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DELTA REPORT

10-Q

CMCO - COLUMBUS MCKINNON CORP

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	671
CHANGES	266
DELETIONS	179
ADDITIONS	226

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

FORM 10-Q

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

For the quarterly period ended June 30, 2024 September 30, 2024

or

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

For the transition period from __________ to __________
Commission File Number 001-34362

Columbus McKinnon Corporation

(Exact name of registrant as specified in its charter)

New York	16-0547600
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
13320 Ballantyne Corporate Place, Suite D Charlotte NC	28277
(Address of principal executive offices)	(Zip code)

(716) 689-5400

(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	**CMCO**	**Nasdaq Global Select Market**

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

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

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

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The number of shares of common stock outstanding as of July 29, 2024 October 28, 2024 was: 28,880,349 28,689,854 shares.

FORM 10-Q INDEX
COLUMBUS McKINNON CORPORATION
For the quarterly period ended June 30, 2024 September 30, 2024

Forward-Looking Statements

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 (the “Exchange Act”), and are subject to the safe harbor created thereby under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical or current fact, included in this Form 10-Q are forward-looking statements. Forward-looking statements reflect our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. These statements can be identified by the use of forward-looking words, such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “should,” “can have,” “future,” “likely” and other words and terms of similar meaning (including their negative counterparts or other various or comparable terminology). For example, all statements we make relating to to: our plans and objectives for future operations, growth results or initiatives, the amount of costs expected to be incurred by the Company in connection with the relocation of its North American Linear Motion operations in Charlotte, North Carolina to its manufacturing facility in Monterrey, Mexico, strategies, plans for enhancing shareholder value, pending acquisitions, our expected amount of capital expenditures and pension contributions for fiscal 2025, our expected effective tax rate for fiscal 2025, our future management of our fixed rate and variable rate long-term debt, the timing financial impact of any foreign jurisdiction’s adoption of minimum effective tax rates as established by the Organization for completion of the termination of one of the Company’s U.S. pension plans Economic Co-operation and the recording of an associated settlement charge, Development’s Pillar Two Framework, the amount of future dividend payments in fiscal 2025 and beyond or the expected outcome or impact of pending or threatened litigation are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including:

- the cyclical nature of our business and general macroeconomic conditions;
- increased competition with respect to our business, including with respect to our material handling and precision conveyance products;
- our ability to successfully integrate our acquisitions;
- price fluctuations and trade tariffs on steel, aluminum, and other raw materials purchased to manufacture our products and our ability to pass on price increases to our customers;
- the scarcity or unavailability of the raw materials and critical components we use to manufacture our products and the impact of such scarcity or unavailability on our ability to operate our business;
- our ability to successfully manage our backlog;
- our ability to maintain relationships with the independent distributors we use to sell our products;
- our ability to continue to attract, develop, engage, and retain qualified employees;
- our ability to understand our customers'specific customers' specific preferences and requirements, and to develop, manufacture and market products that meet customer demand as we expand into additional international markets;
- our ability to manage our indebtedness, including compliance with debt covenant restrictions in our Term Loan B, AR Securitization Facility and our Amended and Restated Revolving Credit Facility (each as defined herein);
- our ability to manage the risks of conducting operations outside of the United States, including currency fluctuations, trade barriers, labor unrest, geopolitical conflicts, more stringent labor regulation, tariffs, political and economic instability and governmental expropriation;
- potential product liability, as our products involve risks of personal injury and property damage;
- compliance with federal, state and local environmental protection laws, including regulatory measures meant to address climate change, which may be burdensome and lower our margins;
- our ability to adequately protect our intellectual property and refrain from infringing on the intellectual property of others;
- our ability to adequately manage and rely on our subcontractors and suppliers;
- our ability to adequately protect our information technology systems from cyberattacks or other interruptions;
- our ability to comply with the U.S. Foreign Corrupt Practices Act and other anti-corruption laws;
- our ability to retain key members of our management team; and
- the volatility of our common stock.

While we believe that the forward-looking statements in this Form 10-Q are reasonable, we caution that it is very difficult to predict the effect of known factors, and, it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations are disclosed under the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Form 10-Q. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements as well as other cautionary statements that are made from time to time in our other filings with the SEC and public communications. You should evaluate all forward-looking statements made in this Form 10-Q in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the outcomes or affect us or our operations in the way we expect. The forward-looking statements included in this Form 10-Q are made only as of the date hereof and are based on our current expectations. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise except to the extent required by applicable law.

Part I. Financial Information

Item 1. Financial Statements (Unaudited).

COLUMBUS McKINNON CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

		June 30, 2024		March 31, 2024		September 30, 2024		March 31, 2024
	(unaudited)							
ASSETS:								
ASSETS:								
ASSETS:		**(In thousands)**				**(In thousands)**		
Current assets:								
Cash and cash equivalents								
Cash and cash equivalents								
Cash and cash equivalents								
Trade accounts receivable, less allowance for doubtful accounts ($3,778 and $3,827, respectively)								
Trade accounts receivable, less allowance for doubtful accounts ($3,657 and $3,827, respectively)								
Inventories								
Prepaid expenses and other								
Total current assets								
Property, plant, and equipment, net								
Goodwill								
Other intangibles, net								
Marketable securities								
Deferred taxes on income								
Other assets								
Total assets								
LIABILITIES AND SHAREHOLDERS' EQUITY:								
LIABILITIES AND SHAREHOLDERS' EQUITY:								
LIABILITIES AND SHAREHOLDERS' EQUITY:								
Current liabilities:	Current liabilities:				Current liabilities:			
Trade accounts payable								
Accrued liabilities								

Current portion of long-term debt and finance lease obligations		
Total current liabilities		
Term loan, AR securitization facility and finance lease obligations		
Other non current liabilities		
Total liabilities		
Shareholders' equity:	Shareholders' equity:	Shareholders' equity:
Voting common stock; 50,000,000 shares authorized; 28,866,233 and 28,799,110 shares issued and outstanding		
Voting common stock; 50,000,000 shares authorized; 28,745,933 and 28,799,110 shares issued and outstanding		
Treasury stock		
Additional paid in capital		
Retained earnings		
Accumulated other comprehensive loss		
Total shareholders' equity		
Total liabilities and shareholders' equity		

See accompanying notes.

COLUMBUS McKINNON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

		Three Months Ended		Six Months Ended	
	June 30, 2024 June 30, 2024 June 30, 2024				
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023

		(In thousands, except per share data)		(In thousands, except per share data)
Net sales				
Cost of products sold				
Cost of products sold				
Cost of products sold				
Gross profit				
Gross profit				
Gross profit				
Selling expenses				
Selling expenses				
Selling expenses				
General and administrative expenses				
General and administrative expenses				
General and administrative expenses				
Research and development expenses				
Research and development expenses				
Research and development expenses				
Amortization of intangibles				
Amortization of intangibles				
Amortization of intangibles				
Income from operations				
Income from operations				
Income from operations				
Interest and debt expense				
Interest and debt expense				
Interest and debt expense				
Investment (income) loss				
Investment (income) loss				
Investment (income) loss				
Foreign currency exchange (gain) loss				
Foreign currency exchange (gain) loss				
Foreign currency exchange (gain) loss				
Other (income) expense, net				
Other (income) expense, net				
Other (income) expense, net				
Income (loss) before income tax expense (benefit)				

Income (loss) before income tax expense (benefit)
Income (loss) before income tax expense (benefit)
Income tax expense (benefit)
Income tax expense (benefit)
Income tax expense (benefit)
Net income (loss)
Net income (loss)
Net income (loss)
Average basic shares outstanding
Average basic shares outstanding
Average basic shares outstanding
Average diluted shares outstanding
Average diluted shares outstanding
Average diluted shares outstanding
Basic income (loss) per share:
Basic income (loss) per share:
Basic income (loss) per share:
Diluted income (loss) per share:
Diluted income (loss) per share:
Diluted income (loss) per share:
Diluted income (loss) per share:
Dividends declared per common share
Dividends declared per common share
Dividends declared per common share

See accompanying notes.

COLUMBUS McKINNON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

		Three Months Ended		Six Months Ended
	June 30, 2024			

	June 30, 2024 June 30, 2024	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
			(In thousands)		
Net income (loss)					
Net income (loss)					
Net income (loss)					
Other comprehensive income (loss), net of tax:					
Other comprehensive income (loss), net of tax:					
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments					
Foreign currency translation adjustments					
Foreign currency translation adjustments					
Change in derivatives qualifying as hedges, net of taxes of $283, $(176)					
Change in derivatives qualifying as hedges, net of taxes of $283, $(176)					
Change in derivatives qualifying as hedges, net of taxes of $283, $(176)					
Change in pension liability and postretirement obligation, net of taxes of $10, $(5)					
Change in pension liability and postretirement obligation, net of taxes of $10, $(5)					
Change in pension liability and postretirement obligation, net of taxes of $10, $(5)					
Total other comprehensive income (loss)					
Total other comprehensive income (loss)					
Change in derivatives qualifying as hedges, net of taxes of $1,136, $86, $1,419, $(90)					
Change in pension liability and postretirement obligation, net of taxes of $(5,291), $27, $(5,281), $22					
Total other comprehensive income (loss)					
Comprehensive income (loss)					
Comprehensive income (loss)					

Comprehensive income (loss)

See accompanying notes.

COLUMBUS McKINNON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)

(In thousands, except share data)

	Common Stock ($0.01 par value)	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Common Stock ($0.01 par value)	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at March 31, 2024												
Net income (loss)												
Change in foreign currency translation adjustment												
Change in derivatives qualifying as hedges, net of tax of $283												
Change in pension liability and postretirement obligations, net of tax of $10												
Stock options exercised, 2,052 shares												
Stock compensation expense												
Restricted stock units released, 65,071 shares, net of shares withheld for minimum statutory tax obligation												
Balance at June 30, 2024												

Net income (loss)
Dividends declared
Change in foreign currency translation adjustment
Change in derivatives qualifying as hedges, net of tax of $1,136
Change in pension liability and postretirement obligations, net of tax of $(5,291)
Stock compensation - directors
Stock options exercised, 711 shares
Stock compensation expense
Repurchase of Treasury Shares, (143,734) shares
Restricted stock units released, 22,723 shares, net of shares withheld for minimum statutory tax obligation
Balance at September 30, 2024

See accompanying notes.

COLUMBUS McKINNON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)

(In thousands, except share data)

	Common Stock ($0.01 par value)	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Common Stock ($0.01 par value)	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at March 31, 2023												
Net income (loss)												
Change in foreign currency translation adjustment												
Change in derivatives qualifying as hedges, net of tax of $(176)												
Change in pension liability and postretirement obligations, net of tax of $(5)												
Stock options exercised, 8,485 shares												
Stock compensation expense												
Restricted stock units released, 87,496 shares, net of shares withheld for minimum statutory tax obligation												
Balance at June 30, 2023												
Net income (loss)												
Dividends declared												

Change in foreign currency translation adjustment
Change in derivatives qualifying as hedges, net of tax of $86
Change in pension liability and postretirement obligations, net of tax of $27
Stock compensation - directors
Stock options exercised, 9,556 shares
Stock compensation expense
Restricted stock units released, 9,653 shares, net of shares withheld for minimum statutory tax obligation
Balance at September 30, 2023

See accompanying notes.

COLUMBUS McKINNON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

		Three Months Ended		Six Months Ended
		June 30, 2024	June 30, 2023	
		September 30, 2024	September 30, 2023	

OPERATING ACTIVITIES:	OPERATING ACTIVITIES:	(In thousands)	OPERATING ACTIVITIES:	(In thousands)
Net income (loss)				
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:	Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:	
Depreciation and amortization				
Deferred income taxes and related valuation allowance				
Net loss (gain) on sale of real estate, investments and other				
Stock-based compensation				
Stock-based compensation				
Non-cash pension settlement (See Note 10)				
Stock-based compensation				
Amortization of deferred financing costs				
Loss (gain) on hedging instruments				
Loss (gain) on hedging instruments				
Impairment of operating lease				
Loss (gain) on hedging instruments				
Non-cash lease expense				
Non-cash lease expense				
Loss (gain) on disposal of Fixed Assets				
Loss (gain) on disposal of Fixed Assets				
Loss (gain) on disposal of Fixed Assets				
Non-cash lease expense				
Changes in operating assets and liabilities, net of effects of business acquisitions:				
Trade accounts receivable				
Trade accounts receivable				
Trade accounts receivable				
Inventories				
Prepaid expenses and other				
Other assets				
Trade accounts payable				
Accrued liabilities				

Non-current liabilities	
Net cash provided by (used for) operating activities	
INVESTING ACTIVITIES:	
INVESTING ACTIVITIES:	
INVESTING ACTIVITIES:	
Proceeds from sales of marketable securities	
Purchases of marketable securities	
Capital expenditures	
Dividend received from equity method investment	
Dividend received from equity method investment	
Dividend received from equity method investment	
Purchase of businesses, net of cash acquired (See Note 2)	
Purchase of businesses, net of cash acquired (See Note 2)	
Purchase of businesses, net of cash acquired (See Note 2)	
Net cash provided by (used for) investing activities	
FINANCING ACTIVITIES:	
FINANCING ACTIVITIES:	
FINANCING ACTIVITIES:	
Proceeds from the issuance of common stock	
Repayment of debt	
Repayment of debt	
Purchases of treasury stock	
Repayment of debt	
Proceeds from issuance of long-term debt	
Fees paid for borrowings on long-term debt	
Payment to former owners of montratec (see Note 2)	
Fees paid for debt repricing	
Cash inflows from hedging activities	
Cash inflows from hedging activities	
Cash inflows from hedging activities	

Cash outflows from hedging activities	
Payment of dividends	
Other	
Net cash provided by (used for) financing activities	
Effect of exchange rate changes on cash	
Net change in cash and cash equivalents	
Cash, cash equivalents, and restricted cash at beginning of year	
Cash, cash equivalents, and restricted cash at end of period	
Supplementary cash flow data:	
Supplementary cash flow data:	
Supplementary cash flow data:	
Interest paid	
Income taxes paid, net of refunds	
Property, plant and equipment purchases included in trade accounts payable	
Restricted cash presented in Other assets	

See accompanying notes.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
June September 30, 2024

1. Description of Business

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position of Columbus McKinnon Corporation ("the Company") at June 30, 2024 September 30, 2024, the results of its operations for the three and six months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, and cash flows for the three six months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, have been included. Results for the period ended June 30, 2024 September 30, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2025. The balance sheet at March 31, 2024 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Columbus McKinnon Corporation Annual Report on Form 10-K for the fiscal year ended March 31, 2024 (the “2024 10-K”).

