

REFINITIV

DELTA REPORT

10-Q

CR - CRANE CO

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 743

█ CHANGES 306

█ DELETIONS 219

█ ADDITIONS 218

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

Mark One:

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2023 September 30, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from to
Commission File Number: 1-41570

CRANE COMPANY

(Exact name of registrant as specified in its charter)

Delaware

88-2846451

(State or other jurisdiction of
incorporation or organization)

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

100 First Stamford Place

Stamford

CT

06902

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: 203-363-7300

(Not Applicable)

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$1.00	CR	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

(check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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.

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

The number of shares outstanding of the issuer's classes of common stock, as of July 31, 2023 October 31, 2023

Common stock, \$1.00 Par Value - 56,773,337 56,814,830 shares

Crane Company
Table of Contents
Form 10-Q

Part I - Financial Information

Item 1.	Financial Statements	
	Condensed Consolidated Statements of Operations	Page 3
	Condensed Consolidated Statements of Comprehensive Income (Loss)	Page 4
	Condensed Consolidated Balance Sheets	Page 5
	Condensed Consolidated Statements of Cash Flows	Page 7
	Condensed Consolidated Statements of Changes in Equity	Page 9
	Notes to Condensed Consolidated Financial Statements	Page 11
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	Page 29
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	Page 43
Item 4.	Controls and Procedures	Page 43

Part II - Other Information

Item 1.	Legal Proceedings	Page 44
Item 1A.	Risk Factors	Page 44
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	Page 44
Item 3.	Defaults Upon Senior Securities	Page 44
Item 4.	Mine Safety Disclosures	Page 44
Item 5.	Other Information	Page 44
Item 6.	Exhibits	Page 45
	Signatures	Page 46

PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

CRANE COMPANY CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

		Three Months Ended		Six Months Ended			Three Months Ended		Nine Months Ended	
		June 30,	2023	June 30,	2023		2023	2022	2023	2022
(in millions, except per share data)	(in millions, except per share data)						(in millions, except per share data)			
Net sales	Net sales	\$ 509.6	\$ 530.3	\$ 1,023.4	\$ 1,069.1	Net sales	\$ 530.1	\$ 480.0	\$ 1,553.5	\$ 1,549.1
Operating costs and expenses:	Operating costs and expenses:					Operating costs and expenses:				
Cost of sales	Cost of sales	308.5	352.8	615.4	699.9	Cost of sales	326.9	310.7	942.3	1,010.6
Selling, general and administrative	Selling, general and administrative	138.0	133.8	267.4	262.7	Selling, general and administrative	126.9	124.1	394.3	386.8
Loss on divestiture of asbestos- related assets and liabilities						Loss on divestiture of asbestos- related assets and liabilities	—	162.4	—	162.4
Operating profit		63.1	43.7	140.6	106.5	Operating profit				
Other (expense) income:						Operating profit				
Operating profit (loss)						(loss)	76.3	(117.2)	216.9	(10.7)
Other income (expense):						Other income (expense):				
Interest income	Interest income	0.8	0.6	1.7	0.9	Interest income	1.5	1.4	3.2	2.3

Interest expense	Interest expense	(5.3)	(0.8)	(11.8)	(1.4)	Interest expense	(4.8)	(3.0)	(16.7)	(4.4)
Gain on sale of business	Gain on sale of business	—	228.7	—	228.7	Gain on sale of business	—	3.8	—	232.5
Miscellaneous (expense) income, net	Miscellaneous (expense) income, net	(1.3)	13.0	(1.9)	16.1	Miscellaneous (expense) income, net	1.3	4.5	(0.5)	20.6
Total other (expense) income, net	Total other (expense) income, net	(5.8)	241.5	(12.0)	244.3	Total other (expense) income, net	(2.0)	6.7	(14.0)	251.0
Income from continuing operations before income taxes	Income from continuing operations before income taxes	57.3	285.2	128.6	350.8	Income (loss) from continuing operations before income taxes	74.3	(110.5)	202.9	240.3
Provision for income taxes	Provision for income taxes	14.0	78.6	29.4	98.1	Provision for income taxes	19.1	10.4	48.5	108.5
Net income from continuing operations attributable to common shareholders	Net income from continuing operations attributable to common shareholders	43.3	206.6	99.2	252.7	Net income (loss) from continuing operations attributable to common shareholders	55.2	(120.9)	154.4	131.8
Income from discontinued operations, net of tax (Note 2)	Income from discontinued operations, net of tax (Note 2)	2.3	51.6	52.1	110.5	Income from discontinued operations, net of tax (Note 2)	—	61.6	52.1	172.1
Net income attributable to common shareholders	Net income attributable to common shareholders	\$ 45.6	\$ 258.2	\$ 151.3	\$ 363.2	Net income (loss) attributable to common shareholders	\$ 55.2	\$ (59.3)	\$ 206.5	\$ 303.9
Earnings per basic share:										
Earnings per basic share from continuing operations	Earnings per basic share from continuing operations	\$ 0.76	\$ 3.68	\$ 1.75	\$ 4.46	Earnings (loss) per basic share:				
Earnings (loss) per basic share:	Earnings (loss) per basic share from continuing operations					Earnings (loss) per basic share from continuing operations	\$ 0.97	\$ (2.16)	\$ 2.72	\$ 2.33
Earnings (loss) per basic share from discontinued operations	Earnings per basic share from discontinued operations	0.04	0.92	0.92	1.95	Earnings per basic share from discontinued operations	—	1.10	0.92	3.05
Earnings per basic share	Earnings per basic share	\$ 0.80	\$ 4.60	\$ 2.67	\$ 6.41	Earnings (loss) per basic share	\$ 0.97	\$ (1.06)	\$ 3.64	\$ 5.38
Earnings (loss) per basic share	Earnings (loss) per basic share									
Earnings per diluted share:										
Earnings per diluted share from continuing operations	Earnings per diluted share from continuing operations	\$ 0.75	\$ 3.63	\$ 1.73	\$ 4.40					

Earnings (loss) per diluted share:						Earnings (loss) per diluted share:					
Earnings (loss) per diluted share from continuing operations						Earnings (loss) per diluted share from continuing operations					
Earnings per diluted share from discontinued operations	Earnings per diluted share from discontinued operations	0.04	0.91	0.91	1.92	Earnings per diluted share from discontinued operations	—	1.10	0.91	3.00	
Earnings per diluted share		\$ 0.79	\$ 4.54	\$ 2.64	\$ 6.32						
Earnings (loss) per diluted share						Earnings (loss) per diluted share					
Average shares outstanding:	Average shares outstanding:					Average shares outstanding:					
Basic	Basic	56.7	56.1	56.6	56.7	Basic	56.8	56.1	56.7	56.5	
Diluted	Diluted	57.4	56.9	57.4	57.5	Diluted	57.5	56.1	57.4	57.3	
Dividends per share	Dividends per share	\$ 0.18	\$ 0.47	\$ 0.18	\$ 0.94	Dividends per share	\$ 0.18	\$ 0.47	\$ 0.36	\$ 1.41	

See Notes to Condensed Consolidated Financial Statements.

CRANE COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net income before allocation to noncontrolling interests	\$ 45.6	\$ 258.2	\$ 151.3	\$ 363.2
Components of other comprehensive income (loss), net of tax				
Currency translation adjustment	0.7	(75.9)	13.4	(97.5)
Changes in pension and postretirement plan assets and benefit obligation, net of tax	2.6	3.5	5.3	6.8
Other comprehensive income (loss), net of tax	3.3	(72.4)	18.7	(90.7)
Comprehensive income before allocation to noncontrolling interests	48.9	185.8	170.0	272.5
Less: Noncontrolling interests in comprehensive income	(0.1)	(0.1)	(0.2)	—
Comprehensive income attributable to common shareholders	\$ 49.0	\$ 185.9	\$ 170.2	\$ 272.5

(in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net income (loss) before allocation to noncontrolling interests	\$ 55.2	\$ (59.3)	\$ 206.5	\$ 303.9
Components of other comprehensive income (loss), net of tax				
Currency translation adjustment	(15.7)	(77.7)	(2.3)	(175.2)
Changes in pension and postretirement plan assets and benefit obligation, net of tax	3.6	2.3	8.9	9.1
Other comprehensive (loss) income, net of tax	(12.1)	(75.4)	6.6	(166.1)
Comprehensive income (loss) before allocation to noncontrolling interests	43.1	(134.7)	213.1	137.8
Less: Noncontrolling interests in comprehensive income (loss)	—	(0.3)	(0.2)	(0.3)
Comprehensive income (loss) attributable to common shareholders	\$ 43.1	\$ (134.4)	\$ 213.3	\$ 138.1

See Notes to Condensed Consolidated Financial Statements.

CRANE COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in millions)	(in millions)	June 30, 2023	December 31, 2022	(in millions)	September 30, 2023	December 31, 2022
Assets	Assets			Assets		
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents	Cash and cash equivalents	\$ 218.9	\$ 427.0	Cash and cash equivalents	\$ 273.8	\$ 427.0
Accounts receivable, net of allowance for doubtful accounts of \$8.1 as of June 30, 2023 and \$8.0 as of December 31, 2022		299.7	269.7	Accounts receivable, net of allowance for doubtful accounts of \$10.0 as of September 30, 2023 and \$8.0 as of December 31, 2022		323.5
Accounts receivable, net of allowance for doubtful accounts of \$10.0 as of September 30, 2023 and \$8.0 as of December 31, 2022						269.7
Inventories, net:	Inventories, net:			Inventories, net:		
Finished goods	Finished goods	73.7	57.2	Finished goods	64.5	57.2
Finished parts and subassemblies	Finished parts and subassemblies	55.6	47.7	Finished parts and subassemblies	52.6	47.7
Work in process	Work in process	38.0	27.2	Work in process	41.3	27.2
Raw materials	Raw materials	193.5	162.1	Raw materials	192.5	162.1
Inventories, net	Inventories, net	360.8	294.2	Inventories, net	350.9	294.2
Other current assets	Other current assets	154.4	135.1	Other current assets	110.5	135.1
Current assets of discontinued operations	Current assets of discontinued operations	—	625.9	Current assets of discontinued operations	—	625.9
Total current assets	Total current assets	1,033.8	1,751.9	Total current assets	1,058.7	1,751.9
Property, plant and equipment:	Property, plant and equipment:			Property, plant and equipment:		
Cost	Cost	750.9	729.2	Cost	751.4	729.2
Less: accumulated depreciation	Less: accumulated depreciation	496.7	480.9	Less: accumulated depreciation	498.0	480.9
Property, plant and equipment, net	Property, plant and equipment, net	254.2	248.3	Property, plant and equipment, net	253.4	248.3
Long-term deferred tax assets	Long-term deferred tax assets	3.5	3.1	Long-term deferred tax assets	4.1	3.1
Other assets	Other assets	124.0	120.8	Other assets	118.9	120.8
Intangible assets, net	Intangible assets, net	69.3	71.7	Intangible assets, net	67.4	71.7
Goodwill	Goodwill	694.3	690.9	Goodwill	689.4	690.9
Long-term assets of discontinued operations	Long-term assets of discontinued operations	—	1,504.9	Long-term assets of discontinued operations	—	1,504.9
Total assets	Total assets	\$ 2,179.1	\$ 4,391.6	Total assets	\$ 2,191.9	\$ 4,391.6

See Notes to Condensed Consolidated Financial Statements.

CRANE COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in millions, except per share and share data)	(in millions, except per share and share data)	December 31, 2023	(in millions, except per share and share data)	September 30, 2023	December 31, 2022
Liabilities and equity	Liabilities and equity		Liabilities and equity		
Current liabilities:	Current liabilities:		Current liabilities:		

Short-term borrowings	Short-term borrowings	\$ —	\$ 399.6	Short-term borrowings	\$ —	\$ 399.6
Accounts payable	Accounts payable	158.8	179.2	Accounts payable	150.5	179.2
Accrued liabilities	Accrued liabilities	231.2	260.5	Accrued liabilities	238.4	260.5
U.S. and foreign taxes on income	U.S. and foreign taxes on income	11.1	34.2	U.S. and foreign taxes on income	26.7	34.2
Current liabilities of discontinued operations	Current liabilities of discontinued operations	—	614.7	Current liabilities of discontinued operations	—	614.7
Total current liabilities	Total current liabilities	401.1	1,488.2	Total current liabilities	415.6	1,488.2
Long-term debt		262.3	—	Long-term debt, net	250.3	—
Accrued pension and postretirement benefits	Accrued pension and postretirement benefits	126.4	132.0	Accrued pension and postretirement benefits	112.0	132.0
Long-term deferred tax liability	Long-term deferred tax liability	53.3	55.3	Long-term deferred tax liability	29.8	55.3
Other liabilities	Other liabilities	98.4	85.2	Other liabilities	97.7	85.2
Long-term liabilities of discontinued operations	Long-term liabilities of discontinued operations	—	726.9	Long-term liabilities of discontinued operations	—	726.9
Total liabilities	Total liabilities	941.5	2,487.6	Total liabilities	905.4	2,487.6
Commitments and contingencies (Note 11)	Commitments and contingencies (Note 11)			Commitments and contingencies (Note 11)		
Equity:	Equity:			Equity:		
Common shares, par value \$1.00; 66,475,307 and 200,000,000 shares authorized, respectively; 56,754,781 and 72,426,389 shares issued, respectively; 56,754,781 and 56,325,382 outstanding, respectively	Common shares, par value \$1.00; 66,475,307 and 200,000,000 shares authorized, respectively; 56,754,781 and 72,426,389 shares issued, respectively; 56,754,781 and 56,325,382 outstanding, respectively	56.7	72.4	Common shares, par value \$1.00; 66,475,672 and 200,000,000 shares authorized, respectively	56.8	72.4
Common shares, par value \$1.00; 66,475,672 and 200,000,000 shares authorized, respectively	Common shares, par value \$1.00; 66,475,672 and 200,000,000 shares authorized, respectively			Common shares, par value \$1.00; 66,475,672 and 200,000,000 shares authorized, respectively	56.8	72.4
Capital surplus	Capital surplus	380.3	373.8	Capital surplus	387.7	373.8
Retained earnings	Retained earnings	868.1	2,822.8	Retained earnings	921.6	2,822.8
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(69.9)	(503.3)	Accumulated other comprehensive loss	(82.0)	(503.3)
Treasury stock	Treasury stock	—	(864.3)	Treasury stock	—	(864.3)
Total shareholders' equity	Total shareholders' equity	1,235.2	1,901.4	Total shareholders' equity	1,284.1	1,901.4

Noncontrolling interests	Noncontrolling interests	2.4	2.6	Noncontrolling interests	2.4	2.6
Total equity	Total equity	1,237.6	1,904.0	Total equity	1,286.5	1,904.0
Total liabilities and equity	Total liabilities and equity	\$ 2,179.1	\$ 4,391.6	Total liabilities and equity	\$ 2,191.9	\$ 4,391.6
Share data:	Share data:			Share data:		
Common shares issued	Common shares issued	56,754,781	72,426,389	Common shares issued	56,798,744	72,426,389
Less: Common shares held in treasury	Less: Common shares held in treasury	—	16,101,007	Less: Common shares held in treasury	—	16,101,007
Common shares outstanding	Common shares outstanding	56,754,781	56,325,382	Common shares outstanding	56,798,744	56,325,382

See Notes to Condensed Consolidated Financial Statements.

CRANE COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UAUDITED)

(in millions)	(in millions)	Six Months Ended		Nine Months Ended	
		June 30, 2023	2022	2023	2022
Operating activities:					
Net income from continuing operations attributable to common shareholders	Net income from continuing operations attributable to common shareholders	\$ 99.2	\$ 252.7	\$ 154.4	\$ 131.8
Non-cash loss on divestiture of asbestos-related assets and liabilities				—	148.9
Gain on sale of business	Gain on sale of business	—	(228.7)	—	(232.5)
Depreciation and amortization		19.6	20.9		
Depreciation and amortization, including deferred financing costs				Depreciation and amortization, including deferred financing costs	29.0
Stock-based compensation expense	Stock-based compensation expense	14.0	10.4	Stock-based compensation expense	21.9
Defined benefit plans and postretirement credit (expense)		4.8	(5.5)		
Defined benefit plans and postretirement cost (credit)				Defined benefit plans and postretirement cost (credit)	7.0
Deferred income taxes	Deferred income taxes	(3.7)	37.5	Deferred income taxes	2.5
Cash used for operating working capital	Cash used for operating working capital	(183.3)	(96.2)	Cash used for operating working capital	(165.4)
Defined benefit plans and postretirement contributions	Defined benefit plans and postretirement contributions	(5.7)	(6.2)	Defined benefit plans and postretirement contributions	(16.1)
					(16.7)

Environmental payments, net of reimbursements	Environmental payments, net of reimbursements	(1.9)	(5.0)	Environmental payments, net of reimbursements	(3.0)	(5.4)
Asbestos related payments, net of insurance recoveries	Asbestos related payments, net of insurance recoveries	—	(23.4)	Asbestos related payments, net of insurance recoveries	—	(29.3)
Divestiture of asbestos-related assets and liabilities				Divestiture of asbestos-related assets and liabilities	—	(550.0)
Other	Other	4.0	12.8	Other	3.6	20.0
Total used for operating activities from continuing operations		(53.0)	(30.7)			
Total provided by (used for) operating activities from continuing operations				Total provided by (used for) operating activities from continuing operations	33.9	(608.5)
Investing activities:	Investing activities:			Investing activities:		
Capital expenditures, net		(20.8)	(17.5)	Capital expenditures	(29.7)	(24.5)
Capital expenditures				Proceeds from sale of business	—	318.1
Proceeds from sale of business	Proceeds from sale of business	—	314.3	Other investing activities	0.6	—
Total (used for) provided by investing activities from continuing operations	Total (used for) provided by investing activities from continuing operations	(20.8)	296.8	Total (used for) provided by investing activities from continuing operations	(29.1)	293.6
Financing activities:	Financing activities:			Financing activities:		
Dividends paid	Dividends paid	(36.8)	(53.1)	Dividends paid	(47.0)	(79.5)
Reacquisition of shares on open market	Reacquisition of shares on open market	—	(203.7)	Reacquisition of shares on open market	—	(203.7)
Stock options exercised, net of shares reacquired	Stock options exercised, net of shares reacquired	13.7	1.8	Stock options exercised, net of shares reacquired	15.7	3.1
Debt issuance costs	Debt issuance costs	(7.5)	—	Debt issuance costs	(7.5)	—
Net borrowings from issuance of commercial paper with maturities of 90 days or less		—	119.4			
Proceeds from term facility	Proceeds from term facility	300.0	—	Proceeds from term facility	300.0	—
Proceeds from term facility of discontinued operations	Proceeds from term facility of discontinued operations	350.0	—	Proceeds from term facility of discontinued operations	350.0	399.4
Repayment of term loans	Repayment of term loans	(436.9)	—	Repayment of term loans	(448.8)	—
Distribution of Crane NXT, Co.	Distribution of Crane NXT, Co.	(578.1)	—	Distribution of Crane NXT, Co.	(578.1)	—
Total used for financing activities from continuing and discontinued operations		(395.6)	(135.6)			
Total (used for) provided by financing activities from continuing and discontinued operations				Total (used for) provided by financing activities from continuing and discontinued operations	(415.7)	119.3
Discontinued Operations:	Discontinued Operations:			Discontinued Operations:		

Total provided by operating activities	Total provided by operating activities	34.6	79.7	Total provided by operating activities	34.6	230.5
Total used for investing activities	Total used for investing activities	(4.1)	(7.6)	Total used for investing activities	(4.1)	(12.2)
Increase in cash and cash equivalents from discontinued operations	Increase in cash and cash equivalents from discontinued operations	30.5	72.1	Increase in cash and cash equivalents from discontinued operations	30.5	218.3
Effect of exchange rates on cash and cash equivalents	Effect of exchange rates on cash and cash equivalents	0.2	(30.6)	Effect of exchange rates on cash and cash equivalents	(3.4)	(62.7)
(Decrease) increase in cash and cash equivalents		(438.7)	172.0			
Decrease in cash and cash equivalents				Decrease in cash and cash equivalents	(383.8)	(40.0)
Cash and cash equivalents at beginning of period including discontinued operations (Note 2)	Cash and cash equivalents at beginning of period including discontinued operations (Note 2)	657.6	478.6	Cash and cash equivalents at beginning of period including discontinued operations (Note 2)	657.6	478.6
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	218.9	650.6	Cash and cash equivalents at end of period	273.8	438.6
Less: Cash and cash equivalents of discontinued operations	Less: Cash and cash equivalents of discontinued operations	—	128.5	Less: Cash and cash equivalents of discontinued operations	—	196.3
Cash and cash equivalents of continuing operations at end of period	Cash and cash equivalents of continuing operations at end of period	\$ 218.9	\$ 522.1	Cash and cash equivalents of continuing operations at end of period	\$ 273.8	\$ 242.3

See Notes to Condensed Consolidated Financial Statements.

