

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

FORM 8-K

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

Date of Report (Date of earliest event reported): November 12, 2021



CIRCOR INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

001-14962
(Commission File Number)

04-3477276
(I.R.S. Employer
Identification No.)

30 CORPORATE DRIVE, SUITE 200
Burlington, MA
(Address of principal executive offices and Zip Code)

01803-4238
(Zip Code)

(781) 270-1200
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common stock, par value \$0.01 per share | CIR | New York Stock Exchange |

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

Emerging growth company ☐

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

Item 2.02. Results of Operations and Financial Condition.

By press release dated November 12, 2021, CIRCOR International, Inc. (the “Company”) announced its financial results for the three and nine months ended October 3, 2021. The full text of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by herein by reference.

The information in this Item 2.02 of Form 8-K and the Exhibits 99.1 and 99.2 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any registration statement or other document filed under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by special reference in such filing.

The Company’s management evaluates segment operating performance using operating income before certain charges/credits to cost of revenues and selling, general and administrative expenses, principally associated with acquisition-related activities; restructuring and other costs/income including costs arising from facility consolidations and gains and losses from the sale of product lines; and amortization of acquisition-related intangible assets. The Company also refers to this measure as segment operating income or adjusted operating income. The Company uses this measure because it helps management understand and evaluate the segments’ core operating results and facilitates comparison of performance for determining incentive compensation achievement.

In the press release and accompanying supplemental information, the Company uses the following non-GAAP financial measures: adjusted operating income, adjusted operating margin, free cash flow, adjusted net income, adjusted earnings per share (EPS), EBITDA, adjusted EBITDA, net debt, combined financial information, and organic revenue, described as follows:

- Adjusted operating income is defined as GAAP operating income excluding intangible amortization from acquisitions completed subsequent to December 31, 2011, depreciation and cost of goods sold charges related to step-up valuations from acquisitions completed subsequent to December 31, 2016, the impact of restructuring related inventory, impairment and special charges or gains.
- Adjusted operating margin is defined as adjusted operating income divided by net revenues.
- Free cash flow is defined as net cash flow from operating activities, less net capital expenditures. Management of this Company believes free cash flow is an important measure of its liquidity as well as its ability to service long-term debt, fund future growth and to provide a return to shareholders. We also believe this free cash flow definition does not have any material limitations.
- Adjusted net income is defined as net income, excluding intangible amortization from acquisitions completed subsequent to December 31, 2011, depreciation and cost of goods sold charges related to step-up valuations from acquisitions completed subsequent to December 31, 2016, the impact of restructuring related inventory, impairment and special charges or gains, net of tax.
- Adjusted EPS is defined as earnings per common share diluted, excluding the per share impact of intangible amortization from acquisitions completed subsequent to December 31, 2011, depreciation and cost of goods sold charges related to step-up valuations from acquisitions completed subsequent to December 31, 2016, the impact of restructuring related inventory, impairment and special charges or gains, net of tax.
- EBITDA is defined as net income plus net interest expense, provision for income taxes, depreciation and amortization.
- Adjusted EBITDA is defined as EBITDA plus the impact of special charges/gains including the impact of restructuring related inventory charges, cost of goods sold charges related to step-up valuations from acquisitions completed subsequent to December 31, 2016, and impairments, net of tax.
- Net Debt is defined at total debt minus cash and cash equivalents.
- Organic growth - the change in revenue and orders excluding the impact of acquisitions, divestitures and changes in foreign exchange rates.

Our management uses these non-GAAP measures to gain an understanding of our comparative operating performance (when comparing such results with previous periods or forecasts). These non-GAAP financial measures are used by management in our financial and operating decision making because we believe they reflect our ongoing business and facilitate period-to-

period comparisons. We believe these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating the Company’s current operating performance and future prospects in the same manner as management does, if they so choose. These non-GAAP financial measures also allow investors and others to compare the Company’s current financial results with the Company’s past financial results in a consistent manner. For example:

- We exclude costs and tax effects associated with restructuring activities, such as reducing overhead and consolidating facilities. We believe that the costs related to these restructuring activities are not indicative of our normal operating costs.
- We exclude certain acquisition-related costs, including significant transaction costs and the related tax effects. We exclude these costs because we do not believe they are indicative of our normal operating costs.
- We exclude the expense and tax effects associated with the non-cash amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives of 5 to 20 years. Exclusion of the non-cash amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.
- We also exclude certain gains/losses and related tax effects, which are either isolated or cannot be expected to occur again with any predictability, and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business, significant litigation-related matters and lump-sum pension plan settlements.

CIRCOR’s management uses these non-GAAP measures, in addition to GAAP financial measures, as the basis for measuring the Company’s operating performance and comparing such performance to that of prior periods and to the performance of our peers and competitors. We use such measures when publicly providing our business outlook, assessing future earnings potential, evaluating potential acquisitions and dispositions and in our financial and operating decision-making process including for incentive compensation purposes.

Investors should recognize that these non-GAAP measures might not be comparable to similarly titled measures of other companies. These measures should be considered in addition and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with accounting principles generally accepted in the United States.

A reconciliation of our non-GAAP financial measures to the most directly comparable GAAP financial measure is provided in the supplemental information table titled “Reconciliation of Key Performance Measures to Commonly Used Generally Accepted Accounting Principle Terms” which is included as an attachment to the press release in Exhibit 99.1.

Item 7.01. Regulation FD Disclosure

Presentation slides discussing the Company's quarterly operating results are attached to this Current Report on Form 8-K, as Exhibit 99.2, and are incorporated herein by reference. The information in this Item 7.01 of Form 8-K and the attached Exhibit 99.2 shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability that section, nor shall it be deemed incorporated by reference into any registration statement or other document filed under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by special reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

| <u>Exhibit No.</u> | <u>Description</u> |
|-----------------------------|--|
| <u>99.1</u> | CIRCOR Reports Third Quarter 2021 Results |
| <u>99.2</u> | Third Quarter 2021 Investor Review Presentation |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Labels Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) |

SIGNATURES

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

November 12, 2021

CIRCOR INTERNATIONAL, INC.

/s/ Abhi Khandelwal

Abhi Khandelwal
Senior Vice President and Chief Financial Officer

Exhibit 99.1
CIRCOR Reports Third Quarter 2021 Results

Burlington, MA – November 12, 2021

CIRCOR International, Inc. (NYSE: CIR), one of the world's leading providers of mission critical flow control products and services for the Industrial and Aerospace & Defense markets, today announced GAAP and adjusted financial results for the third quarter ended October 3, 2021.

Third Quarter 2021 Overview:

- Backlog of \$435 million, up 15% YTD, driven by strong demand across Industrial end markets
- Orders of \$194M, up 16% reported and 15% organically
 - Industrial orders of \$140 million, up 30% reported and 28% organically
 - Aerospace & Defense orders of \$54 million, down (9)% reported and (10)% organically
- Revenue of \$191 million, up 2% reported and 1% organically, was adversely impacted by \$(10) million due to global supply chain, logistics, and labor constraints late in the third quarter
 - Industrial revenue of \$129 million, up 4% reported and 3% organically
 - Aerospace & Defense revenue of \$61 million, down (1)% reported and (2)% organically
- GAAP operating margin of 3.5%; Adjusted operating margin of 10.1%, up 80 bps
- GAAP earnings per share of \$0.06; Adjusted earnings per share of \$0.50, up 39%
- GAAP operating cash flow of \$11 million; Free cash flow of \$7 million, up \$7 million

CIRCOR President and CEO Scott Buckhout said, “Our team delivered solid third quarter 2021 results with 15% organic orders growth, 80 basis points of margin expansion, and a 39% increase in adjusted earnings. While global supply chain constraints adversely impacted our 3Q results and 4Q outlook, we remain encouraged by robust demand for our Industrial products and strong positions on growing Aerospace & Defense programs.”

Mr. Buckhout continued, “Despite the near term macro challenges, our focus remains on our long term strategic priorities. We plan to deliver 45 new products for our customers in 2021 that will drive future organic growth and margin expansion. In addition, our teams have accelerated price increases across product lines in order to mitigate the impact of higher inflation. And finally, we continue to use our free cash flow to pay down debt in order to achieve a net debt to adjusted EBITDA ratio of 2.0 to 2.5.”

Mr. Buckhout concluded, “Our \$435 million backlog positions us well for organic revenue, earnings, and free cash flow growth, and we continue to drive long-term value creation for employees, customers, and shareholders.”

4Q'21 Guidance Update

In the fourth quarter of 2021, CIRCOR expects organic revenue to increase by 1 to 3% which reflects \$(15) million of delayed revenue due to global supply chain, logistics, and labor challenges. Industrial revenue is expected to increase by 3 to 6% driven by aftermarket volume, and Aerospace & Defense revenue is expected to be down (5) to 0% with growth in both Commercial Aerospace and Defense aftermarket sales offset by lower large Defense program shipments. In addition, CIRCOR expects adjusted EPS of \$0.60 to \$0.65 and free cash flow conversion of 85 to 105% (\$10 to \$15 million).

