

**SPX Flow Technology Danmark A/S**  
**Pasteursvej 1**  
**8600 Silkeborg**

**Central Business Registration No 24 73 00 18**

**Annual report 2019**

The Annual General Meeting adopted the annual report on 16 June 2020

Chairman of the General Meeting:  
Henrik Møgelmos



---

## Contents

	Page
Company details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Accounting policies	16
Income statement 1 January - 31 December	23
Balance sheet at 31 December	24
Equity statement	26
Notes	27

**Please note that English decimal and digit grouping symbols have been used in the financial statements.**

## **Company details**

### **Company**

SPX Flow Technology Danmark A/S  
Central Business Registration No: 24 73 00 18  
Registered in: Silkeborg

Phone: +45 70 278 278  
Fax: +45 70 278 330  
Internet: [www.spxflow.com](http://www.spxflow.com)

### **Board of Directors**

Peter James Ryan, Chairman  
Jaime Manson Easley  
Didde Nonbo Kristiansen  
Martin Knappe (*elected by the employees*)  
Erik Dons Sørensen (*elected by the employees*)

### **Executive Board**

Michael Vembye

### **Company auditors**

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6, 2300 København S

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SPX Flow Technology Danmark A/S (the “Company”) for the financial year 1 January - 31 December 2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company’s financial position at 31 December 2019 and results of operations for the financial year 1 January - 31 December 2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Silkeborg, 12 June 2020

### Executive Board



Michael Vembye  
Chief Executive Officer

### Board of Directors

Peter James Ryan  
Chairman

Jaime Manson Easley



Martin Knappe



Didde Nonbo Kristiansen

Erik Dons Sørensen

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SPX Flow Technology Danmark A/S (the "Company") for the financial year 1 January - 31 December 2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2019 and results of operations for the financial year 1 January - 31 December 2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.


We recommend the annual report for adoption at the Annual General Meeting.

Silkeborg, 12 June 2020

### Executive Board

Michael Vembye  
Chief Executive Officer

### Board of Directors



Peter James Ryan  
Chairman



Jaime Manson Easley

Didde Nonbo Kristiansen

Martin Knappe

Erik Dons Sørensen

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of SPX Flow Technology Danmark A/S (the "Company") for the financial year 1 January - 31 December 2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2019 and results of operations for the financial year 1 January - 31 December 2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Silkeborg, 12 June 2020

### Executive Board

Michael Vembye  
Chief Executive Officer

### Board of Directors

Peter James Ryan  
Chairman

Jaime Manson Easley

Martin Knappe

Didde Nonbo Kristiansen

  
Erik Dons Sørensen

## Independent auditor's report

### To the shareholders of SPX Flow Technology Danmark A/S

#### Opinion

We have audited the financial statements of SPX Flow Technology Danmark A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the financial statements* section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

#### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines 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, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has 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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 12 June 2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6, 2300 København S  
Business Registration No 33 96 35 56

  
Flemming Larsen

State Authorised Public Accountant  
Identification number (MNE) 27790

## Management commentary

	2019	2018	2017	2016	2015
Key figures (in DKK millions):					
Income statement					
Revenue	1,002.5	1,161.6	1,078.7	1,122.5	1,303.5
Gross profit	205.5	216.2	161.2	179.3	296.8
Operating profit/(loss)	(57.0)	(214.7)	(74.6)	(93.7)	(7.6)
Net financials	(0.2)	0.5	(4.4)	(2.0)	(2.1)
Net profit/(loss) for the year	(57.6)	(208.0)	(60.8)	(100.6)	(1.5)
Balance sheet					
Balance sheet total	536.3	589.7	717.4	785.6	908.8
Shareholders' equity	55.3	(13.1)	194.9	257.2	317.3
Investment in tangible fixed assets	2.3	1.3	0.2	4.6	6.2
Employees					
Average number of full-time employees	335	354	392	482.0	538
Ratios:					
Gross margin	20.5%	18.6%	14.9%	16.0%	22.8%
Equity ratio	10.3%	(2.2)%	27.2%	32.7%	34.9%

Key figures for 2016 – 2019 are not comparable to 2015 due to the merger of SPX Flow Technology Danmark A/S and SPX Flow Technology Copenhagen A/S as of 1 January 2016 and the merger of SPX Flow Technology Danmark A/S and SPX Denmark Holding as of 1 January 2017. Key Figures for 2015 comprises only of SPX Flow Technology Danmark A/S activities.

The gross profit figures for 2015-2017 are not comparable to 2018 and 2019 due to change in F/S presentation.

## Management commentary

### Primary activities

SPX Flow Technology Danmark A/S (the “Company”) is part of the Food & Beverage (engineering activity) and Industrial (Heat exchanger distribution activity) business segments of SPX FLOW based in Charlotte, North Carolina, U.S.