CRANE COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in millions)	(in millions)	Six Months Ended June 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Detail of cash used for operating working capital from continuing operations:	Detail of cash used for operating working capital from continuing operations:			Detail of cash used for operating working capital from continuing operations:	
Accounts receivable	Accounts receivable	\$ (28.1)	\$ (63.1)	Accounts receivable	\$ (2.8)
Inventories	Inventories	(63.9)	(54.7)	Inventories	(58.0)
Other current assets	Other current assets	(20.5)	(5.7)	Other current assets	(28.7)
Accounts payable	Accounts payable	(20.6)	21.4	Accounts payable	(27.3)
Accrued liabilities	Accrued liabilities	(23.5)	(40.4)	Accrued liabilities	(14.2)
U.S. and foreign taxes on income	U.S. and foreign taxes on income	(26.7)	46.3	U.S. and foreign taxes on income	(34.4)
Total	Total	\$ (183.3)	\$ (96.2)	Total	\$ (165.4)
					\$ (113.8)

Supplemental disclosure of cash flow information:	Supplemental disclosure of cash flow information:						Supplemental disclosure of cash flow information:					
Interest paid	Interest paid	\$	17.6	\$	21.0		Interest paid	\$	22.2	\$	29.9	
Income taxes paid	Income taxes paid	\$	67.4	\$	75.3		Income taxes paid	\$	88.1	\$	118.1	

See Notes to Condensed Consolidated Financial Statements.

CRANE COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

(in millions, except share data)	Common (in millions, except share data)	Shares	Accumulated Other	Total	Share- holders'	Non- controlling	Total	(in millions, except share data)	Common (in millions, except share data)	Shares	Accumulated Other	Total	
BALANCE DECEMBER 31, 2022	BALANCE DECEMBER 31, 2022	72.4	\$373.8	\$2,822.8	\$ (503.3)	\$ (864.3)	\$1,901.4	\$ 2.6	\$1,904.0	72.4	\$373.8	\$2,822.8	\$ (503.3)
Net income	Net income	—	—	105.7	—	—	105.7	—	105.7	Net income	—	—	105.7
Cash dividends (\$0.47 per share)	Cash dividends (\$0.47 per share)	—	—	(26.6)	—	—	(26.6)	—	(26.6)	Cash dividends (\$0.47 per share)	—	—	(26.6)
Exercise of stock options, net of shares reacquired of 297,539 shares	Exercise of stock options, net of shares reacquired of 297,539 shares	—	—	—	—	19.8	19.8	—	19.8	Exercise of stock options, net of shares reacquired of 297,539 shares	—	—	—
Impact from settlement of share-based awards, net of shares acquired	Impact from settlement of share-based awards, net of shares acquired	—	(3.3)	—	—	(3.6)	(6.9)	—	(6.9)	Impact from settlement of share-based awards, net of shares acquired	—	(3.3)	—
Stock-based compensation expense	Stock-based compensation expense	—	6.3	—	—	—	6.3	—	6.3	Stock-based compensation expense	—	6.3	—
Changes in pension and postretirement plan assets and benefit obligation, net of tax	Changes in pension and postretirement plan assets and benefit obligation, net of tax	—	—	—	2.7	—	2.7	—	2.7	Changes in pension and postretirement plan assets and benefit obligation, net of tax	—	—	2.7
Currency translation adjustment	Currency translation adjustment	—	—	—	12.8	—	12.8	(0.1)	12.7	Currency translation adjustment	—	—	12.8
BALANCE MARCH 31, 2023	BALANCE MARCH 31, 2023	72.4	\$376.8	\$2,901.9	\$ (487.8)	\$ (848.1)	\$2,015.2	\$ 2.5	\$2,017.7	BALANCE MARCH 31, 2023	72.4	\$376.8	\$2,901.9
Net income	Net income	—	—	45.6	—	—	45.6	—	45.6	Net income	—	—	45.6
Cash dividends (\$0.18 per share)	Cash dividends (\$0.18 per share)	—	—	(10.2)	—	—	(10.2)	—	(10.2)	Cash dividends (\$0.18 per share)	—	—	(10.2)
Exercise of stock options	Exercise of stock options	—	1.0	—	—	—	1.0	—	1.0	Exercise of stock options	—	1.0	—
Stock-based compensation expense	Stock-based compensation expense	—	2.5	—	—	—	2.5	—	2.5	Stock-based compensation expense	—	2.5	—

Changes in pension and postretirement plan assets and benefit obligation, net of tax	Changes in pension and postretirement plan assets and benefit obligation, net of tax	—	—	—	2.6	—	2.6	—	2.6	—	—	2.6	—	2.6		
Currency translation adjustment	Currency translation adjustment	—	—	—	0.8	—	0.8	(0.1)	0.7	—	—	—	0.8	—	0.8	
Capital effect of spin-off	Capital effect of spin-off	(15.7)	—	(832.4)	—	848.1	—	—	—	—	(15.7)	—	(832.4)	—	848.1	
Distribution of Crane NXT, Co.	Distribution of Crane NXT, Co.	—	—	(1,236.8)	414.5	—	(822.3)	—	(822.3)	—	(1,236.8)	414.5	—	(822.3)		
BALANCE JUNE 30, 2023	BALANCE JUNE 30, 2023	56.7	\$380.3	\$ 868.1	\$ (69.9)	—	\$1,235.2	\$ 2.4	\$1,237.6	30, 2023	56.7	\$380.3	\$ 868.1	\$ (69.9)	—	\$1,235.2
Net income	Net income	—	—	—	—	—	—	—	—	—	—	—	—	—	55.2	
Cash dividends (\$0.18 per share)	Cash dividends (\$0.18 per share)	—	—	—	—	—	—	—	—	—	—	—	—	—	(10.2)	
Exercise of stock options	Exercise of stock options	0.1	1.8	—	—	—	—	—	—	—	—	—	—	—	1.9	
Impact from settlement of share-based awards	Impact from settlement of share-based awards	—	(0.1)	—	—	—	—	—	—	—	—	—	—	—	(0.1)	
Stock-based compensation expense	Stock-based compensation expense	—	5.7	—	—	—	—	—	—	—	—	—	—	—	5.7	
Changes in pension and postretirement plan assets and benefit obligation, net of tax	Changes in pension and postretirement plan assets and benefit obligation, net of tax	—	—	—	—	—	—	—	—	—	—	—	—	—	3.6	
Currency translation adjustment	Currency translation adjustment	—	—	—	—	—	—	—	—	—	(15.7)	—	—	(15.7)		
Distribution of Crane NXT, Co. (Note 1)	Distribution of Crane NXT, Co. (Note 1)	—	—	—	—	—	—	—	—	—	8.5	—	—	—	8.5	
BALANCE SEPTEMBER 30, 2023	BALANCE SEPTEMBER 30, 2023	56.8	\$387.7	\$ 921.6	\$ (82.0)	—	\$1,284.1	\$ 2.2	\$1,286.3	30, 2023	56.8	\$387.7	\$ 921.6	\$ (82.0)	—	\$1,284.1

(in millions, except share data)	Common Shares	Accumulated Other	Total Shareholders' Non-Controlling Interest	Total	(in millions, except share data)	Common Shares	Accumulated Other	Total Shareholders' Non-Controlling Interest	Total							
	Issued at Capital Par Value	Retained Earnings Surplus	Comprehensive Loss Stock	Treasury Equity	holders' Interest	controlling	Total	holders' Interest	controlling							
BALANCE DECEMBER 31, 2021	BALANCE DECEMBER 31, 2021	72.4	\$363.9	\$ 2,527.3	\$ (440.2)	\$ (691.1)	\$1,832.3	\$ 2.8	\$1,835.1	2021	72.4	\$363.9	\$ 2,527.3	\$ (440.2)	\$ (691.1)	\$1,832.3
Net income	Net income	—	—	105.0	—	—	105.0	—	105.0	Net income	—	—	105.0	—	—	105.0
Cash dividends (\$0.47 per share)	Cash dividends (\$0.47 per share)	—	—	(26.4)	—	—	(26.4)	—	(26.4)	Cash dividends (\$0.47 per share)	—	—	(26.4)	—	—	(26.4)

Reacquisition on open market of 1,699,949 shares	Reacquisition on open market of 1,699,949 shares	—	—	—	—	(175.8)	(175.8)	—	(175.8)	Reacquisition on open market of 1,699,949 shares	—	—	—	—	(175.8)	(175.8)	
Exercise of stock options, net of shares reacquired of 79,214 shares	Exercise of stock options, net of shares reacquired of 79,214 shares	—	—	—	—	6.1	6.1	—	6.1	Exercise of stock options, net of shares reacquired of 79,214 shares	—	—	—	—	—	6.1	6.1
Impact from settlement of share-based awards, net of shares acquired	Impact from settlement of share-based awards, net of shares acquired	—	(5.1)	—	—	(0.3)	(5.4)	—	(5.4)	Impact from settlement of share-based awards, net of shares acquired	—	(5.1)	—	—	(0.3)	(5.4)	
Stock-based compensation expense	Stock-based compensation expense	—	5.9	—	—	—	5.9	—	5.9	Stock-based compensation expense	—	5.9	—	—	—	5.9	
Changes in pension and postretirement plan assets and benefit obligation, net of tax	Changes in pension and postretirement plan assets and benefit obligation, net of tax	—	—	—	3.3	—	3.3	—	3.3	Changes in pension and postretirement plan assets and benefit obligation, net of tax	—	—	—	3.3	—	3.3	
Currency translation adjustment	Currency translation adjustment	—	—	—	(21.7)	—	(21.7)	0.1	(21.6)	Currency translation adjustment	—	—	—	(21.7)	—	(21.7)	
BALANCE MARCH 31, 2022	BALANCE MARCH 31, 2022	72.4	\$ 364.7	\$ 2,605.9	\$ (458.6)	\$ (861.1)	\$ 1,723.3	\$ 2.9	\$ 1,726.2	BALANCE MARCH 31, 2022	72.4	\$ 364.7	\$ 2,605.9	\$ (458.6)	\$ (861.1)	\$ 1,723.3	\$ 2.9
Net income	Net income	—	—	258.2	—	—	258.2	—	258.2	Net income	—	—	258.2	—	—	258.2	
Cash dividends (\$0.47 per share)	Cash dividends (\$0.47 per share)	—	—	(26.4)	—	—	(26.4)	—	(26.4)	Cash dividends (\$0.47 per share)	—	—	(26.4)	—	—	(26.4)	
Reacquisition on open market of 1,959,069 shares	Reacquisition on open market of 1,959,069 shares	—	—	—	—	(27.9)	(27.9)	—	(27.9)	Reacquisition on open market of 1,959,069 shares	—	—	—	—	(27.9)	(27.9)	
Exercise of stock options, net of shares reacquired of 94,774 shares	Exercise of stock options, net of shares reacquired of 94,774 shares	—	—	—	—	1.1	1.1	—	1.1	Exercise of stock options, net of shares reacquired of 94,774 shares	—	—	—	—	1.1	1.1	
Impact from settlement of share-based awards, net of shares acquired	Impact from settlement of share-based awards, net of shares acquired	—	(1.3)	—	—	1.2	(0.1)	—	(0.1)	Impact from settlement of share-based awards, net of shares acquired	—	(1.3)	—	—	1.2	(0.1)	
Stock-based compensation expense	Stock-based compensation expense	—	5.9	—	—	—	5.9	—	5.9	Stock-based compensation expense	—	5.9	—	—	—	5.9	
Changes in pension and postretirement plan assets and benefit obligation, net of tax	Changes in pension and postretirement plan assets and benefit obligation, net of tax	—	—	—	3.5	—	3.5	—	3.5	Changes in pension and postretirement plan assets and benefit obligation, net of tax	—	—	—	3.5	—	3.5	

Currency translation adjustment	Currency translation adjustment	—	—	—	(75.8)	—	(75.8)	(0.1)	(75.9)	Currency translation adjustment	—	—	—	(75.8)	—	(75.8)	(0.1)
BALANCE JUNE 30, 2022	BALANCE JUNE 30, 2022	72.4	\$ 369.3	\$ 2,837.7	\$ (530.9)	\$ (886.7)	\$ 1,861.8	\$ 2.8	\$ 1,864.6	BALANCE JUNE 30, 2022	72.4	\$ 369.3	\$ 2,837.7	\$ (530.9)	\$ (886.7)	\$ 1,861.8	\$ 2.8
Net loss	Net loss	—	—	—	—	—	—	—	—	Net loss	—	—	(59.3)	—	—	(59.3)	—
Cash dividends (\$0.47 per share)	Cash dividends (\$0.47 per share)	—	—	—	—	—	—	—	—	Exercise of stock options, net of shares reacquired of 81,642 shares	—	—	(26.4)	—	—	(26.4)	—
Impact from settlement of share-based awards, net of shares acquired	Impact from settlement of share-based awards, net of shares acquired	—	—	—	—	—	—	—	—	Stock-based compensation expense	—	—	—	—	—	—	—
Changes in pension and postretirement plan assets and benefit obligation, net of tax	Changes in pension and postretirement plan assets and benefit obligation, net of tax	—	—	—	—	—	—	—	—	Currency translation adjustment	—	—	(77.4)	—	(77.4)	(0.1)	—
BALANCE SEPTEMBER 30, 2022	BALANCE SEPTEMBER 30, 2022	72.4	\$ 368.2	\$ 2,752.0	\$ (606.0)	\$ (878.3)	\$ 1,708.3	\$ 2.8	\$ 1,708.3	2.8	—	—	—	—	—	—	—

See Notes to Condensed Consolidated Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial reporting and the instructions to Form 10-Q and, therefore, reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature. These interim condensed consolidated financial statements should be read in conjunction with the Consolidated Financial Statements and Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2022.

Due to rounding, numbers presented throughout this report may not add up precisely to totals we provide, and percentages may not precisely reflect the absolute figures. Certain amounts in the prior periods' condensed consolidated financial statements have been reclassified to conform to the current period presentation.

Separation

On March 30, 2022, Crane Holdings, Co. announced that its Board of Directors approved a plan to pursue a separation into two independent, publicly-traded companies in a transaction in which Crane NXT Holdings, Co. would retain its Payment & Merchandising Technologies segment and spin-off its Aerospace & Electronics, Process Flow Technologies and Engineered Materials segments to Crane NXT's stockholders (the "Separation").

On April 3, 2023, Crane Holdings, Co. completed the Separation into two independent, publicly-traded companies, Crane NXT, Co. and Crane Company, through a pro-rata distribution (the "Distribution") of all of the outstanding common stock of Crane Company to the stockholders of Crane Holdings, Co., which on April 3, 2023 was renamed "Crane NXT, Co." The Distribution was effective at 5:00 p.m., Eastern Time, on April 3, 2023. As a result of the Distribution, Crane Company became an independent public company and our company. Our common stock is listed under the symbol "CR" on the New York Stock Exchange. Due to Crane Company's larger operations, greater tangible assets, greater fair

value and greater net sales, in each case, relative to Crane NXT, Co., among other factors, Crane Company was treated as the "accounting spinoff" and therefore was the "accounting successor" to Crane Holdings, Co. for accounting purposes, notwithstanding the legal form of the Separation. Therefore, following the Separation, the historical consolidated financial statements of Crane Company reflect the historical consolidated financial statements of Crane Holdings, Co. with the Payment & Merchandising Technologies segment and other distributed assets and liabilities classified as discontinued operations.

In connection with the Separation on April 3, 2023, Crane Holdings, Co., which was renamed "Crane NXT, Co.", and Crane Company entered into various agreements to effect the Separation and provide a framework for their relationship after the Separation, including a separation and distribution agreement, a transition services agreement, an employee matters agreement, a tax matters agreement and an intellectual property matters agreement. These agreements provide for the allocation between Crane NXT, Co. and Crane Company of assets, employees, liabilities and obligations (including property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at, and after the consummation of the Separation and govern certain relationships between Crane NXT, Co. and Crane Company after the Separation.

Transactions under the transition services agreement with Crane NXT, Co. did not have a material impact to the condensed consolidated balance sheets as of **June 30, 2023** **September 30, 2023**, or the condensed consolidated statements of operations and comprehensive income for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**.

On April 3, 2023, prior to the consummation of the Separation, the Board of Directors of Crane Company declared and paid a one-time cash dividend in the amount of **\$275 million** to Crane Holdings, Co., its sole stockholder at that time, as part of establishing the capital structure at Crane **NXT, Co.**

In connection with the Separation, we distributed net assets of \$813.8 million through equity, including the cash dividend of \$275 million and \$303 million in cash balances. The net assets distributed includes an adjustment of \$8.5 million recorded in the three months ended September 30, 2023, to correct the amount previously recognized at the time of the Distribution.

As a result of the Separation, the Payment & Merchandising segment qualified as a discontinued operation and accordingly, the assets, liabilities and **result** **results** of operations of this segment are reported as discontinued operations. See Note 2 for additional information.

Recent Accounting Pronouncements

The Company considered the applicability and impact of all Accounting Standards Updates issued by the Financial Accounting Standards Board (FASB) and determined them to be either not applicable or are not expected to have a material impact on the Company's Condensed Consolidated Statement of Operations, Balance Sheets and Cash Flows.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Discontinued Operations

As discussed above, on April 3, 2023, Crane Holdings, Co., completed the previously announced Separation into two independent, publicly-traded companies, Crane NXT, Co. and Crane Company. Due to Crane Company's larger operations, greater tangible assets, greater fair value and greater net sales, in each case, relative to Crane NXT, Co., among other factors, Crane Company is treated as the "accounting spinoff" and therefore is the "accounting successor" to Crane Holdings, Co. for accounting purposes, notwithstanding the legal form of the Separation. Therefore, Note 1, Crane Company has reflected the historical consolidated financial statements of Crane Holdings, Co. with the Payment & Merchandising Technologies segment and other distributed assets and liabilities classified as discontinued operations.

