Operator: Greetings. And welcome to the Columbus McKinnon Corporation Fourth Quarter Fiscal Year 2023 Financial Results. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Deborah Pawlowski, Investor Relations for Columbus McKinnon. Thank you. You may begin.

Deborah Pawlowski: Thank you, Latonia, and good morning, everyone. We certainly appreciate your time today and your interest in Columbus McKinnon. Joining me here for the quarterly conference call are David Wilson, our President and CEO; and Greg Rustowicz, our Chief Financial Officer.

You should have a copy of the fourth quarter fiscal 2023 financial results, which we released earlier this morning, as well as the slides that will accompany our conversation today. If not, they are available on our website at investors.columbusmckinnon.com. David and Greg will provide their formal remarks. After which we will open the line for questions.

If you will turn to **slide two** in the deck, I will review the Safe Harbor statement. You should be aware that we may make some forward-looking statements during the formal discussion, as well as during the Q&A session.

These statements apply to future events that are subject to risks and uncertainties, as well as other factors that could cause actual results to differ materially from what is stated here today. These risks and uncertainties and other factors are provided in the earnings release, as well as with other documents filed by the company with the Securities and Exchange Commission. You can find those documents on our website or at sec.gov.

During today's call, we will also discuss some non-GAAP financial measures. We believe these will be useful in evaluating our performance. However, you should not consider the presentation of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. We have provided reconciliation of non-GAAP measures with comparable GAAP measures in the tables that accompany today's release and slides.

So, with that, please advance to **slide three** and I will turn the call over to David to begin. David?

David Wilson: Thanks, Deb and good morning, everyone.

We ended fiscal 23 on a strong note setting annual records for sales, gross margin, operating income and adjusted EPS. On a constant currency basis, we grew the business by 7%, and greater than 4% organically, in fiscal 23.

Our strong results reflect the effort of our Columbus McKinnon team as they execute to improve the customer's experience, drive greater productivity, and advance our strategy.

We capped off the year delivering better than expected fourth quarter revenue and a new quarterly revenue record of $254 million dollars. In addition to growing operating income by 14%, we generated a record level of cash from operations in the quarter of $67 million.

Our strong cash flow enabled us to pay down over $40 million of debt in the year and we ended Q4 with a 2.2x net debt leverage ratio on a bank covenant basis. This position of financial strength exemplifies the strong cash generation capabilities of our business and our commitment to quickly de-lever following acquisitions. It also supports further investment in organic and inorganic growth initiatives.

Let's review a few initiatives that illustrate how we are unlocking the potential of our business and building a significantly upgraded, less cyclical and more powerful Columbus McKinnon.

If you'll turn to slide 4, I will update you on our digital enablement strategy. This strategy is critical to improving customer experience, enabling growth, increasing productivity, and increasing returns. We are streamlining processes, applying technology, expanding analytics, and enabling scale and productivity. These digital tools make it easier for our customers to interact and do business with us. They also capture intelligence that leads to the better identification of opportunities, enhanced communication and customer engagement, and service level improvements.

We are attacking this from one end of our business processes to the other, including everything from lead generation to our enterprise operating systems and all the way through to our points of delivery.

As you can see on this slide, we have made substantial progress over the past year, and we will advance this work to further unlock the potential of our business over the next several years.

Turning to slide 5, I'd like to highlight the next level progress we are making with Product Line Simplification, a key pillar of the 80/20 process. This has been a priority for Columbus McKinnon over the last couple of years given the fragmentation and complexity of our legacy portfolio resulting from a decades long history of acquiring products and brands with limited rationalization. As you can see from the chart here – we have made quite a bit of progress, and we still have important opportunities to capture.

Our work to advance digital enablement customer experience and 80/20 are critical elements of our self-help approach to driving stronger earnings power.

Please turn to slide 6 and I will now touch on our montratec acquisition briefly. As you know, profitable growth through M&A is an important part of our transformation strategy. Our work in this area will reduce cyclicality and create meaningful scale in intelligent motion solutions for material handling. The montratec acquisition, which we expect to close by the end of this month, is an excellent demonstration of this effort. Strategically, we are building on the capabilities we have established at the heart of process automation in manufacturing. Although it is a relatively small bolt-on acquisition, montratec is an ideal complement to our precision conveyance platform adding asynchronous technology for material transport solutions. montratec has a high growth, high margin profile in very attractive end markets with strong secular tailwinds and we welcome the addition of the team and their technology.

