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 1934**

For the quarterly period ended September 30, 2021

or

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

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.)
205 Crosspoint Parkway	Buffalo	NY	14068
(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 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 October 25, 2021 was: 28,439,988 shares.

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COLUMBUS McKINNON CORPORATION
September 30, 2021

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Part I. Financial Information

Item 1. Condensed Consolidated Financial Statements (Unaudited)

COLUMBUS McKINNON CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2021	March 31, 2021
	(unaudited)	
ASSETS:	**(In thousands)**	
Current assets:		
Cash and cash equivalents	$ 105,311	$ 202,127
Trade accounts receivable, less allowance for doubtful accounts ($5,210 and $5,686, respectively)	125,451	105,464
Inventories	147,925	111,488
Prepaid expenses and other	28,926	22,763
Total current assets	407,613	441,842
Property, plant, and equipment, net	97,117	74,753
Goodwill	615,329	331,176
Other intangibles, net	392,700	213,362
Marketable securities	10,072	7,968
Deferred taxes on income	1,960	20,080
Other assets	61,184	61,251
Total assets	$ 1,585,975	$ 1,150,432
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Trade accounts payable	$ 71,458	$ 68,593
Accrued liabilities	104,924	110,816
Current portion of long term debt and finance lease obligations	60,515	4,450
Total current liabilities	236,897	183,859
Term loan and finance lease obligations	392,728	244,504
Other non current liabilities	221,192	191,920
Total liabilities	850,817	620,283
Shareholders' equity:		
Voting common stock; 50,000,000 shares authorized; 28,438,971 and 23,984,299 shares issued and outstanding	284	240
Additional paid in capital	499,758	296,093
Retained earnings	300,036	293,802
Accumulated other comprehensive loss	(64,920)	(59,986)
Total shareholders' equity	735,158	530,149
Total liabilities and shareholders' equity	$ 1,585,975	$ 1,150,432

See accompanying notes.

COLUMBUS McKINNON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(In thousands, except per share data)			
Net sales	$ 223,635	$ 157,790	$ 437,099	$ 296,860
Cost of products sold	142,500	101,765	281,901	196,038
Gross profit	81,135	56,025	155,198	100,822
Selling expenses	24,157	18,563	47,639	37,258
General and administrative expenses	23,208	15,554	53,351	33,983
Research and development expenses	3,825	2,896	7,408	5,665
Amortization of intangibles	6,285	3,192	12,394	6,307
	57,475	40,205	120,792	83,213
Income from operations	23,660	15,820	34,406	17,609
Interest and debt expense	4,587	3,018	10,399	6,206
Cost of debt refinancing	—	—	14,803	—
Investment (income) loss	(115)	(357)	(548)	(934)
Foreign currency exchange (gain) loss	441	397	535	481
Other (income) expense, net	(539)	16,911	(289)	19,937
Income (loss) before income tax expense (benefit)	19,286	(4,149)	9,506	(8,081)
Income tax expense (benefit)	4,083	(45)	1,566	(1,008)
Net income (loss)	$ 15,203	$ (4,104)	$ 7,940	$ (7,073)
Average basic shares outstanding	28,418	23,883	27,594	23,843
Average diluted shares outstanding	28,756	23,883	27,957	23,843
Basic income (loss) per share:	$ 0.53	$ (0.17)	$ 0.29	$ (0.30)
Diluted income (loss) per share:	$ 0.53	$ (0.17)	$ 0.28	$ (0.30)
Dividends declared per common share	$ 0.06	$ 0.06	$ 0.06	$ 0.06

See accompanying notes.

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

	Three Months Ended		Six Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(In thousands)			
Net income (loss)	$ 15,203	$ (4,104)	$ 7,940	$ (7,073)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(4,226)	6,631	(2,150)	9,433
Change in derivatives qualifying as hedges, net of taxes of $986, $(24), $955, $(20)	(2,995)	82	(2,899)	69
Change in pension liability and postretirement obligation, net of taxes of $(74), $(2,817), $(40), $(3,339)	212	10,071	115	11,940
Total other comprehensive income (loss)	(7,009)	16,784	(4,934)	21,442
Comprehensive income (loss)	$ 8,194	$ 12,680	$ 3,006	$ 14,369

See accompanying notes.

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

	(In thousands, except share data)				
	Common Stock ($0.01 par value)	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at March 31, 2021	$ 240	$ 296,093	$ 293,802	$ (59,986)	$ 530,149
Net income (loss)	—	—	(7,263)	—	(7,263)
Change in foreign currency translation adjustment	—	—	—	2,076	2,076
Change in derivatives qualifying as hedges, net of tax of $(31)	—	—	—	96	96
Change in pension liability and postretirement obligations, net of tax of $34	—	—	—	(97)	(97)
Issuance of 4,312,500 shares of common stock in May 2021 offering at $48.00 per share, net of issuance costs of $8,340	43	198,662	—	—	198,705
Stock options exercised, 12,682 shares	—	290	—	—	290
Stock compensation expense	—	2,262	—	—	2,262
Restricted stock units released, 58,081 shares, net of shares withheld for minimum statutory tax obligation	1	(1,766)	—	—	(1,765)
Balance at June 30, 2021	$ 284	$ 495,541	$ 286,539	$ (57,911)	$ 724,453
Net income (loss)	—	—	15,203	—	15,203
Dividends declared	—	—	(1,706)	—	(1,706)
Change in foreign currency translation adjustment	—	—	—	(4,226)	(4,226)
Change in derivatives qualifying as hedges, net of tax of $986	—	—	—	(2,995)	(2,995)
Change in pension liability and postretirement obligations, net of tax of $(74)	—	—	—	212	212
Stock compensation - directors	—	480	—	—	480
Stock options exercised, 38,744 shares	—	1,122	—	—	1,122
Stock compensation expense	—	2,762	—	—	2,762
Restricted stock units released, 32,665 shares, net of shares withheld for minimum statutory tax obligation	—	(147)	—	—	(147)
Balance at September 30, 2021	$ 284	$ 499,758	$ 300,036	$ (64,920)	$ 735,158

See accompanying notes.

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

	(In thousands, except share data)				
	Common Stock ($0.01 par value)	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at March 31, 2020	$ 238	$ 287,256	$ 290,441	$ (114,350)	$ 463,585
Net income (loss)	—	—	(2,969)	—	(2,969)
Change in net unrealized gain on investments	—	—	—	2,802	2,802
Change in derivatives qualifying as hedges, net of tax of $4	—	—	—	(13)	(13)
Change in pension liability and postretirement obligations, net of tax of $(537)	—	—	—	1,869	1,869
Stock options exercised, 11,236 shares	—	183	—	—	183
Stock compensation expense	—	2,071	—	—	2,071
Restricted stock units released, 68,369 shares, net of shares withheld for minimum statutory tax obligation	1	(927)	—	—	(926)
Balance at June 30, 2020	$ 239	$ 288,583	$ 287,472	$ (109,692)	$ 466,602
Net income (loss)	—	—	(4,104)	—	(4,104)
Dividends declared	—	—	(1,433)	—	(1,433)
Change in foreign currency translation adjustment	—	—	—	6,631	6,631
Change in derivatives qualifying as hedges, net of tax of $(24)	—	—	—	82	82
Change in pension liability and postretirement obligations, net of tax of $(2,817)	—	—	—	10,071	10,071
Stock compensation - directors	—	269	—	—	269
Stock options exercised, 12,220 shares		243	—	—	243
Stock compensation expense	—	1,649	—	—	1,649
Restricted stock units released, 35,023 shares, net of shares withheld for minimum statutory tax obligation	—	(54)	—	—	(54)
Balance at September 30, 2020	$ 239	$ 290,690	$ 281,935	$ (92,908)	$ 479,956

See accompanying notes.

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

	Six Months Ended	
	September 30, 2021	**September 30, 2020**
	(In thousands)	
OPERATING ACTIVITIES:		
Net income (loss)	7,940	(7,073)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	20,969	14,210
Deferred income taxes and related valuation allowance	(1,235)	(6,745)
Net loss (gain) on sale of real estate, investments and other	(462)	(557)
Stock based compensation	5,504	3,989
Amortization of deferred financing costs	867	1,327
Cost of debt refinancing	14,803	—
Loss (gain) on hedging instruments	672	—
Non-cash pension settlement expense (See Note 10)	—	19,046
Gain on Sale of building (See Note 2)	(375)	(2,638)
Non-cash lease expense	3,939	3,785
Changes in operating assets and liabilities, net of effects of business acquisitions:		
Trade accounts receivable	(1,709)	33,594
Inventories	(21,959)	18,987
Prepaid expenses and other	(2,779)	(1,627)
Other assets	42	570
Trade accounts payable	(6,274)	(20,078)
Accrued liabilities	1,908	(7,895)
Non-current liabilities	(3,909)	(1,952)
Net cash provided by (used for) operating activities	17,942	46,943
INVESTING ACTIVITIES:		
Proceeds from sales of marketable securities	2,734	1,034
Purchases of marketable securities	(4,768)	(1,759)
Capital expenditures	(6,752)	(2,779)
Proceeds from sale of building, net of transaction costs	461	5,453
Dividend received from equity method investment	—	587
Proceeds from insurance reimbursement	482	—
Purchase of business, net of cash acquired (See Note 2)	(472,954)	—
Net cash provided by (used for) investing activities	(480,797)	2,536
FINANCING ACTIVITIES:		
Proceeds from the issuance of common stock	1,412	429
Borrowings under line-of-credit agreements	—	25,000
Repayment of debt	(461,286)	(2,225)
Fees paid for revolver extension (See Note 9)	—	(826)
Proceeds from issuance of long-term debt	650,000	—
Proceeds from equity offering	207,000	—
Fees related to debt and equity offering	(25,292)	—
Cash inflows from hedging activities	7,007	—
Cash outflows from hedging activities	(6,927)	—
Payment of dividends	(3,145)	(2,860)
Other	(1,909)	(982)
Net cash provided by (used for) financing activities	366,860	18,536
Effect of exchange rate changes on cash	(821)	4,091
Net change in cash and cash equivalents	(96,816)	72,106
Cash, cash equivalents, and restricted cash at beginning of year	202,377	114,700
Cash, cash equivalents, and restricted cash at end of period	$ 105,561	$ 186,806
Supplementary cash flow data:		
Interest paid	$ 8,666	$ 7,438
Income taxes paid (refunded), net	$ 2,910	$ 1,234
Restricted cash presented in Other assets	$ 250	$ 250

See accompanying notes.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
September 30, 2021

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 September 30, 2021, the results of its operations for the six months ended September 30, 2021 and September 30, 2020, and cash flows for the six months ended September 30, 2021 and September 30, 2020, have been included. Results for the period ended September 30, 2021 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2022. The balance sheet at March 31, 2021 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, 2021 (the "2021 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, 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. During both the three and six months ended September 30, 2021, sales to customers in the United States were each approximately 58% of total net sales.

2. Acquisitions & Disposals

Acquisitions

On April 7, 2021, the Company completed its acquisition of Dorner Mfg. Corp. ("Dorner") for $481,012,000. Dorner, headquartered in Hartland, WI, is a leading automation solutions company providing unique, patented technologies in the design, application, manufacturing and integration of high-precision conveying systems. The acquisition of Dorner accelerates the Company's shift to intelligent motion and serves as a platform to expand capabilities in advanced, higher technology automation solutions. Dorner is a leading supplier to the life sciences, food processing, and consumer packaged goods markets as well as the faster growing industrial automation and e-commerce sectors.

The results of Dorner included in the Company's consolidated financial statements from the date of acquisition are Net sales and Income from operations of $33,539,000 and $3,161,000, respectively, in the three months ended September 30, 2021 and Net sales and Income from operations of $67,718,000 and $4,324,000, respectively, in the six months ended September 30, 2021. Dorner's Income from operations in the three and six months ended September 30, 2021 includes $218,000 in integration related severance costs, which have been included in General and administrative expenses. Dorner's Income from operations in the six months ended September 30, 2021 includes acquisition related inventory amortization of $2,981,000, which has been included in Cost of products sold.

In addition, the Company incurred acquisition integration and deal expenses in the amount of $414,000 and $8,686,000 in the three and six months ended September 30, 2021, respectively, which are included in General and administrative expenses. The Company also incurred $970,000 in costs related to a transaction bonus that was paid 45 days after the acquisition date to key personnel of which $521,000 has been recorded as part of Cost of products sold, $350,000 has been recorded as part of Selling expenses, $74,000 has been recorded as part of General and administrative expenses, and $25,000 has been recorded as part of Research and development expenses in the six months ended September 30, 2021.

To finance the Dorner acquisition, on April 7, 2021 the Company entered into a $750,000,000 credit facility ("First Lien Facilities") with JPMorgan Chase Bank, N.A. ("JPMorgan Chase Bank"), PNC Capital Markets LLC, and Wells Fargo Securities LLC. The First Lien Facilities consist of a Revolving Facility (the "New Revolving Credit Facility") in an aggregate amount of $100,000,000 and a $650,000,000 First Lien Term Facility ("Bridge Facility"). Proceeds from the Bridge Facility were used, among other things, to finance the purchase price for the Dorner acquisition, pay related fees, expenses and

transaction costs, and refinance the Company's borrowings under its prior Term Loan and Revolver. See Note 9, *Debt,* for further details on the Company's new debt agreement and subsequent equity offering.

