

REFINITIV

DELTA REPORT

10-Q

B - BARNES GROUP INC

10-Q - MARCH 31, 2023 COMPARED TO 10-Q - SEPTEMBER 30, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	1303
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■ CHANGES	344
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■ DELETIONS	500
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■ ADDITIONS	459
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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 **September 30, 2022** **March 31, 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 1-4801

 Barnes-Logo.jpg

BARNES GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

06-0247840

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

123 Main Street

Bristol

Connecticut

(Address of Principal Executive Offices)

06010

(Zip Code)

(860) 583-7070

Registrant's telephone number, including area code

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 \$0.01 per share	B	New York Stock Exchange

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☐

The registrant had outstanding **50,568,839** **50,610,455** shares of common stock as of **October 26, 2022** **April 26, 2023**.

Barnes Group Inc.

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For the Quarterly Period Ended **September 30, 2022** **March 31, 2023**

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This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. See “FORWARD-LOOKING STATEMENTS” under Part I - Item 2 “Management's Discussion and Analysis of Financial Condition and Results of Operations” of this Quarterly Report on Form 10-Q.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BARNES GROUP INC.								
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)								
(Dollars in thousands, except per share data)								
(Unaudited)								
		Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,		
		2022	2021	2022	2021	2023	2022	
Net sales	Net sales	\$ 314,744	\$ 325,059	\$ 948,395	\$ 947,846	Net sales	\$ 335,357	\$ 312,383

Cost of sales	Cost of sales	208,649	205,079	628,593	602,943	Cost of sales	226,242	207,190
Selling and administrative expenses	Selling and administrative expenses	76,059	76,271	218,646	230,271	Selling and administrative expenses	85,831	74,080
Goodwill impairment charge		—	—	68,194	—			
		284,708	281,350	915,433	833,214		312,073	281,270
Operating income	Operating income	30,036	43,709	32,962	114,632	Operating income	23,284	31,113
Interest expense	Interest expense	3,357	4,027	10,249	12,443	Interest expense	5,308	3,567
Other expense (income), net	Other expense (income), net	2,423	1,217	3,650	3,952	Other expense (income), net	1,340	1,630
Income before income taxes	Income before income taxes	24,256	38,465	19,063	98,237	Income before income taxes	16,636	25,916
Income taxes	Income taxes	7,277	10,602	21,152	26,501	Income taxes	3,477	5,432
Net income (loss)		\$ 16,979	\$ 27,863	\$ (2,089)	\$ 71,736			
Net income						Net income	\$ 13,159	\$ 20,484
Per common share:	Per common share:					Per common share:		
Basic	Basic	\$ 0.33	\$ 0.55	\$ (0.04)	\$ 1.41	Basic	\$ 0.26	\$ 0.40
Diluted	Diluted	0.33	0.55	(0.04)	1.40	Diluted	0.26	0.40
Weighted average common shares outstanding:	Weighted average common shares outstanding:					Weighted average common shares outstanding:		
Basic	Basic	50,919,955	50,905,202	50,981,874	50,925,702	Basic	50,989,169	51,022,417
Diluted	Diluted	51,059,906	51,060,684	50,981,874	51,085,509	Diluted	51,264,435	51,168,622

See accompanying notes.

BARNES GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Dollars in thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income (loss)	\$ 16,979	\$ 27,863	\$ (2,089)	\$ 71,736
Other comprehensive income (loss), net of tax				
Unrealized gain (loss) on hedging activities, net of tax ⁽¹⁾	2,391	62	5,793	(488)
Foreign currency translation adjustments, net of tax ⁽²⁾	(63,433)	(25,383)	(145,238)	(51,669)
Defined benefit pension and other postretirement benefits, net of tax ⁽³⁾	(3,737)	3,640	2,114	10,165
Total other comprehensive loss, net of tax	(64,779)	(21,681)	(137,331)	(41,992)
Total comprehensive (loss) income	\$ (47,800)	\$ 6,182	\$ (139,420)	\$ 29,744

	Three Months Ended March 31,	
	2023	2022
Net income	\$ 13,159	\$ 20,484
Other comprehensive income (loss), net of tax		
Unrealized (loss) gain on hedging activities, net of tax ⁽¹⁾	(886)	3,518
Foreign currency translation adjustments, net of tax ⁽²⁾	18,473	(8,612)
Defined benefit pension and other postretirement benefits, net of tax ⁽³⁾	11,622	2,504
Total other comprehensive income (loss), net of tax	29,209	(2,590)

Total comprehensive income	\$	42,368	\$	17,894
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(1) Net of tax of \$751 \$(276) and \$47 \$1,101 for the three months ended September 30, 2022 March 31, 2023 and 2021, 2022, respectively, and \$1,827 and \$(106) for the nine months ended September 30, 2022 and 2021, respectively.

(2) Net of tax of \$0 and \$0 for the three and nine months ended September 30, 2022 March 31, 2023 and 2021, respectively. 2022.

(3) Net of tax of \$(1,383) \$3,639 and \$972 \$764 for the three months ended September 30, 2022 March 31, 2023 and 2021, respectively, and \$233 and \$3,033 for the nine months ended September 30, 2022 and 2021, 2022, respectively.

See accompanying notes.

BARNES GROUP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)
(Unaudited)

		September 30, 2022	December 31, 2021		March 31, 2023	December 31, 2022
Assets	Assets			Assets		
Current assets	Current assets			Current assets		
Cash and cash equivalents	Cash and cash equivalents	\$ 71,585	\$ 102,860	Cash and cash equivalents	\$ 78,684	\$ 76,858
Accounts receivable, less allowances (2022 - \$4,627; 2021 - \$5,625)		260,163	262,257			
Accounts receivable, less allowances (2023 - \$5,366; 2022 - \$5,222)					297,901	291,883
Inventories	Inventories	268,854	239,655	Inventories	292,671	283,402
Prepaid expenses and other current assets	Prepaid expenses and other current assets	81,472	75,437	Prepaid expenses and other current assets	84,894	80,161
Total current assets	Total current assets	682,074	680,209	Total current assets	754,150	732,304
Deferred income taxes	Deferred income taxes	21,732	21,976	Deferred income taxes	13,166	18,028
Property, plant and equipment	Property, plant and equipment	878,992	904,895	Property, plant and equipment	922,863	906,980
Less accumulated depreciation	Less accumulated depreciation	(570,038)	(563,433)	Less accumulated depreciation	(601,278)	(586,841)
		308,954	341,462		321,585	320,139
Goodwill	Goodwill	784,952	955,370	Goodwill	847,821	835,472
Other intangible assets, net	Other intangible assets, net	436,683	500,246	Other intangible assets, net	435,489	442,492
Other assets	Other assets	76,659	77,557	Other assets	72,158	65,295
Total assets	Total assets	\$ 2,311,054	\$ 2,576,820	Total assets	\$ 2,444,369	\$ 2,413,730
Liabilities and Stockholders' Equity	Liabilities and Stockholders' Equity			Liabilities and Stockholders' Equity		
Current liabilities	Current liabilities			Current liabilities		
Notes and overdrafts payable	Notes and overdrafts payable \$	—	\$ 1,900	Notes and overdrafts payable \$	29	\$ 8
Accounts payable	Accounts payable	136,485	131,076	Accounts payable	153,362	145,060
Accrued liabilities	Accrued liabilities	145,898	175,583	Accrued liabilities	158,121	158,568
Long-term debt - current	Long-term debt - current	1,339	1,835	Long-term debt - current	1,484	1,437

Total current liabilities	Total current liabilities	283,722	310,394	Total current liabilities	312,996	305,073
Long-term debt	Long-term debt	556,354	599,932	Long-term debt	563,943	569,639
Accrued retirement benefits	Accrued retirement benefits	73,088	76,784	Accrued retirement benefits	48,021	54,352
Deferred income taxes	Deferred income taxes	56,100	66,704	Deferred income taxes	63,364	62,562
Long-term tax liability	Long-term tax liability	39,086	52,114	Long-term tax liability	39,086	39,086
Other liabilities	Other liabilities	35,648	42,126	Other liabilities	36,411	36,691
Commitments and contingencies (Note 15)	Commitments and contingencies (Note 15)			Commitments and contingencies (Note 15)		
Stockholders' equity	Stockholders' equity			Stockholders' equity		
Common stock - par value \$0.01 per share Authorized: 150,000,000 shares Issued: at par value (2022 - 64,448,650 shares; 2021 - 64,343,582 shares)		644	643			
Common stock - par value \$0.01 per share Authorized: 150,000,000 shares Issued: at par value (2023 - 64,503,561 shares; 2022 - 64,481,493 shares)				Common stock - par value \$0.01 per share Authorized: 150,000,000 shares Issued: at par value (2023 - 64,503,561 shares; 2022 - 64,481,493 shares)	645	645
Additional paid-in capital	Additional paid-in capital	526,367	516,562	Additional paid-in capital	530,075	529,791
Treasury stock, at cost (2022 - 13,881,687 shares; 2021 - 13,658,483 shares)		(531,181)	(523,642)			
Treasury stock, at cost (2023 - 13,896,606 shares; 2022 - 13,890,802 shares)				Treasury stock, at cost (2023 - 13,896,606 shares; 2022 - 13,890,802 shares)	(531,759)	(531,507)
Retained earnings	Retained earnings	1,560,395	1,587,041	Retained earnings	1,572,878	1,567,898
Accumulated other non-owner changes to equity	Accumulated other non-owner changes to equity	(289,169)	(151,838)	Accumulated other non-owner changes to equity	(191,291)	(220,500)
Total stockholders' equity	Total stockholders' equity	1,267,056	1,428,766	Total stockholders' equity	1,380,548	1,346,327
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 2,311,054	\$ 2,576,820	Total liabilities and stockholders' equity	\$ 2,444,369	\$ 2,413,730

See accompanying notes.

BARNES GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

Nine Months Ended September 30,		Three Months Ended March 31,	
2022	2021	2023	2022

Operating activities:	Operating activities:			Operating activities:		
Net (loss) income		\$	(2,089)	\$	71,736	
Adjustments to reconcile net (loss) income to net cash provided by operating activities:						
Net income				Net income	\$	13,159
Adjustments to reconcile net income to net cash provided (used) by operating activities:				Adjustments to reconcile net income to net cash provided (used) by operating activities:	\$	20,484
Depreciation and amortization	Depreciation and amortization		69,022	Depreciation and amortization		24,048
Loss (gain) on disposition of property, plant and equipment			14			22,301
Gain on disposition of property, plant and equipment				Gain on disposition of property, plant and equipment		(55)
Stock compensation expense	Stock compensation expense		9,547	Stock compensation expense		(1)
Non-cash goodwill impairment charge			68,194			2,627
Changes in assets and liabilities:	Changes in assets and liabilities:			Changes in assets and liabilities:		2,534
Accounts receivable	Accounts receivable		(17,923)	Accounts receivable		(2,209)
Inventories	Inventories		(40,428)	Inventories		(10,961)
Prepaid expenses and other current assets	Prepaid expenses and other current assets		(13,310)	Prepaid expenses and other current assets		(7,062)
Accounts payable	Accounts payable		10,509	Accounts payable		(15,154)
Accrued liabilities	Accrued liabilities		(28,637)	Accrued liabilities		(3,412)
Deferred income taxes	Deferred income taxes		(4,350)	Deferred income taxes		(5,809)
Long-term retirement benefits	Long-term retirement benefits		(660)	Long-term retirement benefits		6,450
Long-term tax liability			(6,948)			4,163
Other	Other		521	Other		(636)
Net cash provided by operating activities			43,462			(28,197)
Net cash provided (used) by operating activities				Net cash provided (used) by operating activities		1,356
Investing activities:	Investing activities:			Investing activities:		2,115
Proceeds from disposition of property, plant and equipment	Proceeds from disposition of property, plant and equipment		104	Proceeds from disposition of property, plant and equipment		(3,883)
Capital expenditures	Capital expenditures		(21,655)	Capital expenditures		(1,862)
Other	Other		(2,168)	Other		1,832
Net cash used by investing activities	Net cash used by investing activities		(23,719)	Net cash used by investing activities		1,074
Financing activities:	Financing activities:			Financing activities:		

Net change in other borrowings	Net change in other borrowings	(941)	(226)	Net change in other borrowings	(109)	(784)
Payments on long-term debt	Payments on long-term debt	(80,777)	(73,081)	Payments on long-term debt	(44,343)	(34,918)
Proceeds from the issuance of long-term debt	Proceeds from the issuance of long-term debt	85,082	25,000	Proceeds from the issuance of long-term debt	31,208	35,000
Proceeds from the issuance of common stock	Proceeds from the issuance of common stock	338	464	Proceeds from the issuance of common stock	94	153
Common stock repurchases		(6,721)	(5,229)			
Dividends paid	Dividends paid	(24,282)	(24,293)	Dividends paid	(8,096)	(8,111)
Withholding taxes paid on stock issuances	Withholding taxes paid on stock issuances	(818)	(1,356)	Withholding taxes paid on stock issuances	(252)	(49)
Other (Note 9)		(18,548)	(9,835)			
Other				Other	(1,139)	(3,665)
Net cash used by financing activities	Net cash used by financing activities	(46,667)	(88,556)	Net cash used by financing activities	(22,637)	(12,374)
Effect of exchange rate changes on cash flows	Effect of exchange rate changes on cash flows	(9,467)	(2,923)	Effect of exchange rate changes on cash flows	1,438	137
(Decrease) increase in cash, cash equivalents and restricted cash		(36,391)	12,887			
Decrease in cash, cash equivalents and restricted cash				Decrease in cash, cash equivalents and restricted cash	(265)	(29,989)
Cash, cash equivalents and restricted cash at beginning of period	Cash, cash equivalents and restricted cash at beginning of period	111,909	91,468	Cash, cash equivalents and restricted cash at beginning of period	81,128	111,909
Cash, cash equivalents and restricted cash at end of period	Cash, cash equivalents and restricted cash at end of period	75,518	104,355	Cash, cash equivalents and restricted cash at end of period	80,863	81,920
Less: Restricted cash, included in Prepaid expenses and other current assets	Less: Restricted cash, included in Prepaid expenses and other current assets	(1,976)	(6,239)	Less: Restricted cash, included in Prepaid expenses and other current assets	(2,179)	(4,434)
Less: Restricted cash, included in Other assets	Less: Restricted cash, included in Other assets	(1,957)	(4,641)	Less: Restricted cash, included in Other assets	—	(2,231)
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 71,585	\$ 93,475	Cash and cash equivalents at end of period	\$ 78,684	\$ 75,255

See accompanying notes.

BARNES GROUP INC.
NOTES TO CONSOLIDATED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(All dollar amounts included in the notes are stated in thousands except per share data)
(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated balance sheet Condensed Consolidated Balance Sheet and the related unaudited consolidated statements Condensed Consolidated Statements of income, comprehensive income Income, Comprehensive Income and cash flows Cash Flows have been prepared in accordance with generally accepted accounting

principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The consolidated financial statements Condensed Consolidated Financial Statements do not include all information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. The balance sheet as of December 31, 2021 December 31, 2022 has been derived from the 2021 2022 financial statements of Barnes Group Inc. (the "Company"). For additional information, please refer to the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022. In the opinion of management, all adjustments, including normal recurring accruals considered necessary for a fair statement of the results, have been included. Operating results for the nine-month three-month period ended September 30, 2022 March 31, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022 December 31, 2023.

The COVID-19 pandemic ("COVID-19") has resulted in a disruption in business activities worldwide and has caused weakened economic conditions, both in the United States and abroad. COVID-19 has had, and may continue Certain reclassifications have been made to have, a significant negative impact on the Company's ongoing operations and the end markets in which it serves. The Company has assessed the impacts on its accounting estimates, assumptions and disclosures, prior year amounts to conform to current year presentation (see Note 3).

2. Recent Accounting Standards

The Financial Accounting Standards Board ("FASB") establishes changes to accounting principles under U.S. generally accepted accounting principles ("US GAAP") through the use of Accounting Standards Updates ("ASUs") to the FASB's Accounting Standards Codification. The Company evaluates the applicability and potential impacts of recent ASUs on its Condensed Consolidated Financial Statements and related disclosures.

Recently Adopted Accounting Standards

In December 2019, October 2021, the FASB amended its guidance related to income taxes, business combinations. The amended guidance simplifies requires entities to recognize and measure contract assets and contract liabilities acquired in business combinations on the accounting for income taxes, eliminating certain exceptions to the general income tax principles, acquisition date in an effort to reduce the cost and complexity of application, accordance with Accounting Standards Codification 606, Revenue from Contracts with Customers. The amended new guidance is effective on a prospective basis for annual periods beginning after December 15, 2020, fiscal years, and interim periods within those reporting periods. Early fiscal years, beginning after December 15, 2022, with early adoption was permitted in any interim or annual period. The guidance requires application on either a prospective, retrospective or modified retrospective basis, contingent on the income tax exception being applied, permitted. The Company adopted this guidance, on a prospective basis, on January 1, 2021 January 1, 2023 and will apply the guidance to future acquisitions.

In September 2022, the FASB amended its guidance related to supplier finance programs. The amended guidance requires additional disclosures surrounding the use of supplier finance programs to purchase goods or services including disclosing the key terms of the programs, the amount of obligations outstanding at the end of the reporting period, and a roll-forward of those obligations. The new guidance, except the amendment on roll-forward information, is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The amendment on roll-forward information is effective for fiscal years beginning after December 15, 2023. The Company adopted this guidance within the Condensed Consolidated Financial Statements filed as of March 31, 2023 and it did not have a material impact on the Company's Condensed Consolidated Financial Statements, however it did result in additional disclosures pursuant to the new guidance. See Note 15 of the Condensed Consolidated Financial Statements.

Recently Issued Accounting Standards

The United Kingdom's Financial Conduct Authority, which regulates the London Interbank Offered Rate ("LIBOR"), announced its intent to phase out the use of LIBOR by December 31, 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, identified the Secured Overnight Financing Rate ("SOFR") as its preferred benchmark alternative to U.S. dollar LIBOR. Published by the Federal Reserve Bank of New York, SOFR represents a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is calculated based on directly observable U.S. Treasury-backed repurchase transactions. In March 2020, in response to this transition, the FASB issued guidance related to this rate reform, which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued by reference rate reform, and addresses operational issues likely to arise in modifying contracts to replace discontinued reference rates with new rates. In January 2021, the FASB issued further clarifying guidance regarding derivatives, as it relates to this transition. The In December 2022, the FASB extended the expiration of the guidance is effective through December 31, 2022 December 31, 2024. The Company's Amended Credit Agreement (Note 8) and corresponding interest rate

Swaps (Note 9) each mature in February 2026. In March 2021, the Intercontinental Exchange Benchmark Association announced that it will extend the publication of overnight, 1, 3, 6 and 12 month LIBOR rates until June 30, 2023, while ceasing publication of all other LIBOR rates including 1 week and 2 month rates. The Company's Amended Credit Agreement was further amended in October 2021 and in April 2022 to address the replacement of LIBOR via the LIBOR Transition Agreement and Amendment No. 1, respectively (see Note 8), with SOFR. The Company's corresponding interest rate Swaps were amended in May 2022 to address the replacement of

LIBOR. As a result of the Company's contract amendments to address the replacement of LIBOR, the Company does not anticipate a material impact on our business, financial condition, results of operations or cash flow as a result of this change.

In October 2021, the FASB amended its guidance related to business combinations. The amended guidance requires entities to recognize and measure contract assets and contract liabilities acquired in business combinations on the acquisition date in accordance with Accounting Standards Codification 606, Revenue from Contracts with Customers. The new guidance is effective on a prospective basis for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the amended guidance as the guidance will be applicable to future acquisitions.

In August 2022, the U.S. government enacted tax legislation commonly referred to as the Inflation Reduction Act of 2022 ("IRA") into law. The IRA will impose a 1% excise tax on the fair market value of certain stock repurchased by a public traded company after December 31, 2022 and restored and modified certain tax-related energy incentives. The Company does not anticipate a material impact on our business, financial condition, results of operations or cash flow as a result of this change.

In September 2022, the FASB amended its guidance related to supplier finance programs. The amended guidance requires additional disclosures surrounding the use of supplier finance programs to purchase goods or services including disclosing the key terms of the programs, the amount of obligations outstanding at the end of the reporting period, and a roll-forward of those obligations. The new guidance, except the amendment on roll-forward information, is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The amendment on roll-forward information is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The Company is currently evaluating the impact that this amended guidance will have on the Company's Financial Statements.