The Company is a leading worldwide designer, manufacturer, and marketer of intelligent motion solutions that efficiently and ergonomically move, lift, position, and secure materials. Key products include hoists, crane components, precision conveyor systems, accumulation tables, rigging tools, light rail workstations, and digital power and motion control systems. The Company is focused on commercial and industrial applications that require the safety and quality provided by its superior design and engineering know-how.

The Company's products are sold globally, principally to third party distributors and crane builders through diverse distribution channels, and to a lesser extent directly to end-users and integrators. During the three and six months ended June 30, 2024 September 30, 2024, sales to customers in the United States were approximately 57% 56% and 55%, respectively, of total net sales.

2. Acquisitions & Disposals

On May 31, 2023, the Company completed its acquisition of montratec GmbH ("montratec") for $115,721,000 including $7,576,000 in cash acquired, a $540,000 working capital settlement, and a contingent payment of $6,680,000 that was payable after earned based on montratec achieving a certain EBITDA level for the twelve-month period ended December 31, 2023 was achieved for montratec. . During the three six months ended June 30, 2024 September 30, 2024, the Company paid the contingent payment of $6,711,000 to montratec's previous owners. The difference between the originally recorded liability of $6,680,000 and the amount paid is the result of a change in the foreign currency rate at the time of payment as compared to the opening balance sheet rate. The Company initially financed the acquisition by borrowing $117,000,000 on its Amended and Restated Revolving Credit Facility, but later repaid the amount borrowed under the Amended and Restated Revolving Credit Facility by borrowing an additional $120,000,000. Utilizing the Accordion feature under the Company's existing Term Loan B facility ("Term Loan B"), the Company borrowed $75,000,000 and another $45,000,000 was borrowed through a new credit agreement secured by its U.S. accounts receivable balances. Refer to Note 9 for additional details on the Company's debt agreements.

montratec is a leading automation solutions company that designs and develops intelligent automation and transport systems for interlinking industrial production and logistics processes. montratec montratec's product offerings complement the Company's previous acquisitions of both Dorner Mfg. Corp. ("Dorner") and Garvey Corporation ("Garvey"), and furthers the Company's shift to intelligent motion and serves as a platform to expand capabilities in advanced, higher technology automation solutions. As the Company determined that the acquisition is not material to its existing operations, certain disclosures, including pro forma financial information, have not been included. montratec's results have been included in the Company's results of operations from the acquisition date and the Company incurred $2,587,000 $508,000 and $3,095,000 of acquisition and deal related costs classified as part of General and administrative expenses in the three and six months ended June 30, 2023. September 30, 2023, respectively.

The purchase price has been allocated to the assets acquired and liabilities assumed as of the date of acquisition. The excess consideration of $66,566,000 has been recorded as goodwill. The identifiable intangible assets acquired include customer relationships valued at $33,470,000, a trade name valued at $2,915,000, and technology valued at $16,196,000. The weighted average life of the acquired identifiable intangible assets subject to amortization was estimated at 14 years at the time of acquisition. Of the $66,566,000 goodwill recorded from the acquisition, $7,531,000 is deductible for tax purposes.

The assignment of purchase consideration to the assets acquired and liabilities assumed is as follows (in thousands):

Cash	$	7,576
Working capital		4,523
Property, plant, and equipment, net		2,157
Intangible assets		52,581
Contingent liability (*see above)*		(6,680)
Other assets		7,239
Other non current liabilities		(18,241)
Goodwill		66,566
Total	$	115,721

On July 31, 2024 the Company announced that it would be relocating relocate its North American linear motion operations in from Charlotte, North Carolina ("Charlotte Manufacturing Operations") to its manufacturing facility in Monterrey, Mexico. The Company expects to incur approximately $4,000,000 to $5,000,000 recorded $3,567,000 in fixed asset related impairment costs $1,000,000 to $2,000,000 and inventory obsolescence, $3,268,000 in Right of Use lease asset impairment costs and $1,093,000 in employee related severance and retention costs during the three and approximately $1,000,000 to $2,000,000 six months ended September 30, 2024 in other the Condensed Consolidated Statements of Operations. In total, $7,855,000 of these costs during fiscal 2025. were included in Cost of products sold, $22,000 were included in Selling expenses, and $51,000 were included in General and administrative expenses.

3. Revenue & Receivables

Revenue Recognition:

Performance obligations

The Company has contracts with customers for standard products and custom engineered products and determines when and how to recognize revenue for each performance obligation based on the nature and type of contract.

Revenue from contracts with customers for standard products is recognized when legal title and significant risk and rewards has transferred to the customer, which is generally at the time of shipment. This is the point in time when control is deemed to transfer to the customer. The Company sells standard products to customers utilizing purchase orders. Payment terms for these types of contracts generally require payment within 30 to 60 days. Each standard product is deemed to be a single performance obligation and the amount of revenue recognized is based on the negotiated price. The transaction price for standard products is based on the price reflected in each purchase order. Sales incentives are offered to customers who purchase standard products and include offers such as volume-based discounts, rebates for priority customers, and discounts for early cash payments. These sales incentives are accounted for as variable consideration included in the transaction price. Accordingly, the Company reduces revenue for these incentives in the period which the sale occurs and is based on the most likely amount method for estimating the amount of consideration the Company expects to receive. These sales incentive estimates are updated each reporting period as additional information becomes available.

The Company also sells custom engineered products and services, which are contracts that are typically completed within one quarter but can extend beyond one year in duration. For custom engineered products, the transaction price is based upon the price stated in the contract. Variable consideration has not been identified as a significant component of transaction price for custom engineered products and services. The Company generally recognizes revenue for custom engineered products upon satisfaction of its performance obligation under the contract which typically coincides with project completion which is when the products and services are controlled by the customer. Control is typically achieved at the later of when legal title and significant risk and rewards have transferred to the customer or the customer has accepted the asset. These contracts often require either up front or installment payments. These types of contracts are generally accounted for as one performance obligation as the products and services are not separately identifiable. The promised services (such as inspection, commissioning, and installation) are essential in order for the delivered product to operate as intended on the customer's site and the services are therefore highly interrelated with product functionality.

For most custom engineered products contracts, the Company determined that while there is no alternative use for the custom engineered products, the Company does not have an enforceable right to payment (which must include a reasonable profit margin) for performance completed to date in order to meet the over time revenue recognition criteria. Therefore, revenue is recognized at a point in time (when the contract is complete). For custom engineered products contracts that contain an enforceable right to payment (including reasonable profit margin) the Company satisfies the performance obligation over time and recognizes revenue based on the extent of progress towards completion of the performance obligation. The cost-to-cost measure of progress is an appropriate measure of progress toward satisfaction of performance obligations as this measure most accurately depicts the progress of work performed and transfer of control to the customers. Under the cost-to-cost measure of progress, the extent of progress toward completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues are recognized proportionally as costs are incurred.

Sales and other taxes collected with revenue are excluded from revenue. Shipping and handling costs incurred prior to shipment are considered activities required to fulfill the Company's promise to transfer goods, and do not qualify as a separate performance obligation. Additionally, the Company offers standard warranties which are typically 12 months in duration for standard products and 24 to 36 months for custom engineered products. These types of warranties are included in the purchase price of the product and are deemed to be assurance-type warranties which are not accounted for as a separate performance obligation. Other performance obligations included in a contract (such as drawings, owner's manuals, and training services) are immaterial in the context of the contract and are not recognized as a separate performance obligation.

For additional information on the Company's revenue recognition policy refer to the consolidated financial statements included in the 2024 10-K.

Reconciliation of contract balances

The Company records a contract liability when cash is received prior to recording revenue. Some standard contracts require a down payment while most custom engineered contracts require installment payments. Installment payments for the custom engineered contracts typically require a portion due at inception while the remaining payments are due upon completion of certain performance milestones. For both types of contracts, these contract liabilities, referred to as customer advances, are recorded at the time payment is received and are included in Accrued liabilities on the Condensed Consolidated Balance Sheets. When the related performance obligation is satisfied and revenue is recognized, the contract liability is released into income.

The following table illustrates the balance and related activity for customer advances in the three six months ended June 30, 2024 September 30, 2024 and June September 30, 2023 (in thousands):

Customer advances (contract liabilities)	Customer advances (contract liabilities)	June 30, 2024	June 30, 2023	Customer advances (contract liabilities)	September 30, 2024	September 30, 2023
March 31, beginning balance						
Additional customer advances received						
Revenue recognized from customer advances included in beginning of period						

Other revenue recognized from customer advances	
Customer advances recorded from acquisitions	
Other (1)	
June 30, ending balance	
September 30, ending balance	

(1) Other includes the impact of foreign currency translation

Revenue was recognized prior to the right to invoice the customer which resulted in a contract asset balance in the amount of $4,332,000 $8,505,000 and $2,541,000 as of June 30, 2024 September 30, 2024 and March 31, 2024, respectively. Contract assets are included in Prepaid expenses and other assets on the Condensed Consolidated Balance Sheets.

Remaining Performance Obligations

As of June 30, 2024 September 30, 2024, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) was approximately $13,594,000. $37,738,000. We expect to recognize approximately 53% 41% of these sales over the next twelve months.

Disaggregated revenue

In accordance with FASB ASC Topic 606, the Company is required to disaggregate revenue into categories that depict how economic factors affect the nature, amount, timing and uncertainty of revenue and cash flows.

The following table illustrates the disaggregation of revenue by product grouping for the three and six months ended June 30, 2024 September 30, 2024 and June September 30, 2023 (in thousands):

	Three months ended June 30,				
	Three months ended June 30,				
	Three months ended June 30,				
Net Sales by Product Grouping					
Net Sales by Product Grouping					
		Three Months Ended		**Six Months Ended**	
Net Sales by Product Grouping	**Net Sales by Product Grouping**	**September 30, 2024**	**September 30, 2023**	**September 30, 2024**	**September 30, 2023**
Industrial Products					
Industrial Products					
Industrial Products					
Crane Solutions					
Crane Solutions					

Crane Solutions
Engineered Products
Engineered Products
Engineered Products
Precision Conveyor Products
Precision Conveyor Products
Precision Conveyor Products
All other
All other
All other
Total
Total
Total

Industrial products include: manual chain hoists, electrical chain hoists, rigging/clamps, industrial winches, hooks, shackles, and other forged attachments. Crane solutions products include: wire rope hoists, drives and controls, crane kits and components, and workstations. Engineered products include: linear and mechanical actuators, lifting tables, rail projects, and actuation systems. Precision conveyor products include: low profile, flexible chain, large scale, sanitary and vertical elevation conveyor systems, pallet system conveyors, accumulation systems, asynchronous conveyors as well as other high-precision conveyance systems. The All other product grouping includes miscellaneous revenue.

Practical expedients

Incremental costs to obtain a contract incurred by the Company primarily relate to sales commissions for contracts with a duration of one year or less. Therefore, these costs are expensed as incurred and are recorded in Selling expenses on the Condensed Consolidated Statements of Operations.

Unsatisfied performance obligations for contracts with an expected length of one year or less are not disclosed. Further, revenue from contracts with customers do not include a significant financing component as payment is generally expected within one year from when the performance obligation is controlled by the customer.

Accounts Receivable:

Under Accounting Standard Update ("ASU") 2016-13, the Company is required to remeasure expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable forecasts. In addition to these factors, the Company establishes an allowance for doubtful accounts based upon the credit risk of specific customers, historical trends, and other factors. Accounts receivable are charged against the allowance for doubtful accounts once all collection efforts have been exhausted. Due to the short-term nature of such accounts receivable, the estimated amount of accounts receivable that may not be collected is based on aging of the accounts receivable balances.