The purchase price has been preliminarily allocated to the assets acquired and liabilities assumed as of the date of acquisition. The excess consideration of $286,640,000 has been preliminarily recorded as goodwill as of September 30, 2021. During the three months ended September 30, 2021, the Company received cash in the amount of $2,357,000 from the former owner of Dorner as a result of a working capital adjustment, which is the primary reason for the reduction in goodwill and the purchase price from amounts reported as of June 30, 2021. The identifiable intangible assets acquired include customer relationships of $140,000,000, technology of $45,000,000, and trade names of $8,000,000. The weighted average life of the acquired identifiable intangible assets subject to amortization was estimated at 15 years at the time of acquisition. Approximately $8,000,000 of goodwill arising as a result of the acquisition is deductible for tax purposes. The allocation of the purchase price to the assets acquired and liabilities assumed of Dorner is not complete as of September 30, 2021 as the Company is continuing to gather information regarding Dorner's contingent liabilities and intangible assets.

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

Cash	$	8,058
Working Capital		24,512
Property, plant, and equipment, net		26,104
Intangible assets		193,000
Other assets		658
Other liabilities		(3,734)
Finance lease liabilities		(14,582)
Deferred taxes, net		(39,644)
Goodwill		286,640
Total	$	481,012

See Note 4 for assumptions used in determining the fair values of the intangible assets acquired.

The following unaudited pro forma financial information presents the combined results of operations as if the acquisition of Dorner had occurred as of April 1, 2020. The pro forma information includes certain adjustments, including depreciation and amortization expense, interest expense, and certain other adjustments, together with related income tax effects. The pro forma amounts may not be indicative of the results that actually would have been achieved had the acquisition of Dorner occurred as of April 1, 2020 and are not necessarily indicative of future results of the combined companies (in thousands):

	Three months ended		Six months ended	
	September 30, 2021	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Net sales	$ 223,635	$ 201,589	$ 437,099	$ 363,668
Net income (loss)	18,952	8,286	31,946	(24,780)

Disposals

During the three months ended September 30, 2021, the Company sold its former manufacturing facility in Lisbon, Ohio for $461,000. This resulted in a gain of $375,000 which is included in Cost of products sold on the Condensed Consolidated Statements of Operations.

During fiscal 2021, the Company sold one of its owned manufacturing facilities in China as a result of its plan to consolidate two of its Hangzhou, China manufacturing facilities into one and reorganize its Asia Pacific operations. During the six months ended September 30, 2020, the Company received cash in the amount of 45 million RMB (approximately $6,363,000) from the buyer to purchase the facility which resulted in a gain of $2,638,000, of which $2,189,000 is included in Cost of products sold and $449,000 is included in General and administrative expenses on the Condensed Consolidated Statements of Operations during the three and six months ended September 30, 2020.

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, consistent with the previous revenue standard. 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 2021 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 six months ended September 30, 2021 and September 30, 2020 (in thousands):

Customer advances (contract liabilities)	**September 30, 2021**	**September 30, 2020**
March 31, beginning balance	$ 15,373	$ 10,796
Additional customer advances received	29,240	18,533
Revenue recognized from customer advances	(32,254)	(15,754)
Customer advances recorded from Dorner acquisition	4,144	—
Other (1)	73	709
September 30, ending balance	$ 16,576	$ 14,284

(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 $2,040,000 and $8,559,000 as of September 30, 2021 and March 31, 2021, respectively. Contract assets are included in Prepaid expenses and other assets on the Condensed Consolidated Balance Sheets.

Remaining Performance Obligations

As of September 30, 2021, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) was approximately $2,794,000. We expect to recognize approximately 74% 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 September 30, 2021 and September 30, 2020 (in thousands):

	Three Months Ended		**Six Months Ended**	
Net Sales by Product Grouping	**September 30, 2021**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Industrial Products	$ 84,230	$ 67,321	$ 163,841	$ 121,038
Crane Solutions	83,911	71,643	$ 163,578	$ 140,632
Engineered Products	21,933	18,830	$ 41,925	$ 35,157
Precision Conveyor Products	33,539	—	$ 67,718	—
All other	22	(4)	$ 37	$ 33
Total	$ 223,635	$ 157,790	$ 437,099	$ 296,860

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 actuations systems. Precision conveyor products include: low profile, flexible chain, large scale, sanitary and vertical elevation conveyor systems, as well as pallet system conveyors. 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:

Effective April 1, 2020, the Company adopted "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). Under 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. In response to COVID-19, the Company continues to monitor the impact that COVID-19 is having on our customers and their outstanding receivable balances and is taking preventative measures, such as reducing credit limits and increasing bad debt expense, as necessary.

The following table illustrates the balance and related activity for the allowance for doubtful accounts that is deducted from accounts receivable to present the net amount expected to be collected in the six months ended September 30, 2021 and September 30, 2020 (in thousands):

Allowance for doubtful accounts	**September 30, 2021**	**September 30, 2020**
March 31, beginning balance	$ 5,686	$ 5,056
Bad debt expense	291	2,364
Less uncollectible accounts written off, net of recoveries	(1,003)	(1,218)
Allowance recorded from Dorner acquisition	152	—
Other (1)	84	93
September 30, ending balance	$ 5,210	$ 6,295

(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 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 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		
Description	September 30, 2021	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	$ 10,072	$ 10,072	$ —	$ —
Annuity contract	2,021	—	2,021	—
Derivative Assets (Liabilities):				
Foreign exchange contracts	(42)	—	(42)	—
Interest rate swap liability	(2,144)	—	(2,144)	—
Cross currency swap liability	(14,376)	—	(14,376)	—
Disclosed at fair value:				
Term Loan B	$ (443,320)	$ —	$ (443,320)	$ —

Description	March 31, 2021	Fair value measurements at reporting date using: 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	$ 7,968	$ 7,968	$ —	$ —
Annuity contract	2,025	—	2,025	—
Derivative assets (liabilities):				
Foreign exchange contracts	(83)	—	(83)	—
Interest rate swap liability	(2,057)	—	(2,057)	—
Cross currency swap liability	(13,895)	—	(13,895)	—
Disclosed at fair value:				
Term loan	$ (254,581)	$ —	$ (254,581)	$ —

The Company does not have any non-financial assets and liabilities that are recognized at fair value on a recurring basis. At September 30, 2021, the Term Loan B has been recorded at carrying value, which approximates fair value.

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.

Assets and liabilities that were measured on a non-recurring basis during fiscal 2022 include assets and liabilities acquired in connection with the acquisition of Dorner on April 7, 2021, described in Note 2. The estimated fair values allocated to the assets acquired and liabilities assumed relied upon fair value measurements based primarily on Level 3 inputs. The valuation techniques used to allocate fair values to working capital items; property, plant, and equipment; and identifiable intangible assets included the cost approach, market approach, and other income approaches. For identifiable intangible assets these techniques included the multi-period excess earnings approach, the relief from royalty approach, and other income approaches. The valuation techniques relied on a number of inputs which included the cost and condition of property, plant, and equipment and forecasted net sales and income.

Significant valuation inputs included an attrition rate of 10.0% for customer relationships, an estimated royalty rate of 5.0% for technology, a royalty rate of 1.0% for trademark and trade names, and a weighted average cost of capital of 11.0%.

Please refer to the 2021 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, 2021 balance sheet.

5. Inventories

Inventories consisted of the following (in thousands):

	September 30, 2021	**March 31, 2021**
At cost - FIFO basis:		
Raw materials	$ 105,431	$ 79,981
Work-in-process	30,984	23,067
Finished goods	31,660	27,201
Total at cost FIFO basis	168,075	130,249
LIFO cost less than FIFO cost	(20,150)	(18,761)
Net inventories	$ 147,925	$ 111,488

The acquisition of Dorner contributed $14,683,000 to the increase in inventory since March 31, 2021.

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 a loss of $78,000 and a gain of $146,000 in the three months ended September 30, 2021 and September 30, 2020, respectively and a gain of $70,000 and $487,000 in the six months ended September 30, 2021 and September 30, 2020, 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"), a 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 not material in the three and six months ended September 30, 2021 and September 30, 2020, respectively.

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 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 $3,383,000 and $3,040,000 as of September 30, 2021 and March 31, 2021, respectively, and has been accounted for as an equity method investment. The investment value was increased for the Company's ownership percentage of income earned by EMC in the amount of $147,000 and $168,000 in the three months ended September 30, 2021 and September 30, 2020, respectively, and by $382,000 and $371,000 in the six months ended September 30, 2021 and September 30, 2020, respectively, recorded in Investment (income) loss on the Condensed Consolidated Statements of Operations. The September 30, 2021 and March 31, 2021 trade accounts receivable balance due from EMC are $1,871,000 and $2,250,000, respectively, and are comprised of amounts due for 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 September 30, 2021 and two reporting units as of March 31, 2021. The Duff-Norton reporting unit (which designs, manufactures and sources mechanical and electromechanical actuators and rotary unions) had goodwill of $9,699,000 at September 30, 2021 and March 31, 2021. The Rest of Products reporting unit (representing the hoist, chain, forgings, digital power, motion control, manufacturing, and distribution businesses) had goodwill of $318,990,000 and $321,477,000 at September 30, 2021 and March 31, 2021, respectively. The acquisition of Dorner in fiscal 2022 as described in Note 2 has resulted in a third reporting unit. The Dorner reporting unit (which represents high-precision conveying systems) had goodwill of $286,640,000 at September 30, 2021.

Refer to the 2022 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 months ended September 30, 2021.

A summary of changes in goodwill during the six months ended September 30, 2021 is as follows (in thousands):

Balance at April 1, 2021	$	331,176
Acquisition of Dorner (see Note 2)	$	286,640
Currency translation		(2,487)
Balance at September 30, 2021	$	615,329

During the three months ended September 30, 2021, the Company received cash in the amount of $2,357,000 from the former owner of Dorner as a result of a working capital adjustment. The adjustment contributed to the reduction in goodwill and the purchase price for Dorner from amounts reported as of June 30, 2021.

Goodwill is recognized net of accumulated impairment losses of $113,174,000 as of September 30, 2021 and March 31, 2021, 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):

	September 30, 2021			March 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Trademark	$ 14,302	$ (5,168)	$ 9,134	$ 6,377	$ (4,760)	$ 1,617
Indefinite lived trademark	47,595	—	47,595	47,857	—	47,857
Customer relationships	326,554	(64,164)	262,390	188,447	(55,785)	132,662
Acquired technology	91,961	(18,817)	73,144	46,843	(16,021)	30,822
Other	3,345	(2,908)	437	3,259	(2,855)	404
Total	$ 483,757	$ (91,057)	$ 392,700	$ 292,783	$ (79,421)	$ 213,362

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, 16 years for acquired technology, 5 years for other, and 17 years in total. Trademarks with a carrying value of $47,595,000 as of September 30, 2021 have an indefinite useful life and are therefore not being amortized.

Total amortization expense was $6,285,000 and $3,192,000 for the three months ended September 30, 2021 and 2020, respectively. Total amortization expense was $12,394,000 and $6,307,000 for the six months ended September 30, 2021 and 2020, respectively. The increase in amortization expense is the result of the Dorner acquisition and related intangible assets acquired. 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 $24,800,000.

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 September 30, 2021, the Company had not posted any collateral related to these agreements. If the Company had breached any of these provisions as of September 30, 2021, it could have been required to settle its obligations under these agreements at amounts which approximate the September 30, 2021 fair values reflected in the table below. During the six months ended September 30, 2021, the Company was not in default of any of its derivative obligations.

As of September 30, 2021, 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. The notional amount of this derivative is $138,528,000, and this contract matures on March 31, 2028. During fiscal 2022, the Company modified the cross currency swap by extending it to fiscal year 2028, matching the intercompany loan. The Company has concluded that the transaction to modify the cross currency swap, as well as the modified swap, maintained hedge accounting. The modified cross currency swap is considered to have an other than insignificant financing element. As such, its cash flows are classified within financing activities in the Statement of Cash Flows. From its September 30, 2021 balance of AOCL, the Company expects to reclassify approximately $795,000 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. The notional amount of those derivatives is $5,862,000, and all contracts mature by September 30, 2022. From its September 30, 2021 balance of AOCL, the Company expects to reclassify approximately $42,000 out of AOCL during the next 12 months based on the expected sales of 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 capital structure was below this threshold at September 30, 2021 as a result of the debt refinancing related to the Dorner acquisition (See Note 2). The Company expects to achieve this structure later in fiscal 2022.

The Company has two interest rate swap agreements in which the Company receives interest at a variable rate and pays interest at a fixed rate. These 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 senior secured term loan. The amortizing interest rate swaps mature on December 31, 2023 and have a total notional amount of $104,085,000 as of September 30, 2021. During fiscal 2022, the Company modified the LIBOR floor to match the new Term Loan B resulting from the Dorner related debt refinancing. The Company concluded that the modification maintained hedge accounting. The modified interest rate swap is considered to have an other than insignificant financing element as well as a more than an insignificant initial net investment. As such, its cash flows are classified as financing activities in the Statement of Cash Flows and the swap liability is considered a hybrid debt instrument. The recorded interest rate swap liability is disclosed in the tables below. 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 September 30, 2021 balance of AOCL, the Company expects to reclassify approximately $1,057,000 out of AOCL, and into interest expense, during the next 12 months.