Financial results from discontinued operations:

(in millions)	(in millions)	Three Months Ended		Six Months Ended		(in millions)	Three Months Ended		Nine Months Ended		
		June 30,		June 30,			September 30,		September 30,		
		2023	2022	2023	2022		2023	2022	2023	2022	
Net sales	Net sales	\$ —	\$ 334.0	\$ 329.1	\$ 666.6	Net sales	\$ —	\$ 335.1	\$ 329.1	\$ 1,001.7	
Cost of sales	Cost of sales	—	182.8	174.4	361.9	Cost of sales	—	174.9	174.4	536.8	
Selling, general and administrative	Selling, general and administrative	—	70.5	80.0	139.8	Selling, general and administrative	—	74.2	80.0	214.0	
Operating profit	Operating profit	—	80.7	74.7	164.9	Operating profit	—	86.0	74.7	250.9	
Other income (expense)	Other income (expense)	1.0	(8.7)	(11.2)	(18.8)	Other income, net	—	(10.5)	(11.2)	(29.4)	
Net income from discontinued operations before income taxes	Net income from discontinued operations before income taxes	1.0	72.0	63.5	146.1	Net income from discontinued operations before income taxes	—	75.5	63.5	221.5	
(Benefit from) provision for income taxes	(Benefit from) provision for income taxes	(1.3)	20.4	11.4	35.6						

Provision for income taxes		Provision for income taxes	—	13.9	11.4	49.4
Income from discontinued operations, net of tax	Income from discontinued operations, net of tax	\$ 2.3	\$ 51.6	\$ 52.1	\$ 110.5	\$ 172.1

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The major categories of assets and liabilities included in assets of discontinued operations and liabilities of discontinued operations are as follows:

(in millions)	December 31, 2022
Assets:	
Cash and Cash Equivalents	\$ 230.6
Accounts receivable, net	205.0
Inventories, net	145.6
Other current assets	44.7
Current assets of discontinued operations	625.9
Property, plant and equipment, net	261.6
Long-term deferred tax asset	5.1
Other assets	56.7
Intangible assets, net	344.9
Goodwill	836.6
Long-term assets of discontinued operations	1,504.9
Assets of discontinued operations	\$ 2,130.8
Liabilities:	
Short term borrowings	\$ 299.7
Accounts payable	107.4
Accrued liabilities	203.7
U.S. and foreign taxes on income	3.9
Current liabilities of discontinued operations	614.7
Long-term debt	545.1
Accrued pension and postretirement benefits	21.1
Long-term deferred tax liability	107.1
Other liabilities	53.6
Long-term liabilities of discontinued operations	726.9
Liabilities of discontinued operations	\$ 1,341.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Segment Results

Our segments are reported on the same basis used internally for evaluating performance and for allocating resources. As of **June 30, 2023** **September 30, 2023**, we had three reportable segments: Aerospace & Electronics, Process Flow Technologies, and Engineered Materials. Assets of the reportable segments exclude general corporate assets, which principally consist of cash, deferred tax assets, certain property, plant and equipment, and certain other assets. Corporate consists of corporate office expenses including compensation and benefits for corporate employees, occupancy, depreciation, and other administrative costs.

A brief description of each of our segments are as follows:

Aerospace & Electronics

The Aerospace & Electronics segment supplies critical components and systems, including original equipment and aftermarket parts, primarily for the commercial aerospace, and the military aerospace, defense and space markets. Its brands have decades of proven experience, and in many cases invented the critical technologies in their respective markets.

The business designs and delivers proven systems, reliable components, and flexible power solutions that excel in tough and mission-critical environments. Products and services are organized into six integrated solutions: Sensing Components & Systems, Electrical Power Solutions, Fluid Management Solutions, Landing & Control Systems, and Microwave Solutions.

Process Flow Technologies

The Process Flow Technologies segment is a provider of highly engineered fluid handling equipment for mission critical applications that require high reliability. The segment is comprised of Process Valves and Related Products, Commercial Valves, and Pumps and Systems. Process Valves and Related Products include on/off valves and related products for critical and demanding applications in the chemical, oil & gas, power, and general industrial end markets globally. Commercial Valves includes the manufacturing of valves and related products for the non-residential construction, general industrial, and to a lesser extent, municipal markets. Pumps and Systems include pumps and related products primarily for water and wastewater applications in the industrial, municipal, commercial and military markets.

Engineered Materials

The Engineered Materials segment manufactures fiberglass-reinforced plastic ("FRP") panels and coils, primarily for use in the manufacturing of recreational vehicles, truck bodies and trailers (Transportation), with additional applications in commercial and industrial buildings (Building Products).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Financial information by reportable segment is set forth below.

(in millions)	Three Months Ended				Six Months Ended				Three Months Ended				Nine Months Ended			
	June 30,		June 30,		September 30,		September 30,		2023		2022		2023		2022	
	(in millions)	2023	2022	(in millions)	2023	2022	(in millions)	2023	2022	(in millions)	2023	2022	(in millions)	2023	2022	
Net sales:	Net sales:							Net sales:								
Aerospace & Electronics	Aerospace & Electronics	\$ 189.2	\$ 161.5	\$ 369.3	\$ 318.6			Aerospace & Electronics	\$ 207.2	\$ 167.2	\$ 576.5	\$ 485.8				
Process Flow Technologies	Process Flow Technologies	263.2	296.0	534.6	607.4			Process Flow Technologies	266.7	250.0	801.3	857.4				
Engineered Materials	Engineered Materials	57.2	72.8	119.5	143.1			Engineered Materials	56.2	62.8	175.7	205.9				
Total	Total	\$ 509.6	\$ 530.3	\$ 1,023.4	\$ 1,069.1			Total	\$ 530.1	\$ 480.0	\$ 1,553.5	\$ 1,549.1				
Operating profit:	Operating profit:							Operating profit:								
Aerospace & Electronics	Aerospace & Electronics	\$ 38.3	\$ 28.2	\$ 75.9	\$ 56.2			Aerospace & Electronics	\$ 40.2	\$ 28.2	\$ 116.1	\$ 84.4				
Process Flow Technologies	Process Flow Technologies	50.6	40.6	113.9	89.6			Process Flow Technologies	51.2	41.3	165.1	130.9				
Engineered Materials	Engineered Materials	9.8	7.3	21.2	20.2			Engineered Materials	7.7	6.7	28.9	26.9				
Corporate	Corporate	(35.6)	(32.4)	(70.4)	(59.5)			Corporate	(22.8)	(193.4)	(93.2)	(252.9)				
Total	Total	\$ 63.1	\$ 43.7	\$ 140.6	\$ 106.5			Total	\$ 76.3	\$ (117.2)	\$ 216.9	\$ (10.7)				
Interest income	Interest income	0.8	0.6	1.7	0.9			Interest income	1.5	1.4	3.2	2.3				
Interest expense	Interest expense	(5.3)	(0.8)	(11.8)	(1.4)			Interest expense	(4.8)	(3.0)	(16.7)	(4.4)				
Gain on sale of business	Gain on sale of business	—	228.7	—	228.7			Gain on sale of business	—	3.8	—	232.5				
Miscellaneous (expense) income, net		(1.3)	13.0	(1.9)	16.1			Miscellaneous income (expense), net	1.3	4.5	(0.5)	20.6				
Income from continuing operations before income taxes	\$ 57.3	\$ 285.2	\$ 128.6	\$ 350.8				Income (Loss) from continuing operations before income taxes	\$ 74.3	\$ (110.5)	\$ 202.9	\$ 240.3				
Miscellaneous income (expense), net								Miscellaneous income (expense), net	1.3	4.5	(0.5)	20.6				
Income (Loss) from continuing operations before income taxes								Income (Loss) from continuing operations before income taxes	\$ 74.3	\$ (110.5)	\$ 202.9	\$ 240.3				

(in millions)	(in millions)	June 30, 2023		December 31, 2022		(in millions)	September 30, 2023		December 31, 2022	
Assets:	Assets:					Assets:				
Aerospace & Electronics	Aerospace & Electronics	\$ 717.2	\$ 663.3			Aerospace & Electronics	\$ 747.2	\$ 663.3		
Process Flow Technologies	Process Flow Technologies	1,081.4		1,064.7		Process Flow Technologies	1,023.8		1,064.7	
Engineered Materials	Engineered Materials	226.9		218.6		Engineered Materials	227.0		218.6	
Corporate Assets	Corporate Assets	153.6		314.2		Corporate Assets	193.9		314.2	
Discontinued Operations	Discontinued Operations	—		2,130.8		Discontinued Operations	—		2,130.8	
Total	Total	\$ 2,179.1	\$ 4,391.6			Total	\$ 2,191.9	\$ 4,391.6		

(in millions)	(in millions)	June 30, 2023		December 31, 2022		(in millions)	September 30, 2023		December 31, 2022	
Goodwill:	Goodwill:					Goodwill:				
Aerospace & Electronics	Aerospace & Electronics	\$ 202.3	\$ 202.3			Aerospace & Electronics	\$ 202.3	\$ 202.3		
Process Flow Technologies	Process Flow Technologies	320.7		317.3		Process Flow Technologies	315.8		317.3	
Engineered Materials	Engineered Materials	171.3		171.3		Engineered Materials	171.3		171.3	
Total	Total	\$ 694.3	\$ 690.9			Total	\$ 689.4	\$ 690.9		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Revenue

Disaggregation of Revenues

The following table presents net sales disaggregated by product line for each segment:

(in millions)	(in millions)	Three Months Ended		Six Months Ended		(in millions)	Three Months Ended		Nine Months Ended		
		June 30,		June 30,			September 30,		September 30,		
		2023	2022	2023	2022		2023	2022	2023	2022	
Aerospace & Electronics	Aerospace & Electronics					Aerospace & Electronics					
Commercial Original Equipment	Commercial Original Equipment	\$ 69.8	\$ 60.6	\$ 138.2	\$ 119.2	Commercial Original Equipment	\$ 75.8	\$ 63.7	\$ 214.1	\$ 182.9	
Military and Other Original Equipment	Military and Other Original Equipment	62.8	57.1	124.8	114.4	Military and Other Original Equipment	64.4	57.1	189.1	171.5	
Commercial Aftermarket Products	Commercial Aftermarket Products	40.8	29.0	78.6	57.7	Commercial Aftermarket Products	48.5	34.8	127.2	92.5	
Military Aftermarket Products	Military Aftermarket Products	15.8	14.8	27.7	27.3	Military Aftermarket Products	18.5	11.6	46.1	38.9	
Total Aerospace & Electronics	Total Aerospace & Electronics	\$ 189.2	\$ 161.5	\$ 369.3	\$ 318.6	Total Aerospace & Electronics	\$ 207.2	\$ 167.2	\$ 576.5	\$ 485.8	
Process Flow Technologies	Process Flow Technologies					Process Flow Technologies					
Process Valves and Related Products	Process Valves and Related Products	\$ 197.4	\$ 186.7	\$ 400.3	\$ 369.6	Process Valves and Related Products	\$ 197.3	\$ 186.2	\$ 597.6	\$ 555.8	

Commercial Valves	Commercial Valves	28.8	77.2	59.4	175.4	Commercial Valves	31.2	30.4	90.5	205.8
Pumps and Systems	Pumps and Systems	37.0	32.1	74.9	62.4	Pumps and Systems	38.2	33.4	113.2	95.8
Total Process Flow Technologies	Total Process Flow Technologies	\$ 263.2	\$ 296.0	\$ 534.6	\$ 607.4	Total Process Flow Technologies	\$ 266.7	\$ 250.0	\$ 801.3	\$ 857.4
Engineered Materials	Engineered Materials					Engineered Materials				
FRP - Recreational Vehicles	FRP - Recreational Vehicles	\$ 17.1	\$ 32.2	\$ 37.4	\$ 67.9	FRP - Recreational Vehicles	\$ 19.6	\$ 24.9	\$ 57.1	\$ 92.8
FRP - Building Products	FRP - Building Products	31.4	31.8	63.7	59.2	FRP - Building Products	27.5	29.0	91.1	88.2
FRP - Transportation	FRP - Transportation	8.7	8.8	18.4	16.0	FRP - Transportation	9.1	8.9	27.5	24.9
Total Engineered Materials	Total Engineered Materials	\$ 57.2	\$ 72.8	\$ 119.5	\$ 143.1	Total Engineered Materials	\$ 56.2	\$ 62.8	\$ 175.7	\$ 205.9
Net sales	Net sales	\$ 509.6	\$ 530.3	\$ 1,023.4	\$ 1,069.1	Net sales	\$ 530.1	\$ 480.0	\$ 1,553.5	\$ 1,549.1

Remaining Performance Obligations

The transaction price allocated to remaining performance obligations represents the transaction price of firm orders which have not yet been fulfilled, which we also refer to as total backlog. As of **June 30, 2023** **September 30, 2023**, total backlog was **\$1,042.5 million** **\$1,045.4 million**. We expect to recognize approximately **65%** **39%** of our remaining performance obligations as revenue in 2023, an additional **29%** **52%** in 2024 and the balance thereafter.

Contract Assets and Contract Liabilities

Contract assets represent unbilled amounts that typically arise from contracts for customized products or contracts for products sold directly to the U.S. government or indirectly to the U.S. government through subcontracts, where revenue recognized using the cost-to-cost method exceeds the amount billed to the customer. Contract assets are assessed for impairment and recorded at their net realizable value. Contract liabilities represent advance payments from customers. Revenue related to contract liabilities is recognized when control is transferred to the customer. We report contract assets, which are included within "Other current assets" in our Condensed Consolidated Balance Sheets, and contract liabilities, which are included within "Accrued liabilities" on our Condensed Consolidated Balance Sheets, on a contract-by-contract net basis at the end of each reporting period. Net contract assets and contract liabilities consisted of the following:

(in millions)	(in millions)	June 30, 2023	December 31, 2022	(in millions)	September 30, 2023	December 31, 2022
Contract assets	Contract assets	\$ 64.4	\$ 56.8	Contract assets	\$ 73.6	\$ 56.8
Contract liabilities	Contract liabilities	\$ 49.7	\$ 49.4	Contract liabilities	\$ 51.8	\$ 49.4

We recognized revenue of **\$8.2 million** **\$7.6 million** and **\$19.0 million** **\$26.6 million** during the three and six-month periods nine-months ended **June 30, 2023** **September 30, 2023**, respectively, related to contract liabilities as of December 31, 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 5 - Earnings Per Share

Our basic earnings per share calculations are based on the weighted average number of common shares outstanding during the period. Potentially dilutive securities include outstanding stock options, restricted share units, deferred stock units and performance-based restricted share units. The effect of potentially dilutive securities is reflected in diluted earnings per common share by application of the treasury method. Diluted earnings per share gives effect to all potentially dilutive common shares outstanding during the period. **Potentially dilutive common shares are excluded from the computations of diluted earnings per share if their effect would be anti-dilutive. For the three months ended September 30, 2022, the Company had a net loss attributable to common shareholders which causes all potentially dilutive securities to be anti-dilutive and are therefore not included in the calculation of earnings (loss) per share.**

(in millions, except per share data)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net income from continuing operations attributable to common shareholders	\$ 43.3	\$ 206.6	\$ 99.2	\$ 252.7
Income from discontinued operations, net of tax (Note 2)	2.3	51.6	52.1	110.5
Net income attributable to common shareholders	\$ 45.6	\$ 258.2	\$ 151.3	\$ 363.2
Average basic shares outstanding	56.7	56.1	56.6	56.7
Effect of dilutive share-based awards	0.7	0.8	0.8	0.8
Average diluted shares outstanding	57.4	56.9	57.4	57.5

Earnings per basic share:								
Earnings per basic share from continuing operations	\$	0.76	\$	3.68	\$	1.75	\$	4.46
Earnings per basic share from discontinued operations		0.04		0.92		0.92		1.95
Earnings per basic share	\$	0.80	\$	4.60	\$	2.67	\$	6.41
Earnings per diluted share:								
Earnings per diluted share from continuing operations	\$	0.75	\$	3.63	\$	1.73	\$	4.40
Earnings per diluted share from discontinued operations		0.04		0.91		0.91		1.92
Earnings per diluted share	\$	0.79	\$	4.54	\$	2.64	\$	6.32

(in millions, except per share data)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net income (loss) from continuing operations attributable to common shareholders	\$ 55.2	\$ (120.9)	\$ 154.4	\$ 131.8
Income from discontinued operations, net of tax (Note 2)	—	61.6	52.1	172.1
Net income (loss) attributable to common shareholders	\$ 55.2	\$ (59.3)	\$ 206.5	\$ 303.9
Average basic shares outstanding	56.8	56.1	56.7	56.5
Effect of dilutive share-based awards	0.7	—	0.7	0.8
Average diluted shares outstanding	57.5	56.1	57.4	57.3
Earnings (loss) per basic share:				
Earnings (loss) per basic share from continuing operations	\$ 0.97	\$ (2.16)	\$ 2.72	\$ 2.33
Earnings per basic share from discontinued operations	—	1.10	0.92	3.05
Earnings (loss) per basic share	\$ 0.97	\$ (1.06)	\$ 3.64	\$ 5.38
Earnings (loss) per diluted share:				
Earnings (loss) per diluted share from continuing operations	\$ 0.96	\$ (2.16)	\$ 2.69	\$ 2.30
Earnings per diluted share from discontinued operations	—	1.10	0.91	3.00
Earnings (loss) per diluted share	\$ 0.96	\$ (1.06)	\$ 3.60	\$ 5.30

Stock options, restricted share units, deferred stock units and performance-based restricted share units that were excluded from the calculation of diluted earnings per share because their effect is anti-dilutive was 0.4 million and 1.2 million for both the three months ended June 30, 2023 September 30, 2023, and 2022, respectively, and 0.4 million and 0.3 million for the six nine months ended June 30, 2023 September 30, 2023, and 2022, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 6 - Changes in Accumulated Other Comprehensive Loss

The table below provides the accumulated balances for each classification of accumulated other comprehensive income (loss), as reflected on our Condensed Consolidated Balance Sheets.

(in millions)	(in millions)	Defined Benefit			(in millions)	Defined Benefit			(in millions)
		Pension and Postretirement Items	Currency Translation Adjustment	Total a		Pension and Postretirement Items	Currency Translation Adjustment	Total a	
Balance as of December 31, 2022	Balance as of December 31, 2022	\$ (271.9)	\$ (231.4)	\$ (503.3)	Balance as of December 31, 2022	\$ (271.9)	\$ (231.4)	\$ (503.3)	
		\$ (271.9)	\$ (231.4)	\$ (503.3)		\$ (271.9)	\$ (231.4)	\$ (503.3)	

	Other comprehensive income before reclassifications	—	13.6	13.6	Other comprehensive income before reclassifications	—	(2.1)	(2.1)
	Amounts reclassified from accumulated other comprehensive loss	5.3	—	5.3	Amounts reclassified from accumulated other comprehensive loss	8.9	—	8.9
Net period other comprehensive income	Net period other comprehensive income	5.3	13.6	18.9	Net period other comprehensive income	8.9	(2.1)	6.8
	Distribution of Crane NXT, Co.	(8.9)	423.4	414.5	Distribution of Crane NXT, Co.	(8.9)	423.4	414.5
Balance as of June 30, 2023	\$ (275.5)	\$ 205.6	\$ (69.9)					
Balance as of September 30, 2023				Balance as of September 30, 2023				
					\$ (271.9)	\$ 189.9	\$ (82.0)	

^a Net of tax benefit of \$108.1 million \$109.3 million and \$106.6 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

The table below illustrates the amounts reclassified out of each component of accumulated other comprehensive loss income (loss) for the three and six month nine months ended June 30, 2023 September 30, 2023 and 2022. Amortization of pension and postretirement components has been recorded within "Miscellaneous income (expense) income, net" on our Condensed Consolidated Statements of Operations.