2021 Guidance Update

For the full year of 2021, CIRCOR expects organic revenue to decrease by (2) to (0)% (previously 2 to 4%) which reflects \$(25) million of delayed revenue due to global supply chain, logistics, and labor challenges. Reported revenue growth for 2021 is expected to be between (1) to 1%. Adjusted EPS is now expected to be of \$1.69 to \$1.74 (previously \$2.10 to \$2.30) driven by our lower revenue outlook and the impact of continued inflationary pressure. Finally, we expect adjusted net income to free cash flow conversion to be 15% to 25% as supply chain issues delay the completion of in-process projects and adversely impact the timing of customer collections.

Presentation slides that provide supporting information to this guidance and first-quarter results are posted on the “Investors” section of the Company’s website and will be discussed during the conference call at 9:00 a.m. ET today.

Conference Call Information

CIRCOR International will hold a conference call to review its financial results at 9:00 a.m. ET today, November 12, 2021. To listen to the live conference call and view the accompanying presentation slides, please visit “Webcasts & Presentations” in the “Investors” portion of CIRCOR’s website. The live call also can be accessed by dialing (877) 407-5790 or (201) 689-8328. Participants are encouraged to dial in to the call at least 15 minutes prior to the start time. The webcast will be archived on the Company’s website for one year.

Selected Preliminary Consolidated Results

| (\$ millions except EPS) | Q3 2021 | Q3 2020 | Change | Q3 YTD 2021 | Q3 YTD 2020 | Change |
|--|----------|-----------|---------|-------------|-------------|----------|
| Orders | 193.7 | 166.6 | 16 % | 630.6 | 567.7 | 11 % |
| Orders - excluding divested businesses¹ | 193.7 | 166.6 | 16 % | 630.6 | 563.2 | 12 % |
| Revenue | \$ 190.8 | \$ 186.6 | 2 % | \$ 561.8 | \$ 564.9 | -1 % |
| Revenue - excluding divested businesses¹ | 190.8 | 186.6 | 2 % | 561.8 | 560.0 | — % |
| GAAP operating (loss) income | 6.7 | 4.4 | 51 % | 2.1 | (70.4) | 103 % |
| Adjusted operating income² | 19.3 | 17.3 | 11 % | 46.3 | 44.3 | 5 % |
| GAAP operating margin | 3.5 % | 2.4 % | 110 bps | 0.4 % | (12.5)% | 1290 bps |
| Adjusted operating margin² | 10.1 % | 9.3 % | 80 bps | 8.2 % | 7.8 % | 40 bps |
| Adjusted operating margin ex divestitures² | 10.1 % | 9.3 % | 80 bps | 8.2 % | 7.9 % | 30 bps |
| GAAP earnings (loss) per share (diluted) | \$ 0.06 | \$ (2.93) | 102 % | \$ (1.07) | \$ (8.59) | 88 % |
| Adjusted earnings per share (diluted)² | \$ 0.50 | \$ 0.36 | 39 % | \$ 1.10 | \$ 0.78 | 41 % |
| Operating cash flow | 11.4 | 2.5 | 362 % | 4.7 | (46.4) | 110 % |
| Free cash flow³ | 6.8 | 0.1 | n/a | (5.9) | (55.6) | 89 % |

Segment Results

| (\$ in millions) | Q3 2021 | Q3 2020 | Change | Q3 YTD 2021 | Q3 YTD 2020 | Change |
|--|----------|----------|--------|-------------|-------------|---------|
| Aerospace & Defense | | | | | | |
| Orders | \$ 54.0 | \$ 59.1 | -9 % | \$ 181.3 | \$ 207.8 | -13 % |
| Revenue | 61.5 | 62.2 | -1 % | 182.2 | 190.0 | -4 % |
| Segment operating income | 14.9 | 14.8 | 1% | 37.7 | 40.4 | -7 % |
| Segment operating margin | 24.2 % | 23.7 % | 50 bps | 20.7 % | 21.3 % | -60 bps |
| Industrial | | | | | | |
| Orders | \$ 139.7 | \$ 107.5 | 30 % | \$ 449.3 | \$ 359.9 | 25 % |
| Orders - excluding divested businesses¹ | 139.7 | 107.5 | 30 % | 449.3 | 355.5 | 26 % |
| Revenue | 129.3 | 124.4 | 4 % | 379.5 | 374.9 | 1 % |
| Revenue - excluding divested businesses¹ | 129.3 | 124.4 | 4 % | 379.5 | 370.0 | 3 % |
| Segment operating income | 11.3 | 9.8 | 15 % | 31.4 | 27.4 | 15 % |
| Segment operating margin (adjusted) | 8.7 % | 7.9 % | 80 bps | 8.3 % | 7.4 % | 90 bps |

1. Orders and revenue excluding divested businesses are non-GAAP measures and are calculated by subtracting the orders and revenues generated by the divested businesses during the periods prior to their divestiture from reported orders and revenues. Divested businesses include Instrumentation & Sampling (all Industrial) which was sold during Q1 2020.
2. Adjusted consolidated and segment results for Q3 2021 exclude net income from discontinued operations of \$2.5 million and net loss from non-cash acquisition-related intangible amortization, special and restructuring charges totaling \$12.6 million. These charges include: (i) \$11.8 million for non-cash acquisition-related intangible amortization and depreciation expense; and (ii) \$0.8 million of other special and restructuring recoveries. Adjusted consolidated and segment results for Q3 2020 exclude net income from discontinued operations of \$0.3 million and net loss from non-cash acquisition-related intangible amortization, special and restructuring charges totaling \$12.9 million. These charges include: (i) \$11.6 million for non-cash acquisition-related intangible amortization and depreciation expense; (ii) \$0.8 million of professional fees and other costs associated with restructuring and cost reductions; and (iii) \$0.5 million of other special and restructuring charges. It also excludes the Q3 2020 charge for valuation allowance against deferred tax assets by virtue of using an effective tax rate in the adjusted results which is a \$53.3 million adjustment to taxes.
3. Free cash flow is a non-GAAP financial measure and is calculated by subtracting GAAP capital expenditures, net of proceeds from asset sales, from GAAP operating cash flow.

Use of Non-GAAP Financial Measures

Adjusted operating income, adjusted operating margin, adjusted net income, adjusted earnings per share (diluted), EBITDA, adjusted EBITDA, net debt, free cash flow and organic growth (and such measures further excluding discontinued operations) are non-GAAP financial measures. These non-GAAP financial measures are used by management in our financial and operating decision making because we believe they reflect our ongoing business and facilitate period-to-period comparisons. We believe these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating the Company's current operating performance and future prospects in the same manner as management does, if they so choose. These non-GAAP financial measures also allow investors and others to compare the Company's current financial results with the Company's past financial results in a consistent manner. For example:

We exclude costs and tax effects associated with restructuring activities, such as reducing overhead and consolidating facilities. We believe that the costs related to these restructuring activities are not indicative of our normal operating costs.

We exclude certain acquisition-related costs, including significant transaction costs and amortization of inventory and fixed-asset step-ups and the related tax effects. We exclude these costs because we do not believe they are indicative of our normal operating costs.

We exclude the expense and tax effects associated with the non-cash amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives up to 25 years. Exclusion of the non-cash amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.

We also exclude certain gains/losses and related tax effects, which are either isolated or cannot be expected to occur again with any predictability, and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business, significant litigation-related matters and lump-sum pension plan settlements. We exclude the results of discontinued operations.

We exclude goodwill impairment charges. We exclude these costs because we do not believe they are indicative of our normal operating costs.

Due to the significance of recently sold businesses and to provide a comparison of changes in our orders and revenue, we also discuss these changes on an "organic" basis. Organic is calculated assuming the divestitures completed prior to October 3, 2021 were completed on January 1, 2020 and excluding the impact of changes in foreign currency exchange rates.

CIRCOR's management uses these non-GAAP measures, in addition to GAAP financial measures, as the basis for measuring the Company's operating performance and comparing such performance to that of prior periods and to the performance of our peers. We use such measures when publicly providing our business outlook, assessing future earnings potential, evaluating potential acquisitions and dispositions and in our financial and operating decision-making process, including for compensation purposes.

Investors should recognize that these non-GAAP measures might not be comparable to similarly titled measures of other companies. These measures should be considered in addition and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with accounting principles generally accepted in the United States. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is included in this news release.

Safe Harbor Statement

This press release contains certain statements that are “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995 (the “Act”). The words “may,” “hope,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” “continue,” and other expressions, which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking statements, although not all forward-looking statements are accompanied by such words. We believe that it is important to communicate our future expectations to our stockholders, and we, therefore, make forward-looking statements in reliance upon the safe harbor provisions of the Act. However, there may be events in the future that we are not able to accurately predict or control and our actual results may differ materially from the expectations we describe in our forward-looking statements. Forward-looking statements, including statements about outlook for the fourth quarter, the expected and potential direct or indirect impacts of the COVID-19 pandemic on our business, the realization of cost reductions from restructuring activities and expected synergies, the number of new product launches and future cash flows from operating activities, involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: the duration and severity of the COVID-19 pandemic and its impact on the global economy; changes in the price of and demand for oil and gas in both domestic and international markets; any adverse changes in governmental policies; variability of raw material and component pricing; changes in our suppliers’ performance; fluctuations in foreign currency exchange rates; changes in tariffs or other taxes related to doing business internationally; our ability to hire and retain key personnel; our ability to operate our manufacturing facilities at efficient levels including our ability to prevent cost overruns and reduce costs; our ability to generate increased cash by reducing our working capital; our prevention of the accumulation of excess inventory; our ability to successfully implement our divestiture; restructuring or simplification strategies; fluctuations in interest rates; our ability to successfully defend product liability actions; as well as the uncertainty associated with the current worldwide economic conditions and the continuing impact on economic and financial conditions in the United States and around the world, including as a result of COVID-19, natural disasters, terrorist attacks and other similar matters. We advise you to read further about these and other risk factors set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2020, which is filed with the Securities and Exchange Commission (“SEC”) and is available on the SEC’s website at www.sec.gov. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

About CIRCOR International, Inc.