The following table illustrates the balance and related activity for the allowance for doubtful accounts as of June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023 that is deducted from accounts receivable to present the net amount expected to be collected (in thousands):

Allowance for doubtful accounts	Allowance for doubtful accounts	2024	2023	Allowance for doubtful accounts	September 30, 2024	September 30, 2023
March 31, beginning balance						
Bad debt expense						
Less uncollectible accounts written off, net of recoveries						
Allowance recorded from acquisitions						
Other (1)						
June 30, ending balance						
September 30, ending balance						

(1) Other includes the impact of foreign currency translation

4. Fair Value Measurements

FASB ASC Topic 820 “Fair Value Measurements and Disclosures” establishes the standards for reporting financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value on a recurring basis (at least annually). Under these standards, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date.

ASC 820-10-35-37 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the valuation techniques that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is separated into three levels based on the reliability of inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, involving some degree of judgment.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The availability of observable inputs can vary and is affected by a wide variety of factors, including the type of asset/liability, whether the asset/liability is established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, assumptions are required to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The Company uses quoted market prices when valuing its marketable securities and, consequently, the fair value is based on Level 1 inputs. These marketable securities consist of equity and fixed income securities. The Company's terminated pension assets consist of money market funds which are valued using quoted market prices, and consequently, the fair value is based on Level 1 inputs. Refer to Note 10 for additional information regarding the Company's terminated pension plan. The Company primarily uses readily observable market data in conjunction with internally developed discounted cash flow valuation models when valuing its derivative portfolio and, consequently, the fair value of the Company’s derivatives is based on Level 2 inputs. The carrying amount of the Company's pension-related annuity contract is recorded at net asset value of the contract and, consequently, its fair value is based on Level 2 inputs and is included in Other assets on the Condensed Consolidated Balance Sheets. The carrying value of the Company’s Term Loan B approximates fair value based on current market interest rates for debt instruments of similar credit standing and, consequently, their fair values are based on Level 2 inputs.

The following table provides information regarding financial assets and liabilities measured or disclosed at fair value (in thousands):

		Fair value measurements at reporting date using					Fair value measurements at reporting date using			
Description	Description	June 30, 2024	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Description	September 30, 2024	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/(Liabilities) measured at fair value:										
Marketable securities										
Marketable securities										
Marketable securities										
Annuity contract										
Derivative Assets (Liabilities):										
Derivative Assets (Liabilities):										
Terminated pension assets		8,379	8,379							
Derivative Assets (Liabilities):										
Foreign exchange contracts										
Foreign exchange contracts										
Foreign exchange contracts										
Interest rate swap										
Cross currency swap										
Disclosed at fair value:										

Disclosed at fair value:

Disclosed at fair value:

Term Loan B

Term Loan B

Term Loan B

AR Securitization Facility

		Fair value measurements at reporting date using					Fair value measurements at reporting date using			
Description	Description	March 31, 2024	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Description	March 31, 2024	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/(Liabilities) measured at fair value:										
Marketable securities										
Marketable securities										
Marketable securities										
Annuity contract										
Derivative assets (liabilities):										
Foreign exchange contracts										
Foreign exchange contracts										
Foreign exchange contracts										
Interest rate swap										
Interest rate swap										
Interest rate swap										
Cross currency swap										
Disclosed at fair value:										
Disclosed at fair value:										
Disclosed at fair value:										
Term Loan B										
Term Loan B										

Term Loan B

AR Securitization Facility

The Company does not have any non-financial assets and liabilities that are recognized at fair value on a recurring basis. At June 30, 2024 September 30, 2024, the Term Loan B has been recorded at carrying value, which approximates fair value. In fiscal 2024, the Company borrowed an additional $45,000,000 under a new credit agreement secured by the Company's U.S. accounts receivable balances (the "AR Securitization Facility"). The balance of the AR Securitization Facility is $40,000,000 $45,000,000 at June 30, 2024 September 30, 2024. The AR Securitization Facility has been recorded at carrying value which approximates fair value. Refer to Note 9 for additional information regarding the Company's long-term debt.

Market gains, interest, and dividend income on marketable securities are recorded in Investment (income) loss on the Condensed Consolidated Statements of Operations. Changes in the fair value of derivatives are recorded in foreign currency exchange (gain) loss or other comprehensive income (loss), to the extent that the derivative qualifies as a hedge under the provisions of FASB ASC Topic 815. Interest and dividend income on marketable securities are measured based upon amounts earned on their respective declaration dates.

There were no assets and liabilities preliminarily recorded at fair value on a non-recurring basis during the three six months ended June 30, 2024 September 30, 2024.

Refer to the 2024 10-K for a full description of the assets and liabilities measured on a non-recurring basis that are included in the Company's March 31, 2024 balance sheet.

5. Inventories

Inventories consisted of the following (in thousands):

	June 30, 2024	**March 31, 2024**
	September 30, 2024	**March 31, 2024**
At cost - FIFO basis:		
Raw materials		
Raw materials		
Raw materials		
Work-in-process		
Finished goods		
Total at cost FIFO basis		
LIFO cost less than FIFO cost		
Net inventories		

An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end inventory levels and costs. Because these are subject to many factors beyond management's control, estimated interim results are subject to change in the final year-end LIFO inventory valuation.

6. Marketable Securities and Other Investments

In accordance with ASU 2016-01, “Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities,” all equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) are measured at fair value through earnings. The Company's marketable securities are recorded at their fair value, with unrealized changes in market value realized within Investment (income) loss on the Condensed Consolidated Statements of Operations. The impact on earnings for unrealized gains and losses was immaterial and a gain of $80,000$234,000 and a loss of $349,000 in the three months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, respectively, and a gain of $236,000 and a loss of $270,000 in the six months ended September 30, 2024 and September 30, 2023, respectively.

Consistent with prior periods, the estimated fair value is based on quoted market prices at the balance sheet dates. The cost of securities sold is based on the specific identification method. Interest and dividend income are included in Investment (income) loss in the Condensed Consolidated Statements of Operations.

Marketable securities are carried as long-term assets since they are held for the settlement of the Company’s general and product liability insurance claims filed through CM Insurance Company, Inc. ("CMIC"), the Company's a wholly owned wholly-owned captive insurance subsidiary. The marketable securities are not available for general working capital purposes.

Net realized gains related to sales of marketable securities were $57,000 in the three and six months ended September 30, 2024 and not material in both the three and six months ended June 30, 2024 and June 30, 2023 September 30, 2023.

The Company owns a 49% ownership interest in Eastern Morris Cranes Company Limited ("EMC"), a limited liability company organized and existing under the laws and regulations of the Kingdom of Saudi Arabia. The Company's ownership represents an equity investment in a strategic customer of Stahl Cranesystems GmbH ("STAHL") serving the Kingdom of Saudi Arabia. The investment's carrying value is presented in Other assets in the Condensed Consolidated Balance Sheets in the amount of $3,473,000 $3,847,000 and $3,377,000 as of June 30, 2024 in the three months ended September 30, 2024 and March 31, 2024, respectively, and has been accounted for as an equity method investment. The investment value increased for the Company's ownership percentage of income earned by EMC in the amount of $121,000 $236,000 and $388,000 $183,000 in the three months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, respectively, which is and increased by $362,000 and $559,000 in the six months ended September 30, 2024 and September 30, 2023, respectively, recorded in Investment (income) loss on the Condensed Consolidated Statements of

Operations. Further, in the six months ended September 30, 2023, EMC has distributed cash dividends which the Company received 49% of pursuant to its ownership interest. The June 30, 2024 investment value was decreased for the Company's share of EMC's cash dividend in the amount of $247,000 in the six months ended September 30, 2023, as they were determined to be a return of the Company's investment. Dividends are included in investing activities on the Condensed Consolidated Statements of Cash Flows and $144,000 in the six months ended September 30, 2023, as the distribution received in fiscal 2024 exceeded cumulative equity in earnings, under the cumulative earnings approach. The remaining balance of the dividend for the six months ended September 30, 2023, is included in cash flows from operations on the Condensed Consolidated Statements of Cash Flows. There were no such dividends in the six months ended September 30, 2024. The September 30, 2024 and March 31, 2024 trade accounts receivable balance balances due from EMC are $13,100,000 were $12,700,000 and $10,300,000, respectively, and are comprised of amounts due for from the sale of goods and services in the ordinary course of business.

7. Goodwill and Intangible Assets

Goodwill and indefinite lived trademarks are not amortized but are tested for impairment at least annually, in accordance with the provisions of ASC Topic 350-20-35-1. Goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. The fair value of a reporting unit is determined using a discounted cash flow methodology. The Company’s reporting units are determined based upon whether discrete financial information is available and reviewed regularly, whether those units constitute a business, and the extent of economic similarities between those reporting units for purposes of aggregation. The Company's reporting units identified under ASC Topic 350-20-35-33 are at the component level, or one level below the operating segment level as defined under ASC Topic 280-10-50-10 "Segment Reporting - Disclosure." The Company has three reporting units as of June 30, 2024 September 30, 2024 and March 31, 2024. The Linear Motion Products reporting unit (formerly referred to as Duff-Norton) (which designs, manufactures and sources mechanical and electromechanical actuators and rotary unions) had goodwill of $9,699,000 at June 30, 2024 September 30, 2024 and March 31, 2024. The Rest of Products reporting unit (representing the hoist, chain, forgings, digital power, motion control, manufacturing, and distribution businesses) had goodwill of $303,499,000 $310,300,000 and $304,760,000 at June 30, 2024 September 30, 2024 and March 31, 2024, respectively. The Precision Conveyance reporting unit (which represents high-precision conveying systems) had goodwill of $395,373,000 $397,983,000 and $395,875,000 at June 30, 2024 September 30, 2024 and March 31, 2024, respectively. The goodwill associated with the fiscal 2024 acquisition of montratec, as described in Note 2, is included in the Precision Conveyance reporting unit.

Refer to the 2024 10-K for information regarding our annual goodwill and indefinite lived trademark impairment evaluation. Future impairment indicators, such as declines in forecasted cash flows, may cause impairment charges. Impairment charges could be based on such factors as the Company's stock price, forecasted cash flows, assumptions used, control premiums or other variables. There were no such indicators during the three six months ended June 30, 2024 September 30, 2024.

A summary of changes in goodwill during the three six months ended June 30, 2024 September 30, 2024 is as follows (in thousands):

Balance at April 1, 2024	$ 710,334
Currency translation	(1,763) 7,648
Balance at June 30, 2024 September 30, 2024	$ 708,571 717,982

Goodwill is recognized net of accumulated impairment losses of $113,174,000 as of June 30, 2024 September 30, 2024 and March 31, 2024, respectively.

Identifiable intangible assets acquired in a business combination are amortized over their estimated useful lives. Identifiable intangible assets are summarized as follows (in thousands):

	June 30, 2024			March 31, 2024			September 30, 2024			March 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Trademark												
Indefinite lived trademark												
Customer relationships												
Acquired technology												
Other												
Total												

The Company's intangible assets that are considered to have finite lives are amortized. The weighted-average amortization periods are 13 years for trademarks, 17 years for customer relationships, 15 years for acquired technology, 6 years for other, and 16 years in total. Trademarks with a carrying value of $46,118,000 $46,841,000 as of June 30, 2024 September 30, 2024 have an indefinite useful life and are therefore not being amortized.

Total amortization expense was $7,500,000 $7,547,000 and $6,877,000 $7,508,000 for the three months ended June 30, 2024 September 30, 2024 and 2023, respectively. The increase in Total amortization expense is was $15,047,000 and $14,385,000 for the result of the montratec acquisition six months ended September 30, 2024 and related intangible assets acquired. 2023, respectively. Based on the current amount of identifiable intangible assets and current exchange rates, the estimated annual amortization expense for each of the succeeding five years is expected to be approximately $30,000,000.

8. Derivative Instruments

The Company uses derivative instruments to manage selected foreign currency and interest rate exposures. The Company does not use derivative instruments for speculative trading purposes. All derivative instruments must be recorded on the balance sheet at fair value. For derivatives designated as cash flow hedges, changes in the fair value of the derivative is recorded as accumulated other comprehensive loss, or "AOCL," and is reclassified to earnings when the underlying transaction has an impact on earnings. For foreign currency derivatives not designated as cash flow hedges, all changes in market value are recorded as a foreign currency exchange loss (gain) in the Company's Consolidated Statements of Operations. The cash flow effects of derivatives are reported within net cash (used for) provided by operating activities on the Condensed Consolidated Statements of Cash Flows.

The Company is exposed to credit losses in the event of non-performance by the counterparties on its financial instruments. The counterparties have investment grade credit ratings. The Company anticipates that these counterparties will be able to fully satisfy their obligations under the contracts.

The Company's agreements with its counterparties contain provisions pursuant to which the Company could be declared in default of its derivative obligations. As of June 30, 2024 September 30, 2024, the Company had not posted any collateral related to these agreements. If the Company had breached any of these provisions as of June 30, 2024 September 30, 2024, it could have been required to settle its obligations under these agreements at amounts which approximate the June 30, 2024 September 30, 2024 fair values reflected in the table below. During the three six months ended June 30, 2024 September 30, 2024, the Company was not in default of any of its derivative obligations.

As of June 30, 2024 September 30, 2024, the Company had no derivatives designated as net investments or fair value hedges in accordance with FASB ASC Topic 815, "Derivatives and Hedging."