The Company operates from offices located in Søborg, Silkeborg and Kolding and provides innovative process solutions (the Engineering activity), products, spares and services for the global food, pharmaceutical, marine and chemical industries.

As part of SPX FLOW, the Company combines expertise in process technology, selected products and automation systems.

The Company offers a wide range of services, with the goal of providing optimal support to maximise customer plant performance and thereby obtain a higher return on the invested capital for customers.

### Market review

The Company is a leading global supplier of engineered flow components, process equipment, turn-key systems and related aftermarket parts and services.

By knowledge sharing within innovation, commercial sales, execution, production and aftermarket services we serve multi-national, regional and local customers with our strong brands and high quality products globally.

### Development in the financial year

In Q2 2019 the engineering facility announced a restructuring initiative resulting in reduction of the staff by some 25 employees. Costs relating to this are included in the 2019 profit/loss.

Also in Q2 2019, the Industrial business leadership announced the discontinuation of the Marine OE product line to focus on more profitable areas of the business. In Q4 2019, the Kolding facility used for the heat exchanger distribution business (Nordager location) was closed and employees were relocated to Silkeborg in order to consolidate facilities and reduce overall costs. These two actions resulted in a reduction of 10 employees. Costs relating to this were included in the 2019 profit/loss.

The gross profit for 2019 has decreased compared to prior year mainly due to DKK 11.5m of costs recorded to account for the unused portion of the building in Søborg following the restructuring actions in 2019. However, gross profit as a % of sales has actually increased as a result of higher focus on order selectivity.

From an order and revenue perspective, the dry technology business had a more selective order approach introduced in 2018. This has resulted in a decrease in order intake and 2019 revenue in this business is halved compared to 2018. In respect of wet technologies, there has been good activity and revenue remains at a similar level as in 2018. For the Fats and Oils business, revenue has increased significantly in 2019.

Overall, in 2019 the Company continued to focus on order selectivity and improving performance of potential high-growth product lines, while continuing to review opportunities for cost savings.

### **Outline of the year – and follow-up on past years' expected development**

The Company realized a slightly lower revenue than the previous year.

Compared to last year, the net loss has decreased, mainly due to the one-off impairment losses of DKK 150.6m recognized in 2018.

Operating results have increased from DKK -214.1m to DKK -57.2m, of which DKK 150.6m is caused by impairment losses recorded in 2018.

Loss for the year totals DKK 57.6m mainly due to severance costs and one-off charges recorded in 2019 as described in page 8.

### **Uncertainties in the recognition and measurement**

The Engineering activities are characterized by a number of ongoing projects of various size and complexity. Work in progress is recognized at estimated sales value calculated on the basis of the assessed degree of completion among others. The determination of the sales value is based on an estimate, and therefore there is uncertainty in the measurement.

Also, Management considers the annual report to reflect the best estimate of liabilities in connection with a small number of legal disputes.

The annual report is prepared under various assumptions involving accounting estimates. These estimates are made by Management in accordance with accounting policies and based on historical experience and assumptions which management considers to be sound and reasonable.

The main area involving a high degree of assessment and complexity, and where assumptions and estimates are significant to the accounts is work in progress. The Company has included work in progress with expected sales value in relation to the project's degree of completion, less on account invoicing. The Company has work in progress, spreading over several accounting periods. Unforeseen future circumstances may thus affect the measurement of such works both positively and negatively. The Company's work in progress estimated at gross sales value is DKK 1,230m per 31 December 2019.

### **Capital position and resources**

The Company's equity amounts to DKK 55.3m resulting in an equity ratio of 10.3%.

A capital increase of DKK 0.1m with a surplus of DKK 125.9m, totalling DKK 126m was made in August 2019, ensuring the Company's capital position.

The company has received a letter of support from the ultimate parent to secure that the company has sufficient capital resources and liquidity for the next year. In this context, the group has contributed DKK 193m in equity in February 2020.

**Particular risks****Operations**

The Company has focused its efforts on ensuring a better understanding of large project related risks and has worked in a structured manner to reduce these risks before the conclusion of such contracts.

Management believes that adequate provisions have been made for operational risks.

**Market risks**

The Company expects the COVID-19 pandemic to have a modest adverse impact in the markets it operates in during 2020. Although certain of its product lines (e.g., shorter-cycle product lines within our Industrial segment) are likely to be impacted more than others in our portfolio, the Company's diverse set of products position it well to mitigate further potential adverse impacts of the COVID-19 pandemic. Also, because the Company serves customers primarily within the food and beverage industry many of its products, services and operations have been classified as "essential" under various governmental orders.

**Exchange rate risk**

The Company aims to reduce exchange rate risks through trading in EUR. For trades settled in USD, the Company attempts to hedge the exchange rate risk by purchasing and incurring other expenses in USD. Other exchange rate transactions are optimized at the SPX Flow Inc. level and are not a separate discipline for the Company.

