Q4 and Fiscal Year 2024 Financial Results Conference Call

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COLUMBUS McKINNON CORPORATION

CMCO INTELLIGENT MOTION

May 29, 2024

Safe Harbor Statement

These slides, and the accompanying oral discussion (together, this “presentation”), contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are generally identified by the use of forward-looking terminology, including the terms “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “illustrative,” “intend,” “likely,” “may,” “opportunity,” “plan,” “possible,” “potential,” “predict,” “project,” “shall,” “should,” “target,” “will,” “would” and, in each case, their negative or other various or comparable terminology. All statements other than statements of historical facts contained in this document, including, but are not limited to, statements relating to: (i) our strategy, outlook and growth prospects, our full year and first quarter fiscal 2025 guidance and our fiscal 2027 targets and goals; (ii) our operational and financial targets and capital distribution policy; (iii) general economic trend and trends in the industry and markets; (iv) the amount of debt to be paid down by the Company during fiscal 2025 and the first quarter of fiscal 2025; and (v) the competitive environment in which we operate, are forward looking statements. Forward-looking statements are not based on historical facts, but instead represent our current expectations and assumptions regarding our business, the economy and other future conditions, and involve known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. It is not possible to predict or identify all such risks. These risks include, but are not limited to, the risk factors that are described under the section titled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended March 31, 2023 as well as in our other filings with the Securities and Exchange Commission, which are available on its website at www.sec.gov. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date they are made. Columbus McKinnon undertakes no duty to update publicly any such forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law, regulation or other competent legal authority.

Non-GAAP Financial Measures and Forward-looking Non-GAAP Measures

This presentation will discuss some non-GAAP (“adjusted”) financial measures which we believe are useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. The non-GAAP financial measures are noted and reconciliations of comparable GAAP measures with non-GAAP financial measures can be found in tables included in the Supplemental Information portion of this presentation.

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FY24 Year End Review

- **Record sales exceeded $1.0B, up 8% Y/Y** driven by growth across all geographies including the addition of montratec®
- **Gross margin expanded** 50 bps Y/Y and 80 bps on an adjusted basis[1], the third consecutive year of Adjusted Gross Margin[1] expansion totaling 320 bps
- **Operating income grew 10% and 14% on an adjusted basis[1]. Adjusted Operating Margin[1] increased 60 bps Y/Y** driven by operating leverage on growth and progress with our transformation
- Net income of $46.6M and Adjusted EBITDA[1] of $166.7M, up 13%. **Expanded Adjusted EBITDA Margin[1]** by 60 bps to 16.4%
- **Strong cash generation** with cash from operations of $67.2M and Free Cash Flow[1] conversion of 91%
- Net Leverage Ratio[1,2] decreased to 2.4x; **Expect Net Leverage Ratio[1,2] of ~2.0x by EOY FY25**

Record Sales, Gross Profit and Operating Income Demonstrate our Progress with our Transformation

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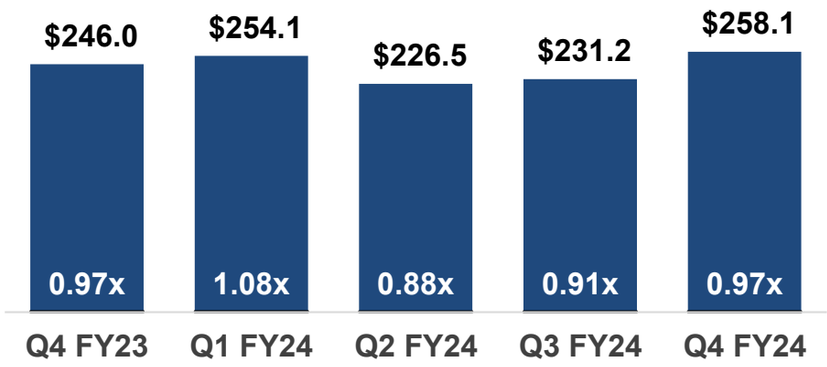
[1] Non-GAAP financial measure; see definition and reconciliation at the end of this Presentation.
[2] On a financial covenant basis per the Company's Amended and Restated Credit Agreement