The following is the effect of derivative instruments on the Condensed Consolidated Statements of Operations for the three months ended September 30, 2021 and 2020 (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, 2021	Foreign exchange contracts	$ 23	Cost of products sold	$ (33)
September 30, 2021	Interest rate swaps	(758)	Interest expense	(459)
September 30, 2021	Cross currency swaps	590	Foreign currency exchange (gain) loss	3,342
September 30, 2020	Foreign exchange contracts	(36)	Cost of products sold	70
September 30, 2020	Interest rate swap	(194)	Interest expense	(425)
September 30, 2020	Cross currency swaps	(5,667)	Foreign currency exchange (gain) loss	(5,623)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Gain (Loss) Recognized in Income on Derivatives
September 30, 2021	Foreign currency exchange (gain) loss	$ —
September 30, 2020	Foreign currency exchange (gain) loss	17

The following is derivative instruments on the Condensed Consolidated Balance Sheets for the six months ended September 30 2021 and 2020 (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, 2021	Foreign exchange contracts	$ (14)	Cost of products sold	$ (29)
September 30, 2021	Interest rate swaps	(861)	Interest expense	(794)
September 30, 2021	Cross currency swaps	(490)	Foreign currency exchange (gain) loss	2,357
September 30, 2020	Foreign exchange contracts	(161)	Cost of products sold	78
September 30, 2020	Interest rate swap	(367)	Interest expense	(687)
September 30, 2020	Cross currency swaps	(7,940)	Foreign currency exchange (gain) loss	(7,928)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Gain (Loss) Recognized in Income on Derivatives
September 30, 2021	Foreign currency exchange (gain) loss	$ —
September 30, 2020	Foreign currency exchange (gain) loss	(1)

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

		Fair Value of Asset (Liability)	
Derivatives Designated as Hedging Instruments	Balance Sheet Location	September 30, 2021	March 31, 2021
Foreign exchange contracts	Prepaid expenses and other	$ 10	—
Foreign exchange contracts	Accrued liabilities	(52)	(83)
Interest rate swap	Other assets	95	—
Interest rate swap	Accrued liabilities	(1,390)	(1,185)
Interest rate swap	Other non current liabilities	(849)	(872)
Cross currency swap	Accrued liabilities	(1,059)	(13,895)
Cross currency swap	Other non current liabilities	(13,317)	—

9. Debt

On January 31, 2017 the Company entered into a Credit Agreement ("Credit Agreement") and $545,000,000 of debt facilities ("Facilities") in connection with the STAHL acquisition. The Facilities consist of a Revolving Facility ("Revolver") in the amount of $100,000,000 and a $445,000,000 First Lien Term Loan ("Term Loan"). The Term Loan had a seven-year term maturing in 2024. On August 26, 2020, the Company entered into a Second Amendment to the Credit Agreement (as amended by the First Amendment, dated as of February 26, 2018). The Second Amendment extended the $100,000,000 secured Revolver which was originally set to expire on January 31, 2022 to August 25, 2023.

As discussed in Note 2, the Company completed its acquisition of Dorner on April 7, 2021 and entered into a $750,000,000 First Lien Facility with JPMorgan Chase Bank, PNC Capital Markets LLC, and Wells Fargo Securities LLC. The First Lien Facility consists of a New Revolving Credit Facility in an aggregate amount of $100,000,000 and a $650,000,000 Bridge Facility. Proceeds from the Bridge Facility were used, among other things, to finance the purchase price for the Dorner acquisition, pay related fees, expenses and transaction costs, and refinance the Company's outstanding borrowings under its prior Term Loan and Revolver.

In addition to the debt borrowing described above, the Company commenced and completed an underwritten public offering of 4,312,500 shares of its common stock at a price of $48.00 per share for total gross proceeds of $207,000,000. The Company used all of the net proceeds from the equity offering to repay in part outstanding borrowings under its Bridge Facility. The equity offering closed on May 4, 2021. Following the repayment of outstanding borrowings under the Bridge Facility, the Bridge Facility was refinanced with a syndicated Term Loan B facility.

The key terms of the Term Loan B facility are as follows:

1) Term Loan B: An aggregate $450,000,000 Term Loan B facility, which requires quarterly principal amortization of 0.25% with the remaining principal due at the maturity date. In addition, if the Company has Excess Cash Flow (ECF) as defined in the Credit Agreement for the First Lien Facility (the "Credit Agreement"), the ECF Percentage of the Excess Cash Flow for each fiscal year minus optional prepayments of the Loans (except prepayments of Revolving Loans that are not accompanied by a corresponding permanent reduction of Revolving Commitments) pursuant to Section 2.10(a) of the Credit Agreement other than to the extent that any such prepayment is funded with the proceeds of Funded Debt, shall be applied toward the prepayment of the Term Loan B facility. The ECF Percentage is defined as 50% stepping down to 25% or 0% based on the achievement of specified Secured Leverage Ratios as of the last day of such fiscal year.

2) Revolver: An aggregate $100,000,000 secured revolving facility which includes sublimits for the issuance of standby letters of credit, swingline loans and multi-currency borrowings in certain specified foreign currencies.

3) Fees and Interest Rates: Commitment fees and interest rates are determined on the basis of either a Eurocurrency rate or a Base rate plus an applicable margin, which is based upon the Company's Total Leverage Ratio (as defined in the Credit Agreement) in the case of Revolver loans.

4) Prepayments: Provisions permitting a Borrower to voluntarily prepay either the Term Loan B facility or Revolver in whole or in part at any time, and provisions requiring certain mandatory prepayments of the Term Loan B facility or

Revolver on the occurrence of certain events which will permanently reduce the commitments under the Credit Agreement, each without premium or penalty, subject to reimbursement of certain costs of the Lenders. A prepayment premium of 1% of the principal amount of the First Lien Term Facility is required if the prepayment is associated with a Repricing Transaction and it were to occur within the first six months following the closing date.

5) Covenants: Provisions containing covenants required of the Company and its subsidiaries including various affirmative and negative financial and operational covenants. The key financial covenant is triggered only on any date when any Extension of Credit under the New Revolving Credit Facility is outstanding (excluding any Letters of Credit) (the "Covenant Trigger"), and prohibits the Total Leverage Ratio for the Reference Period ended on such date from exceeding (i) 6.75:1.00 as of any date of determination prior to June 30, 2021, (ii) 5.50:1.00 as of any date of determination on June 30, 2021 and thereafter but prior to June 30, 2022, (iii) 4.50:1.00 as of any date of determination on June 30, 2022 and thereafter but prior to June 30, 2023 and (iv) 3.50:1.00 as of any date of determination on June 30, 2023 and thereafter.

6) Collateral: Obligations under the First Lien Facilities are secured by liens on substantially all assets of the Company and its material domestic subsidiaries.

In the first six months of fiscal 2022, the Company incurred $14,803,000 in debt extinguishment costs of which $5,946,000 relates to the Company's prior Term Loan, $326,000 relates to the Company's prior Revolver, and $8,531,000 relates to fees paid on the portion of the First Lien Facilities that were associated with the Bridge Facility, all of which were incurred in the first quarter of fiscal 2022. These costs are classified as Cost of debt refinancing in the Condensed Consolidated Statements of Operations.

Further, in the first quarter of fiscal 2022 the Company recorded $5,432,000 in deferred financing costs on the First Lien Term Facility, which will be amortized over seven years. The Company recorded $4,027,000 in deferred financings costs on the New Revolving Credit Facility, of which $3,050,000 is related to the New Revolving Credit Facility and $977,000 is carried over from the Company's prior Revolver as certain Revolver lenders increased their borrowing capacity. These balances will be amortized over five years and are classified in Other assets since no funds were drawn on the New Revolving Credit Facility.

The outstanding principal balance of the Term Loan B facility was $443,875,000 as of September 30, 2021. The Company made $6,125,000 in principal payments on the Term Loan B facility during the six months ended September 30, 2021 of which $1,125,000 was required. No debt payments were required or made during the first quarter of fiscal 2022. The Company is obligated to make $4,500,000 of principal payments on the Term Loan B facility over the next 12 months plus applicable ECF payments, if required, however, plans to pay down approximately $60,000,000 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.

There were no outstanding borrowings and $17,196,000 in outstanding letters of credit issued against the New Revolving Credit Facility as of September 30, 2021. The outstanding letters of credit as of September 30, 2021 consisted of $701,000 in commercial letters of credit and $16,495,000 of standby letters of credit.

The gross balance of deferred financing costs on the Term Loan B facility was $5,432,000 as of September 30, 2021 and $14,690,000 on the prior Term Loan as of March 31, 2021, respectively. The accumulated amortization balances were $463,000 and $8,744,000 as of September 30, 2021 and March 31, 2021, respectively.

The gross balance of deferred financing costs associated with the New Revolving Credit Facility was $4,027,000 as of September 30, 2021 and the prior Revolver was $3,615,000 as of March 31, 2021, which are included in Other assets on the Condensed Consolidated Balance Sheet. The accumulated amortization balances were $403,000 and $2,313,000 as of September 30, 2021 and March 31, 2021, respectively.

In connection with Dorner acquisition, the Company recorded 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 $14,336,000 as of September 30, 2021 of which $515,000 has been recorded within the Current portion of long term debt and the remaining balance recorded within Term loan and revolving credit facility on the Company's Condensed Consolidated Balance Sheet. See Note 15, *Leases*, 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 September 30, 2021,

unsecured credit lines totaled approximately $2,547,000, of which $0 was drawn. In addition, unsecured lines of $15,651,000 were available for bank guarantees issued in the normal course of business of which $12,911,000 was utilized.

Refer to the Company's consolidated financial statements included in its 2021 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, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Service costs	$ 248	$ 292	$ 502	$ 553
Interest cost	2,503	2,916	5,079	6,031
Expected return on plan assets	(3,259)	(3,229)	(6,520)	(6,707)
Net amortization	363	851	733	1,732
Settlement	—	16,324	—	19,046
Net periodic pension (benefit) cost	$ (145)	$ 17,154	$ (206)	$ 20,655

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 2021, the Company settled the liabilities for one of its U.S. pension plans through a combination of (i) lump sum payments to eligible participants who elected to receive them and (ii) the purchase of annuity contracts for participants who did not elect lump sums. The lump sum payments were paid during the three months ended June 30, 2020 and resulted in a settlement charge of $2,722,000 which was recorded in Other (income) expense, net on the Condensed Consolidated Statements of Operations. During the quarter ended September 30, 2020, the Company purchased annuity contracts to settle the remaining liabilities of the terminated plan. The annuity contract purchase resulted in a settlement charge of $16,324,000 which was recorded in Other (income) expense, net on the Condensed Consolidated Statements of Operations during the six months ending September 30, 2020.

The Company currently plans to contribute approximately $5,166,000 to its pension plans in fiscal 2022.

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

	Three Months Ended		Six Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Interest cost	$ 8	$ 14	$ 16	$ 28
Amortization of plan net losses	(55)	(52)	(110)	(104)
Net periodic postretirement (benefit) cost	$ (47)	$ (38)	$ (94)	$ (76)

For additional information on the Company's defined benefit pension and postretirement benefit plans, refer to the consolidated financial statements included in the 2021 10-K.

11. Earnings Per Share

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

	Three Months Ended		Six Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Numerator for basic and diluted earnings per share:				
Net income (loss)	$ 15,203	$ (4,104)	$ 7,940	$ (7,073)
Denominators:				
Weighted-average common stock outstanding – denominator for basic EPS	28,418	23,883	27,594	23,843
Effect of dilutive employee stock options and other share-based awards	338	—	363	—
Adjusted weighted-average common stock outstanding and assumed conversions – denominator for diluted EPS	28,756	23,883	27,957	23,843

Stock options with respect to 157,707 common shares for the three and six months ended September 30, 2021, respectively, were not included in the computation of diluted income per share because they were antidilutive. For the three and six months ended September 30, 2021, 120,000 contingently issuable common shares were excluded because a performance condition had not yet been met.

Stock options, restricted stock units, and performance shares with respect to 1,149,000 common shares for the three and six months ended September 30, 2020 were not included in the computation of diluted income per share because they were antidilutive as a result of the Company's net loss.

The Company grants share based compensation to eligible participants under the 2016 Long Term Incentive Plan, as Amended and Restated in June 2019 ("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. Shares not previously authorized for issuance under any of the prior stock plans and any shares not issued or subject to outstanding awards under the prior stock plans are still available for issuance.

During the first six months of fiscal 2022, there were 38,744 shares of stock issued upon the exercising of stock options related to the Company’s stock option plans. During the fiscal year ended March 31, 2021, 125,150 shares of restricted stock units vested and were issued.

In May of fiscal 2022, the Company issued 4,312,500 shares of common stock raising proceeds of $198,705,000 net of fees in connection with the Dorner acquisition that was completed in April 2021. Refer to Notes 2 and 9 for additional details regarding this transaction.

On October 18, 2021, the Company's Board of Directors declared a dividend of $0.06 per common share. The dividend will be paid on November 15, 2021 to shareholders of record on November 5, 2021. The dividend payment is expected to be approximately $1,710,000.