	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
	(in millions)	(in millions)	2023	2022	(in millions)	2023	2022	(in millions)	2023	2022	(in millions)	2023	2022	(in millions)	2023	2022
Amortization of pension items:	Amortization of pension items:				Amortization of pension items:			Amortization of pension items:			Amortization of pension items:			Amortization of pension items:		
Prior service costs (benefit)					Prior service costs (benefit)			Prior service costs (benefit)	\$ 0.5	\$ —	\$ 0.5	\$ (0.1)				
Net loss	Net loss	\$ 3.8	\$ 4.8	\$ 7.6	\$ 9.5			Net loss	\$ 3.9	\$ 3.3	\$ 11.5	\$ 12.9				
Amortization of postretirement items:	Amortization of postretirement items:				Amortization of postretirement items:			Amortization of postretirement items:								
Prior service costs		(0.2)	(0.3)	(0.5)	(0.5)			Prior service costs (benefit)	0.2	(0.3)	(0.3)	(0.8)				
Net loss		(0.2)	—	(0.3)	—			Net loss (benefit)	0.2	—	(0.2)	—				
Prior service costs (benefit)								Prior service costs (benefit)	0.2	(0.3)	(0.3)	(0.8)				
Net loss (benefit)								Net loss (benefit)	0.2	—	(0.2)	—				
Total before tax	Total before tax	\$ 3.4	\$ 4.5	\$ 6.8	\$ 9.0	Total before tax	\$ 4.8	\$ 3.0	\$ 11.5	\$ 12.0						
Tax impact	Tax impact	0.8	1.0	1.5	2.2	Tax impact	1.2	0.8	2.6	2.9						
Total reclassifications for the period	Total reclassifications for the period	\$ 2.6	\$ 3.5	\$ 5.3	\$ 6.8	Total reclassifications for the period	\$ 3.6	\$ 2.2	\$ 8.9	\$ 9.1						

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Defined Benefit and Postretirement Benefits

For all plans, the components of net periodic benefit for the three months ended June 30, 2023 September 30, 2023, and 2022 are as follows:

	Pension				Postretirement				Pension				Postretirement			
	(in millions)	(in millions)	2023	2022	(in millions)	(in millions)	2023	2022	(in millions)	(in millions)	2023	2022	(in millions)	(in millions)	2023	2022
Service cost	Service cost	\$ 1.3	\$ 1.3	\$ —	\$ 0.1	Service cost	\$ (0.2)	\$ 1.7	\$ —	\$ —	\$ —	\$ —	Service cost	\$ —	\$ —	\$ —

Interest cost	Interest cost	9.4	5.2	0.2	0.2	Interest cost	7.8	6.9	(0.2)	0.2
Expected return on plan assets	Expected return on plan assets	(12.2)	(13.9)	—	—	Expected return on plan assets	(9.8)	(15.7)	—	—
Amortization of prior service cost	—	—	(0.2)	(0.3)	—	—	—	—	—	—
Amortization of net loss (benefit)	3.8	4.8	(0.2)	—	—	—	—	—	—	—
Settlement loss from discontinued operations	(0.4)	—	—	—	—	—	—	—	—	—
Curtailment loss from discontinued operations	(0.6)	—	—	—	—	—	—	—	—	—
Amortization of prior service cost (benefit)	—	—	—	—	—	Amortization of prior service cost (benefit)	0.5	—	0.2	(0.3)
Amortization of net loss	—	—	—	—	—	Amortization of net loss	3.9	3.3	0.2	—
Net periodic loss (benefit)	Net periodic loss (benefit)	\$ 1.3	\$ (2.6)	\$ (0.2)	\$ —	Net periodic loss (benefit)	\$ 2.2	\$ (3.8)	\$ 0.2	\$ (0.1)

For all plans, the components of net periodic benefit for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, and 2022 are as follows:

(in millions)	(in millions)	Pension		Postretirement		(in millions)	Pension		Postretirement	
		2023a	2022a	2023b	2022		2023a	2022	2023b	2022
Service cost	Service cost	\$ 2.6	\$ 2.6	\$ —	\$ 0.1	Service cost	\$ 2.4	\$ 4.3	\$ —	\$ 0.1
Interest cost	Interest cost	18.9	10.4	0.4	0.4	Interest cost	26.7	17.4	0.3	0.5
Expected return on plan assets	Expected return on plan assets	(24.4)	(27.9)	—	—	Expected return on plan assets	(34.2)	(43.6)	—	—
Amortization of prior service cost	—	—	(0.5)	(0.5)	—	—	—	—	—	—
Amortization of prior service cost (benefit)	—	—	—	—	—	Amortization of prior service cost (benefit)	0.5	(0.1)	(0.3)	(0.8)
Amortization of net loss (benefit)	Amortization of net loss (benefit)	7.6	9.5	(0.3)	—	Amortization of net loss (benefit)	11.5	12.9	(0.2)	—
Settlement loss from discontinued operations	1.4	—	—	—	—	—	—	—	—	—
Curtailment loss from discontinued operations	0.5	—	—	—	—	—	—	—	—	—
Curtailment and Settlement loss from discontinued operations	—	—	—	—	—	Curtailment and Settlement loss from discontinued operations	1.9	—	—	—
Net periodic loss (benefit)	Net periodic loss (benefit)	\$ 6.6	\$ (5.4)	\$ (0.4)	\$ —	Net periodic loss (benefit)	\$ 8.8	\$ (9.1)	\$ (0.2)	\$ (0.2)

^a Includes \$1.9 million of pension net periodic loss related to discontinued operations for **six** **nine** months ended **June 30, 2023** **September 30, 2023**.

^b Includes **\$0.4 million** **\$0.2 million** of net periodic benefit related to discontinued operations for **six** **the nine** months ended **June 30, 2023** **September 30, 2023**.

The components of net periodic benefit, other than the service cost component, are included in "Miscellaneous income (expense) income, net" in our Condensed Consolidated Statements of Operations. Service cost is recorded within "Cost of sales" and "Selling, general and administrative" in our Condensed Consolidated Statements of Operations.

We expect to contribute the following to our pension and postretirement plans:

(in millions)	(in millions)	Pension	Postretirement	(in millions)	Pension	Postretirement
Expected contributions in 2023	Expected contributions in 2023	\$ 18.1	\$ 0.5	\$ 18.1	\$ 0.5	
Amounts contributed during the six months ended June 30, 2023		\$ 5.7	—			
Amounts contributed during the nine months ended September 30, 2023				\$ 16.1	\$ —	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Income Taxes

Effective Tax Rates

Our quarterly provision for income taxes is measured using an annual effective tax rate, adjusted for discrete items within the periods presented.

Our effective tax rates are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Effective Tax Rate	24.4%	27.6%	22.8%	28.0%

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Effective Tax Rate	25.7%	(9.4)%	23.9%	45.2%

For the three months ended September 30, 2023, our effective tax rate is impacted by earnings in jurisdictions with statutory rates higher than the U.S. and expenses statutorily non-deductible for income tax purposes in the current period, this is partially offset by the statutory U.S. deduction related to our non-U.S. subsidiaries' income. In the prior year's three month period ended September 30, 2022, the Company reported a loss on the asbestos related transaction with no correlative income tax benefit, which resulted in the prior year's negative effective tax rate.

Our effective tax rate attributable to continuing operations for the three nine months ended June 30, 2023 September 30, 2023, is lower than the prior year's comparable periods period primarily due to the prior year effect of a reversal of a deferred tax asset established that related to the sale of a subsidiary in a prior period, partially offset by earnings in jurisdictions with statutory tax rates higher than the United States in current period.

Our effective tax rate attributable to continuing operations for the six months ended June 30, 2023 is lower than the prior year's comparable periods primarily due to prior year effect of a reversal of a deferred tax asset established that related to the planned sale of a subsidiary in a prior period and a greater benefit prior year loss on the asbestos-related transaction and the lack of a related to share-based compensation in current period. tax benefit. This is partially offset by earnings in jurisdictions with statutory tax rates higher than the United States and expenses statutorily non-deductible for income tax purposes in current period.

Our effective tax rate attributable to continuing operations for the three and six nine months ended June 30, 2023 September 30, 2023 is higher than the statutory U.S. federal tax rate of 21% primarily due to earnings in jurisdictions with statutory tax rates higher than the United States, expenses that are statutorily non-deductible for income tax purposes and U.S. state taxes, partially offset by excess share-based compensation benefits, tax credit utilization, and the statutory U.S. deduction related to our non-U.S. subsidiaries' income.

Unrecognized Tax Benefits

During both the three months and six nine months ended June 30, 2023 September 30, 2023, our gross unrecognized tax benefits, excluding interest and penalties, increased by \$0.4 \$0.7 million and \$1.1 million, respectively, primarily due to increases in tax positions taken in the current and prior periods, and in the nine months ended September 30, 2023 these items were partially offset by reductions from expiration of statutes of limitations.

During the three and six nine months ended June 30, 2023 September 30, 2023, the total amount of unrecognized tax benefits that, if recognized, would cause our effective tax rate to increase by \$0.3 \$0.8 million and \$0.4 \$1.2 million, respectively. The difference between these amounts relates to (1) offsetting tax effects from other tax jurisdictions, and (2) interest expense, net of deferred taxes.

During the three and six nine months ended June 30, 2023 September 30, 2023, we recognized \$(0.1) \$0.1 million and \$0.0 \$0.2 million, respectively, of interest expense related to unrecognized tax benefits in our Condensed Consolidated Statement of Operations. As of both June 30, 2023 September 30, 2023 and December 31, 2022, the total amount of accrued interest and penalty expense related to unrecognized tax benefits recorded in our Condensed Consolidated Balance Sheets was \$2.0 million. million and \$2.0 million, respectively.

During the next twelve months, it is reasonably possible that our unrecognized tax benefits may decrease by \$0.5 million due to expiration of statutes of limitations and settlements with tax authorities. However, if the ultimate resolution of income tax examinations results in amounts that differ from this estimate, we will record additional income tax expense or benefit in the period in which such matters are effectively settled.

As part of the Separation, to a limited extent, the Company has agreed to indemnify Crane NXT, Co. for uncertain tax benefits, which are attributable to the Company's business. As of September 30, 2023, the total liability was \$8.5 million and was included in other liabilities on our condensed consolidated balance sheets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 9 - Goodwill and Intangible Assets

Our business acquisitions have typically resulted in the recognition of goodwill and other intangible assets. We follow the provisions under ASC Topic 350, "Intangibles - Goodwill and Other" as it relates to the accounting for goodwill in our condensed consolidated financial statements. These provisions require that we, on at least an annual basis, evaluate the fair value of the reporting units to which goodwill is assigned and attributed and compare that fair value to the carrying value of the reporting unit to determine if an impairment has occurred. We perform our annual impairment testing during the fourth quarter. Impairment testing takes place more often than annually if events or circumstances indicate a change in status that would indicate a potential impairment. We believe that there have been no events or circumstances which would more likely than not reduce the fair value for our reporting units below its carrying value. A reporting unit is an operating segment unless discrete financial information is prepared and reviewed by segment management for businesses one level below that operating segment (a "component"), in which case the component would be the reporting unit. As of **June 30, 2023** September 30, 2023, we had four reporting units.

Intangibles with indefinite useful lives, consisting of trade names, are tested annually for impairment, or when events or changes in circumstances indicate the potential for impairment. If the carrying amount of an indefinite lived intangible asset exceeds its fair value, the intangible asset is written down to its fair value. Fair value is calculated using relief from royalty method. We amortize the cost of definite-lived intangibles over their estimated useful lives. We also review all of our definite-lived intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

Changes to goodwill are as follows:

(in millions)	(in millions)	Aerospace & Electronics	Process Flow Technologies	Engineered Materials	Total	(in millions)	Aerospace & Electronics	Process Flow Technologies	Engineered Materials	Total
Balance as of December 31, 2022	31,222	\$ 202.3	\$ 317.3	\$ 171.3	690.9	31,222	\$ 202.3	\$ 317.3	\$ 171.3	690.9
Currency translation		—	3.4	—	3.4		—	(1.5)	—	(1.5)
Balance as of June 30, 2023		\$ 202.3	\$ 320.7	\$ 171.3	694.3					
Balance as of September 30, 2023						30,203	\$ 202.3	\$ 315.8	\$ 171.3	689.4

As of **June 30, 2023** September 30, 2023, we had **\$69.3 million** **\$67.4 million** of net intangible assets, of which **\$22.0 million** **\$21.6 million** were intangibles with indefinite useful lives. As of December 31, 2022, we had \$71.7 million of net intangible assets, of which \$21.8 million were intangibles with indefinite useful lives.

Changes to intangible assets are as follows:

(in millions)	(in millions)	Six Months Ended June 30, 2023		Year Ended December 31, 2022		(in millions)	Nine Months Ended September 30, 2023		Year Ended December 31, 2022	
Balance at beginning of period, net of accumulated amortization	Balance at beginning of period, net of accumulated amortization					Balance at beginning of period, net of accumulated amortization				
Amortization expense	Amortization expense	\$ 71.7	\$ 78.5	(5.7)		Amortization expense	\$ 71.7	\$ 78.5	(4.2)	(5.7)
Currency translation and other	Currency translation and other	(2.8)	(1.1)			Currency translation and other	(4.2)	(1.1)	(0.1)	
Balance at end of period, net of accumulated amortization	Balance at end of period, net of accumulated amortization	0.4	(1.1)			Balance at end of period, net of accumulated amortization	\$ 69.3	\$ 71.7	\$ 67.4	\$ 71.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A summary of intangible assets are as follows:

	June 30, 2023			December 31, 2022			September 30, 2023			December 31, 2022		
	Weighted Average			Weighted Average			Weighted Average			Weighted Average		
	Amortization			Amortization			Amortization			Amortization		
	Period of Finite			Period of Finite			Period of Finite			Period of Finite		
(in millions)	(in millions)	Live Assets (in years)	Gross Asset	Accumulated Amortization	Net	(in millions)	Gross Asset	Accumulated Amortization	Net	(in millions)	Gross Asset	Accumulated Amortization
Intellectual property rights	Intellectual property rights	19.1	\$ 70.4	\$ 45.4	\$ 25.0	\$ 70.0	\$ 45.1	\$ 24.9	\$ 24.9	\$ 69.9	\$ 45.4	\$ 24.5
Customer relationships and backlog	Customer relationships and backlog	14.2	132.8	90.6	42.2	132.6	87.8	44.8	44.8	132.5	91.4	41.1
Drawings	Drawings	40.0	11.1	10.7	0.4	11.1	10.7	0.4	0.4	Drawings	40.0	11.1
Other	Other	21.0	42.8	41.1	1.7	42.4	40.8	1.6	1.6	Other	21.0	42.6
Total	Total	17.5	\$257.1	\$187.8	\$69.3	\$256.1	\$184.4	\$71.7	Total	17.5	\$256.1	\$188.7

Future amortization expense associated with intangible assets is expected to be:

(in millions)	(in millions)	(in millions)
Remainder of 2023	Remainder of 2023	\$ 2.7
2024	2024	5.2
2025	2025	5.2
2026	2026	5.2
2027	2027	5.2
2028 and after	2028 and after	23.8

Note 10 - Accrued Liabilities

Accrued liabilities consist of:

(in millions)	(in millions)	June 30, 2023	December 31, 2022	(in millions)	September 30, 2023	December 31, 2022
Employee related expenses	Employee related expenses	\$ 78.2	\$ 100.8	Employee related expenses	\$ 90.2	\$ 100.8
Warranty	Warranty	2.8	3.0	Warranty	2.6	3.0
Current lease liabilities	Current lease liabilities	10.6	11.6	Current lease liabilities	10.5	11.6
Contract liabilities	Contract liabilities	49.7	49.4	Contract liabilities	51.8	49.4
Other	Other	89.9	95.7	Other	83.3	95.7
Total	Total	\$ 231.2	\$ 260.5	Total	\$ 238.4	\$ 260.5

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 11 - Commitments and Contingencies

Environmental Matters

For environmental matters, we record a liability for estimated remediation costs when it is probable that we will be responsible for such costs and they can be reasonably estimated. Generally, third party specialists assist in the estimation of remediation costs. The environmental remediation liability as of **June 30, 2023** **September 30, 2023** is substantially related to the former manufacturing site in Goodyear, Arizona (the "Goodyear Site") discussed below. On June 21, 2021, we completed the sale of substantially all of

the property associated with what we have historically called the Goodyear Site for \$8.7 million, retaining only a small parcel on which our remediation and treatment systems are located. We will continue to be responsible for all remediation costs associated with the Goodyear Site.

On August 12, 2022, Crane Holdings, Co., Crane Company, a then wholly-owned subsidiary of Crane Holdings, Co., and Redco Corporation (f/k/a Crane Co., ("Redco") a then wholly-owned subsidiary of Crane Company that held liabilities including asbestos liabilities and related insurance assets, entered into a Stock Purchase Agreement (the "Redco Purchase Agreement") with Spruce Lake Liability Management Holdco LLC ("Redco Buyer"), an unrelated third party long-term liability management company specializing in the acquisition and management of legacy corporate liabilities, whereby Crane Company transferred to Redco Buyer all of the issued and outstanding shares of Redco (the "Redco Sale"). Pursuant to the terms of the Redco Purchase Agreement, Crane Company and Redco Buyer will each indemnify the other for breaches of representations and warranties, breaches of covenants and obligations and certain liabilities, subject to the terms of the Redco Purchase Agreement. Such covenants and obligations include obligations of Crane Company to indemnify Redco and its affiliates for all other historical liabilities of Redco, which include certain potential environmental liabilities. Crane Holdings, Co. guaranteed the full payment and performance of Crane Company's indemnification obligations under the Redco Purchase Agreement. On April 3, 2023, Crane Holdings, Co. completed the Separation, pursuant to which, among other things, all outstanding shares of Crane Company were distributed to Crane Holdings, Co.'s stockholders. Upon completion of the Separation, pursuant to the terms of the Redco Purchase Agreement, Crane Holdings, Co. was released from its guarantee of Crane Company's indemnification obligations under the Redco Purchase Agreement. Prior to the effective date of the Redco Sale, the U.S. Department of Justice agreed that Crane Holdings, Co. and, following completion of the Separation, Crane Company will be primarily liable for the Goodyear Site. The New Jersey Department of Environmental Protection agreed to transfer the liability of the Roseland Site to Crane Holdings, Co., and to further transfer this environmental liability to Crane Company upon effectiveness of the Separation. The potential liability for the Crab Orchard Site referenced below remains a direct obligation of Redco. As noted above, however, Crane Company has agreed to indemnify Redco and Redco Buyer against the Goodyear, Roseland, and Crab Orchard environmental liabilities. Thus, references below in this Note 11 to "we", and "us" refer to Crane Company in its capacity as the primarily responsible party for the Goodyear and Roseland Sites, and as indemnitor to the Redco Buyer on the Crab Orchard Site.