Please turn to Slide 7. We continue to make progress with our gross margin expansion. As we have noted previously, to achieve our FY27 EBITDA margin goal, we need to improve our gross margin to approximately 40%. This will provide the operating leverage expected over an efficiently deployed RSG&A spend. We believe the actions we are taking to address productivity enhancements, digital enablement and 80/20 along with strategic initiatives will drive a steady 50 to 100 basis point improvement in gross margin, annually. Our success to date, our opportunity landscape and our targeted plans for further simplification reinforce our confidence in achieving this outcome.

I will now turn the call over to Greg to review the financials. Greg?

Greg Rustowicz: Thank you, David, and good morning, everyone.

Turning to **slide 8**, we delivered record sales in the fourth quarter of $253.8 million dollars, up 1.8% from the prior-year period on a constant currency basis, and above the high end of the guidance we provided last quarter. We are working hard to improve our customer experience and we are pleased that we were able to reduce past due backlog by 25%, or $10 million, from last quarter's level.

Looking at our sales bridge, pricing gains of $14.5 million, or 5.7%, accelerated as we converted orders to revenue at more current prices. This was up 20 basis points from our Q3 level. Volume decreased by $(9.9) million or (3.9)% and foreign currency translation reduced sales by $(4.2) million, or (1.7)% of sales.

Let me provide a little color on sales by region. For the fourth quarter, we saw modest growth of 0.3% in the U.S. which was driven by a 6.3% improvement in pricing. Sales volume was down (6.0)%. This was largely due to a decision we made to forgo year-end promotions so we could focus on reducing our past-due backlog. Outside of the U.S., sales grew 4.1% on a constant currency basis. Pricing improved by 4.9% and sales volume decreased modestly, by (0.8)%. We were encouraged with the volume increases we saw in certain regions outside of Europe, the Middle East and Africa. We recorded volume gains of approximately 16% in Canada, 12% in Asia and 9% in Latin America.

Volumes declined (7)% in EMEA. Our short cycle business in EMEA saw volume gains, but this was more than offset by a slowing in our project business with the exception of our rail business which had certain projects shift from Q3 to Q4, which we mentioned last quarter. Quoting activity remains strong, but there has been a hesitancy by customers to convert quotes to orders given the economic uncertainty that continues to exist in Europe.

On **slide 9**, gross margin of 35.9% was up 220 basis points from the prior year. On an adjusted basis, gross margin was higher by 110 basis points.

Year over year, fourth quarter gross profit increased $5.7 million and was driven by several factors which you can see in the table. Let me comment on a few highlights on our gross profit bridge. Pricing net of material inflation added $9.2 million of gross profit as we more than offset $5.3 million of material inflation in the quarter. We are seeing material inflation decelerate, which is a good trend as we enter FY24. We are also seeing freight costs start to abate. We had two purchase accounting items in the prior year which did not repeat related to the Garvey acquisition amounting to $3.2 million. Offsetting these items were foreign currency translation, which reduced gross profit by $1.3 million and lower sales volume and mix reduced gross profit by $5.4 million. As David noted earlier, we expect gross margins to expand on the order of 50 to 100 basis points annually.

Moving to **slide 10**, RSG&A expense was $57.2 million in the quarter, or 22.5% of sales. This included $1.7 million of pro-forma adjustments for business realignment and acquisition integration costs as well as our headquarters relocation to Charlotte. Besides these items, the sequential increase in RSG&A included $700 thousand of incremental R&D spending as well as adjustments to our annual incentive plan accruals of $2.8 million offset by $1.2 million of acquisition contingent consideration booked last quarter.