3. Revenue

The Company is a global provider of highly engineered products, differentiated industrial technologies, and innovative solutions, serving a wide range of end markets and customers. Its specialized products and services are used in far-reaching applications in healthcare, automation, packaging, aerospace, mobility, and manufacturing.

Revenue is recognized by the Company when control of the product or solution is transferred to the customer. Control is generally transferred when products are shipped or delivered to customers, title is transferred, the significant risks and rewards of ownership have transferred, and the Company has rights to payment and the rewards of ownership pass to the customer. Customer acceptance may also be a factor in determining whether control of the product has transferred. Although revenue is generally recognized at a point in time, a certain portion of the Company's businesses with customized products or contracts in which the Company performs work on customer-owned assets requires the use of an over-time recognition model as certain contracts meet one or more of the established criteria pursuant to the accounting guidance. Also, service revenue is recognized as control transfers, which is concurrent with the services being performed.

The following table presents the Company's revenue disaggregated by products and services, and geographic regions, by segment:

		Three Months Ended September 30, 2022			Three Months Ended September 30, 2021			Three Months Ended March 31, 2023				Three Months Ended March 31, 2022
		Total			Total			Total			Industrial	Services
Products and Services	Products and Services	Industrial	Aerospace	Company	Industrial	Aerospace	Company	Industrial	Aerospace	Company	Industrial	Services
Engineered Components Products		\$ 49,286	\$ —	\$ 49,286	\$ 47,217	\$ —	\$ 47,217					
Motion Control Solutions Products ^(A)										Motion Control Solutions Products ^(A)	\$98,474	\$—
Molding Solutions Products		97,243	—	97,243	119,956	—	119,956					
Force & Motion Control Products		44,241	—	44,241	47,534	—	47,534					
Automation Products		13,187	—	13,187	16,841	—	16,841					
Aerospace Original Equipment Manufacturing Products		—	65,229	65,229	—	64,058	64,058					
Aerospace Aftermarket Products and Services		—	45,558	45,558	—	29,453	29,453					
		\$ 203,957	\$ 110,787	\$ 314,744	\$ 231,548	\$ 93,511	\$ 325,059				\$ 218,101	\$ 117,256
											\$ 335,357	\$ 211,672
Geographic Regions ^(A)												
Geographic Regions ^(B)		Geographic Regions ^(B)										
Americas	Americas	\$ 96,201	\$ 78,535	\$ 174,736	\$ 90,902	\$ 70,231	\$ 161,133	Americas	\$ 95,940	\$ 84,572	\$ 180,512	\$ 86,005
Europe	Europe	65,637	19,859	85,496	83,255	16,002	99,257	Europe	79,608	20,667	100,275	82,369
Asia	Asia	40,995	10,888	51,883	56,370	6,586	62,956	Asia	40,111	10,022	50,133	41,819
Rest of World	Rest of World	1,124	1,505	2,629	1,021	692	1,713	Rest of World	2,442	1,995	4,437	1,479
		\$ 203,957	\$ 110,787	\$ 314,744	\$ 231,548	\$ 93,511	\$ 325,059		\$ 218,101	\$ 117,256	\$ 335,357	\$ 211,672

^(A) Effective January 1, 2023, the Company combined Industrial's Force & Motion Control and Engineered Components businesses to form a single strategic business unit named Motion Control Solutions. As a result of the combination, Motion Control Solutions Products reflects product revenues that were previously disclosed as Force & Motion Control Products and Engineered Components Products. Prior period amounts have been reclassified to conform to the current year presentation.

(B) Sales by geographic region are based on the location to which the product is shipped and services are delivered.

	Nine Months Ended September 30, 2022			Nine Months Ended September 30, 2021		
	Industrial	Aerospace	Total Company	Industrial	Aerospace	Total Company
Products and Services						
Engineered Components Products	\$ 144,537	\$ —	\$ 144,537	\$ 140,932	\$ —	\$ 140,932
Molding Solutions Products	301,488	—	301,488	351,115	—	351,115
Force & Motion Control Products	137,584	—	137,584	141,512	—	141,512
Automation Products	44,136	—	44,136	52,648	—	52,648
Aerospace Original Equipment Manufacturing Products	—	200,360	200,360	—	180,571	180,571
Aerospace Aftermarket Products and Services	—	120,290	120,290	—	81,068	81,068
	<u>\$ 627,745</u>	<u>\$ 320,650</u>	<u>\$ 948,395</u>	<u>\$ 686,207</u>	<u>\$ 261,639</u>	<u>\$ 947,846</u>
Geographic Regions (A)						
Americas	\$ 271,176	\$ 231,798	\$ 502,974	\$ 266,798	\$ 194,878	\$ 461,676
Europe	222,776	58,343	281,119	262,023	43,416	305,439
Asia	129,484	26,553	156,037	153,876	21,329	175,205
Rest of World	4,309	3,956	8,265	3,510	2,016	5,526
	<u>\$ 627,745</u>	<u>\$ 320,650</u>	<u>\$ 948,395</u>	<u>\$ 686,207</u>	<u>\$ 261,639</u>	<u>\$ 947,846</u>

(A) Sales by geographic region are based on the location to which the product is shipped and services are delivered.

Revenue from products and services transferred to customers at a point in time accounted for approximately 80 percent of total revenue for the three **and nine** month periods ended **September 30, 2022**, **March 31, 2023** and **September 30, 2021**, **March 31, 2022**. A majority of revenue within the Industrial segment and Aerospace Original Equipment Manufacturing Products business ("OEM"), along with a portion of revenue within the Aerospace Aftermarket Products and Services business ("Aftermarket"), is recognized at a point in time, primarily when the product or solution is shipped to the customer.

Revenue from products and services transferred to customers over-time accounted for approximately 20 percent of total revenue for the three **and nine** month periods ended **September 30, 2022**, **March 31, 2023** and **September 30, 2021**, **March 31, 2022**. The Company recognizes revenue over-time in instances where a contract supports a continual transfer of control to the customer. Substantially all of our revenue in the Aerospace Aftermarket maintenance repair and overhaul business (within Aftermarket Products and Services) and a portion of the revenue for **Engineered Components**, **Motion Control Solutions** products, **Molding**, **Molding** Solutions products and Aerospace OEM products is recognized over-time. Within the Molding Solutions and Aerospace Aftermarket businesses, this continual transfer of control to the customer partially results from repair and refurbishment work performed on customer-controlled assets. With other contracts, this continual transfer of control to the customer is supported by clauses in the contract, or governing commercial law of the relevant jurisdiction, where we deliver products that do not have an alternative use and require an enforceable right to payment of costs incurred (plus a reasonable profit) or the Company has a contractual right to complete any work in process and receive full contract price.

The majority of our revenue is from contracts that are for less than one year, however certain Aerospace OEM and Molding Solutions business contracts extend beyond one year. In the Industrial segment, customers are typically OEMs or suppliers to OEMs and, in some businesses, distributors. In the Aerospace segment, customers include commercial airlines, OEMs, defense-related manufacturers, and industry parts and service providers.

A performance obligation represents a promise within a contract to provide a distinct good or service to the customer. Revenue is recognized in an over-time model based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. The Company utilizes the cost-to-cost measure of progress for over-time contracts as we believe this measure best depicts the transfer of control to the customer, which occurs as we incur costs on contracts.

Adjustments to net sales, cost of sales and the related impact to operating income are recognized as necessary in the period they become known. Revenue recognized from performance obligations satisfied in previous periods was not material in both the three **and nine** month periods ended **September 30, 2022**, **March 31, 2023** and **2021**, **2022**.

Contract Balances. The timing of revenue recognition, invoicing and cash collections affects accounts receivable, unbilled receivables (contract assets) and customer advances and deposits (contract liabilities) on the **Condensed** Consolidated Balance Sheets.

Unbilled Receivables (Contract Assets) - Pursuant to the over-time revenue recognition model, revenue may be recognized prior to the customer being invoiced. An unbilled receivable is recorded to reflect revenue that is recognized when 1) the cost-to-cost method is applied and 2) such revenue exceeds the amount invoiced to the customer. Unbilled receivables are included within Prepaid Expenses and Other Current Assets on the **Condensed** Consolidated Balance Sheets as of **September 30, 2022**, **March 31, 2023** and **December 31, 2021**, **December 31, 2022**.

Customer Advances and Deposits (Contract Liabilities) - The Company may receive a customer advance or deposit, or have an unconditional right to receive a customer advance, prior to revenue being recognized. Certain contracts within the Molding Solutions business, for example, may require such advances. Since the performance obligations related to such advances have not been satisfied, a contract liability is established. An offsetting asset of equal amount is recorded as an account receivable until the advance is collected.

Advances and deposits are included within Accrued Liabilities on the **Condensed** Consolidated Balance Sheets until the respective revenue is recognized. Advance payments are not considered a significant financing component as they are generally received less than one year before the customer solution is completed. These assets and liabilities are reported on the **Condensed** Consolidated Balance Sheets on an individual contract basis at the end of each reporting period.

Net contract assets (liabilities) consisted of the following:

		September 30, 2022	December 31, 2021	\$ Change	% Change		March 31, 2023	December 31, 2022	\$ Change	% Change
Unbilled receivables (contract assets)	Unbilled receivables (contract assets)	\$ 42,274	\$ 33,522	\$ 8,752	26 %	Unbilled receivables (contract assets)	\$ 46,900	\$ 42,423	\$ 4,477	11 %
Contract liabilities	Contract liabilities	(14,706)	(25,374)	10,668	(42) %	Contract liabilities	(31,127)	(27,857)	(3,270)	12 %
Net contract assets	Net contract assets	\$ 27,568	\$ 8,148	\$ 19,420	238 %	Net contract assets	\$ 15,773	\$ 14,566	\$ 1,207	8 %

Contract liabilities balances at **September 30, 2022**, **March 31, 2023** and **December 31, 2021**, **December 31, 2022** include **\$4,033**, **\$12,116** and **\$9,364**, **\$9,593**, respectively, of customer advances for which the Company has an unconditional right to collect payment. Accounts receivable, as presented on the

Condensed Consolidated Balance Sheet, includes corresponding balances at **September 30, 2022**, **March 31, 2023** and **December 31, 2021**, **December 31, 2022**, respectively.

Changes in the net contract assets during the **nine three** month period ended **September 30, 2022**, **March 31, 2023** included a **\$10,668 decrease**, **\$3,270 increase** in contract liabilities, driven primarily by **new customer advances and deposits, partially offset by** revenue recognized in the current **period, partially offset by new customer advances and deposits, period**. Adding to this net contract assets increase was a **\$8,752**, **\$4,477** increase in contract assets, driven primarily by contract progress (i.e., unbilled receivable), partially offset by earlier contract progress being invoiced to the customer.

The Company recognized **less than 10%**, **approximately 40%** of the revenue related to the contract liabilities balance as of December 31, 2022 during the three month period ended **March 31, 2023**, and **over 90%**, **approximately 60%** of the revenue related to the contract liabilities balance as of December 31, 2021 during the three **and nine months** periods month period ended **September 30, 2022**, **March 31, 2022**, respectively, and approximately 30% and 85% of the revenue related to the contract liabilities balance as of December 31, 2020 during the three and nine month periods ended September 30, 2021, respectively, primarily representing revenue from the sale of molds and hot runners within the Molding Solutions business.

Remaining Performance Obligations. The Company has elected to disclose remaining performance obligations only for contracts with an original duration of greater than one year. Such remaining performance obligations represent the transaction price of firm orders for which work has not yet been performed and, for Aerospace, excludes projections of components and assemblies that Aerospace OEM customers anticipate purchasing in the future under existing programs, which represent orders that are beyond lead time and do not represent performance obligations pursuant to accounting guidance. As of **September 30, 2022**, **March 31, 2023**, the aggregate amount of the transaction price allocated to remaining performance obligations was **\$202,271**, **\$261,649**. The Company expects to recognize revenue on approximately 70% of the remaining performance obligations over the next 12 months, with the remainder to be recognized within 24 months.

4. Stockholders' Equity

A schedule of consolidated changes in equity for the **nine three** months ended **September 30, 2022**, **March 31, 2023** is as follows (number of shares in thousands):

	Common Stock (Number of Shares)	Common Stock (Amount)	Additional Paid-In Capital	Treasury Stock (Number of Shares)	Treasury Stock (Amount)	Retained Earnings	Accumulated Other Non-Owner Changes to Equity	Total Stockholders' Equity
December 31, 2021	64,344	\$ 643	\$ 516,562	13,658	\$ (523,642)	\$ 1,587,041	\$ (151,838)	\$ 1,428,766
Comprehensive income (loss)	—	—	—	—	—	20,484	(2,590)	17,894
Dividends declared (\$0.16 per share)	—	—	—	—	—	(8,111)	—	(8,111)
Employee stock plans	12	1	2,665	2	(49)	(136)	—	2,481
March 31, 2022	64,356	\$ 644	\$ 519,227	13,660	\$ (523,691)	\$ 1,599,278	\$ (154,428)	\$ 1,441,030
Comprehensive loss	—	—	—	—	—	(39,552)	(69,962)	(109,514)
Dividends declared (\$0.16 per share)	—	—	—	—	—	(8,081)	—	(8,081)
Common stock repurchases	—	—	—	200	(6,721)	—	—	(6,721)
Employee stock plans	23	—	3,548	3	(106)	(62)	—	3,380
June 30, 2022	64,379	\$ 644	\$ 522,775	13,863	\$ (530,518)	\$ 1,551,583	\$ (224,390)	\$ 1,320,094

Comprehensive income (loss)	—	—	—	—	—	16,979	(64,779)	(47,800)
Dividends declared (\$0.16 per share)	—	—	—	—	—	(8,090)	—	(8,090)
Employee stock plans	70	—	3,592	19	(663)	(77)	—	2,852
September 30, 2022	64,449	\$ 644	\$ 526,367	13,882	\$ (531,181)	\$ 1,560,395	\$ (289,169)	\$ 1,267,056

	Common Stock (Number of Shares)	Common Stock (Amount)	Additional Paid-In Capital	Treasury Stock (Number of Shares)	Treasury Stock (Amount)	Retained Earnings	Accumulated Other Non-Owner Changes to Equity	Total Stockholders' Equity
December 31, 2022	64,481	\$ 645	\$ 529,791	13,891	\$ (531,507)	\$ 1,567,898	\$ (220,500)	\$ 1,346,327
Comprehensive income	—	—	—	—	—	13,159	29,209	42,368
Dividends declared (\$0.16 per share)	—	—	—	—	—	(8,096)	—	(8,096)
Residual interest in subsidiary	—	—	(2,381)	—	—	—	—	(2,381)
Employee stock plans	23	—	2,665	6	(252)	(83)	—	2,330
March 31, 2023	64,504	\$ 645	\$ 530,075	13,897	\$ (531,759)	\$ 1,572,878	\$ (191,291)	\$ 1,380,548

A schedule of consolidated changes in equity for the nine three months ended September 30, 2021 March 31, 2022 is as follows (number of shares in thousands):

	Common Stock (Number of Shares)	Common Stock (Amount)	Additional Paid-In Capital	Treasury Stock (Number of Shares)	Treasury Stock (Amount)	Retained Earnings	Accumulated Other Non-Owner Changes to Equity	Total Stockholders' Equity		Common Stock (Number of Shares)	Common Stock (Amount)	Additional Paid-In Capital	Treasury Stock (Number of Shares)	T
December 31, 2020	64,171	\$ 642	\$ 501,531	13,530	\$(516,992)	\$1,519,811	\$ (122,315)	\$ 1,382,677						
December 31, 2021									December 31, 2021	64,344	\$ 643	\$ 516,562	13,658	\$(
Comprehensive income (loss)	—	—	—	—	—	19,382	(44,902)	(25,520)	Comprehensive income (loss)	—	—	—	—	—
Dividends declared (\$0.16 per share)	—	—	—	—	—	(8,104)	—	(8,104)	Dividends declared (\$0.16 per share)	—	—	—	—	—
Employee stock plans	12	—	2,406	1	(68)	(24)	—	2,314	Employee stock plans	12	1	2,665	2	
March 31, 2021	64,183	\$ 642	\$ 503,937	13,531	\$(517,060)	\$1,531,065	\$ (167,217)	\$ 1,351,367						
Comprehensive income	—	—	—	—	—	24,491	24,591	49,082						
Dividends declared (\$0.16 per share)	—	—	—	—	—	(8,090)	—	(8,090)						
Common stock repurchases	—	—	—	100	(5,229)	—	—	(5,229)						
Employee stock plans	17	—	3,417	3	(123)	(31)	—	3,263						
June 30, 2021	64,200	\$ 642	\$ 507,354	13,634	\$(522,412)	\$1,547,435	\$ (142,626)	\$ 1,390,393						
Comprehensive income (loss)	—	—	—	—	—	27,863	(21,681)	6,182						
Dividends declared (\$0.16 per share)	—	—	—	—	—	(8,099)	—	(8,099)						
Residual interest in subsidiary	—	—	2,177	—	—	—	—	2,177						
Employee stock plans	84	1	3,826	23	(1,165)	(86)	—	2,576						
September 30, 2021	64,284	\$ 643	\$ 513,357	13,657	\$(523,577)	\$1,567,113	\$ (164,307)	\$ 1,393,229						
March 31, 2022									March 31, 2022	64,356	\$ 644	\$ 519,227	13,660	\$(

5. Net Income (Loss) Per Common Share

For the purpose of computing diluted net income per common share, the weighted-average number of common shares outstanding is increased for the potential dilutive effects of stock-based incentive plans. For the purpose of computing diluted net income per common share for the three month periods ended September 30, 2022 March 31, 2023 and

2021, 2022, the weighted-average number of common shares outstanding was increased by 139,951, 275,266 and 155,482, 146,205, respectively. No potentially dilutive shares have been included in the diluted earnings per share calculations for the nine month period ended September 30, 2022 due to the Company's reported net loss for the period. For the purpose of computing diluted net income per common share for the nine month period ended September 30, 2021, the weighted-average number of common shares outstanding was increased by 159,807.

The calculation of weighted-average diluted shares outstanding excludes all shares that would have been anti-dilutive. During the three month periods ended September 30, 2022, March 31, 2023 and 2021, 2022, the Company excluded 875,706, 805,977 and 501,242, 718,844 stock awards, respectively, from the calculation of weighted-average diluted shares outstanding as the stock awards were considered anti-dilutive. During the nine month periods ended September 30, 2022 and 2021, the Company excluded 823,365 and 508,812 stock awards, respectively, from the calculation of weighted-average diluted shares outstanding as the stock awards were considered anti-dilutive.

The Company granted 115,600, 120,195 stock options, 144,524, 152,476 restricted stock unit awards and 121,860, 131,025 performance share awards ("PSAs") in February 2022, 2023 as part of its annual long-term incentive equity grant awards. All of the stock options and the restricted stock unit awards vest upon meeting certain service conditions. The restricted stock unit awards are included in basic weighted-average common shares outstanding as they contain nonforfeitable rights to dividend payments. The PSAs are part of the long-term Performance Share Award Program and are based on performance goals that are driven by a combination of independently measured metrics (depending on the grant year) with each metric being weighted equally. The metrics for awards granted in 2022, 2023 include the Company's total shareholder return ("TSR"), return on invested capital ("ROIC") and operating income before depreciation and amortization growth ("EBITDA growth"). The TSR and EBITDA growth metrics are designed to assess the long-term Company performance relative to the performance of companies included in the Russell 2000 Index over a three-year performance period. ROIC is designed to assess the Company's performance compared to pre-established Company targets over a three-year performance period. The participants can earn from zero to 250% of the target award and the award includes a forfeitable right to dividend equivalents, which are not included in the aggregate target award numbers. The fair value of the TSR is determined using a Monte Carlo valuation method as the award contains a market condition.