Refer to the Company’s consolidated financial statements included in its 2021 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 our 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 $22,212,000 (gross of estimated insurance recoveries of $8,142,000 recorded in Other assets on the Condensed Consolidated Balance Sheet) as of September 30, 2021, of which $18,711,000 is included in Other non current liabilities and $3,500,000 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:

	September 30, 2021	March 31, 2021
Accrued general and product liability, beginning of period	$ 21,227	$ 11,944
Estimated insurance recoveries	91	8,052
Add provision for claims	2,071	4,634
Deduct payments for claims	(1,177)	(3,403)
Accrued general and product liability, end of period	$ 22,212	$ 21,227
Estimated insurance recoveries	(8,142)	(8,052)
Net accrued general and product liability, end of period	$ 14,070	$ 13,175

The per occurrence limits on the self-insurance for general and product liability coverage to Columbus McKinnon through 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 2022. 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 $5,400,000 and $9,700,000, net of insurance recoveries, using actuarial parameters of continued claims for a period of 37 years from September 30, 2021. 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 $7,205,000. The Company has reflected the liability gross of insurance recoveries of $8,142,000 as a liability in the Condensed Consolidated Balance Sheet as of September 30, 2021. 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 $2,000,000 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. The reimbursement net of retro-premiums is approximately 47% which resulted in a $1,830,000 increase to the Company's asbestos liability during the second quarter of fiscal 2021.

In addition, the insurance carriers were required to reimburse the Company for past defense costs through the date of the settlement amounting to $3,006,000 which was paid during the second quarter of fiscal 2021. The reimbursement for past cost was recorded net of a contingent legal fee of $1,500,000 which was paid in the third quarter of fiscal 2021. 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 September 30, 2021 and March 31, 2021. The Company has recorded a receivable for the estimated future cost sharing in Other assets in the Condensed Consolidated Balance Sheet at September 30, 2021 in the amount of $8,142,000, which offsets its asbestos reserves.

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 $6,215,000, which has been reflected as a liability in the Condensed Consolidated Balance Sheet as of September 30, 2021. In some cases, the Company cannot reasonably estimate a range of loss because there is insufficient information regarding the matter. 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.

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 $581,000 which has been reflected as a liability in the Condensed Consolidated Balance Sheet at September 30, 2021.

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 $2,200,000 (Euro 1,900,000) were due in Italy on taxable income earned by the Power-One China Subsidiary during this period. In addition, the assessment alleges potential penalties together with interest in the amount of approximately $3,000,000 (Euro 2,600,000) 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 believes 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.

The tax authority in Arezzo, Italy also issued a tax inspection report in January 2011 for the periods July 2002 to June 2003 and July 2004 to December 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 $7,800,000 (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 $3,200,000 (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, with four judgements, 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 four 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. The tax authority had up to six months to appeal the decisions. In December 2016, the Power-One China Subsidiary was served by the Italian Revenue Service 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 2006 fiscal year (period July 2006-December 2006). The tax authority had until October 2017 to appeal this decision. In October 2017, the Power-One China Subsidiary was served by the Italian Revenue Service 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 February 2018 an appeal hearing was held at the Regional Tax Court of Florence regarding the Italian tax authority's claim for taxes due for fiscal year 2002/2003. In March 2018, the Regional Tax Court of Florence rejected the appeal of the assessment for 2002/2003 fiscal year. In October 2018 the Power-One China Subsidiary was served by the Italian Revenue Service 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 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 has commenced litigation to, among other things, declare the Special Undertaking void and unenforceable. Monsanto has, in turn, commenced an action to enforce the Special Undertaking. Magnetek intends to continue to vigorously prosecute its 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 and had sought discovery from Magnetek and Monsanto in connection with that motion. On September 22, 2020, the Court issued an order denying the motion to reconsider and denying the motion to compel discovery from Magnetek. The result was that the Court’s prior order granting Magnetek partial summary judgment and requiring Travelers’ to reimburse Magnetek’s defense costs to date and fund its defense costs moving forward was now binding, subject to Travelers right to appeal. Travelers moved for a reconsideration of the order which was denied in September 2020 and in March 2021 Traveler’s window to appeal the court order closed. As a result, the Company recorded a receivable for approximately $900,000 as of March 31, 2021 for past defense costs which are to be reimbursed. The receivable was reflected as a reduction to Cost of products sold in the fourth quarter of fiscal 2021. The receivable was paid in full in April 2021.

The Company is also engaged in similar insurance coverage litigation against Transportation Insurance Company in the Circuit Court of Cook County, Illinois. The Company has sought a ruling that Transportation Insurance Company is also obligated to reimburse Magnetek’s defense costs to date and fund its defense costs moving forward. That motion is not yet fully briefed.

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 2022.

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 $350,000 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 September 30, 2021 a total of $758,000 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 2022.

13. Income Taxes

Income tax expense (benefit) as a percentage of income (loss) from continuing operations before income tax expense was 21% and 1% in the three months ended September 30, 2021 and September 30, 2020, respectively and 16% and 12% in the six months ended September 30, 2021 and September 30, 2020, respectively. Typically these percentages vary from the U.S. statutory rate of 21% primarily due to varying effective tax rates at the Company's foreign subsidiaries, and the jurisdictional mix of taxable income for these subsidiaries. The impact of equity compensation decreased the rate by 8 percentages points during the six months ended September 30, 2021. It did not have a significant impact on the rate for the three months ended September 30, 2021.

For both the three months and six months ended September 30, 2020, the rates were lower than the U.S. statutory rate as a result of the impacts associated with pre-tax losses in the U.S. related to the pension settlement expense recorded in the U.S. of $16,324,000 for the quarter and $19,046,000 for the year, respectively, the U.S. R&D credit, and the utilization of net operating losses that previously had a full valuation allowance against them.

The Company estimates that the effective tax rate related to continuing operations will be approximately 21% to 23% for fiscal 2022.

Refer to the Company's consolidated financial statements included in its 2021 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-month period ended September 30, 2021 are as follows (in thousands):

	Three months ended September 30, 2021			
	Retirement Obligations	Foreign Currency	Change in Derivatives Qualifying as Hedges	Total
Beginning balance net of tax	$ (37,453)	$ (19,700)	$ (758)	$ (57,911)
Other comprehensive income (loss) before reclassification	(17)	(4,226)	(145)	(4,388)
Amounts reclassified from other comprehensive loss	229	—	(2,850)	(2,621)
Net current period other comprehensive income (loss)	212	(4,226)	(2,995)	(7,009)
Ending balance net of tax	$ (37,241)	$ (23,926)	$ (3,753)	$ (64,920)

	Six months ended September 30, 2021			
	Retirement Obligations	Foreign Currency	Change in Derivatives Qualifying as Hedges	Total
Beginning balance net of tax	$ (37,356)	$ (21,776)	$ (854)	$ (59,986)
Other comprehensive income (loss) before reclassification	(347)	(2,150)	(1,366)	(3,863)
Amounts reclassified from other comprehensive loss	462	—	(1,533)	(1,071)
Net current period other comprehensive income (loss)	115	(2,150)	(2,899)	(4,934)
Ending balance net of tax	$ (37,241)	$ (23,926)	$ (3,753)	$ (64,920)

Details of amounts reclassified out of AOCL for the three months ended September 30, 2021 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		
	$ 308	(1)
	308	Total before tax
	(79)	Tax (benefit) expense
	$ 229	Net of tax
Change in derivatives qualifying as hedges		
	$ 44	Cost of products sold
	610	Interest expense
	(4,443)	Foreign currency
	(3,789)	Total before tax
	939	Tax (benefit) expense
	$ (2,850)	Net of tax

Details of amounts reclassified out of AOCL for the six-month period ended September 30, 2021 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		
	$ 623	(1)
	623	Total before tax
	(161)	Tax (benefit) expense
	$ 462	Net of tax
Change in derivatives qualifying as hedges		
	$ 39	Cost of products sold
	1,056	Interest expense
	(3,133)	Foreign currency
	(2,038)	Total before tax
	505	Tax (benefit) expense
	$ (1,533)	Net of tax

(1) These AOCL components are included in the computation of net periodic pension cost. (See Note 10 — Net Periodic Benefit Cost for additional details.)

15. Leases

Operating leases

The Company's operating leases consist of manufacturing facilities, sales offices, distribution centers, warehouses, vehicles, and equipment. For leases with terms greater than twelve months, at lease commencement the Company recognizes a right-of-use ("ROU") asset and a lease liability. The initial lease liability is recognized at the present value of remaining lease payments over the lease term. Leases with an initial term of twelve months or less are not recorded on the Company's Condensed Consolidated Balance Sheet. The Company recognizes lease expense for operating leases on a straight-line basis over the lease term.

The Company's operating leases have lease terms ranging from 1 to 15 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.

The following table illustrates the balance sheet classification for ROU assets and lease liabilities (in thousands):

	Balance sheet classification	September 30, 2021	March 31, 2021
Assets	Other assets	$ 31,433	$ 34,181
Current	Accrued liabilities	7,798	7,673
Non-current	Other non current liabilities	24,507	27,321
Total liabilities		$ 32,305	$ 34,994

Included in the ROU asset balance are leases held by Dorner in the amount of $587,000 as of September 30, 2021.

Operating lease expense of $2,321,000 and $4,635,000 and $2,251,000 and $4,485,000 for the three and six months ended September 30, 2021 and September 30, 2020, 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 September 30, 2021 and September 30, 2020.

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

	Six months ended	
	September 30, 2021	September 30, 2020
Cash paid for amounts included in the measurement of operating lease liabilities	$ 4,569	$ 4,344
ROU assets obtained in exchange for new operating lease liabilities	$ 1,471	$ 1,986

Finance Lease

As stated in Note 9, *Debt*, in connection with the acquisition of Dorner, the Company recorded a finance lease for a manufacturing facility in Hartland, WI that has a 23 year lease term which terminates in 2035. The outstanding balance on the finance lease obligation is $14,336,000 as of September 30, 2021, of which $515,000 has been recorded within the Current portion of long term debt and finance lease obligations and the remaining balance is recorded within Term loan and finance lease obligations on the Company's Condensed Consolidated Balance Sheet.

Similar to the Company discount rate for operating leases, the discount rate implicit within the finance lease is not readily determinable. Therefore, the Company used its estimated incremental borrowing rate in determining the present value of lease payments. The incremental borrowing rate was determined based on the Company's recent debt issuances, lease term, and the currency, and was determined to be 4.51%.

Lease expense of $250,000 and $484,000 is included in Income from operations in the three and six months ended September 30, 2021, respectively, and $163,000 and $316,000 is included in Interest and debt expense in the three and six months ended September 30, 2021, respectively, on the Company's Condensed Consolidated Statements of Operations related to the finance lease.

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

	Six months ended
	September 30, 2021
Cash paid for amounts included in the measurement of finance lease liabilities	$ 562
ROU assets obtained in exchange for new finance lease liabilities	$ 14,582

16. Effects of New Accounting Pronouncements

Topics adopted in fiscal 2022

In December 2019, the FASB issued ASU No. 2019-12, "Simplifying the Accounting for Income Taxes" (Topic 740). The standard clarifies, among other topics, that the effects of an enacted change in tax law on taxes currently payable or refundable for the current year be reflected in the computation of the annual effective tax rate in the first interim period that includes the enactment date of the new legislation. The Company adopted this standard effective April 1, 2021 and the standard did not have a material impact on the financial statements for the six months ended September 30, 2021.

Topics not yet adopted

In March 2020, the FASB issued ASU No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The ASU is elective and is relief to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. Optional expedients are provided for contract modification accounting under topics such as debt, leases, and derivatives. The optional amendments are effective for all entities as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020 through December 31, 2022. We are currently evaluating the impact the standard will have on our consolidated financial statements if we chose to elect.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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 146-year history by emphasizing technological innovation, manufacturing excellence and superior customer service. In addition, acquisitions significantly broadened our product lines and services and expanded our geographic reach, end user markets and customer base. In accordance with our Blueprint for Growth 2.0 Strategy, we are simplifying the business utilizing our 80/20 process, improving our operational excellence, and ramping the growth engine by investing in new product development and a digital platform to grow profitably. Shareholder value will be enhanced by expanding EBITDA margins and return on invested capital ("ROIC").

Our revenue base is geographically diverse with approximately 42% derived from customers outside the U.S. for the six months ended September 30, 2021. 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, 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, and construction and infrastructure.

In March 2021, the Company announced that it had entered into a definitive agreement to acquire Dorner. The acquisition of Dorner closed on April 7, 2021. Dorner, headquartered in Hartland, Wisconsin, is a leading automation solutions company providing unique, patented technologies in the design, application, manufacturing and integration of high-precision conveying systems. The acquisition of Dorner accelerates the Company's shift to intelligent motion and serves as a platform to expand capabilities in advanced, higher technology automation solutions. Dorner is a leading supplier to the stable life sciences, food processing, and consumer packaged goods markets as well as the high growth industrial automation and e-commerce sectors. The addition of Dorner provides attractive complementary adjacencies including sortation and asynchronous conveyance systems.

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 quote 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 $255 million in fiscal 2021 (or 59% 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. 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 companywide basis through our global purchasing group. Currently, as a result of supply chain challenges, we are experiencing higher raw material costs. To date, we have raised prices to our customers to cover these increased raw material costs.

We operate in a highly competitive and global business environment. We face a variety of opportunities in those markets and geographies, including trends toward increasing productivity of the global labor force 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 September 30, 2021 and September 30, 2020

Net sales in the fiscal 2022 quarter ended September 30, 2021 were $223,635,000, up $65,845,000 or 41.7% from the fiscal 2021 quarter ended September 30, 2020 net sales of $157,790,000. Net sales were positively impacted by the acquisition of Dorner which contributed $33,539,000, $26,402,000 due to increased sales volume, and $4,014,000 due to price increases. Foreign currency translation favorably impacted sales by $1,890,000 for the three months ended September 30, 2021.