Compared with the prior year, RSG&A costs were higher by $2.4 million, which includes $2.9 million of higher incentive and stock compensation costs and $700 thousand for our headquarters relocation. Offsetting these increases was foreign currency translation which reduced our costs by $800 thousand dollars. For the fiscal 24 first quarter, we expect RSG&A expense to be approximately $56 million. This includes the addition of montratec in our financials for the month of June. Let me remind you that we are committed to driving RSG&A, as a percent of sales, to 21% by FY27 through a combination of cost control actions and scale.

Turning to **slide 11**, we achieved record operating income of $27.5 million in the quarter, representing an increase of 14%. Operating margin expanded 130 basis points due to gross margin expansion resulting from our previous pricing actions. We also achieved

record adjusted operating income of $29.2 million or 11.5% of sales, which was a 30-basis point increase over the prior year.

As you can see on **slide 12**, we recorded GAAP earnings per diluted share for the quarter of $0.48 cents, up $0.07 cents vs. the prior year. Adjusted earnings per diluted share of $0.80 cents was up $0.01 cent from the prior year.

Our tax rate on a GAAP basis was 35% for both the quarter and year. The tax rate was unfavorably impacted by 3 percentage points due to the settlement of income tax assessments related to tax periods prior to the Company's acquisition of STAHL which we discussed in the first quarter. The Company received full reimbursement from STAHL's prior owner which was recorded as a gain in Other Income and Expense on the financial statements. The tax rate also reflects an unfavorable impact of 2 percentage points due to the recording of a U.S. state tax valuation allowance. The valuation allowance primarily relates to changes in the Company's expectations regarding its ability to more likely than not utilize certain state net operating losses prior to their expiration. Additionally, the tax rate was also unfavorably affected by non-deductible compensation expense and U.S. taxes on foreign earnings. These items increased the rate by 2 percentage points each.

For modeling purposes, even though we are 60% hedged to interest rate exposure, interest expense is expected to increase to $9.0 million in the first quarter with the incremental interest expense from the montratec acquisition for one month and the Fed's recent rate increases. Weighted average diluted shares outstanding will approximate 29 million and we are increasing our pro-forma tax rate to 25% for calculating non-GAAP adjusted earnings per share. This change largely reflects a shift in the mix of our earnings to higher income tax jurisdictions, namely Germany.

On **slide 13**, we delivered record Adjusted EBITDA of $147.8 million which resulted in an Adjusted EBITDA margin of 15.8%. We are making steady progress towards our target of $1.5 billion in revenue with a 21% EBITDA margin in fiscal 27. In addition, our Return on Invested Capital ended the fiscal year at 7.0%. ROIC is a key metric in our Long-term Incentive Plan and we expect to see this improve over time as we advance our efforts to drive growth, reduce cost, improve productivity and simplify both our product lines and factories. We are focused on these key metrics as we drive profitable growth and transform the business.

Moving to **slide 14**, we had very strong cash generation in the fourth quarter as we delivered record quarterly free cash flow of $63.6 million. This includes cash from operating activities of $66.7 million, offset by CapEx of $3.1 million. We made measurable improvement in working capital in the quarter as we drove working capital as a % of sales down to 17.3% from 22.1% at December. Our free cash flow conversion was a best in class 147%. We anticipate that CapEx will be increasing in FY24 to $30 to

$40 million as we are making investments in a lower cost center of excellence to simplify our factory footprint as well as increase capacity, productivity, and thru put.

Turning to **slide 15**, we made significant strides de-levering and ended the fiscal year with a net debt leverage ratio of 2.2x on a financial covenant basis. With the montratec acquisition, we estimate that pro-forma leverage will increase to 2.7x at closing. With our strong cash generation and plans to pay down another $40 million of debt in fiscal 2024, our net leverage is expected to drop to approximately 2.5x by the end of fiscal 2024.

Last week, we closed on an amendment to our current credit facility which increased the size of our revolver to $175 million from $100 million. We will utilize this borrowing capacity to initially fund the montratec acquisition. We are also nearly complete with the accounts receivable securitization that we discussed on the call announcing the deal. We will use all of the proceeds from that financing to partially pay down outstanding borrowings under the revolver. We will next look to term out the remainder of the revolver borrowings with an incremental Term Loan B when market conditions are favorable. Once complete, this will bring us back to a "covenant lite" capital structure as the financial covenant is only tested when the Revolver is drawn. We will also file a new shelf registration by the end of June as our previous shelf registration expired. While not tied to the montratec financing, this will provide financial flexibility down the road.