On July 14, 2022, the Company granted Thomas J. Hook, newly appointed President and Chief Executive Officer, an award of performance stock options to purchase 1,183,406 shares of Barnes common stock at a purchase price of \$30.32 in connection with his appointment based on a grant date fair value of \$10,000. The stock options have a ten-year term and cliff-vest in five years, subject to continued service and the achievement of compound annual growth rates ("CAGRs") in the price of the Company's common shares above the option exercise price as of the fifth anniversary of the grant date, with 0% vesting at a CAGR of less than 5%, 33.3% vesting at a CAGR of 5%, 66.6% vesting at a CAGR of 7% and 100% vesting at a CAGR of 9% or greater, with linear interpolation between such CAGR levels. The fair value of the options is determined using a Monte Carlo valuation method as the award contains a market condition.

6. Inventories

The components of inventories consisted of:

		September 30, 2022	December 31, 2021		March 31, 2023	December 31, 2022
Finished goods	Finished goods	\$ 94,775	\$ 88,954	Finished goods	\$ 106,029	\$ 105,965
Work-in-process	Work-in-process	73,071	65,468	Work-in-process	74,737	68,664
Raw material and supplies	Raw material and supplies	101,008	85,233	Raw material and supplies	111,905	108,773
		<u>\$ 268,854</u>	<u>\$ 239,655</u>		<u>\$ 292,671</u>	<u>\$ 283,402</u>

7. Goodwill and Other Intangible Assets

Goodwill:

The following table sets forth the change in the carrying amount of goodwill for each reportable segment and for the Company as of and for the period ended September 30, 2022, March 31, 2023:

	Industrial	Aerospace	Total Company
December 31, 2021	\$ 924,584	\$ 30,786	\$ 955,370
Impairment charge	(68,194)	—	(68,194)
Foreign currency translation	(102,224)	—	(102,224)
September 30, 2022	<u>\$ 754,166</u>	<u>\$ 30,786</u>	<u>\$ 784,952</u>

As

	Industrial	Aerospace	Total Company
December 31, 2022 ^(A)	\$ 804,686	\$ 30,786	\$ 835,472
Foreign currency translation	12,349	—	12,349
March 31, 2023	<u>\$ 817,035</u>	<u>\$ 30,786</u>	<u>\$ 847,821</u>

^(A) Industrial amounts are net of April 1, 2022, management performed its annual impairment testing of goodwill. The Company utilizes the option to first assess qualitative factors to determine whether it is necessary to perform the Step 1 quantitative accumulated goodwill impairment test in accordance with applicable accounting standards. Under the qualitative assessment, management considers relevant events and circumstances including but not limited to macroeconomic conditions, industry and market considerations, overall reporting unit performance and events directly affecting a reporting unit. If the

Company determines that the Step 1 quantitative impairment test is required, management estimates the fair value losses of the reporting unit primarily using an income approach, which reflects management's cash flow projections, and also evaluates the fair value using a market approach. Inherent in management's development of cash flow projections are assumptions and estimates, including those related to future earnings and growth rates and the weighted average cost of capital. The Company compares the fair value of the reporting unit with the carrying value of the reporting unit. If the fair values were to fall below the carrying values, the Company would recognize a non-cash impairment charge to income from operations for the amount by which the carrying amount of any reporting unit exceeds the reporting unit's fair value, assuming the loss recognized does not exceed the total amount of goodwill for the reporting unit. \$68,194.

Based on our assessment as of April 1, the estimated fair value of the Automation reporting unit, which represents the 2018 acquisition of Gimatic, exceeded its carrying value, while the estimated fair value of each of the remaining reporting units significantly exceeded their carrying values. The Company evaluated deteriorating macro-economic conditions subsequent to the date of the assessment, including inflationary pressures, rising interest rates, worsening global supply chain constraints and demand outlook, which materialized during the second quarter of 2022, which impacted performance and outlook at Automation and resulted in a triggering event. Management revised its cash flow projections and weighted average cost of capital, resulting in a non-cash goodwill impairment charge of \$68,194 related to the Automation reporting unit as the estimated fair value of the reporting unit declined below its carrying value. The goodwill impairment charge was recorded during the three-month period ended June 30, 2022.

Based on our second quarter assessments and as noted above, the estimated fair value for each of the remaining reporting units significantly exceeded their carrying values, and there was no impairment at any other reporting units in 2022.

The Company has continued to evaluate the macro-economic conditions, as described above, during the third quarter of 2022. Based on our third quarter assessment, there was no impairment of goodwill as of September 30, 2022.

Other Intangible Assets:

Other intangible assets consisted of:

			September 30, 2022			December 31, 2021					March 31, 2023			December 31, 2022		
		Range of Life - Years	Gross Amount	Accumulated Amortization		Gross Amount	Accumulated Amortization			Range of Life - Years	Gross Amount	Accumulated Amortization		Gross Amount	Accumulated Amortization	
Amortized intangible assets:	Amortized intangible assets:								Amortized intangible assets:							
Revenue Sharing Programs (RSPs)	Revenue Sharing Programs (RSPs)	Up to 30	\$ 299,500	\$ (161,413)		\$ 299,500	\$ (151,961)		Revenue Sharing Programs (RSPs)	Up to 30	\$ 299,500	\$ (167,175)		\$ 299,500	\$ (164,162)	
Component Repair Programs (CRPs)	Component Repair Programs (CRPs)	Up to 30	111,839	(40,113)		111,839	(35,632)		Component Repair Programs (CRPs)	Up to 30	111,839	(43,682)		111,839	(41,880)	
Customer relationships	Customer relationships	10-16	337,189	(151,866)		337,189	(137,856)		Customer relationships	10-16	337,189	(161,194)		337,189	(156,442)	
Patents and technology	Patents and technology	4-11	123,433	(91,211)		123,433	(86,002)		Patents and technology	4-11	123,433	(94,602)		123,433	(92,875)	
Trademarks/trade names	Trademarks/trade names	10-30	10,949	(10,727)		10,949	(10,587)		Trademarks/trade names	10-30	10,949	(10,807)		10,949	(10,772)	
Other	Other	Up to 10	8,851	(2,698)		7,450	(2,072)		Other	Up to 10	9,938	(3,257)		9,413	(2,966)	
			891,761	(458,028)		890,360	(424,110)				892,848	(480,717)		892,323	(469,097)	
Unamortized intangible assets:	Unamortized intangible assets:								Unamortized intangible assets:							
Trade names	Trade names		55,670	—		55,670	—		Trade names		55,670	—		55,670	—	
Foreign currency translation	Foreign currency translation		(52,720)	—		(21,674)	—		Foreign currency translation		(32,312)	—		(36,404)	—	
Other intangible assets	Other intangible assets		\$ 894,711	\$ (458,028)		\$ 924,356	\$ (424,110)		Other intangible assets		\$ 916,206	\$ (480,717)		\$ 911,589	\$ (469,097)	

Amortization of intangible assets for the three month period ended March 31, 2023 and nine month periods ended September 30, 2022 March 31, 2022 was \$11,747 \$11,620 and \$33,918, respectively. Amortization of intangible assets for the three and nine month periods ended September 30, 2021 was \$11,372 and \$32,271, \$10,578, respectively. Estimated amortization of intangible assets for future periods is as follows: 2022 2023 (remainder) - \$13,000; 2023 - \$48,000; \$35,000; 2024 - \$46,000; \$45,000; 2025 - \$45,000; \$44,000; 2026 - \$45,000 and \$43,000; 2027 - \$44,000; \$41,000 and 2028 - \$35,000.

In the second quarter of 2022, management performed its annual impairment testing of its trade names, which are indefinite-lived intangible assets. Based on this assessment, there were no impairments.

8. Debt

Long-term debt and notes and overdrafts payable at September 30, 2022, March 31, 2023, and December 31, 2021, December 31, 2022 consisted of:

		September 30, 2022		December 31, 2021		March 31, 2023		December 31, 2022		
		Carrying Amount	Fair Value	Carrying Amount	Fair Value			Carrying Amount	Fair Value	
Amended Credit Agreement	Amended Credit Agreement	\$ 453,290	\$ 445,193	\$ 495,262	\$ 516,380	Amended Credit Agreement	\$ 461,290	\$ 461,851	\$ 466,672	\$ 464,373
3.97% Senior Notes	3.97% Senior Notes	100,000	98,825	100,000	105,541	3.97% Senior Notes	100,000	99,042	100,000	96,894
Borrowings under lines of credit and overdrafts	Borrowings under lines of credit and overdrafts	—	—	224	224	Borrowings under lines of credit and overdrafts	29	29	8	8
Finance leases	Finance leases	4,403	4,473	6,505	6,827	Finance leases	4,137	3,862	4,404	4,085
Other		—	—	1,676	1,676					
		557,693	548,491	603,667	630,648		565,456	564,784	571,084	565,360
Less current maturities	Less current maturities	(1,339)		(3,735)		Less current maturities	(1,513)		(1,445)	
Long-term debt	Long-term debt	\$ 556,354		\$ 599,932		Long-term debt	\$ 563,943		\$ 569,639	

In October 2014, the Company entered into a Note Purchase Agreement ("Note Purchase Agreement"), among the Company and New York Life Insurance Company, New York Life Insurance and Annuity Corporation and New York Life Insurance and Annuity Corporation Institutionally Owned Life Insurance Separate Account, as purchasers, for the issuance of \$100,000 aggregate principal amount of 3.97% Senior Notes due October 17, 2024 (the "3.97% Senior Notes"). The 3.97% Senior Notes are senior unsecured obligations of the Company and pay interest semi-annually on April 17 and October 17 of each year at an annual rate of 3.97%. The 3.97% Senior Notes will mature on October 17, 2024 unless earlier prepaid in accordance with their terms. Subject to certain conditions, the Company may, at its option, prepay all or any part of the 3.97% Senior Notes in an amount equal to 100% of the principal amount of the 3.97% Senior Notes so prepaid, plus any accrued and unpaid interest to the date of prepayment, plus the Make-Whole Amount, as defined in the Note Purchase Agreement, with respect to such principal amount being prepaid. The fair value of the 3.97% Senior Notes was determined using the U.S. Treasury yield and a long-term credit spread for similar types of borrowings, which represent Level 2 observable inputs.

On October 8, 2020, the Company entered into the sixth amendment to its fifth amended and restated revolving credit agreement with Bank of America (the "Sixth Amendment") and the first amendment to the Note Purchase Agreement with New York Life (the "First NPA Amendment" and, collectively with the Sixth Amendment, the "Amendments"). The Sixth Amendment maintained the borrowing availability of \$1,000,000 along with access to request an additional \$200,000 through an accordion feature. The Sixth Amendment and the First NPA Amendment provided for an increase in the Company's maximum ratio of Consolidated Senior Debt, as defined, to Consolidated EBITDA, as defined, from 3.25 times (or, if a certain permitted acquisition above \$150,000 is consummated, 3.50 times) to 3.75 times in each case at the end of the four fiscal quarters, beginning with December 31, 2020, and regardless of whether a permitted acquisition, as defined, is consummated, providing additional financing flexibility and access to liquidity. Additionally, the Sixth Amendment requires the Company to maintain a maximum ratio of Consolidated Total Debt, as defined, to Consolidated EBITDA, of not more than 3.75 times in each case, at the end of the four fiscal quarters, beginning with December 31, 2020 and regardless of whether a permitted acquisition is consummated. Furthermore, the First NPA Amendment provides for (i) adjustments to the ratio of Consolidated Total Debt to Consolidated EBITDA, as defined, to conform to a more restrictive total leverage ratio that may be required under the Sixth Amendment, (ii) an increase in the amount of allowable add-back for restructuring charges when calculating Consolidated EBITDA from \$15,000 to \$25,000 and (iii) a required fee payment equal to 0.50% per annum times the daily outstanding principal amount of the note during each of the four fiscal quarters, following the quarter ended December 31, 2020, if the Company's Senior Leverage Ratio, as defined, exceeds 3.25 times. In October 2020, the Company paid fees and expenses of \$1,384 in conjunction with executing the Amendments. Such fees have been deferred within Other Assets on the accompanying Consolidated Balance Sheets and are being amortized into interest expense on the Consolidated Statements of (Loss) Income.

On February 10, 2021, the Company and certain of its subsidiaries entered into the sixth amended and restated senior unsecured revolving credit agreement (the "Amended Credit Agreement") and retained Bank of America, N.A. as the Administrative Agent for the lenders. The \$1,000,000 Amended Credit Agreement maintains the \$1,000,000 of availability under the facility, while increasing the available borrowings under the matures in February 2026 and includes an accordion feature from \$200,000 to \$250,000 (aggregate increase the borrowing availability of \$1,250,000) and extends the maturity date through February 2026. The Company to \$1,250,000. Borrowings under the Amended Credit Agreement also adjusts the bore interest rate to at either the Eurocurrency rate, as defined in the Amended Credit Agreement, plus a margin of 1.175% to 1.775% or the base rate, as defined in the Amended Credit Agreement, plus a margin of 0.175% to 0.775%, depending on the Company's leverage ratio at the time of the borrowing. Multi-currency borrowings, pursuant to the Amended Credit Agreement, bear bore interest at their respective interbank offered rate (i.e. Euribor) or 0.00% (higher of the two rates) plus a margin of between 1.175% and 1.775%. As with the earlier facility, the The Company's borrowing capacity is limited by various debt covenants in the Amended Credit Agreement, as described further below. The Amended Credit Agreement requires the Company to maintain a Senior Debt Ratio of not more than 3.25 times at the end of each fiscal quarter (or, if a permitted acquisition above \$150,000 is consummated, 3.50 times at the end of each of the first four fiscal quarters ending after the consummation of any such acquisition). In addition, the Amended Credit Agreement requires the Company to maintain a Total Debt Ratio of not more than 3.75 times for each fiscal quarter (or, if a permitted acquisition above \$150,000 is consummated, 4.25 times at the end of each of the first four fiscal quarters ending after the consummation of any such acquisition). A ratio of Consolidated EBITDA to Consolidated Cash Interest Expense, as defined, of not less than 4.25 times, is required at the end of each fiscal quarter. The Company paid fees and expenses of \$4,306 in conjunction with executing the Amended Credit Agreement. Such fees have been deferred within Other Assets on the Condensed Consolidated Balance Sheets and are being amortized into interest expense on

the **Condensed** Consolidated Statements of Income through their maturity. Cash used to pay these fees was recorded through other financing activities on the **Condensed** Consolidated Statements of Cash Flows. The Company further amended the Amended Credit Agreement on October 11, 2021, defining certain applicable multi-currency borrowing rates that may be used as replacement rates for LIBOR, which is expected to be discontinued by reference rate reform. See Note 2.

On April 6, 2022, the Company entered into Amendment No. 1 ("Amendment No. 1") to the Amended Credit Agreement, which (i) replaced the LIBOR interest rate for U.S. dollar loans to a term Secured Overnight Financing Rate including a Secured Overnight Financing Rate adjustment (or "SOFR", as defined in the Amended Credit Agreement), (ii) added a daily SOFR option for U.S. dollar loans and a term SOFR option for U.S. dollar loans, and (iii) added the ability to borrow foreign swing line loans based on the Euro Short Term Rate (as defined) with the same interest spread as the interest spread for SOFR Loans (as defined) and Alternative Currency Loans (defined as loans denominated in Euro, Sterling, Swiss Francs or Yen). In addition, Amendment No. 1 lowered the interest rate spread on (i) SOFR Loans and Alternative Currency Loans to a range from 0.975% to 1.70%, depending on the leverage ratio (the "Leverage Ratio") of Consolidated Total Debt (as defined) to Consolidated EBITDA (as defined) as of the end of each fiscal quarter, and (ii) loans based on the Base Rate (as defined), to a range from 0.00% to 0.70%, depending on the Company's Leverage Ratio as of the end of each fiscal quarter. Amendment No. 1 also lowered the facility fee, which is required to be paid by the Company under the Amended Credit Agreement and is calculated on the full amount of the revolving facility, to a range from 0.15% to 0.30%, depending on the Company's Leverage Ratio at the end of each fiscal quarter. In April 2022, the Company paid fees and expenses of \$1,037 in conjunction with executing Amendment No. 1. Such fees have been deferred within Other Assets on the **Condensed** Consolidated Balance Sheets and will be amortized into interest expense on the **Condensed** Consolidated Statements of (Loss) Income through the maturity of Amended Credit Agreement. Cash used to pay these fees was recorded through other financing activities on the **Condensed** Consolidated Statements of Cash Flows.

Borrowings and availability under the Amended Credit Agreement were \$453,290 \$461,290 and \$546,710, \$538,710, respectively, at September 30, 2022 March 31, 2023 and \$495,262 \$466,672 and \$504,738, \$533,328, respectively, at December 31, 2021 December 31, 2022, subject to covenants in the Company's revolving debt agreements. At September 30, 2022 March 31, 2023, additional borrowings of \$368,995 \$322,545 of Total Debt (including \$245,437 \$204,145 of Senior Debt) would have been allowed under the financial covenants. The average interest rate on these borrowings was 2.52% 4.54% and 1.48% 3.67% on September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022, respectively. Borrowings included Euro-denominated borrowings of \$15,000 299,500 Euros (\$308,290) \$326,290 at September 30, 2022 March 31, 2023 and \$18,450 \$10,700 Euros (\$360,262) \$331,672 at December 31, 2021 December 31, 2022. The fair value of the borrowings is based on observable Level 2 inputs. The borrowings were valued using discounted cash flows based upon the Company's estimated interest costs for similar types of borrowings.

At September 30, 2022 March 31, 2023, the Company was in compliance with all applicable covenants. The Company anticipates continued compliance in each of the next four quarters while continuing to monitor its future compliance based on current and future economic conditions. The Company's most restrictive financial covenant is the Senior Debt Ratio, which required the Company to maintain a ratio of Consolidated Senior Debt to Consolidated EBITDA of not more than 3.25 times at September 30, 2022 March 31, 2023. The actual ratio, as defined, was 2.26 2.39 times at September 30, 2022 March 31, 2023.

In addition, the Company has approximately \$70,000 \$71,000 in uncommitted short-term bank credit lines ("Credit Lines") and overdraft facilities. The Credit Lines are accessed locally and are available primarily within the U.S., Europe and Asia. The Credit Lines are subject to the applicable borrowing rates within each respective country and vary between jurisdictions (i.e.

LIBOR, Euribor, etc.). The Company had no borrowings under the Credit Lines at September 30, 2022 March 31, 2023 or December 31, 2021 December 31, 2022. The Company had borrowed \$0 \$29 and \$224 \$8 under the overdraft facilities at September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022, respectively. Repayments under the Credit Lines are due within one month after being borrowed. Repayments of the overdrafts are generally due within two days after being borrowed. The carrying amounts of the Credit Lines and overdrafts approximate fair value due to the short maturities of these financial instruments.

The Company also has several finance leases under which \$4,403 \$4,137 and \$6,505 \$4,404 was outstanding at September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022, respectively. The fair value of the finance leases is based on observable Level 2 inputs. These instruments were valued using discounted cash flows based upon the Company's estimated interest costs for similar types of borrowings.

Other debt includes bank acceptances. Bank acceptances represent financial instruments accepted by certain China-based vendors in lieu of cash paid on payables, generally range from three to six months in maturity and are guaranteed by banks. The Company had no bank acceptances outstanding at September 30, 2022 and \$1,676 of bank acceptances outstanding at December 31, 2021. The carrying amounts of the bank acceptances approximate fair value due to the short maturities of these financial instruments.

9. Derivatives

The Company has manufacturing, service and sales facilities around the world and thus makes investments and conducts business transactions denominated in various currencies. The Company is also exposed to fluctuations in interest rates and commodity price changes. These financial exposures are monitored and managed by the Company as an integral part of its risk management program.

Derivative financial instruments have been used by the Company to hedge its exposure to fluctuations in interest rates. On April 28, 2017, the Company entered into an interest rate swap agreement (the "2017 Swap") with one bank which converted the interest on the first \$100,000 of the Company's one-month LIBOR-based borrowings from a variable rate plus the borrowing spread to a fixed rate of 1.92% plus the borrowing spread. The 2017 Swap expired on January 31, 2022. On March 24, 2021, the Company entered into a new interest rate swap agreement (the "2021 Swap") with this same bank that commenced on January 31, 2022 and that converted the interest on the first \$100,000 of the Company's one-month LIBOR-based borrowings from a variable rate plus the borrowing spread to a fixed rate of 1.17% plus the borrowing spread. On April 6, 2022, the Company entered into Amendment No. 1 to the Amended Credit Agreement, which replaced the LIBOR interest rate for U.S. dollar loans with the SOFR rate (see Note 8). As a result, in May 2022 the Company subsequently amended the 2021 Swap (the

"Amended "Amended 2021 Swap"), effective April 30, 2022, such that the one-month SOFR-based borrowing rate replaced the one-month LIBOR-based borrowing rate. The Amended 2021 Swap, which will expire on January 30, 2026, converts the interest on the first \$100,000 of the Company's one-month SOFR-based borrowings from a variable rate plus the borrowing spread to a fixed rate of 1.075% plus the borrowing spread. The execution of the Amended 2021 Swap did not result in a material impact on our business, financial condition, results of operations or cash flow. These interest rate swap agreements (the "Swaps") are accounted for as cash flow hedges.

