

**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): May 20, 2022



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)

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:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
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.

On May 23, 2022, CIRCOR International, Inc. (the “Company”) issued a press release providing selected preliminary financial information for the first quarter ended April 3, 2022. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K. The selected preliminary financial information for the quarterly period has not been reviewed by the Company’s independent registered public accounting firm.

Item 2.06. Material Impairments

On May 20, 2022, the Company determined that an incremental non-cash goodwill impairment charge is required for the quarter ended March 31, 2020 (the “Q1 2020 Impairment”). Additionally, the Company will take a non-cash goodwill impairment charge for the quarter ended December 31, 2021 (the “Q4 2021 Impairment”). The preliminary unaudited estimates of impairment charges disclosed herein were identified during impairment testing in connection with the preparation of the Company’s Annual Report on Form 10-K for the year ended 2021 (the “2021 Annual Report”), which will include restated financial statements for (i) the years ended December 31, 2019 and December 31, 2020, (ii) each of the quarterly and year-to-date periods for 2020 and (iii) the quarterly and year-to-date periods for the nine months ended October 3, 2021.

Our preliminary unaudited estimate of the non-cash Q1 2020 Impairment is a \$20 million charge to goodwill in our Industrial reporting segment. This Q1 2020 Impairment relates to a \$116 million goodwill impairment charge recorded in Q1 2020, as addressed in the Company’s Annual Report on Form 10-K for the year ended 2020, due to a decline in the company’s market capitalization relative to its consolidated book value at the beginning of the COVID-19 pandemic. The current incremental impairment is the result of a revised estimate of the original Q1 2020 impairment charge as a part of the Company’s restatement procedures. The revised estimate resulted from the correction of the Pipeline Engineering matters in the restatement of the financial statements referred to above. We do not expect the Q1 2020 Impairment to result in any future cash charges.

Our preliminary unaudited estimate of the non-cash Q4 2021 Impairment is a \$10 million charge to goodwill relating to the Company’s Refinery Valves business, included in our Industrial reporting segment. The Q4 2021 Impairment is triggered by the Company’s reassessment of its reporting unit aggregation criteria as part of its annual goodwill impairment assessment. Refinery Valves was determined to be a separate reporting unit and the reassigned goodwill on a relative fair value basis was impaired. We do not expect the Q4 2021 Impairment to result in any future cash charges.

These amounts of the non-cash Q1 2020 Impairment and the non-cash Q4 2021 Impairment reflect our best estimate of the impairment charges at this time. We continue to evaluate the amount of the impairments, and until we file our 2021 Annual Report we can make no assurances these estimates will not change.

Item 7.01. Regulation FD Disclosure.

Information in Items 2.02 and the press release attached as Exhibit 99.1 are incorporated herein by reference.

The information in Items 2.02 and 7.01 of this Current Report on Form 8-K and the information related to those items in the attached Exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained in Items 2.02 and 7.01 shall not be incorporated by reference into any filing with the SEC made by the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. Any further disclosures about the Company’s financial results or the results of the accounting review are currently expected only in the Company’s 2021 Annual Report on Form 10-K when filed.

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Actual results may differ materially from the expectations the Company describes in its forward-looking statements. Substantial reliance should not be placed on forward-looking statements because they involve unknown risks, uncertainties and other factors, which are, in some cases, beyond the control of CIRCOR. Important factors that could cause actual results to differ materially from expectations include, but are not limited to findings and conclusions of the Audit Committee’s accounting review; the Company’s expectations regarding materiality or significance; changes to the Company’s preliminary unaudited estimates of the Q1 2020 Impairment and the Q4 2021 Impairment; the effectiveness of the Company’s internal control over financial reporting and disclosure controls and procedures; the potential for a material weakness in the Company’s internal controls over financial reporting or other potential weaknesses of which the Company is not currently aware or which have not been detected; the risk that the

completion and filing of the 2021 Annual Report will take longer than expected; additional information that may arise during the preparation of the Company's financial statements; the timing of the Company regaining compliance with the NYSE's continued listing standards; the timing and outcome, if any, of the Company's strategic alternatives review and its potential exit from the Pipeline Engineering business unit; the impact on the Company of the situation in Russia and Ukraine; and the risks detailed from time to time in the Company's periodic reports filed with the SEC. Before making any investment decisions regarding CIRCOR, the Company strongly advises you to read the section entitled "Risk Factors" in its most recent annual report on Form 10-K and subsequent reports on Forms 10-Q, which can be accessed under the "Investors" link of the Company's website at www.circor.com. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No. Description

CIRCOR Announces Selected Preliminary Financial Information for First-Quarter 2022, Provides Update On Accounting Review, and Files 12b-25 for 10-Q

[99.1](#)

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.

May 23, 2022

CIRCOR INTERNATIONAL, INC.

/s/ Jessica W. Wenzell

Jessica W. Wenzell

General Counsel & Chief People Officer



CIRCOR Announces Selected Preliminary Financial Expectations for First-Quarter 2022, Provides Update on Accounting Review, and Files Form 12b-25 for 10-Q

Burlington, MA, May 23, 2022 — CIRCOR International, Inc. (NYSE: CIR) (“CIRCOR” or “the Company”), one of the world’s leading providers of mission critical flow control products and services for the Industrial and Aerospace & Defense (A&D) markets, today announced selected preliminary financial expectations for the first quarter ended April 3, 2022.

