

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** For the quarterly period ended
March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File No. 1-13179

FLOWERVE CORP ORATION

(Exact name of registrant as specified in its charter)



New York

31-0267900

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

5215 N. O'Connor Blvd., Suite 700, Irving, Texas

75039

(Address of principal executive offices)

(Zip Code)

(972) 443-6500

(Registrant's telephone number, including area code)

Former name, former address and former fiscal year, if changed since last report: N/A

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

Title of each class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, \$1.25 Par Value	FLS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in

Rule	12b-2	of	the	Exchange	Act.
Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 19, 2024 there were 131,654,386 shares of the issuer's common stock outstanding.

FLOWSERVE CORPORATION
FORM 10-Q
TABLE OF CONTENTS

	Page No.
<hr/>	
<u>PART I – FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
<u>Condensed Consolidated Statements of Income and Condensed Consolidated Statements of Comprehensive Income (Loss) – Three Months Ended March 31, 2024 and 2023 (unaudited)</u>	<u>1</u>
<u>Condensed Consolidated Balance Sheets – March 31, 2024 and December 31, 2023 (unaudited)</u>	<u>2</u>
<u>Condensed Consolidated Statements of Shareholders' Equity – Three Months Ended March 31, 2024 and 2023 (unaudited)</u>	<u>3</u>
<u>Condensed Consolidated Statements of Cash Flows – Three Months Ended March 31, 2024 and 2023 (unaudited)</u>	<u>4</u>
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	<u>5</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>23</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>32</u>
<u>Item 4. Controls and Procedures</u>	<u>32</u>
 <u>PART II – OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>33</u>
<u>Item 1A. Risk Factors</u>	<u>33</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>33</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>35</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>35</u>
<u>Item 5. Other Information</u>	<u>35</u>
<u>Item 6. Exhibits</u>	<u>35</u>
<u>SIGNATURES</u>	<u>36</u>

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

FLOWERVE CORPORAION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Amounts in thousands, except per share data)

	Three Months Ended March 31,	
	2024	2023
Sales	\$ 1,087,479	\$ 980,305
Cost of sales	(748,511)	(683,475)
Gross profit	338,968	296,830
Selling, general and administrative expense	(228,418)	(244,268)
Net earnings from affiliates	2,529	4,624
Operating income	113,079	57,186
Interest expense	(15,317)	(16,211)
Interest income	1,169	1,494
Other income (expense), net	(874)	(8,020)
Earnings (loss) before income taxes	98,057	34,449
Provision for income taxes	(20,142)	(4,453)
Net earnings (loss), including noncontrolling interests	77,915	29,996
Less: Net earnings attributable to noncontrolling interests	(3,695)	(3,230)
Net earnings (loss) attributable to Flowserve Corporation	\$ 74,220	\$ 26,766
Net earnings (loss) per share attributable to Flowserve Corporation common shareholders:		
Basic	\$ 0.56	\$ 0.20
Diluted	0.56	0.20
Weighted average shares – basic	131,510	130,930
Weighted average shares – diluted	132,368	131,754

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

(Amounts in thousands)

	Three Months Ended March 31,	
	2024	2023
Net earnings (loss), including noncontrolling interests	\$ 77,915	\$ 29,996
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of taxes of \$ 828 and \$ 717 , respectively	(28,244)	13,506
Pension and other postretirement effects, net of taxes of \$ 76 and \$(12) , respectively	1,376	(443)
Cash flow hedging activity, net of taxes of \$(35) and \$(9) , respectively	(5)	30
Other comprehensive income (loss)	(26,873)	13,093
Comprehensive income (loss), including noncontrolling interests	51,042	43,089
Comprehensive (income) loss attributable to noncontrolling interests	(3,482)	(68)
Comprehensive income (loss) attributable to Flowserve Corporation	\$ 47,560	\$ 43,021

See accompanying notes to condensed consolidated financial statements.

FLOWSERVE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Amounts in thousands, except par value)	March 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 531,981	\$ 545,678
Accounts receivable, net of allowance for expected credit losses of \$ 78,305 and \$ 80,013 , respectively	914,357	881,869
Contract assets, net of allowance for expected credit losses of \$ 4,986 and \$ 4,993 , respectively	287,058	280,228
Inventories	883,341	879,937
Prepaid expenses and other	149,840	116,065
Total current assets	2,766,577	2,703,777
Property, plant and equipment, net of accumulated depreciation of \$ 1,162,548 and \$ 1,158,451 , respectively	499,499	506,158
Operating lease right-of-use assets, net	163,183	156,430
Goodwill	1,173,368	1,182,225
Deferred taxes	215,216	218,358
Other intangible assets, net	119,355	122,248
Other assets, net of allowance for expected credit losses of \$ 66,357 and \$ 66,864 , respectively	212,727	219,523
Total assets	<u>\$ 5,149,925</u>	<u>\$ 5,108,719</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 549,515	\$ 547,824
Accrued liabilities	547,382	504,430
Contract liabilities	279,216	287,697
Debt due within one year	66,428	66,243
Operating lease liabilities	31,635	32,382
Total current liabilities	1,474,176	1,438,576
Long-term debt due after one year	1,152,336	1,167,307
Operating lease liabilities	144,740	138,665
Retirement obligations and other liabilities	382,461	389,120
Contingencies (See Note 10)		
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	483,963	506,525
Retained earnings	3,900,922	3,854,717
Treasury shares, at cost – 45,372 and 45,885 shares, respectively	(1,992,404)	(2,014,474)
Deferred compensation obligation	6,767	7,942
Accumulated other comprehensive loss	(666,259)	(639,601)
Total Flowserve Corporation shareholders' equity	1,953,980	1,936,100
Noncontrolling interests	42,232	38,951
Total equity	1,996,212	1,975,051
Total liabilities and equity	<u>\$ 5,149,925</u>	<u>\$ 5,108,719</u>

See accompanying notes to condensed consolidated financial statements.

FLOWSERVE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

Total Flowserve Corporation Shareholders' Equity

	Common Stock				Treasury Stock		Deferred Compensation Obligation	Accumulated	Non-controlling Interests	Total Equity
	Shares	Amount	Capital in Excess of Par Value	Retained Earnings	Shares	Amount		Other		
								Comprehensive Income (Loss)		
(Amounts in thousands)										
Balance — January 1, 2024	176,793	\$ 220,991	\$ 506,525	\$ 3,854,717	(45,885)	\$ (2,014,474)	\$ 7,942	\$ (639,601)	\$ 38,951	\$ 1,975,051
Stock activity under stock plans	—	—	(31,219)	—	570	24,619	(1,175)	—	—	(7,775)
Stock-based compensation	—	—	8,657	—	—	—	—	—	—	8,657
Net earnings	—	—	—	74,220	—	—	—	—	3,695	77,915
Cash dividends declared (\$ 0.21 per share)	—	—	—	(28,015)	—	—	—	—	—	(28,015)
Repurchases of common shares	—	—	—	—	(57)	(2,549)	—	—	—	(2,549)
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	(26,659)	(214)	(26,873)
Other, net	—	—	—	—	—	—	—	1	(200)	(199)
Balance — March 31, 2024	176,793	\$ 220,991	\$ 483,963	\$ 3,900,922	(45,372)	\$ (1,992,404)	\$ 6,767	\$ (666,259)	\$ 42,232	\$ 1,996,212
Balance — January 1, 2023	176,793	\$ 220,991	\$ 507,484	\$ 3,774,209	(46,359)	\$ (2,036,882)	\$ 6,979	\$ (647,788)	\$ 33,614	\$ 1,858,607
Stock activity under stock plans	—	—	(25,290)	—	437	20,365	(127)	—	—	(5,052)
Stock-based compensation	—	—	9,953	—	—	—	—	—	—	9,953
Net earnings	—	—	—	26,766	—	—	—	—	3,230	29,996
Cash dividends declared (\$ 0.20 per share)	—	—	—	(26,596)	—	—	—	—	—	(26,596)
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	16,254	(3,161)	13,093
Other, net	—	—	—	—	—	—	—	—	(304)	(304)
Balance — March 31, 2023	176,793	\$ 220,991	\$ 492,147	\$ 3,774,379	(45,922)	\$ (2,016,517)	\$ 6,852	\$ (631,534)	\$ 33,379	\$ 1,879,697

See accompanying notes to condensed consolidated financial statements.

FLOWSERVE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Amounts in thousands)

	Three Months Ended March 31,	
	2024	2023
Cash flows – Operating activities:		
Net earnings (loss), including noncontrolling interests	\$ 77,915	\$ 29,996
Adjustments to reconcile net earnings (loss) to net cash provided (used) by operating activities:		
Depreciation	19,326	18,928
Amortization of intangible and other assets	2,254	2,663
Stock-based compensation	8,657	9,953
Foreign currency, asset write downs and other non-cash adjustments	1,189	(2,728)
Change in assets and liabilities:		
Accounts receivable, net	(39,687)	(26,249)
Inventories	(11,452)	(70,721)
Contract assets, net	(8,051)	4,325
Prepaid expenses and other, net	(16,001)	(16,019)
Accounts payable	5,053	7,008
Contract liabilities	(6,372)	32,676
Accrued liabilities	30,917	35,374
Retirement obligations and other liabilities	(2,426)	9,477
Net deferred taxes	935	(8,095)
Net cash flows provided (used) by operating activities	62,257	26,588
Cash flows – Investing activities:		
Capital expenditures	(13,610)	(15,318)
Other	24	(1,138)
Net cash flows provided (used) by investing activities	(13,586)	(16,456)
Cash flows – Financing activities:		
Payments on term loan	(15,000)	(10,000)
Proceeds under other financing arrangements	72	78
Payments under other financing arrangements	(25)	(1,515)
Repurchases of common shares	(2,549)	—
Payments related to tax withholding for stock-based compensation	(8,857)	(5,850)
Payments of dividends	(27,654)	(26,229)
Other	(201)	(303)
Net cash flows provided (used) by financing activities	(54,214)	(43,819)
Effect of exchange rate changes on cash and cash equivalents	(8,154)	3,442
Net change in cash and cash equivalents	(13,697)	(30,245)
Cash and cash equivalents at beginning of period	545,678	434,971
Cash and cash equivalents at end of period	\$ 531,981	\$ 404,726

See accompanying notes to condensed consolidated financial statements.

FLOWSERVE CORPORATION
(Unaudited)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Accounting Policies

Basis of Presentation

The accompanying condensed consolidated balance sheet as of March 31, 2024 and December 31, 2023, and the related condensed consolidated statements of income, condensed consolidated statements of comprehensive income (loss), condensed consolidated statements of shareholders' equity for the three months ended March 31, 2024 and 2023 and condensed consolidated statements of cash flows for the three months ended March 31, 2024 and 2023 of Flowserve Corporation are unaudited. In management's opinion, all adjustments comprising normal recurring adjustments necessary for fair statement of such condensed consolidated financial statements have been made.

The accompanying condensed consolidated financial statements and notes in this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 ("Quarterly Report") are presented as permitted by Regulation S-X and do not contain certain information included in our annual financial statements and notes thereto. Accordingly, the accompanying condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements presented in our Annual Report on Form 10-K for the year ended December 31, 2023 ("2023 Annual Report").

Coronavirus ("COVID-19") and Related Impacts - We continue to assess any remaining impacts of COVID-19 on all aspects of our business and geographies, including with respect to our associates, customers and communities, supply chain impacts and labor availability issues. COVID-related supply chain, logistics and labor availability impacts decreased when compared to 2023 and 2022 and have generally stabilized. The Company's condensed consolidated financial statements presented reflect management's estimates and assumptions regarding the effects of COVID-19 as of the date of the condensed consolidated financial statements.

Russia and Ukraine Conflict - In response to the Russia-Ukraine conflict, several countries, including the United States, have imposed economic sanctions and export controls on certain industry sectors and parties in Russia. As a result of this conflict, including the aforementioned sanctions and overall instability in the region, in March 2022 we permanently ceased all Company operations in Russia and are currently taking the necessary steps to wind down in the country.

We continue to monitor the situation involving Russia and Ukraine and its impact on the rest of our global business. This includes the macroeconomic impact, including with respect to global supply chain issues and inflationary pressures. We reevaluated our financial exposure as of March 31, 2024 and made a \$ 2 million adjustment during the period ended March 31, 2024 to reduce the existing reserves. To date, impacts have not been material to our business and we do not currently expect that any incremental impact in future quarters, including any financial impacts caused by our cancellation of customer contracts and ceasing of operations in Russia, will be material to the Company.

Terminated Acquisition — On February 9, 2023, the Company entered into a definitive agreement to acquire all of the outstanding equity of Velan Inc., a manufacturer of highly engineered industrial valves. In October 2023, the Company received notice that the required French foreign investment screening approval was not obtained. As a result, the transaction was terminated. Acquisition related expenses incurred during 2023 associated with the transaction were \$ 7.3 million.

Accounting Developments

Pronouncements Implemented

In September 2022, the FASB issued ASU No. 2022-04, "Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations." The amendments require a buyer that uses supplier finance programs to make annual disclosures about the program's key terms, the balance sheet presentation of related amounts, the confirmed amount outstanding at the end of the period and associated roll-forward information. Only the amount outstanding at the end of the period must be disclosed in interim periods following the year of adoption. The amendments are effective for all entities for fiscal years beginning after December 15, 2022 on a retrospective basis, including interim periods within those fiscal years, except for the requirement to disclose roll-forward information, which is effective prospectively for fiscal years beginning after December 15, 2023.

We adopted ASU No. 2022-04 effective January 1, 2023. We partner with two banks to offer our suppliers the option of participating in a supplier financing program and receive payment early. Under the program agreement, we must reimburse each bank for approved and valid invoices in accordance with the originally agreed upon terms with the supplier. We have no obligation for fees, subscription, service, commissions or otherwise with either bank. We also have no obligation for pledged assets or other forms of guarantee and may terminate either program agreement with appropriate notice. As of March 31, 2024, and December 31, 2023, \$ 7.8 million and \$ 13.5 million, respectively, remained outstanding with the supply chain financing partner banks and recorded within accounts payable on our condensed consolidated balance sheet.

In March 2023, the FASB issued ASU No. 2023-01, "Leases (Topic 842): Common Control Arrangements." The amendments permits leasehold improvements to be amortized over the useful life of the asset when the lessee controls the use of the underlying asset and the lease is between common control entities. The amendments further allow entities to account for leasehold improvements as a transfer of assets between entities under common control through an equity adjustment when the lessee is no longer in control of the underlying asset. The amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The adoption of this ASU did not have a material impact on our condensed consolidated balance sheets, condensed consolidated statements of income or condensed consolidated statements of cash flows.

In March 2023, the FASB issued ASU No. 2023-02, "Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method." The amendments allow companies to account for all of their tax equity investments using the proportional amortization method if certain conditions are met. Companies can elect to apply the proportional amortization method on a tax-credit-program-by-tax-credit-program basis rather than unilaterally or on an individual investment basis. The amendments are effective on either a modified retrospective or retrospective basis for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, depending on whether the company elects to evaluate its investments for which it still expects to receive income tax credits or other income tax benefits as of the beginning of the period of adoption or at the beginning of the earliest period presented. The adoption of this ASU did not have a material impact on our condensed consolidated balance sheets, condensed consolidated statements of income or condensed consolidated statements of cash flows.

Pronouncements Not Yet Implemented

In August 2023, the FASB issued ASU No. 2023-05, "Business Combinations - Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement." The amendments require that newly formed joint ventures measure the net assets and liabilities contributed at fair value. Subsequent measurement is in accordance with the requirements for acquirers of a business in Sections 805-10-35, 805-20-35, and 805-30-35, and other generally accepted accounting principles. The amendments are effective prospectively for all joint venture formations with a formation date on or after January 1, 2025, but companies may elect to apply the amendments retrospectively to joint ventures formed prior to January 1, 2025, if it has sufficient information. Early adoption is permitted in any interim or annual period in which financial statements have not yet been issued (or made available for issuance), either prospectively or retrospectively. We do not expect the impact of this ASU to be material.

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures." The amendments enhance the disclosure requirements of significant segment expenses and other segment items. The amendments are effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The amendments are to be applied retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior

periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. Early adoption is permitted. We are evaluating the impact of this ASU on our disclosures.

In December 2023, the FASB issued ASU No. 2023-08, "Intangibles - Goodwill and Other - Crypto Assets (Subtopic 350-60)." The amendments require that assets that qualify as a crypto asset, in accordance with the new guidance, must be recorded and subsequently valued at fair value at each reporting period, recognizing changes within net income of the same period. The amendments also require that companies present crypto assets measured at fair value separately from other intangible assets on the balance sheet with changes related to the remeasurement of crypto assets reported separately from changes in carrying amounts of other intangible assets in the income statement. Specific disclosure is required around the activity of crypto assets during the reporting period. The amendments are effective for all entities for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted. We do not own crypto assets, and therefore, do not expect the impact of this ASU to be material.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740)." The amendments require that entities on an annual basis disclose specific categories in the rate reconciliation, provide additional information for reconciling items that meet a quantitative threshold, and disclose specific information about income taxes paid. The amendments eliminate previously required disclosures around changes in unrecognized tax benefits and cumulative amounts of certain temporary difference. The amendments are effective prospectively for annual periods beginning after December 15, 2024. Early adoption is permitted. We are evaluating the impact of this ASU on our disclosures.

2. Revenue Recognition

The majority of our revenues relate to customer orders that typically contain a single commitment of goods or services which have lead times under a year. Longer lead time and more complex contracts with our customers typically have multiple commitments of goods and services, including any combination of designing, developing, manufacturing, modifying, installing and commissioning of flow management equipment and providing services and parts related to the performance of such products. Control transfers over time when the customer is able to direct the use of and obtain substantially all of the benefits of our work as we perform. Service-related revenues do not typically represent a significant portion of contracts with our customers and do not meet the thresholds requiring separate disclosure.

Revenue from products and services transferred to customers over time accounted for approximately 17 % and 14 % of total revenue for the three-month period ended March 31, 2024 and 2023, respectively. Our primary method for recognizing revenue over time is the percentage of completion ("POC") method. If control does not transfer over time, then control transfers at a point in time. We recognize revenue at a point in time at the level of each performance obligation based on the evaluation of certain indicators of control transfer, such as title transfer, risk of loss transfer, customer acceptance and physical possession. Revenue from products and services transferred to customers at a point in time accounted for approximately 83 % and 86 % of total revenue for the three-month period ended March 31, 2024 and 2023, respectively. Refer to Note 2 to our consolidated financial statements included in our 2023 Annual Report for a more comprehensive discussion of our policies and accounting practices of revenue recognition.

Disaggregated Revenue

We conduct our operations through two business segments based on the type of product and how we manage the business:

- Flowserve Pumps Division ("FPD") designs and manufactures custom, highly engineered pumps, pre-configured industrial pumps, pump systems, mechanical seals, auxiliary systems and replacement parts and related services; and
- Flow Control Division ("FCD") designs, manufactures and distributes a broad portfolio of engineered-to-order and configured-to-order isolation valves, control valves, valve automation products and related equipment.

Our revenue sources are derived from our original equipment manufacturing and our aftermarket sales and services. Our original equipment revenues are generally related to originally designed, manufactured, distributed and installed equipment that can range from pre-configured, short-cycle products to more customized, highly engineered equipment ("Original Equipment"). Our aftermarket sales and services are derived from sales of replacement equipment, as well as maintenance, advanced diagnostic, repair and retrofitting services ("Aftermarket"). Each of our two business segments generate Original Equipment and Aftermarket revenues.

The following tables present our customer revenues disaggregated by revenue source:

(Amounts in thousands)	Three Months Ended March 31, 2024		
	FPD	FCD	Total
Original Equipment	\$ 285,038	\$ 243,562	\$ 528,600
Aftermarket	483,725	75,154	558,879
	<u>\$ 768,763</u>	<u>\$ 318,716</u>	<u>\$ 1,087,479</u>

(Amounts in thousands)	Three Months Ended March 31, 2023		
	FPD	FCD	Total
Original Equipment	\$ 252,732	\$ 210,753	\$ 463,485
Aftermarket	446,746	70,074	516,820
	<u>\$ 699,478</u>	<u>\$ 280,827</u>	<u>\$ 980,305</u>

Our customer sales are diversified geographically. The following tables present our revenues disaggregated by geography, based on the shipping addresses of our customers:

(Amounts in thousands)	Three Months Ended March 31, 2024		
	FPD	FCD	Total
North America(1)	\$ 310,469	\$ 129,002	\$ 439,471
Latin America(2)	70,385	5,034	75,419
Middle East and Africa	136,261	46,227	182,488
Asia Pacific	106,294	76,447	182,741
Europe	145,354	62,006	207,360
	<u>\$ 768,763</u>	<u>\$ 318,716</u>	<u>\$ 1,087,479</u>

(Amounts in thousands)	Three Months Ended March 31, 2023		
	FPD	FCD	Total
North America(1)	\$ 282,272	\$ 125,681	\$ 407,953
Latin America(2)	63,989	7,863	71,852
Middle East and Africa	114,370	28,401	142,771
Asia Pacific	113,371	67,828	181,199
Europe	125,476	51,054	176,530
	<u>\$ 699,478</u>	<u>\$ 280,827</u>	<u>\$ 980,305</u>

(1) North America represents the United States and Canada.

(2) Latin America includes Mexico.

On March 31, 2024, the aggregate transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations related to contracts having an original expected duration in excess of one year was approximately \$ 637 million. We estimate recognition of approximately \$ 427 million of this amount as revenue in the remainder of 2024 and an additional \$ 210 million in 2025 and thereafter.

Contract Balances

We receive payment from customers based on a contractual billing schedule and specific performance requirements as established in our contracts. We record billings as accounts receivable when an unconditional right to consideration exists. A contract asset represents revenue recognized in advance of our right to bill the customer under the terms of a contract. A contract liability represents our contractual billings in advance of revenue recognized for a contract.

The following tables present beginning and ending balances of contract assets and contract liabilities, current and long-term, for the three months ended March 31, 2024 and 2023:

(Amounts in thousands)	Contract Assets, net (Current)	Long-term Contract Assets, net(1)	Contract Liabilities (Current)	Long-term Contract Liabilities(2)
Beginning balance, January 1, 2024	\$ 280,228	\$ 1,034	\$ 287,697	\$ 1,543
Revenue recognized that was included in contract liabilities at the beginning of the period	—	—	(101,602)	(295)
Revenue recognized in the period in excess of billings	166,318	—	—	—
Billings arising during the period in excess of revenue recognized	—	—	90,523	—
Amounts transferred from contract assets to receivables	(156,948)	(713)	—	—
Currency effects and other, net	(2,540)	342	2,598	(16)
Ending balance, March 31, 2024	<u>\$ 287,058</u>	<u>\$ 663</u>	<u>\$ 279,216</u>	<u>\$ 1,232</u>

(Amounts in thousands)	Contract Assets, net (Current)	Long-term Contract Assets, net(1)	Contract Liabilities (Current)	Long-term Contract Liabilities(2)
Beginning balance, January 1, 2023	\$ 233,457	\$ 297	\$ 256,963	\$ 1,059
Revenue recognized that was included in contract liabilities at the beginning of the period	—	—	(117,035)	—
Revenue recognized in the period in excess of billings	136,965	4	—	—
Billings arising during the period in excess of revenue recognized	—	—	146,262	164
Amounts transferred from contract assets to receivables	(137,865)	—	—	—
Currency effects and other, net	(693)	4	5,448	2,983
Ending balance, March 31, 2023	<u>\$ 231,864</u>	<u>\$ 305</u>	<u>\$ 291,638</u>	<u>\$ 4,206</u>

(1) Included in other assets, net.

(2) Included in retirement obligations and other liabilities.

3. Allowance for Expected Credit Losses

The allowance for credit losses is an estimate of the credit losses expected over the life of our financial assets and instruments. We assess and measure expected credit losses on a collective basis when similar risk characteristics exist, including market, geography, credit risk and remaining duration. Financial assets and instruments that do not share risk characteristics are evaluated on an individual basis. Our estimate of the allowance is assessed and quantified using internal and external valuation information relating to past events, current conditions and reasonable and supportable forecasts over the contractual terms of an asset.

Our primary exposure to expected credit losses is through our accounts receivables and contract assets. For these financial assets, we record an allowance for expected credit losses that, when deducted from the gross asset balance, presents the net amount expected to be collected. Primarily, our experience of historical credit losses provides the basis for our estimation of the allowance. We estimate the allowance based on an aging schedule and according to historical losses as determined from our history of billings and collections. Additionally, we adjust the allowance for factors that are specific to our customers' credit risk such as financial difficulties, liquidity issues, insolvency, and country and geopolitical risks. We also consider both the current and forecasted macroeconomic conditions as of the reporting date. As identified and needed, we adjust the allowance and recognize adjustments in the income statement each period. Accounts receivable are written off against the allowance in the period when the receivable is deemed to be uncollectible and further collection efforts have ceased. Subsequent recoveries of previously written off amounts are reflected as a reduction to credit impairment losses in the condensed consolidated statements of income.

Contract assets represent a conditional right to consideration for satisfied performance obligations that become a receivable when the conditions are satisfied. Generally, contract assets are recorded when contractual billing schedules differ from revenue recognition based on timing and are managed through the revenue recognition process. Based on our historical credit loss experience, the current expected credit loss for contract assets is estimated to be approximately 1 % of the asset balance.

The following table presents the changes in the allowance for expected credit losses for our accounts receivable and short-term contract assets for the three months ended March 31, 2024 and 2023:

(Amounts in thousands)	Accounts receivables	Short-term contract assets
Beginning balance, January 1, 2024	\$ 80,013	\$ 4,993
Charges to cost and expenses, net of recoveries	4,316	—
Write-offs	(4,642)	(10)
Currency effects and other, net	(1,382)	3
Ending balance, March 31, 2024	\$ 78,305	\$ 4,986
Beginning balance, January 1, 2023	\$ 83,062	\$ 5,819
Charges to cost and expenses, net of recoveries	2,440	—
Write-offs	(4,325)	—
Currency effects and other, net	1,340	(230)
Ending balance, March 31, 2023	\$ 82,517	\$ 5,589

Our allowance on long-term receivables, included in other assets, net, represents receivables with collection periods longer than 12 months and the balance primarily consists of reserved receivables associated with the national oil company in Venezuela. The following table presents the changes in the allowance for long-term receivables for the three months ended March 31, 2024 and 2023:

(Amounts in thousands)	2024	2023
Balance at January 1,	\$ 66,864	\$ 66,377
Currency effects and other, net	(507)	(802)
Balance at March 31,	\$ 66,357	\$ 65,575

We also have exposure to credit losses from off-balance sheet exposures, such as financial guarantees and standby letters of credit, where we believe the risk of loss is immaterial to our financial statements as of March 31, 2024.

