non-cash write-down of a licensing agreement.
- (e) Charge represents a non-cash asset write-down of \$2,000 associated with the impairment of an equity investment.
- (f) Charges represent costs associated with a terminated acquisition.
- (g) Below-the-line foreign exchange impacts represent the remeasurement of foreign exchange derivative contracts as well as the remeasurement of assets and liabilities that are denominated in a currency other than a site's respective functional currency.
- (h) Represents the amount to correct the cumulative impact of immaterial prior period errors.
- (i) Represents a discrete tax benefit due to release of tax valuation allowance on the net deferred tax assets in a foreign jurisdiction. The associated tax expense was adjusted out on Non-GAAP measures in 2015.

| Twelve Months Ended December 31, 2022       | Gross Profit       | Selling, General & Administrative Expense | Operating Income | Other Income (Expense), Net | Provision For (Benefit From) Income Taxes | Net Earnings (Loss) | Effective Tax Rate | Diluted EPS    |
|---|--------------------|---|------------------|-----------------------------|---|---------------------|--------------------|----------------|
| <b>Reported</b>                             | <b>\$ 994,295</b>  | <b>\$ 815,545</b>                         | <b>\$197,219</b> | <b>\$ (559)</b>             | <b>\$ (43,639)</b>                        | <b>\$ 188,689</b>   | <b>-28.3%</b>      | <b>\$ 1.44</b> |
| <i>Reported as a percent of sales</i>       | 27.5%              | 22.6%                                     | 5.5%             | 0.0%                        | -1.2%                                     | 5.2%                |                    |                |
| Realignment charges (a)                     | 355                | 520                                       | (165)            | —                           | 1,799                                     | (1,964)             | -1090.3%           | (0.01)         |
| Discrete asset write-downs (b)(c)           |                    |   |                  |                             |   |                     |                    |                |
| (d)   | 13,490             | (13,591)                                  | 27,081           | —                           | 1,967                                     | 25,114              | 7.3%               | 0.19           |
| Below-the-line foreign exchange impacts (e) | —                  | —   | —                | (9,694)                     | (1,591)                                   | (8,103)             | 16.4%              | (0.06)         |
| Discrete tax benefit (f)                    | —                  | —   | —                | —                           | 59,313                                    | (59,313)            | 0.0%               | (0.45)         |
| <b>Adjusted</b>                             | <b>\$1,008,140</b> | <b>\$ 802,474</b>                         | <b>\$224,135</b> | <b>\$ (10,253)</b>          | <b>\$ 17,849</b>                          | <b>\$ 144,423</b>   | <b>10.4%</b>       | <b>\$ 1.10</b> |
| <i>Adjusted as a percent of sales</i>       | 27.9%              | 22.2%                                     | 6.2%             | -0.3%                       | 0.5%                                      | 4.0%                |                    |                |

Note: Amounts may not calculate due to rounding

- (a) Charges represent realignment costs incurred as a result of realignment programs of which \$170 is non-cash.
- (b) Includes reversals of expenses that were adjusted for Non-GAAP measures in previous periods of \$9,843.
- (c) Charges represent a \$33,888 reserve of Russia-related financial exposures.
- (d) Charge represents a \$3,036 non-cash asset write-down associated with the impairment of a trademark.
- (e) Below-the-line foreign exchange impacts represent the remeasurement of foreign exchange derivative contracts as well as the remeasurement of assets and liabilities that are denominated in a currency other than a site's respective functional currency.
- (f) Represents a discrete tax benefit due to release of tax valuation allowance on the net deferred tax assets in foreign jurisdictions. The associated tax expense was adjusted out of Non-GAAP measures in 2017.