Goodyear Site

The Goodyear Site was operated by Unidynamics/Phoenix, Inc. ("UPI"), which became an indirect subsidiary in 1985 when Crane Co. (n/k/a Redco) acquired UPI's parent company, UniDynamics Corporation. UPI was an indirect subsidiary of Crane Holdings, Co. pre-Separation and became an indirect subsidiary of Crane Company following completion of the Separation. UPI manufactured explosive and pyrotechnic compounds, including components for critical military programs, for the U.S. Government at the Goodyear Site from 1962 to 1993, under contracts with the U.S. Department of Defense and other government agencies and certain of their prime contractors. In 1990, the U.S. Environmental Protection Agency ("EPA") issued administrative orders requiring UPI to design and conduct certain remedial actions, which UPI has done. Groundwater extraction and treatment systems have been in operation at the Goodyear Site since 1994. On July 26, 2006, we entered a consent decree with the EPA with respect to the Goodyear Site providing for, among other things, a work plan for further investigation and remediation activities (inclusive of a supplemental remediation investigation and feasibility study). During the third quarter of 2014, the EPA issued a Record of Decision ("ROD") amendment permitting, among other things, additional source area remediation resulting in us recording a charge of \$49.0 million, extending the accrued costs through 2022. Following the 2014 ROD amendment, we continued our remediation activities and explored an alternative strategy to accelerate remediation of the site. During the fourth quarter of 2019, we received conceptual agreement from the EPA on our alternative remediation strategy which is expected to further reduce the contaminant plume. Accordingly, in 2019, we recorded a pre-tax charge of \$18.9 million, net of reimbursements, to extend our forecast period through 2027 and reflect our revised workplan. The total estimated gross liability was \$22.9 \$21.7 million and \$24.8 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, and as described below, a portion is reimbursable by the U.S. Government. The current portion of the total estimated liability was \$7.8 million and \$7.7 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, and represents our best estimate, in consultation with our technical advisors, of total remediation costs expected to be paid during the next twelve-month period. It is not possible at this point to reasonably estimate the amount of any obligation in excess of our current accruals through the 2027 forecast period because of the aforementioned uncertainties, in particular, the continued significant changes in the Goodyear Site conditions and additional expectations of remediation activities experienced in recent years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On July 31, 2006, we entered into a consent decree with the U.S. Department of Justice on behalf of the Department of Defense and the Department of Energy pursuant to which, among other things, the U.S. Government reimburses us for 21% of qualifying costs of investigation and remediation activities at the Goodyear Site. As of June 30, 2023 September 30, 2023 and December 31, 2022, we recorded a receivable of \$4.3 \$3.8 million and \$4.8 million, respectively, for the expected reimbursements from the U.S. Government in respect of the aggregate liability as at that date. The receivable is reduced as reimbursements and other payments from the U.S. Government are received.

Other Environmental Matters

Roseland, NJ Site

The Roseland Site was operated by Resistoflex Corporation ("Resistoflex"), which became an indirect subsidiary in 1985 when Crane Co. (n/k/a Redco) acquired Resistoflex's parent company, UniDynamics Corporation. Resistoflex manufactured specialty lined pipe and fittings at the site from the 1950s until it was closed in the mid-1980s. We undertook an extensive soil remediation effort at the Roseland Site following our closure and had been monitoring the Site's condition in the years that followed. In response to changes in remediation standards, in 2014 we began to conduct further site characterization and delineation studies at the Site. We are in the late stages of our remediation activities at the Site, which include a comprehensive delineation of contaminants of concern in soil, groundwater, surface water, sediment, and indoor air in certain buildings, all in accordance with the New Jersey Department of Environmental Protection guidelines and directives.

Marion, IL Site

Crane Co. (n/k/a Redco) has been identified as a potentially responsible party ("PRP") with respect to environmental contamination at the Crab Orchard National Wildlife Refuge Superfund Site (the "Crab Orchard Site"). The Crab Orchard Site is located near Marion, Illinois, and consists of approximately 55,000 acres. Beginning in 1941, the United States used the Crab Orchard Site for the production of ordnance and other related products for use in World War II. In 1947, about half of the Crab Orchard Site was leased to a variety of industrial tenants whose activities (which continue to this day) included manufacturing ordnance and explosives. Unidynamics Corporation formerly leased portions of the Crab Orchard Site and conducted manufacturing operations at the Crab Orchard Site from 1952 until 1964. General Dynamics Ordnance and Tactical Systems, Inc. ("GD-OTS") is in the process of conducting a remedial investigation and feasibility study ("RI-FS") for portions of the Crab Orchard Site (the "AUS-OU"), which include areas where we maintained

operations, pursuant to an Administrative Order on Consent (the "AOC"). A remedial investigation report was approved in February 2015, and work on the feasibility study is underway. It is unclear when the final feasibility study will be completed, or when a final Record of Decision ("ROD") may be issued. As noted above, we have agreed to indemnify Redco against the Crab Orchard environmental liabilities, and accordingly we act as Redco's agent with respect to such liabilities.

GD-OTS asked Crane Co. (n/k/a Redco) to participate in a voluntary, multi-party mediation exercise with respect to response costs that GD-OTS has incurred or will incur with respect to the AUS-OU, and Crane Co. (n/k/a Redco), the U.S. Government, and other PRPs entered into a non-binding mediation agreement in 2015. We 2015 (we have since stepped into Redco's position as a participant in the mediation). The first phase of the mediation, involving certain former munitions or ordnance storage areas, began in November 2017, but did not result in a multi-party settlement agreement. Subsequently, Redco entered discussions directly with GD-OTS and reached an agreement, as of July 13, 2021, to contribute toward GD-OTS's past RI-FS costs associated with the first-phase areas for an immaterial amount. We, as indemnitor, have also agreed to pay a modest percentage of future RI-FS costs and the United States' claimed past response costs relative to the first-phase areas, a sum that has proven to be and we expect to continue to be, in the aggregate, an immaterial amount. We understand that GD-OTS has also reached agreements with the U.S. Government and other participating PRPs related to the first-phase areas of concern.

Negotiations between GD-OTS, the U.S. Government and remaining participants are underway with respect to resolution of the U.S. Government's liability for, and contribution claims with respect to, RI-FS costs associated with the remaining areas of the site, including those portions of the Crab Orchard Site where Redco's predecessor conducted manufacturing and research activities. The participants have reached agreement in principle on a framework for resolving the U.S. Government's share of RI-FS costs, subject to consummation of a mutually-agreeable consent decree. Further, we have reached a preliminary agreement in principle with GD-OTS on our contribution to the United States' claimed past response costs, for an immaterial amount, also conditioned on consummation of the consent decree, but further conditioned on a separate agreement to memorialize the parties' agreement with respect to the United States' response costs. At present, we at present cannot predict whether or when these negotiations will result in a definitive agreement. Further, negotiations are agreements. Negotiations remain ongoing between us and GD-OTS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

regarding a potential resolution of GD-OTS' claim for costs that it has incurred in performing its obligations under the AOC. We at present cannot predict when any determination of the ultimate allocable shares share of GD-OTS and U.S. Government response costs for which we may be liable is likely to be completed. None of these discussions address responsibility for the

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

performance of, or payment of costs incurred in connection with, any remedial design or remedial action that may be required pursuant to the ROD (when it is ultimately issued). It is not possible at this time to reasonably estimate the total amount of any obligation for remediation of the Crab Orchard Site as a whole because the allocation among PRPs, selection of remediation alternatives, and concurrence of regulatory authorities have not yet advanced to the stage where a reasonable estimate can be made. Insurers with contractual coverage obligations for this site have been notified of this potential liability and have been providing coverage, subject to reservations of rights.

Asbestos Liability

As a result of the Redco Sale, the Company contributed approximately \$550 million in cash, and all asbestos obligations and liabilities, related insurance assets and associated deferred tax assets of Redco were removed from the Company's condensed consolidated balance sheets effective August 12, 2022 and the Company no longer has any obligation with respect to pending and future asbestos claims.

The gross settlement and defense costs incurred for the periods presented was as follows:

(in millions)	Three Months Ended			Six Months Ended			(in millions)	Three Months Ended		Nine Months Ended		
	June 30,			2023	2022	2023	2022	September 30, 2022	September 30, 2022	September 30, 2022	September 30, 2022	
Settlement / indemnity costs incurred	Settlement / indemnity costs incurred	\$	—	\$	12.6	\$	—	\$	23.1	Settlement / indemnity costs incurred	\$	6.3
Defense costs incurred	Defense costs incurred	—		2.8	—	—		5.4	Defense costs incurred	1.0		6.4
Total costs incurred	Total costs incurred	\$	—	\$	15.4	\$	—	\$	28.5	Total costs incurred	\$	7.3
												35.8

The total pre-tax payments for settlement and defense costs, net of funds received from insurers, for the periods presented was as follows:

(in millions)	Three Months Ended			Six Months Ended			(in millions)	Three Months Ended		Nine Months Ended		
	June 30,			2023	2022	2023	2022	September 30, 2022	September 30, 2022	September 30, 2022	September 30, 2022	
Settlement / indemnity payments	Settlement / indemnity payments	\$	—	\$	17.6	\$	—	\$	27.3	Settlement / indemnity payments	\$	6.6
												33.8

Defense payments	Defense payments	—	2.9	—	5.0	Defense payments	1.1	6.1
Insurance receipts	Insurance receipts	—	(4.6)	—	(8.8)	Insurance receipts	(1.8)	(10.6)
Pre-tax cash payments, net	Pre-tax cash payments, net	\$ —	\$ 15.9	\$ —	\$ 23.5	Pre-tax cash payments, net	\$ 5.9	\$ 29.3

Other Proceedings

We regularly review the status of lawsuits, claims and proceedings that have been or may be asserted against us relating to the conduct of our business, including those pertaining to product liability, patent infringement, commercial, employment, employee benefits, environmental and stockholder matters. We record a provision for a liability for such matters when it is considered probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions, if any, are reviewed quarterly and adjusted as additional information becomes available. If either or both of the criteria are not met, we assess whether there is at least a reasonable possibility that a loss, or additional losses, may have been incurred. If there is a reasonable possibility that a loss or additional loss may have been incurred for such matters, we disclose the estimate of the amount of loss or range of loss, disclose that the amount is immaterial, or disclose that an estimate of loss cannot be made, as applicable. We believe that as of **June 30, 2023**, there was no reasonable possibility that a material loss, or any additional material losses, may have been incurred for such matters, and that adequate provision has been made in our financial statements for the potential impact of all such matters.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 12 - Financing

Our debt consisted of the following:

	June 30, 2023	September 30, 2023	December 31, 2022
(in millions)			
364-Day Credit Agreement	\$ —	\$ —	\$ 399.6
Total short-term borrowings	\$ —	\$ —	\$ 399.6
Term Facility ^a	\$ 262.3	\$ 250.3	\$ —
Total long-term debt	\$ 262.3	\$ 250.3	\$ —

(a) Debt issuance costs totaled \$0.9 million and \$0.4 million as of **June 30, 2023**, **September 30, 2023** and December 31, 2022, respectively, and have been netted against the aggregate principal amounts of the related debt in the components of the debt table above.

Credit Facilities – On March 17, 2023, **Crane** the Company entered into a senior secured credit agreement (the “Credit Agreement”), which provides provided for (i) a \$500 million, 5-year revolving credit facility (the “Revolving Facility”) and (ii) a \$300 million, 3-year term loan facility (the “Term Facility”), funding under each of which became available in connection with the Separation. On April 3, 2023, the Company borrowed the full amount of the Term Facility. The Company made principal prepayments of \$36.9 million on the Term Facility during the **second quarter** nine months ended September 30, 2023. As of **2023, September 30, 2023**, there were no outstanding borrowings under the Revolving Facility.

On October 2, 2023, the Company borrowed \$100 million under the revolving credit facility and on October 3, 2023, the Company exercised a portion of the accordion feature under its existing revolving credit facility to increase the available borrowing capacity from \$500 million, to \$800 million. The corresponding amendment established incremental revolving commitments in an aggregate amount of \$300 million and refreshed the incremental capacity under the Company’s existing credit agreement.

The Revolving Facility allows us to borrow, repay and re-borrow funds from time to time prior to the maturity of the Revolving Facility without any penalty or premium, subject to customary borrowing conditions for facilities of this type and the reimbursement of breakage costs. Borrowings under the Term Facility are prepayable without premium or penalty, subject to customary reimbursement of breakage costs. Interest on loans advanced under the Credit Agreement accrues, at our option, at a rate per annum equal to (1) adjusted term SOFR plus a credit spread adjustment of 0.10% for the applicable interest period plus a margin ranging from 1.50% to 2.25% or (2) a base rate plus a margin ranging from 0.50% to 1.25%, in each case, with such margin determined based on the lower of the ratings of our senior, unsecured long-term debt (the “Ratings”) and our total net leverage ratio. We are required to pay a fee on undrawn commitments under the Revolving Facility at a rate per annum that ranges from 0.20% to 0.35%, based on the lower of the Ratings and our total net leverage ratio. The Credit Agreement contains customary affirmative and negative covenants for credit facilities of this type, including limitations on our and our subsidiaries with respect to indebtedness, liens, mergers, consolidations, liquidations and dissolutions, sales of all or substantially all assets, transactions with affiliates, hedging arrangements and amendments to our organizational documents or to certain subordinated debt agreements. As of the last day of each fiscal quarter, our total net leverage ratio cannot exceed 3.50 to 1.00 (provided that, at our election, such maximum ratio may be increased to 4.00 to 1.00 for specified periods following our consummation of certain material acquisitions) and our minimum interest coverage ratio must be at least 3.00 to 1.00. The Credit Agreement also includes customary events of default, including failure to pay principal, interest or fees when due, failure to comply with covenants, any representation or warranty made by us or any of our material subsidiaries being false in any material respect, default under certain other material indebtedness, certain insolvency or receivership events affecting us and our material subsidiaries, certain ERISA events, material judgments and a change in control, in each case, subject to cure periods and thresholds where customary. The **company** Company was in compliance with all such covenants as of **June 30, 2023**.

As of June 30, 2023, there were no outstanding borrowings under the Revolving Facility. September 30, 2023.

364-Day Credit Agreement - On August 11, 2022, the Company entered into a senior unsecured 364-day credit facility (the "364-Day Credit Agreement") under which it borrowed term loans denominated in U.S. dollars (the "Term Loans") in an aggregate principal amount of \$400 million. Interest on the Term Loans accrued at a rate per annum equal to, at the Company's option, (a) a base rate (determined in a customary manner), plus a margin of 0.25% or 0.50% that was determined based upon the ratings by S&P and Moody's of the Company's senior unsecured long-term debt (the "Index Debt Rating") or (b) an adjusted Term SOFR (determined in a customary manner) for an interest period to be selected by the Company, plus a margin of 1.25% or 1.50% that was determined based upon the Index Debt Rating. During the first quarter of 2023, the Company repaid the remaining principal of \$400 million under the 364-Day Credit Agreement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 13 - Fair Value Measurements

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are to be considered from the perspective of a market participant that holds the asset or owes the liability. The standards also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standards describe three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical or similar assets and liabilities.

Level 2: Quoted prices for identical or similar assets and liabilities in markets that are not active or observable inputs other than quoted prices in active markets for identical or similar assets and liabilities. Level 2 assets and liabilities include over-the-counter derivatives, principally forward foreign exchange contracts, whose value is determined using pricing models with inputs that are generally based on published foreign exchange rates and exchange traded prices, adjusted for other specific inputs that are primarily observable in the market or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Valuation Technique

The carrying value of our financial assets and liabilities, including cash and cash equivalents, accounts receivable and accounts payable approximate fair value, without being discounted, due to the short periods during which these amounts are outstanding.

We are exposed to certain risks related to our ongoing business operations, including market risks related to fluctuation in currency exchange. We use foreign exchange contracts to manage the risk of certain cross-currency business relationships to minimize the impact of currency exchange fluctuations on our earnings and cash flows. We do not hold or issue derivative financial instruments for trading or speculative purposes. Foreign exchange contracts not designated as hedging instruments had a notional value of \$4.8 million \$10.8 million and \$4.1 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively. Our derivative assets and liabilities include foreign exchange contract derivatives that are measured at fair value using internal models based on observable market inputs such as forward rates and interest rates. Based on these inputs, the derivatives are classified within Level 2 of the valuation hierarchy. Such derivative receivable amounts are recorded within "Other current assets" on our Condensed Consolidated Balance Sheets and were \$0.1 million and was \$0.1 million as of June 30, 2023 and December 31, 2022, respectively. The Company had no such derivative receivable as of September 30, 2023. Such derivative liability amounts are recorded within "Accrued liabilities" on our Condensed Consolidated Balance Sheets and there were no derivative liabilities was \$0.2 million as of June 30, 2023 and September 30, 2023. The Company had no such derivative liability as of December 31, 2022, respectively.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 14 - Restructuring

Overview

2022 Repositioning - In the fourth quarter of 2022, in response to economic uncertainty, we initiated modest workforce reductions of approximately 160 employees, or about 2% of our global workforce. We expect to complete the program in the first quarter of 2024.

2019 Repositioning - In the fourth quarter of 2019, we initiated actions to consolidate two manufacturing operations in Europe within our Process Flow Technologies segment. In 2020, we recorded additional severance costs related to the final negotiation with the works council/union at both locations. These actions, taken together, included workforce reductions of approximately 180 employees, or about 2% of our global workforce. We expect to complete the program in the fourth quarter of 2023.

Restructuring gains, net

We The Company recorded a restructuring gains, net which are reflected in gain of \$0.3 million during the Condensed Consolidated Statements of Operations, as follows:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022

Engineered Materials	\$	(0.3)	\$	—	\$	(0.3)	\$	—
Total restructuring gains, net	\$	(0.3)	\$	—	\$	(0.3)	\$	—

nine months ended September 30, 2023.

The following table summarizes the cumulative restructuring costs, net incurred through June 30, 2023 September 30, 2023. As of June 30, 2023 September 30, 2023, we do not expect to incur additional facility consolidation costs to complete these actions.

(in millions)	Cumulative Restructuring Costs, Net		
	Severance	Other	Total
Aerospace & Electronics	\$ 1.5	\$ —	\$ 1.5
Process Flow Technologies	6.3	—	6.3
Engineered Materials	0.1	—	0.1
2022 Repositioning	\$ 7.9	\$ —	\$ 7.9
Process Flow Technologies	\$ 14.9	\$ (2.8)	\$ 12.1
2019 Repositioning	\$ 14.9	\$ (2.8)	\$ 12.1

Restructuring Liability

The following table summarizes the accrual balances related to each restructuring program:

(in millions)	(in millions)	2019			(in millions)	2022			(in millions)
		2022 Repositioning	Repositioning	Total		Repositioning	Repositioning	Total	
<u>Severance:</u>	<u>Severance:</u>				<u>Severance:</u>				
Balance as of December 31, 2022 (a)	Balance as of December 31, 2022 (a)	\$ 8.2	\$ 2.4	\$ 10.6	Balance as of December 31, 2022 (a)	\$ 8.2	\$ 2.4	\$ 10.6	
Utilization	Utilization	(2.5)	(1.1)	(3.6)	Utilization	(3.4)	(1.5)	(4.9)	
Balance as of June 30, 2023 (a)		\$ 5.7	\$ 1.3	\$ 7.0					
Balance as of September 30, 2023 (a)					Balance as of September 30, 2023 (a)	\$ 4.8	\$ 0.9	\$ 5.7	

(a) Included within Accrued Liabilities in the Condensed Consolidated Balance Sheets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 15-Subsequent Events

On October 2, 2023, the Company borrowed \$100 million under its existing revolving credit facility to complete the \$91 million, cash-free, and debt-free, acquisition of Baum lined piping GmbH ("BAUM"), which closed on October 4, 2023. BAUM is German-based company that designs, manufactures, and distributes lined piping products primarily focused on chemical and industrial end markets. BAUM will be included in our Process Flow Technologies segment. On October 3, 2023, the Company exercised a portion of the accordion feature under its existing revolving credit facility to increase available borrowing capacity from \$500 million to \$800 million to support potential additional acquisitions.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

This Quarterly Report on Form 10-Q contains information about Crane Company some of which includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements other than historical information or statements about our current condition. You can identify forward-looking statements by the use of terms such as "believes," "contemplates," "expects," "may," "could," "should," "would," or "anticipates," other similar phrases, or the negatives of these terms.