CIRCOR International is one of the world’s leading providers of mission critical flow control products and services for the Industrial and Aerospace & Defense markets. The Company has a product portfolio of market-leading brands serving its customers’ most demanding applications. CIRCOR markets its solutions directly and through various sales partners to more than 14,000 customers in approximately 100 countries. The Company has a global presence with approximately 3,200 employees and is headquartered in Burlington, Massachusetts. For more information, visit the Company’s investor relations website at <http://investors.circor.com>.

Contact:

Alex Maki
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CIRCOR International
(781) 270-1200

CIRCOR INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except per share data) (unaudited)

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|--------------------|-------------------|--------------------|
| | October 3, 2021 | September 27, 2020 | October 3, 2021 | September 27, 2020 |
| Net revenues | \$ 190,782 | \$ 186,640 | \$ 561,783 | \$ 564,920 |
| Cost of revenues | 130,027 | 130,630 | 385,061 | 389,905 |
| Gross profit | 60,755 | 56,010 | 176,722 | 175,015 |
| Selling, general and administrative expenses | 53,265 | 50,652 | 167,792 | 164,948 |
| Goodwill impairment charge | — | — | — | 116,182 |
| Special and restructuring charges (recoveries), net | 814 | 938 | 6,808 | (35,747) |
| Operating income (loss) | 6,676 | 4,420 | 2,122 | (70,368) |
| Other expense (income), net: | | | | |
| Interest expense, net | 7,997 | 8,202 | 24,325 | 25,699 |
| Other expense (income), net | 134 | 765 | (2,543) | 229 |
| Total other expense, net | 8,131 | 8,967 | 21,782 | 25,928 |
| Income (loss) from continuing operations before income taxes | (1,455) | (4,547) | (19,660) | (96,296) |
| (Benefit from) provision for income taxes | (92) | 54,318 | 3,268 | 40,923 |
| Income (loss) from continuing operations, net of tax | \$ (1,363) | \$ (58,865) | \$ (22,928) | \$ (137,219) |
| Income (loss) from discontinued operations, net of tax | \$ 2,510 | \$ 341 | \$ 1,393 | \$ (34,345) |
| Net income (loss) | \$ 1,147 | \$ (58,524) | \$ (21,535) | \$ (171,564) |
| Basic income (loss) per common share: | | | | |
| Basic from continuing operations | \$ (0.07) | \$ (2.94) | \$ (1.14) | \$ (6.87) |
| Basic from discontinued operations | \$ 0.12 | \$ 0.02 | \$ 0.07 | \$ (1.72) |
| Net income (loss) | \$ 0.06 | \$ (2.93) | \$ (1.07) | \$ (8.59) |
| Diluted income (loss) per common share: | | | | |
| Diluted from continuing operations | \$ (0.07) | \$ (2.94) | \$ (1.14) | \$ (6.87) |
| Diluted from discontinued operations | \$ 0.12 | \$ 0.02 | \$ 0.07 | \$ (1.72) |
| Net income (loss) | \$ 0.06 | \$ (2.93) | \$ (1.07) | \$ (8.59) |
| Weighted average number of common shares outstanding: | | | | |
| Basic | 20,257 | 20,001 | 20,181 | 19,975 |
| Diluted | 20,257 | 20,001 | 20,181 | 19,975 |

CIRCOR INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands) (unaudited)

| | Nine Months Ended | |
|---|--------------------------|---------------------------|
| | October 3, 2021 | September 27, 2020 |
| OPERATING ACTIVITIES | | |
| Net loss | \$ (21,535) | \$ (171,564) |
| Income (loss) from discontinued operations, net of income taxes | 1,393 | (34,345) |
| Loss from continuing operations | (22,928) | (137,219) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation | 17,505 | 14,881 |
| Amortization | 31,929 | 32,418 |
| Change in provision for bad debt expense | (353) | 7,219 |
| Write down of inventory | 1,201 | 2,386 |
| Compensation expense for share-based plans | 4,165 | 4,076 |
| Amortization of debt issuance costs | 3,032 | 6,463 |
| Deferred tax provision | 823 | 35,582 |
| Goodwill impairment charge | — | 116,182 |
| Loss (gain) on sale of businesses | 1,308 | (54,253) |
| Changes in operating assets and liabilities, net of effects of acquisition and disposition: | | |
| Trade accounts receivable | 8,937 | 18,051 |
| Inventories | (12,095) | (8,477) |
| Prepaid expenses and other assets | (32,680) | (39,184) |
| Accounts payable, accrued expenses and other liabilities | 6,310 | (30,468) |
| Net cash provided by (used in) continuing operating activities | 7,154 | (32,343) |
| Net cash provided by (used in) discontinued operating activities | (2,484) | (14,022) |
| Net cash provided (used in) operating activities | 4,670 | (46,365) |
| INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (10,579) | (9,147) |
| Proceeds from sale of property, plant and equipment | 2 | (122) |
| Proceeds from the sale of business | 9,993 | 166,210 |
| Proceeds from beneficial interest of factored receivables | 1,531 | 2,212 |
| Net cash provided by continuing investment activities | 947 | 159,153 |
| Net cash used in discontinued investing activities | — | (11,338) |
| Net cash provided by investing activities | 947 | 147,815 |
| FINANCING ACTIVITIES | | |
| Proceeds from long-term debt | 145,550 | 165,800 |
| Payments of long-term debt | (148,450) | (279,191) |
| Proceeds from the exercise of stock options | 151 | 117 |
| Withholding tax payments on restricted and performance stock units converted | (4,154) | — |
| Net cash used in financing activities | (6,903) | (113,274) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (3,163) | 29 |
| (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | (4,449) | (11,795) |
| Cash, cash equivalents, and restricted cash at beginning of period | 77,696 | 85,727 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD | \$ 73,247 | \$ 73,932 |

CIRCOR INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands) (unaudited)

| | October 3, 2021 | December 31, 2020 |
|--|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 71,969 | \$ 76,452 |
| Trade accounts receivable, less allowance for doubtful accounts of \$8,374 and \$9,035 at October 3, 2021 and December 31, 2020, respectively | 93,222 | 102,730 |
| Inventories | 132,242 | 129,084 |
| Prepaid expenses and other current assets | 118,783 | 93,226 |
| Assets held for sale | — | 5,073 |
| Total Current Assets | 416,216 | 406,565 |
| PROPERTY, PLANT AND EQUIPMENT, NET | 158,327 | 168,763 |
| OTHER ASSETS: | | |
| Goodwill | 155,739 | 158,944 |
| Intangibles, net | 315,452 | 353,595 |
| Deferred income taxes | 761 | 779 |
| Other assets | 43,780 | 41,882 |
| TOTAL ASSETS | \$ 1,090,275 | \$ 1,130,528 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 72,883 | \$ 61,236 |
| Accrued expenses and other current liabilities | 74,357 | 75,624 |
| Accrued compensation and benefits | 32,454 | 28,332 |
| Total Current Liabilities | 179,694 | 165,192 |
| LONG-TERM DEBT | 507,093 | 507,888 |
| DEFERRED INCOME TAXES | 26,767 | 28,980 |
| PENSION LIABILITY, NET | 152,322 | 163,642 |
| OTHER NON-CURRENT LIABILITIES | 39,855 | 58,785 |
| SHAREHOLDERS' EQUITY: | | |
| Preferred stock, \$0.01 par value; 1,000,000 shares authorized; no shares issued and outstanding | — | — |
| Common stock, \$0.01 par value; 29,000,000 shares authorized; 21,627,259 and 21,373,813 issued at October 3, 2021 and December 31, 2020 respectively | 217 | 214 |
| Additional paid-in capital | 453,761 | 452,728 |
| (Accumulated deficit) retained earnings | (107,996) | (86,461) |
| Common treasury stock, at cost (1,372,488 shares at October 3, 2021 and December 31, 2020) | (74,472) | (74,472) |
| Accumulated other comprehensive loss, net of tax | (86,966) | (85,968) |
| Total Shareholders' Equity | 184,544 | 206,041 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 1,090,275 | \$ 1,130,528 |

CIRCOR INTERNATIONAL, INC.
SUMMARY OF ORDERS AND BACKLOG
(in millions) (unaudited)

| | | Three Months Ended | | Nine Months Ended | |
|-------------------|---------------------|---------------------------|---------------------------|--------------------------|---------------------------|
| | | October 3, 2021 | September 27, 2020 | October 3, 2021 | September 27, 2020 |
| ORDERS (1) | | | | | |
| | Aerospace & Defense | \$ 54.0 | \$ 59.1 | \$ 181.3 | \$ 207.8 |
| | Industrial | 139.7 | 107.5 | 449.3 | 359.9 |
| | Total Orders | <u>\$ 193.7</u> | <u>\$ 166.6</u> | <u>\$ 630.6</u> | <u>\$ 567.7</u> |

| | | October 3, 2021 | September 27, 2020 |
|--------------------|---------------------|------------------------|---------------------------|
| BACKLOG (2) | | | |
| | Aerospace & Defense | \$ 179.7 | \$ 211.4 |
| | Industrial | 254.9 | 204.0 |
| | Total Backlog | <u>\$ 434.6</u> | <u>\$ 415.4</u> |

Note 1: Orders do not include the foreign exchange impact due to the re-measurement of customer backlog amounts denominated in foreign currencies. Orders for the nine months ended September 27, 2020 include orders from businesses divested prior to September 27, 2020 of \$4.4 million.