SEGMENT INFORMATION  
(Unaudited)

| FLOWSERVE PUMPS DIVISION<br>(Amounts in millions, except percentages) | Year Ended December 31, |            |
|---|-------------------------|------------|
|   | 2023                    | 2022       |
| Bookings  | \$ 2,941.2              | \$ 3,214.7 |
| Sales   | 3,064.5                 | 2,522.5    |
| Gross profit  | 906.8                   | 728.1      |
| Gross profit margin   | 29.6%                   | 28.9%      |
| SG&A  | 575.8                   | 538.5      |
| Segment operating income  | 348.9                   | 208.0      |
| Segment operating income as a percentage of sales                     | 11.4%                   | 8.2%       |

| FLOW CONTROL DIVISION<br>(Amounts in millions, except percentages) | Year Ended December 31, |            |
|--|-------------------------|------------|
|  | 2023                    | 2022       |
| Bookings   | \$ 1,345.9              | \$ 1,247.2 |
| Sales  | 1,266.0                 | 1,100.6    |
| Gross profit   | 372.8                   | 305.5      |
| Gross profit margin  | 29.4%                   | 27.8%      |
| SG&A   | 224.8                   | 192.1      |
| Segment operating income   | 148.0                   | 113.4      |
| Segment operating income as a percentage of sales                  | 11.7%                   | 10.3%      |

# Segment Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure (Unaudited)

(Amounts in thousands)

## Flowserve Pumps Division

| Twelve Months Ended<br>December 31, 2023 | Gross<br>Profit  | Selling,<br>General &<br>Administrative<br>Expense | Operating<br>Income |
|--|------------------|--|---------------------|
| <b>Reported</b>                          | <b>\$906,775</b> | <b>\$ 575,792</b>                                  | <b>\$348,867</b>    |
| <i>Reported as a percent of sales</i>    | 29.6%            | 18.8%  | 11.4%               |
| Realignment charges (a)                  | 10,797           | (14,533)   | 25,330              |
| Discrete asset write-downs               |                  |  |                     |
| (b)(c)(d)                                | 715              | (3,955)  | 4,670               |
| <b>Adjusted</b>                          | <b>\$918,287</b> | <b>\$ 557,304</b>                                  | <b>\$378,867</b>    |
| <i>Adjusted as a percent of sales</i>    | 30.0%            | 18.2%  | 12.4%               |

## Flow Control Division

| Twelve Months Ended<br>December 31, 2023 | Gross<br>Profit  | Selling,<br>General &<br>Administrative<br>Expense | Operating<br>Income |
|--|------------------|--|---------------------|
| <b>Reported</b>                          | <b>\$372,808</b> | <b>\$ 224,774</b>                                  | <b>\$148,034</b>    |
| <i>Reported as a percent of sales</i>    | 29.4%            | 17.8%  | 11.7%               |
| Realignment charges (a)                  | 10,576           | (11,393)   | 21,969              |
| Acquisition related (e)                  | —                | (7,247)  | 7,247               |
| <b>Adjusted</b>                          | <b>\$383,384</b> | <b>\$ 206,134</b>                                  | <b>\$177,250</b>    |
| <i>Adjusted as a percent of sales</i>    | 30.3%            | 16.3%  | 14.0%               |

Note: Amounts may not calculate due to rounding

- (a) Charges represent realignment costs incurred as a result of realignment programs of which \$9,701 is non-cash.
- (b) Charge represents a further expense of \$1,834 associated with a sales contract that was initially adjusted out of Non-GAAP measures in 2017.
- (c) Includes reversals of expenses that were adjusted for Non-GAAP measures in previous periods of \$81.
- (d) Charge represents a \$2,917 non-cash write-down of a licensing agreement.
- (e) Charges represent costs associated with a terminated acquisition.

| Twelve Months Ended<br>December 31, 2022 | Gross<br>Profit  | Selling,<br>General &<br>Administrative<br>Expense | Operating<br>Income |
|--|------------------|--|---------------------|
| <b>Reported</b>                          | <b>\$728,083</b> | <b>\$ 538,523</b>                                  | <b>\$207,957</b>    |
| <i>Reported as a percent of sales</i>    | 28.9%            | 21.3%  | 8.2%                |
| Realignment charges (a)                  | 237              | (149)  | 386                 |
| Discrete asset write-downs               |                  |  |                     |
| (b)(c)                                   | 12,072           | (8,835)  | 20,907              |
| <b>Adjusted</b>                          | <b>\$740,392</b> | <b>\$ 529,539</b>                                  | <b>\$229,250</b>    |
| <i>Adjusted as a percent of sales</i>    | 29.4%            | 21.0%  | 9.1%                |