Reference herein to "Crane," "the Company," "we," "us" and "our" refer to Crane Company and its subsidiaries unless the context specifically states or implies otherwise. References to "core business" or "core sales" in this report include sales from acquired businesses starting from and after the first anniversary of the acquisition but exclude currency effects.

Amounts in the following discussion are presented in millions, except employee, share and per share data, or unless otherwise stated.

We have based the forward-looking statements relating to our operations on our current expectations, estimates and projections about us and the markets we serve. We caution you that these statements are not guarantees of future performance and involve risks and uncertainties. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. There are a number of other factors, including risks and uncertainties related to the ongoing effects of the COVID-19 pandemic, that could cause actual results or outcomes to differ materially from those expressed or implied in the forward-looking statements. Such factors also include, among others: changes in global economic conditions (including inflationary pressures and higher interest rates) and geopolitical risks, including macroeconomic fluctuations that may harm our business, results of operations and stock price; information systems and technology networks failures and breaches in data security, personally identifiable and other information, non-compliance with our contractual or other legal obligations regarding such information; our ability to source components and raw materials from suppliers, including disruptions and delays in our supply chain; demand for our products, which is variable and subject to factors beyond our control; governmental regulations and failure to comply with those regulations; fluctuations in the prices of our components and raw materials; loss of personnel or being able to hire and retain additional personnel needed to sustain and grow our business as planned; risks from environmental liabilities, costs, litigation and violations that could adversely affect our financial condition, results of operations, cash flows and reputation; risks associated with conducting a substantial portion of our business outside the United States; being unable to identify or complete acquisitions, or to successfully integrate the businesses we acquire, or complete dispositions; adverse impacts from intangible asset impairment charges; potential product liability or warranty claims; being unable to successfully develop and introduce new products, which would limit our ability to grow and maintain our competitive position and adversely affect our financial condition, results of operations and cash flow; significant competition in our markets; additional tax expenses or exposures that could affect our financial condition, results of operations and cash flows; inadequate or ineffective internal controls; specific risks relating to our reportable segments, including Aerospace & Electronics, Process Flow Technologies, and Engineered Materials; the ability and willingness of Crane Company to meet and/or perform their obligations under any contractual arrangements entered into among the parties in connection with the Separation and any of their obligations to indemnify, defend and hold the other party harmless from and against various claims, litigation and liabilities; our ability to achieve some or all the benefits that we expect to achieve from the Separation; and other risks noted in reports that we file with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and subsequent reports and other documents filed by us with the Securities and Exchange Commission, including any registration statement relating to our business separation. We do not undertake any obligation to update or revise any forward-looking statements to reflect any future events or circumstances.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Recent Transactions

Separation

On April 3, 2023, Crane Holdings, Co. was separated into two independent, publicly-traded companies in a transaction in which Crane Holdings, Co. retained its Payment & Merchandising Technologies segment and spun-off its Aerospace & Electronics, Process Flow Technologies and Engineered Materials segments to Crane Holdings, Co. stockholders. Upon consummation of the Separation, each of our stockholders received one share of Crane Company common stock for every one share of our common stock held on March 23, 2023, the record date for the distribution.

BAUM Acquisition

On October 4, 2023, the Company completed the acquisition of Baum lined piping GmbH ("BAUM") for approximately \$91 million on a cash-free and debt-free basis. BAUM is a German based company that designs, manufactures, and distributes lined piping products primarily focused on chemical and industrial end markets. BAUM will be included in our Process Flow Technologies segment.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results from Continuing Operations – Three Month Periods Months Ended June September 30.

The following information should be read in conjunction with our condensed consolidated financial statements and related notes. All comparisons below refer to the second quarter 2023 versus the second quarter 2022, unless otherwise specified.

	Second Quarter					Favorable/(Unfavorable) Change					Third Quarter					Favorable/(Unfavorable) Change				
	(dollars in millions)		2023	2022	\$	%	(dollars in millions)		2023	2022	\$	%	(dollars in millions)		2023	2022	\$	%		
Net sales	Net sales	\$ 509.6	\$ 530.3	\$ (20.7)	(3.9) %	Net sales	\$ 530.1	\$ 480.0	\$ 50.1	10.4 %										
Cost of sales	Cost of sales	308.5	352.8	44.3	12.6 %	Cost of sales	326.9	310.7	(16.2)	(5.2) %										
as a percentage of sales	as a percentage of sales	60.5 %	66.5 %			as a percentage of sales			61.7 %	64.7 %										
Selling, general and administrative and	Selling, general and administrative	138.0	133.8	(4.2)	(3.1) %	Selling, general and administrative	126.9	124.1	(2.8)	(2.3) %										
as a percentage of sales	as a percentage of sales	27.1 %	25.2 %			as a percentage of sales			23.9 %	25.9 %										
Operating profit		63.1	43.7	19.4	44.4 %															

Loss on divestiture of asbestos-related assets and liabilities		Loss on divestiture of asbestos-related assets and liabilities	—	162.4	162.4	NM				
Operating profit (loss)		Operating profit (loss)	76.3	(117.2)	193.5	NM				
Operating margin	Operating margin	12.4 %	8.2 %	Operating margin	14.4 %	(24.4) %				
Other income (expense):	Other income (expense):			Other income (expense):						
Interest income	Interest income	0.8	0.6	0.2	33.3 %	Interest income	1.5	1.4	0.1	7.1 %
Interest expense	Interest expense	(5.3)	(0.8)	(4.5)	(562.5) %	Interest expense	(4.8)	(3.0)	(1.8)	(60.0) %
Gain on sale of business	Gain on sale of business	—	228.7	(228.7)	NM	Gain on sale of business	—	3.8	(3.8)	NM
Miscellaneous (expense) income, net		(1.3)	13.0	(14.3)	(110.0) %					
Total other expense		(5.8)	241.5	(247.3)	(102.4) %					
Income from continuing operations before income taxes		57.3	285.2	(227.9)	(79.9) %	Miscellaneous income (expense), net	1.3	4.5	(3.2)	(71.1) %
Miscellaneous income (expense), net						Total other (expense) income, net	(2.0)	6.7	(8.7)	(129.9) %
Total other (expense) income, net						Income (Loss) from continuing operations before income taxes	74.3	(110.5)	184.8	167.2 %
Income (Loss) from continuing operations before income taxes						Provision for income taxes	19.1	10.4	(8.7)	(83.7) %
Provision for income taxes	Provision for income taxes	14.0	78.6	64.6	82.2 %	Net income from continuing operations attributable to common shareholders	\$ 43.3	\$ 206.6	\$ (163.3)	(79.0) %
Net income from continuing operations attributable to common shareholders		\$ 43.3	\$ 206.6	\$ (163.3)	(79.0) %	Net income (loss) from continuing operations attributable to common shareholders	\$ 55.2	\$ (120.9)	\$ 176.1	145.7 %
Net income (loss) from continuing operations attributable to common shareholders										

(i) Certain variances are labeled as not meaningful ("NM") throughout management's discussion and analysis.

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Sales decreased increased by \$20.7 50.1 million, or 3.9% 10.4%, to \$509.6 million \$530.1 million in 2023. The year-over-year change in sales included:

- an increase in core sales of \$24.9 million \$44.7 million, or 4.7% 9.3%, which was driven primarily by higher pricing; and
- unfavorable favorable foreign currency translation of \$1.5 million \$5.4 million, or 0.3%; and
- a decrease in sales related to the May 2022 divestiture of Crane Supply of \$44.0 million, or 8.3% 1.1%.

Cost of sales decreased increased by \$44.3 million \$16.2 million, or 12.6% 5.2%, to \$308.5 million \$326.9 million in 2023. The decrease increase is primarily related to the impact of the sale of Crane Supply of \$32.3 million, or 9.1%, strong productivity gains of \$9.7 million, or 2.8%, the impact of lower volumes of \$9.5 million, or 2.7%, partially offset by an increase

in higher material, labor and other manufacturing costs of \$13.8 million, or 4.4%, increased volumes of \$5.3 million, or 1.5% 1.7% and unfavorable mix of \$3.7 million \$4.4 million, or 1.4%, partially offset by strong productivity gains of \$10.2 million, or 3.3%, and unfavorable foreign currency translation of \$3.3 million, or 1.1%.

Selling, general and administrative expenses increased by \$4.2 million \$2.8 million, or 3.1% 2.3%, to \$138.0 million \$126.9 million in 2023 reflecting 2023. The increase primarily reflected a \$13.9 million \$4.9 million, or 10.4% 3.9%, increase in administrative expenses primarily related to the Separation, selling and engineering costs, partially offset by the impact of the sale of Crane Supply of \$6.2 million, or 4.6%, and productivity gains and restructuring savings of \$2.8 million \$2.1 million, or 2.1% 1.7%.

Operating profit increased by \$19.4 million, or 44.4%, \$193.5 million to \$63.1 million \$76.3 million in 2023. The increase is primarily reflected related to the absence of the 2022 loss on divestiture of asbestos-related assets and liabilities of \$162.4 million and higher pricing net of inflation, and productivity, of \$29.7 million \$28.0 million, or 68.0%, partially offset by the impact of the sale of Crane Supply of \$5.5 million, or 12.6% and unfavorable mix of \$3.7 million, or 8.5% 23.9%.

Other (expense) income, net decreased \$247.3 million by \$8.7 million, or 129.9%, to \$(5.8) (\$2.0) million, primarily reflecting the prior year gain on the sale of the Crane Supply business of \$228.7 million in 2022, not repeating in 2023. Supply.

Our effective tax rate attributable to continuing operations for For the three months ended June 30, 2023 September 30, 2023, our effective tax rate is lower than the prior year's comparable periods primarily due to the prior year effect of a reversal of a deferred tax asset established that related to the sale of a subsidiary in a prior period, partially offset impacted by earnings in jurisdictions with statutory tax rates higher than the United States U.S. and expenses statutorily non-deductible for income tax purposes in the current period.

period, this is partially offset by the statutory U.S. deduction related to our non-U.S. subsidiaries' income. In the prior year's three month period ended September 30, 2022, the Company reported a loss on the asbestos related transaction with no correlative income tax benefit, which resulted in the prior year's negative effective tax rate.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our effective tax rate attributable to continuing operations for the three months ended June 30, 2023 is higher than the statutory U.S. federal tax rate of 21% primarily due to earnings in jurisdictions with statutory tax rates higher than the United States, expenses that are statutorily non-deductible for income tax purposes and U.S. state taxes, partially offset by excess share-based compensation benefits, tax credit utilization, and the statutory U.S. deduction related to our non-U.S. subsidiaries' income.

Comprehensive Income (Loss)

(in millions)	Three Months Ended	
	June 30,	2023
Net income before allocation to noncontrolling interests	\$ 45.6	\$ 258.2
Components of other comprehensive income (loss), net of tax		
Currency translation adjustment	0.7	(75.9)
Changes in pension and postretirement plan assets and benefit obligation, net of tax	2.6	3.5
Other comprehensive income (loss), net of tax	3.3	(72.4)
Comprehensive income before allocation to noncontrolling interests	48.9	185.8
Less: Noncontrolling interests in comprehensive income	(0.1)	(0.1)
Comprehensive income attributable to common shareholders	\$ 49.0	\$ 185.9

(in millions)	Three Months Ended	
	September 30,	2023
Net income (loss) before allocation to noncontrolling interests	\$ 55.2	\$ (59.3)
Components of other comprehensive (loss) income, net of tax		
Currency translation adjustment	(15.7)	(77.7)
Changes in pension and postretirement plan assets and benefit obligation, net of tax	3.6	2.3
Other comprehensive loss, net of tax	(12.1)	(75.4)
Comprehensive income (loss) before allocation to noncontrolling interests	43.1	(134.7)
Less: Noncontrolling interests in comprehensive income	—	(0.3)
Comprehensive income (loss) attributable to common shareholders	\$ 43.1	\$ (134.4)

For the three months ended June 30, 2023 September 30, 2023, comprehensive income before allocation to noncontrolling interests was \$48.9 million \$43.1 million compared to \$185.8 million \$134.7 million loss in the same period of 2022. The \$136.9 million decrease \$177.8 million increase was primarily driven by the \$76.6 million year-over-year favorable

Impact of foreign currency translation, due to the impact of the British pound and euro against the U.S. dollar, offset by lower higher net income before allocation to noncontrolling interests of \$212.6 million, \$114.5 million and a \$62.0 million year-over-year favorable impact of foreign currency translation, reflecting a stronger euro against the U.S. dollar.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Segment Results of Operations - Three Month Periods Months Ended June September 30.

Aerospace & Electronics

(dollars in millions)	Second Quarter				Favorable/(Unfavorable) Change		(dollars in millions)	Third Quarter				Favorable/(Unfavorable) Change	
	2023	2022	\$	%	2023	2022		2023	2022	\$	%		
Net sales by product line:	Net sales by product line:						Net sales by product line:						
Commercial Original Equipment	Commercial Original Equipment	\$ 69.8	\$ 60.6	\$ 9.2	15.2 %		Commercial Original Equipment	\$ 75.8	\$ 63.7	\$ 12.1	19.0 %		
Military Original Equipment	Military Original Equipment	62.8	57.1	5.7	10.0 %		Military Original Equipment	64.4	57.1	7.3	12.8 %		
Commercial Aftermarket Products	Commercial Aftermarket Products	40.8	29.0	11.8	40.7 %		Commercial Aftermarket Products	48.5	34.8	13.7	39.4 %		
Military Aftermarket Products	Military Aftermarket Products	15.8	14.8	1.0	6.8 %		Military Aftermarket Products	18.5	11.6	6.9	59.5 %		
Total net sales	Total net sales	\$ 189.2	\$ 161.5	\$ 27.7	17.2 %		Total net sales	\$ 207.2	\$ 167.2	\$ 40.0	23.9 %		
Cost of sales	Cost of sales	\$ 116.6	\$ 101.2	\$ (15.4)	(15.2) %		Cost of sales	\$ 131.5	\$ 106.8	\$ (24.7)	(23.1) %		
as a percentage of sales	as a percentage of sales	61.6 %	62.7 %				as a percentage of sales	63.5 %	63.9 %				
Selling, general and administrative	Selling, general and administrative	\$ 34.3	\$ 32.1	\$ (2.2)	(6.9) %		Selling, general and administrative	\$ 35.5	\$ 32.2	\$ (3.3)	(10.2) %		
as a percentage of sales	as a percentage of sales	18.1 %	19.9 %				as a percentage of sales	17.1 %	19.3 %				
Operating profit	Operating profit	\$ 38.3	\$ 28.2	\$ 10.1	35.8 %		Operating profit	\$ 40.2	\$ 28.2	\$ 12.0	42.6 %		
Operating margin	Operating margin	20.2 %	17.5 %				Operating margin	19.4 %	16.9 %				
Supplemental Data:	Supplemental Data:						Supplemental Data:						
Backlog	Backlog	\$ 675.1	\$ 534.4	\$ 140.7	26.3 %		Backlog	\$ 677.9	\$ 591.6	\$ 86.3	14.6 %		

Sales increased \$27.7 million \$40.0 million, or 17.2% 23.9%, to \$189.2 million \$207.2 million in 2023, primarily due to higher volumes and strong pricing.

- Sales of Commercial Original Equipment increased \$9.2 million \$12.1 million, or 15.2% 19.0%, to \$69.8 million \$75.8 million in 2023, reflecting strong demand from aircraft manufacturers as the industry aircraft build rates continue to recover from the COVID-19 related slowdown, partially offset by material availability constraints.
- Sales of Military Original Equipment increased \$5.7 million \$7.3 million, or 10.0% 12.8%, to \$62.8 million \$64.4 million in 2023, primarily reflecting strong demand from defense and space customers.
- Sales of Commercial Aftermarket Products increased \$11.8 million \$13.7 million, or 40.7% 39.4%, to \$40.8 million \$48.5 million in 2023, reflecting continued strong demand from the airlines due to improving air traffic and inventory restocking.
- Sales of Military Aftermarket Products increased \$1.0 million \$6.9 million, or 6.8% 59.5%, to \$15.8 million \$18.5 million in 2023, reflecting stronger demand from military customers.

Cost of sales increased by \$15.4 million \$24.7 million, or 15.2% 23.1%, to \$116.6 million \$131.5 million in 2023, primarily reflecting higher material and other manufacturing costs of \$10.0 million \$16.3 million, or 9.9% 15.3%, increased volumes of \$6.9 million \$12.7 million, or 6.9%, unfavorable mix of \$1.6 million, or 1.6% 11.9%, partially offset by productivity gains and favorable mix of \$3.2 million \$4.5 million, or 3.1% 4.2%.

Selling, general and administrative expenses increased **\$2.2 million** **\$3.3 million**, or **6.9% 10.2%**, to **\$34.3 million** **\$35.5 million**, primarily related to higher engineering administrative and administrative engineering costs of **\$3.3 million** **\$5.0 million**, or **10.2% 15.5%**, partially offset by productivity and restructurings savings of **\$1.9 million** **\$1.8 million**, or **5.8% 5.6%**.

Operating profit increased by **\$10.1 million** **\$12.0 million**, or **35.8% 42.6%**, to **\$38.3 million** **\$40.2 million** in 2023. The increase primarily reflected higher volumes and productivity of **\$9.9 million** **\$12.5 million**, or **35.2% 44.3%**.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Process Flow Technologies

(dollars in millions)	(dollars in millions)	Second Quarter		Favorable/(Unfavorable) Change		(dollars in millions)	Third Quarter		Favorable/(Unfavorable) Change	
		2023	2022	\$	%		2023	2022	\$	%
Net sales by product line:	Net sales by product line:					Net sales by product line:				
Process Valves and Related Products	Process Valves and Related Products	\$ 197.4	\$ 186.7	\$ 10.7	5.7 %	Process Valves and Related Products	\$ 197.3	\$ 186.2	\$ 11.1	6.0 %
Commercial Valves	Commercial Valves	28.8	77.2	(48.4)	(62.7) %	Commercial Valves	31.2	30.4	0.8	2.6 %
Pumps and Systems	Pumps and Systems	37.0	32.1	4.9	15.3 %	Pumps and Systems	38.2	33.4	4.8	14.4 %
Total net sales	Total net sales	\$ 263.2	\$ 296.0	\$ (32.8)	(11.1) %	Total net sales	\$ 266.7	\$ 250.0	\$ 16.7	6.7 %
Cost of sales	Cost of sales	\$ 149.4	\$ 191.2	\$ 41.8	21.9 %	Cost of sales	\$ 152.2	\$ 153.0	\$ 0.8	0.5 %
as a percentage of sales	as a percentage of sales	56.8 %	64.6 %			as a percentage of sales	57.1 %	61.2 %		
Selling, general and administrative	Selling, general and administrative	\$ 63.2	\$ 64.2	\$ 1.0	1.6 %	Selling, general and administrative	\$ 63.3	\$ 55.7	\$ (7.6)	(13.6) %
as a percentage of sales	as a percentage of sales	24.0 %	21.7 %			as a percentage of sales	23.7 %	22.3 %		
Operating profit	Operating profit	\$ 50.6	\$ 40.6	\$ 10.0	24.6 %	Operating profit	\$ 51.2	\$ 41.3	\$ 9.9	24.0 %
Operating margin	Operating margin	19.2 %	13.7 %			Operating margin	19.2 %	16.5 %		
Supplemental Data:	Supplemental Data:					Supplemental Data:				
Backlog	Backlog	\$ 352.9	\$ 348.6	\$ 4.3	1.2 %	Backlog	\$ 352.9	\$ 353.7	\$ (0.8)	(0.2) %

Sales decreased increased by **\$32.8 million** **\$16.7 million**, or **11.1% 6.7%**, to **\$263.2 million** **\$266.7 million** in 2023, driven by a **\$44.0 million**, or **14.9%**, impact from the sale of Crane Supply and **\$1.6 million**, or **0.5%**, of unfavorable foreign currency translation, partially offset by core sales growth of **\$12.7 million** **\$12.0 million**, or **4.3% 4.8%**, and **\$4.7 million**, or **1.9%**, of favorable foreign currency translation.