Please advance to **slide 16** and I will turn it back over to David.

David Wilson: Thanks, Greg. Turning now to orders, which increased 14% sequentially in Q4 as demand remained solid across several end markets. Strength in the quarter came from oil & gas, transportation, metals processing and entertainment.

Excluding the impact of FX, orders for the quarter were $250.6 million. We remain encouraged by the activity in our pipeline, and, while there is still a level of caution with respect to customers releasing large orders, there's a lot of excitement regarding opportunities within our targeted end markets. We believe that last year's slightly elevated order levels reflected an element of demand that was associated with the post pandemic recovery and was influenced by supply chain constraints and longer lead times.

Backlog remains strong and, as supply chain constraints are easing, past due backlog is down to just under 10% of total backlog. Short-term backlog, which is backlog expected to ship in the next quarter, represents 70% of our expected fiscal 2024 first quarter revenue.

In the quarter we also settled a $10 million dollar order cancellation request with a large e-commerce customer which resulted in an $8 million dollar cash settlement. This had no impact on our FY23 income statement. We are working closely with this customer as

they manage through shifting priorities, and we remain very encouraged by the innovative work that is underway and the many opportunities ahead of us and as we continue to collaborate with this customer.

If you will turn to slide 17, I will wrap up my prepared remarks before we open the line for questions. As I noted earlier, we are executing to achieve our strategic plan outcomes and expect to deliver $1.5 billion in revenue and greater than 21% adjusted EBITDA margins in fiscal 27.

We are encouraged by the opportunity landscape even given the macro backdrop we are all operating within. We expect first quarter FY 24 sales of about $235 million to $240 million. montratec is included but is expected to have a nominal contribution in the quarter.

For fiscal 24, we are planning for sales growth in the low to mid-single digits as we address steady demand across our end markets, execute our commercial initiatives and secure key wins.

To drive organic growth, we have been advancing our customer experience and investing in new product development. NPD N-3 revenue for FY23 was $47.4 million, or 5.1% of revenue. This represented year-over-year growth of 17% for this metric.

We are focused on earning greater market share, identifying new opportunities for our technologies, and investing in innovation.

Looking further ahead, we expect to make measurable, steady progress toward our strategic plan objectives over the next several years as we unlock our potential and transform Columbus McKinnon into a top-tier, intelligent motion solutions enterprise.

Latonia, we are now ready to open the line for questions.

Operator: Thank you. [Operator Instructions] Our first question comes from Matt Summerville with D.A. Davidson. Please proceed.

Matt Summerville: Thanks. You guys had mentioned that unlike a normal fiscal year-end, you did not conduct the same level of promotional activity that you normally would in order to whittle down the backlog, which obviously makes logical sense. Is there any way to sort of quantify what impact that may have had in the quarter on revenue orders and backlog?

Greg Rustowicz: Hi. Matt, I think that given historical trends, it would be somewhere on the order of maybe $10 million.

Matt Summerville: Okay. And then, as a follow-up, if you remove that kind of one-time noise, if we want to call it that, how would you characterize inbound order tempo in

particular in North America versus Europe as you progressed through the quarter and then also thus far in April and May?

David Wilson: So, inbound orders were particularly robust in Europe in the fourth quarter, particularly in our short-cycle areas. So, they were at all-time highs in the fourth quarter in Europe. And in the Americas, we had a pretty reasonable level of demand that was consistent throughout the quarter.

As we head into this quarter, we are seeing typical seasonality play out, and so typically, we'd see a 10% or so reduction sequentially as you head from Q4 into Q1, and orders are tracking more or less to that level. But, again, in Europe, they are coming off an all-time high in Q4 and are moderating by the typical amount we usually see.

And then as you think about broader project orders, we are really encouraged by the pipeline and the funnel. And although those are lumpy and tough to build into a daily order rate, we are encouraged by the opportunity landscape and where we stand with those order opportunities.

Matt Summerville: Thank you, David.