Note 2: Backlog includes unshipped customer orders for which revenue has not been recognized.

CIRCOR INTERNATIONAL, INC.
SEGMENT INFORMATION
(in thousands, except percentages)
UNAUDITED

| As reported | 2020 | | | | | 2021 | | | | |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--|
| | 1ST QTR | 2ND QTR | 3RD QTR | 4TH QTR | TOTAL | 1ST QTR | 2ND QTR | 3RD QTR | TOTAL | |
| ORDERS | | | | | | | | | | |
| Aerospace & Defense | \$ 72,031 | \$ 76,616 | \$ 59,105 | \$ 46,796 | \$ 254,548 | \$ 72,999 | \$ 54,243 | \$ 54,028 | \$ 181,270 | |
| Industrial | 136,443 | 116,023 | 107,453 | 121,690 | 481,609 | 153,695 | 155,959 | 139,691 | 449,345 | |
| Total | \$ 208,474 | \$ 192,639 | \$ 166,558 | \$ 168,486 | \$ 736,157 | \$ 226,693 | \$ 210,203 | \$ 193,719 | \$ 630,615 | |
| NET REVENUES | | | | | | | | | | |
| Aerospace & Defense | \$ 65,493 | \$ 62,241 | \$ 62,249 | \$ 77,839 | \$ 267,822 | \$ 60,001 | \$ 60,761 | \$ 61,484 | \$ 182,246 | |
| Industrial | 126,720 | 123,825 | 124,391 | 130,513 | 505,449 | 120,654 | 129,585 | 129,298 | 379,537 | |
| Total | \$ 192,213 | \$ 186,066 | \$ 186,640 | \$ 208,352 | \$ 773,271 | \$ 180,655 | \$ 190,346 | \$ 190,782 | \$ 561,783 | |
| SEGMENT OPERATING INCOME | | | | | | | | | | |
| Aerospace & Defense | \$ 12,494 | \$ 13,142 | \$ 14,782 | \$ 18,675 | \$ 59,093 | \$ 10,706 | \$ 12,095 | \$ 14,868 | \$ 37,668 | |
| Industrial | 5,169 | 12,406 | 9,807 | 12,441 | 39,823 | 9,735 | 10,400 | 11,268 | 31,403 | |
| Corporate expenses | (6,588) | (9,664) | (7,244) | (7,789) | (31,285) | (8,002) | (7,850) | (6,878) | (22,726) | |
| Total | \$ 11,075 | \$ 15,884 | \$ 17,345 | \$ 23,327 | \$ 67,631 | \$ 12,439 | \$ 14,645 | \$ 19,258 | \$ 46,345 | |
| SEGMENT OPERATING MARGIN % | | | | | | | | | | |
| Aerospace & Defense | 19.1 % | 21.1 % | 23.7 % | 24.0 % | 22.1 % | 17.8 % | 19.9 % | 24.2 % | 20.7 % | |
| Industrial | 4.1 % | 10.0 % | 7.9 % | 9.5 % | 7.9 % | 8.1 % | 8.0 % | 8.7 % | 8.3 % | |
| Total | 5.8 % | 8.5 % | 9.3 % | 11.2 % | 8.7 % | 6.9 % | 7.7 % | 10.1 % | 8.2 % | |
| Results of divested businesses (1) | | | | | | | | | | |
| | 1ST QTR | 2ND QTR | 3RD QTR | 4TH QTR | TOTAL | 1ST QTR | 2ND QTR | 3RD QTR | TOTAL | |
| ORDERS - Industrial | \$ 4,449 | \$ — | \$ — | \$ — | \$ 4,449 | \$ — | \$ — | \$ — | \$ — | |
| NET REVENUES - Industrial | \$ 4,900 | \$ — | \$ — | \$ — | \$ 4,900 | \$ — | \$ — | \$ — | \$ — | |
| SEGMENT OP. INC. -Industrial | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | |

CIRCOR INTERNATIONAL, INC.
SUPPLEMENTAL INFORMATION REGARDING DIVESTED BUSINESS
(in thousands, except percentages) (unaudited)

| Results excluding divested businesses | 2020 | | | | | 2021 | | | |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1ST QTR | 2ND QTR | 3RD QTR | 4TH QTR | TOTAL | 1ST QTR | 2ND QTR | 3RD QTR | TOTAL |
| ORDERS | | | | | | | | | |
| Aerospace & Defense | \$72,031 | \$76,616 | \$59,105 | \$46,796 | \$254,548 | \$72,999 | \$54,243 | \$54,028 | \$181,270 |
| Industrial | 131,994 | 116,023 | 107,453 | 121,690 | 477,160 | 153,695 | 155,959 | 139,691 | 449,345 |
| Total | \$204,025 | \$192,639 | \$166,558 | \$168,486 | \$731,708 | \$226,693 | \$210,203 | \$193,719 | \$630,615 |
| NET REVENUES | | | | | | | | | |
| Aerospace & Defense | \$65,493 | \$62,241 | \$62,249 | \$77,839 | \$267,822 | \$60,001 | \$60,761 | \$61,484 | \$182,246 |
| Industrial | 121,820 | 123,825 | 124,391 | 130,513 | 500,549 | 120,654 | 129,585 | 129,298 | 379,537 |
| Total | \$187,313 | \$186,066 | \$186,640 | \$208,352 | \$768,371 | \$180,655 | \$190,346 | \$190,782 | \$561,783 |
| SEGMENT OPERATING INCOME | | | | | | | | | |
| Aerospace & Defense | \$12,494 | \$13,142 | \$14,782 | \$18,675 | \$59,093 | \$10,706 | \$12,095 | \$14,868 | \$37,668 |
| Industrial | 5,169 | 12,406 | 9,807 | 12,441 | 39,823 | 9,735 | 10,400 | 11,268 | 31,403 |
| Corporate expenses | (6,588) | (9,664) | (7,244) | (7,789) | (31,285) | (8,002) | (7,850) | (6,878) | (22,726) |
| Total | \$11,075 | \$15,884 | \$17,345 | \$23,327 | \$67,631 | \$12,439 | \$14,645 | \$19,258 | \$46,345 |
| SEGMENT OPERATING MARGIN % | | | | | | | | | |
| Aerospace & Defense | 19.1% | 21.1% | 23.7% | 24.0% | 22.1% | 17.8% | 19.9% | 24.2% | 20.7% |
| Industrial | 4.2% | 10.0% | 7.9% | 9.5% | 8.0% | 8.1% | 8.0% | 8.7% | 8.3% |
| Total | 5.9% | 8.5% | 9.3% | 11.2% | 8.8% | 6.9% | 7.7% | 10.1% | 8.2% |

CIRCOR INTERNATIONAL, INC.
RECONCILIATION OF KEY PERFORMANCE MEASURES TO COMMONLY USED GENERALLY ACCEPTED ACCOUNTING PRINCIPLE TERMS
(in thousands, except percentages) (unaudited)

| | 2020 | | | | | 2021 | | | | |
|---|------------|------------|-----------|-----------|------------|------------|------------|------------|------------|--|
| | 1ST QTR | 2ND QTR | 3RD QTR | 4TH QTR | TOTAL | 1ST QTR | 2ND QTR | 3RD QTR | TOTAL | |
| Net Cash (Used In) Provided By Operating Activities | \$(23,947) | \$(24,883) | \$2,465 | \$23,641 | \$(22,724) | \$(17,703) | \$ 10,984 | \$ 11,389 | \$ 4,670 | |
| LESS | | | | | | | | | | |
| Capital expenditures, net of sale proceeds (a) | 3,412 | 3,527 | 2,330 | 3,275 | 12,544 | 3,392 | 2,644 | 4,541 | 10,577 | |
| FREE CASH FLOW | \$(27,359) | \$(28,410) | \$135 | \$20,366 | \$(35,268) | \$(21,095) | \$ 8,340 | \$ 6,848 | \$ (5,907) | |
| | | | | | | | | | | |
| Gross Debt | \$602,288 | \$592,038 | \$540,463 | \$519,938 | \$519,938 | \$536,938 | \$ 523,038 | \$ 517,038 | \$ 517,038 | |
| Less: Cash & Cash equivalents | 170,861 | 125,421 | 72,772 | 76,452 | 76,452 | 75,680 | 72,181 | 71,969 | 71,969 | |
| GROSS DEBT, NET OF CASH | \$431,427 | \$466,617 | \$467,691 | \$443,486 | \$443,486 | \$461,258 | \$ 450,857 | \$ 445,069 | \$ 445,069 | |
| | | | | | | | | | | |
| TOTAL SHAREHOLDERS' EQUITY | \$290,845 | \$273,351 | \$220,814 | \$206,041 | \$206,041 | \$196,106 | \$ 183,039 | \$ 184,544 | \$ 184,544 | |
| GROSS DEBT AS % OF EQUITY | 207% | 217% | 245% | 252% | 252% | 274% | 286 % | 280 % | 280 % | |
| GROSS DEBT, NET OF CASH AS % OF EQUITY | 148% | 171% | 212% | 215% | 215% | 235% | 246 % | 241 % | 241 % | |