| Twelve Months Ended<br>December 31, 2022 | Gross<br>Profit  | Selling,<br>General &<br>Administrative<br>Expense | Operating<br>Income |
|--|------------------|--|---------------------|
| <b>Reported</b>                          | <b>\$305,514</b> | <b>\$ 192,097</b>                                  | <b>\$113,417</b>    |
| <i>Reported as a percent of sales</i>    | 27.8%            | 17.5%  | 10.3%               |
| Realignment charges (a)                  | 179              | 395  | (216)               |
| Discrete asset write-downs (b)(d)        | 1,418            | (4,756)  | 6,174               |
| <b>Adjusted</b>                          | <b>\$307,111</b> | <b>\$ 187,736</b>                                  | <b>\$119,375</b>    |
| <i>Adjusted as a percent of sales</i>    | 27.9%            | 17.1%  | 10.8%               |

Note: Amounts may not calculate due to rounding

- (a) Charges represent realignment costs incurred as a result of realignment programs of which \$170 is non-cash.
- (b) Charges represent the reserve of Russia-related financial exposures of \$33,888.
- (c) Includes reversals of expenses that were adjusted for Non-GAAP measures in previous periods of \$9,843
- (d) Charge represents a non-cash asset write-down of \$3,036 associated with the impairment of a trademark.



# Fourth Quarter and Year-to-Date 2023 - Segment Results

(dollars in millions, comparison vs. 2022 fourth quarter and year-to-date, unaudited)

(dollars in millions, comparison vs. 2022 fourth quarter and year-to-date, unaudited)

|                                    | FPD     |           |       |            | FCD     |         |       |            |       |
|------------------------------------|---------|-----------|-------|------------|---------|---------|-------|------------|-------|
|                                    | 4th Qtr |           | YTD   |            | 4th Qtr |         | YTD   |            |       |
| Bookings                           | \$      | 722.2     |       | \$ 2,941.2 | \$      | 326.9   |       | \$ 1,345.9 |       |
| - vs. prior year                   |         | -64.0     | -8.1% | -273.5     | -8.5%   | 2.0     | 0.6%  | 98.7       | 7.9%  |
| - on constant currency             |         | -75.8     | -9.6% | -288.1     | -9.0%   | -1.6    | -0.5% | 103.9      | 8.3%  |
| Sales                              | \$      | 832.8     |       | \$ 3,064.5 | \$      | 336.0   |       | \$ 1,266.0 |       |
| - vs. prior year                   |         | 93.4      | 12.6% | 542.0      | 21.5%   | 34.2    | 11.3% | 165.4      | 15.0% |
| - on constant currency             |         | 75.8      | 10.2% | 523.7      | 20.8%   | 30.0    | 10.0% | 168.6      | 15.3% |
| Gross Profit                       | \$      | 238.2     |       | \$ 906.8   | \$      | 101.9   |       | \$ 372.8   |       |
| - vs. prior year                   |         | 9.7%      |       | 24.5%      |         | 16.5%   |       | 22.0%      |       |
| Gross Margin (% of sales)          |         | 28.6%     |       | 29.6%      |         | 30.3%   |       | 29.4%      |       |
| - vs. prior year (in basis points) |         | (80) bps  |       | 70 bps     |         | 130 bps |       | 160 bps    |       |
| Operating Income                   | \$      | 93.5      |       | \$ 348.9   | \$      | 49.8    |       | \$ 148.0   |       |
| - vs. prior year                   |         | 2.8       | 3.1%  | 140.9      | 67.7%   | 11.7    | 30.7% | 34.6       | 30.5% |
| - on constant currency             |         | 0.2       | 0.2%  | 142.9      | 68.7%   | 11.4    | 30.0% | 36.1       | 31.9% |
| Operating Margin (% of sales)      |         | 11.2%     |       | 11.4%      |         | 14.8%   |       | 11.7%      |       |
| - vs. prior year (in basis points) |         | (110) bps |       | 320 bps    |         | 220 bps |       | 140 bps    |       |
| Adjusted Operating Income *        | \$      | 98.1      |       | \$ 378.9   | \$      | 55.8    |       | \$ 177.3   |       |
| - vs. prior year                   |         | 1.5       | 1.6%  | 149.6      | 65.2%   | 17.1    | 44.2% | 57.9       | 48.5% |
| - on constant currency             |         | -1.1      | -1.2% | 151.6      | 66.1%   | 16.8    | 43.4% | 59.4       | 49.8% |
| Adj. Oper. Margin (% of sales)*    |         | 11.8%     |       | 12.4%      |         | 16.6%   |       | 14.0%      |       |
| - vs. prior year (in basis points) |         | (130) bps |       | 330 bps    |         | 380 bps |       | 320 bps    |       |
| Backlog                            | \$      | 1,891.7   |       |            | \$      | 826.8   |       |            |       |