Gross profit in the fiscal 2022 quarter ended September 30, 2021 was $81,135,000, an increase of $25,110,000 or 44.8% from the fiscal 2021 quarter ended September 30, 2020 gross profit of $56,025,000. Gross profit margin was 36.3% in the fiscal 2022 second quarter compared to 35.5% in the fiscal 2021 second quarter. The increase in gross profit was due to $13,288,000 in gross profit as a result of the acquisition of Dorner, higher sales volume which increased gross profit by $8,244,000, $5,489,000 in increased productivity net of other cost changes, $860,000 of price increases net of material inflation, and $493,000 in costs incurred in the prior year quarter due to factory closures that did not reoccur. These gross profit increases were offset by a prior year gain in the amount of $2,189,000 recorded for a building sold in China, $914,000 in business realignment costs, and $787,000 in increased tariffs. The translation of foreign currencies had a $626,000 favorable impact on gross profit in the three months ended September 30, 2021.

Selling expenses were $24,157,000 and $18,563,000, or 10.8% and 11.8% of net sales, in the fiscal 2022 and 2021 second quarters, respectively. Selling expense increased by $3,589,000 for costs incurred by Dorner and $211,000 in business realignment costs during the three months ended September 30, 2021. Foreign currency translation had a $243,000 unfavorable impact on selling expenses in the three months ended September 30, 2021.

General and administrative expenses were $23,208,000 and $15,554,000, or 10.4% and 9.9% of net sales, in the fiscal 2022 and 2021 second quarters, respectively. The increase in general and administrative expenses was due to $2,754,000 in general and administrative expenses incurred by Dorner, $2,218,000 in higher incentive compensation expense and stock compensation expense, $1,500,000 in consulting costs to execute our Blueprint for Growth 2.0 Strategy, and $632,000 in acquisition integration expenses in the three months ended September 30, 2021. Foreign currency translation had a $140,000 unfavorable impact on general and administrative expenses in the three months ended September 30, 2021.

Research and development expenses were $3,825,000 and $2,896,000, or 1.7% and 1.8% of net sales, in the fiscal 2022 and 2021 second quarters, respectively. The increase in research and development expenses was due to $409,000 in research and development expenses incurred by Dorner and $122,000 in higher incentive compensation expense and stock compensation expense.

Amortization of intangibles was $6,285,000 and $3,192,000 in the fiscal 2022 and 2021 second quarters, respectively, with the increase related to new intangible assets recorded from the Dorner acquisition.

Interest and debt expense was $4,587,000 in the second quarter ended September 30, 2021 compared to $3,018,000 in the second quarter ended September 30, 2020. The increase is related to higher interest and debt expense incurred on the Company's new Term Loan B as a result of the Dorner acquisition and debt refinancing.

Investment income of $115,000 and $357,000 in the second quarters ended September 30, 2021 and 2020, respectively, related to earnings on 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 was $539,000 in the second quarter ended September 30, 2021 compared to other expense of $16,911,000 in the second quarter ended September 30, 2020. The prior year expense primarily related to a $16,324,000 settlement charge as a result of the termination of one of the Company's U.S. pension plans, as described in Note 10 of the financial statements. There were no similar expenses incurred in the second quarter of fiscal 2022.

Income tax expense as a percentage of income from continuing operations before income tax expense was 21% and 1% in the second quarters ended September 30, 2021 and September 30, 2020, respectively. Typically these percentages vary from the

U.S. statutory rate of 21% primarily due to varying effective tax rates at the Company's foreign subsidiaries, and the jurisdictional mix of taxable income for these subsidiaries.

For the quarter ended September 30, 2020, the rate was lower than the U.S. statutory rate as a result of the impacts associated with pre-tax losses in the U.S. related to the pension settlement expense described above, the U.S. R&D credit, and the utilization of net operating losses that previously had a full valuation allowance against them.

The Company estimates that the effective tax rate related to continuing operations will be approximately 21% to 23% for fiscal 2022.

Six Months Ended September 30, 2021 and September 30, 2020

Net sales in the six months ended September 30, 2021 were $437,099,000, up $140,239,000 or 47.2% from the fiscal 2021 six months ended September 30, 2020 net sales of $296,860,000. Net sales were positively impacted by the acquisition of Dorner which contributed $67,718,000, $57,720,000 due to increased sales volume, and $5,971,000 due to price increases. Foreign currency translation favorably impacted sales by $8,830,000 for the six months ended September 30, 2021.

Gross profit in the six months ended September 30, 2021 was $155,198,000, an increase of $54,376,000 or 53.9% from the six months ended September 30, 2020 gross profit of $100,822,000. Gross profit margin was 35.5% in the six months ended September 30, 2021 compared to 34.0% in the six months ended September 30, 2020. The increase in gross profit was due to $27,260,000 in gross profit as a result of the acquisition of Dorner, higher sales volume which increased gross profit by $19,866,000, $8,263,000 in increased productivity net of other cost changes, $2,421,000 in costs incurred in the prior year due to factory closures that did not reoccur, $1,598,000 of price increases net of material inflation, and $329,000 in integration related severance costs incurred in the prior year that did not reoccur. These gross profit increases were offset by $2,981,000 in acquisition related inventory amortization at Dorner, a prior year gain in the amount of $2,189,000 recorded for a building sold in China that did not reoccur, $1,737,000 in increased tariffs, $914,000 in business realignment costs, and $521,000 in acquisition costs related to a transaction bonus classified as Cost of products sold. The translation of foreign currencies had a $2,981,000 favorable impact on gross profit in the six months ended September 30, 2021.

Selling expenses were $47,639,000 and $37,258,000, or 10.9% and 12.6% of net sales, in the six months ended September 30, 2021 and 2020, respectively. Selling expense increased by $6,700,000 for costs incurred by Dorner. The remaining increase relates to variable selling costs which have increased with sales as well as higher personnel costs as a result of annual merit increases. Foreign currency translation had a $1,179,000 unfavorable impact on selling expenses in the six months ended September 30, 2021.

General and administrative expenses were $53,351,000 and $33,983,000, or 12.2% and 11.4% of net sales, in the six months ended September 30, 2021 and 2020, respectively. The increase in general and administrative expenses was due to $8,977,000 in acquisition expenses, which include costs related to a transaction bonus which are classified as general and administrative expense, $5,225,000 in general and administrative expenses incurred by Dorner, $3,780,000 in higher incentive compensation expense and stock compensation expense, $1,500,000 in consulting costs to execute our Blueprint for Growth 2.0 Strategy, and $516,000 in higher business realignment costs in the six months ended September 30, 2021. These increases were offset by $1,521,000 in reduced bad debt expense in the six months ended September 30, 2021 compared to the six months ended September 30, 2020 as a result of improving economic conditions due to the lessening impact of COVID-19 in the six months ended September 30, 2021. Foreign currency translation had a $610,000 unfavorable impact on general and administrative expenses in the six months ended September 30, 2021.

Research and development expenses were $7,408,000 and $5,665,000, or 1.7% and 1.9% of net sales, in the six months ended September 30, 2021 and 2020, respectively. The increase in research and development expenses was due to $737,000 in research and development expenses incurred by Dorner and $324,000 in higher incentive compensation expense and stock compensation expense.

Amortization of intangibles was $12,394,000 and $6,307,000 in the six months ended September 30, 2021 and 2020, respectively, with the increase related to new intangible assets recorded from the Dorner acquisition.

Interest and debt expense was $10,399,000 in the six months ended September 30, 2021 compared to $6,206,000 in the six months ended September 30, 2020. The increase is related to higher interest and debt expense incurred on the Company's Bridge Facility and new Term Loan B as a result of the Dorner acquisition and debt refinancing.

The Company incurred $14,803,000 in Cost of debt refinancing during the six months ended September 30, 2021 as a result of the Dorner acquisition and related refinancing as described in Note 9 of the financial statements. There were no similar expenses incurred in the six months ended September 30, 2020.
Investment income of $548,000 and $934,000 in the six months ended September 30, 2021 and 2020, respectively, related to earnings on 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 was $289,000 in the six months ended September 30, 2021 compared to other expense of $19,937,000 in the six months ended September 30, 2020. The prior year expense primarily related to a $19,046,000 settlement charge as a result of the termination of one of the Company's U.S. pension plans, as described in Note 10 of the financial statements. There were no similar expenses incurred in the six months ended September 30, 2021.

Income tax expense as a percentage of income from continuing operations before income tax expense was 16% and 12% in the six months ended September 30, 2021 and September 30, 2020, respectively. Typically these percentages vary from the U.S. statutory rate of 21% primarily due to varying effective tax rates at the Company's foreign subsidiaries, and the jurisdictional mix of taxable income for these subsidiaries. The impact of equity compensation decreased the rate by 8 percentages points during the six months September 30, 2021.

For the six months ended September 30, 2020, the rate was lower than the U.S. statutory rate as a result of the impacts associated with pre-tax losses in the U.S. related to the pension settlement expense described above, the U.S. R&D credit, and the utilization of net operating losses that previously had a full valuation allowance against them.

Liquidity and Capital Resources

Cash, cash equivalents, and restricted cash totaled $105,561,000 at September 30, 2021, a decrease of $96,816,000 from the March 31, 2021 balance of $202,377,000.

Cash flow from operating activities

Net cash provided by operating activities was $17,942,000 for the six months ended September 30, 2021 compared to $46,943,000 for the six months ended September 30, 2020. Net income of $7,940,000 along with non-cash adjustments to net income of $44,682,000, of which $20,969,000 is from Depreciation and amortization and $14,803,000 is from Cost of debt refinancing as a result of the Dorner acquisition, were the primary drivers contributing to cash provided by operations for the six months ended September 30, 2021. These increases in cash for the six months ended September 30, 2021 were offset by an increase of $21,959,000 in inventories as the Company increased inventory due to current supply chain constraints, a decrease in trade accounts payable of $6,274,000, a decrease of $2,001,000 in accrued expenses and non-current liabilities, and an increase in trade accounts receivable of $1,709,000. The decrease in accrued expenses and non-current liabilities primarily consists of the fiscal 2021 annual incentive plan payments, which were paid in the quarter ended June 30, 2021, a decrease in customer deposits as well as $4,569,000 in cash paid for amounts included in the measurement of operating lease liabilities during the six months ended September 30, 2021.

The net cash provided by operating activities for the six months ended September 30, 2020 primarily consisted of a decrease in trade accounts receivable of $33,594,000, non-cash adjustments to net income of $32,417,000, and a decrease in inventory of $18,987,000 for the six months ended September 30, 2020.

Cash flow from investing activities

Net cash used by investing activities was $480,797,000 for the six months ended September 30, 2021 compared with net cash provided by investing activities of $2,536,000 for the six months ended September 30, 2020. The most significant use of cash was $472,954,000 to purchase Dorner, net of cash acquired, as well as $6,752,000 in capital expenditures.

The net cash provided by investing activities for the six months ended September 30, 2020 was primarily due to $5,453,000 in proceeds received from a sale of a building owned in China, offset by $2,779,000 in capital expenditures.

Cash flow from financing activities

Net cash provided by financing activities was $366,860,000 for the six months ended September 30, 2021 and $18,536,000 for the six months ended September 30, 2020. The most significant sources of cash were $650,000,000 in gross proceeds from the

issuance of long term debt and $207,000,000 in gross proceeds from an equity offering, both of which were used to fund the Dorner acquisition. These sources of cash were offset by $461,286,000 in repayments of debt, $25,292,000 in fees related to the debt and equity offering, and dividends paid in the amount of $3,145,000. As noted in Note 8 of the financial statements, during the second quarter of fiscal 2022, the Company modified its cross currency swap and interest rate swap. As such, the associated cash flows from hedging activities are classified as financing activities in the Statement of Cash Flows which resulted in a net cash inflow of $80,000 during the six months ended September 30, 2021.

The most significant source of cash for the six months ended September 30, 2020 was $25,000,000 from borrowings on the Revolver, offset by $2,225,000 in repayments on the prior Term Loan, and dividends paid in the amount of $2,860,000.

We believe that our cash on hand, cash flows, and borrowing capacity under our new First Lien 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. Additionally we expect to meet our U.S. funding needs without repatriating non-U.S. cash and incurring incremental U.S. taxes. As of September 30, 2021, $62,824,000 of cash and cash equivalents were held by foreign subsidiaries.

On January 31, 2017 the Company entered into a Credit Agreement ("Credit Agreement") and $545,000,000 of debt facilities ("Facilities") in connection with the STAHL acquisition. The Facilities consist of a Revolving Facility ("Revolver") in the amount of $100,000,000 and a $445,000,000 First Lien Term Loan ("Term Loan"). The Term Loan had a seven-year term maturing in 2024. On August 26, 2020, the Company entered into a Second Amendment to the Credit Agreement (as amended by the First Amendment, dated as of February 26, 2018). The Second Amendment extended the $100,000,000 secured Revolver which was originally set to expire on January 31, 2022 to August 25, 2023.

As discussed in Note 2 of the financial statements, the Company completed its acquisition of Dorner on April 7, 2021 and entered into a $750,000,000 First Lien Facility with JPMorgan Chase Bank, PNC Capital Markets LLC, and Wells Fargo Securities LLC. The First Lien Facility consists of a New Revolving Credit Facility in an aggregate amount of $100,000,000 and a $650,000,000 Bridge Facility. Proceeds from the Bridge Facility were used, among other things, to finance the purchase price for the Dorner acquisition, pay related fees, expenses and transaction costs, and refinance the Company's outstanding borrowings under its prior Term Loan and Revolver.