(a) includes capital expenditures, net of sales proceeds of discontinued operations

CIRCOR INTERNATIONAL, INC.
RECONCILIATION OF KEY PERFORMANCE MEASURES TO COMMONLY USED GENERALLY ACCEPTED ACCOUNTING PRINCIPLE TERMS
(in thousands, except percentages) (unaudited)

| | 2020 | | | | | 2021 | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--|
| | 1ST QTR | 2ND QTR | 3RD QTR | 4TH QTR | TOTAL | 1ST QTR | 2ND QTR | 3RD QTR | TOTAL | |
| NET (LOSS) INCOME | \$ (78,948) | \$ (34,092) | \$ (58,524) | \$ (13,934) | \$ (185,498) | \$ (7,119) | \$ (15,563) | \$ 1,147 | \$ (21,535) | |
| LESS: | | | | | | | | | | |
| Restructuring related inventory charges | (602) | — | 351 | — | (251) | — | 958 | (60) | 899 | |
| Restructuring charges, net | 2,883 | 588 | 502 | 972 | 4,945 | 2,060 | 2,281 | (312) | 4,029 | |
| Acquisition amortization | 10,218 | 10,681 | 10,625 | 10,939 | 42,463 | 10,487 | 10,498 | 10,416 | 31,401 | |
| Acquisition depreciation | 974 | 980 | 1,011 | 1,021 | 3,986 | 2,375 | 1,326 | 1,412 | 5,113 | |
| Special (recoveries) charges, net | (45,175) | 5,019 | 436 | 473 | (39,247) | (2,869) | 4,522 | 1,126 | 2,779 | |
| Goodwill Impairment charge | 116,182 | — | — | — | 116,182 | — | — | — | — | |
| Income tax impact | 7,704 | (22,549) | 53,240 | 13,125 | 51,521 | (335) | 2,266 | (860) | 1,071 | |
| Net loss (income) from discontinued operations | (9,162) | 43,847 | (341) | 795 | 35,140 | 239 | 878 | (2,510) | (1,393) | |
| ADJUSTED NET INCOME | \$ 4,074 | \$ 4,475 | \$ 7,300 | \$ 13,390 | \$ 29,240 | \$ 4,838 | \$ 7,165 | \$ 10,359 | \$ 22,363 | |
| (LOSS) EARNINGS PER COMMON SHARE (Diluted) | \$ (3.96) | \$ (1.68) | \$ (2.93) | \$ (0.70) | \$ (9.28) | \$ (0.35) | \$ (0.77) | \$ 0.06 | \$ (1.05) | |
| LESS: | | | | | | | | | | |
| Restructuring related inventory charges | (0.03) | — | 0.02 | — | (0.01) | — | 0.05 | — | 0.04 | |
| Restructuring charges, net | 0.14 | 0.03 | 0.02 | 0.05 | 0.25 | 0.10 | 0.11 | (0.02) | 0.20 | |
| Acquisition amortization | 0.51 | 0.53 | 0.53 | 0.55 | 2.13 | 0.52 | 0.52 | 0.51 | 1.53 | |
| Acquisition depreciation | 0.05 | 0.05 | 0.05 | 0.05 | 0.20 | 0.12 | 0.07 | 0.07 | 0.25 | |
| Special (recoveries) charges, net | (2.27) | 0.25 | 0.02 | 0.02 | (1.96) | (0.14) | 0.22 | 0.05 | 0.14 | |
| Impairment charge | 5.83 | — | — | — | 5.81 | — | — | — | — | |
| Income tax impact | 0.39 | (1.11) | 2.66 | 0.66 | 2.58 | (0.02) | 0.11 | (0.04) | 0.05 | |
| (Loss) earnings per share from discontinued operations | (0.46) | 2.16 | (0.02) | 0.04 | 1.76 | 0.01 | 0.04 | (0.12) | (0.07) | |
| ADJUSTED EARNINGS PER SHARE (Diluted) | \$ 0.20 | \$ 0.22 | \$ 0.36 | \$ 0.66 | \$ 1.43 | \$ 0.24 | \$ 0.35 | \$ 0.50 | \$ 1.09 | |

CIRCOR INTERNATIONAL, INC.
RECONCILIATION OF KEY PERFORMANCE MEASURES TO COMMONLY USED GENERALLY ACCEPTED ACCOUNTING PRINCIPLE TERMS
(in thousands, except percentages) (unaudited)

| | 2020 | | | | | 2021 | | | | |
|--|-------------|-------------|-------------|-------------|--------------|------------|-------------|-----------|-------------|--|
| | 1ST QTR | 2ND QTR | 3RD QTR | 4TH QTR | TOTAL | 1ST QTR | 2ND QTR | 3RD QTR | TOTAL | |
| NET (LOSS) INCOME | \$ (78,948) | \$ (34,092) | \$ (58,524) | \$ (13,934) | \$ (185,498) | \$ (7,119) | \$ (15,563) | 1,147 | \$ (21,535) | |
| LESS: | | | | | | | | | | |
| Interest expense, net | 9,011 | 8,486 | 8,202 | 8,520 | 34,219 | 8,369 | 7,957 | 7,997 | 24,323 | |
| Depreciation | 5,121 | 4,958 | 4,802 | 5,504 | 20,385 | 6,509 | 5,461 | 5,535 | 17,505 | |
| Amortization | 10,516 | 10,976 | 10,925 | 11,245 | 43,662 | 10,696 | 10,657 | 10,576 | 31,929 | |
| Provision for income taxes | 8,374 | (21,769) | 54,318 | 15,299 | 56,222 | 400 | 2,961 | (92) | 3,268 | |
| Loss (income) from discontinued operations | (9,162) | 43,847 | (341) | 795 | 35,140 | 239 | 878 | (2,510) | (1,393) | |
| EBITDA | \$ (55,088) | \$ 12,406 | \$ 19,383 | \$ 27,429 | \$ 4,130 | \$ 19,094 | \$ 12,351 | \$ 22,653 | \$ 54,097 | |
| LESS: | | | | | | | | | | |
| Restructuring related inventory charges (recoveries) | (602) | — | 351 | — | (251) | — | 958 | (60) | 899 | |
| Restructuring charges, net | 2,883 | 588 | 502 | 972 | 4,945 | 2,060 | 2,281 | (312) | 4,029 | |
| Special (recoveries) charges, net | (45,175) | 5,019 | 436 | 473 | (39,247) | (2,869) | 4,522 | 1,126 | 2,779 | |
| Goodwill impairment charge | 116,182 | — | — | — | 116,182 | — | — | — | — | |
| ADJUSTED EBITDA | \$ 18,200 | \$ 18,013 | \$ 20,671 | \$ 28,873 | \$ 85,758 | \$ 18,285 | \$ 20,112 | \$ 23,407 | \$ 61,804 | |