The Company also uses derivative financial instruments to hedge its exposures to fluctuations in foreign currency exchange rates. The Company has various contracts outstanding which primarily hedge recognized assets or liabilities and anticipated transactions in various currencies including the Euro, British pound sterling, U.S. dollar, Canadian dollar, Japanese yen, Singapore dollar, Korean won, Swedish kroner, Chinese renminbi, Mexican peso, Hong Kong dollar and Swiss franc. Certain foreign currency derivative instruments are treated as cash flow hedges of forecasted transactions. All foreign exchange contracts are due within two years.

The Company does not use derivatives for speculative or trading purposes or to manage commodity exposures.

The Company records the derivatives at fair value on the Condensed Consolidated Balance Sheets within Prepaid Expenses and Other Current Assets, Other Assets, Accrued Liabilities or Other Liabilities depending on their fair value and remaining contractual period. Changes in the fair market value of derivatives accounted for as cash flow hedges are recorded to accumulated other comprehensive income (loss) and reclassified to earnings in a manner that matches the earnings impact of the hedged transaction. Reclassifications to earnings for the Swaps are recorded through interest expense and reclassifications to earnings for foreign exchange contracts are recorded through net sales. Changes in the fair market value of the foreign exchange contracts that are not designated hedging instruments are recorded directly to earnings through Other expense (income), net.

The fair values of the Amended 2021 Swap were \$8,447 \$7,399 and \$316 \$8,535 as of September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022, respectively, and were recorded in Other Assets in the Condensed Consolidated Balance Sheets for the periods. The fair values of the Company's other derivatives were not material to the Company's Condensed Consolidated Balance Sheets as of September 30, 2022 March 31, 2023 or December 31, 2021 December 31, 2022. With the exception of the increase in the fair value of the Amended 2021 Swap from December 31, 2021 to September 30, 2022, the See Note 10. The activity related to the derivatives that have been designated hedging instruments was not material to the Company's Condensed Consolidated Financial Statements for the periods ended September 30, 2022 March 31, 2023 or 2021, 2022. The Company recognized (gains) losses of \$8,094 \$(1,599) and \$2,991 \$1,251 related to the foreign exchange contracts that are not accounted for as hedging instruments within other expense (income), net, in the Condensed Consolidated Statements of Income (Loss) for the three-month periods ended September 30, 2022 March 31, 2023 and 2021, respectively. The Company recognized losses of \$18,671 and \$3,404 related to the foreign exchange contracts that are not accounted for as hedging instruments within other expense (income), net, in the Consolidated Statements of Income (Loss) for the nine month periods ended September 30, 2022 and 2021, 2022, respectively. Such (gains) losses were

substantially offset by net gains or net losses recorded on the underlying hedged asset or liability (the "underlying"). Offsetting net gains or net losses on the underlying are also recorded within Other expense (income), net.

The Company's policy for classifying cash flows from derivatives is to report the cash flows consistent with the underlying hedged item. Other financing cash flows during the nine three month periods ended September 30, 2022 March 31, 2023 and 2021, 2022, as presented on the Condensed Consolidated Statements of Cash Flows, include \$17,271 \$(1,353) and \$1,070 \$3,615 of net cash (proceeds) payments related to the settlement of foreign currency hedges related to intercompany financing.

10. Fair Value Measurements

The provisions of the accounting standard for fair value 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. This standard classifies the inputs used to measure fair value into the following hierarchy:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 Unobservable inputs for the asset or liability.

The following table provides the assets and liabilities reported at fair value and measured on a recurring basis as of September 30, 2022 March 31, 2023 and December 31, 2021 December 31, 2022:

Description	Description	Total	Fair Value Measurements Using			Description	Total	Fair Value Measurements Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2022										
March 31, 2023						March 31, 2023				
Asset derivatives	Asset derivatives	\$ 8,471	\$ —	\$ 8,471	\$ —	Asset derivatives	\$ 7,941	\$ —	\$ 7,941	\$ —
Liability derivatives	Liability derivatives	(1,310)	—	(1,310)	—	Liability derivatives	(710)	—	(710)	—

Bank acceptances	Bank acceptances	13,846	—	13,846	—	Bank acceptances	13,142	—	13,142	—
Rabbi trust assets	Rabbi trust assets	2,007	2,007	—	—	Rabbi trust assets	2,175	2,175	—	—
Total	Total	\$ 23,014	\$ 2,007	\$ 21,007	\$ —	Total	\$ 22,548	\$ 2,175	\$ 20,373	\$ —
December 31, 2021										
December 31, 2022						December 31, 2022				
Asset derivatives	Asset derivatives	\$ 375	\$ —	\$ 375	\$ —	Asset derivatives	\$ 8,856	\$ —	\$ 8,856	\$ —
Liability derivatives	Liability derivatives	(107)	—	(107)	—	Liability derivatives	(1,023)	—	(1,023)	—
Bank acceptances	Bank acceptances	13,240	—	13,240	—	Bank acceptances	13,260	—	13,260	—
Rabbi trust assets	Rabbi trust assets	3,001	3,001	—	—	Rabbi trust assets	2,104	2,104	—	—
Total	Total	\$ 16,509	\$ 3,001	\$ 13,508	\$ —	Total	\$ 23,197	\$ 2,104	\$ 21,093	\$ —

The derivative contracts are valued using observable current market information as of the reporting date such as the prevailing SOFR-based interest rates and foreign currency spot and forward rates. Bank acceptances represent financial instruments accepted from certain China-based customers in lieu of cash paid on receivables, have maturities of one year or less and are guaranteed by banks. The carrying amounts of the bank acceptances, which are included within prepaid expenses and other current assets, approximate fair value due to their short maturities. The fair values of rabbi trust assets are based on quoted market prices from various financial exchanges.

11. Pension and Other Postretirement Benefits

Pension and other postretirement benefits expenses (income) cost consisted of the following:

Pensions	Pensions	Three Months Ended September 30,		Nine Months Ended September 30,		Pensions	Three Months Ended March 31,	
		2022	2021	2022	2021		2023	2022
Service cost	Service cost	\$ 1,462	\$ 1,633	\$ 4,345	\$ 4,912	Service cost	\$ 773	\$ 1,555
Interest cost	Interest cost	3,643	3,186	10,511	9,562	Interest cost	4,895	3,434
Expected return on plan assets	Expected return on plan assets	(7,264)	(6,963)	(21,801)	(20,897)	Expected return on plan assets	(7,534)	(7,281)
Amortization of prior service cost	Amortization of prior service cost	97	83	304	248	Amortization of prior service cost	87	108
Amortization of actuarial losses	Amortization of actuarial losses	3,098	3,999	9,755	12,005	Amortization of actuarial losses	417	3,139
Curtailment loss		1,158	—	1,158	—			
Special termination benefits	Special termination benefits	259	—	395	—	Special termination benefits	—	136
Net periodic benefit cost		\$ 2,453	\$ 1,938	\$ 4,667	\$ 5,830			
Net periodic benefit (income) cost						Net periodic benefit (income) cost	\$ (1,362)	\$ 1,091

Other Postretirement Benefits	Other Postretirement Benefits	Three Months Ended September 30,		Nine Months Ended September 30,		Other Postretirement Benefits	Three Months Ended March 31,	
		2022	2021	2022	2021		2023	2022
Service cost	Service cost	\$ 19	\$ 27	\$ 58	\$ 77	Service cost	\$ 13	\$ 24
Interest cost	Interest cost	197	203	606	615	Interest cost	285	206
Amortization of prior service cost	Amortization of prior service cost	9	7	27	22	Amortization of prior service cost	3	—

Amortization of actuarial losses	(1)	54	(2)	194		
Amortization of actuarial (gains) losses					Amortization of actuarial (gains) losses	(25) 9
Net periodic benefit cost	Net periodic benefit cost	\$ 224	\$ 291	\$ 689	\$ 908	Net periodic benefit cost \$ 276 \$ 239

The service cost component of net periodic benefit cost is included within cost of sales and selling and administrative expenses. The components of net periodic benefit (income) cost other than the service cost component are included in Other income (expense) on the Condensed Consolidated Statements of Income (Loss) Income. See Note 13.

In February 2023, the Company elected to freeze the benefits associated with one of its U.S.-based defined benefit pension plans. Although the action was approved in February, future benefits are scheduled to cease effective December 31, 2023. The curtailment loss of \$1,158 and special termination benefits of \$259 relate Pursuant to the restructuring actions that were taken during applicable accounting guidance, the third quarter Company performed an interim remeasurement of 2022. See Note 16. its pension plan assets and obligations and recognized a curtailment gain as of January 31, 2023, represented by a \$11,324 of non-cash after-tax increase in stockholders equity (through other non-owner changes to equity). This increase in stockholders equity resulted from favorable variances between expected and actual returns on pension plan assets and the net incremental change in the benefit obligation as a result of the elimination of future benefit accruals, partially offset by the impacts of changes in actuarial assumptions, primarily a decrease in discount rates.

12. Income Taxes

The Company's effective tax rate for the first nine three months of 2022 2023 was 111.0% 20.9% compared with 27.0% 21.0% in the first nine three months of 2021 2022 and 21.9% 64.7% for the full year 2021, 2022. The increase decrease in the effective tax rate in the first nine three months of 2022 2023 as compared with the rate for the full year 2021 was driven by 2022 is primarily due to the absence of a goodwill impairment charge of \$68,194, which is was not tax deductible for book purposes. Excluding Additional drivers causing the goodwill impairment charge, the effective tax rate for the first nine months of 2022 was 24.0%. Additional drivers decrease in the effective tax rate in the first nine three months of 2022, 2023, as compared with the full year 2021 2022 rate, include the absence of benefits disallowed expenses related to the realignment of tax basis goodwill and intangibles, and the favorable Mutual Aid Process Approval, both Section 162(m) for covered employee's compensation recorded in 2021. Additionally, certain costs were recorded during the third quarter 2022 and a favorable mix of 2022 related to GILTI tax. The effective tax rate was also favorably impacted by higher income in jurisdictions with tax holidays, non-U.S. earnings.

The Aerospace and Industrial segments have several a number of multi-year tax holidays in Singapore, China, Malaysia and Malaysia, Singapore. The Company China holiday was granted in 2021 and provides for a corporate income tax of 15% for the approved businesses. The China holiday runs for a three-year period ending December 31, 2023. It is anticipated that the company will re-apply for the China holiday in China that was approved in December 2021. As a result of this tax holiday, the China tax rate was reduced from 25% to 15% and is effective for a three year period commencing January 1, 2021 (retroactively), 2024. Aerospace was granted an income tax holiday for operations recently established in Malaysia. This The Malaysia holiday commenced effective November 2020 (retroactively) and remains effective for a period of ten years. The Aerospace business was granted additional tax holidays in Singapore under the Pioneer program in the fourth quarter of 2022. The Singapore holiday provides reduced tax holiday is scheduled to expire in rates for certain Aerospace programs manufactured at the Singapore location and will run through December 2022. These 2025. All of the holidays are subject to the Company meeting certain commitments in the respective jurisdictions.

In August 2022, the U.S. government enacted tax legislation commonly referred to as the Inflation Reduction Act of 2022 ("IRA") into law. The IRA will impose a 1% excise tax on the fair market value of certain stock repurchased by a public traded company after December 31, 2022 and restored and modified certain tax-related energy incentives. The Company does not anticipate a material impact on our business, financial condition, results of operations or cash flow as a result of this change.

13. Changes in Accumulated Other Comprehensive Income (Loss) by Component

The following tables set forth the changes in accumulated other comprehensive income (loss), net of tax, by component for the nine three month periods ended September 30, 2022 March 31, 2023 and 2021: 2022:

	Gains and Losses on Cash Flow Hedges	Pension and Other Postretirement Benefit Items	Foreign Currency Items	Total
December 31, 2021	\$ 160	\$ (112,307)	\$ (39,691)	\$ (151,838)
Other comprehensive income (loss) before reclassifications	5,765	(5,945)	(145,238)	(145,418)
Amounts reclassified from accumulated other comprehensive income to the consolidated statements of income	28	8,059	—	8,087
Net current-period other comprehensive income (loss)	5,793	2,114	(145,238)	(137,331)
September 30, 2022	\$ 5,953	\$ (110,193)	\$ (184,929)	\$ (289,169)

	Gains and Losses on Cash Flow Hedges	Pension and Other Postretirement Benefit Items	Foreign Currency Items	Total
December 31, 2022	\$ 5,941	\$ (108,640)	\$ (117,801)	\$ (220,500)

Other comprehensive (loss) income before reclassifications	(352)	11,249	18,473	29,370
Amounts reclassified from accumulated other comprehensive income to the Condensed Consolidated Statements of Income	(534)	373	—	(161)
Net current-period other comprehensive (loss) income	(886)	11,622	18,473	29,209
March 31, 2023	\$ 5,055	\$ (97,018)	\$ (99,328)	\$ (191,291)

	Gains and Losses on Cash Flow Hedges	Pension and Other Postretirement Benefit Items	Foreign Currency Items	Total
December 31, 2020	\$ (757)	\$ (142,119)	\$ 20,561	\$ (122,315)
Other comprehensive (loss) income before reclassifications	(1,115)	614	(51,669)	(52,170)
Amounts reclassified from accumulated other comprehensive income to the consolidated statements of income	627	9,551	—	10,178
Net current-period other comprehensive (loss) income	(488)	10,165	(51,669)	(41,992)
September 30, 2021	\$ (1,245)	\$ (131,954)	\$ (31,108)	\$ (164,307)

	Gains and Losses on Cash Flow Hedges	Pension and Other Postretirement Benefit Items	Foreign Currency Items	Total
December 31, 2021	\$ 160	\$ (112,307)	\$ (39,691)	\$ (151,838)
Other comprehensive income (loss) before reclassifications	3,415	12	(8,612)	(5,185)
Amounts reclassified from accumulated other comprehensive income to the Condensed Consolidated Statements of Income	103	2,492	—	2,595
Net current-period other comprehensive income (loss)	3,518	2,504	(8,612)	(2,590)
March 31, 2022	\$ 3,678	\$ (109,803)	\$ (48,303)	\$ (154,428)

The following table sets forth the reclassifications out of accumulated other comprehensive loss by component for the three month periods ended **September 30, 2022** **March 31, 2023** and **2021: 2022:**

Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in the Consolidated Statements of Income
	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	
Cash flow hedges			
Interest rate contracts	\$ 266	\$ (468)	Interest expense
Foreign exchange contracts	(45)	219	Net sales
	221	(249)	Total before tax
	(53)	75	Tax benefit
	168	(174)	Net of tax
Pension and other postretirement benefit items			
Amortization of prior service costs	\$ (106)	\$ (90)	(A)
Amortization of actuarial losses	(3,097)	(4,053)	(A)
Curtailed loss	(450)	—	(A)
	(3,653)	(4,143)	Total before tax
	859	972	Tax benefit
	(2,794)	(3,171)	Net of tax
Total reclassifications in the period	\$ (2,626)	\$ (3,345)	

The following table sets forth the reclassifications out of accumulated other comprehensive loss by component for the nine month periods ended September 30, 2022 and 2021:

Details about Accumulated Other Comprehensive Income (Loss) Components	Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in the Consolidated Statements of Income	Details about Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in the Consolidated Statements of Income
		Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021			Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	
Cash flow hedges	Cash flow hedges				Cash flow hedges			
Interest rate contracts	Interest rate contracts	\$ 6	(1,377)	Interest expense	Interest rate contracts	\$ 865	\$ (166)	Interest expense
Foreign exchange contracts	Foreign exchange contracts	(42)	517	Net sales	Foreign exchange contracts	(159)	30	Net sales
		(36)	(860)	Total before tax		706	(136)	Total before tax
		8	233	Tax benefit		(172)	33	Tax (expense) benefit
		(28)	(627)	Net of tax		534	(103)	Net of tax
Pension and other postretirement benefit items	Pension and other postretirement benefit items				Pension and other postretirement benefit items			
Amortization of prior service costs	Amortization of prior service costs	\$ (331)	\$ (270)	(A)	Amortization of prior service costs	\$ (90)	\$ (108)	(A)
Amortization of actuarial losses	Amortization of actuarial losses	(9,753)	(12,199)	(A)	Amortization of actuarial losses	(392)	(3,148)	(A)
Curtailment loss		(450)	—	(A)				
		(10,534)	(12,469)	Total before tax		(482)	(3,256)	Total before tax
		2,475	2,918	Tax benefit		109	764	Tax benefit
		(8,059)	(9,551)	Net of tax		(373)	(2,492)	Net of tax
Total reclassifications in the period	Total reclassifications in the period	\$ (8,087)	\$ (10,178)		Total reclassifications in the period	\$ 161	\$ (2,595)	

(A) These accumulated other comprehensive income (loss) components are included within the computation of net periodic Pension and Other Postretirement Benefits cost. See Note 11.

14. Information on Business Segments

The Company is organized based upon the nature of its products and services and reports under two global business segments: Industrial and Aerospace. Segment information is consistent with how management reviews the businesses, makes investing and resource allocation decisions and assesses operating performance. The Company has not aggregated operating segments for purposes of identifying these two reportable segments.

Industrial is a global provider of highly-engineered, high-quality precision components, products and systems for critical applications serving a diverse customer base in end-markets such as mobility, industrial equipment, automation, personal care, packaging, electronics, and medical devices. Focused on innovative custom solutions, Industrial participates in the design phase of components and assemblies whereby customers receive the benefits of application and systems engineering, new product development, testing and evaluation, and the manufacturing of final products. Products are sold primarily through its direct sales force and global distribution channels. Industrial's Molding Solutions business designs and manufactures customized hot runner systems, advanced mold cavity sensors and process control systems, and precision high cavitation mold assemblies - collectively, the enabling technologies for many complex injection molding applications. The Effective January 1, 2023, the Company combined Industrial's Force & Motion Control business and Engineered Components business to form a single new strategic business called Motion Control Solutions business. The Motion Control Solutions business provides innovative cost effective force and motion control solutions for a wide range of metal forming and other industrial markets. The Motion Control Solutions business also manufactures and supplies precision mechanical products used in mobility and industrial applications, including mechanical springs, and high-precision punched and fine-blanked components. The Automation business designs and develops robotic grippers, advanced end-of-arm tooling systems, sensors and other automation components for intelligent robotic handling solutions and industrial automation applications. Industrial's Engineered Components business manufactures and supplies precision mechanical products used in mobility and industrial applications, including mechanical springs, and high-precision punched and fine-blanked components.

Aerospace is a global manufacturer of complex fabricated and precision machined components and assemblies for turbine engines, nacelles and structures for both commercial and defense-related aircraft. The Aerospace Aftermarket business provides aircraft engine component maintenance, repair and overhaul ("MRO") services, including services performed under our Component Repair Programs ("CRPs"), for many of the world's major turbine engine manufacturers, commercial airlines and the defense market. The Aerospace Aftermarket activities also include the manufacture and delivery of aerospace aftermarket spare parts, including through revenue sharing programs ("RSPs") under which the Company receives an exclusive right to supply designated aftermarket parts over the life of specific aircraft engine programs.