**Credit risk**

The Company is not exposed to any major risks from a single customer or business partner.

It is Company policy to rate and hedge all large customers through prepayments or other security.

**Strategy and objectives**

Over the past years, the SPX Flow group has on a global scale transitioned to a customer-focused operating structure and unlocked its potential for growth and improvement.

The Company supports the SPX FLOW Enterprise strategy which is to build a premier process solutions enterprise with the goal of delivering world-class customer experience from the original design throughout lifecycle of our equipment.

**Objectives and expectations for the coming year**

In 2020, the business will continue to be more selective on order intake, and expect a reduction in volume, but an increase in profitability.

The Company will strive to be the life-cycle partner to our customers from the initial installation of our products, to operating those products efficiently and providing first class customer service. Its focus will also remain on continuous improvement.

Although the COVID-19 pandemic is expected to have a modest adverse impact on the Company's financial results for 2020, it is unable to determine the extent, duration, or nature at this time. Due to the above, the expectation is that operating profit will remain at a similar level or slightly below 2019.

### **Development activities**

Research and Development activities are conducted in the Global Design Centre business units. New upgrades and improvements of our strong brand portfolio are launched continuously. The development activities are coordinated with activities in other SPX FLOW Inc. companies which provide increased advantages as to execution support and market introduction of new products.

### **Knowledge resources**

The Company is continuously working on maintaining and developing required competencies. In addition, the Company will benefit from access to a high level of knowledge from other SPX FLOW Inc. companies and their technologies in order to maximise knowledge sharing and minimizing risk.

### **Environmental performance**

The Company will continue its strong effort regarding the environment, health and safety to continuously improve and secure staff conditions, to minimize any environmental impact from the Company's activities, as well as to strengthen its profile with customers and the local community.

## **Corporate social responsibility**

### **Environmental protection**

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

The Director - Environmental, Health and Safety of SPX FLOW is responsible for implementing the policies and practices that address the matters and risks such as incorrect use of equipment, health and safety hazards, and environmental risks (energy, waste and pollution). Day-to-day responsibility for adherence rests with each operation in Silkeborg (Pasteursvej), Soeborg (Østmarken) and Kolding (Platinvej). The Company's managers and employees share the responsibility to abide by its environmental, health and safety policies and practices, and apply them to their jobs.

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

The Company is quality certified per ISO9001:2015. During February 2020, the Company had an ISO9001:2015 surveillance audit in Silkeborg and Soeborg and no non-conformities were raised. Preventive and corrective actions related to health and safety initiatives continue to be registered in a Share-Point tracking system. The registrations are made on the basis of safety walk arounds in the Company.

### **Social and employee matters**

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

Risks associated with social relationships and personnel revolve around discrimination and unfair pay.

At SPX FLOW Inc. and at the Company, everyone is treated equally regardless of gender, ethnicity, sexual orientation, disability and age.

SPX FLOW Inc and the Company chooses to look after each individual's performance and not to group affiliation. In this way, we can attract and retain those who work best to achieve its goals and visions.

Recruitment and selection at the Company always takes place from a competition perspective and the selection is based on suitability without regard to differences that cannot be attributed to the role. The Company ensures that all persons regardless of race are given the opportunity to apply for vacant positions.

#### **Gender composition in management positions**

In addition to the SPX FLOW global policy described above, the Board of Directors of the Company has adopted the following policies on and objectives for the underrepresented gender in management positions:

#### **Target figures for the underrepresented gender in the Board of Directors**

Competencies, international experience and diversity are taken into account when nominating new members to the Board of Directors of the Company. The Board of Directors is appointed by the shareholder, subject to local law. It is the objective of the Company to continuously have one female board member on the board.

**Target figures for the underrepresented gender at other management levels**

Other management levels at the Company consist of the corporate management team and the Danish management team. The policy is to ensure that the number of female representatives in the general management is at any time not lower than the representation of females in general in the Company. The target is female vs. male managers split at 25% / 75%. It is the intention to take gender considerations as well as qualifications into account in conjunction with appointments for management positions.

It is the overall SPX FLOW Inc. policy to hire the most qualified person for the job. Overall employment selection and all other employment decisions are made without regard to race, color, religion, national origin, gender, disability, age, veteran status, or any other reason prohibited by law.

However in order to meet the objective of this local policy, including increasing the number of female managers, the following number of initiatives are being taken to increase the number of female job applicants and hence the pool of qualified female candidates:

- Encouragement of both female and male candidates to apply for all positions specified in all internal and external job ads.
- Maternity leave/parental leave benefits in line with market conditions.
- Defined that for all open management positions the field of candidates shall consist of candidates from both genders if candidates from both genders have applied and have the necessary qualifications.
- When external recruiting vendors are used for recruiting management positions they will be asked to search for and present relevant candidates of both genders.