The Company has a cross currency swap agreement that is designated as a cash flow hedge to hedge changes in the value of an intercompany loan to a foreign subsidiary due to changes in foreign exchange rates. This intercompany loan is related to the acquisition of STAHL. As of June 30, 2024 September 30, 2024, the notional amount of this derivative is $88,443,000, $82,975,000, and this contract matures on March 31, 2028. From its June 30, 2024 September 30, 2024 balance of AOCL, the Company expects to reclassify approximately $226,000 $404,000 out of AOCL, and into foreign currency exchange loss (gain), during the next 12 months based on the contractual payments due under this intercompany loan.

The Company has foreign currency forward agreements that are designated as cash flow hedges to hedge a portion of forecasted inventory purchases denominated in foreign currencies. As of June 30, 2024 September 30, 2024, the notional amount of those derivatives was $5,510,000, $5,728,000, and all contracts mature by March 31, 2025 June 30, 2025. From its June 30, 2024 September 30, 2024 balance of AOCL, the Company expects to reclassify approximately $66,000 $73,000 out of AOCL during the next 12 months based on the expected payments for the goods purchased.

The Company's policy is to maintain a capital structure that is comprised of 50-70% of fixed rate long-term debt and 30-50% of variable rate long-term debt. The Company has two three outstanding interest rate swap agreements in which the Company receives interest at a variable rate and pays interest at a fixed rate. The Company's third and most recent interest rate swap agreement with a notional amount of $75,000,000 was entered into in during the three months ended September 30, 2024. After entry into this swap, the Company's percentage of fixed rate long-term debt exceeds the Company's policy described above at September 30, 2024, however, with one swap maturing later this fiscal year, 2024 as a result of the additional debt from the montratec acquisition. These Company expects to be back in compliance with its policy at March 31, 2025. The three interest rate swap agreements are designated as cash flow hedges to hedge changes in interest expense due to changes in the variable interest rate of the Company's variable interest debt. The interest rate swaps mature on February 14, 2025, September 4, 2027 and April 30, 2028, and together collectively have a total notional amount of $339,645,000 $407,856,000 as of June 30, 2024 September 30, 2024. The effective portion of the changes in fair values of the interest rate swaps is reported in AOCL and will be reclassified to interest expense over the life of the swap agreements. From its June 30, 2024 September 30, 2024 balance of AOCL, the Company expects to reclassify approximately $4,369,000 $1,878,000 of AOCL into interest and debt expense during the next 12 months.

The following is the effect of derivative instruments, net of tax on the Condensed Consolidated Statements of Operations for the three months ended June 30, 2024 September 30, 2024 and 2023 (in thousands):

Derivatives Designated as Cash Flow Hedges	Type of Instrument	Amount of Gain or (Loss) Recognized in Other Comprehensive Income (Loss) on Derivatives	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Reclassified from AOCL into Income
June 30, 2024	Foreign exchange contracts	$ (38)	Cost of products sold	$ (43)
June 30, 2024	Interest rate swaps	1,422	Interest expense	2,472
June 30, 2024	Cross currency swaps	674	Foreign currency exchange (gain) loss	514
June 30, 2023	Foreign exchange contracts	(158)	Cost of products sold	(19)
June 30, 2023	Interest rate swap	3,291	Interest expense	2,243
June 30, 2023	Cross currency swaps	(841)	Foreign currency exchange (gain) loss	(473)

Derivatives Designated as Cash Flow Hedges	Type of Instrument	Amount of Gain or (Loss) Recognized in Other Comprehensive Income (Loss) on Derivatives	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Reclassified from AOCL into Income
September 30, 2024	Foreign exchange contracts	$ 135	Cost of products sold	$ (4)
September 30, 2024	Interest rate swaps	(1,650)	Interest expense	2,513
September 30, 2024	Cross currency swaps	(1,871)	Foreign currency exchange (gain) loss	(2,433)
September 30, 2023	Foreign exchange contracts	(22)	Cost of products sold	(34)
September 30, 2023	Interest rate swap	2,798	Interest expense	2,615
September 30, 2023	Cross currency swaps	2,061	Foreign currency exchange (gain) loss	2,521

The following is the effect of derivative instruments, net of tax on the Condensed Consolidated Statements of Operations for the six months ended September 30, 2024 and 2023 (in thousands):

Derivatives Designated as Cash Flow Hedges	Type of Instrument	Amount of Gain or (Loss) Recognized in Other Comprehensive Income (Loss) on Derivatives	Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Reclassified from AOCL into Income
September 30, 2024	Foreign exchange contracts	$ 97	Cost of products sold	$ (47)
September 30, 2024	Interest rate swaps	(228)	Interest expense	4,985
September 30, 2024	Cross currency swaps	(1,197)	Foreign currency exchange (gain) loss	(1,919)
September 30, 2023	Foreign exchange contracts	(180)	Cost of products sold	(53)
September 30, 2023	Interest rate swap	6,089	Interest expense	4,858
September 30, 2023	Cross currency swaps	1,220	Foreign currency exchange (gain) loss	2,048

The following is information relative to the Company's derivative instruments in the Condensed Consolidated Balance Sheets (in thousands):

Derivatives Designated as Hedging Instruments	Derivatives Designated as Hedging Instruments	Balance Sheet Location	**Fair Value of Asset (Liability)** **June 30, 2024**	**March 31, 2024**	Derivatives Designated as Hedging Instruments	Balance Sheet Location	**Fair Value of Asset (Liability)** **September 30, 2024**	**March 31, 2024**
Foreign exchange contracts								
Foreign exchange contracts								
Foreign exchange contracts								
Foreign exchange contracts								
Interest rate swap								
Interest rate swap								
Interest rate swap								
Interest rate swap								
Cross currency swap								
Cross currency swap								
Cross currency swap								
Cross currency swap								

9. Debt

During fiscal 2024, the Company amended its credit agreement (the "Amended and Restated Revolving Credit Facility") increasing the size of the revolving credit facility by $75,000,000 to a total of $175,000,000. The Company borrowed against the Amended and Restated Revolving Credit Facility in May of fiscal 2024 to initially fund the montratec acquisition as described in Note 2. The Company subsequently borrowed additional funds in accordance with the Accordion feature under its existing Term Loan B to increase the principal amount of the Term Loan B by $75,000,000. The Company also borrowed an additional $45,000,000 under a new credit agreement secured by the Company's U.S. accounts receivable balances (the "AR Securitization Facility"). The U.S. accounts receivable balances which secure the AR Securitization Facility total $77,750,000 $76,818,000 as of June 30, 2024 September 30, 2024. The Company used the proceeds from the $75,000,000 Accordion borrowing and the $45,000,000 AR Securitization Facility to fully repay borrowings on the Amended and Restated Revolving Credit Facility prior to June 30, 2023.

As of June 30, 2024 September 30, 2024, there have been no amortization events triggered in the AR Securitization Facility. The Company voluntarily paid down $5,000,000 on the AR Securitization Facility during the three months ended June 30, 2024. The Company has both the ability and intent to have the AR Securitization Facility remain outstanding for the next 12-months. As such, the Company has classified the full $40,000,000 $45,000,000 outstanding borrowings under the AR Securitization Facility as long-term debt at June 30, 2024 September 30, 2024.

The outstanding principal balance of the Term Loan B was $462,560,000 $447,560,000 as of June 30, 2024 September 30, 2024. The Company made $15,000,000 $30,000,000 in principal payments on the Term Loan B during the three six months ended June 30, 2024 September 30, 2024 of which $1,244,000 $2,488,000 was required. The Company is obligated to make $4,976,000 of principal payments on the Term Loan B over the next 12 months plus applicable Excess Cash Flow payments, if required, however, plans to pay down approximately $50,000,000 in principal payments in total during such 12 month period. This amount has been recorded within the current portion of long-term debt on the Company's Condensed Consolidated Balance Sheet with the remaining balance recorded as long-term debt. Refer to the 2024 10-K for further details on the Company's Term Loan B.

There were no outstanding borrowings and $15,630,000 $15,692,000 in outstanding letters of credit issued against the Amended and Restated Revolving Credit Facility as of June 30, 2024 September 30, 2024. The outstanding letters of credit as of June 30, 2024 September 30, 2024 consisted of no commercial letters of credit and $15,630,000 $15,692,000 of standby letters of credit.

The gross balance of deferred financing costs on the Term Loan B was $7,845,000 as of June 30, 2024 September 30, 2024 and March 31, 2024. The accumulated amortization balances were $3,280,000 $3,586,000 and $2,971,000 as of June 30, 2024 September 30, 2024 and March 31, 2024, respectively. The gross balance of deferred financing costs associated with the AR Securitization Facility was $536,000 with an accumulated amortization balance of $193,000 $238,000 and $149,000 as of June 30, 2024 September 30, 2024 and March 31, 2024, respectively.

The gross balance of deferred financing costs associated with the Amended and Restated Revolving Credit Facility is $4,828,000 as of June 30, 2024 September 30, 2024 and March 31, 2024, which is included in Other assets on the Condensed Consolidated Balance Sheet. The accumulated amortization balances were $2,924,000 $3,194,000 and $2,655,000 as of June 30, 2024 September 30, 2024 and March 31, 2024, respectively.

The Company has a finance lease for a manufacturing facility in Hartland, WI under a 23-year lease agreement which terminates in 2035. The outstanding balance on the finance lease obligation is $12,779,000 $12,611,000 as of June 30, 2024 September 30, 2024 of which $687,000 $704,000 has been recorded within the Current portion of long-term debt and the remaining balance recorded within the Term

loan, AR securitization facility and finance lease obligations on the Company's Condensed Consolidated Balance Sheet. See Note 15 for further details.

Unsecured and uncommitted lines of credit are available to meet short-term working capital needs for certain of our subsidiaries operating outside of the U.S. The lines of credit are available on an offering basis, meaning that transactions under the line of credit will be on such terms and conditions, including interest rate, maturity, representations, covenants and events of default, as mutually agreed between our subsidiaries and the local bank at the time of each specific transaction. As of June 30, 2024 September 30, 2024, unsecured credit lines totaled approximately $2,357,000, $2,450,000, of which nothing was drawn. In addition, unsecured lines of $13,766,000 $13,732,000 were available for bank guarantees issued in the normal course of business of which $10,256,000 $10,573,000 was utilized as of June 30, 2024 September 30, 2024.

Refer to the Company's consolidated financial statements included in the 2024 10-K for further information on its debt arrangements.

10. Net Periodic Benefit Cost

The following table sets forth the components of net periodic pension cost for the Company's defined benefit pension plans (in thousands):

	Three Months Ended		Six Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Service costs				
Service costs				
Service costs				
Interest cost				
Interest cost				
Interest cost				
Expected return on plan assets				
Expected return on plan assets				
Expected return on plan assets				
Net amortization				
Net amortization				
Net amortization				
Settlement				
Settlement				
Settlement				
Net periodic pension (benefit) cost				
Net periodic pension (benefit) cost				
Net periodic pension (benefit) cost				

Components of the net benefit costs other than the service cost component are recorded in Other (income) expense, net on the Condensed Consolidated Statements of Operations. Service costs are recorded as part of Income from operations.

During fiscal year 2024, the Company began the process to terminate one of its U.S. pension plans. Lump sum payments were made to eligible participants who elected to receive them in the third and fourth quarter of fiscal year 2024 resulting in settlement charges which were disclosed in the 2024 10-K. On September 30, 2024, the Company purchased annuity contracts to settle the remaining liabilities of the terminated plan. The Company expects to complete the plan termination of this U.S. pension plan during fiscal year 2025, at which point another annuity contract purchase resulted in a non cash settlement charge of $23,201,000 which was recorded in Other (income) expense, net on the Condensed Consolidated Statements of Operations during the six months ended September

30, 2024. The remaining surplus of the terminated plan of $8,379,000 will be recorded. used, to process final benefit payments as required in the annuity sales agreement and as prescribed in the applicable regulations, to fund obligations associated with the Company's U.S. defined contribution plans.

The Company currently plans to contribute approximately $6,810,000 $5,461,000 to its pension plans in fiscal 2025.

For additional information on the Company's defined benefit pension and postretirement benefit plans, refer to the consolidated financial statements included in the 2024 10-K.

11. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (in thousands):

Numerator for basic and diluted earnings per share:
Numerator for basic and diluted earnings per share:
Numerator for basic and diluted earnings per share:
Net income (loss)
Net income (loss)
Net income (loss)
Denominators:
Denominators:
Denominators:
Weighted-average common stock outstanding – denominator for basic EPS
Weighted-average common stock outstanding – denominator for basic EPS
Weighted-average common stock outstanding – denominator for basic EPS
Effect of dilutive employee stock options and other share-based awards
Effect of dilutive employee stock options and other share-based awards
Effect of dilutive employee stock options and other share-based awards
Adjusted weighted-average common stock outstanding and assumed conversions – denominator for diluted EPS
Adjusted weighted-average common stock outstanding and assumed conversions – denominator for diluted EPS
Adjusted weighted-average common stock outstanding and assumed conversions – denominator for diluted EPS

Stock options, restricted stock units, and performance shares with respect to 1,790,000 common shares for the three and six months ended September 30, 2024, were not included in the computation of diluted income per share because they were antidilutive as a result of the Company's net loss. Stock options with respect to 612,000 and 788,000 748,000 common shares for the three and six months ended June 30, 2024 and June 30, 2023 September 30, 2023, respectively, were not included in the computation of diluted income per share because they were antidilutive. For the three and six months ended June 30, 2024 and June 30, 2023 September 30, 2023 contingently issuable common shares of 131,000 and 138,000, respectively, 168,000 were excluded because a performance condition had not yet been met.