The following tables set forth information about the Company's operations by its two reportable segments:

		Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
		2022	2021	2022	2021	2023	2022
Net sales	Net sales						
Industrial	Industrial	\$ 203,959	\$ 231,549	\$ 627,746	\$ 686,220	\$ 218,109	\$ 211,672
Aerospace	Aerospace	110,787	93,511	320,650	261,639	117,256	100,711
Intersegment sales	Intersegment sales	(2)	(1)	(1)	(13)	(8)	—
Total net sales	Total net sales	\$ 314,744	\$ 325,059	\$ 948,395	\$ 947,846	\$ 335,357	\$ 312,383
Operating profit (loss)							
Industrial ^(A)		\$ 8,809	\$ 30,067	\$ (25,200)	\$ 78,635		
Operating profit				Operating profit			
Industrial						\$ 4,533	\$ 14,734
Aerospace	Aerospace	21,227	13,642	58,162	35,997	18,751	16,379
Total operating profit	Total operating profit	30,036	43,709	32,962	114,632	23,284	31,113
Interest expense	Interest expense	3,357	4,027	10,249	12,443	5,308	3,567
Other expense (income), net	Other expense (income), net	2,423	1,217	3,650	3,952	1,340	1,630
Income before income taxes	Income before income taxes	\$ 24,256	\$ 38,465	\$ 19,063	\$ 98,237	\$ 16,636	\$ 25,916
		September 30, 2022		December 31, 2021		March 31, 2023	
Assets	Assets						
Industrial ^(A)	Industrial ^(A)	\$ 1,578,444	\$ 1,827,903	Industrial ^(A)	\$ 1,709,301	\$ 1,680,415	
Aerospace	Aerospace	587,282	583,043	Aerospace	595,663	590,598	
Other ^(B) ^(A)	Other ^(B) ^(A)	145,328	165,874	Other ^(B) ^(A)	139,405	142,717	
Total assets	Total assets	\$ 2,311,054	\$ 2,576,820	Total assets	\$ 2,444,369	\$ 2,413,730	

(A) Industrial operating losses in the nine month period ended September 30, 2022 include a \$68,194 goodwill impairment charge. Assets at Industrial were impacted by a corresponding amount given the reduction to the goodwill balance. See Note 7.

(B) "Other" assets include corporate-controlled assets, the majority of which are cash and cash equivalents and deferred tax assets.

15. Commitments and Contingencies

Product Warranties

The Company provides product warranties in connection with the sale of certain products. From time to time, the Company is subject to customer claims with respect to product warranties. The Company accrues its estimated exposure for warranty claims at the time of sale based upon the length of the warranty period, historical experience and other related information known to the Company. Liabilities related to product warranties and extended warranties were not material as of **September 30, 2022**, **March 31, 2023** and **December 31, 2021**, **December 31, 2022**.

In July 2021, a customer asserted breach of contract and contractual warranty claims regarding a part manufactured by the Company. The Company disputes the asserted claims and no litigation or other proceeding has been initiated. While it is currently not possible to determine the ultimate outcome of this matter, the Company intends to vigorously defend its position and believes that the ultimate resolution will not have a material adverse effect on the Company's consolidated financial position or liquidity, but could be material to the consolidated results of operations of any one period.

Litigation

The Company is subject to litigation from time to time in the ordinary course of business and various other suits, proceedings and claims are pending involving the Company and its subsidiaries. The Company records a loss contingency liability when a loss is considered probable and the amount can be reasonably estimated. While it is not possible to determine the ultimate disposition of each of these proceedings and whether they will be resolved consistent with the Company's beliefs, the Company expects that the outcome of such proceedings, individually or in the aggregate, will not have a material adverse effect on financial condition or results of operations.

Supplier Finance Programs

The Company participates in a Supplier Finance Program (the "Program") under which it agrees to pay a third-party finance

provider the stated amount of confirmed invoices from participating suppliers based on the original invoice due date. Suppliers, at their sole discretion, may elect to finance confirmed invoices prior to their scheduled due date at a discounted price with the Company's third-party finance provider. Outstanding obligations related to the Program were not material as of March 31, 2023 and December 31, 2022. These obligations were recorded within Accounts Payable on the Condensed Consolidated Balance Sheets. The Company does not have any assets nor any other forms of guarantees pledged as security to the third-party finance provider as part of the Program.

16. Business Reorganizations

In June 2020, the Company announced restructuring and workforce reduction actions ("2020 Actions") which were implemented across its businesses and functions in response to the macroeconomic disruption in global industrial and aerospace end markets arising from COVID-19. During 2020, a resulting pre-tax charge of \$19,116 was recorded (\$18,158 through operating profit), primarily related to employee severance and termination benefits (recorded largely during the second quarter of 2020). These actions were substantially complete as of December 31, 2020 and reduced the Company's global workforce by approximately 8%. A corresponding liability of \$100, per below, remained and was included within accrued liabilities as of September 30, 2022. The Company does not expect any additional costs related to the 2020 Actions to be significant.

The following table sets forth the change in the liability related to the 2020 Actions:

December 31, 2021	\$	1,222
Employee severance and other termination benefits		(321)
Payments		(801)
September 30, 2022	\$	100

In 2021, the Company initiated additional restructuring actions ("2021 Actions") at a number of locations. The 2021 Actions included a transfer of manufacturing capabilities to leverage existing capacity which is expected to reduce labor and infrastructure costs. The 2021 Actions resulted in pre-tax charges of \$2,869, primarily related to employee severance and termination benefits, in 2021 (recorded primarily during the second and fourth quarters of 2021), and \$382 in the first nine months of 2022. The Company does not expect any additional costs related to the 2021 Actions to be significant.

In July 2022, the Company authorized additional restructuring actions ("2022 Actions") focused on the consolidation of two manufacturing sites and a number of branch offices and changes in infrastructure to eliminate certain roles across a number of locations in the Industrial segment businesses. A resulting pre-tax charge of \$11,377 was recorded (\$9,960 through operating profit) in the third quarter second half of 2022. Of the aggregate, \$8,169 \$11,880 related to employee termination costs, primarily employee severance and other termination benefits, which are expected to be paid in cash by the end of 2023 and \$3,208 which were recorded within Selling and Administrative Expenses. The remaining \$6,106 primarily related to other associated costs, primarily including \$3,186 of accelerated depreciation of assets and \$1,417 of pension curtailment losses and special termination benefits which were recorded in Cost of sales and Other expense and (income), net, respectively. During the first quarter of 2023 additional pre-tax charges of \$3,990, including \$1,593 of accelerated depreciation of assets, assets and \$2,397, primarily related to transfer of work charges, were primarily recorded within Cost of sales in the accompanying Condensed Consolidated Statements of Income. A corresponding liability of \$7,976, \$9,424, per below, related to the employee termination costs remained and was included within accrued liabilities as of September 30, 2022 March 31, 2023. The Company expects to incur additional costs of approximately \$4,000 in 2022 and \$8,000 \$5,000 in 2023 related to the 2022 Actions, which including approximately \$2,000 of additional accelerated depreciation and \$4,000 of transfer of work charges, partially offset by a \$1,000 benefit related to pension curtailment and settlement gains. Of this \$5,000, approximately \$4,000 is payable in cash. The 2022 Actions are expected to be completed in 2023. The Company anticipates annualized cost savings of approximately \$14,000 from the 2022 Actions.

The following table sets forth the change in the liability for the employee termination benefits related to the 2022 Actions:

December 31, 2021 2022	\$	10,900
	8,169	
Payments		(193) (1,476)
September 30, 2022 March 31, 2023	\$	7,976 9,424

With respect 17. Subsequent Event

In April 2023, the Company authorized restructuring actions ("2023 Actions") focused on manufacturing footprint optimization, including the consolidation of manufacturing sites and optimization of production. The 2023 Actions include the geographic transfer of certain programs within both the Industrial and Aerospace segments and changes in infrastructure to drive improvements and efficiencies in business processes, including the elimination of certain roles across several locations. The pre-tax charges associated with the 2023 Actions are expected to approximate \$28,000, with approximately \$19,000 of the charges being recorded in 2023 and the residual amount recorded through 2025, all through operating profit. Of the aggregate, approximately \$15,000 relates to employee termination costs, primarily severance and other employee related benefits, and are to be paid in cash. The residual charges of \$13,000 relate to other associated restructuring costs, with the primary drivers being \$2,300 of accelerated depreciation and \$7,500 related to the unaudited consolidated financial information transfer of Barnes Group Inc. for work. Of this \$13,000, approximately \$11,000 is payable in cash. Of the three aggregate charges, approximately \$12,000 and nine-month periods ended September 30, 2022 and 2021, PricewaterhouseCoopers LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated October 28, 2022 appearing herein, states that they did not audit and they do not express an opinion on that unaudited consolidated financial information. Accordingly, the degree of reliance on their report should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject \$16,000 relate to the liability provisions of Section 11 of the Securities Act of 1933, as amended, for their report on the unaudited consolidated financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 Aerospace and 11 of the Securities Act of 1933, as amended. Industrial segments, respectively.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Barnes Group Inc.

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of Barnes Group Inc. and its subsidiaries (the "Company") as of September 30, 2022, and the Company also plans to invest approximately \$14,000 in capital expenditures related consolidated statements of income (loss) and of comprehensive (loss) income for the three-month and nine-month periods ended September 30, 2022 and 2021 and the consolidated statement of cash flows for the nine-month periods ended September 30, 2022 and 2021, including the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for its 2023 Actions. The 2023 Actions are expected to be completed throughout multiple periods, with completion in conformity with accounting principles generally accepted in 2025. The Company anticipates annualized cost savings of over \$25,000 from the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2021, and the related consolidated statements of income, of comprehensive income, of changes in stockholders' equity, and of cash flows for the year then ended (not presented herein), and in our report dated February 22, 2022, which included a paragraph describing a change in the manner of accounting for leases in the 2019 financial statements, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2021, is fairly stated, in all material respects, in relation to 2023 Actions. The planned capital expenditures relate primarily to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut

October 28, 2022

Aerospace segment.

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

OVERVIEW

Please refer to the Overview in the Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. The Annual Report on Form 10-K, along with the Company's other filings, can be found on the Securities and Exchange Commission's website, www.sec.gov, as well as on the Company's website: www.onebarnes.com.

Third First Quarter Highlights

The Company reported net sales of \$314.7 million in the third first quarter of 2022 decreased \$10.3 million 2023, an increase of \$23.0 million or 3.2% 7.4% from the third first quarter of 2021, 2022. Organic sales increased by \$7.8 million \$28.8 million, or 2.4% 9.2%, including an increase of \$17.3 million \$16.5 million, or 18.5% 16.4%, at Aerospace, partially offset by a decrease and an increase of \$9.5 million \$12.3 million, or 4.1% 5.8%, at Industrial. The year-over-year increase at Aerospace was driven by volume increases within both the Aerospace Aftermarket business and the Aerospace Original Equipment Manufacturing ("OEM") business, reflecting the ongoing recovery in aerospace end markets. From an Industrial standpoint, end-markets remained under pressure given the ongoing impacts year-over-year increase was driven by higher volumes within each of global supply chain constraints on near-term automotive the businesses and broader industrial production. by favorable pricing actions, intended to address inflationary pressures. The strengthening of the U.S. dollar against foreign currencies decreased net sales within the Industrial segment by approximately \$18.1 million \$5.9 million. Operating margins decreased from 13.4% 10.0% in the 2021 2022 period to 9.5% 6.9% in the current period, largely a result of \$9.0 million \$13.9 million of pre-tax charges related to restructuring and workforce reduction transformation related actions and increased raw material, utility, labor and freight costs. The aforementioned items were unfavorable productivity, partially offset by pricing and procurement actions taken by management, combined with the profit contribution from higher volumes within the Aerospace Aftermarket business. In addition, \$1.4 million of restructuring charges, primarily related to a pension curtailment charge, were recorded to other expense (income) during the third quarter of 2022.

Impact of Macroeconomic Trends and Management Actions

Several macroeconomic trends continued to present challenges across our businesses during the third quarter of 2022, 2023, including labor and supply chain constraints, rising interest rates, and inflationary pressures, resulting in increased freight, energy, primarily related to labor and raw material costs, as well as increased utility costs. Management has taken several actions to mitigate the impacts of these cost impacts. In addition to taking pricing actions to partially recover costs, the Company has remained

focused on cost management and productivity initiatives to mitigate these impacts. During Management also continues to focus on driving core business execution through revenue growth, margin expansion, and new business development. More recently, management attention has been directed towards integrating our existing businesses, consolidating operations and facilities where appropriate, and rationalizing operational costs and investments; all with the goal of improving profitability and return on invested capital.

In July 2022, management commenced a systematic multi-phased initiative to significantly reduce costs and integrate the Company's operations, decreasing complexity and focusing on improved performance across Industrial. More specifically, at this time, the Company announced a restructuring program to further reduce costs within the Industrial segment and, more broadly, transform our businesses in response to the recent macroeconomic disruption caused by the aforementioned items disruptions. Additional actions were subsequently announced in October 2022 and April 2023 (see Note Notes 16 and 17 of the Condensed Consolidated Financial Statements). Management Effective January 1, 2023, for example, the Company combined its Force & Motion Control and Engineered Components businesses to form a single new strategic business named Motion Control Solutions. The formation of Motion Control Solutions aligns with management's "Integrate, Consolidate & Rationalize" initiative as we continue to transform the Company. During the first quarter of 2023, management also continues to take actions to evaluate reduce costs related associated with one of its U.S.-based defined benefit pension plans (see Note 11 of the ongoing development of events in Ukraine and the potential for impacts on the Company's Condensed Consolidated Financial Statements, Statements).

RESULTS OF OPERATIONS

Net Sales

(in millions)	(in millions)	Three Months Ended September 30,				Nine Months Ended September 30,				(in millions)	Three Months Ended March 31,			
		2022	2021	Change		2022	2021	Change			2023	2022	Change	
Industrial	Industrial	\$ 204.0	\$ 231.5	\$ (27.6)	(11.9) %	\$ 627.7	\$ 686.2	\$ (58.5)	(8.5) %	Industrial	\$ 218.1	\$ 211.7	\$ 6.4	3.0 %
Aerospace	Aerospace	110.8	93.5	17.3	18.5 %	320.7	261.6	59.0	22.6 %	Aerospace	117.3	100.7	16.5	16.4 %
Total	Total	\$ 314.7	\$ 325.1	\$ (10.3)	(3.2) %	\$ 948.4	\$ 947.8	\$ 0.5	0.1 %	Total	\$ 335.4	\$ 312.4	\$ 23.0	7.4 %

The Company reported net sales of \$314.7 million \$335.4 million in the third first quarter of 2022, a decrease 2023, an increase of \$10.3 million \$23.0 million from the third first quarter of 2021. Organic sales increased by \$7.8 million \$28.8 million, or 2.4% 9.2%, including an increase increases of \$17.3 million \$16.5 million and \$12.3 million at Aerospace partially offset by a decrease of \$9.5 million at Industrial, and Industrial, respectively. The year-over-year increase at Aerospace was driven by improved sales within both the OEM and Aftermarket business, resulting primarily from continued global improvement in aerospace markets. From an Industrial standpoint, sales decreased compared with the prior year period, as continued pressure from global supply chain constraints impacted near-term automotive year-over-year increase was driven by higher volumes within each of the businesses and broader industrial production. As compared with the prior year period, the Molding Solutions and Automation businesses were most impacted by these macroeconomic factors. The Engineered Components business experienced modest organic sales growth relative favorable pricing actions, intended to the prior year period, whereas the Force and Motion business remained flat. address inflationary pressures. The strengthening of the U.S. dollar against foreign currencies decreased net sales within the Industrial segment by approximately \$18.1 million \$5.9 million.

The Company reported net sales of \$948.4 million in the first nine months of 2022, an increase of \$0.5 million, or 0.1%, from the first nine months of 2021. Organic sales in the first nine months of 2022 increased by \$39.6 million, driven by an increase of \$59.0 million at Aerospace, partially offset by a decrease of \$19.4 million at Industrial. The increase at Aerospace was driven by sales growth across both businesses, whereas declines within Industrial were driven primarily by the Molding Solutions and Automation businesses. The strengthening of the U.S. dollar against foreign currencies decreased net sales within the Industrial segment by approximately \$39.1 million.

Expenses and Operating Income

(in millions)	(in millions)	Three Months Ended September 30,				Nine Months Ended September 30,				(in millions)	Three Months Ended March 31,			
		2022	2021	Change		2022	2021	Change			2023	2022	Change	
Cost of sales	Cost of sales	\$ 208.6	\$ 205.1	\$ 3.6	1.7 %	\$ 628.6	\$ 602.9	\$ 25.7	4.3 %	Cost of sales	\$ 226.2	\$ 207.2	\$ 19.1	9.2 %
% sales	% sales	66.3 %	63.1 %			66.3 %	63.6 %			% sales	67.5 %	66.3 %		
Gross profit ⁽¹⁾	Gross profit ⁽¹⁾	\$ 106.1	\$ 120.0	\$ (13.9)	(11.6) %	\$ 319.8	\$ 344.9	\$ (25.1)	(7.3) %	Gross profit ⁽¹⁾	\$ 109.1	\$ 105.2	\$ 3.9	3.7 %
% sales	% sales	33.7 %	36.9 %			33.7 %	36.4 %			% sales	32.5 %	33.7 %		
Selling and administrative expenses	Selling and administrative expenses	\$ 76.1	\$ 76.3	\$ (0.2)	(0.3) %	\$ 218.6	\$ 230.3	\$ (11.6)	(5.0) %	Selling and administrative expenses	\$ 85.8	\$ 74.1	\$ 11.8	15.9 %
% sales	% sales	24.2 %	23.5 %			23.1 %	24.3 %			% sales	25.6 %	23.7 %		
Goodwill impairment charge		\$ —	\$ —	\$ —	— %	\$ 68.2	\$ —	\$ 68.2	100.0 %					
% sales		— %	— %			7.2 %	— %							
Operating income	Operating income	\$ 30.0	\$ 43.7	\$ (13.7)	(31.3) %	\$ 33.0	\$ 114.6	\$ (81.7)	(71.2) %	Operating income	\$ 23.3	\$ 31.1	\$ (7.8)	(25.2) %
% sales	% sales	9.5 %	13.4 %			3.5 %	12.1 %			% sales	6.9 %	10.0 %		

(1) Sales less cost of sales

Cost of sales in the third first quarter of 2022 2023 increased 1.7% 9.2% from the 2021 2022 period and gross profit margin decreased from 36.9% in the 2021 period to 33.7% in the 2022 period to 32.5% in the 2023 period. Gross profit margins improved at Aerospace and declined at Industrial. Within Industrial, gross profit and gross profit margin decreased primarily as a result of decreased sales volumes, unfavorable productivity, in part caused by supply chain constraints, and inflationary pressure. pressure, combined with an unfavorable mix between businesses. Within Aerospace, higher volumes in the Aftermarket business contributed to an increase in both gross profit and gross profit margin during the third first quarter of 2022 2023, with operating margins specifically benefiting from significant growth within the higher margin Aftermarket business partially offset by unfavorable productivity, driven by labor availability. business. As well, \$1.8 million \$3.4 million of pre-tax charges related to restructuring and workforce reduction transformation related actions (aggregate of \$9.0 million) \$13.9 million, including selling and administrative costs) impacted gross profit across the segments. Selling and administrative expenses in the third first quarter of 2022 remained flat 2023 increased 15.9% in from the 2021 2022 period, whereas sales decreased increased by 7.4% between the comparable 2021 2023 and 2022 periods by \$10.3 million. periods. As a percentage of sales, selling and administrative costs increased from 23.5% 23.7% in the third first quarter of 2021 2022 to 24.2% 25.6% in the 2022 2023 period. The increase in selling and administrative costs as a percentage of sales was primarily driven by \$7.2 million \$10.5 million of pre-tax charges related to restructuring and workforce reduction transformation related actions (aggregate of \$9.0 million) partially offset by lower incentive compensation and lower amortization of certain intangibles related to earlier acquisitions. \$13.9 million). Operating income in the third first quarter of 2022 2023 decreased by 31.3% 25.2% to \$30.0 million \$23.3 million compared with the third first quarter of 2021, 2022, and operating income margin decreased from 13.4% 10.0% to 9.5% 6.9%, driven by the items noted above.