- Sales of Process Valves and Related Products increased by **\$10.7 million** **\$11.1 million**, or **5.7% 6.0%**, to **\$197.4 million** **\$197.3 million** in 2023, reflecting an increase in core sales partially offset by unfavorable and favorable foreign currency translation as the Chinese Yuan and the Canadian Dollar weakened Euro strengthened against the U.S. dollar. Sales growth was driven primarily by strength in Industrial end markets and higher pricing.
- Sales of Commercial Valves decreased by **\$48.4 million**, or **62.7%**, to **\$28.8 million** in 2023, primarily driven by the impact of the divestiture of Crane Supply of **\$44.0 million**, or **57.0%**, and, to a lesser extent, modest weakening in the U.K. non-residential construction markets.
- Sales of Pumps & Systems increased by **\$4.9 million** **\$4.8 million**, or **15.3% 14.4%**, to **\$37.0 million** **\$38.2 million** in 2023, reflecting an increase in core sales primarily driven by higher prices and volumes across all key end markets.

Cost of sales decreased by **\$41.8 million** **\$0.8 million**, or **21.9% 0.5%**, to **\$149.4 million** **\$152.2 million**, primarily related to the impact of the sale of Crane Supply of **\$32.3 million**, or **16.9%**, productivity gains of **\$5.8 million** **\$6.7 million**, or **3.0% 4.4%**, impact of lower volumes of **\$5.0 million** **\$3.8 million**, or **2.6% 2.5%**, partially offset by unfavorable mix of **\$3.3 million** **\$6.8 million**, or **1.7% 4.4%** and unfavorable foreign currency translation of **\$3.1 million**, or **2.0%**.

Selling, general and administrative expense decreased increased by **\$1.0 million** **\$7.6 million**, or **1.6% 13.6%**, to **\$63.2 million** **\$63.3 million**, primarily related to the sale of Crane Supply of **\$6.2 million**, or **9.7%**, partially offset by higher selling and administrative costs of **\$5.3 million** **\$8.0 million**, or **8.3% 14.4%**.

Operating profit increased by \$10.0 million \$9.9 million, or 24.6% 24.0%, to \$50.6 million \$51.2 million in 2023. The increase is primarily due to higher pricing net of inflation, and productivity of \$22.2 million \$17.7 million, or 54.7% 42.9%, partially offset by the impact of lower volumes and unfavorable mix of \$6.5 million \$6.8 million, or 16.0%, and the impact from the sale of Crane Supply of \$5.5 million, or 13.5% 16.5%.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Engineered Materials

(dollars in millions)	Second Quarter				Favorable/(Unfavorable) Change		(dollars in millions)	Third Quarter				Favorable/(Unfavorable) Change	
	(dollars in millions)	2023	2022	\$	%	(dollars in millions)	2023	2022	\$	%			
Net sales by product line:	Net sales by product line:					Net sales by product line:							
FRP - Recreational Vehicles	FRP - Recreational Vehicles	\$ 17.1	\$ 32.2	\$ (15.1)	(46.9) %	FRP - Recreational Vehicles	\$ 19.6	\$ 24.9	\$ (5.3)	(21.3) %			
FRP - Building Products	FRP - Building Products	31.4	31.8	(0.4)	(1.3) %	FRP - Building Products	27.5	29.0	(1.5)	(5.2) %			
FRP - Transportation	FRP - Transportation	8.7	8.8	(0.1)	(1.1) %	FRP - Transportation	9.1	8.9	0.2	2.2 %			
Total net sales	Total net sales	\$ 57.2	\$ 72.8	\$ (15.6)	(21.4) %	Total net sales	\$ 56.2	\$ 62.8	\$ (6.6)	(10.5) %			
Cost of sales	Cost of sales	\$ 42.5	\$ 60.6	\$ 18.1	29.9 %	Cost of sales	\$ 43.3	\$ 51.2	\$ 7.9	15.4 %			
as a percentage of sales	as a percentage of sales	74.3 %	83.2 %			as a percentage of sales	77.0 %	81.5 %					
Selling, general and administrative	Selling, general and administrative	\$ 4.9	\$ 4.9	\$ —	0.0 %	Selling, general and administrative	\$ 5.2	\$ 4.9	\$ (0.3)	(6.1) %			
as a percentage of sales	as a percentage of sales	8.6 %	6.7 %			as a percentage of sales	9.3 %	7.8 %					
Operating profit	Operating profit	\$ 9.8	\$ 7.3	\$ 2.5	34.2 %	Operating profit	\$ 7.7	\$ 6.7	\$ 1.0	14.9 %			
Operating margin	Operating margin	17.1 %	10.0 %			Operating margin	13.7 %	10.7 %					
Supplemental Data:	Supplemental Data:					Supplemental Data:							
Backlog	Backlog	\$ 14.5	\$ 22.0	\$ (7.5)	(34.1) %	Backlog	\$ 14.6	\$ 18.5	\$ (3.9)	(21.1) %			

Sales decreased \$15.6 million \$6.6 million, or 21.4% 10.5%, to \$57.2 million \$56.2 million in 2023, primarily reflecting lower volumes partially offset by higher pricing of \$5.8 million, or 9.2%. The decrease was primarily driven by lower sales to recreational vehicle manufacturers.

Cost of sales decreased \$18.1 million \$7.9 million, or 29.9% 15.4%, to \$42.5 million \$43.3 million in 2023, primarily related to lower volumes of \$11.4 million \$3.5 million, or 18.8% 6.8%, and lower raw materials and other manufacturing costs of \$4.8 million \$2.9 million, or 7.9% 5.7%.

Operating profit increased by \$2.5 million \$1.0 million, or 34.2% 14.9%, to \$9.8 million \$7.7 million in 2023, primarily reflecting the impact of higher pricing net of inflation lower raw material and other manufacturing costs, stronger productivity gains and favorable mix, partially offset by lower volumes.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results from Continuing Operations - Six Month Periods Nine Months Ended June September 30.

The following information should be read in conjunction with our condensed consolidated financial statements and related notes. All comparisons below refer to the first six nine months of 2023 versus the first six nine months of 2022, unless otherwise specified.

(dollars in millions)	(dollars in millions)	Favorable/(Unfavorable) Change				(dollars in millions)	Favorable/(Unfavorable) Change			
		2023	2022	\$	%		2023	2022	\$	%
Net sales	Net sales	\$ 1,023.4	\$ 1,069.1	\$ (45.7)	(4.3) %	Net sales	\$ 1,553.5	\$ 1,549.1	\$ 4.4	0.3 %
Cost of sales	Cost of sales	615.4	699.9	84.5	12.1 %	Cost of sales	942.3	1,010.6	68.3	6.8 %

as a percentage of sales	as a percentage of sales	60.1 %	65.5 %		as a percentage of sales	60.7 %	65.2 %
Selling, general and administrative:		267.4	262.7	(4.7)	(1.8) %		
Selling, general and administrative					Selling, general and administrative	394.3	386.8
as a percentage of sales	as a percentage of sales	26.1 %	24.6 %		as a percentage of sales	25.4 %	25.0 %
Operating profit		140.6	106.5	34.1	32.0 %		
Loss on divestiture of asbestos-related assets and liabilities					Loss on divestiture of asbestos-related assets and liabilities	—	162.4
Operating profit (loss)					Operating profit (loss)	216.9	(10.7)
Operating margin	Operating margin	13.7 %	10.0 %		Operating margin	14.0 %	(0.7) %
Other income (expense):	Other income (expense):				Other income (expense):		
Interest income	Interest income	1.7	0.9	0.8	88.9 %	Interest income	3.2
Interest expense	Interest expense	(11.8)	(1.4)	(10.4)	(742.9) %	Interest expense	(16.7)
Gain on sale of business	Gain on sale of business	—	228.7	(228.7)	NM	Gain on sale of business	—
Miscellaneous income, net		(1.9)	16.1	(18.0)	(111.8) %	Miscellaneous (expense) income, net	(0.5)
Total other (expense) income		(12.0)	244.3	(256.3)	(104.9) %	Total other (expense) income, net	20.6
Miscellaneous (expense) income, net					Miscellaneous (expense) income, net	(21.1)	(102.4) %
Total other (expense) income, net					Total other (expense) income, net	251.0	(105.6) %
Income from continuing operations before income taxes	Income from continuing operations before income taxes	128.6	350.8	(222.2)	(63.3) %	Income from continuing operations before income taxes	202.9
Provision for income taxes	Provision for income taxes	29.4	98.1	68.7	70.0 %	Provision for income taxes	48.5
Net income from continuing operations attributable to common shareholders	Net income from continuing operations attributable to common shareholders	\$ 99.2	\$ 252.7	\$ (153.5)	(60.7) %	Net income from continuing operations attributable to common shareholders	\$ 154.4
							\$ 131.8
							\$ 22.6
							17.1 %

(n) Certain variances are labeled as not meaningful ("NM") throughout management's discussion and analysis.

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Sales decreased increased by \$45.7 million \$4.4 million, or 4.3% 0.3%, to \$1,023.4 million \$1,553.5 million in 2023. The year-over-year change in sales included:

- an increase in core sales of \$70.4 \$114.9 million, or 6.6% 7.4%, which was driven primarily by higher pricing;
- unfavorable foreign currency translation of \$10.2 \$4.8 million, or 1.0% 0.3%; and
- a decrease in sales related to the May 2022 divestiture of Crane Supply of \$105.8 million, or 9.9% 6.8%.

Cost of sales decreased by \$84.5 million \$68.3 million, or 12.1% 6.8%, to \$615.4 million \$942.3 million in 2023. The decrease is primarily related to the sale of Crane Supply of \$78.3 million, or 11.2% 7.7%, strong productivity of \$18.4 million \$28.6 million, or 2.6% 2.8%, lower volumes of \$10.0 million \$4.7 million, or 1.4% 0.5%, favorable foreign currency translation of \$5.6 million \$2.3 million, or 0.8% 0.2%, partially offset by an increase in material, labor and other manufacturing costs of \$16.9 million \$30.7 million, or 2.4% 3.0%, and unfavorable mix of \$13.4 million \$17.9 million, or 1.9% 1.8%.

Selling general and administrative expenses increased by \$4.7 million \$7.5 million, or 1.8% 1.9%, to \$267.4 million \$394.3 million in 2023, reflecting a \$23.0 million \$29.7 million, or 8.8% 7.7%, increase in administrative expenses primarily related to the Separation, partially offset by the impact of the sale of Crane Supply of \$12.2 million \$12.5 million, or 4.7% 3.2%, and restructuring savings and productivity gains of \$5.1 million \$7.9 million, or 2.0%.

Operating profit increased by \$34.1 million, or 32.0%, \$227.6 million to \$140.6 million \$216.9 million in 2023. The increase in operating profit is primarily related to the absence of the 2022 loss on divestiture of asbestos-related assets and liabilities of \$162.4 million, higher pricing net of inflation \$36.7 million, or 34.4% of \$53.1 million, productivity and restructuring savings of \$24.5 million or 23.0% \$37.8 million and the impact of volumes of \$3.6 million, or 3.3% \$7.5 million, partially offset by unfavorable mix of \$17.9 million and the impact of the sale of Crane Supply of \$15.2 million, or 14.3%, unfavorable mix of \$13.4 million, or 12.6%, unfavorable foreign currency translation of \$4.4 million, or 4.1% \$14.9 million.

Other (expense) income, (expense) net decreased \$256.3 million by \$265.0 million, or 105.6%, to \$(12.0) (\$14.0) million, primarily reflecting the gain on the sale of the Crane Supply business of \$228.7 million in 2022, not repeating in 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our effective tax rate attributable to continuing operations for the six nine months ended June 30, 2023 September 30, 2023, is lower than the prior year's comparable periods period primarily due to the prior year effect of a reversal of a deferred tax asset established that related to the planned sale of a subsidiary in a prior period and a greater benefit prior year loss on the asbestos-related transaction and the lack of a related to share-based compensation in current period tax benefit. This is partially offset by earnings in jurisdictions with statutory tax rates higher than the United States and expenses statutorily non-deductible for income tax purposes in current period.

Comprehensive Income

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

	Nine Months Ended September 30,	
(in millions)	2023	2022
Net income before allocation to noncontrolling interests	\$ 206.5	\$ 303.9
Components of other comprehensive income (loss), net of tax		
Currency translation adjustment	(2.3)	(175.2)
Changes in pension and postretirement plan assets and benefit obligation, net of tax	8.9	9.1
Other comprehensive income (loss), net of tax	6.6	(166.1)
Comprehensive income before allocation to noncontrolling interests	213.1	137.8
Less: Noncontrolling interests in comprehensive income	(0.2)	(0.3)
Comprehensive income attributable to common shareholders	\$ 213.3	\$ 138.1

Our effective tax rate attributable to continuing operations For the six nine months ended June 30, 2023 is higher than the statutory U.S. federal tax rate of 21% primarily due to earnings in jurisdictions with statutory tax rates higher than the United States, expenses that are statutorily non-deductible for income tax purposes and U.S. state taxes, partially offset by excess share-based compensation benefits, tax credit utilization, and the statutory U.S. deduction related to our non-U.S. subsidiaries' income.

Comprehensive Income

Six Months Ended June 30,

(in millions)	2023	2022
Net income before allocation to noncontrolling interests	\$ 151.3	\$ 363.2
Components of other comprehensive income (loss), net of tax		
Currency translation adjustment	13.4	(97.5)
Changes in pension and postretirement plan assets and benefit obligation, net of tax	5.3	6.8
Other comprehensive income (loss), net of tax	18.7	(90.7)
Comprehensive income before allocation to noncontrolling interests	170.0	272.5
Less: Noncontrolling interests in comprehensive income	(0.2)	—
Comprehensive income attributable to common shareholders	\$ 170.2	\$ 272.5

For the six months ended June 30, 2023 September 30, 2023, comprehensive income before allocations to noncontrolling interests was \$170.0 million \$213.1 million compared to \$272.5 million \$137.8 million in the same period of 2022. The \$102.5 million decrease \$75.3 million increase was primarily driven by a \$110.9 million \$172.9 million favorable impact of foreign currency translation, due to the impact of the British pound and euro against the U.S. dollar, offset by lower net income before allocation to noncontrolling interests of \$211.9 million \$97.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Segment Results of Operations - Six Month Periods Nine Months Ended June September 30.

Aerospace & Electronics

(dollars in millions)	(dollars in millions)	Year-to-Date		Favorable/(Unfavorable) Change		(dollars in millions)	Year-to-Date		Favorable/(Unfavorable) Change	
		2023	2022	\$	%		2023	2022	\$	%
Net sales by product line:	Net sales by product line:					Net sales by product line:				
Commercial Original Equipment	Commercial Original Equipment	\$ 138.2	\$ 119.2	\$ 19.0	15.9 %	Commercial Original Equipment	\$ 214.1	\$ 182.9	\$ 31.2	17.1 %
Military Original Equipment	Military Original Equipment	124.8	114.4	10.4	9.1 %	Military Original Equipment	189.1	171.5	17.6	10.3 %
Commercial Aftermarket Products	Commercial Aftermarket Products	78.6	57.7	20.9	36.2 %	Commercial Aftermarket Products	127.2	92.5	34.7	37.5 %
Military Aftermarket Products	Military Aftermarket Products	27.7	27.3	0.4	1.5 %	Military Aftermarket Products	46.1	38.9	7.2	18.5 %
Total net sales	Total net sales	\$ 369.3	\$ 318.6	\$ 50.7	15.9 %	Total net sales	\$ 576.5	\$ 485.8	\$ 90.7	18.7 %
Cost of sales	Cost of sales	\$ 227.6	\$ 198.6	\$ (29.0)	(14.6) %	Cost of sales	\$ 359.1	\$ 305.4	\$ (53.7)	(17.6) %
as a percentage of sales	as a percentage of sales	61.6 %	62.3 %			as a percentage of sales	62.3 %	62.9 %		
Selling, general and administrative	Selling, general and administrative	\$ 65.8	\$ 63.8	\$ (2.0)	(3.1) %	Selling, general and administrative	\$ 101.3	\$ 96.0	\$ (5.3)	(5.5) %
as a percentage of sales	as a percentage of sales	17.8 %	20.0 %			as a percentage of sales	17.6 %	19.8 %		
Operating profit	Operating profit	\$ 75.9	\$ 56.2	\$ 19.7	35.1 %	Operating profit	\$ 116.1	\$ 84.4	\$ 31.7	37.6 %
Operating margin	Operating margin	20.6 %	17.6 %			Operating margin	20.1 %	17.4 %		

Sales increased \$50.7 million \$90.7 million, or 15.9% 18.7%, to \$369.3 million \$576.5 million in 2023, with strong pricing and primarily due to higher volumes, and strong pricing.

- Sales of Commercial Original Equipment increased \$19.0 million \$31.2 million, or 15.9% 17.1%, to \$138.2 million \$214.1 million in 2023, reflecting strong demand from aircraft manufacturers as the industry aircraft build rates continue to recover from the COVID-19 related slowdown, partially offset by material availability constraints.

- Sales of Military Original Equipment increased \$10.4 million \$17.6 million, or 9.1% 10.3%, to \$124.8 million \$189.1 million in 2023, primarily reflecting strong demand from defense and space customers.
- Sales of Commercial Aftermarket Products increased \$20.9 million \$34.7 million, or 36.2% 37.5%, to \$78.6 million \$127.2 million in 2023, reflecting continued strong demand from the airlines due to improving air traffic and inventory restocking.
- Sales of Military Aftermarket Products increased \$0.4 million \$7.2 million, or 1.5% 18.5%, to \$27.7 million \$46.1 million in 2023, reflecting stronger demand from military customers.

Cost of sales increased by \$29.0 million \$53.7 million, or 14.6% 17.6%, to \$227.6 million \$359.1 million in 2023, primarily reflecting increased volumes of \$12.7 million, or 6.4%, increased material, labor and other manufacturing costs of \$11.3 million \$27.6 million, or 5.7% 9.0%, increased volumes of \$25.4 million, or 8.3%, unfavorable mix of \$11.3 million \$9.4 million, or 5.7% 3.1%, partially offset by \$6.3 million \$9.0 million, or 3.2% 2.9%, of productivity gains.

Selling, general and administrative expense increased by \$2.0 million \$5.3 million, or 3.1% 5.5%, to \$65.8 million \$101.3 million in 2023, primarily reflecting higher engineering, selling and administrative costs of \$10.6 million, or 11.0%, partially offset by productivity and restructuring savings, savings of \$5.3 million, or 5.5%.