The Company grants share based compensation to eligible participants under the 2016 Long Term Incentive Plan, as Amended and Restated in June 2019 and July 2024 ("2016 LTIP"). The total number of shares of common stock with respect to which awards may be granted under the 2016 LTIP were increased by 2,500,000 as a result of the June 2019 amendment and restatement. In July of fiscal 2025 the plan was amended a second time increasing the total number of shares of common stock which may be granted by an additional 2,800,000 shares.

During the quarter ended September 30, 2024, the Company repurchased 144,000 shares of its common stock at an aggregate cost of $4,945,000 in accordance with the Company's previously adopted share repurchase program. The value of the shares purchased are reflected as Treasury stock on the Company's Condensed Consolidated Balance Sheet as of September 30, 2024.

During the first three six months of fiscal 2025, there were 2,000 3,000 shares of stock issued upon the exercise of stock options that were issued under the Company's 2016 LTIP. During the fiscal year ended March 31, 2024, 146,000 shares of restricted stock units vested and were issued.

On July 21, 2024 October 20, 2024, the Company's Board of Directors declared a dividend of $0.07 per common share. The dividend will be paid on August 19, 2024 November 18, 2024 to shareholders of record on August 9, 2024 November 8, 2024. The dividend payment is expected to be approximately $2,020,000. $2,025,000.

Refer to the Company's consolidated financial statements included in the 2024 10-K for further information on its earnings per share and stock plans.

12. Loss Contingencies

From time to time, the Company is named a defendant in legal actions arising out of the normal course of business. The Company is not a party to any pending legal proceeding other than ordinary, routine litigation incidental to our business. The Company does not believe that any of its pending litigation will have a material impact on its business.

Accrued general and product liability costs are actuarially estimated reserves based on amounts determined from loss reports, individual cases filed with the Company, and an amount for losses incurred but not reported. The aggregate amounts of reserves were $19,123,000 $19,436,000 (gross of estimated insurance recoveries of $7,030,000) $7,090,000) as of June 30, 2024 September 30, 2024, of which $14,523,000 $14,836,000 is included in Other non current liabilities and $4,600,000 in Accrued liabilities. The liability for accrued general and product liability costs are funded by investments in marketable securities (see Note 6).

The following table provides a reconciliation of the beginning and ending balances for accrued general and product liability (in thousands):

	June 30, 2024	March 31, 2024
	September 30, 2024	**March 31, 2024**
Accrued general and product liability, beginning of period		
Estimated insurance recoveries		
Add provision for claims		
Deduct payments for claims		
Accrued general and product liability, end of period		
Estimated insurance recoveries		
Estimated insurance recoveries		
Estimated insurance recoveries		
Net accrued general and product liability, end of period		

The per occurrence limits on the self-insurance for general and product liability coverage to Columbus McKinnon through CMIC, its wholly-owned captive insurance company were $2,000,000 from inception through fiscal 2003 and $3,000,000 for fiscal 2004 and thereafter. In addition to the per occurrence limits, the Company's coverage is also subject to an annual aggregate limit, applicable to losses only. These limits range from $2,000,000 to $6,000,000 for each policy year from inception through fiscal 2025. The Company also purchases excess general and product liability insurance up to an aggregate $75,000,000 limit.

Asbestos

Like many industrial manufacturers, the Company is involved in asbestos-related litigation. In continually evaluating costs relating to its estimated asbestos-related liability, the Company reviews, among other things, the incidence of past and recent claims, the historical case dismissal rate, the mix of the claimed illnesses and occupations of the plaintiffs, its recent and historical resolution of the cases, the number of cases pending against it, the status and results of broad-based settlement discussions, and the number of years such activity might continue. Based on this review, the Company has estimated its share of liability to defend and resolve probable asbestos-related personal injury claims. This estimate is highly uncertain due to the limitations of the available data and the difficulty of forecasting with any certainty the numerous variables that can affect the range of the liability. The Company will continue to study the variables in light of additional information in order to identify trends that may become evident and to assess their impact on the range of liability that is probable and estimable.

Based on actuarial information, the Company has estimated its net asbestos-related aggregate liability including related legal costs to range between $4,900,000 and $8,900,000, net of insurance recoveries, using actuarial parameters of continued claims for a period of 38 years from June 30, 2024 September 30, 2024. The Company has estimated its asbestos-related aggregate liability that is probable and estimable, net of insurance recoveries, in accordance with U.S. generally accepted accounting principles approximates $6,013,000. $6,063,000. The Company has reflected the liability gross of insurance recoveries of $7,030,000 $7,090,000 as a liability in the Condensed Consolidated Balance Sheet as of June 30, 2024 September 30, 2024. The recorded liability does not consider the impact of any potential favorable federal legislation. This liability will fluctuate based on the uncertainty in the number of future claims that will be filed and the cost to resolve those claims, which may be influenced by a number of factors, including the outcome of the ongoing broad-based settlement negotiations, defensive strategies, and the cost to resolve claims outside the broad-based settlement program. Of this amount, management expects to incur asbestos liability payments of approximately $2,700,000 over the next 12 months. Because payment of the liability is likely to extend over many years, management believes that the potential additional costs for claims will not have a material effect on the financial condition of the Company or its liquidity, although the effect of any future liabilities recorded could be material to earnings in a future period.

A share of the Company's previously incurred asbestos-related expenses and future asbestos-related expenses are covered by pre-existing insurance policies. The Company had been engaged in a legal action against the insurance carriers for those policies to recover past expenses and future costs incurred. The Company came to an agreement with the insurance carriers to settle its case against them for recovery of a portion of past costs and future costs for asbestos-related legal defense costs. The agreement was finalized during the quarter ended September 30, 2020. The terms of the settlement require the carriers to pay gross defense costs prior to retro-premiums of 65% for future asbestos-related defense costs subject to an annual cap of $1,650,000 for claims covered by the settlement.

Further, the insurance carriers are expected to cover 100% of indemnity costs related to all covered cases. Estimates of the future cost sharing have been included in the loss reserve calculation as of June 30, 2024 September 30, 2024 and March 31, 2024. The Company

has recorded a receivable for the estimated future cost sharing in Other assets in the Condensed Consolidated Balance Sheet at June 30, 2024 September 30, 2024 in the amount of $7,030,000, $7,090,000, which offsets its asbestos reserves.

In addition, one of the Company's subsidiaries, Magnetek, Inc. ("Magnetek"), has been named, along with multiple other defendants, in asbestos-related lawsuits associated with business operations previously acquired but which are no longer owned. During

Magnetek's ownership, none of the businesses produced or sold asbestos-containing products. For such claims, Magnetek is uninsured and either contractually indemnified against liability, or contractually obligated to defend and indemnify the purchaser of these former business operations. The Company aggressively seeks dismissal from these proceedings. The asbestos-related liability including legal costs is estimated to be approximately $914,000 $1,015,000 which has been reflected as a liability in the Condensed Consolidated Balance Sheet at June 30, 2024 September 30, 2024.

Product Liability

The Company is also involved in other unresolved legal actions that arise in the normal course of business. The most prevalent of these unresolved actions involve disputes related to product design, manufacture and performance liability. The Company's estimation of its product-related aggregate liability that is probable and estimable, in accordance with U.S. generally accepted accounting principles approximates $5,166,000, $5,269,000, which has been reflected as a liability in the Condensed Consolidated Balance Sheet as of June 30, 2024 September 30, 2024. In some cases, the Company cannot reasonably estimate a range of loss because there is insufficient information regarding the matter.

In April of fiscal 2025, a trial involving a product liability claim against the Company resulted in a jury verdict demanding the Company to pay approximately $3,000,000 in damages. The Company along with its attorneys believes it will be successful in overturning this verdict and that payment of the damages is not probable. As such the Company has not accrued the damages as a liability in the Condensed Consolidated Balance Sheet at June 30, 2024 September 30, 2024.

Management believes that the potential additional costs for claims will not have a material effect on the financial condition of the Company or its liquidity, although the effect of any future liabilities recorded could be material to earnings in a future period.

Litigation-Other

In October 2010, Magnetek received a request for indemnification from Power-One, Inc. ("Power-One") for an Italian tax matter arising out of the sale of Magnetek's power electronics business to Power-One in October 2006. With a reservation of rights, Magnetek affirmed its obligation to indemnify Power-One for certain pre-closing taxes. The sale included an Italian company, Magnetek, S.p.A., and its wholly owned subsidiary, Magnetek Electronics (Shenzhen) Co. Ltd. (the "Power-One China Subsidiary"). The tax authority in Arezzo, Italy, issued a notice of audit report in September 2010 wherein it asserted that the Power-One China Subsidiary had its administrative headquarters in Italy and, therefore, it should be considered resident in Italy and subject to taxation in Italy. In November 2010, the tax authority issued a notice of tax assessment for the period of July 2003 to June 2004, alleging that taxes of approximately $2,000,000 $2,100,000 (Euro 1,900,000), plus interest, were due in Italy on taxable income earned by the Power-One China Subsidiary during this period. In addition, the assessment alleges potential penalties in the amount of approximately $2,400,000 (Euro 2,200,000) for the alleged failure of the Power-One China Subsidiary to file its Italian tax return. The Power-One China Subsidiary filed its response with the provincial tax commission of Arezzo, Italy in January 2011. A hearing before the Tax Court was held in July 2012 on the tax assessment for the period of July 2003 to June 2004. In September 2012, the Tax Court ruled in favor of the Power-One China Subsidiary dismissing the tax assessment for the period of July 2003 to June 2004. In February 2013, the tax authority filed an appeal of the Tax Court's September 2012 ruling. The Regional Tax Commission of Florence heard the appeal of the tax assessment dismissal for the period of July 2003 to June 2004 and thereafter issued its ruling finding in favor of the tax authority. Magnetek believed the court's decision was based upon erroneous interpretations of the applicable law and appealed the ruling to the Italian Supreme Court in April 2015. In April 2022, the Supreme Court upheld the appeal in favor of Power-One.

The tax authority in Arezzo, Italy also issued a tax inspection report in January 2011 for the periods July 2002 to June 2003 (fiscal period 2002/2003) and July 2004 to December 2006 (fiscal periods 2004/2005 and 2005/2006) claiming that the Power-One China Subsidiary failed to file Italian tax returns for the reported periods. In August 2012, the tax authority in Arezzo, Italy issued four notices of tax assessment for the periods July 2002 to June 2003 and July 2004 to December 2006, alleging that taxes of approximately $7,200,000 $7,500,000 (Euro 6,700,000) were due in Italy on taxable income earned by the Power-One China

Subsidiary together with an allegation of potential penalties in the amount of approximately $3,000,000 $3,100,000 (Euro 2,800,000) for the alleged failure of the Power-One China Subsidiary to file its Italian tax returns.

On June 3, 2015, the Tax Court, ruled in favor of the Power-One China Subsidiary dismissing the tax assessments for the periods of July 2002 to June 2003 and July 2004 to December 2006. On July 27, 2015, the tax authority filed appeals of the Tax Court's ruling of June 3, 2015. In May 2016, the Regional Tax Court of Florence rejected the appeals of the tax authority and at the same time canceled the notices of assessment for the fiscal years of 2004/2005 and 2005/2006. In December 2016, the Power-One China Subsidiary was served by the Italian Revenue Agency with two appeals to the Italian Supreme Court regarding the two positive judgments on the tax assessments for the fiscal periods 2004/2005 and 2005/2006. In February 2017 the Power-One China Subsidiary filed two memorandum before the Italian Supreme Court in response to the appeals made by the tax authority against the positive judgments on the tax assessments for fiscal years 2004/2005 and 2005/2006.

In March 2017, the Regional Tax Court of Florence rejected the appeal of the assessment for the 2006 fiscal year (period July 2006-December 2006). In October 2017, the Power-One China Subsidiary was served by the Italian Revenue Agency with an appeal to the Italian Supreme Court against the positive judgment on the tax assessment for fiscal year 2006. In November 2017 the Power-One China Subsidiary filed a memorandum before the Italian Supreme Court in response to the appeal made by the tax authority against the positive judgment on the tax assessment for fiscal year 2006. In March 2018, the Regional Tax Court of Florence rejected the appeal of the assessment for the 2002/2003 fiscal year. In October 2018 the Power-One China Subsidiary was served by the Italian Revenue Agency with an appeal to the Italian Supreme Court against the positive judgment on the tax assessment for fiscal year 2002/2003. In November 2018 the Power-One China Subsidiary filed a memorandum with the Italian Supreme Court in response to the appeal made by the tax authority. The Supreme Court upheld the appeals of the Italian Tax Authority and remitted the proceedings back to the Regional Tax Court for a new evaluation of the substance of the dispute.

In December 2022 the Power One China Subsidiary resumed the proceedings concerning the tax assessments for fiscal years 2002/2003 and 2006 before the Regional Tax Court. A hearing was held before the Regional Tax Court in April and May of 2023, in two separate decisions, the court ruled in favor of the Company. The tax authority appealed this decision on December 6, 2023, and the Company filed the relevant counter claims in January of 2024.