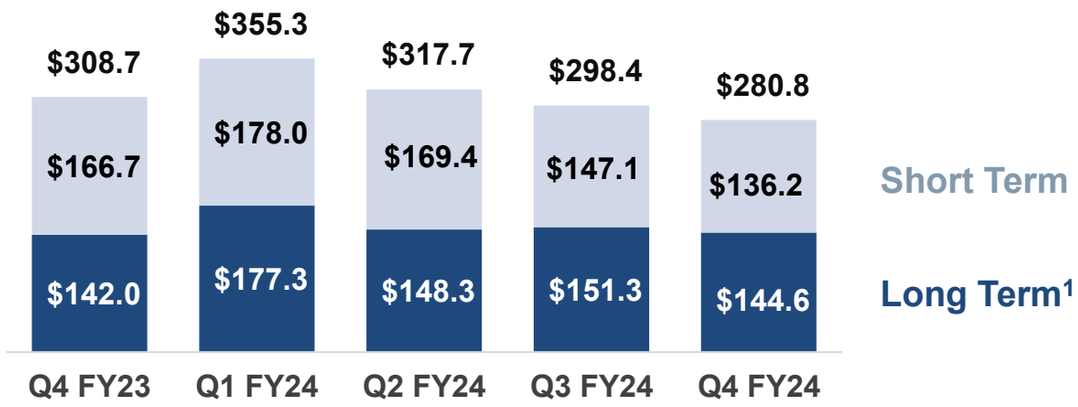
Orders and Backlog

($ in millions, $M)

Orders



Backlog



Continued Orders Growth and Encouraging Pipeline

- Orders up 5% Y/Y and 12% sequentially
- Demand grew across the Americas and EMEA & APAC
- Precision conveying up 25% Y/Y and 13% excluding montratec
- Lifting up 6% Y/Y with strength in North America
- Short-cycle remains healthy; Encouraging order funnel for project business

Operational Improvements Enabled Backlog Conversion

- Past due backlog reduced by 37% from Q3 FY24
- Lead times improved and remain an important focus
- Expect backlog to further normalize from elevated levels

Strong Order Growth and an Encouraging Funnel… Past Due Backlog Normalized

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[1]Long term backlog is expected to ship beyond three months

Unlocking CMCO's Potential

CMBS



Growth Framework

- **RE-IMAGINE CORE**
- **EXPAND CORE**
- **GROW CORE**
- **STRENGTHEN CORE**

Transformation

INTELLIGENT MOTION

Framework to Deliver Differentiated Growth, Financial Performance and Shareholder Value

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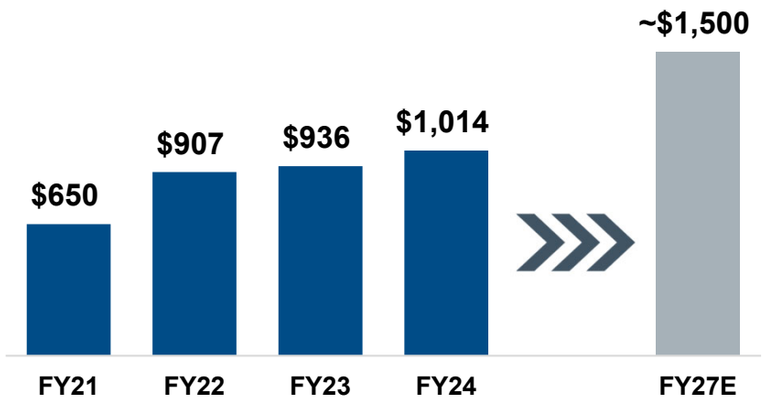
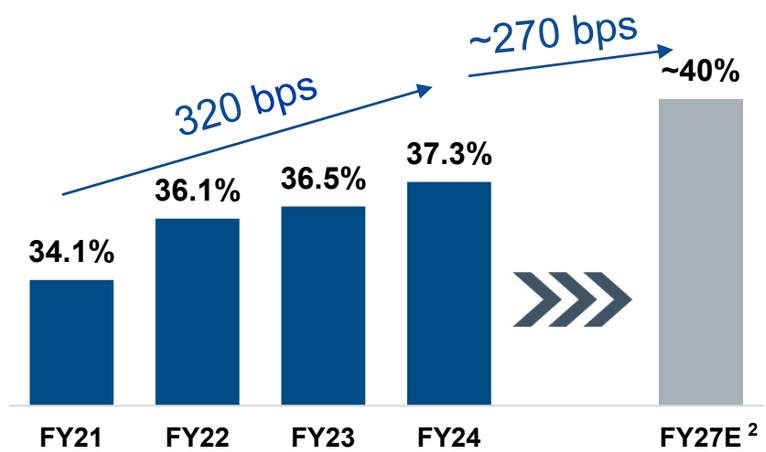
Executing Plan and Delivering Results