In addition to the debt borrowing described above, the Company commenced and completed an underwritten public offering of 4,312,500 shares of its common stock at a price of $48.00 per share for total gross proceeds of $207,000,000. The Company used all of the net proceeds from the equity offering to repay in part outstanding borrowings under its Bridge Facility. The equity offering closed on May 4, 2021. Following the repayment of outstanding borrowings under the Bridge Facility, the Bridge Facility was refinanced with a syndicated Term Loan B facility.

The key terms of the Term Loan B facility are as follows:

1) Term Loan B: An aggregate $450,000,000 Term Loan B facility, which requires quarterly principal amortization of 0.25% with the remaining principal due at the maturity date. In addition, if the Company has Excess Cash Flow (ECF) as defined in the Credit Agreement for the First Lien Facility (the “Credit Agreement”), the ECF Percentage of the Excess Cash Flow for each fiscal year minus optional prepayments of the Loans (except prepayments of Revolving Loans that are not accompanied by a corresponding permanent reduction of Revolving Commitments) pursuant to Section 2.10(a) of the Credit Agreement other than to the extent that any such prepayment is funded with the proceeds of Funded Debt, shall be applied toward the prepayment of the Term Loan B facility. The ECF Percentage is defined as 50% stepping down to 25% or 0% based on the achievement of specified Secured Leverage Ratios as of the last day of such fiscal year.

2) Revolver: An aggregate $100,000,000 secured revolving facility which includes sublimits for the issuance of standby letters of credit, swingline loans and multi-currency borrowings in certain specified foreign currencies.

3) Fees and Interest Rates: Commitment fees and interest rates are determined on the basis of either a Eurocurrency rate or a Base rate plus an applicable margin, which is based upon the Company's Total Leverage Ratio (as defined in the Credit Agreement) in the case of Revolver loans.

4) Prepayments: Provisions permitting a Borrower to voluntarily prepay either the Term Loan B facility or Revolver in whole or in part at any time, and provisions requiring certain mandatory prepayments of the Term Loan B facility or Revolver on the occurrence of certain events which will permanently reduce the commitments under the Credit Agreement, each without premium or penalty, subject to reimbursement of certain costs of the Lenders. A prepayment premium of 1%

of the principal amount of the First Lien Term Facility is required if the prepayment is associated with a Repricing Transaction and it were to occur within the first six months following the closing date.

5) Covenants: Provisions containing covenants required of the Company and its subsidiaries including various affirmative and negative financial and operational covenants. The key financial covenant is triggered only on any date when any Extension of Credit under the New Revolving Credit Facility is outstanding (excluding any Letters of Credit) (the "Covenant Trigger"), and prohibits the Total Leverage Ratio for the Reference Period ended on such date from exceeding (i) 6.75:1.00 as of any date of determination prior to June 30, 2021, (ii) 5.50:1.00 as of any date of determination on June 30, 2021 and thereafter but prior to June 30, 2022, (iii) 4.50:1.00 as of any date of determination on June 30, 2022 and thereafter but prior to June 30, 2023 and (iv) 3.50:1.00 as of any date of determination on June 30, 2023 and thereafter.

6) Collateral: Obligations under the First Lien Facilities are secured by liens on substantially all assets of the Company and its material domestic subsidiaries.

In the first six months of fiscal 2022, the Company incurred $14,803,000 in debt extinguishment costs of which $5,946,000 relates to the Company's prior Term Loan, $326,000 relates to the Company's prior Revolver, and $8,531,000 relates to fees paid on the portion of the First Lien Facilities that were associated with the Bridge Facility, all of which were incurred in the first quarter of fiscal 2022. These costs are classified as Cost of debt refinancing in the Condensed Consolidated Statements of Operations.

Further, in the first quarter of fiscal 2022 the Company recorded $5,432,000 in deferred financing costs on the First Lien Term Facility, which will be amortized over seven years. The Company recorded $4,027,000 in deferred financings costs on the New Revolving Credit Facility, of which $3,050,000 is related to the New Revolving Credit Facility and $977,000 is carried over from the Company's prior Revolver as certain Revolver lenders increased their borrowing capacity. These balances will be amortized over five years and classified in Other assets since no funds were drawn on the New Revolving Credit Facility.

The outstanding principal balance of the Term Loan B facility was $443,875,000 as of September 30, 2021. The Company made $6,125,000 in principal payments on the Term Loan B facility during the six months ended September 30, 2021 of which $1,125,000 was required. No payments were made during the first quarter of fiscal 2022. The Company is obligated to make $4,500,000 of principal payments on the Term Loan B facility over the next 12 months plus applicable ECF payments, if required, however, plans to pay down approximately $60,000,000 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.

There were no outstanding borrowings and $17,196,000 in outstanding letters of credit issued against the New Revolving Credit Facility as of September 30, 2021. The outstanding letters of credit as of September 30, 2021 consisted of $701,000 in commercial letters of credit and $16,495,000 of standby letters of credit.

The gross balance of deferred financing costs on the Term Loan B facility was $5,432,000 as of September 30, 2021 and $14,690,000 on the prior Term Loan as of March 31, 2021. The accumulated amortization balances were $463,000 and $8,744,000 as of September 30, 2021 and March 31, 2021, respectively.

The gross balance of deferred financing costs associated with the New Revolving Credit Facility was $4,027,000 as of September 30, 2021 and the prior Revolver was $3,615,000 as of March 31, 2021, which are included in Other assets on the Condensed Consolidated Balance Sheet. The accumulated amortization balances were $403,000 and $2,313,000 as of September 30, 2021 and March 31, 2021, respectively.

In connection with Dorner acquisition, the Company recorded 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 $14,336,000 as of September 30, 2021 of which $515,000 has been recorded within the Current portion of long term debt and the remaining balance recorded within Term loan and revolving credit facility on the Company's Condensed Consolidated Balance Sheet. See Note 15 of the financial statements, 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 September 30, 2021, unsecured credit lines totaled approximately $2,547,000, of which $0 was drawn. In addition, unsecured lines of $15,651,000 were available for bank guarantees issued in the normal course of business of which $12,911,000 was utilized.

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 six months ended September 30, 2021 and September 30, 2020 were $6,752,000 and $2,779,000, respectively. We expect capital expenditure spending in fiscal 2022 to range from $18,000,000 to $22,000,000, of which $3,000,000 to $4,000,000 is attributable to Dorner.

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 levels over such periods due to our ability to pass on rising costs through annual price increases. However, increases in U.S. employee benefits costs such as health insurance and workers compensation insurance have exceeded general inflation levels. In the future, we may be further affected by inflation that we may not be able to pass on as price increases. With changes in worldwide demand for steel and fluctuating scrap steel prices over the past several years, we experienced fluctuations in our costs that we have reflected as price increases to our customers. We believe we have been successful in instituting price increases to pass on these material cost increases. We will continue to monitor our costs and reevaluate our pricing policies.

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.). With the acquisition of Dorner, we have three reporting units: the Duff Norton reporting unit, the Rest of Products reporting unit, and the Dorner reporting unit which have goodwill totaling $9,699,000, $318,990,000, and $286,640,000, respectively, as of September 30, 2021.

We currently do not believe that it is more likely than not that the fair value of each 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 Annual Report on Form 10-K for fiscal year 2021 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.

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"). Forward-looking statements include statements relating to:

- the impact of COVID-19 on our business;
- future development and expected growth of our business and industry;
- our ability to execute our business model, our Columbus McKinnon Business System operating system and our Blueprint for Growth 2.0 Strategy;
- plans to repay additional principal on the Term Loan B facility during future periods;
- having available sufficient cash and borrowing capacity to fund ongoing operations, debt obligations and capital expenditures for the next twelve months; and
- projected capital expenditures.

Such statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from the results expressed or implied by such statements, including general economic and business conditions, including the impact of the COVID-19 pandemic, conditions affecting the industries served by us and our subsidiaries, conditions affecting our customers and suppliers, competitor responses to our products and services, the overall market acceptance of such products and services, the integration of acquisitions, including the acquisition of Dorner, and other risks and uncertainties that arise from time to time are described in Item 1A "Risk Factors" of our Annual Report on Form 10-K and in other periodic filings with the SEC. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary factors and to others contained throughout this Quarterly Report on Form 10-Q. We use words like "will," "may," "should," "plan," "believe," "expect," "anticipate," "intend," "future" and other similar expressions to identify forward looking statements. These forward looking statements speak only as of their respective dates and are based on our current expectations. Except as required by applicable law, we do not undertake and specifically decline any obligation to publicly release any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated changes. Actual events or our actual operating results could differ materially from those predicted in these forward-looking statements, and any other events anticipated in the forward-looking statements may not actually occur.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the market risks as previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2021.

Item 4. Controls and Procedures

As of September 30, 2021, an evaluation was performed under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief 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 September 30, 2021.

There have been no 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 – none.

Item 1A. Risk Factors

There have been no material changes from the risk factors as previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds – none.

Item 3. Defaults upon Senior Securities – none.

Item 4. Mine Safety Disclosures – Not applicable

Item 5. Other Information – none.

Item 6. Exhibits

Exhibit 10.1*	Retirement Agreement, dated as of May 28, 2021, by and between Columbus McKinnon Corporation and Peter M. McCormick.
Exhibit 10.2*	Amendment No. 1 to the Columbus McKinnon Corporation 2016 Long Term Incentive Plan, as amended and restated effective June 5, 2019.
Exhibit 31.1*	Certification of Chief 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.
Exhibit 31.2*	Certification of Chief 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 and six months ended September 30, 2021 formatted in iXBRL.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
Exhibit 104*	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document)

* Filed 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: October 28, 2021

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

RETIREMENT AGREEMENT

THIS RETIREMENT AGREEMENT (the "Agreement") is entered into as of May 28, 2021 by and between Columbus McKinnon Corporation, a New York corporation (the "Company") and Peter M. McCormick (the "Executive").

RECITALS

WHEREAS Executive is currently serving as the Vice President Crane Solutions Group for the Company,

WHEREAS, Executive will announce that he intends to retire from his position;

WHEREAS, Executive desires to assist the Company in realizing an orderly transition and agrees to the restrictions on competition, solicitation, non-disparagement, and confidential information contained herein as consideration for this Agreement; and

WHEREAS, in furtherance of the foregoing, the Executive and the Company have negotiated and reached an agreement with respect to all rights, duties and obligations arising between them, including, but in no way limited to, any rights, duties and obligations that have arisen or might arise out of or are in any way related to the Executive's continued employment with the Company and the conclusion of that employment (other than as specifically provided in this Agreement).

NOW THEREFORE, in consideration of the covenants and mutual promises recited below and in particular the Covenants (as defined below) and Releases (as defined below), the parties agree as follows:

1. Retirement and Termination of Employment.

(a) The Company shall employ, and Executive agrees to continue to be employed and serve in an advisory role from the date hereof until the 30th day of June 2021 (the "Separation Date").

(b) Executive shall be paid his regular base salary at the rate as in effect on the date hereof and shall continue to be eligible for all employee benefits for which he is eligible on the date hereof through the Separation Date. During the period from the date hereof until the Separation Date, Executive shall assist with the transition of his duties and responsibilities as requested.

(c) For the purposes of this Agreement,

(i) "Cause" shall mean (A) Executive's willful misconduct, which, in the good faith judgment of the Company, has caused or is reasonably expected to result in material injury to the business performance or business reputation of the Company, (B) Executive's willful failure to perform his material duties and responsibilities to the Company, (C) knowing breach of Executive's material obligations under this Agreement or any of the Company's material written policies or procedures, including, but not limited

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to, the Company's Code of Conduct and its written policies and procedures regarding sexual harassment, computer access and insider trading, (D) Executive's commission of an act of fraud or embezzlement, (E) Executive's breach of any fiduciary duty owed to the Company, (F) Executive's conviction of, or plea of guilty or nolo contendere to, (x) any felony or (y) with respect to his employment, any misdemeanor that is materially injurious to the Company, in each case (A) through (F), as determined by the Company, after a reasonable and good faith investigation, which determination shall be conclusive; provided, however, that Cause shall not exist under any of the events listed in (A) through (F) unless the Company gives written notice to Executive where such notice describes with particularity the alleged acts at issue and has given Executive the opportunity to be heard at a meeting of the Company, with counsel, and the Company provides Executive with a summary of its findings.

2. Executive acknowledges that he shall not be entitled to receive any of the consideration in this Paragraph 2 until after he executes this Agreement and does not revoke such execution as provided for in Paragraphs 7(b) and 7(c) of this Agreement or is terminated prior to the Separation Date for Cause. Executive further acknowledges that the consideration outlined in this Paragraph 2(c)(d)(e) and (f) is consideration that he would not otherwise be entitled to, but for his execution of this Agreement and Release. Executive shall receive the following:

(a) Executive will remain eligible for an award under the Company's Annual Incentive Plan ("AIP") based on the Company's performance for fiscal 2021, payable upon the same terms as all other participants in the Annual Incentive Plan. The Company will pay the Executive at the same time as awards are payable to all employees under the Company's AIP for fiscal 2021, but no later than June 30, 2021. Fiscal year 2021 AIP Target payout was reduced by 50% due to COVID-19. Executive's fiscal year 2021 AIP Target payout is $93,330. Executive's fiscal year 2021 AIP rating is 179.76% of revised Target, Executive's AIP payout is $167,770. .