In March 2023 the Power One China Subsidiary resumed the proceedings concerning the tax assessments for fiscal years 2004/2005 and 2005/2006 before the Regional Tax Court. The hearing was held in February 2024 where the court upheld the assessments. The Company is appealing the judgment and expects the Supreme court to reverse the judgment of the lower court as they have previously with the 2002/2003 and 2006 assessments.

The Company believes it will be successful and does not expect to incur a liability related to these assessments.

In September of 2017, Magnetek received a request for defense and indemnification from Monsanto Company, Pharmacia, LLC, and Solutia, Inc. (collectively, “Monsanto”) with respect to: (1) lawsuits brought by plaintiffs claiming that Monsanto manufactured polychlorinated biphenyls ("PCBs"), exposure to which allegedly caused injury to plaintiffs; and (2) lawsuits brought by municipalities and municipal entities claiming that Monsanto should be responsible for a variety of damages due to the presence of PCBs in bodies of water in those municipalities and/or in water treated by those municipal entities. Monsanto claims to be entitled to defense and indemnification from Magnetek under a so-called “Special Undertaking” apparently executed by Magnetek’s predecessor Universal Manufacturing ("Universal") in January of 1972, which purportedly required Universal to defend and indemnify Monsanto from liabilities “arising out of or in connection with the receipt, purchase, possession, handling, use, sale or disposition of” PCBs by Universal.

Magnetek has declined Monsanto’s tender, and believes that it has meritorious legal and factual defenses to the demands made by Monsanto. Magnetek is vigorously defending against those demands and commenced litigation in New Jersey to, among other things, declare the Special Undertaking void and unenforceable. Monsanto has, in turn, commenced an action to enforce the Special Undertaking in Missouri and joined five additional companies as co-defendants in that Missouri action.

The New Jersey action was recently dismissed in favor of the Missouri action. Magnetek has appealed that decision and intends to continue to vigorously prosecute its New Jersey declaratory judgment action, and to defend against Monsanto’s action against it. The Company cannot reasonably estimate a potential range of loss with respect to Monsanto’s tender because there is insufficient information regarding the underlying matters. Management believes, however, that the potential additional legal costs related to such matters will not have a material effect on the financial condition of the Company or its liquidity, although the effect of any future liabilities recorded could be material to earnings in a future period.

The Company had previously filed suit against Travelers in District Court seeking coverage under insurance policies in the name of Universal. In July 2019, the District Court ruled that Travelers is obligated to defend Magnetek under these policies in connection with Magnetek's litigation against Monsanto. The Court held that Monsanto's claims against Magnetek fall within the insuring agreement of the Travelers policies and that none of the policy exclusions precluded the possibility of coverage.

The Court also held that Travelers prior settlements with other insureds under the policies did not cut off or release Magnetek's rights under the policies. Travelers moved for reconsideration which motion was denied. Travelers is currently defending the Company in its litigation with Monsanto.

The Company is also engaged in similar insurance coverage litigation against Transportation Insurance Company in the Circuit Court of Cook County, Illinois. That suit is presently stayed due to the bankruptcy of Velsicol Chemical, LLC, a third-party indemnitor of TIC and Travelers.

Environmental Matters

Along with other manufacturing companies, the Company is subject to various federal, state and local laws relating to the protection of the environment. To address the requirements of such laws, the Company has adopted a corporate environmental protection policy which provides that all of its owned or leased facilities shall, and all of its employees have the duty to, comply with all applicable environmental regulatory standards, and the Company utilizes an environmental auditing program for its facilities to ensure compliance with such regulatory standards. The Company has also established managerial responsibilities and internal communication channels for dealing with environmental compliance issues that may arise in the course of its business. Because of the complexity and changing nature of environmental regulatory standards, it is possible that situations will arise from time to time requiring the Company to incur expenditures in order to ensure environmental regulatory compliance. However, the Company is not aware of any environmental condition or any operation at any of its facilities, either individually or in the aggregate, which would cause expenditures having a material adverse effect on its results of operations, financial condition or cash flows and, accordingly, has not budgeted any material capital expenditures for environmental compliance for fiscal 2025.

In 1986, Magnetek acquired the stock of Universal Manufacturing Corporation (“Universal”) from a predecessor of Fruit of the Loom (“FOL”), and the predecessor agreed to indemnify Magnetek against certain environmental liabilities arising from pre-acquisition activities at a facility in Bridgeport, Connecticut. Environmental liabilities covered by the indemnification agreement included completion of additional cleanup activities, if any, at the Bridgeport facility and defense and indemnification against liability for potential response costs related to offsite disposal locations. Magnetek's leasehold interest in the Bridgeport facility was assigned to the buyer in connection with the sale of Magnetek's transformer business in June 2001. FOL, the successor to the indemnification obligation, filed a petition for Reorganization under Chapter 11 of the Bankruptcy Code in 1999 and Magnetek filed a proof of claim in the proceeding for obligations related to the environmental indemnification agreement. Magnetek believes that FOL had substantially completed the clean-up obligations required by the indemnification agreement prior to the bankruptcy filing. In November 2001, Magnetek and FOL entered into an agreement involving the allocation of certain potential tax benefits and Magnetek withdrew its claims in the bankruptcy proceeding. Magnetek further believes that FOL's obligation to the state of Connecticut was not discharged in the reorganization proceeding.

In January 2007, the Connecticut Department of Environmental Protection (“DEP”) requested parties, including Magnetek, to submit reports summarizing the investigations and remediation performed to date at the site and the proposed additional investigations and remediation necessary to complete those actions at the site. DEP requested additional information relating to site investigations and remediation. Magnetek and the DEP agreed to the scope of the work plan in November 2010. The Company has recorded a liability of $420,000 $430,000 included in the amount specified above, related to the Bridgeport facility, representing the best estimate of future site investigation costs and remediation costs which are expected to be incurred in the future.

For all of the currently known environmental matters, the Company has accrued as of June 30, 2024 September 30, 2024 a total of $752,000 which, in our opinion, is sufficient to deal with such matters. The Company is not aware of any environmental condition or any operation at any of its facilities, either individually or in the aggregate, which would cause expenditures to have a material adverse effect on its results of operations, financial condition or cash flows and, accordingly, has not budgeted any material capital expenditures for environmental compliance for fiscal 2025.

13. Income Taxes

Income The Company recorded an income tax benefit of $4,908,000 and $1,488,000 for the three and six months ended September 30, 2024, respectively, and income tax expense (benefit) of $5,100,000 and $8,494,000 for the three and six months ended September 30,

2023, respectively. Income tax as a percentage of income (loss) from continuing operations before income tax expense the pre-tax loss was 28% 25% and 27% 19% in the three and six months ended June 30, 2024 September 30, 2024, respectively. Income tax as a percentage of the pre-tax income was 24% and June 30, 2023 25% in the three and six months ended September 30, 2023, respectively. Typically these percentages vary from the U.S. statutory rate of 21% primarily due to varying statutory tax rates at the Company's foreign subsidiaries, and the jurisdictional mix of income for these subsidiaries. The impact of equity compensation increased the rate by 3 percentage points and 2 percentage points in the three months ended June 30, 2024 and June 30, 2023, respectively.

The Company is subject to the European Union’s Pillar Two Directive legislation which generally provides for a minimum effective tax rate of 15%, as established by the Organization for Economic Co-operation and Development (OECD) Pillar Two Framework. Similar legislation has been implemented in other countries that is effective in fiscal year 2025. The Company does not expect a material impact to its fiscal year 2025 financial statements as a result of the Pillar Two legislation implemented by any jurisdiction.

The Company estimates that the effective tax rate related to continuing operations will be approximately 24% 26% for fiscal 2025 which includes 2 percentage points related to 26% for the pension settlement expense recorded in fiscal 2025.

Refer to the Company’s consolidated financial statements included in the 2024 10-K for further information on income taxes.

14. Changes in Accumulated Other Comprehensive Loss

Changes in AOCL by component for the three and six months ended June 30, 2024 September 30, 2024 are as follows (in thousands):

	Three months ended June 30, 2024	Three months ended September 30, 2024

	Retirement Obligations	Foreign Currency	Change in Derivatives Qualifying as Hedges	Total	Retirement Obligations	Foreign Currency	Change in Derivatives Qualifying as Hedges	Total
Beginning balance net of tax								
Other comprehensive income (loss) before reclassification								
Amounts reclassified from other comprehensive loss								
Net current period other comprehensive income (loss)								
Ending balance net of tax								

	Six Months Ended September 30, 2024			
	Retirement Obligations	Foreign Currency	Change in Derivatives Qualifying as Hedges	Total
Beginning balance net of tax	$ (10,696)	$ (32,785)	$ 3,804	$ (39,677)
Other comprehensive income (loss) before reclassification	2,241	9,317	(1,328)	10,230
Amounts reclassified from other comprehensive loss	17,764	—	(3,019)	14,745
Net current period other comprehensive income (loss)	20,005	9,317	(4,347)	24,975
Ending balance net of tax	$ 9,309	$ (23,468)	$ (543)	$ (14,702)

Details of amounts reclassified out of AOCL for the three months ended June 30, 2024 September 30, 2024 are as follows (in thousands):

Details of AOCL Components	Amount reclassified from AOCL	Affected line item on Condensed Consolidated Statement of Operations
Net amortization of prior service cost and pension settlement expense		
	$ 195 23,396	
	195 23,396	Total before tax
	(47) (5,778)	Tax (benefit) expense
	$ 148 17,618	Net of tax
Change in derivatives qualifying as hedges		
	$ 56 5	Cost of products sold
	(3,262) (3,406)	Interest expense
	(678) 3,298	Foreign currency
	(3,884) (103)	Total before tax
	941 27	Tax (benefit) expense
	$ (2,943) (76)	Net of tax

Details of amounts reclassified out of AOCL for the six months ended September 30, 2024 are as follows (in thousands):

Details of AOCL Components	Amount reclassified from AOCL	Affected line item on Condensed Consolidated Statement of Operations
Net amortization of prior service cost and pension settlement expense		
	$ 23,590	
	23,590	Total before tax
	(5,826)	Tax (benefit) expense
	$ 17,764	Net of tax
Change in derivatives qualifying as hedges		
	$ 64	Cost of products sold
	(6,757)	Interest expense
	2,601	Foreign currency
	(4,092)	Total before tax
	1,073	Tax (benefit) expense
	$ (3,019)	Net of tax

These AOCL components are included in the computation of net periodic pension cost. (See Note 10 for additional details.)

15. Leases

The Company's lease arrangements generally include real estate (manufacturing facilities, sales offices, distribution centers, warehouses), vehicles, and equipment. Leases with a term greater than one year are recognized on the Consolidated Balance Sheet; the Company has elected not to recognize leases with terms of one year or less on the Consolidated Balance Sheet. Lease obligations and their corresponding ROU assets are recorded based on the present value of lease payments over the expected lease term. The Company recognizes lease expense on a straight-line basis over the lease term.

The Company's leases have lease terms ranging from 1 to 23 years, some of which include options to extend or terminate the lease. The exercise of lease renewal options is at the Company's sole discretion. When deemed reasonably certain of exercise,

the renewal options are included in the determination of the lease term. The Company's lease agreements do not contain material residual value guarantees or any material restrictive covenants.

As described in Note 2, the Company relocated its Charlotte Manufacturing Operations to its manufacturing facility in Monterrey, Mexico during the quarter ended September 30, 2024. As a result, the Charlotte Manufacturing Operation's related right of use asset has been impaired resulting in an expense $3,268,000 recorded within Cost of products sold on the Company's Condensed Consolidated Statement of Operations for the three and six-months ended September 30, 2024.

The following table illustrates the lease-related assets and liabilities recorded on the Condensed Consolidated Balance Sheet (in thousands):

		June 30, 2024		March 31, 2024
Operating leases:				
Other assets	$	68,765	$	65,584
Accrued liabilities		8,675		8,723
Other non current liabilities		64,600		60,666
Total operating liabilities	$	73,275	$	69,389
Finance lease:				
Net property, plant, and equipment	$	11,345	$	11,596
Current portion of long-term debt and finance lease obligation		687		670
Term loan, AR securitization facility and finance lease obligations		12,092		12,267
Total finance liabilities	$	12,779	$	12,937

		September 30, 2024		March 31, 2024
Operating leases:				
Other assets	$	64,328	$	65,584
Accrued liabilities		9,544		8,723

Other non current liabilities		63,448		60,666
Total operating liabilities	$	72,992	$	69,389
Finance lease:				
Net property, plant, and equipment	$	11,095	$	11,596
Current portion of long-term debt and finance lease obligation		704		670
Term loan, AR securitization facility and finance lease obligations		11,907		12,267
Total finance liabilities	$	12,611	$	12,937

Operating lease expense of $3,704,000 $3,865,000 and $3,062,000 $7,609,000 and $3,110,000 and $6,120,000 for the three and six months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, respectively, is included in Income from operations on the Condensed Consolidated Statements of Operations. Short-term lease expense, sublease income, and variable lease expenses were not material for the three and six months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, respectively. Finance lease expense of $250,000 and $501,000 for the three and six months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, respectively, is included in Income from operations on the Condensed Consolidated Statements of Operations. Interest and debt expense related to the finance lease of $144,000 and $288,000 and $151,000 and $302,000 is included the Company's Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, respectively.