($ in millions, $M)

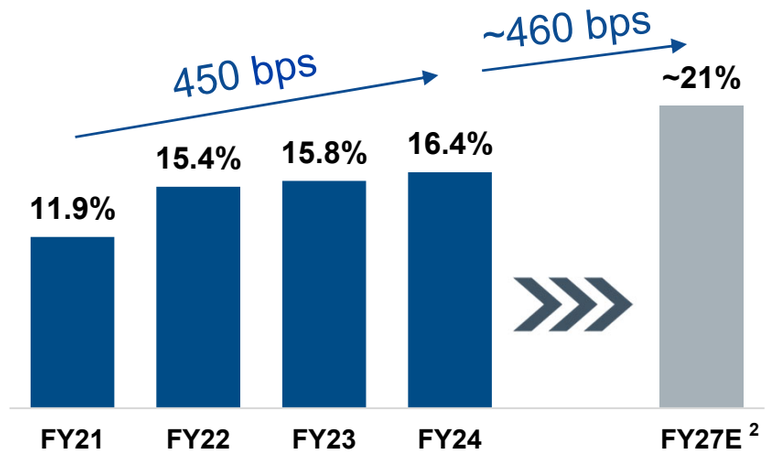
Net Sales



Adjusted Gross Margin[1]



Adjusted EBITDA Margin[1]



Growth Drivers

Organic growth
- Commercial initiatives
- New product development
- Customer experience improvement

M&A growth
- Expand precision conveyance platform
- Opportunistic with core portfolio
- Reimagine portfolio

Operating initiatives
- Operational excellence/VAVE
- Operating leverage on growth
- Pricing in excess of material inflation
- Product line simplification
- Factory simplification

Margin accretive M&A

RSG&A leverage on organic and M&A related growth

Gross margin expansion

Execution of Strategy Delivers Record Performance on Key Metrics in FY24

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1 Non-GAAP financial measure; see definition and reconciliation at the end of this Presentation
2 Adjusted Gross Margin and Adjusted EBITDA Margin are non-GAAP financial measures. See supplemental information for additional information on non-GAAP financial measures and a reconciliation to the most comparable GAAP financial measures. Forward-looking estimates of Adjusted Gross Margin and Adjusted EBITDA Margin are made in a manner consistent with the relevant definitions and assumptions noted herein, but reconciliations are not available on a forward-looking basis without unreasonable effort.

Key Operational Initiatives in FY25

Profitable Growth	**Deliver on commercial initiatives and drive margin expansion** • Grow share of wallet through improved customer experience • Execute commercial, geographic expansion and product innovation initiatives • Focus on margin expansion through 80/20 actions
Customer Experience	**Improve performance and customer intimacy** • Continue Net Promotor Score improvement following double-digit increase in FY24 • Reduce lead-times and improve on-time delivery to market competitive levels or better • Enhance demand planning process and leverage technology
Factory Performance	**Improve operational KPIs** • Increase material productivity and VAVE savings • Improve direct labor efficiency • Reduce overhead rates driven by strategic priorities
Footprint Simplification	**Execute footprint simplification plan** • Generate cost savings and operational improvement through Americas Manufacturing Center of Excellence in Monterrey, Mexico • Deliver synergies in EMEA through shared services