Cost of sales in the first nine months of 2022 increased 4.3% from the 2021 period, while gross profit margin decreased from 36.4% in the 2021 period to 33.7% in the 2022 period. Gross profit margins improved at Aerospace and declined at Industrial. Within Industrial, gross profit and gross profit margin decreased primarily as a result of decreased sales volumes, unfavorable productivity, in part caused by supply chain constraints, and inflationary pressures, which were partially offset by a decrease in employee related costs, including incentive compensation. Within Aerospace, higher volumes within both businesses on a year to date basis, in particular the higher margin Aftermarket business, contributed to an increase in both gross profit and gross profit margin during the first nine months of 2022. As well, \$2.6 million of pre-tax charges related to restructuring and workforce reduction actions (aggregate of \$9.8 million) impacted gross profit across the segments. Selling and administrative expenses in the first nine months of 2022 decreased 5.0% from the 2021 period. Sales, however, remained flat between the comparable 2021 and 2022 periods. As a percentage of sales, selling and administrative costs decreased from 24.3% in the first nine months of 2021 to 23.1% in the 2022 period. The decrease in selling and administrative costs as a percentage of sales was primarily driven by lower employee costs, including incentive compensation and lower amortization of certain intangibles related to earlier acquisitions, offset by \$7.2 million of pre-tax charges related to restructuring and workforce reduction actions

(aggregate of \$9.8 million). The goodwill impairment charge of \$68.2 million related to the Automation reporting unit also impacted operating results during the first nine months of the year. Operating income in the first nine months of 2022 was \$33.0 million, compared with first nine months operating income of \$114.6 million in 2021, and operating income margin decreased from 12.1% in the 2021 period to 3.5% in the 2022 period, primarily driven by the goodwill impairment charge, the pre-tax charges related to restructuring and workforce reduction actions and the additional items noted above. Excluding the goodwill impairment charge, operating profit and operating margin during the first nine months of 2022 were \$101.2 million and 10.7%, respectively.

Interest expense

Interest expense decreased increased by \$0.7 million in the third quarter of 2022 and by \$2.2 million \$1.7 million in the first nine months quarter of 2022 2023 as compared with the prior year periods, period, primarily a result of higher average interest rates, partially offset by decreased average borrowings and lower average interest rates during the periods. period.

Other expense (income), net

Other expense (income), net in the third first quarter of 2023 was \$1.3 million compared to \$1.6 million in the first quarter of 2022. This decrease in expense was primarily driven by income in the other components of net periodic benefit costs of \$1.9 million in the first quarter of 2023 compared with income in the other components of net periodic benefit costs of \$0.3 million in the first quarter of 2022 was \$2.4 million compared to \$1.2 million in the third quarter of 2021. This increase in expense was driven by \$1.4 million of restructuring charges, primarily related to a pension curtailment charge, that were taken during the third quarter and other postretirement benefits. Foreign currency losses of 2022. Other expense (income), net \$1.8 million in the first nine months quarter of 2022 was \$3.7 million 2023 compared to \$4.0 million with foreign currency losses of \$0.3 million in the first nine months quarter of 2021, 2022.

Income Taxes

The Company's effective tax rate for the first nine three months of 2023 was 20.9% compared with 21.0% in the first three months of 2022 was 111.0% compared with 27.0% in the first nine months of 2021 and 21.9% 64.7% for the full year 2021, 2022. The increase decrease in the effective tax rate in the first nine three months of 2022 2023 as compared with the rate for the full year 2021 was driven by 2022 is primarily due to the absence of a goodwill impairment charge of \$68.2 million in the second quarter of 2022, \$68.2 million, which is was not tax deductible for book purposes. Excluding the goodwill impairment charge, the effective tax rate for the first nine months of 2022 was 24.0%. Additional drivers of causing the increase decrease in the effective tax rate in the first nine three months of 2022, 2023, as compared with the full year 2021 2022 rate, include the absence of benefits disallowed expenses related to the realignment of tax basis goodwill and intangibles, and the favorable Mutual Aid Process Approval, both Section 162(m) for covered employee's compensation recorded in 2021. Additionally, certain costs were recorded during the third quarter 2022 and a favorable mix of 2022 related to GILTI tax. The effective tax rate was also favorably impacted by higher income in jurisdictions with tax holidays during 2022. Non-U.S. earnings.

The Aerospace and Industrial segments have several a number of multi-year tax holidays in Singapore, China, Malaysia and Malaysia. Singapore. The Company China holiday was granted in 2021 and provides for a corporate income tax of 15% for the approved businesses. The China holiday runs for a three-year period ending December 31, 2023. It is anticipated that the company will re-apply for the China holiday in China that was approved in December 2021. As a result of this tax holiday, the China tax rate was reduced from 25% to 15% and is effective for a three year period commencing January 1, 2021 (retroactively). 2024. Aerospace was granted an income tax holiday for operations recently established in Malaysia. This The Malaysia holiday commenced effective November 2020 (retroactively) and remains effective for a period of ten years. The Aerospace business was granted additional tax holidays in Singapore under the Pioneer program in the fourth quarter of 2022. The Singapore holiday provides reduced tax holiday is scheduled to expire in rates for certain Aerospace programs manufactured at the Singapore location and will run through December 2022. These 2025. All of the holidays are subject to the Company meeting certain commitments in the respective jurisdictions.

In August 2022, the U.S. government enacted tax legislation commonly referred to as the Inflation Reduction Act of 2022 ("IRA") into law. The IRA will impose a 1% excise tax on the fair market value of certain stock repurchased by a public traded company after December 31, 2022 and restored and modified certain tax-related energy incentives. The Company does not anticipate a material impact on our business, financial condition, results of operations or cash flow as a result of this change.

Income (Loss) and Income (Loss) per Share

		Three Months Ended September 30,				Nine Months Ended September 30,					Three Months Ended March 31,			
		2022	2021	Change		2022	2021	Change			2023	2022	Change	
(in millions, except per share)	(in millions, except per share)									(in millions, except per share)				
Net income (loss)		\$ 17.0	\$ 27.9	\$ (10.9)	(39.1) %	\$ (2.1)	\$ 71.7	\$ (73.8)	(102.9) %					
Net income (loss) per common share:														
Net income										Net income	\$ 13.2	\$ 20.5	\$ (7.3)	(35.8) %
Net income per common share:										Net income per common share:				
Basic	Basic	\$ 0.33	\$ 0.55	\$ (0.22)	(40.0) %	\$ (0.04)	\$ 1.41	\$ (1.45)	(102.8) %	Basic	\$ 0.26	\$ 0.40	\$ (0.14)	(35.0) %
Diluted	Diluted	0.33	0.55	(0.22)	(40.0) %	(0.04)	1.40	(1.44)	(102.9) %	Diluted	0.26	0.40	(0.14)	(35.0) %
Weighted average common shares outstanding:	Weighted average common shares outstanding:									Weighted average common shares outstanding:				
Basic	Basic	50.9	50.9	—	— %	51.0	50.9	0.1	0.1 %	Basic	51.0	51.0	—	(0.1) %
Diluted	Diluted	51.1	51.1	—	— %	51.0	51.1	(0.1)	(0.2) %	Diluted	51.3	51.2	0.1	0.2 %

Basic and diluted net income per common share decreased for the three month three-month period ended September 30, 2022 March 31, 2023 as compared to 2021 2022 due to the decrease in net income for the period. Basic and diluted net income per common share decreased from the nine month period ended September 30, 2021 to net losses per common share for the nine month period ended September 30, 2022 due to the change from net income to a net loss for the period. Basic and diluted weighted average common shares outstanding were consistent for the periods and were only slightly impacted by the repurchase of 200,000 and 100,000 shares during the second quarter of 2022 and 2021, respectively, as part of the Company's publicly announced Repurchase Program (as defined herein) as well as the issuance of additional shares for employee stock plans.

Financial Performance by Business Segment

Industrial

		Three Months Ended September 30,				Nine Months Ended September 30,					Three Months Ended March 31,			
		2022	2021	Change		2022	2021	Change			2023	2022	Change	
(in millions)	(in millions)									(in millions)				
Sales	Sales	\$ 204.0	\$ 231.5	\$ (27.6)	(11.9) %	\$ 627.7	\$ 686.2	\$ (58.5)	(8.5) %	Sales	\$ 218.1	\$ 211.7	\$ 6.4	3.0 %
Operating profit (loss)		8.8	30.1	(21.3)	(70.7) %	(25.2)	78.6	(103.8)	(132.0) %					
Operating profit										Operating profit	4.5	14.7	(10.2)	(69.2) %
Operating margin	Operating margin	4.3 %	13.0 %			(4.0) %	11.5 %			Operating margin	2.1 %	7.0 %		

Sales at Industrial were \$204.0 million \$218.1 million in the third first quarter of 2022, 2023, a \$27.6 million \$6.4 million, or 11.9% 3.0%, decrease increase from the third first quarter of 2021, 2022. Organic sales decreased increased by \$9.5 million \$12.3 million, or 4.1% 5.8%, during the 2022 2023 period, primarily driven by lower volume, partially offset by higher volumes within each of the businesses and favorable pricing actions, intended to address inflationary pressures. The sales decline volume increase was primarily driven by softer stronger year-over-year transportation, medical, general industrial and personal care end markets. Most meaningfully, the Molding Solutions markets, partially offset by softness in tool and Automation businesses experienced year-over-year organic sales declines. The Engineered Components business experienced modest organic sales growth relative to the prior year period, with the Force die and Motion business remaining flat. Global supply chain constraints impacted automotive and broader industrial production year-over-year. end markets. Foreign currency decreased sales on a year-over-year basis by approximately \$18.1 million as the U.S. dollar strengthened against foreign currencies. During the first nine months of 2022, this segment reported sales of \$627.7 million, an 8.5% decrease from the first nine months of 2021. Organic sales decreased by \$19.4 million, or 2.8%, during the 2022 period, a result of declines within the Molding Solutions and Automation businesses. Foreign currency decreased sales by approximately \$39.1 million \$5.9 million as the U.S. dollar strengthened against foreign currencies.

Operating profit at Industrial decreased from \$30.1 million \$14.7 million in the third first quarter of 2021 2022 to \$8.8 million \$4.5 million in the third first quarter of 2022, 2023, primarily due to the \$9.4 million \$12.1 million of pre-tax charges related to restructuring and workforce reduction transformation related actions recorded by the segment and by the profit impact of decreased organic sales volumes. segment. Unfavorable productivity, was partially impacted by global supply chain constraints in the current period,

while including inflationary pressure increased freight, increasing utilities, labor and raw material cost across the broader industry. Inflationary pressures and increased global sourcing costs industry, combined with an unfavorable mix between businesses, also impacted operating profit during the first three months of approximately \$10.0 million were partially offset by pricing 2023. Pricing and procurement actions taken by the Company providing in response to inflationary pressures and increased global sourcing costs provided a recovery of approximately \$8.0 million, \$6.0 million during the first three months of 2023. Operating margin decreased from 13.0% 7.0% in the 2021 2022 period to 4.3% 2.1% in the 2022 2023 period, driven primarily by the pre-tax charges related to restructuring and workforce reduction transformation related actions, and the additional increased costs described above. The operating loss in the first nine months of 2022 of \$25.2 million, as compared with an operating profit of \$78.6 million in the first nine months of 2021, was driven by a \$68.2 million goodwill impairment charge related to the Automation business, \$9.8

million of pre-tax charges related to restructuring and workforce reduction actions, the profit impact of decreased organic sales, and global supply chain constraints and inflationary pressures. Excluding the goodwill impairment charge, operating profit during the first nine months of 2022 was \$43.0 million. During the first nine months of 2022, inflationary pressures and increased global sourcing costs of approximately \$28.0 million were partially offset by the aforementioned actions taken by the Company, providing a recovery of approximately \$23.0 million. Operating margin decreased from 11.5% in the 2021 period to (4.0)% in the 2022 period, primarily a result of the items described above (primarily the goodwill impairment charge). Excluding the goodwill impairment charge, Industrial operating margin during the first nine months of 2022 was 6.8%.

Outlook: In Industrial, management remains focused on generating organic sales growth through expanded go-to-market strategies, which includes additional sales and marketing resources and the introduction of new products and services and by leveraging to comprehensively leverage the benefits of its diversified products and Company's full product portfolio with customers in our global industrial end-markets. Our end markets remain impacted by continuing economic headwinds including absenteeism, lockdowns in certain regions of China and supply chain constraints, that include inflationary pressures. Sales within China Europe and Europe declined both North America improved on a year-over-year and sequential basis, albeit order rates however sales within China improved sequentially from the second quarter of 2022 and declined on a year-over-year basis. Order rates declined on a year-over-year basis within both China and Europe, albeit improved on a sequential basis within Europe. Supply chain disruptions and consumer uncertainty surrounding the economy impacted current period shipments and sales across Industrial business and regions. Sales Orders within our key region of North America improved both on a year-over-year basis, and increased on a sequential basis, basis during the first quarter of 2023. For overall industrial end-markets, the manufacturing Purchasing Managers' Index ("PMI") remained above below 50 in North America, whereas PMI in China the United States and Europe declined to below during the first three months of 2023, however, China improved during the first three months of 2023 and ended the first quarter of 2023 at 50. Global production of light vehicles is forecasted to improve in 2022, 2023, albeit forecasted growth projections have continued to decline declined since early 2022. Continued global supply constraints, including the semiconductor shortage, may continue to impact near-term automotive builds. Management expects these supply constraints to continue for the remainder beginning of 2022 and into 2023. Our customers and the markets we serve may impose emissions reduction or other environmental standards and requirements, including our conventional fuel-based automotive markets, thereby impacting sales volumes within our automotive end markets. Management also tracks closely the impact of pricing changes and lead times on raw materials and freight, given the increasing continued ongoing pressure of supply chain constraints. Management remains focused on labor constraints that have continued to impact the business throughout 2022. Energy shortages and corresponding blackouts Global medical end market order rates strengthened within certain regions in which our customers conduct business may also impact sales growth. Within our Molding Solutions business on a year-over-year basis and declined on a sequential basis in the global medical end market softened during the current first quarter although we of 2023. We expect medical to remain strong over the longer term given an aging population and expanded medical applications. Orders within the personal care and packaging end market have increased improved both on a year-over-year basis, basis and on a sequential basis in the first quarter. Sales volumes at certain of our businesses is dependent upon the need for equipment used in plastic injection molding markets, which may be significantly influenced by the demand for plastic products, the capital investment needs of companies in the plastic injection molding and plastics processing industries, changes in technological advances and changes in laws or regulations such as those related to single-use plastics, product and packaging composition, and recycling. Automation orders improved organically both on a year-over-year basis. Management continues to evaluate increasing recessionary pressures basis and the ongoing development of events in Ukraine and the potential for impacts on the Company. Within the segment, our exposure in Russia is minimal, with historical annual sales o a sequential basis, f less than \$2.0 million. As noted above, our sales were negatively impacted by \$18.1 million from fluctuations in foreign currencies within the third quarter of 2022 as compared with the third quarter of 2021. To the extent that the U.S. dollar fluctuates relative to other foreign currencies, our sales may be impacted relative to the prior year periods. The relative impact on operating profit is not expected to be as significant as the impact on sales as most of our businesses have expenses primarily denominated in local currencies, where their revenues reside, however operating margins may be impacted. Management is focused on sales growth through customer engagement, innovation and expanding geographic reach. Strategic investments in new technologies, manufacturing processes and product development are expected to provide benefits over the long term, and management continues to evaluate such opportunities.

The Company is focused on the proactive management of costs to increase competitiveness and to mitigate the ongoing impacts of the current macroeconomic environments, including the continuing risks of supply chain constraints and broad based inflation on operating profit. Management also remains focused on strategic investments and new product and process introductions, as well as driving productivity. The Company continues to manage its cost structure to align with the intake of orders and sales given remaining uncertainty within certain end-markets during 2022. During end-markets. In July 2022, management commenced a systematic multi-phased restructuring initiative (the "Actions") to significantly reduce costs and integrate the Company's operations, decreasing complexity and focusing on improved performance across Industrial. More specifically, During the Company first phase of the Actions, authorized restructure actions ("Actions") in July 2022, management focused on the consolidation of two manufacturing sites and a number of branch offices, and changes in infrastructure to eliminate certain roles across a number of locations in the Industrial segment businesses. The second phase of the Actions commenced during October 2022, resulting in the consolidation of operating locations to drive efficiencies within the businesses. The Collectively, the first and second phase of the Actions are expected to reduce annualized annualized costs by approximately \$14.0 million \$26.0 million within the Industrial segment, with an estimated cost of \$29.0 million. The third phase of the Actions, authorized in April 2023, focused on manufacturing footprint optimization, including the consolidation of manufacturing sites and optimization of production. The third phase of the Actions include the geographic transfer of certain programs within both the Industrial segment and changes in infrastructure to drive improvements and efficiencies in business processes. The pre-tax charges associated with the third phase of the Actions are expected to approximate \$16.0 million within the segment. See Notes 16 and Note 16 17 of the Condensed Consolidated Financial Statements for additional discussion. In October, management approved the second round of the Company's multi-phased restructuring initiative, which is expected to drive additional annual savings of \$12.0 million at a cost of \$5.0 million. Management will continue to explore opportunities for additional cost savings, while working closely with vendors and customers as it relates to the timing of deliveries and pricing initiatives. Operating profit may continue to be impacted by changes in sales volume, mix and pricing, inflation, labor and freight costs, utility cost, and the levels of investments in growth and

innovation that are made within each of the Industrial businesses. The ongoing events and uncertainty within Ukraine have also driven delivery and other logistical challenges, further magnifying the impacts of increased freight cost, and utility cost and availability, mentioned above. Operating profit may also be impacted by enactment of or changes in

tariffs, trade agreements and trade policies that may affect the cost, lead times and/or availability of goods, including but not limited to, steel and aluminum. Costs associated with new product and process introductions, restructuring and other cost initiatives, and strategic investments and the integration of acquisitions may negatively impact operating profit.

Aerospace

		Three Months Ended September 30,					Nine Months Ended September 30,						Three Months Ended March 31,				
(in millions)	(in millions)	2022	2021	Change		2022	2021	Change		(in millions)	2023	2022	Change				
Sales	Sales	\$ 110.8	\$ 93.5	\$ 17.3	18.5 %	\$ 320.7	\$ 261.6	\$ 59.0	22.6 %	Sales	\$ 117.3	\$ 100.7	\$ 16.5	16.4 %			
Operating profit	Operating profit	21.2	13.6	7.6	55.6 %	58.2	36.0	22.2	61.6 %	Operating profit	18.8	16.4	2.4	14.5 %			
Operating margin	Operating margin	19.2 %	14.6 %			18.1 %	13.8 %			Operating margin	16.0 %	16.3 %					

The Aerospace segment reported sales of \$110.8 million \$117.3 million in the third first quarter of 2022, an 18.5% 2023, a 16.4% increase from the third first quarter of 2021, 2022. Sales increased 1.8% 10.8% and 54.7% 26.9% within the OEM and Aftermarket businesses, respectively, relative to the comparable 2021 2022 period. The modest year-over-year increase in OEM sales was driven primarily by continued growth within narrow body airframe production. Sales within the Aftermarket Maintenance Repair and Overhaul ("MRO") and spare parts businesses also improved during the third first quarter of 2022 2023 relative to the comparable period as airline traffic and aircraft utilization have continued to ramp. During the nine months of 2022, the Aerospace segment reported sales of \$320.7 million, a 22.6% increase from the first nine months of 2021, also driven by improvements within each of the Aerospace businesses. The sales increase during the first nine months of 2022 was driven by volume growth within each of the Aerospace businesses. Sales within the segment are largely denominated in U.S. dollars and therefore were not significantly impacted by changes in foreign currency.

Operating profit at Aerospace in the third first quarter of 2023 increased 14.5% from the first quarter of 2022 increased 55.6% from the third quarter of 2021 to \$21.2 million \$18.8 million. The increase in operating profit resulted primarily from the profit contribution of higher volumes within the Aftermarket businesses, as discussed above, and a \$0.4 million favorable restructuring adjustment, above. Operating results were partially offset also impacted by unfavorable productivity, in part due \$1.8 million of pre-tax charges at the segment, related to labor availability and supply chain challenges, transformation related actions. Operating margin increased decreased from 14.6% in the 2021 period to 19.2% 16.3% in the 2022 period to 16.0% in the 2023 period, driven primarily by transformation charges, partially offset by the profit contribution of increased sales within the higher margin Aftermarket business. Operating margin increased from 13.8% to 18.1% in the first nine months of 2022, also a result of mix across the businesses and, more specifically, the comparably higher Aftermarket sales during the first nine months of 2022. Operating profit in the first nine months of 2022 increased 61.6% from the first nine months of 2021 to \$58.2 million, also driven by strong Aftermarket performance within the current year period.