Supplemental cash flow information related to leases is as follows (in thousands):

	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended June 30,
	Six Months Ended September 30,
	Six Months Ended September 30,
	Six Months Ended September 30,
	2024
	2024
	2024
Cash paid for amounts included in the measurement of operating lease liabilities	
Cash paid for amounts included in the measurement of operating lease liabilities	
Cash paid for amounts included in the measurement of operating lease liabilities	
Cash paid for amounts included in the measurement of finance lease liabilities	

Cash paid for amounts included in the measurement of finance lease liabilities

Cash paid for amounts included in the measurement of finance lease liabilities

ROU assets obtained in exchange for new operating lease liabilities

ROU assets obtained in exchange for new operating lease liabilities

ROU assets obtained in exchange for new operating lease liabilities

16. Effects of New Accounting Pronouncements

Topics Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. Additionally, it requires that a public entity (1) disclose an amount for “other segment items” by reportable segment, (2) provide all annual disclosures about a reportable segment’s profit or loss and assets currently required by Topic 280 in interim periods, and (3) requires that a public entity that has a single reportable segment provide all the disclosures required by the amendments in this proposed ASU and all existing segment disclosures in Topic 280. The new guidance is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The amendments in this proposed ASU should be applied retrospectively to all prior periods presented in the financial statements. The Company believes the adoption of this standard will result in some certain additional disclosures, but will not have an overall material impact to the financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The ASU is intended to provide increased transparency about income tax information through improvements to income tax disclosures related to the rate reconciliation and income taxes paid. The Company believes the adoption of this standard will result in some additional disclosures, but will not have an overall material impact to the financial statements.

The Company is currently assessing the impact these ASUs will have on the footnotes of its annual and interim financial statements. The Company plans to adopt these standards in fiscal 2026 when required. ASUs not listed were assessed and determined to be either not applicable, or had or are expected to have an immaterial impact on our financial statements and related disclosures.

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

The Company is a leading worldwide designer, manufacturer and marketer of intelligent motion solutions, including motion control products, technologies, automated systems and services, that efficiently and ergonomically move, lift, position and secure materials. Our key products include hoists, crane components, precision conveyors, actuators, rigging tools, light rail workstations, and digital power and motion control systems. These are highly relevant, professional-grade solutions that solve customers’ critical material handling requirements.

Founded in 1875, we have grown to our current size and leadership position through organic growth and acquisitions. We developed our leading market position over our 150-year history by emphasizing technological innovation, manufacturing excellence and superior customer service. In accordance with our strategic framework, we are building out our business system (CMBS) and growth framework to be market-led, customer-centric, and operationally excellent with our people and values at the core. We believe this will transform Columbus McKinnon into a top-tier Intelligent Motion Solutions company. We expect our strategy will enhance shareholder value by expanding EBITDA margins and return on invested capital ("ROIC").

Our revenue base is geographically diverse with approximately 43% 45% of net sales derived from customers outside the U.S. for the three six months ended June 30, 2024 September 30, 2024. We believe this diversity balances the impact of changes that occur in local economies, as well as benefits the Company by providing access to growing emerging markets. We monitor both U.S. and Eurozone Industrial Capacity Utilization statistics as well as the ISM Production Index as indicators of anticipated demand for our products. In addition, we continue to monitor the potential impact of other global and U.S. trends including, industrial production, trade tariffs, raw material cost inflation, interest rates, foreign currency exchange rates, and activity of end-user markets around the globe.

From a strategic perspective, we are investing in new products as we focus on our greatest opportunities for growth. We maintain a strong North American market share with significant leading market positions in hoists, lifting and sling chain, forged attachments, actuators, precision conveyors and digital power and motion control systems for the material handling industry. We seek to maintain and enhance our market share by focusing our sales and marketing activities toward select North American and global market sectors including general industrial, energy, automotive, heavy OEM, entertainment, construction and infrastructure, life sciences food and beverage, e-commerce and consumer products. battery production.

In fiscal 2024, the Company acquired montratec GmbH ("montratec"), a leading automation solutions company that designs and develops intelligent automation and transport systems for interlinking industrial production and logistics processes. montratec product offerings compliment the previous acquisitions of both Dorner and Garvey, and these acquisitions are collectively expected to accelerate the Company's shift into a provider of intelligent motion solutions and serve as a platform to expand capabilities in advanced, higher technology automation solutions.

Regardless of the economic climate and point in the economic cycle, we constantly explore ways to increase operating margins as well as further improve our productivity and competitiveness. We have specific initiatives to reduce lead-times, improve on-time deliveries, reduce warranty costs, and improve material and factory productivity. The initiatives are being driven by the implementation of our business operating system, CMBS. We are working to achieve these strategic initiatives through business simplification, operational excellence, and profitable growth initiatives. We believe these initiatives will enhance future operating margins.

Our principal raw materials and components purchases were approximately $396 million in fiscal 2024 (or 62% of Cost of product sold) and include steel, consisting of rod, wire, bar, structural, and other forms of steel; electric motors; bearings; gear reducers; castings; steel and aluminum enclosures and wire harnesses; electro-mechanical components; and standard variable drives and controls. These commodities are all available from multiple sources. We purchase most of these raw materials and components from a limited number of strategic and preferred suppliers under agreements which are negotiated on a company-wide Company-wide basis through our global purchasing group. While we are still experiencing some availability issues for select raw materials and components, we are working with our supply base to prioritize shipments and improve availability of key components.

We operate in a highly competitive and global business environment. We see a variety of opportunities in our markets and geographies, including trends toward automation and increasing labor productivity and the expansion of market opportunities in Asia and other emerging markets. While we execute our long-term growth strategy, we are supported by our strong free cash flow as well as our liquidity position and flexible debt structure.

Results of Operations

Three months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023

Net sales in the three months ended June 30, 2024 September 30, 2024 were $239,726,000, up $4,234,000 $242,274,000, a decrease of $16,126,000 or 1.8% 6.2% from the three months ended June 30, 2023 September 30, 2023 net sales of $235,492,000. $258,400,000. Net sales were positively impacted by $3,546,000 $3,796,000 due to price increases, $2,655,000 of revenue from the montratec acquisition, offset by $1,374,000 $20,169,000 of unfavorable sales volume. Foreign currency translation unfavorably favorably impacted sales by $593,000 $247,000 for the three months ended June 30, 2024 September 30, 2024.

Gross profit in the three months ended June 30, 2024 September 30, 2024 was $89,030,000, an increase $74,743,000, a decrease of $2,381,000 $25,233,000 or 2.7% 25.2% from the three months ended June 30, 2023 September 30, 2023 gross profit of $86,649,000. $99,976,000. Gross profit margin was 37.1% 30.9% in the fiscal 2025 first second quarter compared to 36.8% 38.7% in the fiscal 2024 first second quarter. The increase decrease in gross profit was due to $3,442,000 start-up costs totaling $2,185,000 related to the Monterrey, Mexico facility, $10,763,000 of asset impairment and other costs related to the closure of our Charlotte Manufacturing Operations and $12,302,000 of lower gross profit due to lower sales volumes. In addition, we incurred $171,000 of additional costs due to Hurricane Helene's impact on one of our facilities and $76,000 of net business realignment costs. These were offset by $97,000 of price increases net of manufacturing costs changes including material inflation and other cost changes, $799,000 as a result of the acquisition of montratec, and $197,000 due to favorable sales mix. These increases in gross margin were offset by $1,625,000 of start-up manufacturing costs related to the new Monterrey, Mexico facility and $196,000 of net business realignment costs. changes. The translation of foreign currencies had a $236,000 unfavorable $167,000 favorable impact on gross profit in the three months ended June 30, 2024 September 30, 2024.

Selling expenses were $27,770,000 $26,926,000 and $24,981,000, $26,867,000, or 11.6% 11.1% and 10.6% 10.4% of net sales, in the fiscal 2025 and 2024 first second quarters, respectively. Selling expenses increased by $909,000 related to the montratec acquisition and $802,000 primarily related to trade show and travel costs including the Company's strategic partner conference that was not held in the prior year. The remaining increase is due to higher employee related costs during the three months ended June 30, 2024. Foreign currency translation had a $99,000 favorable an $18,000 unfavorable impact on selling expenses in the three months ended June 30, 2024 September 30, 2024.

General and administrative expenses were $26,447,000 $23,363,000 and $27,443,000, $25,709,000, or 11.0% 9.6% and 11.7% 9.9% of net sales, in the fiscal 2025 three months ended September 30, 2024 and 2024 first quarters, 2023, respectively. General and administrative expenses decreased by $2,501,000 due to lower employee related costs of $3,706,000 compared to the prior year and $508,000 of acquisition deal related and integration costs, which did not recur and $1,132,000 of net headquarter realignment costs. Additionally, in the Company had lower stock based compensation costs of $622,000 compared to the prior year. three months ended September 30, 2024. These cost decreases were offset by $1,852,000 $1,462,000 of start-up costs related to the new Monterrey, Mexico facility and $694,000 from the montratec acquisition. The remaining increase is due to higher employee related costs during the three months ended June 30, 2024. $222,000 of current year factory and warehouse consolidation costs. Foreign currency translation had a $40,000 $22,000 favorable impact on general and administrative expenses in the three months ended June 30, 2024 September 30, 2024.

Research and development expenses were $6,166,000 $6,102,000 and $5,900,000, $6,541,000, or 2.6% and 2.5% of net sales, in both the fiscal 2025 and 2024 second quarters.

Amortization of intangibles was $7,547,000 and $7,508,000 in the fiscal 2025 and 2024 first quarter, respectively. The increase in research and development expenses was due to additional spending to achieve strategic goals related to new product development.

Amortization of intangibles was $7,500,000 and $6,877,000 in the fiscal 2025 and 2024 first second quarters, respectively, with the increase fluctuations related to new intangible assets recorded from foreign currency during the montratec acquisition. respective periods.

Interest and debt expense was $8,235,000 $8,352,000 in the first second quarter ended June 30, 2024 September 30, 2024 compared to $8,625,000 $10,211,000 in the first second quarter ended June 30, 2023 September 30, 2023. The decrease is a result of a reduction of the Company's long term debt as a result of accelerated principal payments.

Investment income of $209,000 $610,000 compared to $543,000 an investment loss of $88,000 in the first second quarter ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023. Investment income relates to the mark-to-market adjustments on the marketable securities held in the Company's wholly owned captive insurance subsidiary and the Company's equity method investment in EMC, described in Note 6 of the financial statements.

Other (income) expense, net was $23,806,000 in the second quarter ended September 30, 2024 compared to $393,000 in the second quarter ended September 30, 2023. The increase relates to the non-cash settlement charge of $23,201,000 associated with the termination of one of the Company's U.S. pension plans in the three months ended September 30, 2024, as described in Note 10.

Income tax expense as a percentage of income from continuing operations before the pre-tax loss was 25% and income tax expense as a percentage of the pre-tax income was 28% and 27% 24% in the first second quarters ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, respectively. Typically, these percentages vary from the U.S. statutory rate of 21% primarily due to varying statutory tax rates at the Company's foreign subsidiaries, and the jurisdictional mix of income for these subsidiaries. Further,

Six Months Ended September 30, 2024 and September 30, 2023

Net sales in the impact six months ended September 30, 2024 were $482,000,000, a decrease of equity compensation increased $11,892,000 or 2.4% from the rate six months ended September 30, 2023 net sales of $493,892,000. Net sales were positively impacted by 3 percentage points $7,341,000 due to price increases, $2,655,000 of revenue from the montratec acquisition, offset by $21,542,000 of unfavorable sales volume. Foreign currency translation unfavorably impacted sales by $346,000 for the quarter six months ended June 30, 2024 September 30, 2024.

Gross profit in the six months ended September 30, 2024 was $163,773,000, a decrease of $22,853,000 or 12.2% from the six months ended September 30, 2023 gross profit of $186,626,000. Gross profit margin was 34.0% compared to 37.8% in the six months ended September 30, 2024 and 2023. The decrease in gross profit was due to start-up costs totaling $3,810,000 related to the Monterrey, Mexico facility, $10,763,000 of asset impairment and other costs related to the closure of our Charlotte Manufacturing Operations, $12,105,000 due to lower sales volume, $272,000 of net business realignment costs, and we incurred $171,000 of additional costs due to Hurricane Helene's impact on one of our facilities. These decreases were offset by $3,539,000 of price increases net of material inflation and other manufacturing costs changes and $799,000 as a result of the acquisition of montratec. The translation of foreign currencies had a $70,000 unfavorable impact on gross profit in the six months ended September 30, 2024.

Selling expenses were $54,696,000 and $51,848,000, or 11.3% and 10.5% of net sales, in the six months ended September 30, 2024 and 2023, respectively. Selling expenses increased by $909,000 related to the montratec acquisition, $802,000 primarily related to trade show and travel costs including the Company's strategic partner conference that was not held in the prior year and $635,000 of net factory and warehouse consolidation costs. The remaining increase is due to higher employee related costs during the six months ended September 30, 2024. Foreign currency translation had a $80,000 favorable impact on selling expenses in the six months ended September 30, 2024.