Focused on Delivering Profitable Growth and Margin Expansion

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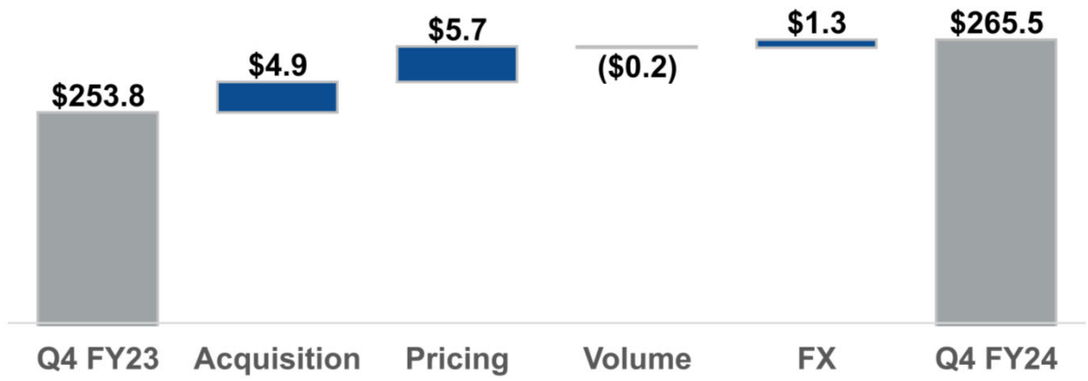
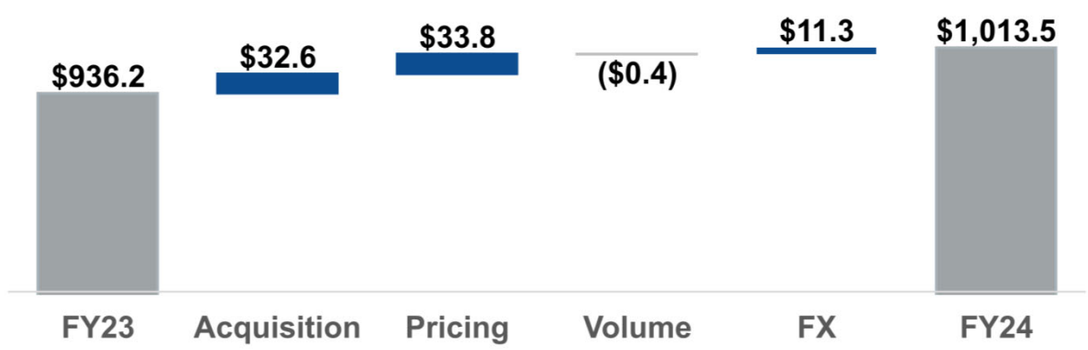
Net Sales

($ in millions, $M)

Q4 FY24 Sales Bridge



FY24 Sales Bridge



Q4 FY24 sales, up 5% Y/Y or 4% excluding FX

- Sales in U.S. increased 4% driven by volume and price
- Sales outside of the U.S. increased 6% or 5% excluding FX
  - montratec contributed 4% of growth

Delivered Q4 FY24 double-digit growth Y/Y in precision conveyance

- Sales up 23%; up 9% excluding montratec acquisition

FY24 sales, up 8% Y/Y or 7% excluding FX

- Sales in U.S. increased 1%
- Sales outside of the U.S. increased 20% or 17% excluding FX
  - montratec contributed 9% to growth
  - Sales up 8%, excluding acquisition

Delivered Record Sales in Q4 FY24 and FY24 with 5% and 8% Growth Y/Y, Respectively

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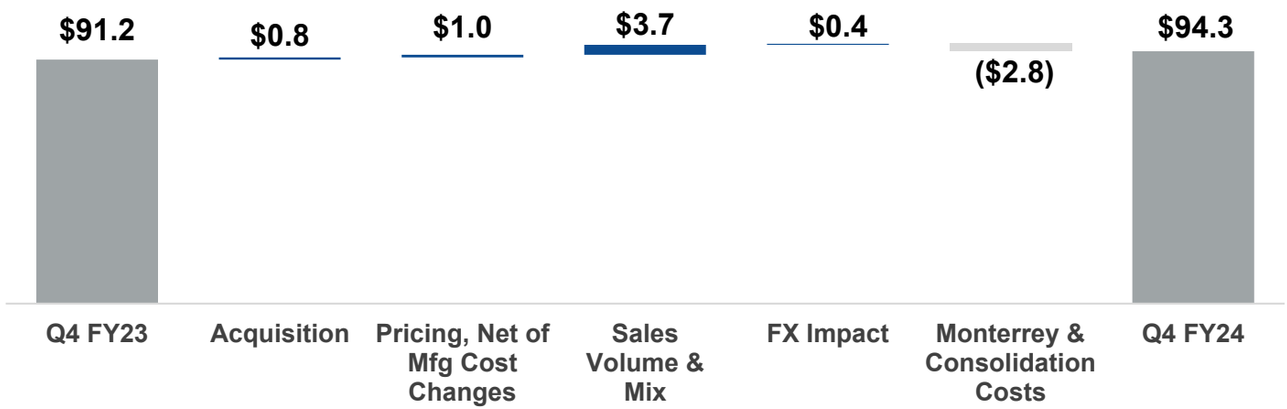
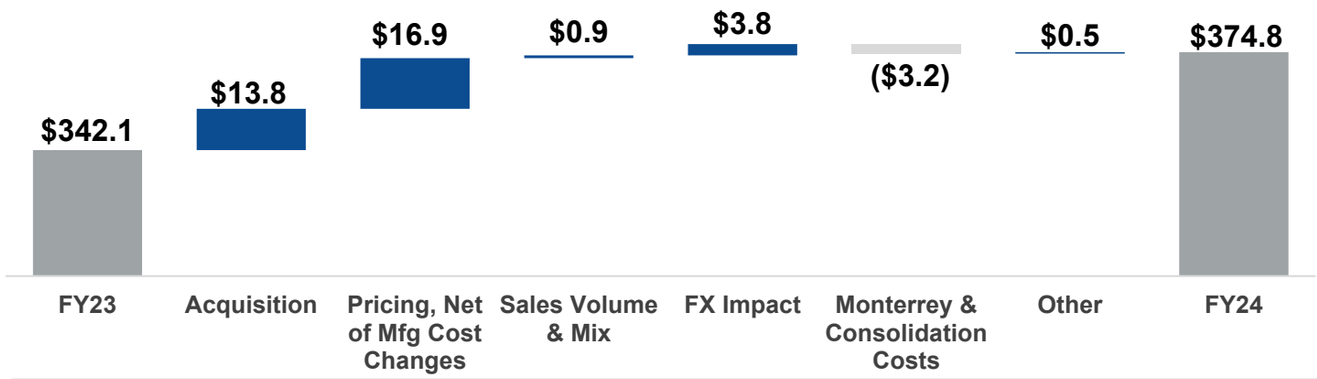
Gross Profit & Margin