The selected preliminary financial expectations have not been reviewed by the Company’s independent registered public accounting firm. All preliminary, unreviewed financial expectations and comparisons to prior periods include the Pipeline Engineering business and account for the preliminary, unaudited changes to the Company’s 2019 to 2021 financials due to the financial restatement that is still in progress. The selected preliminary financial expectations should not be considered final until the Company files its Annual Report on Form 10-K for the year ended December 31, 2021 (the “Annual Report”) and its first quarter 2022 Quarterly Report on Form 10-Q.

Selected Preliminary, Unaudited, Unreviewed Financial Expectations for First-Quarter 2022.

Reported orders are expected to be down low-single digits and organic orders are expected to be roughly flat year-over-year. Aerospace and Defense organic orders are expected to be up high-single digits while Industrial organic orders are expected to be down low-single digits reflecting the timing of large Downstream orders, partially offset by orders growth in the remaining Industrial business.

Reported revenue is expected to be up mid-single digits with organic revenue up high-single digits in both Aerospace and Defense and Industrial.

Reported orders and revenue growth are expected to be lower than organic growth measures due to the unfavorable impact of foreign exchange in the quarter.

Adjusted operating income and adjusted operating income as a percentage of sales are expected to improve compared with the prior year period driven by higher volume, improved pricing that more than offset inflation, and lower Corporate costs.

Cash flow from operations and free cash flow are expected to be negative for the first quarter of 2022 and roughly in line with results from the prior-year period.

CIRCOR remains focused on its strategic priorities of organic growth, margin expansion, capital allocation, and talent. In the first quarter of 2022, the Industrial team expanded its pricing strategy to include incremental surcharges and value-based pricing initiatives intended to help offset continued inflation and to support growth through the year. In addition, CIRCOR took structural cost-out actions in the Industrial segment and Corporate that are expected to save the Company roughly \$4 million on an annualized basis, and \$3 million in 2022. CIRCOR is on track to complete the previously announced closure of its loss-making Pipeline Engineering business by the end of the second quarter of 2022. Cash costs associated with this closure are expected to be roughly \$2 million to \$4 million. Finally, in the second quarter CIRCOR generated \$26 million of cash proceeds, net of transaction costs, from the sale of a facility related to a previously divested business and completion of a sale leaseback agreement.

CIRCOR will make a subsequent announcement to schedule the date and time of its earnings releases and conference calls for the fourth-quarter and full-year periods of 2021 and the first quarter of 2022.

Company Provides Accounting Review Update

On March 14, 2022, the Company announced that it had discovered accounting irregularities in its Pipeline Engineering business unit, and that the Audit Committee of the Company's Board of Directors had engaged external advisors to conduct an independent review into the irregularities. Prior to the discovery of these irregularities, the Pipeline Engineering business unit accounted for approximately 3% and 2% of the Company's total reported revenue in 2020 and 2019, respectively. With the review now largely complete, the Company is providing the following update, noting that the amounts presented are unaudited estimates, remain under review, and should not be considered final until the filing of the Annual Report:

- To date, the review has identified an individual employee in the Pipeline Engineering business that intentionally manipulated Pipeline Engineering's accounting records beginning in 2017
- The accounting irregularities resulted from intentional acts to conceal relevant information, falsify accounting records, and override management controls
- The Company continues to expect that the identified issues will result in one or more material weaknesses in the Company's internal control over financial reporting during the applicable periods
- To date, the review has not identified evidence of accounting irregularities outside of the Pipeline Engineering business unit
- The accounting irregularities identified to date account for balance sheet and income statement entries in the range of \$40 to \$45 million of pre-tax income on a cumulative basis over a period of 5 years through the third quarter of 2021 (compared with a previously communicated range of \$35 million to \$45 million)

In addition, as a result of its restatement process to date, the Company expects to book non-cash impairment charges related to the Company's Industrial and Refinery Valves businesses in the amount of \$20 million in Q1 2020 (incremental to the \$116 million non-cash impairment charge originally booked in this period) and \$10 million in Q4 2021, respectively.

Company Files Form 12b-25 for First Quarter 2022 Form 10-Q

The Company also announced that on May 16, 2022 it filed a Form 12b-25 with the U.S. Securities and Exchange Commission (SEC) to disclose that it will be unable to file its Quarterly Report on Form 10-Q for the quarter ended April 3, 2022 on a timely basis without unreasonable effort or expense.

As previously disclosed in a Current Report on Form 8-K and Form 12b-25, each dated March 14, 2022, the Company is delayed in filing its Annual Report because it is reviewing accounting irregularities in its financial statements for (i) the years ended December 31, 2018, December 31, 2019 and December 31, 2020 included in its Annual Reports on Form 10-K, (ii) each of the quarterly and year-to-date periods for 2020 and (iii) the quarterly and year-to-date periods for the nine months ended October 3, 2021. As a result of misstatements uncovered during the review, the Company will restate its audited consolidated financial statements for the years ended December 31, 2020, and December 31, 2019, and its interim financial statement periods for the first, second, and third quarters of 2021 and 2020.

In order to prepare and file its Quarterly Report for the quarter ended April 3, 2022, the Company must complete the restatement of its financial statements described above and file its Annual Report. Although the Company has dedicated significant resources to completing the restatement and the filing of the Annual Report, the process is not yet complete.

Use of Non-GAAP Financial Measures

In this press release, the Company uses the non-GAAP financial measures organic orders, organic revenue, adjusted operating income, adjusted operating income as a percentage of sales, and free cash flow. 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 that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating CIRCOR'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 CIRCOR's current financial results with CIRCOR's past financial results in a consistent manner.

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 3,100 employees and is headquartered in Burlington, Massachusetts. For more information, visit the Company's investor relations website at <http://investors.circor.com>.

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Contact

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