David Wilson: Thanks, Matt.

Operator: Our next question comes from Jon Tanwanteng with CJS Securities. Please proceed.

Pete Lukas: Hi. Good morning. It's Pete Lukas for Jon. You guys were able to cover a lot in the prepared remarks. Just going back to -- you talked about de-levering. If you could kind of talk about your plans for cash allocation and what you're seeing in terms of M&A out there and how you think about that versus de-levering?

Greg Rustowicz: Yes. I'll take the first part of this. So in terms of what we expect to use our free cash flow for that we generate, we're right now targeting $40 million of debt repayment, not including a capital lease that we acquired with the Dorner acquisition in fiscal year 2024, and obviously, we will be continuing with our regular dividend payments, which amount to about $8 million.

But to the extent that we can overdrive free cash flow, we'll look to increase the amount of debt that we pay down just given the high interest rates and the negative carry that exists right now with holding cash in the bank versus what we pay from an interest expense perspective.

David Wilson: And Pete, I'll pick up with that. This is David on the question regarding the M&A landscape and how we think about capital allocation. We're laser focused on executing the transaction that's right in front of us.

So we're going to close the montratec deal at the end of this month and we'll be focused on integrating them and gaining the synergies that we believe are possible by bringing the businesses together and really executing to deliver on our strategic commitments over the next year, which are more organic, given that we're completing this acquisition at the beginning of the year.

But we do have a programmatic approach to M&A. We're going to keep our funnel active and stay engaged to pay attention to the opportunities that are out there with a primary focus on debt repayment in the year and executing to deliver on the integration and synergy value of the M&A program, as well as the organic growth and margin expansion initiatives.

Pete Lukas: Great. And then I guess just the last one for me. Where are you in the product consolidation effort and how long will it take to update all the product lines that you are targeting?

David Wilson: Yeah. We are making great progress on that. I think you saw that in the chart from the prepared documents that we have made a significant improvement in the rationalization efforts, reducing SKU counts materially to our current state, but you can see on that same chart that there's still work to do. And we've got platforming initiatives that are driving the majority of the improvement over the coming year to two years, and over that period, we expect to substantially complete the remainder of that activity.

Pete Lukas: Very helpful. Thanks. I'll jump back in the queue.

David Wilson: Okay. Thanks, Pete.

Operator: Thank you. Our next question comes from Steve Ferazani with Sidoti. Please proceed.

Steve Ferazani: Good morning, Dave. Good morning, Greg. In terms of your outlook for fiscal 2024 and low-to-mid single-digit growth. When I think about book-to-bill being under 1.0x the last three quarters and the fact that really, it's pricing that's driven the topline. Can you help us out in thinking about how with book-to-bill trending this way, how you get even modest growth next year? Is that just given the significant size of current backlog or changes in demand trends you're expecting?

David Wilson: Yeah. Steve, I think, we're going to see continued strength in the market opportunities that we are pursuing. We've got a really robust set of pipeline opportunities the team is excited about. And so, we do see the market supporting the level of order activity that gets us to those outcomes. We also, as you know, when you cited in the latter part of your question, have a robust backlog and that's elevated above historic levels on the order of approximately $100 million.

And so, when you think about the availability of that incremental backlog, as well as the order trends, our assumptions, assume a moderating level of demand throughout the year that's consistent with a soft landing. But that still enables us to achieve that low-to-mid single-digit organic growth rate and then montratec would be added on top of that.

Steve Ferazani: When I think about that outlook, can you give us a sense of how much you think that is pricing versus volume and where are pricing trends now with inflation appearing to temper a little bit?

Greg Rustowicz: Yes. So, we do see material inflation moderating and we expect that it's probably going to be in the neighborhood of $15 million to $17 million, down from about $24 million this past year. So, I think we're going back to a more normal pricing environment.

And as an example, in our U.S. businesses, we have price increases announced for June 15th in the 3% to 7% range, which is a more normal level, I would say. And around the world, we have also implemented price increases in a similar range.

So last year was really unusual with the rapid material inflation, and for a number of our products, we had up to three price increases, and we don't anticipate that that's going to be the case this year.