Outlook: Sales in the Aerospace OEM business are based on the general state of the aerospace market driven by the worldwide economy and are supported by its order backlog through participation in certain strategic commercial and defense-related engine and airframe programs. OEM sales and orders grew modestly in 2022 2023 relative to the comparable 2021 2022 period, and orders have been healthy as customer aircraft production schedules continue to normalize. ramp. The Company expects however, that the OEM business will see a continued recovery in demand for its manufactured components as narrow body airframe production remains strong, whereas wide body airframe production, albeit improving, remains soft. The duration and depth of the aerospace market disruptions remain uncertain at this time, however a full recovery to below pre-pandemic levels is expected to take several years. levels. Aerospace management continues to work with customers to evaluate engine and airframe build schedules, giving management the ability to react timely to such changes. Management is working closely with suppliers to align raw material schedules with production requirements. Management also remains focused on labor and supply chain constraints (including raw material and castings) that continued continue to impact the business, and on executing long-term agreements, while and expanding its our share of production on key programs. Backlog at OEM was \$728.6 million \$792.7 million at September 30, 2022 March 31, 2023, an increase of 7.1% 5.7% since December 31, 2021 December 31, 2022, at which time backlog was \$680.1 million \$750.1 million. Approximately 45% of OEM backlog is expected to be recognized over the next 12 months. A COVID-19 resurgence has the potential to materially impact the aerospace industry, including our more significant OEM customers, and it could materially affect our Aerospace business and results of operations. The Aerospace OEM business may also be impacted by changes in the content levels on certain platforms, changes in customer sourcing decisions, adjustments to customer inventory levels, labor and commodity availability (including the availability of commodities such as titanium sourced in Russia) and pricing, vendor sourcing capacity and the use of alternate materials. Additional impacts may include the redesign of parts, quantity of parts per engine, cost schedules agreed to under contract with the engine and airframe manufacturers, as well as the pursuit and duration of new programs. Fluctuations in fuel costs, interest rates, and potential changes in regulatory requirements could impact airlines' decisions on maintaining, deferring or canceling new aircraft purchases, in part based on the value associated with new fuel-efficient technologies and targets established by airlines to reduce greenhouse gas emissions.

The Aerospace Aftermarket business continues to demonstrate strong signs of recovery as airline traffic and aircraft utilization improve, aircraft are being removed from storage and placed into service and airlines begin to return to profitability. Domestic and international passenger traffic have improved as significant domestic health and travel restrictions have been lifted with continued growth forecasted throughout the remainder of 2022. Certain international 2023. International travel restrictions albeit easing and more isolated, and have been lifted, although certain geopolitical considerations continue to impact wide body aircraft utilization and corresponding Aftermarket orders, although freight-related orders. Freight-related air traffic remains strong, solid. Sales in the Aerospace Aftermarket business may continue to be impacted by inventory management and changes in customer sourcing, deferred or limited maintenance activity during engine shop visits and the use of surplus (used) material during the engine repair and overhaul process. Management believes that its Aerospace Aftermarket business continues to be competitively positioned based on well-established long-term customer relationships, including maintenance and repair contracts in the MRO business and long-term Revenue Sharing Programs ("RSPs") and Component Repair Programs ("CRPs").

The MRO business may also be impacted by airlines electing to closely manage their aftermarket costs as engine performance and quality improves. Fluctuations in fuel costs and potential changes in regulatory requirements and their corresponding impacts on airline profitability and behaviors within the aerospace industry could also impact levels and frequency of aircraft maintenance and overhaul activities, and airlines' decisions on maintaining, deferring or canceling new aircraft purchases, in part based on the economics associated with new fuel-efficient technologies.

Given the pressures on sales growth resulting from labor and supply chain constraints, the Company remains focused on proactive cost management and improved productivity to mitigate continued pressure on operating profit. In April 2023, the Company authorized the third phase of the Actions, with pre-tax charges expected to approximate \$12.0

million within the Aerospace segment (see Note 17 of the Condensed Consolidated Financial Statements). Industry demand remains partially constrained by the availability of skilled labor. Labor, although improvements were continuing to be recognized during the three months ended March 31, 2023, Aerospace will continue to explore opportunities for additional productivity, including working closely with vendors and customers as it relates to the timing of deliveries and pricing initiatives. Management also remains focused on growth through strategic investments, acquisition and new product and process introductions. Driving productivity continues as a key initiative. Operating profit is expected to be affected by the impact of the changes in sales volume noted above, mix and pricing, particularly as they relate to the higher profit Aftermarket RSP spare parts business, and investments made in each of its businesses. Operating profits may also be impacted by potential changes in tariffs, trade agreements and trade policies that may affect the cost and/or availability of goods and labor constraints. Costs associated with new product and process introductions, the physical transfer of work to other global regions, additional productivity initiatives and restructuring activities may also negatively impact operating profit.

LIQUIDITY AND CAPITAL RESOURCES

Management assesses the Company's liquidity in terms of its overall ability to generate cash to fund its operating and investing activities. Of particular importance in the management of liquidity are cash flows generated from operating activities, capital expenditure levels, dividends, capital stock transactions, effective utilization of surplus cash positions overseas and adequate lines of credit. The Company currently maintains sufficient liquidity and will continue to evaluate ways to enhance its liquidity position as it navigates through the disrupted business environment that has resulted from COVID-19 and more recent geopolitical uncertainty, in addition to the macroeconomic trends discussed above.

The Company believes that its ability to generate cash from operations in excess of its internal operating needs is one of its financial strengths. Management continues to focus on cash flow and working capital management, and anticipates that operating activities in 2022 2023 will generate sufficient cash to fund operations. See additional discussion regarding currently available debt facilities below. The Company continues to invest within its businesses, with its estimate of 2022 2023 capital spending to be approximate \$35 million \$50 million.

In October 2014, the Company entered into a Note Purchase Agreement ("Note Purchase Agreement"), among the Company and New York Life Insurance Company, New York Life Insurance and Annuity Corporation and New York Life Insurance and Annuity Corporation Institutionally Owned Life Insurance Separate Account, as purchasers, for the issuance of \$100.0 million aggregate principal amount of 3.97% senior notes due October 17, 2024 (the "3.97% Senior Notes"). The 3.97% Senior Notes are senior unsecured obligations of the Company and pay interest semi-annually on April 17 and October 17 of each year at an annual rate of 3.97%. The 3.97% Senior Notes will mature on October 17, 2024 unless earlier prepaid in accordance with their terms. Subject to certain conditions, the Company may, at its option, prepay all or any part of the 3.97% Senior Notes in an amount equal to 100% of the principal amount of the 3.97% Senior Notes so prepaid, plus any accrued and unpaid interest to the date of prepayment, plus the Make-Whole Amount, as defined in the Note Purchase Agreement, with respect to such principal amount being prepaid. The Note Purchase Agreement contains customary affirmative and negative covenants that are similar to the covenants required under the Amended Credit Agreement, as discussed below. At September 30, 2022 March 31, 2023, the Company was in compliance with all covenants under the Note Purchase Agreement.

On October 8, 2020, the Company entered into the sixth amendment to its fifth amended and restated revolving credit agreement with Bank of America (the "Sixth Amendment") and the first amendment to the Note Purchase Agreement with New York Life (the "First NPA Amendment" and, collectively with the Sixth Amendment, the "Amendments"). The Sixth Amendment maintained the borrowing availability of \$1,000.0 million along with access to request an additional \$200.0 million through an accordion feature. The Sixth Amendment and the First NPA Amendment provided for an increase in the Company's maximum ratio of Consolidated Senior Debt, as defined, to Consolidated EBITDA, as defined, from 3.25 times (or, if a certain permitted acquisition above \$150.0 million is consummated, 3.50 times) to 3.75 times in each case at the end of the four fiscal quarters, beginning with December 31, 2020, and regardless of whether a permitted acquisition, as defined, is consummated, providing additional financing flexibility and access to liquidity. Additionally, the Sixth Amendment requires the Company to maintain a maximum ratio of Consolidated Total Debt, as defined, to Consolidated EBITDA, of not more than 3.75 times in each case, at the end of the four fiscal quarters, beginning with December 31, 2020 and regardless of whether a permitted acquisition, as defined, is consummated. Furthermore, the First NPA Amendment provides for (i) adjustments to the ratio of Consolidated Total Debt to Consolidated EBITDA to conform to a more restrictive total leverage ratio that may be required under the Sixth Amendment, (ii) an increase in the amount of allowable add-back for restructuring charges when calculating Consolidated EBITDA from \$15.0 million to \$25.0 million and (iii) a required fee payment equal to 0.50% per annum times the daily outstanding principal amount of the note during each of the four fiscal quarters, following the quarter ended December 31, 2020, if the Company's Senior Leverage Ratio, as defined, exceeds 3.25 times. In October 2020, the Company paid fees and expenses of \$1.4 million in conjunction with executing the Amendments. Such fees have been deferred within Other Assets on the accompanying Consolidated Balance Sheets and are being amortized on the Consolidated Statements of (Loss) Income.

On February 10, 2021, the Company and certain of its subsidiaries entered into the sixth amended and restated senior unsecured revolving credit agreement (the "Amended Credit Agreement") and retained Bank of America, N.A. as the Administrative Agent for the lenders. The \$1,000.0 million Amended Credit Agreement maintains the \$1,000.0 million of availability under the facility, while increasing the available borrowings under the matures in February 2026 and includes an accordion feature from \$200.0 million to \$250.0 million (aggregate increase the borrowing availability of \$1,250.0 million) and extends the maturity date through February 2026. The Company to \$1,250.0 million. Borrowings under the Amended Credit Agreement also adjusts the bore interest rate to at either the Eurocurrency rate, as defined in the Amended Credit Agreement, plus a margin of 1.175% to 1.775% or the base rate, as defined in the Amended Credit Agreement, plus a margin of 0.175% to 0.775%, depending on the Company's leverage ratio at the time of the borrowing. Multi-currency borrowings, pursuant to the Amended Credit Agreement, bear bore interest at their respective interbank offered rate (i.e. Euribor) or 0.00% (higher of the two rates) plus a margin of between 1.175% to and 1.775%. As with the earlier facility, the The Company's borrowing capacity is limited by various debt covenants in the Amended Credit Agreement, as described further below. The Amended Credit Agreement requires the Company to maintain a Senior Debt Ratio of not more than 3.25 times at the end of each fiscal quarter (or, if a permitted acquisition above \$150.0 million is consummated, 3.50 times at the end of each of the first four fiscal quarters ending after the consummation of any such acquisition). In addition, the Amended Credit Agreement requires the Company to maintain a Total Debt Ratio of not more than 3.75 times for each fiscal quarter (or, if a permitted acquisition above \$150.0 million is consummated, 4.25 times at the end of each of the first four fiscal quarters ending after the consummation of any such acquisition). A ratio of Consolidated EBITDA to Consolidated Cash Interest Expense, as defined, of not less than 4.25 times, is required at the end of each fiscal quarter. The Amended Credit Agreement also contemplates contemplated the potential replacement of LIBOR (as defined below) with a successor financing rate, pursuant to the intent of the United Kingdom's Financial Conduct Authority to phase out use of LIBOR (see subsequent discussion description below). See additional discussion immediately below regarding the Company's ongoing evaluation related to this potential change in financing rates. The Company paid fees and expenses of \$4.3 million in conjunction with executing the Amended Credit Agreement. Such fees have been deferred within Other assets on the Condensed Consolidated Balance Sheets and will be amortized into interest expense on the Condensed Consolidated Statements of (Loss) Income through its maturity. The Company subsequently amended the Amended Credit Agreement on October 11, 2021 (the "LIBOR Transition Amendment"), defining certain applicable multi-currency borrowing rates that may be used as replacement rates for LIBOR, which is expected to be discontinued by reference rate

reform. See Note 2 of the **Condensed** Consolidated Financial Statements, as well as discussion below. As a result of the Company's contract amendments to address the replacement of LIBOR, the Company does not anticipate a material impact on our business, financial condition, results of operations or cash flow as a result of this change.

On April 6, 2022, the Company entered into Amendment No. 1 to the Amended Credit Agreement ("Amendment No. 1"), which (i) replaced the LIBOR interest rate for U.S. dollar loans to a term Secured Overnight Financing Rate including a Secured Overnight Financing Rate adjustment (or "SOFR", as defined in the Amended Credit Agreement), (ii) added a daily SOFR option for U.S. dollar loans and a term SOFR option for U.S. dollar loans, and (iii) added the ability to borrow foreign swing line loans based on the Euro Short Term Rate (as defined) with the same interest spread as the interest spread for SOFR Loans (as defined) and Alternative Currency Loans (defined as loans denominated in Euro, Sterling, Swiss Francs or Yen). In addition, Amendment No. 1 lowered the interest rate spread on (i) SOFR Loans and Alternative Currency Loans to a range from 0.975% to 1.70%, depending on the leverage ratio (the "Leverage Ratio") of Consolidated Total Debt (as defined) to Consolidated EBITDA (as defined) as of the end of each fiscal quarter, and (ii) loans based on the Base Rate (as defined), to a range from 0.00% to 0.70%, depending on the Company's Leverage Ratio as of the end of each fiscal quarter. Amendment No.

1 also lowered the facility fee, which is required to be paid by the Company under the Amended Credit Agreement and is calculated on the full amount of the revolving facility, to a range from 0.15% to 0.30%, depending on the Company's Leverage Ratio at the end of each fiscal quarter. In April 2022, the Company paid fees and expenses of \$1.0 million in conjunction with executing Amendment No. 1. Such fees are have been deferred within Other Assets on the Condensed Consolidated Balance Sheets and will be amortized into interest expense on the Condensed Consolidated Statements of (Loss) Income. Income through the maturity of the Amended Credit Agreement.

The United Kingdom's Financial Conduct Authority, which regulates the London Interbank Offered Rate ("LIBOR"), announced its intent to phase out the use of LIBOR by December 31, 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, identified SOFR as its preferred benchmark alternative to U.S. dollar LIBOR. Published by the Federal Reserve Bank of New York, SOFR represents a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is calculated based on directly observable U.S. Treasury-backed repurchase transactions. The Company's Amended Credit Agreement and corresponding interest rate swap are tied to LIBOR, with each maturing in February 2026, as noted above. In March 2021, the ICE Benchmark Association announced that it **will would** extend the publication of overnight, 1, 3, 6 and 12 month LIBOR rates until June 30, 2023, while ceasing publication of all other LIBOR rates including 1 week and 2 month rates. The Company's Amended Credit Agreement was further amended in October 2021 and in April 2022 to address the replacement of LIBOR, **via defining certain applicable multi-currency borrowing rates that may be used as a replacement. The Company is continuing to monitor the potential impact of the replacement of LIBOR, Transition Agreement and Amendment No. 1, respectively, but, as detailed above. As a result of the Company's contract amendments to address the replacement of LIBOR, the Company** does not anticipate a material impact on our business, financial condition, results of operations or cash flow as a result of this change.

At **September 30, 2022** **March 31, 2023**, the Company was in compliance with all applicable covenants. The Company anticipates continued compliance under the Agreements in each of the next four quarters. The Company's most restrictive financial covenant is the Senior Debt Ratio, which required the Company to maintain a ratio of Consolidated Senior Debt to Consolidated EBITDA of not more than 3.25 times at **September 30, 2022** **March 31, 2023**. The actual ratio at **September 30, 2022** **March 31, 2023** was **2.26** **2.39** times, as defined.

The Company did not repurchase any shares of the Company's common stock during the **third or first** quarters of 2022 or 2021. Management repurchased 0.2 million shares and **0.1 million shares of the Company's common stock under the Repurchase Program at a cost of \$6.7 million and \$5.2 million, respectively, during the second quarter of 2022 and the second quarter of 2021, respectively. 2023 or 2022.** Management will continue to evaluate additional repurchases based on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. See "Part II - Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds".

Operating cash flow may be supplemented with external borrowings to meet near-term business expansion needs and the Company's current financial commitments. The Company has assessed its credit facilities in conjunction with the Amended Credit **Facility Agreement** and currently expects that its bank syndicate, comprised of 12 banks, will continue to support its **recently executed** Amended

Credit Agreement, which matures in February 2026. At **September 30, 2022** **March 31, 2023**, the Company had **\$546.7 million** **\$538.7 million** unused and available for borrowings under its \$1,000.0 million Amended Credit **Facility, Agreement**, subject to covenants in the Company's **revolving** debt agreements. At **September 30, 2022** **March 31, 2023**, additional borrowings of **\$369.0 million** **\$322.5 million** of Total Debt including **\$245.4 million** **\$204.1 million** of Senior Debt would have been allowed under the financial covenants. The Company intends to use borrowings under its Amended Credit Agreement to support the Company's ongoing growth initiatives. **The While the Company continues to analyze evaluate potential acquisition targets, it is now more narrowly assessing acquisitions, primarily with Aerospace, as it focuses on driving core business execution and end markets that meet its strategic criteria with an emphasis on proprietary, highly-engineered industrial technologies, financial performance via the planned integration and consolidation actions described above.** The Company believes its credit facilities and access to capital markets, coupled with cash generated from operations, are adequate for its anticipated future requirements. The Company maintains communication with its bank syndicate as it continues to monitor its cash requirements.

The Company had no borrowings under short-term bank credit lines at **September 30, 2022** **March 31, 2023**.

The Company entered into an interest rate swap agreement (the "2017 Swap") with one bank, which converted the interest on the first \$100.0 million of the Company's one-month LIBOR-based borrowings from a variable rate plus the borrowing spread to a fixed rate of 1.92% plus the borrowing spread. The 2017 Swap expired on January 31, 2022. On March 24, 2021, the Company entered into a new interest rate swap agreement (the "2021 Swap") with this same bank that commenced on January 31, 2022 and that converted the interest on the first \$100.0 million of the Company's one-month LIBOR-based borrowings from a variable rate plus the borrowing spread to a fixed rate of 1.17% plus the borrowing spread. On April 6, 2022, the Company entered into Amendment No. 1 to the Amended Credit Agreement, which replaced the LIBOR interest rate for U.S. dollar loans with the SOFR rate (see Note 8). As a result, the Company subsequently amended the 2021 Swap (the "Amended 2021 Swap"), effective April 30, 2022, such that the one-month SOFR-based borrowing rate replaced the one-month LIBOR-based borrowing rate. The Amended 2021 Swap, which will expire on January 30, 2026, converts the interest on the first \$100.0 million of the Company's one-month SOFR-based borrowings from a variable rate plus the borrowing spread to a fixed rate of 1.075% plus the borrowing spread. The execution of the Amended 2021 Swap did not result in a material impact on our business, financial condition, results of operations or cash flow. The Amended 2021 Swap remained in place at **September 30, 2022** **March 31, 2023** and **these interest rate swap agreements are is accounted for as a cash flow hedges. hedge. At September 30, 2022** **March 31, 2023** and **December 31, 2022**, the Company's total borrowings were comprised of **37%** **36%** fixed rate debt and **63%** **64%** variable rate debt. At December 31, 2021, the Company's total borrowings were comprised of 34% fixed rate debt and 66% **64%** variable rate debt.

At **September 30, 2022** **March 31, 2023**, the Company held **\$71.6 million** **\$78.7 million** in cash and cash equivalents, the majority of which was held by foreign subsidiaries. These amounts have no material regulatory or contractual restrictions and, on a long-term basis, are expected to primarily fund international investments.

Cash Flow

	Nine Months Ended September 30,					Three Months Ended March 31,		
(in millions)	(in millions)	2022	2021	Change	(in millions)	2023	2022	Change
Operating activities	Operating activities	\$ 43.5	\$ 127.8	\$ (84.3)	Operating activities	\$ 32.2	\$ (9.3)	\$ 41.5
Investing activities	Investing activities	(23.7)	(23.4)	(0.3)	Investing activities	(11.3)	(8.4)	(2.8)
Financing activities	Financing activities	(46.7)	(88.6)	41.9	Financing activities	(22.6)	(12.4)	(10.3)
Exchange rate effect	Exchange rate effect	(9.5)	(2.9)	(6.5)	Exchange rate effect	1.4	0.1	1.3
(Decrease) increase in cash, cash equivalents and restricted cash		\$ (36.4)	\$ 12.9	\$ (49.3)				
Decrease in cash, cash equivalents and restricted cash					Decrease in cash, cash equivalents and restricted cash	\$ (0.3)	\$ (30.0)	\$ 29.7

Operating activities provided \$43.5 million \$32.2 million in the first nine three months of 2022 compared to \$127.8 million 2023 and used \$9.3 million in the first nine three months of 2021, 2022. Operating cash flows in the 2022 period were negatively impacted by higher outflows for accrued liabilities, primarily related to incentive compensation. The 2022 period also included a use of cash for working capital of \$47.8 million \$22.0 million, driven by with \$15.2 million reflecting growth in inventories, compared to the 2023 period which included a use of cash for working capital of \$3.4 million \$2.8 million, with \$7.1 million reflecting continued growth in the 2021 period. Inventory levels increased during the first nine three months of 2023 and 2022 primarily as a result of supply chain constraints and strategic builds to support customer demands, combined with the impact of inflation. Operating cash flows in the 2022 period were also negatively impacted by outflows for accrued liabilities, primarily related to incentive compensation.