4. Stock-Based Compensation Plans

We maintain the Flowserve Corporation 2020 Long-Term Incentive Plan ("2020 Plan"), which is a shareholder approved plan authorizing the issuance of 12,500,000 shares of our common stock in the form of restricted shares, restricted share units and performance-based units (collectively referred to as "Restricted Shares"), incentive stock options, non-statutory stock options, stock appreciation rights and bonus stock. Of the shares of common stock authorized under the 2020 Plan, 7,100,632 were available for issuance as of March 31, 2024. Restricted Shares primarily vest over a three-year period. Restricted Shares granted to employees who retire and have achieved at least 55 years of age and 10 years of service continue to vest over the original vesting period ("55/10 Provision"). As of March 31, 2024, 114,943 stock options with a weighted average exercise price of \$ 48.63 and a weighted average remaining contractual life of 3 years were outstanding and exercisable. No stock options have been granted or vested since 2020.

Restricted Shares – Awards of Restricted Shares are valued at the closing market price of our common stock on the date of grant. The unearned compensation is amortized to compensation expense over the vesting period of the restricted shares, except for awards related to the 55/10 Provision which are expensed in the period granted for awards issued prior to 2024. For awards of Restricted Shares granted beginning in 2024 and subject to the 55/10 Provision, compensation expense is recognized over a required six-month service period. We had unearned compensation of \$ 39.2 million at March 31, 2024, which is expected to be recognized over a remaining weighted-average period of approximately two years. This amount will be recognized into net earnings in prospective periods as the awards vest. The total fair value of Restricted Shares vested during the three months ended March 31, 2024 and 2023 was \$ 25.7 million and \$ 21.8 million, respectively.

We recorded stock-based compensation expense of \$ 8.7 million (\$ 6.7 million after-tax) and \$ 10.0 million (\$ 7.7 million after-tax) for the three months ended March 31, 2024 and 2023, respectively.

The following table summarizes information regarding Restricted Shares:

	Three Months Ended March 31, 2024	
	Shares	Weighted Average Grant-Date Fair Value
Number of unvested shares:		
Outstanding as of January 1, 2024	1,741,486	\$ 36.06
Granted	730,434	41.81
Vested	(702,095)	36.63
Forfeited	(34,982)	32.76
Outstanding as of March 31, 2024	1,734,843	\$ 38.32

Unvested Restricted Shares outstanding as of March 31, 2024 included approximately 512,000 units with performance-based vesting provisions issuable in common stock and vest upon the achievement of pre-defined performance metrics. Targets for outstanding performance awards are based on our average return on invested capital and free cash flow as a percent of net income over a three-year period. Performance units issued in 2024, 2023 and 2022 include a secondary measure, relative total shareholder return, which can increase or decrease the number of vesting units by 15 % depending on the Company's performance versus peers. Performance units issued have a vesting percentage up to 230 %. Compensation expense is recognized ratably over a cliff-vesting period of 36 months, based on the fair value of our common stock on the date of grant, adjusted for actual forfeitures. During the performance period, earned and unearned compensation expense is adjusted based on changes in the expected achievement of the performance targets for all performance-based units granted. Vesting provisions range from 0 to approximately 1,177,000 shares based on performance targets. As of March 31, 2024, we estimate vesting of approximately 512,000 shares based on expected achievement of performance targets.

5. Derivative Instruments and Hedges

Our risk management and foreign currency derivatives and hedging policy specifies the conditions under which we may enter into derivative contracts. See Note 7 for additional information on our derivatives. We enter into foreign exchange forward contracts to hedge our cash flow risks associated with transactions denominated in currencies other than the local currency of the operation engaging in the transaction. We have not elected hedge accounting for our foreign exchange forward contracts and the changes in the fair values are recognized immediately in our condensed consolidated statements of income.

Foreign exchange forward contracts with third parties had a notional value of \$ 640.2 million and \$ 656.6 million at March 31, 2024 and December 31, 2023, respectively. At March 31, 2024, the length of foreign exchange forward contracts currently in place ranged from 2 days to 20 months.

We are exposed to risk from credit-related losses resulting from non performance by counterparties to our financial instruments. We perform credit evaluations of our counterparties under foreign exchange forward contracts agreements and expect all counterparties to meet their obligations. We have not experienced credit losses from our counterparties.

The fair values of foreign exchange forward contracts are summarized below:

(Amounts in thousands)	March 31, 2024	December 31, 2023
Current derivative assets	\$ 2,387	\$ 1,915
Noncurrent derivative assets	—	17
Current derivative liabilities	2,223	3,855
Noncurrent derivative liabilities	37	5

Current and noncurrent derivative assets are reported in our condensed consolidated balance sheets in prepaid expenses and other and other assets, net, respectively. Current and noncurrent derivative liabilities are reported in our condensed consolidated balance sheets in accrued liabilities and retirement obligations and other liabilities, respectively.

The impact of net changes in the fair values of foreign exchange forward contracts are summarized below:

(Amounts in thousands)	Three Months Ended March 31,	
	2024	2023
Gains (losses) recognized in income	\$ 5,288	\$ (1,983)

Gains and losses recognized in our condensed consolidated statements of income for foreign exchange forward contracts are classified as other income (expense), net.

6. Debt

Debt, including finance lease obligations, net of discounts and debt issuance costs, consisted of:

	March 31, 2024	December 31, 2023
(Amounts in thousands, except percentages)		
3.50 % USD Senior Notes due October 1, 2030, net of unamortized discount and debt issuance costs of \$ 4,332 and \$ 4,479 , respectively	\$ 495,668	\$ 495,521
2.80 % USD Senior Notes due January 15, 2032, net of unamortized discount and debt issuance costs of \$ 5,021 and \$ 5,164 , respectively	494,979	494,836
Term Loan, interest rate of 6.70 % at March 31, 2024 and 6.70 % at December 31, 2023, net of debt issuance costs of \$ 236 and \$ 274 , respectively	204,764	219,726
Finance lease obligations and other borrowings	23,353	23,467
Debt and finance lease obligations	1,218,764	1,233,550
Less amounts due within one year	66,428	66,243
Total debt due after one year	\$ 1,152,336	\$ 1,167,307

Senior Credit Facility

As discussed in Note 12 to our consolidated financial statements included in our 2023 Annual Report, our credit agreement (the "Senior Credit Agreement") provides a \$ 800.0 million unsecured revolving credit facility (the "Revolving Credit Facility"), which includes a \$ 750.0 million sublimit for the issuance of letters of credit and a \$ 30.0 million sublimit for swing line loans, and a \$ 300 million unsecured term loan facility (the "Term Loan") with a maturity date of September 13, 2026. On February 3, 2023, we amended and restated our credit agreement (the "Amendment") which (i) replaced LIBOR with Secured Overnight Financing Rate ("SOFR") as the benchmark reference rate, (ii) lowered the Material Acquisition (as defined in the Senior Credit Facility) threshold from \$ 250.0 million to \$ 200.0 million and (iii) extended compliance dates for certain financial covenants. We believe this Amendment will provide greater flexibility and additional liquidity under our Senior Credit Facility as we continue to pursue our business goals and strategy. Most other terms and conditions under the previous Senior Credit Facility remained unchanged.

The interest rates per annum applicable to the Revolving Credit Facility, other than with respect to swing line loans, are adjusted Term Secured Overnight Financing Rate ("Adjusted Term SOFR") plus between 1.000 % to 1.750 %, depending on our debt rating by either Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Financial Services LLC ("S&P"), or, at our option, the Base Rate (as defined in the Senior Credit Agreement) plus between 0.000 % to 0.750 % depending on our debt rating by either Moody's or S&P. An additional credit spread adjustment of 0.100 % is included within Adjusted Term SOFR to account for the transition from LIBOR to SOFR. At March 31, 2024, the interest rate on the Revolving Credit Facility was the Adjusted Term SOFR plus 1.375 % in the case of Adjusted Term SOFR loans and the Base Rate plus 0.375 % in the case of

Base Rate loans. In addition, a commitment fee is payable quarterly in arrears on the daily unused portions of the Revolving Credit Facility. The commitment fee will be between 0.080 % and 0.250 % of unused amounts under the Revolving Credit Facility depending on our debt rating by either Moody's or S&P. The commitment fee was 0.175 % (per annum) during the period ended March 31, 2024.

Under the terms and conditions of the Senior Credit Agreement, interest rates per annum applicable to the Term Loan are stated as Adjusted Term SOFR plus between 0.875 % to 1.625 %, depending on the Company's debt rating by either Moody's or S&P, or, at the option of the Company, the Base Rate plus between 0.000 % to 0.625 % depending on the Company's debt rating by either Moody's or S&P. At March 31, 2024, the interest rate on the Term Loan was Adjusted Term SOFR plus 1.250 % in the case of Adjusted Term SOFR loans and the Base Rate plus 0.250 % in the case of Base Rate loans.

As of March 31, 2024 and December 31, 2023, we had no revolving loans outstanding under the Senior Credit Facility and we had outstanding letters of credit of \$ 127.8 million and \$ 127.1 million, respectively. In April 2024 the Company borrowed \$ 100.0 million on the Revolving Credit Facility for general corporate purposes and, as of April 29, 2024, the Company has \$ 100 million outstanding. After consideration of the outstanding letters of credit as of March 31, 2024, the amount available for borrowings under the Senior Credit Facility was limited to \$ 672.2 million. As of December 31, 2023, the amount available for borrowings under our Revolving Credit Facility was \$ 672.9 million. We have scheduled repayments of \$ 15.0 million due in each of the next four quarters on our Term Loan.

Our compliance with applicable financial covenants under the Senior Notes and Senior Credit Facility are tested quarterly. We were in compliance with all applicable covenants as of March 31, 2024.

7. Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models may be applied. Assets and liabilities recorded at fair value in our condensed consolidated balance sheets are categorized by hierarchical levels based upon the level of judgment associated with the inputs used to measure their fair values. Recurring fair value measurements are limited to investments in derivative instruments. The fair value measurements of our derivative instruments are determined using models that maximize the use of the observable market inputs including interest rate curves and both forward and spot prices for currencies, and are classified as Level II under the fair value hierarchy. The fair values of our derivatives are included in Note 5.

The carrying value of our financial instruments as reflected in our condensed consolidated balance sheets approximates fair value, with the exception of our long-term debt. The estimated fair value of our long-term debt, excluding the Senior Notes, approximates the carrying value and is determined using Level II inputs under the fair value hierarchy. The carrying value of our debt is included in Note 6. The estimated fair value of our Senior Notes at March 31, 2024 was \$ 858.5 million compared to the carrying value of \$ 990.6 million. The estimated fair value of the Senior Notes is based on Level I quoted market rates. The carrying amounts of our other financial instruments (e.g., cash and cash equivalents, accounts receivable, net, accounts payable and short-term

debt) approximated fair value due to their short-term nature at March 31, 2024 and December 31, 2023.

8. Inventories

Inventories consisted of the following:

(Amounts in thousands)	March 31,	December 31,
	2024	2023
Raw materials	\$ 420,515	\$ 407,979
Work in process	309,443	302,655
Finished goods	263,080	278,787
Less: Excess and obsolete reserve	(109,697)	(109,484)
Inventories	\$ 883,341	\$ 879,937

9. Earnings Per Share

The following is a reconciliation of net earnings of Flowserve Corporation and weighted average shares for calculating net earnings per common share. Earnings per weighted average common share outstanding was calculated as follows:

(Amounts in thousands, except per share data)	Three Months Ended March 31,	
	2024	2023
Net earnings of Flowserve Corporation	\$ 74,220	\$ 26,766
Earnings attributable to common and participating shareholders	\$ 74,220	\$ 26,766
Weighted average shares:		
Common stock	131,464	130,886
Participating securities	46	44
Denominator for basic earnings per common share	131,510	130,930
Effect of potentially dilutive securities	858	824
Denominator for diluted earnings per common share	132,368	131,754
Earnings per common share:		
Basic	\$ 0.56	\$ 0.20
Diluted	0.56	0.20

Diluted earnings per share above is based upon the weighted average number of shares as determined for basic earnings per share plus shares potentially issuable in conjunction with stock options and Restricted Shares.

10. Legal Matters and Contingencies

Asbestos-Related Claims

We are a defendant in a substantial number of lawsuits that seek to recover damages for personal injury allegedly caused by exposure to asbestos-containing products manufactured and/or distributed by our heritage companies in the past. Typically, these lawsuits have been brought against multiple defendants in state and federal courts. While the overall number of asbestos-related claims in which we or our predecessors have been named has generally declined in recent years, the number of such claims may fluctuate or increase between periods, and there can be no assurance that this trend will continue, or that the average cost per claim to us will not further increase. Asbestos-containing materials incorporated into any such products were encapsulated and used as internal components of process equipment, and we do not believe that significant emission of asbestos fibers occurred during the use of this equipment.

Our practice is to vigorously contest and resolve these claims, and we have been successful in resolving a majority of claims with little or no payment, other than legal fees. Activity related to asbestos claims during the periods indicated was as follows:

	Three Months Ended March 31,	
	2024	2023
Beginning claims(1)	8,236	8,139
New claims	617	577
Resolved claims	(847)	(640)
Other(2)	219	(5)
Ending claims(1)	8,225	8,071

(1) Beginning and ending claims data in each period excludes inactive claims, as the Company assumes that inactive cases will not be pursued further by the respective plaintiffs. A claim is classified as inactive either due to inactivity over a period of three years or if designated as inactive by the applicable court.

(2) Represents the net change in claims as a result of the reclassification of active cases as inactive and inactive cases as active during the period indicated. Cases moved from active to inactive status are removed from the claims count without being

accounted for as a "Resolved claim", and cases moved from inactive status to active status are added back to the claims count without being accounted for as a "New claim".

The following table presents the changes in the estimated asbestos liability:

Amounts in thousands)		2024	2023
Beginning balance, January 1,	\$	102,903	98,652
Asbestos liability adjustments, net		—	(106)
Cash payment activity		(1,919)	(3,766)
Other, net		(1,592)	(1,495)
Ending balance, March 31,	\$	99,393	93,285

During both of the three months ended March 31, 2024 and 2023 the Company incurred expenses (net of insurance) of approximately \$ 1.8 million to defend, resolve or otherwise dispose of outstanding claims, including legal and other related expenses. These expenses are included within selling, general and administrative ("SG&A") in our condensed consolidated statements of income.

The Company had cash inflows (outflows) (net of insurance and/or indemnity) to defend, resolve or otherwise dispose of outstanding claims, including legal and other related expenses of approximately \$(3.7) million and \$(5.6) million, respectively, during the three months ended March 31, 2024 and 2023, respectively.

Historically, a high percentage of resolved claims have been covered by applicable insurance or indemnities from other companies, and we believe that a portion of existing claims should continue to be covered by insurance or indemnities, in whole or in part.

We believe that our reserve for asbestos claims and the receivable for recoveries from insurance carriers that we have recorded for these claims reflect reasonable and probable estimates of these amounts. Our estimate of our ultimate exposure for asbestos claims, however, is subject to significant uncertainties, including the timing and number and types of new claims, unfavorable court rulings, judgments or settlement terms and ultimate costs to settle. Additionally, the continued viability of carriers may also impact the amount of probable insurance recoveries. We believe that these uncertainties could have a material adverse impact on our business, financial condition, results of operations and cash flows, though we currently believe the likelihood is remote.

Additionally, we have claims pending against certain insurers that, if in future periods are resolved more favorably than reflected in the recorded receivables, would result in discrete gains in the applicable quarter.

Other

We are also a defendant in a number of other lawsuits, including product liability claims, that are insured, subject to the applicable deductibles, arising in the ordinary course of business, and we are also involved in other uninsured routine litigation incidental to our business. We currently believe none of such litigation, either individually or in the aggregate, is material to our business, operations or overall financial condition. However, litigation is inherently unpredictable, and resolutions or dispositions of claims or lawsuits by settlement or otherwise could have an adverse impact on our financial position, results of operations or cash flows for the reporting period in which any such resolution or disposition occurs.

Although none of the aforementioned potential liabilities can be quantified with absolute certainty except as otherwise indicated above, we have established or adjusted reserves covering exposures relating to contingencies, to the extent believed to be reasonably estimable and probable based on past experience and available facts. While additional exposures beyond these reserves could exist, they currently cannot be estimated. We will continue to evaluate and update the reserves as necessary and appropriate.

11. Pension and Postretirement Benefits

Components of the net periodic cost for pension and postretirement benefits for the three months ended March 31, 2024 and 2023 were as follows:

(Amounts in millions)	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Postretirement Medical Benefits	
	2024	2023	2024	2023	2024	2023
Service cost	\$ 5.7	\$ 5.0	\$ 1.3	\$ 1.1	\$ —	\$ —
Interest cost	5.4	5.2	3.0	2.9	0.2	0.2
Expected return on plan assets	(6.0)	(6.3)	(1.9)	(1.6)	—	—
Amortization of unrecognized prior service cost and other costs	—	—	0.1	0.1	—	—
Amortization of unrecognized net loss	—	—	0.6	0.3	—	—
Net periodic cost recognized	<u>\$ 5.1</u>	<u>\$ 3.9</u>	<u>\$ 3.1</u>	<u>\$ 2.8</u>	<u>\$ 0.2</u>	<u>\$ 0.2</u>

The components of net periodic cost for pension and postretirement benefits other than service costs are included in other income (expense), net in our condensed consolidated statements of income.

In August 2023, we amended the Company-sponsored qualified defined benefit pension plan in the United States (the "Qualified Plan") for non-union employees to discontinue future benefit accruals under the Qualified Plan and freeze existing accrued benefits effective January 1, 2025. Benefits earned by participants under the Qualified Plan prior to January 1, 2025, are not affected. We also amended the Company-sponsored non-qualified defined benefit pension plan in the United States (the "Non-Qualified Plan") that provides enhanced retirement benefits to select members of management. The Qualified Plan and the Non-Qualified Plan were closed to new entrants effective January 1, 2024, and September 1, 2023, respectively. The amendments resulted in a curtailment of both plans during the year ended December 31, 2023. The curtailment loss incurred and the change in projected benefit obligation was immaterial.

12. Shareholders' Equity

Dividends – Generally, our dividend date-of-record is in the last month of the quarter, and the dividend is paid the following month. Any subsequent dividends will be reviewed by our Board of Directors and declared in its discretion.

Dividends declared per share were as follows:

	Three Months Ended March 31,	
	2024	2023
Dividends declared per share	\$ 0.21	\$ 0.20

Share Repurchase Program – In 2014, our Board of Directors approved a \$ 500.0 million share repurchase authorization. As of December 31, 2023, we had \$ 96.1 million of remaining capacity under the prior share repurchase authorization. Effective February 19, 2024, the Board of Directors approved an increase in our total remaining capacity under the share repurchase program to \$ 300.0 million. Our share repurchase program does not have an expiration date and we reserve the right to limit or terminate the repurchase program at any time without notice.

We repurchased 57,000 shares of our outstanding common stock for \$ 2.5 million during the three months ended March 31, 2024, compared to no repurchases of shares for the same period in 2023. As of March 31, 2024, we had \$ 297.5 million of remaining capacity under our current share repurchase program.

13. Income Taxes

For the three months ended March 31, 2024, we earned \$98.1 million before taxes and recorded a provision for income taxes of \$20.1 million resulting in an effective tax rate of 20.5 %. The effective tax rate varied from the U.S. federal statutory rate for the three months ended March 31, 2024 primarily due to the net impact of foreign operations and state income taxes.

For the three months ended March 31, 2023, we earned \$34.4 million before taxes and recorded a provision for income taxes of \$4.5 million resulting in an effective tax rate of 12.9 %. The effective tax rate varied from the U.S. federal statutory rate for the three months ended March 31, 2023 primarily due to the benefits of a tax planning strategy, partially offset by the net impact of foreign operations and state income taxes.

As of March 31, 2024, the amount of unrecognized tax benefits increased by \$1.1 million from December 31, 2023. With limited exception, we are no longer subject to U.S. federal income tax audits for years through 2017, state and local income tax audits for years through 2017 or non-U.S. income tax audits for years through 2016. We are currently under examination for various years in Austria, Canada, China, Germany, India, Indonesia, Italy, Kenya, Madagascar, Malaysia, Mexico, Morocco, the Philippines, Saudi Arabia, Singapore, Switzerland, the United States and Venezuela.

It is reasonably possible that within the next 12 months the effective tax rate will be impacted by the resolution of some or all of the matters audited by various taxing authorities. It is also reasonably possible that we will have the statute of limitations close in various taxing jurisdictions within the next 12 months. As such, we estimate we could record a reduction in our tax expense of approximately \$5 million within the next 12 months.

The Company maintains a full valuation allowance against the net deferred tax assets in certain foreign tax jurisdictions as of March 31, 2024. As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of net deferred tax assets. We assess our forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets in determining the sufficiency of our valuation allowance. Failure to achieve forecasted taxable income in the applicable tax jurisdictions could affect the ultimate realization of deferred tax assets and could result in an increase in our effective tax rate on future earnings. It is possible that there may be sufficient positive evidence to release a portion of the remaining valuation allowance in those foreign jurisdictions. Release of the valuation allowance would result in a benefit to income tax expense for the period the release is recorded, which could have a material impact on net earnings. The timing and amount of the potential valuation allowance release are subject to significant management judgment and the level of profitability achieved.

On December 20, 2021 the Organisation for Economic Co-operation and Development ("OECD") released the Model GloBE Rules for Pillar Two defining a 15% global minimum tax rate for large multinational corporations. Many countries continue to consider changes in their tax laws and regulations based on the Pillar Two proposals. We are continuing to evaluate the impact of these proposed and enacted legislative changes as new guidance becomes available. Some of these legislative changes could result in double taxation of our non-U.S. earnings, a reduction in the tax benefit received from our tax incentives, or other impacts to our effective tax rate and tax liabilities. As of March 31, 2024, the company is not expecting material impacts under currently enacted legislation.

14. Segment Information

The following is a summary of the financial information of the reportable segments reconciled to the amounts reported in the condensed consolidated financial statements:

Three Months Ended March 31, 2024					
(Amounts in thousands)	FPD	FCD	Subtotal- Reportable Segments	Eliminations and All Other	Consolidated Total
Sales to external customers	\$ 768,763	\$ 318,716	\$ 1,087,479	\$ —	\$ 1,087,479
Intersegment sales	637	1,802	2,439	(2,439)	—
Segment operating income	110,894	34,708	145,602	(32,523)	113,079

Three Months Ended March 31, 2023					
	FPD	FCD	Subtotal- Reportable Segments	Eliminations and All Other	Consolidated Total
Sales to external customers	\$ 699,478	\$ 280,827	\$ 980,305	\$ —	\$ 980,305
Intersegment sales	638	790	1,428	(1,428)	—
Segment operating income	79,072	18,534	97,606	(40,420)	57,186

15. Accumulated Other Comprehensive Income (Loss)

The following table presents the changes in AOCL, net of tax for the three months ended March 31, 2024 and 2023:

(Amounts in thousands)	2024				2023			
	Foreign currency translation items(1)	Pension and other post-retirement effects	Cash flow hedging activity (2)	Total	Foreign currency translation items(1)	Pension and other post-retirement effects	Cash flow hedging activity (2)	Total
Balance - January 1,	\$ (523,873)	\$ (121,882)	\$ (813)	\$ (646,568)	\$ (554,683)	\$ (86,356)	\$ (933)	\$ (641,972)
Other comprehensive income (loss) before reclassifications (3)	(28,244)	517	—	(27,727)	13,506	(865)	—	12,641
Amounts reclassified from AOCL	—	859	(5)	854	—	422	30	452
Net current-period other comprehensive income (loss) (3)	(28,244)	1,376	(5)	(26,873)	13,506	(443)	30	13,093
Balance - March 31,	\$ (552,117)	\$ (120,506)	\$ (818)	\$ (673,441)	\$ (541,177)	\$ (86,799)	\$ (903)	\$ (628,879)

(1) Includes foreign currency translation adjustments attributable to noncontrolling interests of \$(7.0) million and \$ 5.8 million at January 1, 2024 and 2023, respectively, and \$ 7.2 million and \$ 2.7 million at March 31, 2024 and 2023, respectively.

(2) Other comprehensive loss before reclassifications and amounts reclassified from AOCL to interest expense related to designated cash flow hedges.

(3) Amounts in parentheses indicate an increase to AOCL.

The following table presents the reclassifications out of AOCL:

		Three Months Ended March 31,	
(Amounts in thousands)	Affected line item in the statement of income	2024(1)	2023(1)
Pension and other postretirement effects			
Amortization of actuarial losses(2)	Other income (expense), net	\$ (630)	\$ (283)
Prior service costs(2)	Other income (expense), net	(153)	(151)
	Tax benefit (expense)	(76)	12
	Net of tax	\$ (859)	\$ (422)
Cash flow hedging activity			
Amortization of Treasury rate lock	Interest income (expense)	\$ (30)	\$ (39)
	Tax benefit (expense)	35	9
	Net of tax	\$ 5	\$ (30)

(1) Amounts in parentheses indicate decreases to income. None of the reclassified amounts have a noncontrolling interest component.

(2) These AOCL components are included in the computation of net periodic pension cost. See Note 11 for additional details.

16. Realignment Programs

In the first quarter of 2023, we identified and initiated certain realignment activities concurrent with the consolidation of our FPD aftermarket and pump operations into a single operating model. This consolidated operating model is designed to better align our go to market strategy with our product offerings, enable end-to-end lifecycle responsibility and accountability, and to facilitate more efficient operations. During 2023 we also initiated certain product and portfolio optimization activities. Additionally, we committed to an estimated \$ 50 million in cost reduction efforts to begin in 2023. Collectively, the above realignment activities are referred to as the "2023 Realignment Programs." The activities of the 2023 Realignment Programs were identified and implemented in phases throughout 2023 and are continuing into 2024. The realignment activities consist of restructuring and non-restructuring charges. Restructuring charges represent costs associated with the relocation of certain business activities and facility closures and include related severance costs. Non-restructuring charges are primarily employee severance associated with the workforce reductions and professional service fees. Expenses are primarily reported in cost of sales ("COS") or SG&A, as applicable, in our condensed consolidated statements of income. We currently anticipate a total investment in realignment activities that have been evaluated and initiated of approximately \$ 100 million of which \$ 18 million is estimated to be non-cash. There are certain remaining realignment activities that are currently being evaluated, but have not yet been approved and therefore are not included in the above anticipated total investment.