(b) All Company Options and all forms of Restricted Shares or Units (e.g., RSUs, PSUs) granted to Executive, to the extent that they are not vested on or by June 30, 2021, excluding the January 2020 retention equity grant of 2,819 RSUs which shall vest on Executive's Retirement Date, shall be forfeited at the close of business on this date. Any Options vested to Executive on June 30, 2021, shall expire at the close of business on the 30th day following the later of (i) June 30, 2021 or (ii) the date on which any period which prohibits Executive from trading in securities of the Company due to Executive's knowledge of material non-public information ends.

(c) Following the Separation Date, the Executive and his eligible dependents will be eligible for coverage under a Company's group health plan under COBRA if they are enrolled in the group health plan on the day before the Executive's Separation Date and are otherwise eligible for COBRA. The Company agrees to pay Executive's COBRA payments for Twelve Months (12 months) from the Separation Date, including medical ($1,800.31), dental ($85.31) and vision ($20.42) totaling $1,906.04. The Company will set up a subsidy in Discovery Benefits and make the payments direct on behalf of Executive. The Company acknowledges the COBRA subsidy could change effective January 2022 and will cover any increases in coverage payments. The Company reserves the right to modify or discontinue the COBRA subsidy to the extent the Company deems it necessary to comply with applicable law.

(d) The Company will pay Executive a one-time lump sum payment of Ten Thousand Dollars ($10,000) on the Separation Date for outplacement services.

(e) The Company will make a one-time payment to Executive on the Separation Date in the amount of Three Hundred Seventy-Three Thousand Three Hundred Twenty Dollars ($373,320).

(f) Executive may retain his Company-issued laptop (including, docking station, keyboard, monitors, and mouse), and cell phone with the understanding that all Company-related information will be deleted from such devices.

(g) 144 hours of accrued vacation through the Separation Date, less any vacation taken before the Separation Date.

3. All payments required to be made by the Company hereunder to the Executive will be subject to withholding of such amounts relating to taxes as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation.

4. As a material inducement for the Company to enter into this Agreement and in exchange for the consideration set forth in Paragraph 2 of this Agreement, the Executive hereby RELEASES and DISCHARGES the Company and its subsidiaries, affiliates and parent companies, successors and assigns and their present and former owners, officers, directors, representatives, managers, supervisors, agents, stockholders, employee benefit plan fiduciaries, and current and former employees in their individual and representative capacities to the full extent permitted by law, as well as any parent companies' subsidiaries, affiliates, successors and assigns and their present and former owners, officers, directors, representatives, managers, supervisors, agents, stockholders, employee benefit plan fiduciaries, and current and former employees in their individual and representative capacities to the full extent permitted by law (collectively all of the above is referred to hereinafter as the "Releasees"), from all actions, causes of action, suits, charges, claims, and complaints that Executive has or may have against the Releasees, relating to acts, occurrences, or events arising on or before the date of this Agreement, including all claims involving the continuing effects of such acts, occurrences, or events, whether known or unknown, asserted or unasserted. Executive acknowledges that such release includes, to the full extent permitted by law, all rights and claims relating to his employment with the Company, and/or his separation from such employment, whether before courts, administrative agencies, or other forums whomever situated, including, but not limited to, the following:

(i) claims arising out of any oral or written contract of employment, express or implied, or any oral or written agreement, express or implied, or any claim of promissory estoppel,

(ii) claims of discrimination, harassment and/or retaliation of any type or on any basis under Federal, State or local law, regulation, ordinance or order including, but not limited to: claims under Title VII of the Civil Rights Act of 1964 ("Title VII"); claims under the Civil Rights Act of 1866; claims under the Americans With Disabilities Act ("ADA"); claims under the Equal Pay Act, as amended ("EPA"); claims under 42 U.S.C. §1981, as amended; claims under the Employee Retirement Income Security Act of

1974, as amended; claims under Executive Order 11246; claims under the Vietnam-Era Veterans' Readjustment Assistance Act of 1974, as amended; claims under the Rehabilitation Act of 1973, as amended; claims under the Immigration and Nationality Act, as amended; claims under the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended; claims under the National Labor Relations Act, as amended; claims under the Worker Adjustment Retraining and Notification Act; claims under Section 806 of the Sarbanes-Oxley Act of 2002, as amended; claims under the Family and Medical Leave Act of 1993, as amended; claims under the Genetic Information Nondiscrimination Act of 2008; claims under the New York State Human Rights Law and the Wisconsin Fair Employment Law; claims under the New York and Wisconsin State Worker Adjustment and Retraining Notification Act, as amended; and all other claims of discrimination, harassment or retaliation of any type or on any basis;

(iii) any other claims arising out of or under any federal, state, or local law, rule, regulation, constitution, executive order or guideline of any description, as amended, including, but not limited to, those laws described above, or any rule or principle of equity or common law, or any claim relating to the payment of wages or benefits, any claim of wrongful discharge, defamation, or any other intentional or unintentional tort, or any claim of loss of consortium, or any claim of negligent performance of contractual obligations, breach of the covenant of good faith and fair dealing, or tortious interference with business and/or contractual relationship (or prospective relationship), or any claimed violation of the penal statutes, or any whistleblower or retaliatory discharge claim or any claim of denial of substantive or procedural Due Process or Equal Protection;

(iv) any other claim of any type relating to Executive's employment by with Company or to wages or benefits payable to Executive arising out of same; and

(v) any claim for attorneys' fees and costs.

(b) As a material inducement for the Company to enter into this Agreement and in exchange for the consideration contained in Paragraph 2, the Executive hereby RELEASES and DISCHARGES the Releasees to the full extent permitted by law from all rights and claims relating to his employment with the Company, including any and all claims of discrimination, harassment and/or retaliation, whether before courts, administrative agencies, or other forums wherever situated under the Age Discrimination in Employment Act ("ADEA") and the Older Workers' Benefit Protection Act of 1990, and all associated claims for attorneys' fees.

(c) Executive agrees that the Release set forth in this Paragraph 4 includes, but is not limited to, a waiver, discharge and release by the Employee of the Company and other Releasees from any damages or relief of whatever nature or description, including, but not limited to, compensatory, liquidated and punitive damages and equitable forms of relief, as well as any claim for attorneys' fees or costs, which may arise from any of the claims waived, discharged or released. Employee agrees that the Release set forth in this Paragraph 4 may be enforced in any court, federal, state or local, and before any administrative agency or body, federal, state or local.

5. Executive acknowledges that he has not heretofore filed any claims against the Releasees in a court of law or with an administrative agency. Except as otherwise provided in this

Agreement, Executive agrees not to commence or continue any action or proceeding in any court, federal, State or local, concerning Executive's employment with the Company or any other matters included in the Release set forth in Paragraph 4 of this Agreement or any claim waived and released in the Release set forth in Paragraph 4 of this Agreement. Executive also agrees, except as otherwise provided in this Agreement, that if a claim or anything else included in the Release set forth in Paragraph 4 of this Agreement should be prosecuted in his name before any court or administrative agency, he waives and agrees not to take any award of money or other damages.

6. Executive understands that the Company makes no representation regarding the tax consequences or liability arising from any payments under this Agreement. Executive understands and agrees that he will be responsible for any and all income tax liability which may be due or become due on any part of the payments made hereunder and that he will pay any such taxes that may be due or become due. The Company has no monetary liability or obligation regarding payment whatsoever and Executive agrees to bear all tax consequences, if any, attendant to the payment to him of the amounts hereunder. Executive further agrees to indemnify the Company against and hold the Company harmless from any and all liability for income taxes imposed by any federal, state or local taxing authority, as well as liability for any fines, penalties and interest which may be imposed on the Company on the payments hereunder, in the event of such determination by any taxing authority. In the event the Company receives written notice that any claim or assessment for taxes, withholding obligations, penalties and/or interest arising out of this Agreement are being or will be made against the Company, the Company shall promptly, after receipt of such written notice, notify Executive by letter sent to his appointed counsel or to Executive directly in the event he is not represented by counsel.

7. Executive acknowledges and agrees, in accordance with the terms of the ADEA, as amended by the Older Workers Benefit Protection Act, that:

(a) Prior to the execution of this Agreement, he was advised separately and in writing_ to seek the advice and counsel of an attorney regarding the contents of this Agreement. Executive further acknowledges that he has consulted with an attorney and/or has been given every opportunity to so consult one, and that he has entered into this Agreement knowingly, voluntarily and of his own free will, without any fraud, duress, coercion, or any undue influence from any person or entity, including, but not limited to, the Company, any Releasee or any of their representatives including their attorneys.

(b) He has been given more than twenty-one (21) days in which to consider the terms of this Agreement. To the extent Executive desires to execute this Agreement prior to the conclusion of the twenty-one (21) day period, Executive acknowledges that he will only do so in a knowing and voluntary manner and of his own free will and on advice of counsel.

(c) This Agreement may be revoked by Executive within seven (7) days after the date this Agreement is signed by Executive, by giving notice of revocation to Alan Korman, Vice President - General Counsel and Corporate Secretary. This Agreement shall not become effective or enforceable until the revocation period has expired and none of the payments provided or benefits described in Paragraph 2 of this Agreement shall be made or provided until after the revocation period has expired with no revocation. All monies will be paid during the next pay period following the expiration of the revocation period.

(d) Executive is receiving payment and other consideration (as outlined in Paragraph 2 of this Agreement) from the Company that he would not otherwise be entitled to.

8. Notwithstanding any other provision of this Agreement, nothing shall preclude Executive from filing a charge with the United States Equal Employment Opportunity Commission ("EEOC") under Title VII, the ADEA, ADA or EPA or testifying, assisting or participating in any manner in an EEOC investigation, hearing or proceeding. Provided further, however, that Executive acknowledges that he has waived any right to personal recovery of money or personal relief under Title VII, the ADEA, ADA and EPA. Executive further agrees that if any such claim is prosecuted in his name before any court or administrative agency, he waives and agrees not to take any award of money or other damages from such suit.

9. Executive intends this Agreement to be binding upon him, his estate, heirs, administrators, representatives, executors, successors and assigns, and shall inure to the benefit of the Company and any of the Releasees and each of them, and to their successors and assigns.

10. Executive represents that he has not heretofore assigned or transferred, or purported to assign or transfer, to any person or entity, any claim or any portion of this Agreement.

11. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to its choice of law provisions, as well as the laws of the United States of America. The language of all parts of this Agreement shall in all cases be construed as a whole and according to its fair meaning. In the event that any provision of this Agreement is found invalid or unenforceable under law, that shall not affect the validity or enforceability of the remaining provisions and said illegal or invalid part, term, or provision shall be deemed not to be a part of this Agreement. The parties consent and agree to the exclusive jurisdiction of the federal and state courts located in Erie County, State of New York.

12. Any additions, changes or modifications to this Agreement are only effective if stated in writing by the General Counsel of the Company and duly executed by the General Counsel.

13. Executive, before signing, both by himself and through his attorney had an opportunity to discuss the terms of this Agreement with appropriate officials of the Company, and Executive represents and acknowledges that in executing this Agreement he does not rely, and has not relied, upon any representation or statement made by the Company, or any of the Releasees or their agents, representatives or attorneys with regard to the subject matter, basis, content or effect of this Agreement or otherwise. This Agreement represents a complete and entire understanding of the terms and conditions of Executive's retirement from employment and any prior conduct, course of dealing, or verbal or written agreements are merged herein.

14. This Agreement shall not in any way be construed as an admission by the Company of any acts of wrongdoing whatsoever against Executive or any other person, and the Company specifically disclaims any liability to Executive or any other person, on the part of itself, its parent, affiliates, its officers, employees, agents or others.

15. Executive and his attorney, if any, covenant and agree that they will hereafter keep the specifics of the negotiations concerning this Agreement, the terms of this Agreement itself,

and the amounts paid to Executive COMPLETELY CONFIDENTIAL to any persons other than Executive's attorneys and law firm personnel, Executive's lawful spouse, accountants and/or tax advisors, each of whom the Executive must advise of this confidentiality provision and from each of whom Executive will obtain an agreement to adhere to this confidentiality provision. Nothing contained in this Agreement shall be deemed to restrict or prohibit Executive from responding to or complying with any lawful subpoena or process of law. Executive agrees to personally notify and also authorizes his attorney to notify the Company in writing within three (3) business days of receipt (by either Executive or by Executive's attorneys) of any subpoena, process of law or other request seeking to discover any information giving rise to the instant Agreement, including, but not limited to, a copy of this Agreement and will permit the Company, alone or through its designated representative, to review and investigate and, if necessary, move to quash such subpoena or document request prior to any production purportedly mandated by such document. Nothing in this agreement shall limit, impede or preclude executive from making any disclosures pursuant to any required government filing; in response to any governmental inquire, audit or investigation, or as required by law.

16. In conjunction with the execution of this Agreement and for the consideration provided in Paragraph 2 of this Agreement, Executive further agrees:

(a) To take no action and make no statement which is inconsistent with his obligations contained in this Agreement,

(b) On or prior to the Separation Date, Executive will return all of the Company's property. Such property includes, but is not limited to, the original and any copies of any Confidential Information or trade secrets, PDAs, keys, pass cards, building identity cards, , corporate credit cards, customer lists, files, brochures, documents or computer disks or printouts, equipment and any other item relating to the Company and its business. Notwithstanding the foregoing, Executive may retain his Company-issued laptop and tablet with the understanding that all Company-related information will be deleted from such devices.