\* Adjusted Operating Income and Adjusted Operating Margin exclude realignment charges and other specific discrete items

## CONSOLIDATED BALANCE SHEETS

|   | December 31,<br>2023 | December 31,<br>2022 |
|---|----------------------|----------------------|
| (Amounts in thousands, except par value)                          |                      |                      |
| <b>ASSETS</b>   |                      |                      |
| Current assets:   |                      |                      |
| Cash and cash equivalents   | \$ 545,678           | \$ 434,971           |
| Accounts receivable, net  | 881,869              | 868,632              |
| Contract assets, net  | 280,228              | 233,457              |
| Inventories, net  | 879,937              | 803,198              |
| Prepaid expenses and other  | 116,065              | 110,714              |
| Total current assets  | 2,703,777            | 2,450,972            |
| Property, plant and equipment, net                                | 506,158              | 500,945              |
| Operating lease right-of-use assets, net                          | 156,430              | 174,980              |
| Goodwill  | 1,182,225            | 1,168,124            |
| Deferred taxes  | 218,358              | 149,290              |
| Other intangible assets, net                                      | 122,248              | 134,503              |
| Other assets, net   | 219,523              | 211,820              |
| Total assets  | <u>\$ 5,108,719</u>  | <u>\$ 4,790,634</u>  |
| <b>LIABILITIES AND EQUITY</b>                                     |                      |                      |
| Current liabilities:  |                      |                      |
| Accounts payable  | \$ 547,824           | \$ 476,747           |
| Accrued liabilities   | 504,430              | 427,578              |
| Contract liabilities  | 287,697              | 256,963              |
| Debt due within one year  | 66,243               | 49,335               |
| Operating lease liabilities                                       | 32,382               | 32,528               |
| Total current liabilities   | 1,438,576            | 1,243,151            |
| Long-term debt due after one year                                 | 1,167,307            | 1,224,151            |
| Operating lease liabilities                                       | 138,665              | 155,196              |
| Retirement obligations and other liabilities                      | 389,120              | 309,529              |
| Shareholders' equity:   |                      |                      |
| Common shares, \$1.25 par value                                   | 220,991              | 220,991              |
| Shares authorized – 305,000                                       |                      |                      |
| Shares issued – 176,793 and 176,793, respectively                 |                      |                      |
| Capital in excess of par value                                    | 506,525              | 507,484              |
| Retained earnings   | 3,854,717            | 3,774,209            |
| Treasury shares, at cost – 45,885 and 46,359 shares, respectively | (2,014,474)          | (2,036,882)          |
| Deferred compensation obligation                                  | 7,942                | 6,979                |
| Accumulated other comprehensive loss                              | (639,601)            | (647,788)            |
| Total Flowserve Corporation shareholders' equity                  | 1,936,100            | 1,824,993            |
| Noncontrolling interests  | 38,951               | 33,614               |
| Total equity  | 1,975,051            | 1,858,607            |
| Total liabilities and equity                                      | <u>\$ 5,108,719</u>  | <u>\$ 4,790,634</u>  |