At the end of 2019 the split between female and male managers is 24% / 76%. This is an increase in female managers of 5% during 2019, which is nearly at our target for 2019.

SPX FLOW Inc and the Company has been on a journey to make gender balance a reality. The Company is committed to creating a culture where all its employees have an equal opportunity to grow and thrive and be heard and valued. In 2019, the first global employee resource group, called Empower, has been created. The group is focused on supporting and growing women in business as well as equal pay opportunities and the Company shall continue to focus on this important initiative going forward.

**Respect for human rights**



The Company follows SPX FLOW Inc.'s code of business conduct, which clarifies the importance that each employee must comply with the letter and spirit of every applicable law or regulation in each country and locality in which SPX FLOW operates. Each employee is responsible for understanding the laws and regulations that relate to their individual responsibilities. An identified risk for the Company and part of the code of conduct is the respect of human rights.

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

### **Anti-Corruption**

The Company follows SPX FLOW Inc.'s policy for anti-corruption. Bribery and fraud, facilitation payment offers, and corruption in general are considered risk areas for the Company.

All SPX FLOW's representatives including sales representatives and consultants are expected to adhere to the highest standard of ethical conduct at all times. This is especially important in all dealings with government officials and employees. SPX FLOW has a zero tolerance policy for bribery. A sales representative or consultant may not offer or give anything of value to a government official, customer, or any other person as an incentive to, or in exchange or as a reward for, obtaining an improper business advantage for SPX FLOW.

SPX FLOW provides training to all employees covering its corporate social responsibilities noted above. Every new employee is required to participate in the SPX FLOW Compliance Training program called Law Connect. This training program is also carried out every second year for all employees. In addition, all employees working for the Company are required to review and sign-off on the Company's code of conduct at the start of their employment.

In all Company sites, posters are displayed with information on its Ethics Point tool. Ethics Point is a whistle-blower facility that enables all employees to report suspected violations to their managers, other representatives or anonymously through the tool. Any incidents reported in the tool are fully investigated by the compliance and audit teams within SPX FLOW.

In addition, as part of the exit interview/survey process at the Company, employees exiting the Company are always asked the question “Are you aware of any illegal or unlawful acts by SPX FLOW or any employee or agent of SPX FLOW?” The results are reported on a quarterly basis.

The results from the tools mentioned above show there has been no known cases of bribery, fraud, corruption, or discrimination noted during 2019 (or prior years) in the Company.

## **ISO**

The Company is ISO 9001/2015 certified.

## **Events after the balance sheet date**

In February 2020 the Company has increased its share capital by DKK 0.1m with a capital surplus of DKK 192.9m totaling DKK 193m in equity increase.

As briefly described above, the COVID-19 pandemic had a modest adverse impact on the Company’s consolidated financial results for the first quarter of 2020. These adverse impacts are expected to continue in the second and third quarters of 2020, and possibly longer, but the Company is unable to determine the extent, duration, or nature at this time. Although certain product lines (e.g., shorter-cycle product lines within our Industrial segment) are likely to be impacted more than others, the Company’s diverse set of products position it well to mitigate further potential adverse impacts of the COVID-19 pandemic. Also, a majority of products, services and operations have been classified as “essential” under various governmental orders. While certain offices and engineering, service and manufacturing centers have been temporarily closed over the past several months, and additional facilities may face restrictions in the future in response to governmental orders, other COVID-19 pandemic safety-related concerns or in response to market conditions affected by COVID-19, SPX FLOW’s facilities have not experienced material interruptions in operations to date.

Other than this, no events have occurred after the balance sheet date that would influence the view of the income statement and/or balance sheet or require additional disclosure in the notes.

## Accounting policies

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

Referring to section 112 (2 and 3) of the Danish Financial Statements Act, SPX Flow Technology Danmark A/S has not prepared any consolidated financial statements. According to the Financial Statements Act § 86 paragraph. 4, the company has not prepared a cash flow statement, as this is included in the consolidated cash flow statement of SPX Flow, Inc., a company registered in the United States of America.

The accounting policies applied for these financial statements are consistent with those applied last year

In 2019, the income statement has changed presentation from by function to by nature in order to better reflect the business activities. The change has no impact on the net result in 2018 nor the balance sheet or equity as of 31.12.2019. The comparative figures in the financial statements and accompanying notes are updated to the new classification.

### Recognition and measurement

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

### Foreign currency transactions and translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect

at the payment date or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using transaction day rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered as belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognized directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or write-down. Income statement transactions are translated at the average rates of the months; however, transactions derived from non-monetary assets and liabilities are translated using the transaction day rates applicable to the relevant non-monetary items.