($ in millions, $M)

Q4 FY24 Gross Profit



FY24 Gross Profit



Q4 FY24 Gross Margin of 35.5% and Adjusted Gross Margin[1] of 36.6%

- Gross profit increased 3% driven by sales volume & mix, partially offset by $2.8M of Monterrey, Mexico start-up and factory consolidation costs
- Adjusted Gross Profit[1] increased 7% adjusted for Monterrey Mexico start-up costs
- Adjusted Gross Margin[1] expanded 70 bps to 36.6%; Expanded 180 basis points on a two-year stack basis

FY24 Gross Margin of 37.0% and Adjusted Gross Margin[1] of 37.3%

- Gross profit increased 10% driven by acquisition, pricing and FX, partially offset by $3.2M of Monterrey, Mexico start-up and factory consolidation costs
- Adjusted Gross Profit[1] increased 11% adjusted for Monterrey Mexico start-up costs and business realignment costs
- Adjusted Gross Margin[1] expanded 80 bps Y/Y to 37.3%

Full Year Adjusted Gross Margin[1] of 37.3%... On Track Toward Long-Term Objective

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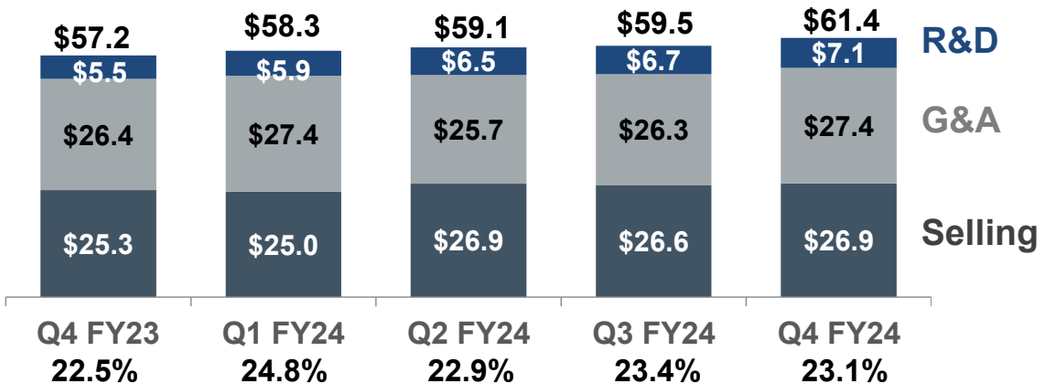
[1] Non-GAAP financial measure; see definition and reconciliation at the end of this Presentation.