CIRCOR INTERNATIONAL, INC.
RECONCILIATION OF KEY PERFORMANCE MEASURES TO COMMONLY USED GENERALLY ACCEPTED ACCOUNTING PRINCIPLE TERMS
(in thousands, except percentages) (unaudited)

| | 2020 | | | | | 2021 | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--|
| | 1ST QTR | 2ND QTR | 3RD QTR | 4TH QTR | TOTAL | 1ST QTR | 2ND QTR | 3RD QTR | TOTAL | |
| GAAP OPERATING INCOME (LOSS) | \$ (73,405) | \$ (1,384) | \$ 4,420 | \$ 9,923 | \$ (60,446) | \$ 386 | \$ (4,940) | \$ 6,676 | \$ 2,122 | |
| LESS: | | | | | | | | | | |
| Restructuring related inventory charges (recoveries) | (602) | — | 351 | — | (251) | — | 958 | (60) | 899 | |
| Amortization of inventory step-up | — | — | — | — | — | — | — | — | — | |
| Restructuring charges, net | 2,883 | 588 | 502 | 972 | 4,945 | 2,060 | 2,281 | (312) | 4,029 | |
| Acquisition amortization | 10,218 | 10,681 | 10,625 | 10,939 | 42,463 | 10,487 | 10,498 | 10,416 | 31,402 | |
| Acquisition depreciation | 974 | 980 | 1,011 | 1,021 | 3,986 | 2,375 | 1,326 | 1,412 | 5,114 | |
| Special (recoveries) charges, net | (45,175) | 5,019 | 436 | 473 | (39,247) | (2,869) | 4,522 | 1,126 | 2,779 | |
| Goodwill impairment charge | 116,182 | — | — | — | 116,182 | — | — | — | — | |
| ADJUSTED OPERATING INCOME | \$ 11,075 | \$ 15,884 | \$ 17,345 | \$ 23,327 | \$ 67,631 | \$ 12,439 | \$ 14,645 | \$ 19,258 | \$ 46,345 | |
| GAAP OPERATING MARGIN | (38.2)% | (0.7)% | 2.4 % | 4.8 % | (7.8)% | 0.2 % | (2.7)% | 3.5 % | 0.4 % | |
| LESS: | | | | | | | | | | |
| Restructuring related inventory charges (recoveries) | (0.3)% | — % | 0.2 % | — % | — % | — % | 0.5 % | — % | 0.2 % | |
| Amortization of inventory step-up | — % | — % | — % | — % | — % | — % | — % | — % | — % | |
| Restructuring charges, net | 1.5 % | 0.3 % | 0.3 % | 0.5 % | 0.6 % | 1.1 % | 1.3 % | (0.2)% | 0.7 % | |
| Acquisition amortization | 5.3 % | 5.7 % | 5.7 % | 5.3 % | 5.5 % | 5.8 % | 5.8 % | 5.5 % | 5.6 % | |
| Acquisition depreciation | 0.5 % | 0.5 % | 0.5 % | 0.5 % | 0.5 % | 1.3 % | 0.7 % | 0.7 % | 0.9 % | |
| Special (recoveries) charges, net | (23.5)% | 2.7 % | 0.2 % | 0.2 % | (5.1)% | (1.6)% | 2.5 % | 0.6 % | 0.5 % | |
| Goodwill impairment charge | 60.4 % | — % | — % | — % | 15.0 % | — % | — % | — % | — % | |
| ADJUSTED OPERATING MARGIN | 5.8 % | 8.5 % | 9.3 % | 11.2 % | 8.7 % | 6.9 % | 8.1 % | 10.1 % | 8.2 % | |



INDUSTRIAL
AEROSPACE & DEFENSE



2021 Third Quarter Earnings Call

November 12th, 2021

This presentation contains certain statements that are "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995 (the "Act"). The words "may," "hope," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," "continue," and other expressions, which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking statements, although not all forward-looking statements are accompanied by such words. We believe that it is important to communicate our future expectations to our stockholders, and we, therefore, make forward-looking statements in reliance upon the safe harbor provisions of the Act. However, there may be events in the future that we are not able to accurately predict or control and our actual results may differ materially from the expectations we describe in our forward-looking statements. Forward-looking statements, including statements about outlook for future quarters, the expected and potential direct or indirect impacts of the COVID-19 pandemic on our business, the realization of cost reductions from restructuring activities and expected synergies, the number of new product launches and future cash flows from operating activities, involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: the duration and severity of the COVID-19 pandemic and its impact on the global economy; changes in the price of and demand for oil and gas in both domestic and international markets; any adverse changes in governmental policies; variability of raw material and component pricing; changes in our suppliers' performance; fluctuations in foreign currency exchange rates; changes in tariffs or other taxes related to doing business internationally; our ability to hire and retain key personnel; our ability to operate our manufacturing facilities at efficient levels including our ability to prevent cost overruns and reduce costs; our ability to generate increased cash by reducing our working capital; our prevention of the accumulation of excess inventory; our ability to successfully implement our divestiture; restructuring or simplification strategies; fluctuations in interest rates; our ability to successfully defend product liability actions; as well as the uncertainty associated with the current worldwide economic conditions and the continuing impact on economic and financial conditions in the United States and around the world, including as a result of COVID-19, natural disasters, terrorist attacks and other similar matters. We advise you to read further about these and other risk factors set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2020, which is filed with the Securities and Exchange Commission ("SEC") and is available on the SEC's website at www.sec.gov. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

See page 18 for information on the use of non-GAAP financial measures.

Strong underlying demand across CIRCOR reflected in orders and backlog

- 3Q Orders +16% ... 3Q YTD Orders +11%
- 3Q Backlog +5% ... 3Q YTD Backlog +15%

Executing well despite challenging supply chain environment

- 3Q Revenue +2% y/y ... ~\$10M revenue delayed (~5 points of organic growth)
- 3Q AOI +80 bps y/y, +240 bps vs. 2Q ... additional pricing actions and productivity

Supply chain challenges accelerated near quarter end

- Material supply shortages
- Transportation / logistics constraints
- Labor availability
- Material inflation

Revised guidance for 2021 reflects shift in expected revenue timing

- Expect ~\$25M of total year revenue to shift out of 2021 due to supply chain challenges

3Q'21 Reported Results



(\$ millions except EPS)

| | 3Q'21 | y/y | vs. 2Q'21 | Comments on 3Q'21 results |
|----------------------|--------|--------|-----------|--|
| Backlog | 435 | 5% | (0)% | Orders growth indicative of continued strong demand across Industrial end markets, offset by timing of large Defense orders |
| Orders | 194 | 16% | (8)% | |
| Organic % | | 15% | (7)% | |
| Revenue | 191 | 2% | 0% | Revenue growth adversely impacted by \$10 million ... supply chain issues, logistics constraints, and labor availability across CIRCOR |
| Organic % | | 1% | 1% | |
| AOI | 19 | 11% | 31% | Adjusted operating margin of \$19 / 10.1% |
| AOI % | 10.1% | 80 bps | 240 bps | |
| GAAP EPS | \$0.06 | n/a | n/a | <ul style="list-style-type: none"> Incremental y/y margins of 46% Sequential improvement driven by additional pricing actions and mix offsetting inflation |
| Adj. EPS | \$0.50 | 39% | 44% | |
| FCF | 7 | n/a | (18)% | Free cash flow lower than expected due to timing of milestone collections on long-term projects |
| % of adj. net income | 66% | | | |

Executing well in a challenging global environment

Organic revenue, Adjusted Operating Income (AOI), Adjusted EPS, and Free Cash Flow (FCF) are non-GAAP measures

3Q'21 Industrial Segment Highlights



(\$ millions)



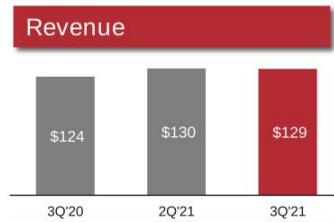
Organic

3Q 2021 Orders

y/y
+28%

vs. 2Q'21
(9)%

- End market demand remains strong ... orders growth across all regions with strength in N. America and EMEA
- Backlog up 30% YTD, above pre-COVID levels ... highest Downstream aftermarket backlog since 2017
- Book-to-bill of 1.1x



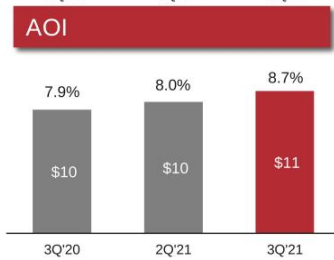
Organic

3Q 2021 Revenue

y/y
+3%

vs. 2Q'21
+1%

- Revenue increase driven by strength in EMEA, China, and India partially offset by North America
- Global supply chain and logistics constraints adversely impacted revenue by \$6 million / 5 pts of growth



AOI expansion

3Q 2021 AOI

y/y
+80 bps

vs. 2Q'21
+70 bps

- 30% incremental margins ... sequential improvement in price and productivity partially offset by higher inflation
- Expecting margin expansion in 4Q'21 despite continued headwind from higher inflation

Organic revenue and Adjusted Operating Income (AOI) are non-GAAP measures

4

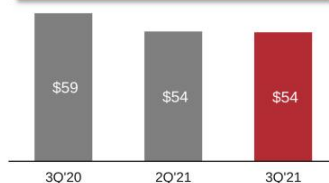
Numbers may not add due to rounding

3Q'21 Aerospace & Defense Segment Highlights



(\$ millions)

Orders



Organic

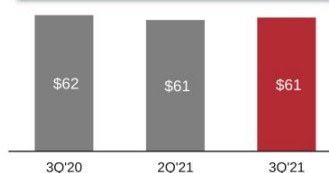
y/y
(10)%

vs. 2Q'21
0%

3Q 2021 Orders

- Defense orders down due to non-repeat of large Dreadnought order in 3Q'20
- Commercial recovery continues ... 3rd consecutive quarter of sequential orders growth

Revenue



Organic

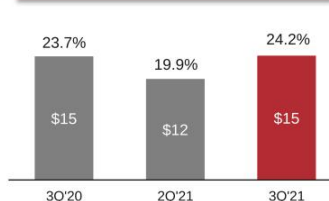
y/y
(2)%

vs. 2Q'21
+2%

3Q 2021 Revenue

- Revenue down due to lower Defense OEM shipments, partially offset by commercial recovery and higher Defense aftermarket
- Global supply chain and logistics constraints adversely impacted revenue by \$4 million / 6 pts of growth