## **Income statement**

### **Revenue**

Revenue from the sale of manufactured goods and goods for resale is recognized in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognized net of VAT, duties and sales discounts and is measured at the fair value of the consideration to be received.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

### **Cost of sales**

Cost of sales comprises direct and indirect costs incurred to earn revenue. In cost of sales, commercial businesses recognise consumption of goods whereas manufacturing businesses recognise costs of raw materials, consumables and production staff as well as depreciation.

Cost of sales concerning contract work in progress is recognized as incurred.

**Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal writedowns

**Staff costs**

Staff costs comprise wages and salaries as well as other staff-related costs

**Depreciation, amortisation and impairment losses**

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets

**Financial income and expenses**

These items comprise interest income and expenses, the interest portion of finance lease payments, interest on payables and transactions in foreign currencies.

**Income taxes**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly to equity. The portion of tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

Deferred tax is recognized on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized in the balance sheet at their estimated realizable value, either as a offset against deferred tax liabilities or as net tax assets. The Company is jointly taxed with all of its Danish group companies. Current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

A deferred tax asset can be computed based on the Company's tax loss. This contingent asset is not recognized in the balance sheet, as the tax loss is not expected to be utilised within the foreseeable future.

**Balance sheet****Goodwill**

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortization period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market

position and a long-term earnings profile if the longer amortization period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

#### **Other Intangible assets**

Know-how is recognized as an asset in connection with acquisitions as an identifiable asset in connection with the purchase price. Know-how is amortized linearly over the estimated useful life determined on the basis of management expectations for the acquired Company. The amortization period is usually 5 years, but may in some cases represent up to 20 years for strategic acquisitions if the longer amortization period is considered to better reflect the value of that asset. Amortization on know-how is recognized in income during production and project costs.

Licenses and other intangible assets are recognized as assets in connection with acquisitions as an identifiable asset in connection with the purchase price. Licenses and other intangible assets are amortized linearly over the estimated useful lives and are determined based on management's expectations for the acquired Company. The amortization period reflects management's assessment of the useful life of the asset and accounts for 2.5 years.

Amortization on the back-log is recognized in income during production and project cost, while amortization of purchased licenses is recognized in income under selling expenses.

#### **Property, plant and equipment**

Leasehold improvements, plant and machinery as well as other fixtures and fittings and tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For Company-manufactured assets, cost comprises direct and indirect costs of materials, components, sub suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and the present value of future lease payments. Interest expenses on loans for financing the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other financing costs are recognized in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Leasehold improvements	5-10 years
Plant and machinery	3-20 years
Other fixtures and fittings, tools and equipment	3-10 years

Property, plant and equipment are written down to the lower of the recoverable amount or carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are recognized in the income statement as an adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

#### **Investments in subsidiaries**

Investments in subsidiaries are recognized at cost. Dividends are recognized in the income statement when declared.

If the acquisition price exceeds the fair market value of the capital investment, it is written down to the specific lower value. Any payment of dividends exceeding the total net income in the subsidiaries since the acquisition of capital shares is considered as an indication of impairment.

Subsidiaries with negative equity are measured at DKK 0, and any receivable from these enterprises is written down by the Company's share of the negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the receivable, the remaining amount is recognized under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

#### **Inventories**

Inventories are measured at the lower of cost using the FIFO method and net realizable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realizable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute the sale.

#### **Contract work in progress**

Contract work in progress with an estimated period less than 3 months is measured at cost plus production overheads.

Other contract work in progress is measured at the selling price of the work carried out at the balance sheet date less reservations. The value is calculated on the basis of the stage of completion at the balance sheet date and the total expected income from the contract in question. The stage of completion is calculated on the basis of the costs incurred relative to the expected total costs.

Write-downs for losses are calculated as the total expected loss on the contract irrespective of the stage of completion.

The value of the individual contracts, less prepayments, is classified under 'Receivables' if the amounts are positive and under 'Payables' if the amounts are negative.

Costs of sales work and of securing contracts as well as financing costs are recognized in the income statement as incurred.

**Receivables**

Receivables are measured at amortised cost, usually equaling nominal value less provisions for bad debts.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Dividends**

Dividends are recognized as a liability at the time of declaration at the general meeting. The proposed dividends for the financial year are disclosed as a separate item in equity.

**Provisions**

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Other provisions comprise anticipated loss on contract work in progress, decided and published restructurings, etc.

Other provisions are recognized and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.



**Lease commitments**

Lease commitments relating to assets held under finance leases are recognized in the balance sheet as liabilities other than provisions and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognized in the income statement as a financial expense over the term of the leases.

Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost which usually corresponds to nominal value.

**Prepayments received from customers**

Prepayments received from customers comprise received income for recognition in subsequent financial years. Prepayments are measured at cost.