Generally, the aforementioned charges will be paid in cash, except for asset write-downs, which are non-cash charges. The following is a summary of total charges, net of adjustments, incurred related to our 2023 Realignment Programs:

	Three Months Ended March 31, 2024				
	FPD	FCD	Subtotal– Reportable Segments	All Other	Consolidated Total
(Amounts in thousands)					
Realignment Charges					
Restructuring Charges					
COS	\$ 4,414	\$ 15	\$ 4,429	\$ —	\$ 4,429
SG&A	701	—	701	—	701
	<u>\$ 5,115</u>	<u>\$ 15</u>	<u>\$ 5,130</u>	<u>\$ —</u>	<u>\$ 5,130</u>
Non-Restructuring Charges					
COS	\$ 630	\$ 752	\$ 1,382	\$ (138)	\$ 1,244
SG&A	340	114	454	339	793
	<u>\$ 970</u>	<u>\$ 866</u>	<u>\$ 1,836</u>	<u>\$ 201</u>	<u>\$ 2,037</u>
Total Realignment Charges					
COS	\$ 5,044	\$ 767	\$ 5,811	\$ (138)	\$ 5,673
SG&A	1,041	114	1,155	339	1,494
Total	<u>\$ 6,085</u>	<u>\$ 881</u>	<u>\$ 6,966</u>	<u>\$ 201</u>	<u>\$ 7,167</u>

Three Months Ended March 31, 2023					
Amounts in thousands)	Subtotal—Reportable				
	FPD	FCD	Segments	All Other	Consolidated Total
Alignment Charges					
Restructuring Charges					
COS	\$ (1,012)	—\$	(1,012)	6\$	(946)
SG&A	—	8,905	8,905	—	8,905
	\$ (1,012)	8,905\$	7,893\$	6\$	7,959
Non-Restructuring Charges					
COS	\$ 1,402	1\$	1,413\$	(26\$)	1,148
SG&A	2,050	1	2,051	5,721	7,772
	\$ 3,452	1\$	3,464\$	5,455\$	8,920
Total Realignment Charges					
COS	\$ 39\$	1\$	40\$	(19\$)	202
SG&A	2,050	8,906	10,956	5,721	16,677
Total	\$ 2,449\$	8,917\$	11,356\$	5,522\$	16,879

The following is a summary of total inception to date charges, net of adjustments, related to the 2023 Realignment Programs:

(Amounts in thousands)	Inception to Date				
	FPD	FCD	Subtotal– Reportable Segments	All Other	Consolidated Total
Realignment Charges					
Restructuring Charges					
COS	\$ 7,376	\$ 6,420	\$ 13,796	\$ 66	\$ 13,862
SG&A	751	9,777	10,528	—	10,528
	<u>\$ 8,127</u>	<u>\$ 16,197</u>	<u>\$ 24,324</u>	<u>\$ 66</u>	<u>\$ 24,390</u>
Non-Restructuring Charges					
COS	\$ 8,465	\$ 4,923	\$ 13,388	\$ (565)	\$ 12,823
SG&A	14,823	1,730	16,553	19,438	35,991
	<u>\$ 23,288</u>	<u>\$ 6,653</u>	<u>\$ 29,941</u>	<u>\$ 18,873</u>	<u>\$ 48,814</u>
Total Realignment Charges					
COS	\$ 15,841	\$ 11,343	\$ 27,184	\$ (499)	\$ 26,685
SG&A	15,574	11,507	27,081	19,438	46,519
Total	<u>\$ 31,415</u>	<u>\$ 22,850</u>	<u>\$ 54,265</u>	<u>\$ 18,939</u>	<u>\$ 73,204</u>

Restructuring charges represent costs associated with the relocation or reorganization of certain business activities and facility closures and include costs related to employee severance at closed facilities, contract termination costs, asset write-downs and other costs. Severance costs primarily include costs associated with involuntary termination benefits. Contract termination costs include costs related to the termination of operating leases or other contract termination costs. Asset write-downs include accelerated depreciation of fixed assets, accelerated amortization of intangible assets, divestiture of certain non-strategic assets and inventory write-downs. Other costs generally include costs related to employee relocation, asset relocation, vacant facility costs (i.e., taxes and insurance) and other charges. Restructuring charges include charges related to approved, but not yet announced, facility closures.

The following is a summary of restructuring charges, net of adjustments, for our restructuring activities related to our 2023 Realignment Programs:

Three Months Ended March 31, 2024					
(Amounts in thousands)	Severance	Contract Termination	Asset Write- Downs (Gains)	Other	Total
COS	\$ 3,985	\$ —	\$ —	\$ 444	\$ 4,429
SG&A	701	—	—	—	701
Total	<u>\$ 4,686</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 444</u>	<u>\$ 5,130</u>
Three Months Ended March 31, 2023					
(Amounts in thousands)	Severance	Contract Termination	Asset Write- Downs (Gains)	Other	Total
COS	\$ 186	\$ 66	\$ (1,303)	\$ 105	\$ (946)
SG&A	5	—	8,900	—	8,905
Total	<u>\$ 191</u>	<u>\$ 66</u>	<u>\$ 7,597</u>	<u>\$ 105</u>	<u>\$ 7,959</u>

The following is a summary of total inception to date restructuring charges, net of adjustments, related to our 2023 Realignment Programs:

(Amounts in thousands)	Inception to Date				
	Severance	Contract Termination	Asset Write-Downs (Gains)	Other	Total
COS	\$ 11,070	\$ 301	\$ 794	\$ 1,697	\$ 13,862
SG&A	1,651	—	8,871	6	10,528
Total	\$ 12,721	\$ 301	\$ 9,665	\$ 1,703	\$ 24,390

The following represents the activity, primarily severance charges from reductions in force, related to the restructuring reserves for the three months ended March 31, 2024 and 2023:

(Amounts in thousands)	2024	2023
Balance at January 1,	\$ 8,184	\$ 965
Charges, net of adjustments	5,130	362
Cash expenditures	(387)	(234)
Other non-cash adjustments, including currency	(849)	(55)
Balance at March 31,	<u>\$ 12,078</u>	<u>\$ 1,038</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and notes thereto, and the other financial data included elsewhere in this Quarterly Report. The following discussion should also be read in conjunction with our audited consolidated financial statements, and notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") included in our 2023 Annual Report.

EXECUTIVE OVERVIEW

Our Company

We are a world-leading manufacturer and aftermarket service provider of comprehensive flow control systems. We develop and manufacture precision-engineered flow control equipment integral to the movement, control and protection of the flow of materials in our customers' critical processes. Our product portfolio of pumps, valves, seals, automation and aftermarket services supports global infrastructure industries, including oil and gas, chemical, power generation and water management, as well as general industrial markets where our products and services enable customers to achieve their goals. Through our manufacturing platform and global network of Quick Response Centers ("QRCs"), we offer a broad array of aftermarket equipment services, such as installation, advanced diagnostics and turnkey maintenance programs. We currently have approximately 16,000 employees globally and a footprint of manufacturing facilities and QRCs in more than 50 countries.

Our business model is significantly influenced by the capital and operating spending of global infrastructure industries for the placement of new products into service and maintenance spending for aftermarket services for existing operations. The worldwide installed base of our products is an important source of aftermarket revenue, where products are intended to maximize operating time of many key industrial processes. We continue to invest in our aftermarket strategy to provide local support to drive customer investments in our offerings and use of our services to replace or repair installed products. The aftermarket portion of our business also helps provide business stability during various economic periods. The aftermarket business, which is primarily served by our network of 156 QRCs (some of which are shared by our two business segments) located around the globe provides a variety of service offerings for our customers including spare parts, service solutions, product life cycle solutions and other value-added services. It is generally a higher margin business compared to our original equipment business and a key component of our profitable growth strategy.

Our operations are conducted through two business segments that are referenced throughout this MD&A:

- FPD designs and manufactures custom, highly engineered pumps, pre-configured industrial pumps, pump systems, mechanical seals, auxiliary systems and replacement parts and related services; and

- FCD designs, manufactures and distributes a broad portfolio of engineered-to-order and configured-to-order isolation valves, control valves, valve automation products and related equipment.

Our business segments share a focus on industrial flow control technology and have a high number of common customers. These segments also have complementary product offerings and technologies that are often combined in applications that provide us a net competitive advantage. Our segments also benefit from our global footprint, our economies of scale in reducing administrative and overhead costs to serve customers more cost effectively and our shared leadership for operational support functions, such as research and development marketing and supply chain.

The reputation of our product portfolio is built on more than 50 well-respected brand names such as Worthington, IDP, SIHI, INNOMAG, Valtek, Limitorque, Durco, Argus and Durametallic, which we believe to be one of the most comprehensive in the industry. Our products and services are sold either directly or through designated channels to more than 10,000 companies, including some of the world's leading engineering, procurement and construction ("EPC") firms, original equipment manufacturers, distributors and end users.

We continue to leverage our QRC network to be positioned as near to customers as possible for service and support in order to capture valuable aftermarket business. Along with seeking to ensure that we have the local capability to sell, install and service our equipment in remote regions, we seek to continuously improve our global operations. We continuously strive to enhance our global supply chain capability to increase our ability to meet global customer demands and improve the quality and timely delivery of our products over the long-term. Additionally, we continue to devote resources to improving the supply chain processes across our business segments to find areas of synergy and cost reduction and to improve our supply chain management capability to meet global customer demands. We also remain focused on improving on-time delivery and quality, while managing warranty costs as a percentage of sales across our global operations, through our operational excellence program. The goal of the program, which includes lean manufacturing, six sigma business management strategy and value engineering, is to maximize service fulfillment to customers through on-time delivery, reduced cycle time and quality at the highest internal productivity.

Throughout the COVID-19 pandemic we engaged in a number of cost savings measures in order to help mitigate the adverse effects of the pandemic on our financial results, including certain realignment activities. In the first quarter of 2023, we identified and initiated certain realignment activities concurrent with the consolidation of our FPD aftermarket and pump operations into a single operating model. This consolidated operating model was designed to better align our go-to-market strategy with our product offerings, enable end-to-end lifecycle responsibility and accountability, and to facilitate more efficient operations. Additionally, we committed to an estimated \$50 million in cost reduction efforts to begin in 2023. Collectively, the above realignment activities are referred to as the "2023 Realignment Programs." The activities of the 2023 Realignment Programs were identified and implemented in phases throughout 2023 and are continuing into 2024.

2024 Outlook

As our operations have generally stabilized from the COVID-19 pandemic, we have seen growth from our supportive served end-markets and our focus on our strategic plan that takes a balanced approach to integrating both short-term and long-term initiatives and aims to accelerate growth through three key areas: diversification, decarbonization, and digitization, the "3D Strategy." Our sales volume is expected to deliver sustainable and healthy growth, while our 2023 Realignment Programs and the new operating model have unlocked gains in organizational efficiency. With our strong backlog and supportive market environment, we expect to continue revenue growth in 2024.

The strong U.S. dollar has made and may continue to make our products more expensive overseas and has resulted in challenges to meeting our international customers' pricing expectations in certain cases. We will continue to be proactive in our efforts to stay competitive in our prices and market share.

As of March 31, 2024, we have cash and cash equivalents of \$532.0 million and \$672.2 million of borrowings available under our Senior Credit Facility. We do not currently anticipate, nor are we aware of, any significant market conditions or commitments that would change any of our conclusions of the sufficient liquidity available to us. We expect the liquidity discussed above coupled with the costs savings measures planned and already in place will further enable us to maintain adequate liquidity over the short-term (next 12 months) and long-term (beyond the next 12 months). We will continue to actively monitor the credit markets in order to maintain sufficient liquidity and access to capital.

RESULTS OF OPERATIONS — Three months ended March 31, 2024 and 2023

Throughout this discussion of our results of operations, we discuss the impact of fluctuations in foreign currency exchange rates. We have calculated currency effects on operations by translating current year results on a monthly basis at prior year exchange rates for the same periods.

The activities of the 2023 Realignment Programs were identified and implemented in phases throughout 2023 and are continuing into 2024. We currently anticipate a total investment in realignment activities that have been evaluated and initiated of approximately \$100 million of which \$18 million is estimated to be non-cash. Based on the activities of the 2023 Realignment Programs initiated to date, we estimate that we recognized cost savings of approximately \$45 million through March 31, 2024. Upon completion of the activities of the 2023 Realignment Programs that have been identified and initiated to date, we expect to achieve annualized cost savings in excess of \$100 million. Actual savings could vary from expected savings, which represent management's best estimate to date. There are certain remaining realignment activities that are currently being evaluated, but have not yet been approved and therefore are not included in the above anticipated total investment or estimated savings.

Realignment Activity

The following tables present our realignment activity by segment related to our 2023 Realignment Programs.

	Three Months Ended March 31, 2024				
	FPD	FCD	Subtotal- Reportable Segments	Eliminations and All Other	Consolidated Total
(Amounts in thousands)					
Total Realignment Charges					
COS	\$ 5,044	\$ 767	\$ 5,811	\$ (138)	\$ 5,673
SG&A	1,041	114	1,155	339	1,494
Total	\$ 6,085	\$ 881	\$ 6,966	\$ 201	\$ 7,167

	Three Months Ended March 31, 2023				
	FPD	FCD	Subtotal- Reportable Segments	Eliminations and All Other	Consolidated Total
(Amounts in thousands)					
Total Realignment Charges					
COS	\$ 390	\$ 11	\$ 401	\$ (199)	\$ 202
SG&A	2,050	8,906	10,956	5,721	16,677
Total	\$ 2,440	\$ 8,917	\$ 11,357	\$ 5,522	\$ 16,879

Consolidated Results

Bookings, Sales and Backlog

	Three Months Ended March 31,	
	2024	2023
(Amounts in millions)		
Bookings	\$ 1,038.3	\$ 1,057.2
Sales	1,087.5	980.3

We define a booking as the receipt of a customer order that contractually engages us to perform activities on behalf of our customer with regard to manufacturing, service or support. Bookings recorded and subsequently canceled within the year-to-date period are excluded from year-to-date bookings. Bookings for the three months ended March 31, 2024 decreased by \$18.9 million, or 1.8%, as compared with the same period in 2023. The decrease included negative currency effects of less than one million. The decreased bookings were driven by decreased customer orders in the oil and gas, chemical and water management industries, partially offset by power generation and general industries. The decrease in customer bookings was driven by original equipment bookings.

Sales for the three months ended March 31, 2024 increased by \$107.2 million, or 10.9%, as compared with the same period in 2023. The increase included currency benefits of approximately \$3 million. The increased sales were driven by both aftermarket and original equipment customer sales, with increased customer sales into North America, Europe, Latin America, Asia Pacific, Africa and Middle East. Net sales to international customers, including export sales from the United States, were approximately 64% and 63% of total sales for the three months ended March 31, 2024 and 2023, respectively. Aftermarket sales represented approximately 51% of total sales, as compared with approximately 53% of total sales for the same period in 2023.

Backlog represents the aggregate value of booked but uncompleted customer orders and is influenced primarily by bookings, sales, cancellations and currency effects. Backlog of \$2,612.5 million at March 31, 2024 decreased by \$82.6 million, or 3.1%, as compared with December 31, 2023. Currency effects provided a decrease of approximately \$26 million (currency effects on backlog are calculated using the change in period end exchange rates). Approximately 38% of the backlog at March 31, 2024 and 37% of the backlog at December 31, 2023 was related to aftermarket orders. Backlog includes our unsatisfied (or partially unsatisfied) performance obligations related to contracts having an original expected duration in excess of one year of approximately \$637 million, as discussed in Note 2 to our condensed consolidated financial statements included in this Quarterly Report.

Gross Profit and Gross Profit Margin

	Three Months Ended March 31,	
	2024	2023
(Amounts in millions, except percentages)		
Gross profit	\$ 339.0	\$ 296.8
Gross profit margin	31.2 %	30.3 %

Gross profit for the three months ended March 31, 2024 increased by \$42.2 million, or 14.2%, as compared with the same period in 2023. Gross profit margin for the three months ended March 31, 2024 of 31.2% increased from 30.3% for the same period in 2023. The increase in gross profit margin was primarily due to the favorable impact of previously implemented sales price increases and higher sales volume, partially offset by higher broad-based annual incentive compensation and increased charges of \$5.5 million related to our 2023 Realignment Programs as compared to the same period in 2023.

Selling, General and Administrative Expense

	Three Months Ended March 31,	
	2024	2023
(Amounts in millions, except percentages)		
SG&A	\$ 228.4	\$ 244.3
SG&A as a percentage of sales	21.0 %	24.9 %

SG&A for the three months ended March 31, 2024 decreased by \$15.9 million, or 6.5%, as compared with the same period in 2023. Currency effects yielded an increase of approximately \$1 million. SG&A decreased due to decreased charges of \$15.2 million related to our 2023 Realignment Programs, \$3.1 million of expense related to the terminated Velan acquisition incurred in the first quarter of 2023 that did not recur, a \$2.9 million write-down of an impaired licensing intangible in the first quarter of 2023 that did not recur, and a reversal of previously recognized expenses of \$2.0 million related to our financial exposure in Russia, partially offset by an increase in research and development costs of \$4.9 million and an increase in bad debt expense of \$2.4 million as compared with the same period in 2023. SG&A as a percentage of sales for the three months ended March 31, 2024 decreased 390 basis points primarily due to increased sales leverage and cost decreases.

Net Earnings from Affiliates

	Three Months Ended March 31,	
	2024	2023
(Amounts in millions)		
Net earnings from affiliates	\$ 2.5	\$ 4.6

Net earnings from affiliates for the three months ended March 31, 2024 decreased by \$2.1 million, or 45.7%, as compared with the same period in 2023. The decrease in net earnings was primarily a result of decreased earnings of our FPD joint ventures in Chile and South Korea.

Operating Income and Operating Margin

(Amounts in millions, except percentages)	Three Months Ended March 31,	
	2024	2023
Operating income	\$ 113.1	\$ 57.2
Operating income as a percentage of sales	10.4 %	5.8 %

Operating income for the three months ended March 31, 2024 increased by \$55.9 million, or 97.7%, as compared with the same period in 2023. The increase included negative currency effects of approximately \$1 million. The increase was primarily a result of the \$42.2 million increase in gross profit combined with the \$15.9 million decrease in SG&A.

Interest Expense and Interest Income

(Amounts in millions)	Three Months Ended March 31,	
	2024	2023
Interest expense	\$ (15.3)	\$ (16.2)
Interest income	1.2	1.5

Interest expense for the three months ended March 31, 2024 decreased \$0.9 million, as compared with the same period in 2023, primarily due to lower outstanding debt, partially offset by higher effective interest rates as compared with the same period in 2023.

Other Income (Expense), Net

(Amounts in millions)	Three Months Ended March 31,	
	2024	2023
Other income (expense), net	\$ (0.9)	\$ (8.0)

Other expense, net for the three months ended March 31, 2024 decreased \$7.1 million as compared with the same period in 2023, due primarily to a \$1.5 million decrease in losses from transactions in currencies other than our sites' functional currencies and \$7.3 million increase in gains arising from transactions on foreign exchange forward contracts, partially offset by a \$0.8 million increase in pension related costs. The net change was primarily due to the foreign currency exchange rate movements in the Euro, Hungarian forint, Mexican peso, and United Arab Emirates dirhams during the three months ended March 31, 2024, as compared with the same period in 2023.

Income Taxes and Tax Rate

(Amounts in millions, except percentages)	Three Months Ended March 31,	
	2024	2023
Provision for (benefit from) income taxes	\$ 20.1	\$ 4.5
Effective tax rate	20.5 %	12.9 %

The effective tax rate of 20.5% for the three months ended March 31, 2024 increased from 12.9% for the same period in 2023. The effective tax rate varied from the U.S. federal statutory rate for the three months ended March 31, 2024 primarily due to the net impact of foreign operations and state income taxes. Refer to Note 13 to our condensed consolidated financial statements included in this Quarterly Report for further discussion.

Other Comprehensive Income (Loss)

(Amounts in millions)	Three Months Ended March 31,	
	2024	2023
Other comprehensive income (loss)	\$ (26.9)	\$ 13.1

Other comprehensive income (loss) for the three months ended March 31, 2024 decreased by \$40.0 million from income of \$13.1 million in the same period in 2023. The loss was due to foreign currency translation adjustments resulting primarily from exchange rate movements of the Euro, British pound, Chinese yuan, Singapore dollar and Mexican peso versus the U.S. dollar during the three months ended March 31, 2024, as compared with the same period in 2023.

Business Segments

We conduct our operations through two business segments based on the type of product and how we manage the business. We evaluate segment performance and allocate resources based on each segment's operating income. The key operating results for our two business segments, FPD and FCD, are discussed below.

Flowserve Pumps Division Segment Results

Our largest business segment is FPD, through which we design, manufacture, distribute and service highly custom engineered pumps, pre-configured industrial pumps, pump systems, mechanical seals, and auxiliary systems (collectively referred to as "original equipment") and related services. FPD includes highly engineered pump products with longer lead times and mechanical seals, which are generally manufactured within shorter lead times. FPD also manufactures replacement parts and related equipment and provides aftermarket services. FPD primarily operates in the oil and gas, power generation, chemical, water management and general industries. FPD operates in 49 countries with 36 manufacturing facilities worldwide, 11 of which are located in Europe and the Middle East, 11 in North America, eight in Asia and six in Latin America, and it operates 131 QRCs, including those co-located in manufacturing facilities and/or shared with FCD.

(Amounts in millions, except percentages)	Three Months Ended March 31,	
	2024	2023
Bookings	\$ 703.5	\$ 728.5
Sales	769.4	700.1
Gross profit	247.9	221.4
Gross profit margin	32.2 %	31.6 %
SG&A	139.7	147.0
Segment operating income	110.9	79.1
Segment operating income as a percentage of sales	14.4 %	11.3 %

Bookings for the three months ended March 31, 2024 decreased by \$25.0 million, or 3.4%, as compared with the same period in 2023. The decrease included currency benefits of approximately \$1 million. The decrease in customer bookings was driven by decreased customer orders in the oil and gas, power generation and chemical industries, partially offset by increased customer orders in the general and water management industries. Customer bookings decreased \$25.3 million into Asia Pacific, \$16.6 million into the Middle East, \$9.6 million into Africa, and \$0.6 million into North America, and were partially offset by increased customer orders of \$14.2 million into Europe and \$13.6 million into Latin America. The decrease was driven by original equipment bookings.

Sales for the three months ended March 31, 2024 increased by \$69.3 million, or 9.9% as compared with the same period in 2023 and included currency benefits of approximately \$3 million. The increase was driven by both aftermarket and original equipment customer sales. Increased customer sales of \$28.7 million into North America, \$20.2 million into Europe, \$18.7 million into the Middle East, \$6.5 million into Latin America, and \$3.4 million into Africa were partially offset by decreased sales of \$7.0 million into Asia Pacific.

Gross profit for the three months ended March 31, 2024 increased by \$26.5 million, or 12.0%, as compared with the same period in 2023. Gross profit margin for the three months ended March 31, 2024 of 32.2% increased from 31.6% for the same period in 2023. The increase in gross profit margin was primarily due to the favorable impact of previously implemented sales

price increases and higher sales volume, partially offset by increased charges of \$4.7 million related to our 2023 Realignment Programs and higher broad-based annual incentive compensation as compared to the same period in 2023.

SG&A for the three months ended March 31, 2024 decreased by \$7.3 million, or 5.0%, as compared with the same period in 2023. Currency effects provided an increase of less than one million. The decrease in SG&A was primarily due to a reversal of previously recognized expenses of \$2.0 million related to our financial exposure in Russia and a decrease of \$1.0 million related to our 2023 Realignment Programs, partially offset by a \$4.0 million increase in research and development costs and higher broad-based annual incentive compensation as compared to the same period in 2023.

Operating income for the three months ended March 31, 2024 increased by \$31.8 million, or 40.2%, as compared with the same period in 2023. The increase included negative currency effects of less than one million. The increase was primarily due to the \$26.5 million increase in gross profit and the \$7.3 million decrease in SG&A.

Backlog of \$1,784.2 million at March 31, 2024 decreased by \$107.5 million, or 5.7%, as compared with December 31, 2023. Currency effects provided a decrease of approximately \$20 million.

Flow Control Division Segment Results

FCD designs, manufactures and distributes a broad portfolio of engineered-to-order and configured-to-order isolation valves, control valves, valve automation products and related equipment. FCD leverages its experience and application know-how by offering a complete menu of engineered services to complement its expansive product portfolio. FCD has a total of 44 manufacturing facilities and QRCs in 22 countries around the world, with five of its 19 manufacturing operations located in the United States, eight located in Europe and the Middle East, five located in Asia Pacific and one located in Latin America. Based on independent industry sources, we believe that FCD is the second largest industrial valve supplier on a global basis.

(Amounts in millions, except percentages)	Three Months Ended March 31,	
	2024	2023
Bookings	\$ 341.1	\$ 332.0
Sales	320.5	281.6
Gross profit	92.7	80.3
Gross profit margin	28.9 %	28.5 %
SG&A	58.0	61.8
Segment operating income	34.7	18.5
Segment operating income as a percentage of sales	10.8 %	6.6 %

Bookings for the three months ended March 31, 2024 increased by \$9.1 million, or 2.7%, as compared with the same period in 2023. Bookings included negative currency effects of approximately \$1 million. The increase in customer bookings was primarily driven by increased customer orders in the oil and gas and power generation industries, partially offset by decreased customer orders in the chemical, general and water management industries. Increased customer bookings were driven by increased orders of \$27.2 million into Asia Pacific, \$8.7 million into Europe, \$2.3 million into Africa, and \$1.2 million into Latin America, partially offset by decreased orders of \$20.6 million into North America and \$8.7 million into the Middle East. The increase was primarily driven by customer aftermarket bookings.

Sales for the three months ended March 31, 2024 increased \$38.9 million, or 13.8%, as compared with the same period in 2023. The increase included negative currency effects of less than one million. The increase was driven by both aftermarket and original equipment customer sales. The increase was primarily driven by increased customer sales of \$12.7 million into the Middle East, \$11.0 million into Europe, \$5.1 million into Africa, and \$3.3 million into North America, partially offset by decreased sales of \$2.8 million into Latin America.