Steve Ferazani: Okay. So, if you're implementing the 3% to 7%, you can get to low-to-mid single-digit growth on flattish type volume. Is that fair?

Greg Rustowicz: Yes. Assuming constant costs…

David Wilson: Yeah.

Greg Rustowicz: Meant constant currency.

Steve Ferazani: Right. Right.

Greg Rustowicz: Yes.

Steve Ferazani: Okay perfect. And just on the CapEx, can you provide a little bit more color? Obviously, I know that some of your original CapEx plans in the year we just finished were pushed out because of ability to get crews and equipment. But can you just give a sense on what's part of that $30 million to $40 million coming this year?

Greg Rustowicz: Yes. Most of it is related to equipment that's going to improve the productivity of our factories. We're laser-focused on driving gross margins to 40% plus and while our historical CapEx has been in the $15 million range, we have been focused on this over the past year and it's just taken longer to receive equipment with extended lead times from our CapEx suppliers.

Our anticipation is that we will be improving our factories by buying newer equipment, modernizing our factories, simplifying our factories, looking at a center of excellence that will become a world-class machining center. And we think there'll be a very good payback on that and it's necessary for us to organically move our gross margins, as well as our EBITDA margins.

Steve Ferazani: Great. Thanks, David. Thanks, Greg.

David Wilson: Thanks, Steve.

Operator: [Instructions] We have another question that's coming from Walt Liptak with Seaport Research. Please proceed.

Walt Liptak: Hi. Thanks. Good morning, guys.

David Wilson: Good morning, Walt.

Walt Liptak: I want to ask about slide five too and sometimes when you're going through the product line simplification and there's a headwind to revenues. So, I wonder if it's possible to quantify as you reduce SKUs of products that aren't moving or lower margin or whatever, does it have an impact on the revenue line and have you quantified that?

Greg Rustowicz: Yes. What we would typically see, and based on our experience as well as what we know from people who do this for a living, you could expect maybe a 1% decline in volume. But remember Walt, these are all bleeders and it's actually business that you really don't want.

And as we design our new products, we're building better, more cost-effective products with more features that people can choose options on. So, they're not required to buy a product that maybe is over specified for what they need and so we think that will, in essence, mitigate a little bit of that revenue decline.

As a result, we're not really anticipating much headwind in terms of us getting to our revenue guidance and actually no headwind in getting to our $1.5 billion revenue target as a result of PLS and we think it's a necessary step once again to drive our gross margins.

David Wilson: I'd just add, Walt, we're doing a lot of work around voice of the customer and making sure that as we platform and simplify, we're getting features and solutions that are going to be upgrades to where current products situate and actually give us growth potential, because of how those new products can serve the market more broadly in the way that they're configured and platform.

So, we are mindful of that and we're okay to say goodbye to certain business where the rationalization results in that outcome, but we're also thinking there's going to be an opportunity to offset that with growth in other areas.

Walt Liptak: Okay. Great. Yes. Sounds great. And then on the backlog, you guys talked about it the Q&A, you talked about $100 million elevated backlog. Is that normal backlog that you can get lowered by $100 million?

David Wilson: Yes. We'd be more to normalized levels historically for the legacy business if we get that down by about $100 million. That's correct.

Walt Liptak: Okay. Great. And then maybe just two really quick ones for me and one is probably obvious to everybody. But the guidance range for revenue, is that including montratec or is that -- or have you -- is montratec in guidance basically?

David Wilson: No. Well, montratec is additive to the mid -- low-to-mid single-digit numbers.

Walt Liptak: For the annual growth.

David Wilson: For the annual growth. Our Q1 guide is inclusive of montratec, but montratec's contribution will be nominal as it relates to them being picked up for one month and our ramp there.

Walt Liptak: Okay. Great. So, it's in the one month in the first quarter but not in the full year guide, correct?

David Wilson: Correct. That's correct.

Walt Liptak: Okay. Great. And then I wonder if you could just provide a little bit more details about the $10 million of orders in e-commerce…

David Wilson: Yes.

Walt Liptak: E-commerce customers and just, I guess, why that happened maybe that's obvious as well. But where you're starting to see some offsets to it.