**Related parties**

SPX Flow Technology Danmark A/S's related parties include:

*Controlling interest*

The principal shareholder is disclosed in note 21

*Transactions with related parties*

SPX Flow Technology Danmark A/S did not carry out any substantial transactions with related parties that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

**Financial highlights**

Financial highlights are defined and calculated as below:

<b>Ratios</b>		<b>Calculation formula</b>
Gross margin (%)	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Equity ratio (%)	=	$\frac{\text{Equity} \times 100}{\text{Total assets}}$

**Segment information**

The Company operates within two business segments, engineering business and distribution business. The revenue on these segments and on geographical segments is shown in note 2.

---

**Income statement**


---

	Note	2019 DKK'000	2018 DKK'000
<b>Revenue</b>	2	1,002,519	1,161,645
Production costs and project costs		(608,752)	(775,879)
Other external expenses		(188,239)	(169,571)
		<hr/>	<hr/>
<b>Gross profit/(loss)</b>		<b>205,528</b>	<b>216,195</b>
Staff costs	3	(260,704)	(258,269)
Depreciation, amortisation and impairment losses	4	(1,837)	(172,628)
		<hr/>	<hr/>
<b>Profit/(loss) before net financials</b>		<b>(57,013)</b>	<b>(214,702)</b>
Financial items	5	(197)	545
		<hr/>	<hr/>
<b>Profit/(loss) before tax</b>		<b>(57,210)</b>	<b>(214,157)</b>
Income taxes	6	(388)	6,161
		<hr/>	<hr/>
<b>Profit/(loss) for the year</b>		<b>(57,598)</b>	<b>(207,996)</b>
		<hr/>	<hr/>
<b>Proposed distribution of profit:</b>			
Retained earnings		<b>(57,598)</b>	<b>(207,996)</b>
		<hr/>	<hr/>

## Balance sheet

	Note	2019 DKK'000	2018 DKK'000
Software		-	235
<b>Intangible assets</b>	7	<b>-</b>	<b>235</b>
Leasehold improvements		1,666	261
Plant and machinery		4,042	5,234
Other fixtures and fittings, tools and equipment		850	264
Fixed assets in progress		-	331
<b>Property, plant and equipment</b>	8	<b>6,558</b>	<b>6,090</b>
<b>Investments in subsidiaries</b>	9	<b>1,231</b>	<b>1,231</b>
<b>Fixed assets</b>		<b>7,789</b>	<b>7,556</b>
<b>Inventories</b>	10	<b>67,158</b>	<b>77,742</b>
Trade receivables		138,076	109,616
Contract work in progress	11	75,198	114,189
Receivables from group enterprises		172,891	200,604
Other receivables		29,114	35,343
Prepayments	12	13,058	13,905
<b>Receivables</b>		<b>428,337</b>	<b>473,657</b>
<b>Cash</b>		<b>33,033</b>	<b>30,773</b>
<b>Current assets</b>		<b>528,528</b>	<b>582,172</b>
<b>ASSETS</b>		<b>536,317</b>	<b>589,728</b>

## SPX Flow Technology Danmark A/S

## Balance sheet

	Note	2019 DKK'000	2018 DKK'000
Share capital	13	35,100	221,000
Paid in surplus		125,900	-
Retained earnings		(105,654)	(234,056)
<b>Equity</b>		<b>55,346</b>	<b>(13,056)</b>
Provision for guarantees		6,538	4,076
Other provisions		13,520	5,646
<b>Provisions</b>	14	<b>20,058</b>	<b>9,722</b>
Bank loans		-	-
Prepayments received from customers		100,618	175,454
Group enterprises		231,679	263,707
Trade payables		63,213	99,171
Income taxes payable		2	-
Other payables	15	65,401	54,730
<b>Short-term liabilities other than provisions</b>		<b>460,913</b>	<b>593,062</b>
<b>Liabilities other than provisions</b>		<b>460,913</b>	<b>593,062</b>
<b>EQUITY AND LIABILITIES</b>		<b>536,317</b>	<b>589,728</b>

## Notes to the financial statements

**1. Uncertainties in the recognition and measurement**

The annual report is prepared under various assumptions involving accounting estimates. These estimates are made by Management in accordance with accounting policies and based on historical experience and assumptions which management considers to be sound and reasonable.

The main area involving a high degree of assessment and complexity, and where assumptions and estimates are significant to the accounts is work in progress. The Company has included work in progress with expected sales value in relation to the project's degree of completion, less on account invoicing. The Company has work in progress, spreading over several accounting periods. Unforeseen future circumstances may thus affect the measurement of such works both positively and negatively. The Company's work in progress estimated at gross sales value is kDKK 1,229,839 per 31.12.2019.