Gross profit for the three months ended March 31, 2024 increased by \$12.4 million, or 15.4%, as compared with the same period in 2023. Gross profit margin for the three months ended March 31, 2024 of 28.9% increased from the 28.5% for the same period in 2023. The increase in gross profit margin was primarily due to the favorable impact of previously implemented sales price increases and higher sales volume, partially offset by slightly unfavorable mix, increased charges of less than one million related to our Realignment Programs and higher broad-based annual incentive compensation as compared to the same period in 2023.

SG&A for the three months ended March 31, 2024 decreased by \$3.8 million, or 6.1%, as compared with the same period in 2023. Currency effects provided an increase of less than one million. The decrease in SG&A was primarily due to decreased charges of \$8.8 million related to our 2023 Realignment Programs and \$3.1 million of expense related to the terminated Velan

acquisition incurred in the first quarter of 2023 that did not recur, partially offset by a \$2.0 million increase in research and development costs and \$1.0 million increase in bad debt expense as compared to the same period in 2023.

Operating income for the three months ended March 31, 2024 increased by \$16.2 million, or 87.6%, as compared with the same period in 2023. The increase included negative currency effects of less than one million. The increase was primarily due to the \$12.4 million increase in gross profit and \$3.8 million decrease in SG&A.

Backlog of \$841.7 million at March 31, 2024 increased by \$14.9 million, or 1.8%, as compared with December 31, 2023. Currency effects provided a decrease of approximately \$6 million.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow and Liquidity Analysis

(Amounts in millions)	Three Months Ended March 31,	
	2024	2023
Net cash flows provided (used) by operating activities	\$ 62.3	\$ 26.6
Net cash flows provided (used) by investing activities	(13.6)	(16.5)
Net cash flows provided (used) by financing activities	(54.2)	(43.8)

Existing cash, cash generated by operations and borrowings available under the Senior Credit Facility are our primary sources of short-term liquidity. We monitor the depository institutions that hold our cash and cash equivalents on a regular basis, and we believe that we have placed our deposits with creditworthy financial institutions. Our sources of operating cash generally include the sale of our products and services and the conversion of our working capital, particularly accounts receivable and inventories. Our cash balance at March 31, 2024 was \$532.0 million as compared with \$545.7 million at December 31, 2023.

Our cash balance decreased by \$13.7 million to \$532.0 million at March 31, 2024, as compared with December 31, 2023. The cash activity during the first three months of 2024 included cash provided by operating activities, \$27.7 million in dividend payments, \$13.6 million in capital expenditures, \$15.0 million of payments on our Term Loan and \$2.5 million of share repurchases.

For the three months ended March 31, 2024, our cash provided by operating activities was \$62.3 million, as compared to cash provided of \$26.6 million for the same period in 2023. Cash flow used for working capital increased for the three months ended March 31, 2024, due primarily to increased cash flows used by or decreased cash flows provided by accounts receivable, contract assets, accounts payable, contract liabilities, accrued liabilities, and retirement obligations and other liabilities partially offset by increased cash flows provided by or decreased cash flows used by inventories, prepaid expenses and other assets, and net deferred taxes as compared to the same period in 2023.

Increases in accounts receivable used \$39.7 million of cash flow for the three months ended March 31, 2024, as compared to \$26.2 million used for the same period in 2023. As of March 31, 2024, our days' sales outstanding ("DSO") was 76 days as compared with 83 days as of March 31, 2023.

Increases in contract assets used \$8.1 million of cash flow for the three months ended March 31, 2024, as compared with cash flows provided of \$4.3 million for the same period in 2023.

Increases in inventory used \$11.5 million and \$70.7 million of cash flow for the three months ended March 31, 2024 and March 31, 2023, respectively. Inventory turns were 3.3 times at March 31, 2024, as compared to 3 times as of March 31, 2023.

Increases in accounts payable provided \$5.1 million of cash flow for the three months ended March 31, 2024, as compared with \$7.0 million of cash provided for the same period in 2023. Increases in accrued liabilities provided \$30.9 million of cash flow for the three months ended March 31, 2024, as compared with \$35.4 million of cash flow provided for the same period in 2023.

Decreases in contract liabilities used \$6.4 million of cash flow for the three months ended March 31, 2024, as compared to cash flows provided of \$32.7 million for the same period in 2023.

Cash flows used by investing activities during the three months ended March 31, 2024 were \$13.6 million, as compared to cash flows used of \$16.5 million for the same period in 2023. Capital expenditures during the three months ended March 31, 2024 were \$13.6 million, a decrease of \$1.7 million as compared with the same period in 2023. Our capital expenditures are generally focused on strategic initiatives to pursue information technology infrastructure, ongoing scheduled replacements and upgrades and cost reduction opportunities. In 2024, we currently estimate capital expenditures to be between \$75 million and \$85 million before consideration of any acquisition activity.

Cash flows used by financing activities during the three months ended March 31, 2024 were \$54.2 million, as compared to \$43.8 million of cash flows used for the same period in 2023. Cash outflows in the three months ended March 31, 2024 resulted primarily from the \$15.0 million of payments on our Term Loan and \$27.7 million of dividend payments. Cash outflows during the three months ended March 31, 2023 resulted primarily from the \$10.0 million of payments on our Term Loan and \$26.2 million of dividend payments.

Our Senior Credit Facility Agreement matures in September 13, 2026. Approximately \$45 million of our outstanding Term Loan is due to mature in the remainder of 2024 and approximately \$60 million in 2025. As of March 31, 2024, we had an available capacity of \$672.2 million on our Senior Credit Facility, which provides for a \$800.0 million unsecured revolving credit facility with a maturity date of September 13, 2026. Our borrowing capacity is subject to financial covenant limitations based on the terms of our Senior Credit Facility and is also reduced by outstanding letters of credit. Our Senior Credit Facility is committed and held by a diversified group of financial institutions. Refer to Note 6 to our condensed consolidated financial statements included in this Quarterly Report for additional information concerning our Senior Credit Facility.

During the three months ended March 31, 2024 we have made no cash contributions to our U.S. pension plan. We have no obligation to make contributions to our U.S. pension plans in 2024, but have authorization for contributions up to \$20 million. At December 31, 2023, our U.S. pension plan was fully funded as defined by applicable law. We continue to maintain an asset allocation consistent with our strategy to maximize total return, while reducing portfolio risks through asset class diversification.

Considering our current debt structure and cash needs, we currently believe cash flows generated from operating activities combined with availability under our Senior Credit Facility and our existing cash balance will be sufficient to meet our cash needs for our short-term (next 12 months) and long-term (beyond the next 12 months) business needs. However, cash flows from operations could be adversely affected by a decrease in the rate of general global economic growth and an extended decrease in capital spending of our customers, as well as economic, political and other risks associated with sales of our products, operational factors, competition, regulatory actions, fluctuations in foreign currency exchange rates and fluctuations in interest rates, among other factors. See "Financing" and "Cautionary Note Regarding Forward-Looking Statements" below.

As of March 31, 2024, we have \$297.5 million of remaining capacity for Board of Directors approved share repurchases. While we currently intend to continue to return cash through dividends and/or share repurchases for the foreseeable future, any future returns of cash through dividends will be reviewed individually, declared by our Board of Directors at its discretion and implemented by management.

Financing

Credit Facilities

See Note 6 to our condensed consolidated financial statements included in this Quarterly Report for a discussion of our Senior Credit Facility and related covenants. We were in compliance with all applicable covenants under our Senior Credit Facility as of March 31, 2024.

As of March 31, 2024, we have cash and cash equivalents of \$532.0 million and \$672.2 million of borrowings available under our Senior Credit Facility. In April 2024, the Company borrowed \$100.0 million on the Revolving Credit Facility for general corporate purposes and, as of April 29, 2024, the Company has \$100.0 million outstanding. We do not currently anticipate, nor are we aware of, any significant market conditions or commitments that would change any of our conclusions of the sufficient liquidity available to us. We expect the liquidity discussed above coupled with the costs savings measures planned and already in place will further enable us to maintain adequate liquidity over the short-term (next 12 months) and long-term (beyond the next 12 months). We will continue to actively monitor the credit markets in order to maintain sufficient liquidity and access to capital.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of financial condition and results of operations are based on our condensed consolidated financial statements and related footnotes contained within this Quarterly Report. Our critical accounting policies used in the preparation of our condensed consolidated financial statements were discussed in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2023 Annual Report. The critical policies, for which no significant changes have occurred in the three months ended March 31, 2024, include:

- Revenue Recognition;
- Deferred Taxes, Tax Valuation Allowances and Tax Reserves;
- Reserves for Contingent Loss;
- Pension and Postretirement Benefits; and

- Valuation of Goodwill, Indefinite-Lived Intangible Assets and Other Long-Lived Assets.

The process of preparing condensed consolidated financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions to determine certain of the assets, liabilities, revenues and expenses. These estimates and assumptions are based upon what we believe is the best information available at the time of the estimates or assumptions. The estimates and assumptions could change materially as conditions within and beyond our control change. Accordingly, actual results could differ materially from those estimates. The significant estimates are reviewed quarterly with the Audit Committee of our Board of Directors.

Based on an assessment of our accounting policies and the underlying judgments and uncertainties affecting the application of those policies, we believe that our condensed consolidated financial statements provide a meaningful and fair perspective of our consolidated financial condition and results of operations. This is not to suggest that other general risk factors, such as changes in worldwide demand, changes in material costs, performance of acquired businesses and others, could not adversely impact our consolidated financial condition, results of operations and cash flows in future periods. See "Cautionary Note Regarding Forward-Looking Statements" below.

ACCOUNTING DEVELOPMENTS

We have presented the information about pronouncements not yet implemented in Note 1 to our condensed consolidated financial statements included in this Quarterly Report.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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," "predicts" or other similar expressions are intended to identify forward-looking statements, which include, without limitation, statements concerning our future financial performance, future debt and financing levels, investment objectives, implications of litigation and regulatory investigations and other management plans for future operations and performance.

The forward-looking statements included in this Quarterly Report 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. Specific factors that might cause such a difference 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 the global financial markets and the availability of capital 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 our restructuring, realignment and other cost-saving 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 United States, 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; and
- ineffective internal controls could impact the accuracy and timely reporting of our business and financial results.

These and other risks and uncertainties are more fully discussed in the risk factors identified in "Item 1A. Risk Factors" in Part I of our 2023 Annual Report and Part II of this Quarterly Report, and may be identified in our Quarterly Reports on Form 10-Q and our other filings with the SEC and/or press releases from time to time. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any forward-looking statement.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We have market risk exposure arising from changes in foreign currency exchange rate movements in foreign exchange forward contracts. We are exposed to credit-related losses in the event of non-performance by counterparties to financial instruments, but we currently expect our counterparties will continue to meet their obligations given their current creditworthiness.

Foreign Currency Exchange Rate Risk

A substantial portion of our operations are conducted by our subsidiaries outside of the United States in currencies other than the U.S. dollar. Almost all of our non-U.S. subsidiaries conduct their business primarily in their local currencies, which are also their functional currencies. Foreign currency exposures arise from translation of foreign-denominated assets and liabilities into U.S. dollars and from transactions, including firm commitments and anticipated transactions, denominated in a currency other than our or a non-U.S. subsidiary's functional currency. We recognized net gains (losses) associated with foreign currency translation of \$(28.2) million and \$13.5 million for the three months ended March 31, 2024 and 2023, respectively, which are included in other comprehensive income (loss).

We employ a foreign currency risk management strategy to minimize potential changes in cash flows from unfavorable foreign currency exchange rate movements. Where available, the use of foreign exchange forward contracts allows us to mitigate transactional exposure to exchange rate fluctuations as the gains or losses incurred on the foreign exchange forward contracts will offset, in whole or in part, losses or gains on the underlying foreign currency exposure. Our policy allows foreign currency coverage only for identifiable foreign currency exposures. As of March 31, 2024, we had a U.S. dollar equivalent of \$640.2 million in aggregate notional amount outstanding in foreign exchange forward contracts with third parties, as compared with \$656.6 million at December 31, 2023. Transactional currency gains and losses arising from transactions outside of our sites' functional currencies and changes in fair value of non-designated foreign exchange forward contracts are included in our consolidated results of operations. We recognized foreign currency net gains (losses) of \$1.3 million and \$(7.4) million for the three months ended March 31, 2024 and 2023, respectively, which are included in other income (expense), net in the accompanying condensed consolidated statements of income.

Based on a sensitivity analysis at March 31, 2024, a 10% change in the foreign currency exchange rates for the three months ended March 31, 2024 would have impacted our net earnings by approximately \$13 million. This calculation assumes that all currencies change in the same direction and proportion relative to the U.S. dollar and that there are no indirect effects, such as changes in non-U.S. dollar sales volumes or prices. This calculation does not take into account the impact of the foreign currency exchange forward contracts discussed above.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) are controls and other procedures that are designed to ensure that the information that we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

In connection with the preparation of this Quarterly Report, our management, under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2024. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2024.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION**Item 1. Legal Proceedings.**

We are party to the legal proceedings that are described in Note 10 to our condensed consolidated financial statements included in "Item 1. Financial Statements" of this Quarterly Report, and such disclosure is incorporated by reference into this "Item 1. Legal Proceedings." In addition to the foregoing, we and our subsidiaries are named defendants in certain other ordinary routine lawsuits incidental to our business and are involved from time to time as parties to governmental proceedings, all arising in the ordinary course of business. Although the outcome of lawsuits or other proceedings involving us and our subsidiaries cannot be predicted with certainty, and the amount of any liability that could arise with respect to such lawsuits or other proceedings cannot be predicted accurately, management does not currently expect the amount of any liability that could arise with respect to these matters, either individually or in the aggregate, to have a material adverse effect on our financial position, results of operations or cash flows.

Item 1A. Risk Factors.

There are numerous factors that affect our business, financial condition, results of operations, cash flows, reputation and/or prospects, many of which are beyond our control. In addition to other information set forth in this Quarterly Report, careful consideration should be given to "Item 1A. Risk Factors" in Part I and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II of our 2023 Annual Report, which contain descriptions of significant factors that might cause the actual results of operations in future periods to differ materially from those currently projected in the forward-looking statements contained therein.

There have been no material changes in risk factors discussed in our 2023 Annual Report and subsequent SEC filings. The risks described in this Quarterly Report filed for the period ended March 31, 2024, our 2023 Annual Report and in our other SEC filings or press releases from time to time are not the only risks we face. Additional risks and uncertainties are currently deemed immaterial based on management's assessment of currently available information, which remains subject to change; however, new risks that are currently unknown to us may surface in the future that materially adversely affect our business, financial condition, results of operations or cash flows.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Note 12 to our condensed consolidated financial statements included in this Quarterly Report includes a discussion of our share repurchase program and payment of quarterly dividends on our common stock.

Effective February 19, 2024, the Board of Directors approved a \$300.0 million share repurchase authorization, which included approximately \$96.1 million of remaining capacity under the prior \$500.0 million share repurchase authorization. During the quarter ended March 31, 2024, we repurchased 57,000 shares of our common stock shares for \$2.5 million, representing an average cost of 44.71 per share. As of March 31, 2024, we have \$297.5 million of remaining capacity under our current share repurchase program. The following table sets forth the activity for each of the three months during the quarter ended March 31, 2024:

Period	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (1)	Maximum Number c Shares (or Approximate Dollar Value) That May Yet Be Purchased Under the Program (in millions)
January 1 - 31	268	(2)	\$ 39.99	—	\$ 96.
February 1 - 29	210,097	(3)	42.72	—	300.
March 1 - 31	233	(2)	44.55	57,000	297.
Total	210,598		\$ 42.72	57,000	

(1) On November 13, 2014, our Board of Directors approved a \$500.0 million share repurchase authorization. Effective February 19, 2024, the Board of Directors approved a \$300.0 million share repurchase authorization, which included approximately \$96.1 million of remaining capacity under the prior \$500.0 million share repurchase authorization. Our share repurchase program does not have an expiration date, and we reserve the right to limit or terminate the repurchase program at any time without notice.

(2) Represents shares that were tendered by employees to satisfy minimum tax withholding amounts for Restricted Shares.

(3) Includes 207,916 shares that were tendered by employees to satisfy minimum tax withholding amounts for Restricted Shares at an average price per share of \$42.73 and 2,181 shares purchased at a price of \$42.17 per share by a rabbi trust that we established in connection with our director deferral plans, pursuant to which non-employee directors may elect to defer directors' quarterly cash compensation to be paid at a later date in the form of common stock.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Insider Trading Arrangements.

Our directors and executive officers may, from time to time, enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5 -1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Exchange Act. During the quarter ended March 31, 2024, no such plans or other arrangements were adopted, terminated or modified.

Item 6. Exhibits

No.	Description
	Restated Certificate of Incorporation of Flowserve Corporation, as amended and restated effective May 20, 2021 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-13179)) filed on May 25, 2021).
	Flowserve Corporation By-Laws, as amended and restated effective April 12, 2023 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-13179) filed on April 12, 2023).
	Form of 2024 Performance Restricted Stock Unit Agreement for certain officers pursuant to the Flowserve Corporation 2020 Long-Term Incentive Plan.*
	Form of 2024 Restricted Stock Unit Agreement for certain officers pursuant to the Flowserve Corporation 2020 Long-Term Incentive Plan.*
	Flowserve Corporation Senior Management Retirement Plan, amended and restated effective January 1, 2024 (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K (File No. 001-13179) for the year ended December 31, 2023).*
	Flowserve Corporation Retirement Savings Plan, amended and restated effective January 1, 2024 (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K (File No. 001-13179) for the year ended December 31, 2023).*
	Flowserve Corporation Supplemental Retirement Savings Plan effective January 1, 2024 (incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K (File No. 001-13179) for the year ended December 31, 2023).*
	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
:	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
:	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
S	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
CH	XBRL Taxonomy Extension Schema Document
AL	XBRL Taxonomy Extension Calculation Linkbase Document
LB	XBRL Taxonomy Extension Label Linkbase Document
RE	XBRL Taxonomy Extension Presentation Linkbase Document
EF	XBRL Taxonomy Extension Definition Linkbase Document
104	The cover page from the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2024, formatted in Inline XBRL (included as Exhibit 101)

*Management contracts and compensatory plans and arrangements required to be filed as exhibits to this Quarterly Report on Form 10-Q.

+ Filed herewith.

++ Furnished herewith.

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 thereunto duly authorized.

FLOWSERVE CORPORATION

Date: April 29, 2024

/s/ Amy B. Schwetz

Amy B. Schwetz

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: April 29, 2024

/s/ Scott K. Vopni

Scott K. Vopni

Vice President and Chief Accounting Officer
(Principal Accounting Officer)

/\$CurrentDate\$

Performance Restricted Stock Unit Agreement

Flowserve Corporation 2020 Long-Term Incentive Plan

This Performance Restricted Stock Unit Agreement (this "**Agreement**") is made and entered into by and between Flowserve Corporation, a New York corporation (the "**Company**"), and /\$ParticipantName\$/ (the "**Participant**") as of /\$GrantDate\$/ (the "**Date of Grant**"). All capitalized terms used in this Agreement and not otherwise defined herein have the meanings given to such terms in the Plan (as defined below).

WHEREAS, the Company has adopted the Flowserve Corporation 2020 Long-Term Incentive Plan (as amended from time to time, the "**Plan**") to strengthen the ability of the Company to retain the services of key Employees and Outside Directors and to increase the interest of such persons in the Company's welfare.

WHEREAS, the Committee believes that the grant of Performance Restricted Stock Units to the Participant as described herein is consistent with the stated purposes for which the Plan was adopted.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereafter set forth and for other good and valuable consideration, the Company and the Participant agree as follows:

1. *Performance Restricted Stock Units*

(a) In order to encourage the Participant's contribution to the successful performance of the Company, and in consideration of the covenants and promises of the Participant herein contained, the Company hereby grants to the Participant as of the Date of Grant, an Award of /\$AwardsGranted\$/ Restricted Stock Units subject to performance conditions (the "**Performance Shares**"), which will be converted into a number of shares of Common Stock of the Company equal to the number of vested Performance Shares or, as determined in the sole discretion of the Committee, into an equivalent amount of cash, subject to the conditions and restrictions set forth below and in the Plan. The Performance Shares granted hereunder shall constitute a Performance Award within the meaning of the Plan. The Performance Shares granted pursuant to this Agreement are subject to both the Company's "Dodd-Frank Clawback Policy" and the Company's "Senior Management Clawback Policy," as each may be modified from time to time.

(b) *No Shareholder Rights*. The Performance Shares granted pursuant to this Agreement do not and shall not entitle the Participant to any rights of a stockholder of the Company prior to the date shares of Common Stock are issued to the Participant in settlement of the Award. The Participant's rights with respect to Performance Shares shall remain forfeitable at all times prior to the date on which rights become vested and the restrictions with respect to the Performance Shares lapse in accordance with this Agreement.

2. *Vesting and Settlement of Performance Shares*

The Performance Shares will be earned based on the Company's performance against the three performance metrics outlined below for the period beginning January 1, 2024 and ending December 31, 2026 (the "**Performance Cycle**").

(a) *Return on Invested Capital*. One-half of the Performance Shares (the “**ROIC Performance Shares**”) will be earned based on the Company's return on invested capital performance over each of the three calendar years of the Performance Cycle with such ROIC Performance Shares allocated evenly among each of the three years of the Performance Cycle (the “**ROIC Performance Goals**”), and subject to further adjustment as provided under Paragraph 2(c) below. The Committee has established the threshold, target and maximum ROIC Performance Goal for the 2024 calendar year, as set forth in Appendix A attached hereto. The Committee will establish and communicate to the Participant a threshold, target and maximum ROIC Performance Goal for the 2025 and 2026 calendar years prior to March 30, 2025 and March 30, 2026, respectively, in accordance with the requirements of Section 6.7 of the Plan. Following the end of the Performance Cycle, the Committee shall compare the actual performance of the Company with the ROIC Performance Goals and certify, in writing, whether and to what extent the ROIC Performance Goals have been achieved for such Performance Cycle. Subject to the provisions of Paragraph 3 below, upon written certification by the Committee, which shall occur no later than March 15 of the year following the year in which the Performance Cycle ends, as to whether, and to what extent, the ROIC Performance Goals have been achieved, the ROIC Performance Shares will become vested (the “**Vesting Date**”) and will be eligible for conversion in accordance with the following schedule, in each case, subject to further adjustment as provided under Paragraph 2(c) below:

- (i) If the ROIC Performance Goal achieved is less than the threshold, the ROIC Performance Shares will not vest.
- (ii) If the threshold ROIC Performance Goal is achieved, then 50% of the ROIC Performance Shares will vest.
- (iii) If the target ROIC Performance Goal is achieved, then 100% of the ROIC Performance Shares will vest.
- (iv) If the maximum ROIC Performance Goal is achieved or exceeded, then 200% of the ROIC Performance Shares will vest.
- (v) If the ROIC Performance Goal achieved is between the threshold and the target, or between target and maximum, the number of ROIC Performance Shares that will vest will be interpolated on a straight-line basis between the two nearest designated points.

(b) *Free Cash Flow*. The remaining one-half of the Performance Shares (the “**FCF Performance Shares**”) will be earned based on the Company's average annual free cash flow performance as a percentage of net income over each of the three calendar years in the Performance Cycle (the “**FCF Performance Goals**”), subject to further adjustment as provided under Paragraph 2(c) below. The Committee has established a threshold, target and maximum FCF Performance Goal for the 2024 calendar year, as set forth in Appendix A attached hereto. The Committee will establish and communicate to the Participant a threshold, target and maximum FCF Performance Goal for the 2025 and 2026 calendar years prior to March 30, 2025 and March 30, 2026, respectively, in accordance with the requirements of Section 6.7 of the Plan. Following the end of the Performance Cycle, the Committee shall compare the actual performance of the Company with the FCF Performance Goals and certify, in writing, whether and to what extent the FCF Performance Goals have been achieved for such Performance Cycle. Subject to the provisions of Paragraph 3 below, upon written certification by the Committee on the Vesting Date as to whether, and to what extent, the FCF Performance Goals have been achieved, the FCF Performance Shares will become vested on the Vesting Date and will be eligible for conversion in accordance with the following schedule, in each case, subject to further adjustment as provided under Paragraph 2(c) below:

- (i) If the FCF Performance Goal achieved is less than the threshold, the FCF Performance Shares will not vest.
 - (ii) If the threshold FCF Performance Goal is achieved, then 50% of the FCF Performance Shares will vest.
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(iii) If the target FCF Performance Goal is achieved, then 100% of the FCF Performance Shares will vest.

(iv) If the maximum FCF Performance Goal is achieved or exceeded, then 200% of the FCF Performance Shares will vest.

(v) If the FCF Performance Goal achieved is between the threshold and the target or between target and maximum, the number of FCF Performance Shares that will vest will be interpolated on a straight-line basis between the two nearest designated points.

(c) *Relative Total Shareholder Return Modifier*. ROIC Performance Shares and FCF Performance Shares which vest pursuant to the foregoing Paragraphs 2(a) and 2(b) shall be subject to adjustment in the aggregate based on the Company's relative total shareholder return performance as compared to the total shareholder return performance of the constituent companies in a performance peer group over the Performance Cycle ("**Relative TSR**"). The Committee has established the Company's performance peer group for purposes of calculating the Relative TSR performance as set forth in Appendix A attached hereto. Subject to the provisions of Paragraph 3 below, upon written certification by the Committee on the Vesting Date as to whether, and to what extent, the Relative TSR has been achieved, the Performance Shares will become vested on the Vesting Date and will be eligible for conversion in accordance with the following schedule:

(i) If the Relative TSR achieved is at the 25th percentile or below, the aggregate percentage of Performance Shares that have vested pursuant to the foregoing Paragraphs 2(a) and 2(b) shall be reduced by 15% and such reduced amount shall be eligible for conversion.

(ii) If the Relative TSR achieved is greater than the 25th percentile and less than the 75th percentile, the aggregate percentage of Performance Shares that have vested pursuant to the foregoing Paragraphs 2(a) and 2(b) shall be neither reduced nor increased and such amount shall be eligible for conversion.

(iii) If the Relative TSR achieved is at the 75th percentile or higher, the aggregate percentage of Performance Shares that have vested pursuant to the foregoing Paragraphs 2(a) and 2(b) shall be increased by 15% and such increased amount shall be eligible for conversion.