AOI



AOI expansion

y/y
+50 bps

vs. 2Q'21
+430 bps

3Q 2021 AOI

- Margin improvement driven by price actions, Defense program mix, and productivity
- Expect 4Q'21 margins to be roughly in line with prior year

Organic revenue and Adjusted Operating Income (AOI) are non-GAAP measures

5

Numbers may not add due to rounding

3Q'21 Cash Flow and Debt Position



(\$ millions)

| | 3Q'21 | 3Q'20 | y/y | Comments on 3Q'21 Results |
|---------------------------|-------|-------|------|---|
| Cash Flow from Operations | \$11 | \$2 | n/a | Free cash flow lower than expected due to timing of milestone collections on long-term projects |
| Capital Expenditures, net | (4) | (2) | 95% | |
| Free Cash Flow | \$7 | \$0 | n/a | Total debt reduced by \$23 million / (4)% y/y ... continue to use FCF to pay down debt |
| Total Debt | \$517 | \$540 | (4)% | |
| Cash and Cash Equivalents | 72 | 73 | (1)% | Now expect to improve net debt to adjusted EBITDA leverage by ~0.3 turns in 2021 |
| Net Debt | \$445 | \$468 | (5)% | |

Free cash flow and net debt are non-GAAP measures

6

Numbers may not add due to rounding

4Q'21 and 2021 Financial Framework



| | 4Q'21 | 2021 Guide | Previous |
|--------------------------|--------------------|------------------|-------------------|
| Organic revenue growth | 1 - 3% | (2) – 0% | 2 - 4% |
| Reported revenue growth | 0 - 2% | (1) – 1% | |
| Adjusted EPS | \$0.60 - \$0.65 | \$1.69 - \$1.74 | \$2.10 - 2.30 |
| FCF Conversion | 85 - 105% | 15 - 25% | 85 - 95% |
| % of adjusted net income | ~\$10 - 15 million | ~\$4 - 9 million | \$36 – 45 million |

4Q Commentary

- \$(15) million of 4Q revenue delayed due to supply chain and logistics challenges
- Industrial demand remains strong ... expecting orders to be up >10% with revenue +3% to +6% driven by aftermarket volume
- A&D orders expected to be up >50% driven by large Defense programs ... revenue down (5)% to flat driven by lower Defense deliveries
- Expecting business drop through of 30 to 35%

2021 Commentary

- ~\$(25) million of full year revenue delayed due to supply chain and logistics challenges
- Mitigating risk through qualified 2nd suppliers, alternate materials, and price increases
- Full year EPS impacted by lower than expected 2H volume and inflation pressure
- FCF lower due to impact of supply chain disruptions on project milestone billings

Organic revenue, Adjusted operating margin, Adjusted EPS, Adjusted tax rate, and Free Cash Flow (FCF) are non-GAAP measures

4Q'21 Industrial Revenue Outlook



| Primary End Market | | Share of 2020 revenue | 4Q'21 y/y revenue | |
|--------------------|-------------------------|-----------------------|-------------------|---|
| Short Cycle | Chemical processing | 7% | 1 - 5% | Continued recovery as demand increases |
| | Power Generation | 7% | 4 - 7% | Increased demand in China and India |
| | Machinery manufacturing | 6% | 3 - 6% | Continued strength in OEM orders |
| | Building & construction | 1% | 1 - 3% | Higher levels of commercial activity |
| | Wastewater | 1% | 1 - 3% | |
| | Aftermarket | 37% | 8 - 11% | Increased utilization driving higher demand |
| | Short-cycle total | 60% | 6 - 9% | |
| Long Cycle | Downstream | 10% | (7) - (3)% | Refineries prioritizing aftermarket |
| | Commercial Marine | 9% | 5 - 9% | Growth in new build vessel orders |
| | Midstream O&G | 5% | (4) - (2)% | Slow recovery in projects |
| | Other end markets | 16% | 1 - 3% | |
| | Long-cycle total | 40% | (1) - 2% | |
| Memo: Price | | 1% | 2% | Improvement from 3Q / 4Q pricing actions |
| Total Industrial | | 100% | ~3 - 6% | Organic revenue up 4% to 7% |

Organic revenue is a non-GAAP measure

8

Numbers may not add due to rounding

4Q'21 A&D Revenue Outlook



| Primary End Market | | Share of 2020 revenue | 4Q'21 y/y revenue | |
|--------------------|--|-----------------------|-------------------|---|
| Defense | Top programs <small>JSF, submarines, carriers, DDG</small> | 27% | (40) - (35)% | Lower VCS, Dreadnought and JSF sales |
| | Other OEM <small>Drone, missile, helicopter, other</small> | 23% | (5) - 0% | Timing of shipments on various programs |
| | Aftermarket | 19% | 10 - 15% | Increased Navy spares and repairs |
| | Memo: Price | 4% | 3% | Full year pricing in line with 2020 |
| | Defense subtotal | 69% | (15) - (10)% | |
| Commercial | Boeing / Airbus | 7% | 20 - 25% | Increase driven by A320 and A220 |
| | Other OEM <small>Biz/regional jets, helicopters, civil, other</small> | 7% | 30 - 35% | Recovery from COVID downturn |
| | Aftermarket | 2% | 30 - 35% | Recovery of commercial aircraft utilization |
| | Memo: Price | 2% | 4% | Full year pricing in line with 2020 |
| | Commercial subtotal | 16% | 25 - 30% | |
| Other end markets | | 15% | 10 - 15% | Growth in medical and industrial |
| Total A&D | | 100% | (5)% to ~ Flat | Organic revenue (5)% to ~ Flat |

Organic revenue is a non-GAAP measure

Numbers may not add due to rounding

2021+ Strategic Priorities



People

- Attract, develop, and retain top talent
- Foster diversity, equity, and inclusion

Accelerate Growth

- Invest in differentiated technology and digital
 - New products
 - Aftermarket support technology
 - Enhanced customer interface
- Expand regionally

Expand Margins

- Value based pricing that reflects technology and market position
- Ongoing simplification to address structural cost opportunity
- Expand low-cost manufacturing and back-office operations
- Manufacturing and supply chain optimization through CIRCOR Operating System

Allocate Capital Effectively

- Enhance FCF with more efficient working capital management
- Prioritize deleveraging
- Target 2.0x to 2.5x net debt to adjusted EBITA leverage ratio

3Q'21 Update

- Launched 29 new products through 3Q ... on track to deliver 45 new products in 2021
- Additional price increases in both businesses to offset increasing inflation
- Key investments at Industrial sites to improve safety, quality, and productivity
- 80/20 culture taking hold ... making progress on growth and simplification opportunities
- Focus remains on deleveraging

Investing to deliver long-term customer and shareholder value

Hydrogen Isolation Valve & Modular Dome Regulators

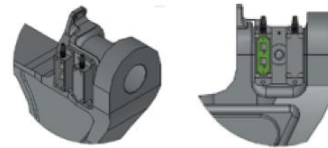


Hydrogen Isolation Valve



Modular Dome Regulator

Landing Gear Switch Module



Switch Module with Kinetic Sensors for Landing Gear Position Detector

Accelerating growth through opportunities in new, growing markets

Appendix

3Q'21 GAAP to Adjusted Results



(\$ millions, except EPS)

| | Q3 2021 | | | Q3 2020 | | |
|---|------------------|--------------|----------------|---------------|-------------|----------------|
| | GAAP | Special | Adjusted | GAAP | Special | Adjusted |
| Sales | 190.8 | - | 190.8 | 186.6 | 0.0 | 186.6 |
| Gross margin | 60.8 | 4.1 | 64.8 | 56.0 | 5.0 | 61.0 |
| SG&A | 53.3 | (7.7) | 45.6 | 50.7 | (7.0) | 43.7 |
| Special & restructuring income, net | 0.8 | (0.8) | - | 0.9 | (0.9) | - |
| Operating (loss) income | 6.7 | 12.6 | 19.3 | 4.4 | 12.9 | 17.3 |
| Interest expense | 8.0 | - | 8.0 | 8.2 | - | 8.2 |
| Other (income) expense | 0.1 | 0.0 | 0.2 | 0.8 | - | 0.8 |
| Intercompany income & expense | - | - | - | - | - | - |
| Pre-tax | (1.5) | 12.6 | 11.1 | (4.5) | 12.9 | 8.4 |
| Tax benefit (provision) | 0.1 | (0.9) | (0.8) | (54.3) | 53.2 | (1.1) |
| Net income (loss) from continuing operations | (1.4) | 11.7 | 10.3 | (58.9) | 66.2 | 7.3 |
| Net (loss) income from discontinued operations | 2.5 | (2.5) | - | - | - | - |
| Net (loss) income | 1.1 | 9.2 | 10.3 | (58.9) | 66.2 | 7.3 |
| EPS - continuing operations | \$ (0.07) | | \$ 0.50 | (2.94) | | \$ 0.36 |
| EPS - net (loss) income | \$ 0.06 | | \$ 0.50 | (2.94) | | \$ 0.36 |