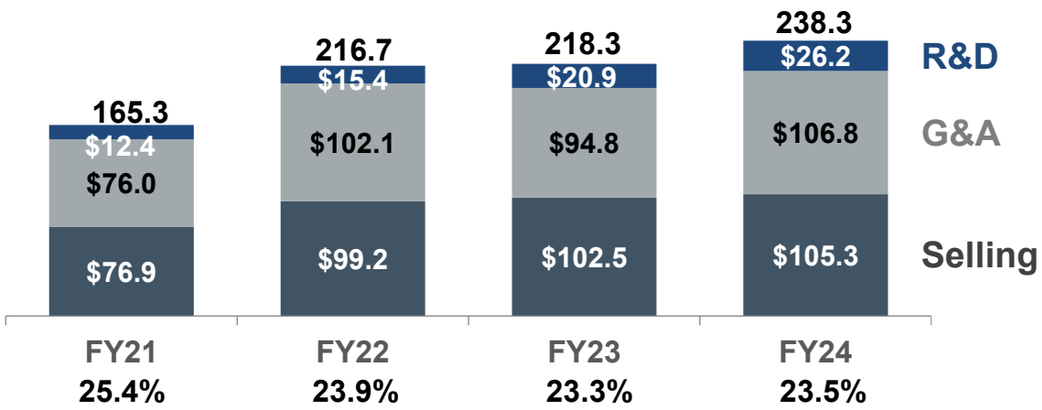
RSG&A

($ in millions, $M)

Quarterly RSG&A



Annual RSG&A



Q4 FY24 RSG&A increased $4.2M Y/Y

- $2.9M from montratec acquisition
- $1.3M of higher R&D, as we continue advancing our product innovation and product line simplification initiatives
- G&A includes $1.2M of fees and expenses for the Term Loan B repricing and $1.0M of Monterrey Mexico start-up costs

FY24 RSG&A increased $20.0M Y/Y

- $10.5M from montratec acquisition
- $4.4M of higher R&D with investments in product innovation and product line simplification initiatives
- G&A includes $1.2M of fees and expenses for the Term Loan B repricing and $1.2M of Monterrey Mexico start-up costs
- $1.8M impact of FX on RSG&A

Y/Y Increase Reflects Acquisition and R&D Investments… Disciplined Cost Management

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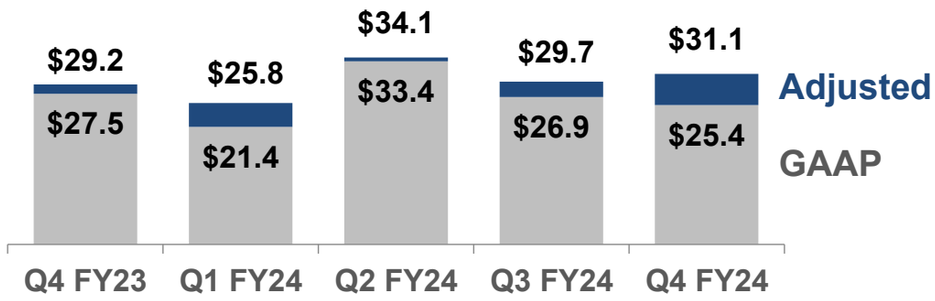
Note: Components may not add to totals due to rounding

Operating Income

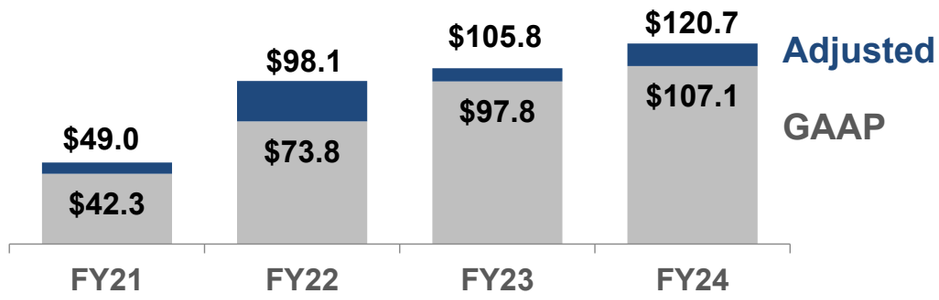
($ in millions, $M)

Quarterly Operating Income



	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24
Operating Margin	10.8%	9.1%	12.9%	10.6%	9.6%
Adj. Operating Margin[1]	11.5%	10.9%	13.2%	11.7%	11.7%

Annual Operating Income



	FY21	FY22	FY23	FY24
Operating Margin	6.5%	8.1%	10.5%	10.6%
Adj. Operating Margin[1]	7.5%	10.8%	11.3%	11.9%

Q4 FY24 Operating income decreased 7% Y/Y

- Operating income decreased $2.0M driven by $3.7M of Monterrey Mexico start-up costs and $1.2M of fees and expenses for the Term Loan B repricing

Q4 FY24 Adjusted Operating Income[1] increased 7% Y/Y

- Adjusted Operating Income[1] increased $1.9M
- Adjusted Operating Margin[1] of 11.7% expanded 20 bps