(d) Except as otherwise provided in Paragraph 3 below, by no later than March 15 of the year following the year in which the Performance Cycle ends, the Company shall convert the vested Performance Shares into the number of whole shares, rounded up to the nearest whole share, of Common Stock equal to the number of vested Performance Shares, subject to the provisions of the Plan and the Agreement, or into a cash amount determined in accordance with Paragraph 2(g) below, and shall deliver such shares (in accordance with Paragraph 2(e) below) or cash to the Participant. The value of such shares of Common Stock shall not bear any interest owing to the passage of time.

(e) Following conversion of the vested Performance Shares into shares of Common Stock, such shares of Common Stock will be registered and transferred of record to the Participant. The delivery of any shares of Common Stock pursuant to this Agreement is subject to the provisions of Paragraphs 8 and 10 below.

(f) Each year that this Agreement is in effect, the Participant will receive credits ("**Dividend Equivalents**") based upon the cash dividends that would have been paid on the number of shares of Common Stock equal to 100% of the Performance Shares as if such shares of Common Stock were actually held by the Participant. Dividend Equivalents shall be deemed to be reinvested in additional Performance Shares (which may thereafter accrue additional Dividend Equivalents). Any such reinvestment shall be at the Fair Market Value of the Common Stock at the time thereof. Dividend Equivalents may be settled in cash or

shares of Common Stock, or any combination thereof, as determined by the Committee, in its sole and absolute discretion. The settlement of Dividend Equivalents in the form of shares of Common Stock will constitute a Bonus Stock Award for purposes of the Plan. Following conversion of the vested Performance Shares into shares of Common Stock, the Participant also shall receive a distribution of the Dividend Equivalents accrued with respect to such Performance Shares prior to the date of such conversion. In the event any Performance Shares do not vest, the Participant shall forfeit his or her right to any Dividend Equivalents accrued with respect to such unvested Performance Shares.

(g) Notwithstanding the foregoing provisions of Paragraphs 2(e) and 2(f), the Committee may, in its sole and absolute discretion, in lieu of distributing any shares of Common Stock to the Participant, elect to pay the Participant an amount in cash equal to the Fair Market Value on the date of conversion of the shares of Common Stock that the Participant otherwise would be entitled to receive pursuant to this Agreement.

3. Effect of Termination of Service

(a) The Performance Shares granted pursuant to this Agreement shall vest in accordance with the provisions of Paragraphs 2(a)-2(c) above, on condition that the Participant does not experience a Termination of Service (i) for any reason other than "cause" (as determined by the Committee in its sole discretion) through the end of the Performance Cycle or (ii) for "cause" (as determined by the Committee in its sole discretion) at any time prior to the Vesting Date. If, however, the Participant experiences a Termination of Service, then, except as otherwise provided in Paragraphs 3(b) through 3(d) below, the Performance Shares that have not previously vested in accordance with the vesting schedule reflected in Paragraphs 2(a)-2(c) above, as of the date of such Termination of Service shall be forfeited by the Participant to the Company.

(b) *Termination due to Death or Total and Permanent Disability* . In the event the Participant experiences a Termination of Service due to his or her Total and Permanent Disability or death prior to the end of the Performance Cycle, then on the date of such Termination of Service (the "**Death/Disability Vesting Date**"), 100% of the outstanding Performance Shares shall vest as if the target Performance Goal has been achieved. Notwithstanding Paragraph 2(d) above, as soon as practicable, but in no event later than March 15 of the year following the year in which the Death/Disability Vesting Date occurs, the Company shall convert the vested Performance Shares into the number of whole shares of Common Stock equal to the number of vested Performance Shares, subject to the provisions of the Plan and this Agreement, or into a cash amount determined in accordance with Paragraph 2(g) above, and shall deliver such shares (in accordance with Paragraph 2(e) above) or cash to the Participant (or the Participant's estate).

(c) *Termination due to Special End of Service* . In the event the Participant experiences a Termination of Service due to his or her Special End of Service prior to the end of the Performance Cycle, then the Performance Shares shall remain outstanding and on each remaining Vesting Date the Participant shall be entitled to receive the number of shares of Common Stock that would have been payable to such Participant if he or she had continued to provide services through the end of the Performance Cycle based on actual performance as determined by the Committee in accordance with Paragraph 2. For purposes of this Agreement, the term "**Special End of Service**" shall mean the voluntary termination of a Participant's employment and other service with the Company for any reason other than due to the Participant's death, Total and Permanent Disability or termination for "cause" (as determined by the Committee in its sole discretion) on or after (i) the date that is six months after the Date of Grant and (ii) attaining both (A) age 55 and (B) 10 years of service with the Company or its subsidiaries.

(d) *Involuntary Termination*. In the event the Participant experiences a Termination of Service (i) due to a reduction-in-force (as determined in the sole discretion of the Committee) or (ii) under other circumstances triggering payment under the Flowserve Corporation Executive Officer Severance Plan (as the same may be amended) (each, an “**Involuntary Termination**”, and such Involuntary Termination occurs in the final year of the Performance Cycle, then on the Vesting Date the Participant shall be entitled to receive a number of shares of Common Stock equal to (i) the number of shares of Common Stock that would have been payable to such Participant if he or she had continued to provide services through the end of the Performance Cycle as determined by the Committee in accordance with Paragraph 2, multiplied by (ii) a fraction, the numerator of which is the number of full months (counting the month in which the Participant’s Termination of Service occurs as a full month) during the Performance Cycle that the Participant was employed by the Company, and the denominator of which is the total number of months in the Performance Cycle.

4. Restrictive Covenants

(a) Participant acknowledges that that he or she has become and will continue to become familiar with new and on-going Confidential Information (as defined below). Participant recognizes and agrees that: (i) the Company has devoted a considerable amount of time, effort and expense to develop its Confidential Information and business goodwill; (ii) the Confidential Information and the Company’s business goodwill are valuable assets to the Company; and (iii) any unauthorized use or disclosure of the Company’s Confidential Information would cause irreparable harm to the Company, including damage to the Company’s business goodwill, for which there is no adequate remedy at law. For these reasons, Participant agrees that, to protect the Company’s Confidential Information (as defined below) and business goodwill, it is necessary to enter into the following restrictive covenants. As used in this Paragraph 4, references to the “**Company**” refer to the Company and its Subsidiaries.

Participant, whether individually or as a principal, partner, stockholder, manager, agent, consultant, contractor, employee, lender, investor, volunteer, director or officer of any corporation or association or in any other manner or capacity whatsoever, agrees that during Participant’s employment by the Company and for a period of one (1) year following the date on which Participant’s employment ceases (for whatever reason) (the “**Restricted Period**”), Participant shall not, whether directly or indirectly, without the express prior written consent of the Company:

(I) *Non-Solicitation*. Other than for the benefit of the Company during Participant’s period of employment with or engagement by the Company, curtail the business of, interfere with the Company’s relationship with, solicit business from, attempt to transact business with or transact business with any customer or prospective customer of the Company with whom the Company transacted business or solicited within the preceding twenty-four (24) months, and which either: (A) Participant contacted, called on, serviced, did business with or had contact with during Participant’s employment or that Participant attempted to contact, call on, service, or do business with during Participant’s employment or engagement; (B) Participant became acquainted with or dealt with, for any reason, as a result of Participant’s employment or engagement by the Company; or (C) Participant received Confidential Information regarding during Participant’s employment with or engagement by the Company. This restriction applies only to business that is in the scope of services or products provided by the Company.

(II) *Non-Recruitment*. Hire, recruit, solicit for employment, induce or encourage to leave the employment of or engagement by the Company, or otherwise cease their employment or engagement with the Company, on behalf of Participant or any other person or entity, any current employee or independent contractor of the Company or its subsidiaries (including those employees on vacation and approved leaves of absence, disability or other approved absence with the legal right to return to employment) or any former employee or independent contractor of the Company or its subsidiaries whose employment or engagement ceased no more than three (3) months earlier.

(III) *Non-Competition*. Become employed by, advise, perform services for, establish, have any ownership interest in, invest in or otherwise engage in any capacity, whether directly or indirectly, with a Competing Business in the Restricted Area. For purposes of this Agreement, "Competing Business" means any entity or business that is in the business of providing flow management products and related repair and/or replacement services. Because the scope and nature of the Company's business is international in scope, the "Restricted Area" is worldwide. Nothing in this Paragraph 4(a)(III) shall prohibit the Participant's direct or indirect ownership of securities of any business traded on any national securities exchange or an inter-dealer quotation system, on condition that: the Participant does not, directly or indirectly, own three percent (3%) or more of any class of securities of such business; such ownership is for investment purposes only; and the Participant does not have the right, and is not a member of a group that has the right, through the ownership of an equity interest, voting securities or otherwise, to direct the activities of such business.

For purposes of this Agreement, "**Confidential Information**" includes any trade secrets or confidential or proprietary information of the Company and its affiliates, including, but not limited to, the following:

(A) information concerning customers, clients, marketing, business and operational methods of the Company and its customers or clients, contracts, financial or other data, technical data, e-mail and other correspondence or any other confidential or proprietary information possessed, owned or used by the Company;

(B) business records, product construction, product specifications, financial information, audit processes, pricing, business strategies, marketing and promotional practices (including internet-related marketing) and management methods and information;

(C) financial data, strategies, systems, research, plans, reports, recommendations and conclusions;

(D) names, arrangements with, or other information relating to, any of the Company's customers, clients, suppliers, financiers, owners, representatives and other persons who have business relationships with the Company or who are prospects for business relationships with the Company; and

(E) any non-public matter or thing obtained or ascertained by the Participant through the Participant's association with the Company, the use or disclosure of which may reasonably be construed to be contrary to the best interests of any the Company.

(b) *Non-Disclosure*. The Participant shall not, during the period of the Participant's employment or engagement by the Company or at any time thereafter, disclose, publish or use for any purpose any Confidential Information, except as: (i) required in the ordinary course of the Company's business or the Participant's work for the Company; (ii) required by law; or (iii) directed and authorized in writing by the Company. Upon the Participant's Termination of Service for any reason and at any other time so requested by the Company, the Participant shall immediately return and deliver to the Company any and all Confidential Information, computers, hard drives, papers, books, records, documents, memoranda, manuals, e-mail, electronic or magnetic recordings or data, including all copies thereof, which belong to the Company or relate to the Company's business and which are in the Participant's possession, custody or control, whether prepared by the Participant or others. If at any time after the Participant's Termination of

Service, for any reason, the Participant determines that the Participant has any Confidential Information in the Participant's possession or control, the Participant shall immediately return to the Company, or at the Company's request destroy, all such Confidential Information in the Participant's possession or control, including all copies and portions thereof. Participant shall provide the Company with written affirmation of the Participant's compliance with the Participant's obligations under this Paragraph 4(b) if so requested by the Company. The Participant understands and agrees that the obligations under this Paragraph 4(b) are in addition to, and not in limitation or preemption of, all other obligations of confidentiality which the Participant may have to the Company under general legal or equitable principles, any other agreement with the Company or other policies implemented by the Company. Notwithstanding anything to the contrary contained herein, the Participant shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and solely for the purpose of reporting or investigating a suspected violation of law; or is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If the Participant files a lawsuit for retaliation by Company for reporting a suspected violation of law, the Participant may disclose the trade secret to the Participant's attorney and use the trade secret information in the court proceeding, if the Participant files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. In addition, nothing in this Agreement or any other outstanding award under the Plan or other agreement between the Company and the Participant prohibits disclosure or discussion of conduct the Participant reasonably believes to be unlawful, including illegal discrimination, illegal harassment, illegal retaliation, a wage-and-hour violation, or sexual assault or otherwise limits the Participant's ability to communicate with the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (each, a "**Government Agency**") or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information and reporting possible violations of law or regulation or other disclosures protected under the whistleblower provisions of applicable law or regulation, without notice to the Company.

(c) *Non-Disparagement.* The Participant agrees that the Company's goodwill and reputation are assets of great value to the Company which were obtained through great costs, time and effort. Therefore, the Participant agrees that during the Participant's employment or engagement by the Company and at any time thereafter, the Participant will not in any way disparage, libel, defame, or make public statements or third-party disclosures, except to the extent required by law or legal proceedings, that are injurious to the Company, its business or business practices, its products or services or its employees.

(d) *Remedies.* The Participant acknowledges that the restrictions contained in this Paragraph 4, in view of the nature of the Company's business, are reasonable and necessary to protect the Company's legitimate business interests and business goodwill and that any violation of these restrictions would result in irreparable injury to the Company. The existence of any claim or cause of action by the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the restrictive covenants contained in Paragraph 4.

(i) *Forfeiture by the Participant.* If the Participant breaches any restriction in this Paragraph 4, the Company shall be entitled to, in addition to any legal remedies available to the Company, undertake any or all of the following: (A) require the Participant to forfeit any Performance Shares (whether then vested or unvested) that have not yet been converted into Common Stock (or an equivalent cash payment) as of the date of such violation; (B) require the Participant to immediately sell to the Company a number of shares of Common Stock equal to the gross number of Performance Shares converted into Common Stock hereunder, for the then-current Fair Market Value of such shares; (C) require the Participant to immediately pay to the Company any cash settlement of Performance Shares hereunder or any gain that the Participant realized on any sale of shares of Common Stock issued in settlement of the Performance Shares granted hereunder; (D) discontinue future grants of any and all equity awards under any equity incentive plan in which the Participant may participate; (E) recover damages incurred by the Company as a result of the breach; and (F) recover its attorneys' fees, costs and expenses incurred in connection with such actions. To the extent that the provisions of this Paragraph 4 are inconsistent with the terms of any other agreement between the Company and the Participant, the Company and the Participant agree that the provisions of this Paragraph 4 shall control.

(ii) *Injunctive Relief and Damages.* Participant acknowledges and agrees that a breach of Paragraph 4 will result in irreparable harm and continuing damage to the Company, and that money damages and the remedies set forth in Paragraph 4(d)(i) above would be not be sufficient remedies to the Company for any such breach or threatened breach. Therefore, to the fullest extent permitted by law, Participant agrees that the Company shall also be entitled to a temporary restraining order and injunctive relief restraining Participant from the commission of any breach of Paragraph 4. Nothing contained in this Agreement shall be construed as prohibiting the Company from pursuing any other remedies available to it for any breach or threatened breach, including, without limitation, the remedies set forth in Paragraph 4(d)(i) or the recovery of money damages, attorneys' fees and costs.

(e) *Tolling.* If Participant violates any of the restrictions contained in this Paragraph 4, the Restricted Period will be suspended and will not run in favor of Participant until such time that Participant cures the violation to the satisfaction of the Company.

5. *Limitation of Rights*

Nothing in this Agreement or the Plan shall be construed to:

- (a) give the Participant any right to be awarded any further Performance Shares or any other Award in the future, even if Performance Shares or other Awards are granted on a regular or repeated basis, as grants of Performance Shares and other Awards are completely voluntary and made solely in the discretion of the Committee;
- (b) give the Participant or any other person any interest in any fund or in any specified asset or assets of the Company or any Subsidiary; or
- (c) confer upon the Participant the right to continue in the employment or service of the Company or any Subsidiary, or affect the right of the Company or any Subsidiary to terminate the employment or service of the Participant at any time or for any reason.

6. *Data Privacy*

By execution of this Agreement, the Participant acknowledges that he or she has read and understands the Flowserve Corporation Employee Data Protection Policy and Flowserve's Privacy Policy. The Participant hereby consents to the collection, processing, transmission, use and electronic and manual storage of his or her personal data by the Company, EQ Trust Company ("**EQ Trust**") and Merrill Lynch & Co., Inc. ("**Merrill Lynch**") in order to facilitate Plan administration. The Participant understands and acknowledges that this consent applies to all personally-identifiable data relevant to Plan administration, including the Participant's name, home address, work email address, job title, GEMS ID, National Identification Number or Social Security Number, employee status, work location, work phone number, tax class, previous equity grant transaction data and compensation data. The Participant further agrees to furnish to the Company any additional information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

The Participant understands that for purposes of Plan administration, the Participant's personal data will be collected and processed at 5215 N. O'Connor Blvd, 6th Floor, Irving, Texas (USA), and transferred to EQ Trust at 1110 Centre Pointe Curve, Suite 101, Mendota Heights, Minnesota (USA) and Merrill Lynch at 4 World Financial Center, 250 Vesey St., New York, New York (USA).

7. *Prerequisites to Benefits*

Neither the Participant, nor any person claiming through the Participant, shall have any right or interest in the Performance Shares awarded hereunder, unless and until all the terms, conditions and provisions of this Agreement and the Plan which affect the Participant or such other person shall have been complied with as specified herein.

8. *Delivery of Shares*

No shares of Common Stock shall be delivered to the Participant upon conversion of the Performance Shares into shares of Common Stock until:

- (a) all the applicable taxes required to be withheld have been paid or withheld in full;
- (b) the approval of any governmental authority required in connection with the Performance Shares, or the issuance of shares of Common Stock hereunder under has been received by the Company; and
- (c) if required by the Committee, the Participant has delivered to the Committee an Investment Letter in form and content satisfactory to the Company as provided in Paragraph 10 hereof.

9. *Successors and Assigns*

This Agreement shall bind and inure to the benefit of and be enforceable by the Participant, the Company and their respective permitted successors and assigns (including personal representatives, heirs and legatees), except that the Participant may not assign any rights or obligations under this Agreement except to the extent and in the manner expressly permitted herein.

10. *Securities Act*

The Company will not be required to deliver any shares of Common Stock pursuant to this Agreement if, in the opinion of counsel for the Company, such issuance would violate the Securities Act of 1933, as amended (the "**Securities Act**") or any other applicable federal or state securities laws or regulations. The Committee may require that the Participant, prior to the issuance of any such shares, sign and deliver to the Company a written statement, which shall be in a form and contain content acceptable to the Committee, in its sole discretion ("**Investment Letter**");

- (a) stating that the Participant is acquiring the shares for investment and not with a view to the sale or distribution thereof;
- (b) stating that the Participant will not sell any shares of Common Stock that the Participant may then own or thereafter acquire except either:
 - (i) through a broker on a national securities exchange, or
 - (ii) with the prior written approval of the Company; and
- (c) containing such other terms and conditions as counsel for the Company may reasonably require to assure compliance with the Securities Act or other applicable federal or state securities laws and regulations.

11. *Federal and State Taxes*

- (a) Any amount of Common Stock or cash that is payable or transferable to the Participant hereunder may be subject to the payment of or reduced by any amount or amounts which the Company is required to withhold under the then applicable provisions of the laws of the jurisdiction where the Participant is employed, and, if applicable, the Internal Revenue Code of 1986, as amended (the "**Code**"), or its successors, or any other foreign, federal, state or local tax withholding requirement. When the Company is required to withhold any amount or amounts under the applicable provisions of any foreign, federal, state or local requirement or the Code, the Company shall withhold from the Common Stock to be issued to the Participant a number of shares necessary to satisfy the Company's withholding obligations. The number of shares of Common Stock to be withheld shall be based upon the Fair Market Value of the shares on the date of withholding.
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(b) Notwithstanding Paragraph 11(a) above, if the Participant elects, and the Committee agrees, the Company's withholding obligations may instead be satisfied as follows:

(i) the Participant may direct the Company to withhold cash that is otherwise payable to the Participant;

(ii) the Participant may deliver to the Company a sufficient number of shares of Common Stock then owned by the Participant for a period of at least six (6) months to satisfy the Company's withholding obligations, based on the Fair Market Value of the shares as of the date of withholding;

(iii) the Participant may deliver sufficient cash to the Company to satisfy its withholding obligations; or

(iv) any combination of the alternatives described in Paragraphs 11(b)(i) through 11(b)(iii) above.

(c) Authorization of the Participant to the Company to withhold taxes pursuant to one or more of the alternatives described in Paragraph 11(b) above must be in a form and content acceptable to the Committee. The payment or authorization to withhold taxes by the Participant shall be completed prior to the delivery of any shares pursuant to this Agreement. An authorization to withhold taxes pursuant to this provision will be irrevocable unless and until the tax liability of the Participant has been fully paid.

12. Copy of Plan

By the electronic acceptance of this Agreement, the Participant acknowledges receipt of a copy of the Plan.

13. Administration

This Agreement is subject to the terms and conditions of the Plan. The Plan is administered by the Committee in accordance with its terms. The Committee has sole and complete discretion with respect to all matters reserved to it by the Plan and the decisions of the majority of the Committee with respect to the Plan and this Agreement shall be final and binding upon the Participant and the Company. Neither the Company nor the members of the Board or the Committee will be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Performance Shares granted hereunder. In the event of any conflict between the terms and conditions of this Agreement and the Plan, the provisions of the Plan shall control.

14. Adjustment of Number of Performance Shares

The number of Performance Shares granted hereunder shall be subject to adjustment in accordance with Articles 12 and 13 of the Plan.

15. Non-transferability

The Performance Shares granted by this Agreement are not transferable by the Participant other than by will or pursuant to applicable laws of descent and distribution. The Performance Shares and any rights and privileges in connection therewith, cannot be transferred, assigned, pledged or hypothecated by operation of law, or otherwise, and is not otherwise subject to execution, attachment, garnishment or similar process. In the event of such occurrence, this Agreement will automatically terminate and will thereafter be null and void.

16. Remedies

The Company shall be entitled to recover from the Participant reasonable attorneys' fees incurred in connection with the enforcement of the terms and provisions of this Agreement whether by an action to enforce specific performance or for damages for its breach or otherwise.

17. Information Confidential

As partial consideration for the granting of the Award hereunder, the Participant hereby agrees to keep confidential all information and knowledge, except that which has been disclosed in any public filings required by law, that the Participant has relating to the terms and conditions of this Agreement. However, such information may be disclosed as required by law and may be given in confidence to the Participant's spouse and tax and financial advisors. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to the Participant, as a factor weighing against the advisability of granting any such future award to the Participant.

18. Amendments

Except as otherwise provided in the Plan or below, this Agreement may be amended only by a written agreement executed by the Company and the Participant. Notwithstanding the foregoing, the Board or the Committee may amend this Agreement to the extent necessary or advisable in light of any addition to or change in any federal or state, tax or securities law or other law or regulation, which change occurs after the Date of Grant and by its terms applies to the Award or to the extent that such amendment is not materially adverse to the Participant.

19. Governing Law; Venue

This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Texas (excluding any conflict of laws, rule or principle of Texas law that might refer the governance, construction, or interpretation of this Plan to the laws of another state). By accepting the Performance Shares, the Participant hereby irrevocably and unconditionally agrees that any action, suit or proceeding, at law or equity, arising out of or relating to this Plan, this Agreement, the Performance Shares or any agreements or transactions contemplated hereby shall only be brought in a federal or state court of competent jurisdiction in Dallas County, Texas, and each of the Company and the Participant hereby irrevocably and unconditionally expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and hereby irrevocably and unconditionally waives (by way of motion, as a defense or otherwise) any and all jurisdictional, venue and convenience objections or defenses that such party may have in such action, suit or proceeding. Each of the Company and the Participant hereby irrevocably and unconditionally consents to the service of process of any of the aforementioned courts.

20. Severability

Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement (or portion thereof) is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions (or remaining portion of such provision) of this Agreement, but such provision (or portion thereof) shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision (or portion thereof) had never been included.

21. Headings

The titles and headings of paragraphs are included for convenience of reference only and are not to be considered in construction of the provisions of this Agreement.

22. Word Usage

Words used in the masculine shall apply to the feminine where applicable, and wherever the context of this Agreement dictates, the plural shall be read as the singular and the singular as the plural.

23. Execution of Receipts and Releases

Any payment of cash or any issuance or transfer of shares of Common Stock or other property to the Participant or to the Participant's legal representative, heir, legatee or distributee, in accordance with the provisions of this Agreement, shall, to the extent thereof, be in full satisfaction of all claims of such persons under this Agreement. The Company may require the Participant or the Participant's legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a release and receipt therefor in such form as it shall determine.

24. Code Section 409A.

Notwithstanding anything herein to the contrary, in the case of a conversion of vested Performance Shares and registration and transfer of shares of Common Stock on account of any termination of service (other than death), if the Participant is a "specified employee" as defined in Section 1.409A-1(i) of the final Treasury Regulations under Section 409A of the Code, then solely to the extent required under Section 409A of the Code, a distribution of such shares to the Participant shall not occur until the date which is six (6) months following the date of the Participant's termination of service (or, if earlier, the date of the Participant's death).

25. Electronic Delivery and Acceptance.

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

26. Insider Trading Restrictions/Market Abuse Laws.

The Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions including the United States and the Participant's country or his or her broker's country, if different, which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of shares, Performance Shares or rights linked to the value of shares of Common Stock (e.g., Dividend Equivalents) during such times as the Participant is considered to have "inside information" regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before he or she possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. The Participant acknowledges that it is the Participant's responsibility to comply with any applicable restrictions, and the Participant should speak with his or her personal legal advisor on this matter.

27. Appendix B.

Notwithstanding any provision of this Agreement to the contrary, the Performance Shares shall be subject to any special terms and conditions for the Participant's jurisdiction of residence (and jurisdiction of employment, if different) as set forth in Appendix B to the Agreement, if applicable, which shall constitute part of this Agreement.

28. Participant Acceptance.

The Participant must accept the terms and conditions of this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance delivered to the Company in a form satisfactory to the Company. In no event shall any shares of Common Stock be issued (or other securities or property distributed) under this Agreement in the absence of such acceptance. By accepting the Performance Shares, Participant agrees that the Performance Shares are granted under and governed by the terms and conditions of the Plan and this Agreement. Participant has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Agreement and fully understands all provisions of the Plan and this Agreement.

The Company and the Participant are executing this Agreement effective as of the Date of Grant set forth in the introductory clause.

FLOWERVE CORPORATION

/s/ Robert Scott Rowe

Robert Scott Rowe

President and Chief Executive Officer
(Principal Executive Officer)

Appendix A

Appendix B

Jurisdiction Specific Provisions

This Appendix B includes terms and conditions applicable to Participants in the countries, states, and jurisdictions covered by this Appendix A. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan and the Agreement to which this Appendix A is attached

The securities, exchange control and other laws in effect in the respective countries (and, as applicable, states and jurisdictions) are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information noted herein as the only source of information relating to the consequences of the Participant's participation in the Plan, as the information may be out of date by the time the Performance Shares are settled or the Participant sells the shares of Common Stock acquired

In addition, the information contained in this Appendix B is general in nature and may not apply to the Participant's particular situation, and the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the applicable laws in his or her jurisdiction may apply to his or her situation

If the Participant (i) is a citizen or resident of a jurisdiction other than the one in which he or she is currently working and/or residing, (ii) transfers employment or residency to another jurisdiction after the Performance Share grant date, (iii) changes employment status to a consultant position, or (iv) is considered a resident of another jurisdiction for local law purposes, the Company shall, in its sole discretion, determine the extent to which the special terms and conditions contained herein shall apply to the Participant unless the special terms and conditions contained herein specifically address that circumstance.