Operating profit increased by \$19.7 million \$31.7 million, or 35.1% 37.6%, to \$75.9 million \$116.1 million in 2023, primarily reflecting the impact from higher volumes of \$21.6 million, or 25.6%, coupled with higher pricing net of inflation, productivity gains and restructuring savings of \$18.8 million \$19.4 million, or 33.4%, coupled with impact from higher volumes of \$12.4 million, or 22.0% 23.0%, partially offset by an unfavorable mix of \$11.3 million \$9.4 million, or 20.0% 11.1%.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Process Flow Technologies

(dollars in millions)	Year-to-Date				Favorable/(Unfavorable) Change		(dollars in millions)	Year-to-Date				Favorable/(Unfavorable) Change	
	(dollars in millions)	2023	2022	\$	%	(dollars in millions)	2023	2022	\$	%			
Net sales by product line:	Net sales by product line:					Net sales by product line:							
Process Valves and Related Products	Process Valves and Related Products	\$ 400.3	\$ 369.6	\$ 30.7	8.3 %	Process Valves and Related Products	\$ 597.6	\$ 555.8	\$ 41.8	7.5 %			
Commercial Valves	Commercial Valves	59.4	175.4	(116.0)	(66.1) %	Commercial Valves	90.5	205.8	(115.3)	(56.0) %			
Pumps and Systems	Pumps and Systems	74.9	62.4	12.5	20.0 %	Pumps and Systems	113.2	95.8	17.4	18.2 %			
Total net sales	Total net sales	\$ 534.6	\$ 607.4	\$ (72.8)	(12.0) %	Total net sales	\$ 801.3	\$ 857.4	\$ (56.1)	(6.5) %			
Cost of sales	Cost of sales	\$ 299.5	\$ 388.1	\$ 88.6	22.8 %	Cost of sales	\$ 451.7	\$ 541.1	\$ 89.4	16.5 %			
as a percentage of sales	as a percentage of sales	56.0 %	63.9 %			as a percentage of sales	56.4 %	63.1 %					
Selling, general and administrative	Selling, general and administrative	\$ 121.2	\$ 129.7	\$ 8.5	6.6 %	Selling, general and administrative	\$ 184.5	\$ 185.4	\$ 0.9	0.5 %			
as a percentage of sales	as a percentage of sales	22.7 %	21.4 %			as a percentage of sales	23.0 %	21.6 %					
Operating profit	Operating profit	\$ 113.9	\$ 89.6	\$ 24.3	27.1 %	Operating profit	\$ 165.1	\$ 130.9	\$ 34.2	26.1 %			
Operating margin	Operating margin	21.3 %	14.8 %			Operating margin	20.6 %	15.3 %					

Sales decreased by \$72.8 million \$56.1 million, or 12.0% 6.5%, to \$534.6 million \$801.3 million in 2023, driven by the impact of the sale of Crane Supply of \$105.8 million, or 17.4% 12.3%, and unfavorable favorable foreign currency translation of \$10.0 million, \$5.2 million, or 1.6% 0.6%, partially offset by higher core sales of \$43.0 \$54.9 million, or 7.1% 6.4%. Core sales growth was driven primarily by pricing, with modestly higher lower volumes.

- Sales of Process Valves and Related Products increased by \$30.7 million \$41.8 million, or 8.3% 7.5%, to \$400.3 million \$597.6 million in 2023. The increase reflected higher core sales of \$36.7 million \$45.0 million, or 9.9% 8.1%, driven by higher pricing, partially offset by unfavorable foreign currency translation of \$6.1 \$3.2 million, or 1.7% 0.6%, as the Chinese Yuan euro and Canadian dollar weakened against the U.S. dollar. Sales growth was driven primarily by strength in the Chemical and Industrial verticals.
- Sales of Commercial Valves decreased by \$116.0 million \$115.3 million, or 66.1% 56.0%, to \$59.4 million \$90.5 million in 2023, primarily driven by the impact of the divestiture of Crane Supply of \$105.8 million, or 60.3% 51.4%, lower core sales of \$6.7 million \$8.0 million, or 3.8% 3.9%, and to a lesser extent, unfavorable foreign currency translation as the British pound weakened against the U.S. dollar.

- Sales of Pumps & Systems increased by \$12.5 million \$17.4 million, or 20.0% 18.2%, to \$74.9 million \$113.2 million in 2023, reflecting an increase in core sales primarily driven by higher pricing and higher volumes across all key end markets and higher pricing markets.

Cost of sales decreased by \$88.6 million \$89.4 million, or 22.8% 16.5%, to \$299.5 million \$451.7 million, primarily related to the impact of the sale of Crane Supply of \$78.3 million, or 20.2% 14.5%, and productivity gains of \$10.7 million \$17.3 million, or 2.8% 3.2% offset by unfavorable mix of 11.0 million, or 2.0%.

Selling, general and administrative expense decreased increased by \$8.5 million \$0.9 million, or 6.6% 0.5%, to \$121.2 million \$184.5 million, primarily related to higher administrative costs net of savings offset by the sale of Crane Supply of \$12.2 million, or 9.4%, partially offset by higher administrative costs of \$6.2 million, or 4.8% Supply.

Operating profit increased by \$24.3 million \$34.2 million, or 27.1% 26.1%, to \$113.9 million \$165.1 million in 2023. The increase is primarily due to higher pricing net of inflation and productivity \$40.8 million of \$57.1 million, or 45.6% 43.6%, partially offset by the impact from the sale of Crane Supply of \$15.2 million \$14.9 million, or 17.0% 11.4%, and unfavorable mix of \$11.0 million, or 8.4%.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Engineered Materials

		Favorable/(Unfavorable)						Favorable/(Unfavorable)					
		Year-to-Date		Change				Year-to-Date		Change			
(dollars in millions)	(dollars in millions)	2023	2022	\$	%	(dollars in millions)	2023	2022	\$	%			
Net sales by product line:	Net sales by product line:					Net sales by product line:							
FRP - Recreational Vehicles	FRP - Recreational Vehicles	\$ 37.4	\$ 67.9	\$ (30.5)	(44.9) %	FRP - Recreational Vehicles	\$ 57.1	\$ 92.8	\$ (35.7)	(38.5) %			
FRP - Building Products	FRP - Building Products	63.7	59.2	4.5	7.6 %	FRP - Building Products	91.1	88.2	2.9	3.3 %			
FRP - Transportation	FRP - Transportation	18.4	16.0	2.4	15.0 %	FRP - Transportation	27.5	24.9	2.6	10.4 %			
Total net sales	Total net sales	\$ 119.5	\$ 143.1	\$ (23.6)	(16.5) %	Total net sales	\$ 175.7	\$ 205.9	\$ (30.2)	(14.7) %			
Cost of sales	Cost of sales	\$ 88.3	\$ 113.3	\$ 25.0	22.1 %	Cost of sales	\$ 131.6	\$ 164.5	\$ 32.9	20.0 %			
as a percentage of sales	as a percentage of sales	73.9 %	79.2 %			as a percentage of sales	74.9 %	79.9 %					
Selling, general and administrative	Selling, general and administrative	\$ 10.0	\$ 9.6	\$ (0.4)	(4.2) %	Selling, general and administrative	\$ 15.2	\$ 14.5	\$ (0.7)	(4.8) %			
as a percentage of sales	as a percentage of sales	8.4 %	6.7 %			as a percentage of sales	8.7 %	7.0 %					
Operating profit	Operating profit	\$ 21.2	\$ 20.2	\$ 1.0	5.0 %	Operating profit	\$ 28.9	\$ 26.9	\$ 2.0	7.4 %			
Operating margin	Operating margin	17.7 %	14.1 %			Operating margin	16.4 %	13.1 %					

Sales decreased \$23.6 million \$30.2 million, or 16.5% 14.7%, to \$119.5 million \$175.7 million in 2023, reflecting lower core sales of \$30.2 million, or 14.7%, primarily due to lower volumes, partially offset by higher pricing. The decrease was primarily driven by lower sales to recreational vehicle manufacturers.

Cost of sales decreased by \$25.0 million \$32.9 million, or 22.1% 20.0%, to \$88.3 million \$131.6 million, primarily related to lower volumes of \$21.7 million \$25.2 million, or 19.2% 15.3%, and productivity gains and favorable mix of \$3.5 million \$4.9 million, or 3.1% 3.0%.

Operating profit increased by \$1.0 million \$2.0 million, or 5.0% 7.4%, to \$21.2 million \$28.9 million in 2023, primarily reflecting higher pricing net of inflation, productivity gains and favorable mix, offset by lower volumes.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

		Six Months Ended				Nine Months Ended			
		June 30,		September 30,					
(in millions)	(in millions)	2023	2022	(in millions)	2023	2022			
Net cash (used for) provided by:									
Net cash provided by (used for):				Net cash provided by (used for):					

Operating activities from continuing operations	Operating activities from continuing operations	\$ (53.0)	\$ (30.7)	Operating activities from continuing operations	\$ 33.9	\$ (608.5)
Investing activities from continuing operations	Investing activities from continuing operations	\$ (20.8)	\$ 296.8	Investing activities from continuing operations	\$ (29.1)	\$ 293.6
Financing activities	Financing activities	\$ (395.6)	\$ (135.6)	Financing activities	\$ (415.7)	\$ 119.3
Discontinued operations	Discontinued operations	\$ 30.5	\$ 72.1	Discontinued operations	\$ 30.5	\$ 218.3
Effect of exchange rates on cash and cash equivalents	Effect of exchange rates on cash and cash equivalents	\$ 0.2	\$ (30.6)	Effect of exchange rates on cash and cash equivalents	\$ (3.4)	\$ (62.7)
(Decrease) increase in cash and cash equivalents		\$ (438.7)	\$ 172.0			
Decrease in cash and cash equivalents				Decrease in cash and cash equivalents	\$ (383.8)	\$ (40.0)

Our operating philosophy is to deploy cash provided from operating activities, when appropriate, to provide value to shareholders by reinvesting in existing businesses, by making acquisitions that will strengthen and complement our portfolio, by divesting businesses that are no longer strategic or aligned with our portfolio and where such divestitures can generate capacity for strategic investments and initiatives that further optimize our portfolio, and by paying dividends and/or repurchasing shares. At any given time, and from time to time, we may be evaluating one or more of these opportunities, although we cannot assure you if or when we will consummate any such transactions.

Our current cash balance, together with cash we expect to generate from future operations along with our borrowings available under our revolving credit facility is expected to be sufficient to finance our short- and long-term capital requirements, as well as to fund expected pension contributions.

In March 2023, we entered into We have a new senior secured credit agreement, which provides for a \$500 million, 5-year revolving credit facility through March 2028 and a \$300 million, 3-year term loan facility, through March 2026. At September 30, 2023, there was \$251 million outstanding under the term loan facility. Funding In October 2023, we exercised a portion of the accordion feature under each the revolving credit facility became to increase the available in connection with borrowing capacity from \$500 million to \$800 million. In October 2023, we borrowed \$100 million under the Separation revolving credit facility and used approximately \$91 million of the proceeds to acquire Baum lined piping GmbH. See Note 15 for further detail.

Operating Activities

Cash used for operating activities from continuing operations was \$53.0 million in the first six months of 2023, as compared to \$30.7 million during the same period last year. The increase in cash used for operating activities from continuing operations was primarily driven by increased working capital investments of \$87.1 million, partially offset by the \$42.4 million increase in net income adjusted for the exclusion of non-cash items and a \$23.4 million decrease in asbestos related payments.

Cash provided by operating activities from continuing operations was \$30.7 million \$33.9 million in the first six nine months of 2022, 2023, as compared to cash used for operating activities of \$608.5 million during the same period last year. The increase in cash provided by operating activities from continuing operations was primarily driven by the absence of a \$550.0 million payment made last year in connection with the divestiture of the Company's asbestos-related assets and liabilities and, to a lesser extent, the \$128.3 million increase in net income adjusted for the exclusion of non-cash items; both partially offset by increased working capital investments supporting higher levels of demand across most businesses, together with higher tax payments in the first half of 2022. Net asbestos-related payments for the first six months of 2022 were \$23.4 million \$51.6 million.

Investing Activities

Cash flows relating to investing activities from continuing operations consist primarily of cash used for capital expenditures and cash provided by divestitures of businesses or assets. Cash used for investing activities from continuing operations was \$20.8 million \$29.1 million in the first six nine months of 2023, as compared to cash provided by investing activities from continuing operations of \$296.8 \$293.6 million in the comparable period of 2022. The increase in cash used for investing activities is primarily related to the absence of the \$314.3 million provided by \$318.1 million in proceeds from the sale of Crane Supply in the prior year. Capital expenditures are made primarily for increasing capacity, replacing equipment, supporting new product development, and improving information systems.

Cash provided by investing activities from continuing operations was \$296.8 million in the first six months of 2022. The cash provided from investing activities from continuing operations was primarily related to proceeds from the sale of Crane Supply of \$314.3 million.

Financing Activities

Financing cash flows consist primarily of dividend payments to shareholders, share repurchases and repayments of indebtedness, proceeds from the issuance of long-term debt commercial paper, and proceeds from the issuance of common stock. During the first six nine months of 2023, financing cash flows also includes activities associated with the distribution of Crane NXT, Co. in support of the Separation.

Cash used for financing activities was \$395.6 million \$415.7 million during the first six nine months of 2023 compared to \$135.6 million cash provided by financing activities of \$119.3 million in the comparable period of 2022. Cash used for financing activities was driven by:

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

- \$578.1 million of distribution cash outflows, which was comprised of the \$275 million dividend to Crane NXT, Co. and \$303 million \$303.1 million in cash balances at the Crane NXT businesses at time of Separation;
- \$400.0 million repayment of the 364-Day Credit Agreement; and
- \$36.9 48.8 million in prepayments on the 3-year term loan facility.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The above uses were primarily funded by \$650 million in proceeds from the term loan facilities, comprised of a \$350 million term loan issued by Crane NXT, Co. (discontinued operations) and the \$300 million term loan issued by Crane Company.

Cash used for financing activities was \$135.6 million during the first six months of 2022. The cash used for financing activities was driven by the repayment of the term loan of \$348.1 million in 2021 which did not repeat in 2022. In 2022, we also had \$203.7 million of share repurchases, partially offset by a \$119.4 million increase in net borrowings from the issuance of commercial paper.

Recent Accounting Pronouncements

Information regarding new accounting pronouncements is included in Note 1 to our Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the information called for by this item since the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this quarterly report. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that are filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that the information is accumulated and communicated to the Company's Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosure. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls are effective as of the end of the period covered by this quarterly report.

Changes in Internal Control over Financial Reporting. During the fiscal quarter ended June 30, 2023 September 30, 2023, there were no changes in the Company's internal control over financial reporting, identified in connection with our evaluation thereof, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Part II: Other Information

Item 1. Legal Proceedings

Discussion of legal matters is incorporated by reference from Part I, Item 1, Note 11, "Commitments and Contingencies", of this Quarterly Report on Form 10-Q, and should be considered an integral part of Part II, Item 1, "Legal Proceedings."

Item 1A. Risk Factors

Information regarding risk factors appears in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

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

(a) Not applicable

(b) Not applicable

(c) Share Repurchases

We did not make any open-market share repurchases of our common stock during the quarter ended June 30, 2023 September 30, 2023. We routinely receive shares of our common stock as payment for stock option exercises and the withholding taxes due on stock option exercises and the vesting of restricted share units from stock-based compensation program participants.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None.

The 2023 annual meeting occurred on March 28, 2023. The Company anticipates that the 2024 annual meeting of stockholders (the "2024 Annual Meeting") will occur on April 22, 2024. The time and annual meeting website information, along with other information relating to the 2024 Annual Meeting, will be set forth in the Company's proxy statement for the 2024 Annual Meeting, which the Company expects to file with the Securities and Exchange Commission on March 7, 2024 in advance of the 2024 Annual Meeting.

Item 6. Exhibits

Exhibit 2.1 10.1	Separation Incremental Facility and Distribution Amendment Agreement, dated as of April 3, 2023 October 3, 2023, by and between Crane Holdings, Co. and among Crane Company, (incorporated as borrower, the lenders and issuing banks party thereto, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, and the other agents and arrangers party thereto(incorporated by reference to Exhibit 2.1 10.1 to Crane Company's Current Report on Form 8-K filed on April 3, 2023).
Exhibit 10.1	Crane Company Annual Incentive Plan (incorporated by reference to Exhibit 10.1 to Crane Company's Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 2023), October 10
Exhibit 10.2	Crane Company Benefit Equalization Plan (incorporated by reference to Exhibit 10.2 to Crane Company's Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 2023).
Exhibit 10.3	Transition Services Agreement, dated as of April 3, 2023, by and between Crane Holdings, Co. and Crane Company (incorporated by reference to Exhibit 10.1 to Crane Company's Current Report on Form 8-K filed on April 3, 2023).
Exhibit 10.4	Tax Matters Agreement, dated as of April 3, 2023, by and between Crane Holdings, Co. and Crane Company (incorporated by reference to Exhibit 10.2 to Crane Company's Current Report on Form 8-K filed on April 3, 2023), 2023
Exhibit 10.5	Employee Matters Agreement, dated as of April 3, 2023, by and between Crane Holdings, Co. and Crane Company (incorporated by reference to Exhibit 10.3 to Crane Company's Current Report on Form 8-K filed on April 3, 2023).
Exhibit 10.6	Intellectual Property Matters Agreement, dated as of April 3, 2023, by and between Crane Holdings, Co. and Crane Company (incorporated by reference to Exhibit 10.4 to Crane Company's Current Report on Form 8-K filed on April 3, 2023).
Exhibit 10.7	Crane Company 2023 Stock Incentive Plan (incorporated by reference to Exhibit 4.3 to Crane Company's Registration Statement on Form S-8, filed on April 3, 2023).
Exhibit 31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a)
Exhibit 31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a)
Exhibit 32.1**	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) or 15d-14(b)
Exhibit 32.2**	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) or 15d-14(b)
101.INS	XBRL Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema (filed herewith)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase (filed herewith)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase (filed herewith)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase (filed herewith)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed with this report

** Furnished with this report

SIGNATURES

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

CRANE COMPANY

REGISTRANT

Date

August 2, November 1, 2023

By /s/ Max H. Mitchell

Max H. Mitchell

President and Chief Executive Officer

Date

August 2, November 1, 2023

By /s/ Richard A. Maue

Richard A. Maue

Executive Vice President and Chief Financial Officer

4647

Exhibit 31.1

CERTIFICATION

I, Max H. Mitchell, certify that:

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

By /s/ Max H. Mitchell

Max H. Mitchell

President and Chief Executive Officer

August 2, November 1, 2023

CERTIFICATION

I, Richard A. Maue, certify that:

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

By /s/ Richard A. Maue

Richard A. Maue

Principal Financial Officer

August 2, November 1, 2023

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

In connection with the Quarterly Report of Crane Company (the "Registrant") on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Max H. Mitchell, President and Chief Executive Officer of the Registrant, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, hereby certify to the best of my knowledge that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

This Certification accompanies this Quarterly Report on Form 10-Q and shall not be treated as having been filed as part of this Quarterly Report on Form 10-Q.

By /s/ Max H. Mitchell

Max H. Mitchell

President and Chief Executive Officer

August 2, November 1, 2023

Exhibit 32.2

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

In connection with the Quarterly Report of Crane Company (the "Registrant") on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard A. Maua, Principal Financial Officer of the Registrant, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, hereby certify to the best of my knowledge that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

This Certification accompanies this Quarterly Report on Form 10-Q and shall not be treated as having been filed as part of this Quarterly Report on Form 10-Q.

By /s/Richard A. Maua

Richard A. Maua

Principal Financial Officer

August 2, November 1, 2023

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