**2 Revenue**

	2019 DKK'000	2018 DKK'000
Europe	625,929	798,679
Asia	200,876	174,201
The Middle East	19,485	24,051
Americas	121,706	82,418
Others	34,523	82,296
	<u>1,002,519</u>	<u>1,161,645</u>
Engineering business	840,394	1,004,233
Selling/distribution business	162,125	157,412
	<u>1,002,519</u>	<u>1,161,645</u>

Notes to the financial statements (*continued*)**3 Staff costs**

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Production, project, sales and administrative expenses include the following staff costs:		
Wages and salaries	241,611	237,247
Pension costs	17,375	18,704
Other social security costs	1,718	2,318
	<u>260,704</u>	<u>258,269</u>
Average number of employees	<u>335</u>	<u>354</u>

**4 Depreciation, amortisation and impairment losses**

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Know-how	-	56,174
Goodwill	-	75,996
Software	235	707
Leasehold improvements	184	5,552
Plant and machinery	1,342	34,161
Fittings, tools and equipment	76	38
	<u>1,837</u>	<u>172,628</u>

Notes to the financial statements (*continued*)**5 Financial items**

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Interest income	-	10
Exchange rate adjustment	1,821	1,843
Interest expenses	(333)	(836)
Interest expenses, group enterprises	(1,685)	(472)
	<u>(197)</u>	<u>545</u>

**6 Income taxes**

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Tax on the taxable income for the year	-	-
Tax paid in other countries	(388)	(1,243)
Adjustment tax prior year	-	7,404
	<u>(388)</u>	<u>6,161</u>

**7 Software**

	<b>DKK'000</b>
Cost at 1 January 2019	2,965
	<u>2,965</u>
Cost at 31 December 2019	<u>2,965</u>
Amortization and impairment losses at 1 January 2019	(2,730)
Amortization and impairment losses for the year	(235)
	<u>(2,965)</u>
Amortization at 31 December 2019	<u>(2,965)</u>
Carrying amount at 31 December 2019	<u>-</u>

Notes to the financial statements (*continued*)

<b>8 Leasehold improvements</b>	<b>DKK'000</b>
Cost at 1 January 2019	12,274
Additions	1,589
	<hr/>
Cost at 31 December 2019	<b>13,863</b>
	<hr/>
Depreciation at 1 January 2019	(12,013)
Depreciation and write-downs	(184)
	<hr/>
Depreciation at 31 December 2019	<b>(12,197)</b>
	<hr/>
Carrying amount at 31 December 2019	<b><u>1,666</u></b>



Notes to the financial statements (*continued*)

<b>8 Plant and machinery</b>	<b>DKK'000</b>
Cost at 1 January 2019	102,906
Additions	315
Disposals	(588)
	<hr/>
Cost at 31 December 2019	<b>102,633</b>
	<hr/>
Depreciation at 1 January 2019	(97,672)
Depreciation and write-downs	(1,342)
Depreciation on assets disposed of	423
	<hr/>
Depreciation at 31 December 2019	<b>(98,591)</b>
	<hr/>
Carrying amount at 31 December 2019	<b>4,042</b>
	<hr/>
<b>8 Other fixtures and fittings, tools and equipment</b>	<b>DKK'000</b>
Cost at 1 January 2019	17,722
Additions	662
	<hr/>
Cost at 31 December 2019	<b>18,384</b>
	<hr/>
Depreciation at 1 January 2019	(17,458)
Depreciation and write-downs	(76)
	<hr/>
Depreciation at 31 December 2019	<b>(17,534)</b>
	<hr/>
Carrying amount at 31 December 2019	<b>850</b>
	<hr/>

Notes to the financial statements (*continued*)

<b>8</b>	<b>Fixed assets in progress</b>	<b>DKK'000</b>		
	Cost at 1 January 2019	331		
	Reclassification	(331)		
		<hr/>		
	Cost at 31 December 2019	-		
		<hr/>		
	Carrying amount at 31 December 2019	-		
		<hr/>		
<b>9</b>	<b>Fixed assets investments</b>		<b>Investments in subsidiaries DKK'000</b>	
	Cost at 1 January 2019		1,231	
	Disposal in connection with merger		-	
	Disposals		-	
			<hr/>	
			<b>1,231</b>	
			<hr/>	
	Net write-down for impairment at 1 January 2019			
	Write down relating to disposals			
			<hr/>	
	Net write-down for impairment at 31 December 2019		-	
			<hr/>	
	Cost at 31 December 2019		<b>1,231</b>	
			<hr/>	
	Analysis of investments in subsidiaries:			
		<b>Percentage of ownership %</b>	<b>Latest result DKK'000</b>	<b>Nominal value 1000</b>
				<b>Equity value DKK'000</b>
	APV Middle East Ltd., Saudi Arabia (2018)	75	(1,973)	SAF 750
		<hr/>	<hr/>	<hr/>
				4,903
				<hr/>

Notes to the financial statements (*continued*)**10 Inventories**

	2019 DKK'000	2018 DKK'000
Raw materials and consumables	8,424	8,391
Work in progress	3,972	3,972
Manufactured goods and goods for resale	54,762	65,379
	<u>67,158</u>	<u>77,742</u>