CHINA

Terms and Conditions

The award of Performance Shares granted pursuant to the Agreement (the "**Award**") is subject to the following additional terms and conditions to the extent that the Company, in its discretion, determines that the Participant's participation in the Plan is subject to exchange control restrictions in the People's Republic of China ("**PRC**" or "**China**"), as implemented by the State Administration of Foreign Exchange ("**SAFE**"), or other applicable laws of PRC.

Non-Competition Compensation.

Participant acknowledges and agrees that any non-competition compensation stipulated in the employment agreement (the "**Employment Contract**") entered into between Participant, on the one hand, and the Company or any of its affiliates, on the other hand, shall constitute the entire consideration and compensation payable to Participant for his or her performance of the non-competition obligations under the Employment Contract and Paragraph 4 (**Restrictive Covenants**) of this Agreement, and the Company shall have no obligation to pay any additional compensation to Participant under this Agreement for Participant's compliance with the restrictive covenants contained herein.

Modification of this Agreement. If any of the terms of this Agreement may in the opinion of the Company conflict or be inconsistent with any applicable PRC laws or regulations, the Company reserves the right to modify this Agreement to be consistent with applicable PRC laws or regulations.

Enforceability of this Agreement. It is expressly understood and agreed that although Participant and the Company consider the restrictions contained in Paragraph 4 (**Restrictive Covenants**) to be reasonable, if a judicial determination is made by a court in China that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against Participant, the provisions of this Agreement will not be rendered void, but will be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction in China finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding will not affect the enforceability of any of the other restrictions contained in this Agreement.

Award Conditioned on Satisfaction of Regulatory Obligations. The Performance Shares are conditioned upon the Company securing and maintaining all necessary approvals from the SAFE and any other applicable government entities in the PRC to permit the operation of the Plan in China, as determined by the Company in its sole discretion.

Shares Must Remain with Company's Designated Broker. The Participant agrees to hold the shares of Common Stock (the "**Shares**") underlying the Performance Shares with such broker as may be designated by the Company from time to time and shall not transfer the Shares to another broker until such time as may be permitted by the Company.

Sale of Shares. Notwithstanding anything in the Plan to the contrary, when the Participant terminates employment with the Company or its affiliates, the Participant will be required to sell all Shares acquired under the Plan and any other equity incentive or purchase plan or program (collectively, "**Equity Programs**") within such time period as may be established by the SAFE or otherwise within the later of six (6) months of such termination or of the final release of Shares underlying the Performance Shares, or other such period as may be required by Company policy, as determined in the Company's discretion. If the Participant has not completed any required sale within the required period then applicable, the Participant hereby authorizes the Company or any affiliate to complete such sale on the Participant's behalf. The Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or any affiliate or the Company's designated brokerage firm) to effectuate the sale of the Shares (including, without limitation, as to the transfers of the proceeds and other exchange control matters noted below) and shall otherwise cooperate with the Company with respect to such matters. The Participant acknowledges that neither the Company nor the designated brokerage firm is under any obligation to arrange for such sale of the Shares at any particular price (it being understood that the sale will occur in the market) and that broker's fees and similar expenses may be incurred in any such sale. In any event, when the Shares are sold, the sale proceeds, less any (mandatory, non-local) tax withholding, any broker's fees or commissions, and any similar expenses of the sale will be remitted to the Participant in accordance with applicable exchange control laws and regulations and Company practices.

Exchange Control Restrictions. The Participant understands and agrees that the Participant will be required immediately to repatriate to China cash dividends (to the extent such dividends are not reinvested to purchase additional Shares, if such reinvestment is permitted by the SAFE and applicable laws) and the proceeds from the sale of any Shares acquired under the Equity Programs. The Participant further understands that such repatriation of dividends and proceeds may need to be effected through a special bank account established by the Company or its affiliate, and the Participant hereby consents and agrees that dividends and proceeds from the sale of Shares acquired under the Plan may be transferred to such account by the Company on the Participant's behalf prior to being delivered to the Participant. The dividends and proceeds may be paid to the Participant in U.S. dollars or local currency, at the Company's discretion. If the dividends and proceeds are paid to the Participant in U.S. dollars, the Participant understands that a U.S. dollar bank account in China must be established and maintained by the Participant so that the proceeds may be deposited into such account. If the dividends and proceeds are paid to the Participant in local currency, the Participant acknowledges that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the dividends and proceeds to local currency due to exchange control restrictions. The Participant agrees to bear any currency fluctuation risk between the time dividends are declared or the Shares are sold and the dividends or net proceeds are converted into local currency and distributed to the Participant. The Participant further agrees to comply with any other requirements that may be imposed by the Company and its affiliates in the future in order to facilitate compliance with exchange control requirements in China and to sign any agreements, forms and/or consents that may be reasonably requested by the Company or its designated broker to effectuate any of the remittances, transfers, conversions or other processes affecting the proceeds.

Administration. The Participant shall be solely responsible for, and neither the Company nor its affiliates shall be liable for, any costs, fees, lost interest or dividends or other losses the Participant may incur or suffer resulting from the enforcement of the terms of this Appendix A or otherwise from the Company's operation and enforcement of the Plan, the Agreement and the Performance Shares in accordance with Chinese law including, without limitation, any applicable SAFE rules, regulations and requirements.

Notifications

Foreign Asset and Account Reporting Notification. If the Participant is a Chinese resident, the Participant may be required to report to SAFE all details of his or her foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents. The Participant should consult with his or her personal tax advisor to determine the Participant's personal reporting obligations.

Conversion from USD to CNY: The Participant's proceeds will be converted from USD to CNY using the official rates as determined by HSBC on the date of payment. These CNY proceeds will be deposited into the Participant's China Merchant Bank account. The Participant may elect to have proceeds paid in USD if the Participant is an account holder at HSBC. Please contact the Vice President, Total Rewards and HRIS to file or update optional payment instructions.

GERMANY

Notifications

Exchange Control Notification. Cross-border payments in excess of a specified threshold (currently EUR 12,500) must be reported monthly to the German Federal Bank (*Bundesbank*). For payments made or received in connection with securities (including proceeds realized upon the sale of shares of Common Stock), the report must be filed electronically using the "General Statistics Reporting Portal" ("*Allgemeines Meldeportal Statistik*") available via Bundesbank's website (www.bundesbank.de). The Participant is personally responsible for complying with applicable exchange control requirements in Germany.

No Prospectus Requirements: Participation in the Plan is not offered to the public in Germany, and no action has been or will be taken which would allow an offering of participations in the Plan to the public in Germany. Participants in the Plan in Germany are exclusively employees of the Company or its affiliates, it being understood that such offer to employees to participate in the Plan is or shall be made to less than 150 non-qualified investors in each member state of the European Economic Area. The Plan, the discretionary Award of Performance Shares to a Participant and/or their vesting and subsequent settlement do not trigger any prospectus obligations in Germany. The granting of the Performance Shares to a Participant who is resident or employed in Germany does not constitute an "offer of securities to the public" within the meaning of article 2 lit. d) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation"). In addition, no obligation to publish a prospectus would apply pursuant to either article 1 para. 4 lit. (i) or lit (b) of the Prospectus Regulation or any other provisions of German law.

Data Privacy: Concurrently with the execution and delivery of this Agreement, the Participant has executed and delivered to the Company a Processing and Transfer of Personal Data Consent Form in the form attached hereto as Appendix C which supplements the Flowserve Corporation Employee Data Protection Policy and Flowserve's Privacy Policy and replaces and supersedes the consent provided for under the second and third sentence of Section 6 (Privacy).

ITALY

Terms and Conditions

Labor Law Acknowledgment. This provision supplements the acknowledgements contained in Section 1 (Restricted Stock Units) of the Agreement:

In accepting the grant of Performance Shares, the Participant consents to participation in the Plan and acknowledges that the Participant has received a copy of the Plan.

This Agreement shall not be considered as an extension of the employment contract – if any – or of an obligation deriving from an employment contract. The Participant understands that the Company has unilaterally, gratuitously and in its own discretion decided to grant Performance Shares under the Plan to certain individuals who may be or not employees of the Company or an affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or an affiliate, other than as set forth in the Agreement. Consequently, the Participant understands that the Performance Shares are granted on the assumption and condition that the Performance Shares and any shares of Common Stock (“**Shares**”) acquired upon settlement of the Performance Shares are not a part of any employment contract (either with the Company or an affiliate) and shall not be considered a mandatory benefit, salary, nor salary components, for any purposes (including severance compensation), or any other right whatsoever. Further, the Participant understands that the Performance Shares would not be granted to the Participant but for the assumptions and conditions referred to above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken, or should any of the conditions not be met for any reason, any grant of or right to the Performance Shares shall be null and void.

Termination.

This provision supplements the acknowledgements contained in Section 3 (Effect of Termination of Service) of the Agreement:

The Participant understands and agrees that, unless otherwise provided in the Agreement, the Participant will forfeit any right of indemnification in the event of termination of Participant’s employment for any reason, included but not limited to disciplinary reason (i.e. “giusta causa” or “giustificato motivo soggettivo/giustificatezza”), reduction-in-force or internal reorganization (i.e. “giustificato motivo oggettivo”) both individual or collective, resignation, retirement, disciplinary dismissal adjudged or recognized to be without cause/reason.

Language Consent. By accepting the grant of Performance Shares, the Participant confirms having read and understood the Plan and Agreement which were provided in English.

Notifications

Foreign Asset and Account Reporting Notification. If at any time during the fiscal year the Participant holds foreign financial assets (including cash and shares of Common Stock) that may generate income taxable in Italy, the Participant is required to report these assets on his or her annual tax return (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due, irrespective of their value. These reporting obligations also will apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions. The Participant should consult with his or her personal tax advisor to determine the Participant’s personal reporting obligations.

SPAIN

Terms and Conditions

Labor Law Acknowledgment. This provision supplements the acknowledgements contained in Section 1 (Restricted Stock Units) of the Agreement:

In accepting the grant of Performance Shares, the Participant consents to participation in the Plan and acknowledges that the Participant has received a copy of the Plan.

The Participant understands that the Company has unilaterally, gratuitously and in its own discretion decided to grant Performance Shares under the Plan to certain individuals who may be employees of the Company or an affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or an affiliate, other than as set forth in the Agreement. Consequently, the Participant understands that the Performance Shares are granted on the assumption and condition that the Performance Shares and any shares of Common Stock (“**Shares**”) acquired upon settlement of the Performance

Shares are not a part of any employment contract (either with the Company or an affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation), or any other right whatsoever. Further, the Participant understands that the Performance Shares would not be granted to the Participant but for the assumptions and conditions referred to above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken, or should any of the conditions not be met for any reason, any grant of or right to the Performance Shares shall be null and void.

The Participant understands and agrees that, unless otherwise provided in the Agreement, the Participant will forfeit any unvested Performance Shares as of the date Participant's service ends without entitlement to the underlying Shares or to any amount of indemnification in the event of termination of Participant's employment for any reason including, but not limited to, resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (*i.e.*, subject to a "*despido improcedente*"), individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, and/or Article 50 of the Workers' Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985.

Notifications

Securities Law Notification. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of Performance Shares under the Plan. Neither the Plan nor the Agreement (which includes this Appendix A) have been nor will they be registered with the Comisión Nacional del Mercado de Valores (Spanish securities regulator), and they do not constitute a public offering prospectus.

Exchange Control Notification. The Participant must declare the acquisition of Shares to the *Dirección General de Comercial e Inversiones* (the "DGC") of the *Ministerio de Economía* for statistical purposes. Generally, the declaration must be filed in January for Shares acquired or disposed of during the prior year and/or for Shares owned as of December 31 of the prior year; however, if the value of the Shares acquired under the Plan or the amount of the sale proceeds exceeds a specified threshold (currently EUR 1,502,530), the declaration must be filed within one (1) month of the acquisition or disposition, as applicable.

The Participant also must declare electronically to the Bank of Spain any foreign securities accounts (including brokerage accounts held abroad), as well as the shares held in such accounts and transactions carried out with non-residents, depending on the amount of the transactions with non-residents during the relevant year or the balances/positions with non-residents. Different thresholds and deadlines to file the declarations apply. However, if neither such transactions during the immediately preceding year nor the balances/positions as of December 31 exceed a specified threshold (currently EUR one (1) million), no such declaration must be filed unless expressly required by the Bank of Spain. If neither the Participant's total balances/positions nor total transactions with non-residents pertaining to the relevant period exceed a specified threshold (currently EUR 50 million), a summarized form of declaration may be used. The Participant is personally responsible for complying with applicable exchange control requirements in Spain.

Foreign Asset and Account Reporting Notification. Individuals owning shares deposited outside of Spain and/or holding bank accounts outside of Spain whose value as of December 31 each year, or at any time throughout the year of sale, exceeds, for each type of asset, a specified threshold (currently EUR 50,000), must report their existence to the Spanish Tax Authorities on a specific tax reporting form. After the assets have been reported, the subsequent reporting obligation will only apply if their value increases by more than specified amount (currently EUR 20,000) as of each subsequent December 31, or if the assets already declared are being transferred or the bank accounts are being closed. The Participant should consult with his or her personal tax advisor to determine whether this reporting requirement applies.

UNITED STATES

CALIFORNIA - Terms and Conditions

Restrictive Covenants. If the Participant primarily resides or works in California and it is found that California law applies to this Agreement or any dispute arising from this Agreement, then Sections 4(a)(I), 4(a)(II) and 4(a)(III) (Restrictive Covenants) of this Agreement shall not apply to the Participant following their Termination of Service. Any conduct relating to the solicitation of the Company's employees that involves the misappropriation of the Company's trade secret information, such as the use, retention, or distribution of the Company's protected customer information, will remain prohibited conduct at all times, and nothing in this Agreement shall be construed to limit or eliminate any rights or remedies the Company may have under this Agreement, trade secret law, unfair competition law, or other laws applicable in California absent this Agreement.

ILLINOIS - Terms and Conditions

Restrictive Covenants.

Non-Recruitment; Non-Solicitation. If the Participant primarily resides or works in Illinois and it is found that Illinois law applies to this Agreement or any dispute arising from this Agreement, then Sections 4(a)(I) and 4(a)(II) shall not apply to the Participant following their Termination of Service unless the Participant's annual compensation exceeds \$45,000 (with the earnings threshold increasing by \$2,500 every five years from January 1, 2027, through January 1, 2037). The Participant further agrees that if, at the time they sign the Agreement, their earnings do not meet the earnings threshold, then the non-solicitation and non-recruitment obligations following Termination of Service in Sections 4(a)(I) and 4(a)(II) will automatically become enforceable against them if and when they begin earning an amount equal to or greater than the earnings threshold.

Non-Competition. If the Participant primarily resides or works in Illinois and it is found that Illinois law applies to this Agreement or any dispute arising from this Agreement, then Section 4(a)(III) shall not apply to the Participant following their Termination of Service unless the Participant's annual compensation exceeds \$75,000 (with the earnings threshold increasing by \$5,000 every five years from January 1, 2027, through January 1, 2037). The Participant further agrees that if, at the time they sign the Agreement, their earnings do not meet the earnings threshold, then the non-competition obligation following Termination of Service in Section 4(a)(III) will automatically become enforceable against them if and when they begin earning an amount equal to or greater than the earnings threshold.

Non-Competition; Non-Solicitation and Non-Recruitment. The restrictions of Sections 4(a)(I), 4(a)(II) and 4(a)(III) shall apply only to the extent that the Participant is employed for two or more years by the Company and/or receives compensation from the Company for two or more years following execution of this Agreement. To the extent employment or engagement with the Company is terminated less than two years following execution of this Agreement, the Participant agrees that they shall afford the Company the opportunity to provide them with a reasonable monetary payment, in an amount to be determined prior to or at the time of such Termination of Service, as consideration for the restrictions following Termination of Service set forth in Sections 4(a)(I), 4(a)(II) and 4(a)(III) of the Agreement. The Participant understands that reasonable consideration shall not exceed the amount that the Participant received as salary or income from the Company in the twelve (12) months prior to the Participant's Termination of Service. The Company shall also have the right, at its sole discretion, to not provide additional monetary consideration and, in such circumstances, if the Participant's experiences a Termination of Service within two years of execution of this Agreement, then Sections 4(a)(I), 4(a)(II) and 4(a)(III) shall not apply following Termination of Service.

Notifications

Notice. The Participant acknowledges that that they have been provided with the Agreement at least 14 days before executing the Agreement. The Participant further acknowledges that they have been advised to consult with an attorney before signing the Agreement.

LOUISIANA - Terms and Conditions

Restrictive Covenants.

Non-Recruitment; Non-Solicitation. If the Participant primarily resides or works in Louisiana and it is found that Louisiana law applies to this Agreement or any dispute arising from this Agreement, then Sections 4(a)(I), 4(a)(II) and 4(a)(III) shall apply only to the following parishes: Caddo, East Baton Rouge, Jefferson, Orleans and St. Tammany.

MAINE - Terms and Conditions

Restrictive Covenants. If the Participant resides in Maine and it is found that Maine law applies to this Agreement or any dispute arising from this Agreement, then Section 4(a)(III) shall not apply to the Participant following their Termination of Service unless the Participant's annual compensation exceeds 400% percent of the federal poverty level.

Notifications

Notice. By accepting the grant of Performance Shares, the Participant acknowledges that they have been provided with written notice and a copy of this Agreement at least three business days before the deadline to sign this Agreement.

MARYLAND - Terms and Conditions

Restrictive Covenants. If the Participant resides in Maryland and it is found that Maryland law applies to this Agreement or any dispute arising from this Agreement, then Section 4(a)(III) shall not apply to the Participant following their Termination of Service if the Participant's annual compensation is less than 150% percent of Maryland's minimum wage.

MASSACHUSETTS - Terms and Conditions

Restrictive Covenants.

Consideration. If the Participant primarily resides or works in Massachusetts and it is found that Massachusetts law applies to this Agreement or any dispute arising from this Agreement, then Participant acknowledges that this Agreement is supported by sufficient, mutually agreed upon consideration that benefits the Participant.

Notifications

Notice. By accepting this grant of Performance Shares, the Participant acknowledges that that they have been provided with written notice and a copy of this Agreement at least 10 business days before the effective date of the Agreement. The Participant further acknowledges that they have been advised to consult with an attorney before signing the Agreement.

VIRGINIA - Terms and Conditions

Restrictive Covenants.

Non-Competition; Non-Recruitment; and Non-Solicitation. If the Participant primarily resides or works in Virginia and it is found that Virginia law applies to this Agreement or any dispute arising from this Agreement, then the Participant agrees that Sections 4(a)(I), 4(a)(II) and 4(a)(III) are reasonably limited in nature and do not prohibit employment with a competing business in a non-competitive position.

Non-Competition. If the Participant primarily resides or works in Virginia and it is found that Virginia law applies to this Agreement or any dispute arising from this Agreement, then Section 4(a)(III) shall not apply to the Participant following their Termination of Service if the Participant's average weekly earnings, calculated as provided for under Code of Virginia section 40.1-28.7:7 (the "Virginia Act"), are less than the average weekly wage of the Commonwealth as determined pursuant to subsection B of section 65.2-500, or the Participant otherwise qualifies as a "low-wage employee" under the Virginia Act. The Participant shall not be considered a "low-wage employee" if their earnings are derived, in whole or in predominant part, from sales commissions, incentives, or bonuses paid by the Company.

Appendix C
Processing and Transfer of Personal Data

Flowserve Corporation (“**Company**”) will collect and process as data controller, directly from you or indirectly through your employer, personal data about you regarding your employment, the nature and amount of your compensation and the fact, details and conditions of your participation in the Flowserve Corporation 2020 Long-Term Incentive Plan (the “**Plan**”). The personal data so collected and processed includes your name, gender, home address, work email address, job title, and work telephone number, date of birth, GEMS ID, National Identification Number, Social Security Number or other identification number, employment location, salary, tax class and other tax information, nationality, job title, previous equity grant transaction data and compensation data, information necessary to process mandatory tax withholding and reporting obligations, information about any shares of stock or directorships held in the Company or its affiliates, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in your favor, and other required payroll information required for the purpose of implementing, administering and managing your participation in the Plan (the “**Data**”).

The Data is necessary in order for you to participate in the Plan and for Company and its affiliates for the purpose of implementing, administering and managing the Plan and your participation therein (on the basis of the performance of a contract (Art. 6(1)(b) GDPR)), to comply with legal obligations in the EU (on the basis of (Art. 6(1)(c) GDPR) and on the basis of legitimate interests, in particular to comply with non-EU legal obligations (Art. 6(1)(f) GDPR).

The Data will be held (i) as long as is necessary to implement, administer and manage the Plan, (ii) for the duration of any relevant statutes of limitations which may exceed the duration of your participation in the Plan, and (iii) as required to fulfill legal obligations under applicable laws.

You may, subject to the conditions set forth in the GDPR, (i) request access to, and a copy of, your Data as well as additional information about the processing and third party recipients of your Data, (ii) request deletions, corrections or amendments to your Data, (iii) request restrictions to the processing of your Data, and (iv) ask for receiving, in a structured and standard format your Data, in each case without cost. You may also lodge a complaint with the competent data protection authority or contact the Company's data protection officer with any questions or concerns regarding the processing of your Data.

Contact Details: Data Privacy team at Flowserve Corporation, 5215 North O'Connor Boulevard, 9th Floor, Irving, Texas 75039 USA.

Consent to Data Transfer:

I have read and understood the above information and agree that my Data may be transferred to the Company and its affiliates as well as Wells Fargo Shareowner Services (“Wells Fargo”) and Merrill Lynch & Co., Inc. (“Merrill Lynch”) in the United States and their service providers assisting in the implementation, administration and management of the Plan (as data processors - such as brokers, accounting firms, payroll processing firms or tax firms) as set out above, and any possible purchaser of the Company or any of its affiliates or any of their businesses, as well as any tax or other public authorities, registries, security exchange commissions, or other public institutions as may be required by applicable laws.

I understand and agree that these recipients of my Data are located in the United States or elsewhere outside the European Economic Area. I understand that the recipients' countries may have different data privacy laws and a lower level of data privacy protection standards than the European Economic Area and that these standards may be considered inadequate under the GDPR.

I understand that my consent is voluntary and that I may withdraw it at any time with effect for the future. However, while refusing or withdrawing my consent will not have a negative effect on my employment, it may affect my ability to participate in the Plan.

Name, Date, Place, Signature

/\$CurrentDate\$

Restricted Stock Unit Agreement**Flowserve Corporation
2020 Long-Term Incentive Plan**

This Restricted Stock Unit Agreement (this “**Agreement**”) is made and entered into by and between Flowserve Corporation, a New York corporation (the “**Company**”) and /\$ParticipantName\$/ (the “**Participant**”) as of /\$GrantDate\$/ (the “**Date of Grant**”). All capitalized terms used in this Agreement and not otherwise defined herein have the meanings given to such terms in the Plan (as defined below).

WHEREAS, the Company has adopted the Flowserve Corporation 2020 Long-Term Incentive Plan (as amended from time to time, the “**Plan**”) to strengthen the ability of the Company to retain the services of key Employees and Outside Directors and to increase the interest of such persons in the Company's welfare.

WHEREAS, the Committee believes that the grant of Restricted Stock Units to the Participant as described herein is consistent with the stated purposes for which the Plan was adopted.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereafter set forth and for other good and valuable consideration, the Company and the Participant agree as follows:

1. Restricted Stock Units

(a) In order to encourage the Participant's contribution to the successful performance of the Company, and in consideration of the covenants and promises of the Participant herein contained, the Company hereby grants to the Participant as of the Date of Grant, an Award of /\$AwardsGranted\$/ Restricted Stock Units (the “**RSUs**”), which will be converted into the number of shares of Common Stock of the Company equal to the number of vested RSUs, subject to the conditions and restrictions set forth below and in the Plan. The RSUs granted pursuant to this Agreement are subject to the Company's “Senior Management Clawback Policy,” as the same may be modified from time to time.

(b) No Shareholder Rights

The RSUs granted pursuant to this Agreement do not and shall not entitle the Participant to any rights of a stockholder of the Company prior to the date shares of Common Stock are issued to the Participant in settlement of the Award. The Participant's rights with respect to RSUs shall remain forfeitable at all times prior to the date on which rights become vested and the restrictions with respect to the Restricted Stock Units lapse in accordance with this Agreement.

2. Vesting and Conversion of RSUs into Common Stock

(a) Subject to the provisions of Paragraph 3 below, the RSUs shall vest ratably in 1/3 increments on each anniversary of March 1, 2024, with 1/3 of the RSUs vesting on the first anniversary of such date (rounded up to the nearest whole RSU), 1/3 of the RSUs vesting on the second anniversary of such date (rounded down to the nearest whole RSU), and the remaining 1/3 of the RSUs vesting on the third anniversary of such date (each such date, a “**Vesting Date**”). In any event, subject to the provisions of Paragraph 3 below, the RSUs shall cease to vest following the Participant's Termination of Service.

(b) Subject to the provisions of Paragraph 3 below, as soon as practicable, but in no event later than the date that is two and a half (2½) months following the date on which the RSUs vest in accordance with the schedule set forth in Paragraph 2(a) above, the Company shall convert the vested RSUs into the number of whole shares, rounded up to the nearest whole share, of Common Stock equal to the number of vested RSUs, subject to the provisions of the Plan and this Agreement. The value of such shares of Common Stock shall not bear any interest owing to the passage of time.

(c) Following conversion of the vested RSUs into shares of Common Stock, such shares of Common Stock will be registered and transferred of record to the Participant. The delivery of any shares of Common Stock pursuant to this Agreement is subject to the provisions of Paragraphs 8 and 10 below.

(d) Each year that this Agreement is in effect, the Participant will receive credits ("**Dividend Equivalents**") based upon the cash dividends that would have been paid on the number of shares of Common Stock equal to 100% of the RSUs as if such shares of Common Stock were actually held by the Participant. Dividend Equivalents shall be deemed to be reinvested in additional RSUs (which may thereafter accrue additional Dividend Equivalents). Any such reinvestment shall be at the Fair Market Value of the Common Stock at the time thereof. Dividend Equivalents may be settled in cash or shares of Common Stock, or any combination thereof, as determined by the Committee, in its sole and absolute discretion. The settlement of Dividend Equivalents in the form of shares of Common Stock will constitute a Bonus Stock Award for purposes of the Plan. Following conversion of the vested RSUs into shares of Common Stock, the Participant also shall receive a distribution of the Dividend Equivalents accrued with respect to such RSUs prior to the date of such conversion. In the event any RSUs do not vest, the Participant shall forfeit his or her right to any Dividend Equivalents accrued with respect to such unvested RSUs.