FY24 Operating income increased 10% Y/Y

- Operating income increased $9.3M, including $4.5M of Monterrey Mexico start-up costs and $1.2M of fees and expenses for the Term Loan B repricing

FY24 Adjusted Operating Income[1] increased 14% Y/Y

- Adjusted Operating Income[1] increased $14.9M
- Adjusted Operating Margin[1] of 11.9% expanded 60 bps

FY24 Adjusted Operating Income[1] Increased 14% Y/Y Driven By Gross Margin Expansion

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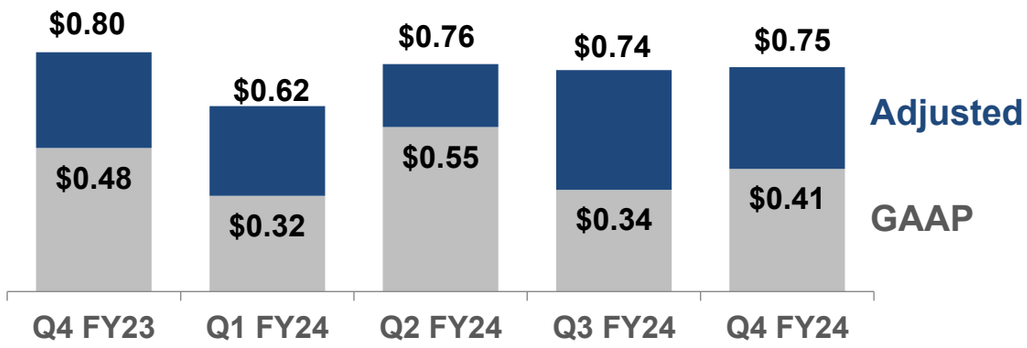
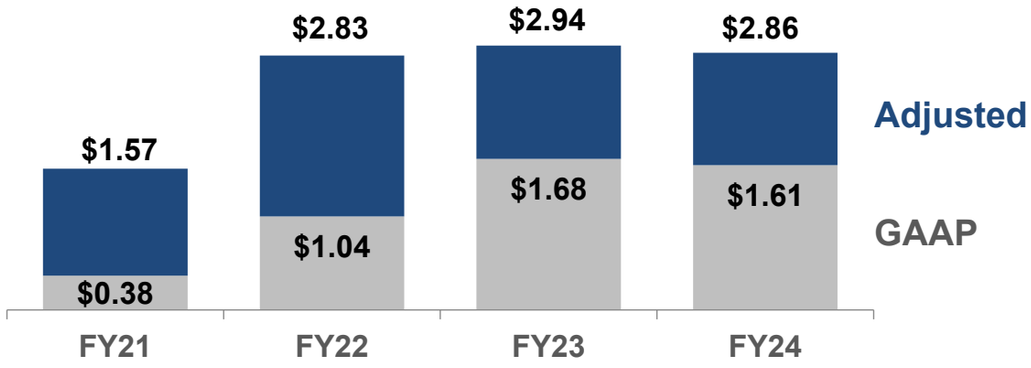
[1] Non-GAAP financial measure; see definition and reconciliation at the end of this Presentation.

Earnings Per Share

Quarterly Diluted EPS



Annual Diluted EPS[1]



Net income of $11.8M decreased $2.1M in Q4 FY24

- $2.0M decrease in operating income
- $1.8M unfavorable change in FX
- $1.5M higher interest expense
- Partially offset by a lower tax rate

Adjusted Net Income[1] of $21.8M

FY24 Net income of $46.6M decreased $1.8M

- $9.3M increase in operating income and lower tax rate, more than offset by:
  - $10.0M higher interest expense
  - $5.0M pension settlement
  - $4.0M lower FX gain than prior year
  - $1.2M for tax indemnification expense

Adjusted Net Income[1] of $83.0M

Delivered Adjusted EPS[1] of $2.86 in FY24

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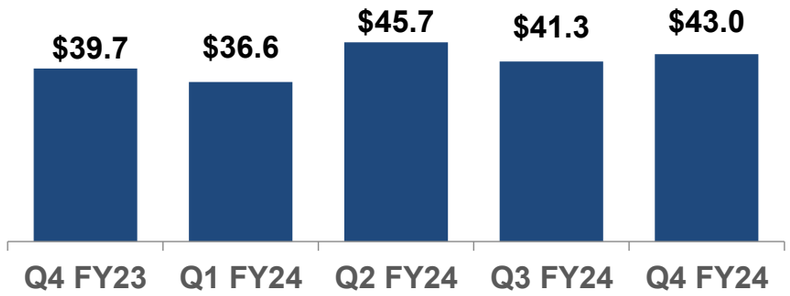
1 Non-GAAP financial measure; see definition and reconciliation at the end of this Presentation.