General and administrative expenses were $49,810,000 and $53,152,000, or 10.3% and 10.8% of net sales, in the six months ended September 30, 2024 and 2023, respectively. General and administrative expenses decreased by $3,095,000 related to prior year acquisition deal related costs which did not recur and $1,227,000 of lower net headquarter relocation costs compared to the prior year. Additionally, the Company had lower stock based compensation costs of $842,000 compared to the prior year. These cost decreases were offset by $3,314,000 of start-up costs related to the Monterrey, Mexico facility, $694,000 from the montratec acquisition and $222,000 of current year factory and warehouse consolidation costs. The remaining decrease is due to lower employee related costs during the six months ended September 30, 2024. Foreign currency translation had a $62,000 favorable impact on general and administrative expenses in the six months ended September 30, 2024.

Research and development expenses were $12,268,000 and $12,442,000, or 2.5% of net sales, in the six months ended September 30, 2024 and 2023, respectively.

Amortization of intangibles was $15,047,000 and $14,385,000 in the six months ended September 30, 2024 and 2023, respectively, with fluctuation attributable to foreign currency translation.

Interest and debt expense was $16,587,000 in the six months ended September 30, 2024 compared to $18,836,000 in the six months ended September 30, 2023. The decrease is a result of a reduction in the Company's long term debt as a result of accelerated principal payments.

Investment income of $819,000 compared to $454,000 in the six months ended September 30, 2024 and six months ended September 30, 2023. Investment income relates to the mark-to-market adjustments on the marketable securities held in the Company's wholly owned captive insurance subsidiary and the Company's equity method investment in EMC, described in Note 6 of the financial statements.

Other (income) expense, net was $24,484,000 compared to $605,000 in the six months ended September 30, 2024 and six months ended September 30, 2023. The increase primarily relates to the non-cash settlement charge of $23,201,000 associated with the termination of one of the Company's U.S. pension plans in six months ended September 30, 2024, described in Note 10 of the financial statements

Income tax as a percentage of the pre-tax loss was 19% and income tax as a percentage of the pre-tax income was 25% in the six months ended September 30, 2024 and September 30, 2023, respectively. Typically, these percentages vary from the U.S. statutory rate of 21% primarily due to varying statutory tax rates at the Company's foreign subsidiaries, and the jurisdictional mix of income for these subsidiaries.

Liquidity and Capital Resources

Cash, cash equivalents, and restricted cash totaled $68,623,000 $55,933,000 at June 30, 2024 September 30, 2024, a decrease of $45,753,000 $58,443,000 from the March 31, 2024 balance of $114,376,000.

Cash flow from operating activities

Net cash used for operating activities was $10,758,000 $1,370,000 for the three six months ended June 30, 2024 September 30, 2024 compared to $17,247,000 $558,000 for the three six months ended June 30, 2023 September 30, 2023. Net income loss of $8,629,000 $6,414,000 along with non-cash adjustments to net income loss of $16,868,000 $47,222,000 contributed to cash used for operations. The non-cash adjustments included $11,840,000 $24,028,000 of depreciation and amortization, $2,584,000 $23,201,000 related to the settlement of one of the Company's pension plans, $5,202,000 of non-cash lease expense, and $1,101,000 $4,175,000 of stock-based compensation. compensation, and $3,268,000 related to the impairment of Charlotte Manufacturing Operation's lease. Changes in working capital reduced cash from operations by $34,729,000 $38,472,000 as a result of an increase of $15,613,000 $12,277,000 in inventories, an increase in prepaid expenses and other current assets of $11,714,000, a decrease of $10,711,000 in trade payables and a decrease in accrued expenses of $11,600,000, a decrease of $8,640,000 in trade payables, and an increase in prepaid expenses of $2,222,000 $6,154,000, offset by a decrease in trade accounts receivable of $3,346,000. $2,384,000. The increase in inventories relates to purchases required for expected future customer demand. The decrease in accrued expenses primarily consists of the fiscal 2024 annual incentive plan payments, which were paid in the quarter ended June 30, 2024 as well as a payment to the former owners of STAHL related to a tax indemnity agreement. Refer to our Fiscal 2024 10-K for further discussion of this tax payment. Cash used for operations also included a decrease of $1,399,000 $3,889,000 in other non-current liabilities primarily due to lease payments for the three six months ended June 30, 2024 September 30, 2024.

Cash flow from investing activities

Net cash used for investing activities was $4,041,000 $8,908,000 for the three six months ended June 30, 2024 September 30, 2024 compared to $112,684,000 $119,029,000 for the three six months ended June 30, 2023 September 30, 2023. The use of cash for the three six months ended June 30, 2024 September 30, 2024 primarily consisted of $4,629,000 $10,068,000 in capital expenditures. In the three six months ended June 30, 2023 September 30, 2023, the most significant use of cash in the period related to the Company's purchase of montratec for $107,605,000. $108,145,000.

Cash flow from financing activities

Net cash used for financing activities was $30,583,000 $47,839,000 for the three six months ended June 30, 2024 September 30, 2024 and net cash provided by financing activities was $103,985,000 $85,794,000 for the three six months ended June 30, 2023 September 30, 2023. The most significant uses of cash were for $20,158,000 $30,326,000 in debt repayments, a $6,711,000 payment to the former owners of montratec for the contingent consideration agreement (refer to Note 2 for additional information), $4,945,000 of shares repurchased as treasury stock during the quarter and a $2,016,000 $4,038,000 dividend payment in the quarter. Cash flows from hedging activities related to the Company's cross currency swap are classified as financing activities in the Statement of Cash Flows which resulted in a net cash inflow of $122,000 $53,000 during the three six months ended June 30, 2024 September 30, 2024. In the three six months ended June 30, 2023 September 30, 2023, the significant source of cash was $120,000,000 in gross proceeds from the issuance of long-term debt, which was used to fund the montratec acquisition.

We believe that our cash on hand, cash flows, and borrowing capacity under our Amended and Restated Credit Revolving Credit Facility will be sufficient to fund our ongoing operations and debt obligations, and capital expenditures for at least the next twelve months. This belief is dependent upon successful execution of our current business plan and effective working capital utilization. No material restrictions exist in accessing cash held by our non-U.S. subsidiaries. We expect to meet our funding needs with cash provided by our U.S. operations, as well as by repatriating non-U.S. cash. We do not expect to incur significant incremental U.S. taxes as we repatriate funds. As of June 30, 2024 September 30, 2024, $51,126,000 $44,387,000 of cash and cash equivalents were held by foreign subsidiaries.

Refer to Note 9 for further discussion of the Company's long-term debt and financing costs.

Capital Expenditures

In addition to keeping our current equipment and plants properly maintained, we are committed to replacing, enhancing and upgrading our property, plant and equipment to support new product development, improve productivity and customer responsiveness, reduce production costs, increase flexibility to respond effectively to market fluctuations and changes, meet environmental requirements, enhance safety and promote ergonomically correct work stations. Consolidated capital expenditures for the three six months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023 were $4,629,000 $10,068,000 and $5,273,000, $10,319,000, respectively. We expect capital expenditure spending in fiscal 2025 to range from $20,000,000 to $30,000,000. $25,000,000.

Inflation and Other Market Conditions

Our costs are affected by inflation in the U.S. economy and, to a lesser extent, in non-U.S. economies including those of Europe, Canada, Mexico, South America, and Asia-Pacific. We do not believe that general inflation has had a material effect on our results of operations over the periods presented despite rising inflation due to our ability to pass on rising costs through price increases. In the past we have experienced higher raw material, freight, and logistics costs as a result of the COVID-19 pandemic, which we have been able to recover with pricing actions. In the future, we may not be able to pass on similar cost increases to our customers.

Goodwill Impairment Testing

We test goodwill for impairment at least annually and more frequently whenever events occur or circumstances change that indicate there may be impairment. These events or circumstances could include a significant long-term adverse change in the business climate, poor indicators of operating performance, or a sale or disposition of a significant portion of a reporting unit.

We test goodwill at the reporting unit level, which is one level below our operating segment. We identify our reporting units by assessing whether the components of our operating segment constitute businesses for which discrete financial information is available and segment management regularly reviews the operating results of those components. We also aggregate components that have similar economic characteristics into single reporting units (for example, similar products and / or services, similar long-term financial results, product processes, classes of customers, etc.). We have three reporting units: the Linear Motion Products reporting unit, the Rest of Products reporting unit, and the Precision Conveyance reporting unit, which have goodwill totaling $9,699,000, $303,499,000, $310,300,000, and $395,373,000, $397,983,000, respectively, as of June 30, 2024 September 30, 2024.

We currently do not believe that it is more likely than not that the fair value of any of our reporting units is less than its applicable carrying value. Additionally, we currently do not believe that we have any significant impairment indicators or that any of our reporting units with goodwill are at risk of failing Step One of the goodwill impairment test. However, if the projected long-term revenue growth rates, profit margins, or terminal growth rates are significantly lower, and/or the estimated weighted-average cost of capital is considerably higher, future testing may indicate impairment of one or more of the Company's reporting units and, as a result, the related goodwill may be impaired.

Refer to our 2024 10-K for additional information regarding our annual goodwill impairment process.

Seasonality and Quarterly Results

Quarterly results may be materially affected by the timing of large customer orders, periods of high vacation and holiday concentrations, legal settlements, gains or losses in our portfolio of marketable securities, restructuring charges, favorable or unfavorable foreign currency translation, divestitures and acquisitions. Therefore, the operating results for any particular fiscal quarter are not necessarily indicative of results for any subsequent fiscal quarter or for the full fiscal year.

Effects of New Accounting Pronouncements

Information regarding the effects of new accounting pronouncements is included in Note 16 to the accompanying consolidated financial statements included in this Quarterly Report on Form 10-Q.

Item 3.   Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in the market risks as previously disclosed in the 2024 10-K.

Item 4.   Controls and Procedures.

As of June 30, 2024 September 30, 2024, an evaluation was performed under the supervision and with the participation of the Company's management, including our Chief Executive Officer (the Company's principal executive officer) and Chief Financial Officer (the Company's principal financial officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures. These disclosure controls and procedures have been designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted under the Exchange Act is made known to them on a timely basis, and that such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Based on that evaluation, the Company's management, including our Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of June 30, 2024 September 30, 2024.

There have been no other changes in the Company's internal control over financial reporting during the most recent quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings.

There have been no material developments from the legal proceedings as previously disclosed in the 2024 10-K for the fiscal year ended March 31, 2024 and the notes to the consolidated financial statements thereto.

Item 1A. Risk Factors.

There have been no material changes from the risk factors as previously disclosed in the 2024 10-K for the fiscal year ended March 31, 2024.

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

The following table presents information with respect to purchase of common stock of the Company made during the three months ended June 30, 2024 September 30, 2024 by the Company:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs (in thousands)[1]
April 1 - 30, 2024	—	$ —	—	$ —
May 1 - 31, 2024	—	$ —	—	$ —
June 1 - 30, 2024	—	$ —	—	$ —
Total	—	$ —	—	$ 19,000

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs (in thousands)[1]
July 1 - 30, 2024	—	$ —	—	$ —
August 1 - 31, 2024	—	$ —	—	$ —
September 1 - 30, 2024	143,734	$ 34.41	143,734	$ 14,055
Total	143,734	$ 34.41	143,734	$ 14,055

[1]The Company publicly announced on March 26, 2019 that its Board of Directors approved a share repurchase authorization for up to $20 million of shares of common stock of Columbus McKinnon Corporation, with no expiration. As of June 30, 2024 September 30,

2024, approximately $19 million $14 million remains available to repurchase shares of common stock under the current share repurchase authorization plan. There were no repurchases made in the quarter ended June 30, 2024.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.
Not applicable

Item 5. Other Information.

During the three months ended June 30, 2024 September 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

Exhibit 10.1*	Columbus McKinnon Corporation Second Amended and Restated 2016 Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K dated July 22, 2024).
Exhibit 31.1*	Certification of principal executive officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934; as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

	2002.
Exhibit 31.2*	Certification of principal financial officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934; as adopted 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*	The financial statements from the Company's Quarterly Report on Form 10-Q for the three six months ended June 30, 2024 September 30, 2024 formatted in iXBRL. Inline XBRL.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema

	Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
Exhibit 104*	Cover Page Interactive Data File (the cover page Inline XBRL tags are embedded within the Inline XBRL document)

* Filed herewith
** Furnished herewith

SIGNATURES

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

COLUMBUS McKINNON CORPORATION

(Registrant)

Date: July 31, October 30, 2024

/S/ GREGORY P. RUSTOWICZ

Gregory P. Rustowicz

Executive Vice President Finance and Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

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Exhibit 31.1

CERTIFICATION

I, David J. Wilson, Chief Executive Officer, certify that:

1. I have reviewed this report on Form 10-Q of Columbus McKinnon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: July 31, October 30, 2024

/S/ DAVID J. WILSON
David J. Wilson
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Gregory P. Rustowicz, Chief Financial Officer, certify that:

1. I have reviewed this report on Form 10-Q of Columbus McKinnon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: July 31, October 30, 2024

/S/ GREGORY P. RUSTOWICZ

Gregory P. Rustowicz

Executive Vice President Finance and Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32

CERTIFICATION

Each of the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Columbus McKinnon Corporation (the "Company") on Form 10-Q for the quarterly period ended June 30, 2024 September 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: July 31, October 30, 2024

/S/ DAVID J. WILSON
David J. Wilson
Chief Executive Officer
(Principal Executive Officer)

/S/ GREGORY P. RUSTOWICZ
Gregory P. Rustowicz
Executive Vice President Finance and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

DISCLAIMER

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