3. Effect of Termination of Service

(a) The RSUs granted pursuant to this Agreement shall vest in accordance with the vesting schedule reflected in Paragraph 2(a) above, on condition that the Participant remains employed by or continues to provide services to the Company or a Subsidiary through the applicable vesting date(s) set forth in Paragraph 2(a). If, however, the Participant experiences a Termination of Service, the RSUs will be treated in accordance with paragraphs 3(b) to 3(f) below (as applicable).

(b) *Termination due to Death or Total and Permanent Disability* . In the event the Participant experiences a Termination of Service due to his or her Total and Permanent Disability or death, then on the date of such Termination of Service (the "**Death/ Disability Vesting Date**"), 100% of the RSUs shall vest. Notwithstanding Paragraph 2(b) above and subject to Paragraph 24, as soon as practicable, but in no event later than March 15 of the year following the year in which the Death/Disability Vesting Date occurs, the Company shall convert the vested RSUs into the number of whole shares of Common Stock equal to the number of vested RSUs, subject to the provisions of the Plan and this Agreement, and shall deliver such shares (in accordance with Paragraph 2(c) above) to the Participant (or the Participant's estate).

(c) *Termination due to Special End of Service*. In the event the Participant experiences a Termination of Service due to his or her Special End of Service, then the RSUs shall remain outstanding and on each remaining Vesting Date the Participant shall be entitled to receive the number of shares of Common Stock that would have been payable to such Participant if he or she had continued to provide services through such Vesting Date in accordance with Paragraph 2. For purposes of this Agreement, the term "**Special End of Service**" shall mean the voluntary termination of a Participant's employment and other service with the Company for any reason other than due to the Participant's death, Total and Permanent Disability, or termination for "cause" (as determined by the Committee in its sole discretion) on or after (i) the date that is six months after the Date of Grant and (ii) attaining both (A) age 55 and (B) 10 years of service with the Company or its subsidiaries.

(d) *Involuntary Termination*. Unless the Participant is entitled to cash payment under Section 3.4(b) of the Flowserve Corporation Executive Officer Severance Plan or any comparable provision of the Company's Policy on Severance Benefits for U.S. Employees who Separate from Flowserve Due to a Reduction-in-Force or a similar local policy applicable in a jurisdiction outside the United States (in which case this Paragraph 3(d) will not apply), in the event a Participant experiences a Termination of Service (i) due to a reduction-in-force (as determined in the sole discretion of the Committee) or (ii) involuntarily without "cause " (as determined by the Committee in its sole discretion) (in either case, such termination, an "**Involuntary Termination**"), the Participant's RSUs shall continue to vest in accordance with Paragraph 2 for the 90-day period following such Involuntary Termination, as though the Participant had continued to provide services through such 90-day period (the "**Involuntary Termination Vesting Period**"). Notwithstanding Paragraph 2(b) above and subject to Paragraph 24, as soon as practicable, but in no event later than the date that is two and a half (2½) months following the Involuntary Termination Vesting Period, the Company shall convert the vested RSUs into the number of whole shares of Common Stock equal to the number of vested RSUs, subject to the provisions of the Plan and this Agreement, and shall deliver such shares (in accordance with Paragraph 2(c) above) to the Participant.

(e) Notwithstanding Paragraphs 2(a) and 3(a) above, upon a Participant's Termination of Service (whether voluntary or involuntary), the Committee may, in its sole and absolute discretion, elect to accelerate the vesting of some or all of the unvested RSUs.

(f) *Any other Termination*. In the event a Participant experiences a termination other than as a result of Total and Permanent Disability, death, a Special End of Service or an Involuntary Termination covered by Paragraph 3(d) above, then the RSUs that have not vested in accordance with the vesting schedule reflected in Paragraph 2(a) above shall be forfeited by the Participant to the Company as of the date of such Termination of Service.

4. Restrictive Covenants

(a) Participant acknowledges that that he or she has become and will continue to become familiar with new and on-going Confidential Information (as defined below). Participant recognizes and agrees that: (i) the Company has devoted a considerable amount of time, effort and expense to develop its Confidential Information and business goodwill; (ii) the Confidential Information and the Company's business goodwill are valuable assets to the Company; and (iii) any unauthorized use or disclosure of the Company's Confidential Information would cause irreparable harm to the Company, including damage to the Company's business goodwill, for which there is no adequate remedy at law. For these reasons, Participant agrees that, to protect the Company's Confidential Information (as defined below) and business goodwill, it is necessary to enter into the following restrictive covenants. As used in this Paragraph 4, references to the "**Company**" refer to the Company and its Subsidiaries.

Participant, whether individually or as a principal, partner, stockholder, manager, agent, consultant, contractor, employee, lender, investor, volunteer, director or officer of any corporation or association or in any other manner or capacity whatsoever, agrees that during Participant's employment by the Company and for a period of one (1) year following the date on which Participant's employment ceases (for whatever reason) (the "**Restricted Period**"), Participant shall not, whether directly or indirectly, without the express prior written consent of the Company:

(1) *Non-Solicitation*. Other than for the benefit of the Company during Participant's period of employment with or engagement by the Company, curtail the business of, interfere with the Company's relationship with, solicit business from, attempt to transact business with or transact business with any customer or prospective customer of the Company with whom the Company transacted business or solicited within the preceding twenty-four (24) months, and which either: (A) Participant contacted, called on, serviced, did business with or had contact with during Participant's employment or that Participant attempted to contact, call on, service, or do business with during Participant's employment or engagement; (B) Participant became acquainted with or dealt with, for any reason, as a result of Participant's employment or engagement by the Company; or (C) Participant received Confidential Information regarding during Participant's employment with or engagement by the Company. This restriction applies only to business that is in the scope of services or products provided by the Company.

(II) *Non-Recruitment*. Hire, recruit, solicit for employment, induce or encourage to leave the employment of or engagement by the Company, or otherwise cease their employment or engagement with the Company, on behalf of Participant or any other person or entity, any current employee or independent contractor of the Company or its subsidiaries (including those employees on vacation and approved leaves of absence, disability or other approved absence with the legal right to return to employment) or any former employee or independent contractor of the Company or its subsidiaries whose employment or engagement ceased no more than three (3) months earlier.

(III) *Non-Competition*. Become employed by, advise, perform services for, establish, have any ownership interest in, invest in or otherwise engage in any capacity, whether directly or indirectly, with a Competing Business in the Restricted Area. For purposes of this Agreement, "**Competing Business**" means any entity or business that is in the business of providing flow management products and related repair and/or replacement services. Because the scope and nature of the Company's business is international in scope, the "**Restricted Area**" is worldwide. Nothing in this Paragraph 4(a)(III) shall prohibit the Participant's direct or indirect ownership of securities of any business traded on any national securities exchange or an inter-dealer quotation system, on condition that: the Participant does not, directly or indirectly, own three percent (3%) or more of any class of securities of such business; such ownership is for investment purposes only; and the Participant does not have the right, and is not a member of a group that has the right, through the ownership of an equity interest, voting securities or otherwise, to direct the activities of such business.

For purposes of this Agreement, "**Confidential Information**" includes any trade secrets or confidential or proprietary information of the Company and its affiliates, including, but not limited to, the following:

(A) information concerning customers, clients, marketing, business and operational methods of the Company and its customers or clients, contracts, financial or other data, technical data, e-mail and other correspondence or any other confidential or proprietary information possessed, owned or used by the Company;

(B) business records, product construction, product specifications, financial information, audit processes, pricing, business strategies, marketing and promotional practices (including internet-related marketing) and management methods and information;

(C) financial data, strategies, systems, research, plans, reports, recommendations and conclusions;

(D) names, arrangements with, or other information relating to, any of the Company's customers, clients, suppliers, financiers, owners, representatives and other persons who have business relationships with the Company or who are prospects for business relationships with the Company; and

(E) any non-public matter or thing obtained or ascertained by the Participant through the Participant's association with the Company, the use or disclosure of which may reasonably be construed to be contrary to the best interests of any the Company.

(b) *Non-Disclosure*. The Participant shall not, during the period of the Participant's employment or engagement by the Company or at any time thereafter, disclose, publish or use for any purpose any Confidential Information, except as: (i) required in the ordinary course of the Company's business or the Participant's work for the Company; (ii) required by law; or (iii) directed and authorized in writing by the Company. Upon the Participant's Termination of Service for any reason and at any other time so requested by the Company, the Participant shall immediately return and deliver to the Company any and all Confidential Information, computers, hard-drives, papers, books, records, documents, memoranda,

manuals, e-mail, electronic or magnetic recordings or data, including all copies thereof, which belong to the Company or relate to the Company's business and which are in the Participant's possession, custody or control, whether prepared by the Participant or others. If at any time after the Participant's Termination of Service, for any reason, the Participant determines that the Participant has any Confidential Information in the Participant's possession or control, the Participant shall immediately return to the Company, or at the Company's request destroy, all such Confidential Information in the Participant's possession or control, including all copies and portions thereof. Participant shall provide the Company with written affirmation of the Participant's compliance with the Participant's obligations under this Paragraph 4(b) if so requested by the Company. The Participant understands and agrees that the obligations under this Paragraph 4(b) are in addition to, and not in limitation or preemption of, all other obligations of confidentiality which the Participant may have to the Company under general legal or equitable principles, any other agreement with the Company or other policies implemented by the Company. Notwithstanding anything to the contrary contained herein, the Participant shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and solely for the purpose of reporting or investigating a suspected violation of law; or is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If the Participant files a lawsuit for retaliation by Company for reporting a suspected violation of law, the Participant may disclose the trade secret to the Participant's attorney and use the trade secret information in the court proceeding, if the Participant files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Nothing In addition, nothing in this Agreement or any other outstanding award under the Plan or other agreement between the Company and the Participant prohibits disclosure or discussion of conduct the Participant reasonably believes to be unlawful, including illegal discrimination, illegal harassment, illegal retaliation, a wage-and-hour violation, or sexual assault or otherwise limits the Participant's ability to communicate with the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (each, a "**Government Agency**") or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information and reporting possible violations of law or regulation or other disclosures protected under the whistleblower provisions of applicable law or regulation, without notice to the Company.

(c) *Non-Disparagement.* The Participant agrees that the Company's goodwill and reputation are assets of great value to the Company which were obtained through great costs, time and effort. Therefore, the Participant agrees that during the Participant's employment or engagement by the Company and at any time thereafter, the Participant will not in any way disparage, libel, defame, or make public statements or third-party disclosures, except to the extent required by law or legal proceedings, that are injurious to the Company, its business or business practices, its products or services or its employees.

(d) *Remedies.* The Participant acknowledges that the restrictions contained in this Paragraph 4, in view of the nature of the Company's business, are reasonable and necessary to protect the Company's legitimate business interests and business goodwill and that any violation of these restrictions would result in irreparable injury to the Company. The existence of any claim or cause of action by the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the restrictive covenants contained in Paragraph 4.

(i) *Forfeiture by the Participant.* If the Participant breaches any restriction in this Paragraph 4, the Company shall be entitled to, in addition to any legal remedies available to the Company, undertake any or all of the following: (A) require the Participant to forfeit any RSUs (whether then vested or unvested) that have not yet been converted into Common Stock as of the date of such violation; (B) require the Participant to immediately sell to the Company a number of

shares of Common Stock equal to the gross number of RSUs converted into Common Stock hereunder, for the then-current Fair Market Value of such shares; (C) require the Participant to immediately pay to the Company any gain that the Participant realized on any sale of shares of Common Stock issued in settlement of the RSUs granted hereunder; (D) discontinue future grants of any and all equity awards under any equity incentive plan in which the Participant may participate; (E) recover damages incurred by the Company as a result of the breach; and (F) recover its attorneys' fees, costs and expenses incurred in connection with such actions. To the extent that the provisions of this Paragraph 4 are inconsistent with the terms of any other agreement between the Company and the Participant, the Company and the Participant agree that the provisions of this Paragraph 4 shall control.

(ii) *Injunctive Relief and Damages.* Participant acknowledges and agrees that a breach of Paragraph 4 will result in irreparable harm and continuing damage to the Company, and that money damages and the remedies set forth in Paragraph 4(d)(i) above would be not be sufficient remedies to the Company for any such breach or threatened breach. Therefore, to the fullest extent permitted by law, Participant agrees that the Company shall also be entitled to a temporary restraining order and injunctive relief restraining Participant from the commission of any breach of Paragraph 4. Nothing contained in this Agreement shall be construed as prohibiting the Company from pursuing any other remedies available to it for any breach or threatened breach, including, without limitation, the remedies set forth in Paragraph 4(d)(i) or the recovery of money damages, attorneys' fees and costs.

(c) *Tolling.* If Participant violates any of the restrictions contained in this Paragraph 4, the Restricted Period will be suspended and will not run in favor of Participant until such time that Participant cures the violation to the satisfaction of the Company.

5. *Limitation of Rights*

Nothing in this Agreement or the Plan shall be construed to:

- (a) give the Participant any right to be awarded any further RSUs or any other Award in the future, even if RSUs or other Awards are granted on a regular or repeated basis, as grants of RSUs and other Awards are completely voluntary and made solely in the discretion of the Committee;
- (b) give the Participant or any other person any interest in any fund or in any specified asset or assets of the Company or any Subsidiary; or
- (c) confer upon the Participant the right to continue in the employment or service of the Company or any Subsidiary, or affect the right of the Company or any Subsidiary to terminate the employment or service of the Participant at any time or for any reason.

6. *Data Privacy*

By execution of this Agreement, the Participant acknowledges that he or she has read and understands the Flowserve Corporation Employee Data Protection Policy and Flowserve's Privacy Policy. The Participant hereby consents to the collection, processing, transmission, use and electronic and manual storage of his or her personal data by the Company, EQ Trust Company ("**EQ Trust**") and Merrill Lynch & Co., Inc. ("**Merrill Lynch**") in order to facilitate Plan administration. The Participant understands and acknowledges that this consent applies to all personally-identifiable data relevant to Plan administration, including the Participant's name, home address, work email address, job title, GEMS ID, National Identification Number or Social Security Number, employee status, work location, work phone number, tax class, previous equity grant transaction data and compensation data. The Participant further agrees to furnish to the Company any additional information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

The Participant understands that for purposes of Plan administration, the Participant's personal data will be collected and processed at 5215 N. O'Connor Blvd, 6th Floor, Irving, Texas (USA), and transferred to EQ Trust at 1110 Centre Pointe Curve, Suite 101, Mendota Heights, Minnesota (USA) and Merrill Lynch at 4 World Financial Center, 250 Vesey St., New York, New York (USA).

7. Prerequisites to Benefits

Neither the Participant, nor any person claiming through the Participant, shall have any right or interest in the RSUs awarded hereunder, unless and until all the terms, conditions and provisions of this Agreement and the Plan which affect the Participant or such other person shall have been complied with as specified herein.

8. Delivery of Shares

No shares of Common Stock shall be delivered to the Participant upon conversion of the RSUs into shares of Common Stock until:

- (a) all the applicable taxes required to be withheld have been paid or withheld in full;
- (b) the approval of any governmental authority required in connection with this RSU, or the issuance of shares of Common Stock hereunder has been received by the Company; and
- (c) if required by the Committee, the Participant has delivered to the Committee an Investment Letter in form and content satisfactory to the Company as provided in Paragraph 10 hereof.

9. Successors and Assigns

This Agreement shall bind and inure to the benefit of and be enforceable by the Participant, the Company and their respective permitted successors and assigns (including personal representatives, heirs and legatees), except that the Participant may not assign any rights or obligations under this Agreement except to the extent and in the manner expressly permitted herein.

10. Securities Act

The Company will not be required to deliver any shares of Common Stock pursuant to this Agreement if, in the opinion of counsel for the Company, such issuance would violate the Securities Act of 1933, as amended (the "**Securities Act**") or any other applicable federal or state securities laws or regulations. The Committee may require that the Participant, prior to the issuance of any such shares, sign and deliver to the Company a written statement, which shall be in a form and contain content acceptable to the Committee, in its sole discretion ("**Investment Letter**");

- (a) stating that the Participant is acquiring the shares for investment and not with a view to the sale or distribution thereof;
 - (b) stating that the Participant will not sell any shares of Common Stock that the Participant may then own or thereafter acquire except either:
 - (i) through a broker on a national securities exchange, or
 - (ii) with the prior written approval of the Company; and
 - (c) containing such other terms and conditions as counsel for the Company may reasonably require to assure compliance with the Securities Act or other applicable federal or state securities laws and regulations.
-

11. Federal and State Taxes

(a) Any amount of Common Stock and/or cash that is payable or transferable to the Participant hereunder may be subject to the payment of or reduced by any amount or amounts which the Company is required to withhold under the then applicable provisions of the laws of the jurisdiction where the Participant is employed, and, if applicable, the Internal Revenue Code of 1986, as amended (the "**Code**"), or its successors, or any other foreign, federal, state or local tax withholding requirement. When the Company is required to withhold any amount or amounts under the applicable provisions of any foreign, federal, state or local requirement or the Code, the Company shall withhold from the Common Stock to be issued to the Participant a number of shares necessary to satisfy the Company's withholding obligations. The number of shares of Common Stock to be withheld shall be based upon the Fair Market Value of the shares on the date of withholding.

(b) Notwithstanding Paragraph 11(a) above, if the Participant elects, and the Committee agrees, the Company's withholding obligations may instead be satisfied as follows:

(i) the Participant may direct the Company to withhold cash that is otherwise payable to the Participant;

(ii) the Participant may deliver to the Company a sufficient number of shares of Common Stock then owned by the Participant for a period of at least six (6) months to satisfy the Company's withholding obligations, based on the Fair Market Value of the shares as of the date of withholding;

(iii) the Participant may deliver sufficient cash to the Company to satisfy its withholding obligations; or

(iv) any combination of the alternatives described in Paragraphs 11(b)(i) through 11(b)(iii) above.

(c) Authorization of the Participant to the Company to withhold taxes pursuant to one or more of the alternatives described in Paragraph 11(b) above must be in a form and content acceptable to the Committee. The payment or authorization to withhold taxes by the Participant shall be completed prior to the delivery of any shares pursuant to this Agreement. An authorization to withhold taxes pursuant to this provision will be irrevocable unless and until the tax liability of the Participant has been fully paid.

12. Copy of Plan

By the electronic acceptance of this Agreement, the Participant acknowledges receipt of a copy of the Plan.

13. Administration

This Agreement is subject to the terms and conditions of the Plan. The Plan is administered by the Committee in accordance with its terms. The Committee has sole and complete discretion with respect to all matters reserved to it by the Plan and the decisions of the majority of the Committee with respect to the Plan and this Agreement shall be final and binding upon the Participant and the Company. Neither the Company nor the members of the Board or the Committee will be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the RSUs granted hereunder. In the event of any conflict between the terms and conditions of this Agreement and the Plan, the provisions of the Plan shall control.

14. Adjustment of Number of Shares of RSUs

The number of RSUs granted hereunder shall be subject to adjustment in accordance with Articles 12 and 13 of the Plan.

15. *Non-transferability*

The RSUs granted by this Agreement are not transferable by the Participant other than by will or pursuant to applicable laws of descent and distribution. The RSUs and any rights and privileges in connection therewith, cannot be transferred, assigned, pledged or hypothecated by operation of law, or otherwise, and is not otherwise subject to execution, attachment, garnishment or similar process. In the event of such occurrence, this Agreement will automatically terminate and will thereafter be null and void.

16. *Remedies*

The Company shall be entitled to recover from the Participant reasonable attorneys' fees incurred in connection with the enforcement of the terms and provisions of this Agreement whether by an action to enforce specific performance or for damages for its breach or otherwise.

17. *Information Confidential*

As partial consideration for the granting of the Award hereunder, the Participant hereby agrees to keep confidential all information and knowledge, except that which has been disclosed in any public filings required by law, that the Participant has relating to the terms and conditions of this Agreement. However, such information may be disclosed as required by law and may be given in confidence to the Participant's spouse and tax and financial advisors. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to the Participant, as a factor weighing against the advisability of granting any such future award to the Participant.

18. *Amendments*

Except as otherwise provided in the Plan or below, this Agreement may be amended only by a written agreement executed by the Company and the Participant. Notwithstanding the foregoing, the Board or the Committee may amend this Agreement to the extent necessary or advisable in light of any addition to or change in any federal or state, tax or securities law or other law or regulation, which change occurs after the Date of Grant and by its terms applies to the Award or to the extent that such amendment is not materially adverse to the Participant.

19. *Governing Law; Venue*

This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Texas (excluding any conflict of laws, rule or principle of Texas law that might refer the governance, construction, or interpretation of this Plan to the laws of another state). By accepting the RSUs, the Participant hereby irrevocably and unconditionally agrees that any action, suit or proceeding, at law or equity, arising out of or relating to this Plan, this Agreement, the RSUs or any agreements or transactions contemplated hereby shall only be brought in a federal or state court of competent jurisdiction in Dallas County, Texas, and each of the Company and the Participant hereby irrevocably and unconditionally expressly submits to the personal jurisdiction and venue of such courts for the purposes thereof and hereby irrevocably and unconditionally waives (by way of motion, as a defense or otherwise) any and all jurisdictional, venue and convenience objections or defenses that such party may have in such action, suit or proceeding. Each of the Company and the Participant hereby irrevocably and unconditionally consents to the service of process of any of the aforementioned courts.

20. *Severability*

Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement (or portion thereof) is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions (or remaining portion of such provision) of this Agreement, but such provision (or portion thereof) shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision (or portion thereof) had never been included.

21. Headings

The titles and headings of paragraphs are included for convenience of reference only and are not to be considered in construction of the provisions of this Agreement.

22. Word Usage

Words used in the masculine shall apply to the feminine where applicable, and wherever the context of this Agreement dictates, the plural shall be read as the singular and the singular as the plural.

23. Execution of Receipts and Releases

Any payment of cash or any issuance or transfer of shares of Common Stock or other property to the Participant or to the Participant's legal representative, heir, legatee or distributee, in accordance with the provisions of this Agreement, shall, to the extent thereof, be in full satisfaction of all claims of such persons under this Agreement. The Company may require the Participant or the Participant's legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a release and receipt therefor in such form as it shall determine.

24. Code Section 409A

Notwithstanding anything herein to the contrary, in the case of a conversion of vested RSUs and registration and transfer of shares of Common Stock on account of any termination of service (other than death), if the Participant is a "specified employee" as defined in Section 1.409A-1(i) of the final Treasury Regulations under Section 409A of the Code, then solely to the extent required under Section 409A of the Code, a distribution of such shares to the Participant shall not occur until the date which is six (6) months following the date of the Participant's termination of service (or, if earlier, the date of the Participant's death).

25. Electronic Delivery and Acceptance .

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

26. Insider Trading Restrictions/Market Abuse Laws .

The Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions including the United States and the Participant's country or his or her broker's country, if different, which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of shares, RSUs or rights linked to the value of shares of Common Stock (e.g., Dividend Equivalents) during such times as the Participant is considered to have "inside information" regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before he or she possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. The Participant acknowledges that it is the Participant's responsibility to comply with any applicable restrictions, and the Participant should speak with his or her personal legal advisor on this matter.

27. Appendix A.

Notwithstanding any provision of this Agreement to the contrary, the RSUs shall be subject to any special terms and conditions for the Participant's jurisdiction of residence (and jurisdiction of employment, if different) as set forth in Appendix A to the Agreement, if applicable, which shall constitute part of this Agreement.

28. Participant Acceptance.

The Participant must accept the terms and conditions of this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance delivered to the Company in a form satisfactory to the Company. In no event shall any shares of Common Stock be issued (or other securities or property distributed) under this Agreement in the absence of such acceptance. By accepting the RSUs, Participant agrees that the RSUs are granted under and governed by the terms and conditions of the Plan and this Agreement.

Participant has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Agreement and fully understands all provisions of the Plan and this Agreement.

The Company and the Participant are executing this Agreement effective as of the Date of Grant set forth in the introductory clause.

FLOWSERVE CORPORATION

/s/ Robert Scott Rowe

Robert Scott Rowe

President and Chief Executive Officer
(Principal Executive Officer)

Appendix A

Jurisdiction Specific Provisions

This Appendix A includes terms and conditions applicable to Participants in the countries, states, and jurisdictions covered by this Appendix A. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan and the Agreement to which this Appendix A is attached.

The securities, exchange control and other laws in effect in the respective countries (and, as applicable, states and jurisdictions) are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information noted herein as the only source of information relating to the consequences of the Participant's participation in the Plan, as the information may be out of date by the time the RSUs are settled or the Participant sells the shares of Common Stock acquired.

In addition, the information contained in this Appendix A is general in nature and may not apply to the Participant's particular situation, and the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the applicable laws in his or her jurisdiction may apply to his or her situation.

If the Participant (i) is a citizen or resident of a jurisdiction other than the one in which he or she is currently working and/or residing, (ii) transfers employment or residency to another jurisdiction after the RSU grant date, (iii) changes employment status to a consultant position, or (iv) is considered a resident of another jurisdiction for local law purposes, the Company shall, in its sole discretion, determine the extent to which the special terms and conditions contained herein shall apply to the Participant unless the special terms and conditions contained herein specifically address that circumstance.

CHINA

Terms and Conditions

The award of RSUs granted pursuant to the Agreement (the "**Award**") is subject to the following additional terms and conditions to the extent that the Company, in its discretion, determines that the Participant's participation in the Plan is subject to exchange control restrictions in the People's Republic of China ("**PRC**" or "**China**"), as implemented by the State Administration of Foreign Exchange ("**SAFE**"), or other applicable laws of PRC.

Non-Competition Compensation.

Participant acknowledges and agrees that any non-competition compensation stipulated in the employment agreement (the "**Employment Contract**") entered into between Participant, on the one hand, and the Company or any of its affiliates, on the other hand, shall constitute the entire consideration and compensation payable to Participant for his or her performance of the non-competition obligations under the Employment Contract and Paragraph 4 (**Restrictive Covenants**) of this Agreement, and the Company shall have no obligation to pay any additional compensation to Participant under this Agreement for Participant's compliance with the restrictive covenants contained herein.