Investing activities used \$23.7 million \$11.3 million in the first nine three months of 2022 2023 compared to \$23.4 million \$8.4 million in the first nine three months of 2021, 2022. Investing activities in the 2022 2023 period included capital expenditures of \$21.7 million \$10.9 million compared to \$26.7 million \$7.4 million in the 2021 2022 period. The Company expects capital spending in 2022 2023 to approximate \$35 million \$50 million.

Financing activities in the first nine three months of 2022 2023 included a net increase decrease in borrowings of \$3.4 million \$13.2 million compared to a net decrease in borrowings of \$48.3 million \$0.7 million in the comparable 2021 2022 period. Proceeds from the issuance of common stock were \$0.3 million \$0.1 million in the 2023 period compared to \$0.2 million in the 2022 period compared to \$0.5 million in the 2021 period. In the first nine months of 2022, the Company repurchased 0.2 million shares of the Company's stock at a cost of \$6.7 million compared with the purchase of 0.1 million shares at a cost of \$5.2 million in the first nine months of 2021. Total cash used to pay dividends was \$24.3 million \$8.1 million in both the 2022 2023 and 2021 2022 periods. Other financing cash flows during the first nine three months of 2023 and 2022 included \$1.4

million of net cash proceeds and 2021 include \$17.3 million and \$1.1 million \$3.6 million of net cash payments, respectively, resulting from the settlement of foreign currency hedges related to intercompany financing. Other financing cash flows in the 2022 period first three months of 2023 also include \$1.0 million included \$2.4 million of payments made in conjunction with executing Amendment No. 1 to the Amended Credit Agreement whereas other financing cash flows in the 2021 period also included \$4.2 million of payments made in conjunction with executing the Amended Credit Agreement and \$4.2 million of payments that related to the residual interest in a subsidiary.

The Company maintains borrowing facilities with banks to supplement internal cash generation. At September 30, 2022 March 31, 2023, \$453.3 million \$461.3 million was borrowed at an average interest rate of 2.52% 4.54% under the Company's \$1,000.0 million Amended Credit Facility Agreement which matures in February 2026. As of September 30, 2022 March 31, 2023, the Company had no borrowings under short-term bank credit lines. At September 30, 2022 March 31, 2023, the Company's total borrowings were comprised of 37% 36% fixed rate debt and 63% 64% variable rate debt. The interest payments on \$100.0 million of the variable rate interest debt have been converted into payment of fixed interest plus the borrowing spread under the terms of the interest rate swap that was executed in March 2021.

Debt Covenants

As noted above, borrowing capacity is limited by various debt covenants in the Company's debt agreements. Following is a reconciliation of Consolidated EBITDA, a key metric in the debt covenants, to the Company's net income (in millions):

		Four Fiscal Quarters Ended	
		September 30, 2022	March 31, 2023
Net income	\$	26.1	16.2
Add back:			
Interest expense		14.0	16.4
Income taxes		22.6	22.8
Depreciation and amortization		94.8	94.9
Adjustment for non-cash stock based compensation		11.7	12.8
Workforce reduction and restructuring charges		9.6	15.0
Non-cash goodwill impairment charge			68.2
Other adjustments		0.1	0.6
Consolidated EBITDA, as defined within the Amended Credit Agreement	\$	247.1	236.8
Consolidated Senior Debt, as defined, as of September 30, 2022 March 31, 2023	\$	557.7	565.5
Ratio of Consolidated Senior Debt to Consolidated EBITDA		2.26	2.39
Maximum			3.25
Consolidated Total Debt, as defined, as of September 30, 2022 March 31, 2023	\$	557.7	565.5
Ratio of Consolidated Total Debt to Consolidated EBITDA		2.26	2.39
Maximum			3.75
Consolidated Cash Interest Expense, as defined, as of September 30, 2022 March 31, 2023	\$	14.0	16.4
Ratio of Consolidated EBITDA to Consolidated Cash Interest Expense		17.63	14.47
Minimum			4.25

The Amended Credit Agreement allows for certain adjustments within the calculation of the financial covenants, including the non-cash impairment charge of \$68.2 million. Other adjustments consist primarily of due diligence and transaction expenses and net gains on the sale of assets as permitted under the Amended Credit Agreement. The Company's financial covenants are measured as of the end of each fiscal quarter. At September 30, 2022 March 31, 2023, additional borrowings of \$369.0 million \$322.5 million of Total Debt, including \$245.4 million \$204.1 million of Senior Debt, would have been allowed under the covenants. Senior Debt includes primarily the borrowings under the Amended Credit Agreement, the 3.97% Senior Notes and the borrowings under the lines of credit. The Company's unused committed credit facilities at September 30, 2022 March 31, 2023 were \$546.7 million \$538.7 million; however, the borrowing capacity was limited by the debt covenants to \$369.0 million \$322.5 million of Total Debt and \$245.4 million \$204.1 million of Senior Debt at September 30, 2022 March 31, 2023.

OTHER MATTERS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant accounting policies are disclosed in Note 1 of the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022. The most significant areas involving management judgments and estimates are described in Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022. Actual results could differ from those estimates. There have been no material changes to such judgments and estimates.

Critical Accounting Policies

Goodwill and Indefinite-Lived Intangible Assets: Goodwill and indefinite-lived intangible assets are subject to impairment testing annually or more frequently if an event or change in circumstances indicates that the fair value of a reporting unit has been reduced below its carrying value. Management completes its annual impairment assessments during the second quarter of each year as of April 1. The Company utilizes the option to first assess qualitative factors to determine whether it is necessary to perform the Step 1 quantitative goodwill impairment test in accordance with applicable accounting standards. Under the qualitative assessment, management considers relevant events and circumstances including but not limited to macroeconomic conditions, industry and market considerations, overall unit performance and events directly affecting a unit. If the Company determines that the Step 1 quantitative impairment test is required, management estimates the fair value of the reporting unit primarily using the income approach, which reflects management's cash flow projections, and also evaluates the fair value using the market approach. Inherent in management's development of cash flow projections are assumptions and estimates, including those related to future earnings and growth rates and the weighted average cost of capital. The Company compares the fair value of the reporting unit with the carrying value of the reporting unit. If the fair values were to fall below the carrying values, the Company would recognize a non-cash impairment charge to income from operations for the amount by which the carrying amount of any reporting unit exceeds the reporting unit's fair value, assuming the loss recognized does not exceed the total amount of goodwill for the reporting unit.

The Company performed its assessment as of April 1. Based on this assessment, the estimated fair value of the Automation reporting unit, which represents the 2018 acquisition of Gimatic, exceeded its carrying value, while the estimated fair value of each of the remaining reporting units significantly exceeded their carrying values. The Company evaluated deteriorating macro-economic conditions subsequent to the date of the assessment, including inflationary pressures, rising interest rates, worsening global supply chain constraints and demand outlook, which materialized during the second quarter of 2022, which impacted performance and outlook at Automation and resulted in a triggering event. Management revised its cash flow projections and weighted average cost of capital, resulting in a non-cash goodwill impairment charge of \$68.2 million related to the Automation reporting unit as the estimated fair value of the reporting unit declined below its carrying value. The goodwill impairment charge was recorded during the three-month period ended June 30, 2022.

The reduction in the estimated fair value of the Automation reporting unit resulted primarily from the following factors:

- An increase in the weighted-average cost of capital used to estimate the fair value of the reporting unit, resulting primarily from a higher risk-free interest rate.
- A decrease in near term projected revenue growth rates and EBITDA margins reflecting ongoing macroeconomic conditions. Management revised downward its outlook for net sales, margins and adjusted cash flow forecasts to reflect deferred growth projections. Changes in projections were driven by deteriorating economic conditions, including inflationary pressures and continued global supply chain constraints, including semiconductor shortages on near-term automotive and broader industrial production, unfavorable productivity and geopolitical factors. Management considered recessionary pressures and corresponding uncertainties on the business as it relates to automotive end markets. While we expect growth in automation markets to continue to be strong in the long term, our growth rates are tempered in the near term by the automotive markets.
- A change in the tax amortization period of the Automation goodwill that was made by the Italian government, for tax purposes, from 18 years to 50 years. Italian tax authorities granted the business an opportunity to step up the basis of goodwill and intangibles to its fair market value in 2021, following the release of tax guidance related to the application of tax basis realignment rules for intangible property ("Realignment"). See further discussion related to the Realignment within Management's Discussion and Analysis of Financial Condition and Results of Operations (Item 7) of the Company's Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission, which is incorporated by reference.

Many of the factors used in estimating fair value are outside the control of management, and these assumptions and estimates can change in future periods as a result of both Company-specific and overall economic conditions, including the impacts of inflationary pressures, increased interest rates and global supply chain constraints, amongst others. Estimating the fair value of individual reporting units also requires that management make continued assumptions and estimates regarding future plans and strategies, in addition to the consideration of economic, geopolitical and regulatory conditions. Management's quantitative assessment includes a review of the potential impacts of current and projected market conditions from a market participant's perspective on reporting units' projected cash flows, growth rates and cost of capital to assess the likelihood of whether the fair value would be less than the carrying value. Following the June 2022 goodwill impairment, there is no excess of reporting unit fair value over the carrying amount, as the carrying value was reduced to fair value.

Based on our second quarter assessments and as noted above, the estimated fair value for each of the remaining reporting units significantly exceeded their carrying values, and there was no impairment at any other reporting units in 2022. Furthermore, a ten percentage point decrease in the fair value of any remaining reporting unit would not impact our conclusion that goodwill was not impaired. The Company also completed its annual impairment testing of its trade names, indefinite-lived intangible assets, in the second quarter of 2022 and determined that there were no impairments.

The Company has continued to evaluate the macro-economic conditions, as described above, throughout the third quarter of 2022. Based on our third quarter assessment, there was no impairment of goodwill as of September 30, 2022. In the event there are future adverse changes in our estimated future cash flows and/or changes in key assumptions, including but not limited to discount rates, revenue growth or margins, and/or terminal growth rates, we may be required to record additional non-cash impairment charges to Automation goodwill.

EBITDA

Earnings before interest expense, income taxes and depreciation and amortization and the goodwill impairment charge in 2022 ("EBITDA") was \$166.5 million \$46.0 million for the first nine three months of 2022 2023 compared to \$178.7 million \$51.8 million for the first nine three months of 2021. 2022. EBITDA is a measurement not in accordance with generally accepted accounting principles ("GAAP"). The Company defines EBITDA as net income plus interest expense, income taxes, and depreciation and amortization which the Company incurs in the normal course of business; in addition to these adjustments, the Company also excluded the impact of the goodwill impairment charge. business. The Company does not intend EBITDA to represent cash flows from operations as defined by GAAP, and the reader should not consider it as an alternative to net income, net cash provided by operating activities or any other items calculated in accordance with GAAP, or as an indicator of the Company's operating performance. The Company's definition of EBITDA may not be comparable with EBITDA as defined by other companies. The Company believes EBITDA is commonly used by financial analysts and others in the industries in which the Company operates and, thus, provides useful information to investors. Accordingly, the calculation has limitations depending on its use.

Following is a reconciliation of EBITDA to the Company's net income (in millions):

		Nine Months Ended September 30,		Three Months Ended March 31,	
		2022	2021	2023	2022
Net (loss) income		\$ (2.1)	\$ 71.7		
Net income				\$ 13.2	\$ 20.5
Add back:	Add back:				
Interest expense	Interest expense	10.2	12.4	5.3	3.6
Income taxes	Income taxes	21.2	26.5	3.5	5.4
Depreciation and amortization	Depreciation and amortization	69.0	68.0	24.0	22.3
Non-cash goodwill impairment charge		68.2	—		
EBITDA	EBITDA	\$ 166.5	\$ 178.7	\$ 46.0	\$ 51.8

FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended and the Private Securities Litigation Reform Act of 1995. Forward-looking statements often address our expected future operating and financial performance and financial condition, and often contain words such as "anticipate," "believe," "expect," "plan," "estimate," "project," "continue," "will," "should," "may," and similar terms. These forward-looking statements do not constitute guarantees of future performance and are subject to a variety of risks and uncertainties that may cause actual results to differ materially from those expressed in the forward-looking statements. These include, among others: the Company's ability to manage economic, business and geopolitical conditions, including rising interest rates, global price inflation and shortages impacting the availability of materials; the duration and severity of the COVID-19 pandemic, and governments' responses to the pandemic such as regional lockdowns, including their impacts across our business on demand, supply chains, operations and liquidity; failure to successfully negotiate collective bargaining agreements or potential strikes, work stoppages or other similar events; changes in market demand for our products and services; rapid technological and market change; the ability to protect and avoid infringing upon intellectual property rights; challenges associated with the introduction or development of new products or transfer of work; higher risks in global operations and markets; the impact of intense competition; the physical and operational risks from natural disasters, severe weather events, and climate change which may limit accessibility to sufficient water resources, outbreaks of contagious diseases and other adverse public health developments; acts of war, terrorism and other international conflicts; the failure to achieve anticipated cost savings and benefits associated with workforce reductions and restructuring actions; currency fluctuations and foreign currency exposure; impacts from goodwill impairment and related charges; our dependence upon revenues and earnings from a small number of significant customers; a major loss of customers; inability to realize expected sales or profits from existing backlog due to a range of factors, including changes in customer sourcing decisions, material changes, production schedules and volumes of specific programs; the impact of government budget and funding decisions; government-imposed sanctions, tariffs, trade agreements and trade policies; changes or uncertainties in laws,

regulations, rates, policies or interpretations that impact the Company's business operations or tax status, including those that address climate change, environmental, health and safety matters, and the materials processed by our products or their end markets; fluctuations in the pricing or availability of raw materials, freight, transportation, energy, utilities and other items required by our operations; labor shortages or other business interruptions at transportation centers, shipping ports, our suppliers' facilities or our facilities; disruptions in information technology systems, including as a result of cybersecurity attacks or data security breaches; the ability to hire and retain senior management and qualified personnel; the continuing impact of prior acquisitions and divestitures, and any other future strategic actions, and our ability to achieve the financial and operational targets set in connection with any such actions; the ability to achieve social and environmental performance goals; the outcome of pending and future litigation and governmental proceedings; the impact of actual, potential or alleged defects or failures of our products or third-party products within which our products are integrated, including product liabilities, product recall costs and uninsured claims; future repurchases of common stock; future levels of indebtedness; the impact of shareholder activism; and other risks and uncertainties described in documents filed with or furnished to the Securities and Exchange Commission ("SEC") by the Company, including, among others, those in the Management's Discussion and Analysis of Financial Condition and Results of Operations and Risk Factors sections of the Company's filings. The Company assumes no obligation to update its forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For discussion of the Company's exposure to market risk, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022. There have been no material changes to such risk during the nine three months ended September 30, 2022 March 31, 2023.

Item 4. Controls and Procedures

Management, including the Company's Chief Executive Officer and Chief Financial Officer, has 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 report. Based upon, and as of the date of, our evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective, in all material respects and designed to provide reasonable assurance that information required to be disclosed in the reports the Company files and submits under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized and reported as and when required and (ii) is accumulated and communicated to the Company's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the Company's third first quarter of 2022 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to litigation from time to time in the ordinary course of business and various other suits, proceedings and claims are pending against us and our subsidiaries. While it is not possible to determine the ultimate disposition of each of these proceedings and whether they will be resolved consistent with our beliefs, we expect that the outcome of these proceedings, individually or in the aggregate, will not have a material adverse effect on our consolidated financial position, cash flows or results of operations.

Item 1A. Risk Factors

There have been no material changes to the Company's risk factors as disclosed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 December 31, 2022.

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

(c) Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid Per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
July 1-31, 2022	414	\$ 30.73	—	3,404,000
August 1-31, 2022	18,309	\$ 34.86	—	3,404,000
September 1-30, 2022	410	\$ 31.10	—	3,404,000
Total	19,133 ⁽¹⁾	\$ 34.69	—	

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid Per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
January 1-31, 2023	291	\$ 43.46	—	3,404,000
February 1-28, 2023	4,195	\$ 44.95	—	3,404,000
March 1-31, 2023	1,318	\$ 38.86	—	3,404,000
Total	5,804 ⁽¹⁾	\$ 43.49	—	

- (1) All acquisitions of equity securities during the **third first** quarter of **2022 2023** were the result of the operation of the terms of the Company's stockholder-approved equity compensation plans and the terms of the equity rights granted pursuant to those plans to pay for the related income tax upon issuance of shares. The purchase price of a share of stock used for tax withholding is the market price on the date of issuance.
- (2) At March 31, 2019, 1.5 million shares of common stock had not been purchased under the publicly announced Repurchase Program (the "Program"). On April 25, 2019, the Board of Directors of the Company increased the number of shares authorized for repurchase under the Program by 3.5 million shares of common stock (5.0 million authorized, in total). The Program permits open market purchases, purchases under a Rule 10b5-1 trading plan and privately negotiated transactions.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit 15	Letter regarding unaudited interim financial information.
Exhibit 31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32	Certification pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 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.
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document.
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

SIGNATURES

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

Barnes Group Inc.
(Registrant)

Date: October April 28, 2022 2023

/s/ JULIE K. STREICH

Julie K. Streich
Senior Vice President, Finance
Chief Financial Officer
(Principal Financial Officer)

Date: October April 28, 2022 2023

/s/ MARIAN ACKER

Marian Acker
Vice President, Controller
(Principal Accounting Officer)

EXHIBIT INDEX

Barnes Group Inc.

Quarterly Report on Form 10-Q

For the Quarter ended September 30, 2022 March 31, 2023

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference</u>
15	Letter regarding unaudited interim financial information.	Filed with this report.
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed with this report.
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed with this report.
32	Certification pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished with this report.
Exhibit 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.	Filed with this report.
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document.	Filed with this report.
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed with this report.
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Filed with this report.
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed with this report.
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed with this report.
104	Cover Page Interactive Data File (formatted is Inline XBRL and contained in Exhibit 101).	Filed with this report.

October 28, 2022

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We are aware that our report dated October 28, 2022 on our review of interim financial information of Barnes Group Inc., which appears in this Quarterly Report on Form 10-Q, is incorporated by reference in the Registration Statements on Form S-8 (Nos. 333-205952, 333-196013, 333-150741, 333-133597, and 333-266134) of Barnes Group Inc.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut

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CERTIFICATION

I, Thomas J. Hook, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2022 March 31, 2023 of Barnes Group Inc.;
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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(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 the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 28, 2022** April 28, 2023

/s/ THOMAS J. HOOK

Thomas J. Hook
President and Chief Executive Officer

CERTIFICATION

EXHIBIT 31.2

I, Julie K. Streich, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended **September 30, 2022** March 31, 2023 of Barnes Group Inc.;
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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(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 the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 28, 2022** April 28, 2023

/s/ JULIE K. STREICH

Julie K. Streich
Senior Vice President, Finance and Chief Financial Officer

EXHIBIT 32

**CERTIFICATION 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 Barnes Group Inc. (the "Company") on Form 10-Q for the period ended **September 30, 2022** **March 31, 2023** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 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 Company.

/s/ THOMAS J. HOOK

Thomas J. Hook
President and Chief Executive Officer
October April 28, 2022 2023

/s/ JULIE K. STREICH

Julie K. Streich
Senior Vice President, Finance and Chief Financial Officer
October April 28, 2022 2023

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging, or otherwise adopting the signature that appears in the typed form within the electronic version of this written statement required by Section 906, has been provided to Barnes Group Inc. and will be retained by Barnes Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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