**11 Contract work in progress**

	2019 DKK'000	2018 DKK'000
Direct costs	1.144,174	1.531,583
Additional costs and attributable profit margin	85,665	96,068
	<u>1,229,839</u>	<u>1,627,651</u>
Contract work in progress	(1,253,487)	(1,673,223)
Invoicing on account	<u>(23,648)</u>	<u>(45,572)</u>
<b>Net value in the balance sheet</b>		
Included in contract work in progress	74,052	114,189
Included in prepayments from customers	(97,700)	(159,761)
	<u>(23,648)</u>	<u>(45,572)</u>

**12 Prepayments**

	2019 DKK'000	2018 DKK'000
Prepaid purchase of goods, services and expenses	<u>13,058</u>	<u>13,905</u>

## Notes to the financial statements (continued)

<b>13 Share capital</b>	<b>Share capital DKK'000</b>
Share capital consists of shares of DKK 1,000 or multiples thereof:	
Movements in the past 5 years	
2019, capital decrease	(186,000)
2019, capital increase	100
	<hr/>

<b>14 Provisions</b>	<b>2019 DKK'000</b>	<b>2018 DKK'000</b>
Provisions for guarantees at 1 January	4,076	5,815
Employed during the year	-	(2,785)
Allocated during the year	2,462	1,046
	<hr/>	<hr/>
Guarantee commitments at 31 December	<b>6,538</b>	<b>4,076</b>
	<hr/>	<hr/>
Other provisions at 1 January	5,646	4,938
Employed during the year	(2,869)	(3,188)
Allocated during the year	10,743	3,896
	<hr/>	<hr/>
Other provisions at 31 December	<b>13,520</b>	<b>5,646</b>
	<hr/>	<hr/>

Increase in Other provisions is driven by DKK 11.5m of costs recorded to account for the unused portion of the building in Søborg following the restructuring actions in 2019.

<b>15 Other payables</b>	<b>2019 DKK'000</b>	<b>2018 DKK'000</b>
Wages and salaries, personal income taxes, social security costs, etc	9,645	8,994
Provisions for holiday pay	34,686	35,907
Restructuring costs	6,177	894
VAT	2,543	-
Commission	10,199	7,611
Other costs payable	2,151	1,324
	<hr/>	<hr/>
	<b>65,401</b>	<b>54,730</b>
	<hr/>	<hr/>

Notes to the financial statements (*continued*)**16 Rental and lease commitments**

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Annual lease payments do not exceed	2,809	2,532
Total lease obligations amount to	6,202	5,686
Annual rent payments do not exceed	17,682	18,781
Total rent obligations amount to	164,618	184,073

**17 Contingent liabilities and assets**

In addition to specific provisions, the Company is subject to usual guarantees on projects completed. Normal risk of claims, aside from claims provided for, on performed projects are incumbent on the Company. No deferred tax asset has been recognized in the annual report as Management has assessed that the utilization within a reasonable period of time of such tax asset is uncertain.

	<b>2019</b>	<b>2018</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>Deferred tax</b>		
Intangible assets	(65,520)	(64,429)
Property, plant and equipment	(36,712)	(36,077)
Provisions	(4,413)	(2,139)
Tax loss carry forwards	(119,669)	(109,868)
Valuation allowance	226,314	212,513
	-	-
Deferred tax at 1 January 2019	(212,513)	(169,248)
Change in deferred tax	(13,801)	(43,265)
Deferred tax before valuation allowance	(226,314)	(212,513)
Valuation allowance	226,314	212,513
Deferred tax at 31 December 2019	-	-

Not recognized deferred tax amounts to DKK 226.3 million at 31 December 2019 (DKK 212.5 million 31 December 2018)

Notes to the financial statements (*continued*)**18 Security**

Performance guarantees for contracts and consignments totalling DKK 103m have been issued.

**19 Fees for the auditors appointed by the company in general meeting**

	2019 DKK'000	2018 DKK'000
Fee for statutory audit service	1,115	1,367
Fee for non-audit services	43	92
	<u>1,158</u>	<u>1,459</u>

**20 Contingent liabilities and assets**

In addition to specific provisions, the Company is subject to usual guarantees on projects completed.

Normal risk of claims, aside from claims provided for, on performed projects are incumbent on the Company.

No deferred tax asset has been recognized in the annual report as Management has assessed that the utilization within a reasonable period of time of such tax asset is uncertain.

**21 Consolidation**

SPX Flow Technology Danmark A/S and subsidiary are included in the consolidated financial statements of:

SPX Flow Inc  
13320 Ballantyne Corporate Place,  
Charlotte NC 28277  
U.S.A.  
TIN: 47-3110748

A copy of the consolidated financial statements is available from [www.spxflow.com](http://www.spxflow.com).