Modification of this Agreement. If any of the terms of this Agreement may in the opinion of the Company conflict or be inconsistent with any applicable PRC laws or regulations, the Company reserves the right to modify this Agreement to be consistent with applicable PRC laws or regulations.

Enforceability of this Agreement. It is expressly understood and agreed that although Participant and the Company consider the restrictions contained in Paragraph 4 (**Restrictive Covenants**) to be reasonable, if a judicial determination is made by a court in China that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against Participant, the provisions of this Agreement will not be rendered void, but will be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction in China finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding will not affect the enforceability of any of the other restrictions contained in this Agreement.

Award Conditioned on Satisfaction of Regulatory Obligations. The RSUs are conditioned upon the Company securing and maintaining all necessary approvals from the SAFE and any other applicable government entities in the PRC to permit the operation of the Plan in China, as determined by the Company in its sole discretion.

Shares Must Remain with Company's Designated Broker. The Participant agrees to hold the shares of Common Stock (the "**Shares**") underlying the RSUs with such broker as may be designated by the Company from time to time and shall not transfer the Shares to another broker until such time as may be permitted by the Company.

Sale of Shares. Notwithstanding anything in the Plan to the contrary, when the Participant terminates employment with the Company or its affiliates, the Participant will be required to sell all Shares acquired under the Plan and any other equity incentive or purchase plan or program (collectively, "**Equity Programs**") within such time period as may be established by the SAFE or otherwise within the later of six (6) months of such termination or of the final release of Shares underlying the RSUs, or other such period as may be required by Company policy, as determined in the Company's discretion. If the Participant has not completed any required sale within the required period then applicable, the Participant hereby authorizes the Company or any affiliate to complete such sale on the Participant's behalf. The Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or any affiliate or the Company's designated brokerage firm) to effectuate the sale of the Shares (including, without limitation, as to the transfers of the proceeds and other exchange control matters noted below) and shall otherwise cooperate with the Company with respect to such matters. The Participant acknowledges that neither the Company nor the designated brokerage firm is under any obligation to arrange for such sale of the Shares at any particular price (it being understood that the sale will occur in the market) and that broker's fees and similar expenses may be incurred in any such sale. In any event, when the Shares are sold, the sale proceeds, less any (mandatory, non-local) tax withholding, any broker's fees or commissions, and any similar expenses of the sale will be remitted to the Participant in accordance with applicable exchange control laws and regulations and Company practices.

Exchange Control Restrictions. The Participant understands and agrees that the Participant will be required immediately to repatriate to China cash dividends (to the extent such dividends are not reinvested to purchase additional Shares, if such reinvestment is permitted by the SAFE and applicable laws) and the proceeds from the sale of any Shares acquired under the Equity Programs. The Participant further understands that such repatriation of dividends and proceeds may need to be effected through a special bank account established by the Company or its affiliate, and the Participant hereby consents and agrees that dividends and proceeds from the sale of Shares acquired under the Plan may be transferred to such account by the Company on the Participant's behalf prior to being delivered to the Participant. The dividends and proceeds may be paid to the Participant in U.S. dollars or local currency, at the Company's discretion. If the dividends and proceeds are paid to the Participant in U.S. dollars, the Participant understands that a U.S. dollar bank account in China must be established and maintained by the Participant so that the proceeds may be deposited into such account. If the dividends and proceeds are paid to the Participant in local currency, the Participant acknowledges that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the dividends and proceeds to local currency due to exchange control restrictions. The Participant agrees to bear any currency fluctuation risk between the time dividends are declared or the Shares are sold and the dividends or net proceeds are converted into local currency and distributed to the Participant. The Participant further agrees to comply with any other requirements that may be imposed by the Company and its affiliates in the future in order to facilitate compliance with exchange control requirements in China and to sign any agreements, forms and/or consents that may be reasonably requested by the Company or its designated broker to effectuate any of the remittances, transfers, conversions or other processes affecting the proceeds.

Administration. The Participant shall be solely responsible for, and neither the Company nor its affiliates shall be liable for, any costs, fees, lost interest or dividends or other losses the Participant may incur or suffer resulting from the enforcement of the terms of this Appendix A or otherwise from the Company's operation and enforcement of the Plan, the Agreement and the RSUs in accordance with Chinese law including, without limitation, any applicable SAFE rules, regulations and requirements.

Notifications

Foreign Asset and Account Reporting Notification. If the Participant is a Chinese resident, the Participant may be required to report to SAFE all details of his or her foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents. The Participant should consult with his or her personal tax advisor to determine the Participant's personal reporting obligations.

Conversion from USD to CNY: The Participant's proceeds will be converted from USD to CNY using the official rates as determined by HSBC on the date of payment. These CNY proceeds will be deposited into the Participant's China Merchant Bank account. The Participant may elect to have proceeds paid in USD if the Participant is an account holder at HSBC. Please contact the Vice President, Total Rewards and HRIS to file or update optional payment instructions.

FRANCE

Terms and Conditions

It is intended that RSUs granted under the Plan to qualifying employees or officers, as defined in Section 1, in France who are resident in France for French tax purposes shall qualify for the specific tax and social security charges treatment applicable to French qualified RSUs granted under Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code, as subsequently amended, and in accordance with the relevant provisions set forth by the French Tax Administration (the "**French Qualified RSUs**"). The terms of the Agreement (including Appendix A) shall be interpreted accordingly and in accordance with the relevant provisions set forth by French tax and social security laws, and relevant Guidelines published by French tax and social security administrations and subject to the fulfillment of legal, tax and reporting obligations.

1. Eligibility: French Qualified RSUs may not be granted to an individual:

- a. Unless he is employed by the Company or by a company which is a corporate subsidiary of the Company, as defined in Article 225-197-2 of the French Commercial Code; or
- b. Unless he is a director with a management function as defined in Article 225-197-1 of the French Commercial Code.

2. Vesting: French Qualified RSUs shall vest ratably over a three-year period following the Date of Grant, with 1/3 of the RSUs vesting on each anniversary of the Date of Grant as set forth in Section 2 (a) of the Agreement, provided that in no event may a granted RSU vest earlier than one year after the Date of Grant, unless otherwise provided below.

3. Acceleration on Death: Upon Termination of Employment from the Company by reason of Participant's death, all French Qualified RSUs that are not vested at that time immediately will become vested in full. The Company shall issue the underlying shares to the Participant's heirs, at their written request, within six months following the death of the Participant. Notwithstanding the foregoing, the Participant's heirs must comply with the restriction on the sale of shares set forth below (Section 7. "Closed Periods"), to the extent and as long as applicable under French law.

4. Rights as a Stockholder: Participant will have no rights as a stockholder of the Company with regard to the French Qualified RSUs until the date of delivery of the Common Stock as provided under Section 6. "Delivery" of this Appendix. Accordingly and contrary to Section 2(d) of the Agreement, the Participant will have no rights to receive Dividend Equivalents, whether such Dividend Equivalents are paid in cash or in shares of Common Stock.

5. Settlement: All French Qualified RSUs vested shall be settled only in shares of Common Stock, no cash settlement or payment being allowed.

6. Sales Restrictions: The sale of shares underlying French Qualified RSUs may occur as soon as the shares are delivered to the Participant, provided the following:

- a. Any shares related to a French Qualified RSU which have been delivered prior to the second anniversary of the Grant Date shall be subject to a holding period until the second year anniversary of the Grant Date (the "**Holding Period**") unless otherwise provided in the Agreement.
- b. In no event may the sale of shares underlying French Qualified RSU occur during the closed periods as provided in Section 7. "Closed Periods" of this Appendix.

7. Closed Periods: In addition to any provision of the Agreement, Shares underlying French Qualified RSUs may not be sold during the following periods ("**Closed Periods**"):

- (a) within 10 days before or after the publication of the annual accounts; and
- (b) within a period beginning with the date at which executives of the Company become aware of any information which, were it to be public knowledge, could have a significant impact on the price of shares in and ending 10 trading days after the information becomes public knowledge.

These Closed Periods will apply to the grant of French Qualified RSUs as long as and to the extent such Closed Periods are applicable under French law.

8. Disqualification of French-Qualified RSU: If the RSU or the underlying shares are otherwise modified or adjusted in a manner in keeping with the terms of the Plan or as mandated as a matter of law and the modification or adjustment is contrary to the terms and conditions of the rules of this Appendix A applicable to the French Qualified RSUs, such RSUs may no longer qualify as French-Qualified RSUs. If the RSUs no longer qualify as French-Qualified RSU, the Committee may, provided it is authorized to do so under the Agreement, determine to lift, shorten or terminate certain restrictions applicable to the vesting of the RSUs or the sale of shares of Common Stock which may have been imposed under this Appendix. In the event that any RSUs no longer qualify as French-Qualified RSUs, the holder of such RSUs shall be ultimately liable and responsible for all taxes and/or social security contributions that he or she is legally required to pay in connection with such RSUs.

Language Consent. By accepting the grant of RSUs, the Participant confirms having read and understood the Plan and Agreement which were provided in English. The Participant accepts the terms of those documents accordingly.

Consentement Relatif à la Langue Utilisée. En acceptant l'attribution, le Participant confirme avoir lu et compris le Plan et le Contrat, qui ont été communiqués en langue anglaise. Le Participant accepte les termes de ces documents en connaissance de cause.

Notifications

Foreign Asset and Account Reporting Notification. The Participant must report shares of Common Stock (the "**Shares**") held outside of France and foreign bank accounts to the French tax authorities when filing his or her annual tax return. The Participant should consult with his or her personal tax advisor to determine the Participant's personal reporting obligations.

GERMANY

Notifications

Exchange Control Notification. Cross-border payments in excess of a specified threshold (currently EUR 12,500) must be reported monthly to the German Federal Bank (*Bundesbank*). For payments made or received in connection with securities (including proceeds realized upon the sale of shares of Common Stock), the report must be filed electronically using the "General Statistics Reporting Portal" ("*Allgemeines Meldeportal Statistik*") available via Bundesbank's website (www.bundesbank.de). The Participant is personally responsible for complying with applicable exchange control requirements in Germany.

No Prospectus Requirements: Participation in the Plan is not offered to the public in Germany, and no action has been or will be taken which would allow an offering of participations in the Plan to the public in Germany. Participants in the Plan in Germany are exclusively employees of the Company or its affiliates, it being understood that such offer to employees to participate in the Plan is or shall be made to less than 150 non-qualified investors in each member state of the European Economic Area. The Plan, the discretionary Award of RSUs to a Participant and/or their vesting and subsequent settlement do not trigger any prospectus obligations in Germany. The granting of the RSUs to a Participant who is resident or employed in Germany does not constitute an “offer of securities to the public” within the meaning of article 2 lit. d) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “Prospectus Regulation”). In addition, no obligation to publish a prospectus would apply pursuant to either article 1 para. 4 lit. (i) or lit (b) of the Prospectus Regulation or any other provisions of German law.

Data Privacy: Concurrently with the execution and delivery of this Agreement, the Participant has executed and delivered to the Company a Processing and Transfer of Personal Data Consent Form in the form attached hereto as Appendix B which supplements the Flowserve Corporation Employee Data Protection Policy and Flowserve’s Privacy Policy and replaces and supersedes the consent provided for under the second and third sentence of Section 6 (Privacy).

ITALY

Terms and Conditions

Labor Law Acknowledgment. This provision supplements the acknowledgements contained in Section 1 (Restricted Stock Units) of the Agreement:

In accepting the grant of RSUs, the Participant consents to participation in the Plan and acknowledges that the Participant has received a copy of the Plan.

This Agreement shall not be considered as an extension of the employment contract – if any – or of an obligation deriving from an employment contract. The Participant understands that the Company has unilaterally, gratuitously and in its own discretion decided to grant RSUs under the Plan to certain individuals who may be or not employees of the Company or an affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or an affiliate, other than as set forth in the Agreement. Consequently, the Participant understands that the RSUs are granted on the assumption and condition that the RSUs and any shares of Common Stock (“**Shares**”) acquired upon settlement of the RSUs are not a part of any employment contract (either with the Company or an affiliate) and shall not be considered a mandatory benefit, salary, nor salary components, for any purposes (including severance compensation), or any other right whatsoever. Further, the Participant understands that the RSUs would not be granted to the Participant but for the assumptions and conditions referred to above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken, or should any of the conditions not be met for any reason, any grant of or right to the RSUs shall be null and void.

Termination.

This provision supplements the acknowledgements contained in Section 3 (Effect of Termination of Service) of the Agreement:

The Participant understands and agrees that, unless otherwise provided in the Agreement, the Participant will forfeit any right of indemnification in the event of termination of Participant’s employment for any reason, included but not limited to disciplinary reason (i.e. “giusta causa” or “giustificato motivo soggettivo/giustificatezza”), reduction-in-force or internal reorganization (i.e. “giustificato motivo oggettivo”) both individual or collective, resignation, retirement, disciplinary dismissal adjudged or recognized to be without cause/reason.

Language Consent. By accepting the grant of RSUs, the Participant confirms having read and understood the Plan and Agreement which were provided in English.

Notifications

Foreign Asset and Account Reporting Notification. If at any time during the fiscal year the Participant holds foreign financial assets (including cash and shares of Common Stock) that may generate income taxable in Italy, the Participant is required to report these assets on his or her annual tax return (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due, irrespective of their value. These reporting obligations also will apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions. The Participant should consult with his or her personal tax advisor to determine the Participant's personal reporting obligations.

SPAIN

Terms and Conditions

Labor Law Acknowledgment. This provision supplements the acknowledgements contained in Section 1 (Restricted Stock Units) of the Agreement:

In accepting the grant of RSUs, the Participant consents to participation in the Plan and acknowledges that the Participant has received a copy of the Plan.

The Participant understands that the Company has unilaterally, gratuitously and in its own discretion decided to grant RSUs under the Plan to certain individuals who may be employees of the Company or an affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or an affiliate, other than as set forth in the Agreement. Consequently, the Participant understands that the RSUs are granted on the assumption and condition that the RSUs and any shares of Common Stock ("**Shares**") acquired upon settlement of the RSUs are not a part of any employment contract (either with the Company or an affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation), or any other right whatsoever. Further, the Participant understands that the RSUs would not be granted to the Participant but for the assumptions and conditions referred to above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken, or should any of the conditions not be met for any reason, any grant of or right to the RSUs shall be null and void.

The Participant understands and agrees that, unless otherwise provided in the Agreement, the Participant will forfeit any unvested RSUs as of the date Participant's service ends without entitlement to the underlying Shares or to any amount of indemnification in the event of termination of Participant's employment for any reason including, but not limited to, resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (*i.e.*, subject to a "*despido improcedente*"), individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, and/or Article 50 of the Workers' Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985.

Notifications

Securities Law Notification. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of RSUs under the Plan. Neither the Plan nor the Agreement (which includes this Appendix A) have been nor will they be registered with the Comisión Nacional del Mercado de Valores (Spanish securities regulator), and they do not constitute a public offering prospectus.

Exchange Control Notification. The Participant must declare the acquisition of Shares to the *Dirección General de Comercial e Inversiones* (the "DGC") of the *Ministerio de Economía* for statistical purposes. Generally, the declaration must be filed in January for Shares acquired or disposed of during the prior year and/or for Shares owned as of December 31 of the prior year; however, if the value of the Shares acquired under the Plan or the amount of the sale proceeds exceeds a specified threshold (currently EUR 1,502,530), the declaration must be filed within one (1) month of the acquisition or disposition, as applicable.

The Participant also must declare electronically to the Bank of Spain any foreign securities accounts (including brokerage accounts held abroad), as well as the shares held in such accounts and transactions carried out with non-residents, depending on the amount of the transactions with non-residents during the relevant year or the balances/positions with non-residents. Different thresholds and deadlines to file the declarations apply. However, if neither such transactions during the immediately preceding year nor the balances/positions as of December 31 exceed a specified threshold (currently EUR one (1) million), no such declaration must be filed unless expressly required by the Bank of Spain. If neither the Participant's total balances/positions nor total transactions with non-residents pertaining to the relevant period exceed a specified threshold (currently EUR 50 million), a summarized form of declaration may be used. The Participant is personally responsible for complying with applicable exchange control requirements in Spain.

Foreign Asset and Account Reporting Notification. Individuals owning shares deposited outside of Spain and/or holding bank accounts outside of Spain whose value as of December 31 each year, or at any time throughout the year of sale, exceeds, for each type of asset, a specified threshold (currently EUR 50,000), must report their existence to the Spanish Tax Authorities on a specific tax reporting form. After the assets have been reported, the subsequent reporting obligation will only apply if their value increases by more than specified amount (currently EUR 20,000) as of each subsequent December 31, or if the assets already declared are being transferred or the bank accounts are being closed. The Participant should consult with his or her personal tax advisor to determine whether this reporting requirement applies.

UNITED STATES

CALIFORNIA - Terms and Conditions

Restrictive Covenants. If the Participant primarily resides or works in California and it is found that California law applies to this Agreement or any dispute arising from this Agreement, then Sections 4(a)(I), 4(a)(II) and 4(a)(III) (Restrictive Covenants) of this Agreement shall not apply to the Participant following their Termination of Service. Any conduct relating to the solicitation of the Company's employees that involves the misappropriation of the Company's trade secret information, such as the use, retention, or distribution of the Company's protected customer information, will remain prohibited conduct at all times, and nothing in this Agreement shall be construed to limit or eliminate any rights or remedies the Company may have under this Agreement, trade secret law, unfair competition law, or other laws applicable in California absent this Agreement.

UNITED STATES

ILLINOIS - Terms and Conditions

Restrictive Covenants.

Non-Recruitment; Non-Solicitation. If the Participant primarily resides or works in Illinois and it is found that Illinois law applies to this Agreement or any dispute arising from this Agreement, then Sections 4(a)(I) and 4(a)(II) shall not apply to the Participant following their Termination of Service unless the Participant's annual compensation exceeds \$45,000 (with the earnings threshold increasing by \$2,500 every five years from January 1, 2027, through January 1, 2037). The Participant further agrees that if, at the time they sign the Agreement, their earnings do not meet the earnings threshold, then the non-solicitation and non-recruitment obligations following Termination of Service in Sections 4(a)(I) and 4(a)(II) will automatically become enforceable against them if and when they begin earning an amount equal to or greater than the earnings threshold.

Non-Competition. If the Participant primarily resides or works in Illinois and it is found that Illinois law applies to this Agreement or any dispute arising from this Agreement, then Section 4(a)(III) shall not apply to the Participant following their Termination of Service unless the Participant's annual compensation exceeds \$75,000 (with the earnings threshold increasing by \$5,000 every five years from January 1, 2027, through January 1, 2037). The Participant further agrees that if, at the time they sign the Agreement, their earnings do not meet the earnings threshold, then the non-competition obligation following Termination of Service in Section 4(a)(III) will automatically become enforceable against them if and when they begin earning an amount equal to or greater than the earnings threshold.

Non-Competition; Non-Solicitation and Non-Recruitment. The restrictions of Sections 4(a)(I), 4(a)(II) and 4(a)(III) shall apply only to the extent that the Participant is employed for two or more years by the Company and/or receives compensation from the Company for two or more years following execution of this Agreement. To the extent employment or engagement with the Company is terminated less than two years following execution of this Agreement, the Participant agrees that they shall afford the Company the opportunity to provide them with a reasonable monetary payment, in an amount to be determined prior to or at the time of such Termination of Service, as consideration for the restrictions following Termination of Service set forth in Sections 4(a)(I), 4(a)(II) and 4(a)(III) of the Agreement. The Participant understands that reasonable consideration shall not exceed the amount that the Participant received as salary or income from the Company in the twelve (12) months prior to the Participant's Termination of Service. The Company shall also have the right, at its sole discretion, to not provide additional monetary consideration and, in such circumstances, if the Participant's experiences a Termination of Service within two years of execution of this Agreement, then Sections 4(a)(I), 4(a)(II) and 4(a)(III) shall not apply following Termination of Service.

Notifications

Notice. The Participant acknowledges that they have been provided with the Agreement at least 14 days before executing the Agreement. The Participant further acknowledges that they have been advised to consult with an attorney before signing the Agreement.

LOUISIANA - Terms and Conditions

Restrictive Covenants.

Non-Recruitment; Non-Solicitation. If the Participant primarily resides or works in Louisiana and it is found that Louisiana law applies to this Agreement or any dispute arising from this Agreement, then Sections 4(a)(I), 4(a)(II) and 4(a)(III) shall apply only to the following parishes: Caddo, East Baton Rouge, Jefferson, Orleans and St. Tammany.

MAINE - Terms and Conditions

Restrictive Covenants. If the Participant resides in Maine and it is found that Maine law applies to this Agreement or any dispute arising from this Agreement, then Section 4(a)(III) shall not apply to the Participant following their Termination of Service unless the Participant's annual compensation exceeds 400% percent of the federal poverty level.

Notifications

Notice. By accepting the grant of RSUs, the Participant acknowledges that they have been provided with written notice and a copy of this Agreement at least three business days before the deadline to sign this Agreement.

MARYLAND - Terms and Conditions

Restrictive Covenants. If the Participant resides in Maryland and it is found that Maryland law applies to this Agreement or any dispute arising from this Agreement, then Section 4(a)(III) shall not apply to the Participant following their Termination of Service if the Participant's annual compensation is less than 150% percent of Maryland's minimum wage.

MASSACHUSETTS - Terms and Conditions

Restrictive Covenants.

Consideration. If the Participant primarily resides or works in Massachusetts and it is found that Massachusetts law applies to this Agreement or any dispute arising from this Agreement, then Participant acknowledges that this Agreement is supported by sufficient, mutually agreed upon consideration that benefits the Participant.

Notifications

Notice. By accepting this grant of RSUs, the Participant acknowledges that that they have been provided with written notice and a copy of this Agreement at least 10 business days before the effective date of the Agreement. The Participant further acknowledges that they have been advised to consult with an attorney before signing the Agreement.

VIRGINIA - Terms and Conditions

Restrictive Covenants.

Non-Competition; Non-Recruitment; and Non-Solicitation. If the Participant primarily resides or works in Virginia and it is found that Virginia law applies to this Agreement or any dispute arising from this Agreement, then the Participant agrees that Sections 4(a)(I), 4(a)(II) and 4(a)(III) are reasonably limited in nature and do not prohibit employment with a competing business in a non-competitive position.

Non-Competition. If the Participant primarily resides or works in Virginia and it is found that Virginia law applies to this Agreement or any dispute arising from this Agreement, then Section 4(a)(III) shall not apply to the Participant following their Termination of Service if the Participant's average weekly earnings, calculated as provided for under Code of Virginia section 40.1-28.7:7 (the "Virginia Act"), are less than the average weekly wage of the Commonwealth as determined pursuant to subsection B of section 65.2-500, or the Participant otherwise qualifies as a "low-wage employee" under the Virginia Act. The Participant shall not be considered a "low-wage employee" if their earnings are derived, in whole or in predominant part, from sales commissions, incentives, or bonuses paid by the Company.

Appendix B
Processing and Transfer of Personal Data

Flowserve Corporation ("**Company**") will collect and process as data controller, directly from you or indirectly through your employer, personal data about you regarding your employment, the nature and amount of your compensation and the fact, details and conditions of your participation in the Flowserve Corporation 2020 Long-Term Incentive Plan (the "**Plan**"). The personal data so collected and processed includes your name, gender, home address, work email address, job title, and work telephone number, date of birth, GEMS ID, National Identification Number, Social Security Number or other identification number, employment location, salary, tax class and other tax information, nationality, job title, previous equity grant transaction data and compensation data, information necessary to process mandatory tax withholding and reporting obligations, information about any shares of stock or directorships held in the Company or its affiliates, details of all options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in your favor, and other required payroll information required for the purpose of implementing, administering and managing your participation in the Plan (the "**Data**").

The Data is necessary in order for you to participate in the Plan and for Company and its affiliates for the purpose of implementing, administering and managing the Plan and your participation therein (on the basis of the performance of a contract (Art. 6(1)(b) GDPR)), to comply with legal obligations in the EU (on the basis of (Art. 6(1)(c) GDPR) and on the basis of legitimate interests, in particular to comply with non-EU legal obligations (Art. 6(1)(f) GDPR).

The Data will be held (i) as long as is necessary to implement, administer and manage the Plan, (ii) for the duration of any relevant statutes of limitations which may exceed the duration of your participation in the Plan, and (iii) as required to fulfill legal obligations under applicable laws.

You may, subject to the conditions set forth in the GDPR, (i) request access to, and a copy of, your Data as well as additional information about the processing and third party recipients of your Data, (ii) request deletions, corrections or amendments to your Data, (iii) request restrictions to the processing of your Data, and (iv) ask for receiving, in a structured and standard format your Data, in each case without cost. You may also lodge a complaint with the competent data protection authority or contact the Company's data protection officer with any questions or concerns regarding the processing of your Data.

Contact Details: Data Privacy team at Flowserve Corporation, 5215 North O'Connor Boulevard, 9th Floor, Irving, Texas 75039 USA.

Consent to Data Transfer:

I have read and understood the above information and agree that my Data may be transferred to the Company and its affiliates as well as Wells Fargo Shareowner Services ("Wells Fargo") and Merrill Lynch & Co., Inc. ("Merrill Lynch") in the United States and their service providers assisting in the implementation, administration and management of the Plan (as data processors - such as brokers, accounting firms, payroll processing firms or tax firms) as set out above, and any possible purchaser of the Company or any of its affiliates or any of their businesses, as well as any tax or other public authorities, registries, security exchange commissions, or other public institutions as may be required by applicable laws.

I understand and agree that these recipients of my Data are located in the United States or elsewhere outside the European Economic Area. I understand that the recipients' countries may have different data privacy laws and a lower level of data privacy protection standards than the European Economic Area and that these standards may be considered inadequate under the GDPR.

I understand that my consent is voluntary and that I may withdraw it at any time with effect for the future. However, while refusing or withdrawing my consent will not have a negative effect on my employment, it may affect my ability to participate in the Plan.

Name, Date, Place, Signature

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, R. Scott Rowe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2024 of Flowserve Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2024

/s/ R. Scott Rowe

R. Scott Rowe

President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Amy B. Schwetz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2024 of Flowserve Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2024

/s/ Amy B. Schwetz

Amy B. Schwetz

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, R. Scott Rowe, President and Chief Executive Officer of Flowserve Corporation (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2024

/s/ R. Scott Rowe

R. Scott Rowe

President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Amy B. Schwetz, Senior Vice President and Chief Financial Officer of Flowserve Corporation (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2024

/s/ Amy B. Schwetz

Amy B. Schwetz

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)