David Wilson: Right. So let me start off and then I'll hand it over to Greg to comment further on some of the details. But the relationship we have with that customer is excellent and as strong as it's ever been.

We had a past program that we've been working with them on and we kind of ran out of runway on that given shifting investment priorities that they were facing and they had a large set of orders still on our books that they wanted to cancel and so we got into a

discussion about how we settle that and Greg can talk to the details of the settlement and how we achieve those outcomes.

But what I'll tell you is that as we go forward, we're really encouraged by the collaborative work we're doing with that customer and the opportunity that we have as we go forward. For orders that will -- for multiple programs and each program be potentially equivalent to the kind of volume that we've seen historically from the one program that we were working on. And so, we think there's an opportunity as well as that program, but then across multiple programs as we go forward.

And we are also taking the opportunity to expand our position in the market with a broader base of potential customers and opportunities. So we are really encouraged with the way things sit and really engaged in a positive way with the customer at this point. And Greg if you can fill in the details on the backlog cancellation.

Greg Rustowicz: So, the relationship is complex in that we are working with an integrator. So, the e-commerce company, we work directly with them to spec product and build prototypes -- but ultimately, the orders run through an integrator and so this was a complex situation.

But at the end of the day, we received cash of $7.6 million at the end of the fiscal fourth quarter. And we agreed to also cancel backlog that was placed in fiscal 2022 for a little over $10 million.

So, we've taken it out of the backlog. We did not net it against the orders because those orders were not received in our fiscal 2023. There is an option for them to buy a certain amount of product and they have a fixed amount of time to do so over a little over a year from now.

As they place orders for new AMRs, we'll record revenue and profits. So, the cash payment we received did not roll through the P&L at all and is in the balance sheet as a customer deposit sitting in accrued liabilities.

At the end of the day, we thought it was a fair and equitable solution, because we had made commitments to buy certain amounts of inventory that we were holding and this covers us completely, and as we ship additional units to them, albeit at a much significantly lower level than historical levels, we will recognize normal margins on that product.

David Wilson: Yes. And that's associated with that legacy program, but the new programs are a step up from that. And just to confirm, we are working directly with that customer's R&D team to spec these solutions in that ultimately get fulfilled through their manufacturing or integration partner.

But while we feel encouraged by the ability to -- in the face of the need to cancel an order get this kind of an outcome. I think that this negotiated settlement speaks to the strength of the relationship that we have with that customer and the value that we place on one another.

Walt Liptak: Okay. Great. Yeah. Thanks for that detail and the clarification. Appreciate it.

David Wilson: And just to answer that question a little bit further, as it relates to Dorner more broadly, I think it's important to get it out that the Dorner business is performing very well. And so, when you think about it on a normalized basis, they're going to see double-digit growth again this year. They're in a position where the business is performing as we would have expected it to and providing an aperture of opportunities that are pretty significant: as they continue to execute their strategy; as they diversify channels; and as they expand into more life science and e-commerce applications. And so, I think just to make sure that it's clear to everyone the business is performing very well.

Operator: Thank you. At this time, there are no further questions in queue. I would like to turn the floor back over to Mr. David Wilson for closing comments.

David Wilson: Great. Thank you, Latonia. And thank you to everybody for joining us today on the call. We're really proud of the results that we have delivered over the last year and even more excited about our future. We're delivering record-breaking results, executing our plan to transform the company into a top-tier intelligent motion solutions enterprise and we're making steady measurable progress toward our strategic plan objectives. I hope you all have a wonderful day and look forward to speaking to you again soon. Thanks.

Operator: This does conclude today's teleconference. You may disconnect your lines at this time. Thank you for your participation and have a great day.

Note: This transcript has been edited slightly to make it more readable. It is not intended to be a verbatim recreation of the Columbus McKinnon Corporation (CMCO) financial results teleconference and webcast that occurred on the date noted. Please refer to the webcast version of the call, which is available on the Company's website (www.columbusmckinnon.com), as well as to information available on the SEC's website (www.sec.gov) before making an investment decision. Please also refer to the opening remarks of this call for CMCO's announcement concerning forward-looking statements that were made during this call.