Restructuring & Special Charges (excluded from AOI)

| | Q3 2021 | Q3 2020 |
|--|-------------|-------------|
| Special charges in cost of goods sold | | |
| Acquisition-related depreciation & amortization | 4.1 | 4.7 |
| Restructuring | (0.1) | 0.4 |
| - subtotal | 4.1 | 5.1 |
| Special charges in SG&A | | |
| Acquisition-related depreciation & amortization | 7.7 | 6.9 |
| Gain on sale of business | 0.3 | |
| Professional fees related to restructuring and cost reductions | | 0.8 |
| Other special / restructuring charges | 0.5 | 0.1 |
| - subtotal | 8.5 | 7.8 |
| Total | 12.6 | 12.9 |

Organic Orders and Revenue – vs. 3Q'20



(\$ in thousands)

| Orders | CIRCOR | | | Aerospace & Defense | | | Industrial | | |
|------------------------|---------------|--------------|-----------|--------------------------------|--------------|-----------|-------------------|--------------|-----------|
| | <u>3Q 21</u> | <u>3Q 20</u> | <u>V%</u> | <u>3Q 21</u> | <u>3Q 20</u> | <u>V%</u> | <u>3Q 21</u> | <u>3Q 20</u> | <u>V%</u> |
| Reported Orders | \$ 193,719 | \$ 166,558 | 16% | \$ 54,028 | \$ 59,105 | -9% | \$ 139,691 | \$ 107,453 | 30% |
| Divestitures | - | - | | - | - | | - | - | |
| FX | (2,408) | | | (608) | | | (1,800) | | |
| Organic Orders | \$ 191,311 | \$ 166,558 | 15% | \$ 53,420 | \$ 59,105 | -10% | \$ 137,891 | \$ 107,453 | 28% |

| Revenue | CIRCOR | | | Aerospace & Defense | | | Industrial | | |
|-------------------------|---------------|--------------|-----------|--------------------------------|--------------|-----------|-------------------|--------------|-----------|
| | <u>3Q 21</u> | <u>3Q 20</u> | <u>V%</u> | <u>3Q 21</u> | <u>3Q 20</u> | <u>V%</u> | <u>3Q 21</u> | <u>3Q 20</u> | <u>V%</u> |
| Reported Revenue | \$ 190,782 | \$ 186,640 | 2% | \$ 61,484 | \$ 62,249 | -1% | \$ 129,298 | \$ 124,391 | 4% |
| Divestitures | - | - | | - | - | | - | - | |
| FX | (1,953) | | | (476) | | | (1,477) | | |
| Organic Revenue | \$ 188,829 | \$ 186,640 | 1% | \$ 61,008 | \$ 62,249 | -2% | \$ 127,821 | \$ 124,391 | 3% |

Organic revenue is a non-GAAP measure

Numbers may not add due to rounding

Organic Orders and Revenue – vs. 2Q'21



(\$ in thousands)

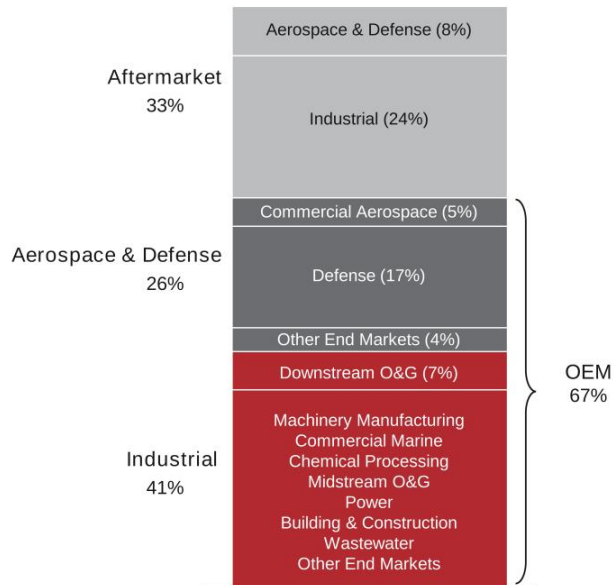
| | CIRCOR | | | Aerospace & Defense | | | Industrial | | |
|------------------------|--------------|--------------|-----------|---------------------|--------------|-----------|--------------|--------------|-----------|
| | <u>3Q 21</u> | <u>2Q 21</u> | <u>V%</u> | <u>3Q 21</u> | <u>2Q 21</u> | <u>V%</u> | <u>3Q 21</u> | <u>2Q 21</u> | <u>V%</u> |
| Reported Orders | \$ 193,719 | \$ 210,203 | -8% | \$ 54,028 | \$ 54,243 | 0% | \$ 139,691 | \$ 155,959 | -10% |
| Divestitures | - | - | | - | - | | - | - | |
| FX | 2,220 | | | 322 | | | 1,898 | | |
| Organic Orders | \$ 195,939 | \$ 210,203 | -7% | \$ 54,350 | \$ 54,243 | 0% | \$ 141,589 | \$ 155,959 | -9% |

| | CIRCOR | | | Aerospace & Defense | | | Industrial | | |
|-------------------------|--------------|--------------|-----------|---------------------|--------------|-----------|--------------|--------------|-----------|
| | <u>3Q 21</u> | <u>2Q 21</u> | <u>V%</u> | <u>3Q 21</u> | <u>2Q 21</u> | <u>V%</u> | <u>3Q 21</u> | <u>2Q 21</u> | <u>V%</u> |
| Reported Revenue | \$ 190,782 | \$ 190,346 | 0% | \$ 61,484 | \$ 60,761 | 1% | \$ 129,298 | \$ 129,585 | 0% |
| Divestitures | - | - | | - | - | | - | - | |
| FX | 2,046 | | | 299 | | | 1,747 | | |
| Organic Revenue | \$ 192,828 | \$ 190,346 | 1% | \$ 61,783 | \$ 60,761 | 2% | \$ 131,045 | \$ 129,585 | 1% |

Organic revenue is a non-GAAP measure

Numbers may not add due to rounding

CIRCOR 2020 Revenue by End Market



Comments

- Completed exit from Upstream Oil & Gas with divestiture of Distributed Valves
- Large global installed base driving higher margin Aftermarket orders, mitigating broader economic decline
- Key program wins and existing platform growth in Defense driving strong performance
- Strength in Defense offsetting pressure in Commercial Aerospace due to COVID-19
- Diversified Industrial portfolio with no single end market contributing more than 7% of revenue

Note: Revenue excludes divested businesses.

Organic Growth



- +100 to 150 bps higher than end market growth driven by strategic initiatives
- Continued execution on price initiatives

Margin Expansion



- Near term (12-18 months) AOI% outlook
 - Industrial: low to mid-teens
 - A&D: mid-20s
- CIRCOR Operating System and 80/20 delivering improved performance

Free Cash Flow



- FCF conversion of 90-95% of adjusted net income
- Intense focus on working capital

Debt & Leverage



- Operating cash flow used to pay down debt
- Targeting long-term leverage ratio of 2 to 2.5x net debt to adjusted EBITDA

Use of Non-GAAP Financial Measures



Within this presentation the Company uses non-GAAP financial measures, including Adjusted operating income, Adjusted operating margin, Adjusted net income, Adjusted earnings per share (diluted), EBITDA, Adjusted EBITDA, net debt, free cash flow and organic growth (and such measures further excluding discontinued operations). These non-GAAP financial measures are used by management in our financial and operating decision making because we believe they reflect our ongoing business and facilitate period-to-period comparisons. We believe these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating the Company's current operating performance and future prospects in the same manner as management does, if they so choose. These non-GAAP financial measures also allow investors and others to compare the Company's current financial results with the Company's past financial results in a consistent manner.

For example:

- We exclude costs and tax effects associated with restructuring activities, such as reducing overhead and consolidating facilities. We believe that the costs related to these restructuring activities are not indicative of our normal operating costs.
- We exclude certain acquisition-related costs, including significant transaction costs and amortization of inventory and fixed-asset step-ups and the related tax effects. We exclude these costs because we do not believe they are indicative of our normal operating costs.
- We exclude the expense and tax effects associated with the non-cash amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives up to 25 years. Exclusion of the non-cash amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.
- We also exclude certain gains/losses and related tax effects, which are either isolated or cannot be expected to occur again with any predictability, and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business, significant litigation-related matters and lump-sum pension plan settlements.
- We exclude the results of discontinued operations.
- We exclude goodwill impairment charges.
- Due to the significance of recently sold businesses and to provide a comparison of changes in our orders and revenue, we also discuss these changes on an "organic" basis. Organic is calculated assuming the divestitures completed prior to October 3, 2021 were completed on January 1, 2020 and excluding the impact of changes in foreign currency exchange rates.

CIRCOR's management uses these non-GAAP measures, in addition to GAAP financial measures, as the basis for measuring the Company's operating performance and comparing such performance to that of prior periods and to the performance of our peers. We use such measures when publicly providing our business outlook, assessing future earnings potential, evaluating potential acquisitions and dispositions and in our financial and operating decision-making process, including for compensation purposes.

Investors should recognize that these non-GAAP measures might not be comparable to similarly titled measures of other companies. These measures should be considered in addition and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with accounting principles generally accepted in the United States. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is available in the Company's second quarter 2021 press release available on its website at www.CIRCOR.com.