(c) To abide by his continuing obligations of confidentiality under the Company's policies and pursuant to statutory and common law, which require, among other things, Executive not to use or disclose any confidential or proprietary information of the Company; and

(d) To abide by all other agreements and policies that he had agreed to and/or had executed previously, to the extent that the terms of such are not inconsistent with this Agreement.

17. The Company's waiver of a breach of any provision of this Agreement by Executive shall not operate or be construed as a waiver of any subsequent breach by Executive. No waiver shall be valid unless in writing and signed by an authorized officer of the Company.

18. During his employment with the Company and for a period of two (2) years after the Separation Date, the Executive will not, directly or indirectly: (i) solicit, entice, persuade or induce any employee, director, officer, associate, consultant, agent or independent contractor of the Company to terminate his or her employment or engagement by the Company to become

employed or engaged by any person, firm, corporation or other business enterprise other than the in the taking of such action by any third party.

19. During his employment with the Company and for a period of one (1) years after the Separation Date, the Executive agrees that he will not (i) be employed or engaged as a contractor, employee, director, manager, officer, trustee, consultant or advisor or otherwise provide services or advice to or on behalf of or participate in the management or control of, (ii) have an economic or other interest in, directly or indirectly, as owner, partner, participant of a joint venture, trustee, proprietor, stockholder, member, capital investor, lender or similar capacity (other than equity interests in publicly held companies in which Executive owns less than a 1% voting interest), or (iii) lend his name or reputation to be used in connection with, or otherwise participate in or make available his skill, knowledge or experience to be used in connection with, a business (or division, group, or other portion of a business) which is engaged in, or that competes with, in each case, any aspect of the Business in the Restricted Territory. For this purpose the "Business" means the design, manufacture, marketing and sales of (i) material handling systems and services, hoists, actuators, cranes and lifting and rigging tools, (ii) power and motion control systems and solutions for industrial cranes and hoists, including AC and DC drive systems, radio remote controls, push button pendant stations, brakes and collision avoidance and power delivery systems, (iii) motion control and power systems and solutions for elevators, and (iv) digital drive motion control systems for sub-surface mining equipment. The "Restricted Territory" means anywhere in the United States, Canada, China, Brazil, Panama, Mexico, South Africa and each country in Europe, North Africa, the Middle East and the Asia-Pacific in which the Company and its subsidiaries designs, manufactures or sells its products.

20. If any of the provisions or covenants contained in paragraph 17 or 18 of this Agreement are determined by a court of law to be unenforceable because of the duration or geographic scope thereof, the court making such determination shall have the power to reduce the duration and/or geographic scope of the provision or covenant, and the provision or covenant in its reduced form shall be enforceable.

21. Executive will not at any time following the date of this Agreement disparage the Company. The Company will not, at any time following the date of this Agreement, disparage the Executive. Nothing in this Section will be construed to limit the ability of Executive or the Company's officers or members of its Board of Directors to give truthful testimony pursuant to valid legal process, including but not limited to, a subpoena, court order or a government investigative matter. The Company will not challenge, appeal or respond to any unemployment filing made by the Executive. It is further understood that none of the payments made to Executive hereunder constitute wages for services rendered or wages attributed to any specific weeks of employment. The Executives termination is not due to misconduct or substantial fault.

22. Executive agrees that all terms and conditions of this Agreement applicable to any non-qualified deferred compensation shall be construed to be in accordance with Section 409A of the Internal Revenue Code and any non-compliant terms shall be amended, voided and/or reformed to the extent necessary to comply with Section 409A.

23. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

24. As used in this Agreement, the singular or plural shall be deemed to include the other whenever the context so indicates or requires. Similarly, references to the male or female gender shall be deemed to include, supplant or replace the other whenever the context so indicates or requires.

25. This Agreement may be executed through the use of separate signature pages in multiple originals and in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Agreement, binding on all parties, notwithstanding that all parties are not signatories to the same counterpart. The parties shall exchange original signed Agreements as soon as practicable following delivery and execution as aforesaid. Notwithstanding any other provision, this Agreement shall not be considered to form a binding contract until it has been signed by both parties hereto, within the timeframes provided for herein, and the revocation period provided for in Paragraph 7(c) has expired.

26. In connection with Executive's employment by the Company, the Company has provided and continues to provide Executive with, and/or Executive has developed and has access to during the scope of his employment, certain confidential and/or proprietary information developed by or regarding the Company and/or used in the business, in written or unwritten format, in electronic form or otherwise, including, but not limited to, all or any portion of the following: (i) files, records, data, forms, manuals, reports, letters, memorandum documents and work papers; (ii) strategic planning related matters; (iii) information regarding the abilities and expertise of the Company; (iv) research, designs and development pertaining to services, operations and the business of the Company; (v) strategic data, development plans, business plans, future plans and potential strategies, including, tax and estate planning strategies; (vi) trade secrets, recipes, know-how, computer software (including programs, applications, models and manuals); (vii) tax returns and other filings with federal, state and local tax authorities; and (viii) documents and filings relating to litigation and arbitration matters ("**Confidential Information**"). Confidential Information shall not include information which is or becomes generally available to the public other than as a result of a disclosure by Executive or its representatives in violation of this Agreement. Executive agrees that Confidential Information will be used solely in connection with, and in the scope of, Executive's employment by the Company, and will be kept strictly confidential. Executive shall not disclose any Confidential Information to any person or entity in any manner whatsoever. All Confidential Information is and shall remain the exclusive property of the Company. At the Company's written request, Executive shall return or destroy all Confidential Information, including, without limitation, all documents and materials, whether in printed or electronic form, that contain Confidential Information (including those prepared by or for Executive). Executive shall certify in writing, at the Company's written request, that Executive has destroyed all material of any type or format containing or reflecting any Confidential Information, and will not retain any copies, extracts or other reproductions, in whole or in part, of such material except as is required by law. The destruction of any such material shall not relieve Executive of its confidentiality obligations under this Agreement.

27. Following the Separation Date for a period of one (1) year, at the request of the Company, the Executive agrees to reasonably cooperate with respect to matters involving the Company about which the Executive has or may have personal knowledge, including any such matters which may arise after the Separation Date, not to exceed ten (10) hours in any given month following the Separation Date. The Company will reimburse Executive for any out-of-pocket

expenses incurred as a result of such cooperation. If Executive's cooperation exceeds said ten (10) hours in any given month, Executive will be compensated for his time above ten (10) hours at a rate of $100/hr.

28. It is recognized and acknowledged by Executive that a breach of one or more of the covenants contained herein will cause irreparable damage to the Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach shall be inadequate. Accordingly, Executive agrees that in the event of a breach or threatened breach of any of the covenants contained herein, in addition to any other remedy which may be available at law or in equity, the Company shall be entitled to seek injunctive relief and specific performance to prevent or prohibit such breach. Executive agrees to waive any requirements for the securing or posting of any bond in connection with such remedy.

29. Effective as of the Separation Date, unless otherwise requested by the Company in writing, Executive will, automatically and without further action on his part or any other person or entity, resign from all offices, boards of directors (or similar governing bodies), committees of such boards of directors (or similar governing bodies) and committees of the Company, its subsidiaries and affiliates. Executive will execute and deliver to the Company any such further documents and instruments as may be reasonably necessary or appropriate to carry out the intent of this Paragraph 29. If any payment or benefit due under this Agreement, together with all other payments and benefits that Executive receives or is entitled to receive from the Company or any of its subsidiaries, Affiliates or related entities, would (if paid or provided) constitute an excess parachute payment for purposes of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the amounts otherwise payable and benefits otherwise due under this Agreement will either (i) be delivered in full, or (ii) be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company by reason of Section 280G of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state or local income and employment taxes and the excise tax imposed under Section 4999 of the Code, results in the receipt by the Executive, on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be subject to the excise tax imposed under Section 4999 of the Code. In the event that the payments and/or benefits are to be reduced pursuant to this Paragraph 30, such payments and benefits shall be reduced such that the reduction of cash compensation to be provided to the Executive as a result of this Paragraph 30 is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All determinations required to be made under this Paragraph 30 shall be made by the Company's independent public accounting firm, or by another advisor mutually agreed to by the parties, which shall provide detailed supporting calculations both to the Company and Executive within fifteen (15) business days of the receipt of notice from Executive that there has been a payment or benefit subject to this Section 10, or such earlier time as is requested by the Company. Notwithstanding any other provisions in this Agreement to the contrary, any

incentive-based compensation, or any other compensation, paid to Executive pursuant to this Agreement or any other agreement or arrangement with the Company which is subject to recovery under any Company policy, law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such Company policy, law, government regulation or stock exchange listing requirement.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Retirement Agreement as of the date and year first set forth above.

COLUMBUS MCKINNON CORPORATION

By: _____
Its: VP Corp-Dev., General Counsel & CHRO

EXECUTIVE

_____
Peter M. McCormick

COLUMBUS McKINNON CORPORATION
2016 LONG TERM INCENTIVE PLAN

Amendment No. 1 of 2019 Plan Restatement

WHEREAS Columbus McKinnon Corporation (the "Company") adopted the Columbus McKinnon Corporation 2016 Long Term Incentive Plan (the "Plan") in 2016 with shareholder approval, and.

WHEREAS the Company amended and restated the Plan in 2019 with shareholder approval, and

WHEREAS the Compensation and Succession Committee of the Board of Directors (the "Committee") of the Company is authorized to amend the Plan subject to the limitations set forth in Article 21 of the Plan and applicable laws, rules and regulations, and

WHEREAS the Committee on January 17, 2021, has determined that the amendments of the Plan set forth herein, which concern the definition of "Retirement" and the treatment of Awards received by Participants in the fiscal year of Retirement, do not require shareholder approval.

NOW THEREFORE, the Company hereby amends the Plan as follows:

1. Section 2.54, entitled "Retirement," is amended effective April 1, 2021, to provide as follows:

*"2.54 **"Retirement"** shall be reached when a Participant's status as an Employee terminates and at the time of such termination:*

(a) with respect to Awards with Grant Dates before April 1, 2021, the Participant's age and years of service as an employee of the Company, Affiliate, or any Subsidiary were either (i) age sixty-five (65) or older with at least five (5) years of service, or (ii) age sixty-two (62) or older, with at least twenty-five (25) years of service, and

(b) with respect to Awards with Grant Dates on or after April 1, 2021, the Participant's age plus years of service total to sixty-five (65) provided the Participant has attained age 55, completed five (5) years of service, and provides at least a 3-month notice prior to such termination."
"

2. Section 15.3, entitled "Upon Retirement," is amended effective April 1, 2021, to provide as follows:

*"15.3 **Upon Retirement.** Except as otherwise provided in an Award Agreement, in the event a Participant's status as an Employee is terminated by reason of the Participant's Retirement, Awards granted to such Participant will be treated as follows:*

(a) With respect to any Options and SARs--

(1) Except as provided in Section 15.3(a)(2) concerning grants made in the year of retirement, the Options or SARs shall remain outstanding and (i) to the extent not then fully vested, will continue to vest in accordance with the applicable vesting schedule, and (ii) the Participant shall have the right to exercise any rights the Participant would otherwise have had under the Plan until the sooner to occur of (a) the expiration of the term of the Option or SAR or (b) the fifth (5th) anniversary of the date of termination. Notwithstanding the foregoing, in the event a Participant does not exercise an Incentive Stock Option prior to the expiration of the three (3) month period after the date of the Participant's Retirement, such Option shall be treated as a Nonqualified Stock Option upon exercise.

(2) In the case of Awards granted after March 31, 2021, the number of Options or SARs granted to the Participant with respect to the fiscal year in which the Participant retires shall be reduced pro rata so that the final number shall be determined by multiplying the original number granted by a fraction where the numerator is the number of whole calendar months during the fiscal year preceding the Participant's Retirement and the denominator is twelve (12). The Options or SARs remaining after such reduction shall vest and be subject to exercise as provided in Section 15.3(a)(1).

(b) Any unvested portion of any Restricted Stock, Restricted Stock Units, or Deferred Stock Units will become immediately vested provided, however, in the case of Awards granted after March 31, 2021, the number of such Stock or Units granted to the Participant with respect to the fiscal year in which the Participant retires shall be reduced pro rata so that the final number shall be determined by multiplying the original number granted by a fraction where the numerator is the number of whole calendar months during the fiscal year preceding the Participant's Retirement and the denominator is twelve (12).

(c) Any Performance Shares, Performance Share Units, or Performance Units will remain outstanding and the Participant will be entitled to the payment of the Award earned (based on the actual performance achieved during the applicable Performance Period), which will be paid on the date the Award would have been paid if the Participant had remained employed with or continued to provide service to the Company, Affiliate, or Subsidiary provided, however, in the case of Awards granted after March 31, 2021, the number of such Shares or Units granted to the Participant with respect to the fiscal year in which the Participant retires, as adjusted by the appropriate performance percentage,

shall be reduced pro rata so that the final number shall be determined by multiplying the original number granted by a fraction where the numerator is the number of whole calendar months during the fiscal year preceding the Participant's Retirement and the denominator is twelve (12)."

IN WITNESS WHEREOF, the Company has caused its officer, duly authorized by the Board of Directors, to execute this instrument of amendment.

Columbus McKinnon Corporation

By _____

Title VP. Corp. Dev. General Counsel & Secretary

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: October 28, 2021

/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: October 28, 2021

/S/ GREGORY P. RUSTOWICZ
Gregory P. Rustowicz
Vice President Finance and Chief Financial Officer
(Principal Financial 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 period ended September 30, 2021, 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.

Dated: October 28, 2021

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

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