# CONSOLIDATED STATEMENTS OF CASH FLOWS

| (Amounts in thousands)   | Year Ended December 31, |            |             |
|--|-------------------------|------------|-------------|
|  | 2023                    | 2022       | 2021        |
| <b>Cash flows – Operating activities:</b>  |                         |            |             |
| Net earnings, including noncontrolling interests   | \$ 205,188              | \$ 198,015 | \$ 136,182  |
| Adjustments to reconcile net earnings to net cash provided (used) by operating activities: |                         |            |             |
| Depreciation   | 73,464                  | 77,636     | 85,175      |
| Amortization of intangible and other assets  | 10,283                  | 13,317     | 14,647      |
| Loss on extinguishment of debt   | —                       | —          | 46,176      |
| Stock-based compensation   | 27,808                  | 25,530     | 29,478      |
| Foreign currency, asset write downs and other non-cash adjustments                         | (17,331)                | (27,758)   | 29,772      |
| Change in assets and liabilities:  |                         |            |             |
| Accounts receivable, net   | 4,744                   | (152,011)  | (8,675)     |
| Inventories, net   | (59,831)                | (147,492)  | (32,124)    |
| Contract assets, net   | (41,149)                | (41,768)   | 74,333      |
| Prepaid expenses and other assets, net   | 7,825                   | 17,461     | 1,302       |
| Accounts payable   | 53,065                  | 78,968     | (19,505)    |
| Contract liabilities   | 26,837                  | 61,684     | 14,196      |
| Accrued liabilities and income taxes payable   | 59,213                  | (5,226)    | (13,948)    |
| Retirement obligations and other   | 38,497                  | (1,430)    | (15,690)    |
| Net deferred taxes   | (62,841)                | (136,936)  | (91,200)    |
| Net cash flows provided (used) by operating activities                                     | 325,772                 | (40,010)   | 250,119     |
| <b>Cash flows – Investing activities:</b>  |                         |            |             |
| Capital expenditures   | (67,359)                | (76,287)   | (54,936)    |
| Proceeds from disposal of assets   | 2,057                   | 4,422      | 2,663       |
| Proceeds from termination of cross-currency swap   | —                       | 66,004     | —           |
| Net affiliate investment activity  | (3,278)                 | (225)      | (7,204)     |
| Net cash flows provided (used) by investing activities                                     | (68,580)                | (6,086)    | (59,477)    |
| <b>Cash flows – Financing activities:</b>  |                         |            |             |
| Payments on senior notes   | —                       | —          | (1,243,548) |
| Proceeds from issuance of senior notes   | —                       | —          | 498,280     |
| Payments on term loan  | (40,000)                | (32,500)   | (7,500)     |
| Proceeds from issuance of long-term debt   | —                       | —          | 300,000     |
| Payment of deferred loan cost  | —                       | —          | (6,739)     |
| Proceeds from short-term financing   | 280,000                 | 45,000     | —           |
| Payments on short-term financing   | (280,000)               | (45,000)   | —           |
| Proceeds under other financing arrangements  | 1,114                   | 1,733      | 1,408       |
| Payments under other financing arrangements  | (2,604)                 | (1,790)    | (2,086)     |
| Payments related to tax withholding for stock-based compensation                           | (6,245)                 | (4,683)    | (5,984)     |
| Repurchases of common shares   | —                       | —          | (17,531)    |
| Payments of dividends  | (104,955)               | (104,549)  | (104,604)   |
| Other  | (324)                   | (8,223)    | (11,403)    |
| Net cash flows provided (used) by financing activities                                     | (153,014)               | (150,012)  | (599,707)   |
| Effect of exchange rate changes on cash  | 6,529                   | (27,373)   | (27,757)    |
| Net change in cash and cash equivalents  | 110,707                 | (223,481)  | (436,822)   |
| Cash and cash equivalents at beginning of period   | 434,971                 | 658,452    | 1,095,274   |
| Cash and cash equivalents at end of period   | \$ 545,678              | \$ 434,971 | \$ 658,452  |
| Income taxes paid (net of refunds)   | \$ 119,275              | \$ 60,085  | \$ 65,621   |
| Interest paid  | 64,865                  | 41,629     | 72,247      |