Adjusted EBITDA

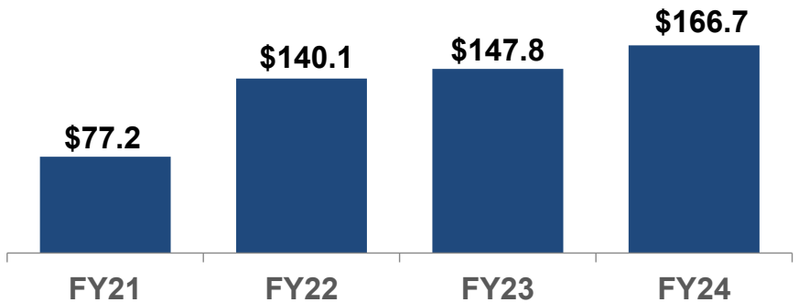
($ in millions, $M)

Quarterly Adjusted EBITDA[1]



	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24
Adj. EBITDA Margin[1]	15.7%	15.6%	17.7%	16.3%	16.2%

Annual Adjusted EBITDA[1]



	FY21	FY22	FY23	FY24
Adj. EBITDA Margin[1]	11.9%	15.4%	15.8%	16.4%

Adjusted EBITDA[1] increased 8% in Q4 FY24 Y/Y

- Grew Adjusted Operating Income[1] $1.9M or 7%, driven by top-line growth and Adjusted Gross Margin expansion
- Increased depreciation and amortization $1.3M

Q4 FY24 Adjusted EBITDA Margin[1] increased 50 bps Y/Y

Adjusted EBITDA[1] increased 13% in FY24 Y/Y

- Increased Adjusted Operating Income[1] by $14.9M or 14%, driven by top-line growth and Adjusted Gross Margin expansion
- Increased depreciation and amortization $4.0M

Adjusted EBITDA Margin[1] increased 60 bps in FY24 Y/Y

- Targeting ~21% Adjusted EBITDA Margin[1] in FY27
- Expect 80/20 initiatives, factory simplification, and operating leverage on increased scale to drive continued margin expansion

FY24 Adjusted EBITDA[1] Increased 13% Y/Y Driven By Gross Margin Expansion and Leverage on Growth

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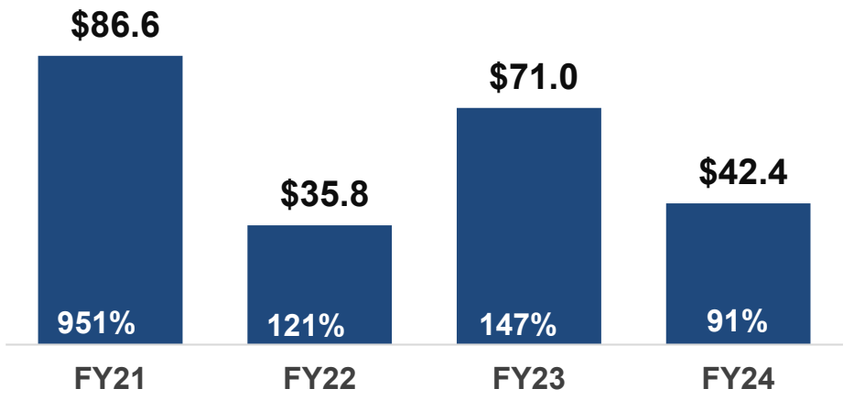
[1] Non-GAAP financial measure; see definition and reconciliation at the end of this Presentation.

Cash Flow

($ in millions, $M)

Free Cash Flow[1] & FCF Conversion[1]



	Three Months Ended		Year Ended	
	3/31/24	3/31/23	3/31/24	3/31/23
Net cash provided by (used for) operating activities	**$ 38.6**	**$ 66.7**	**$ 67.2**	**$ 83.6**
Capital Expenditures	8.5	3.1	24.8	12.6
Free Cash Flow (FCF)[1]	**$ 30.1**	**$ 63.6**	**$ 42.4**	**$ 71.0**

Note: Components may not sum due to rounding

Free Cash Flow Conversion[1] of 91%, in-line with guidance

Net Cash Provided by Operating Activities decreased $16.4M

- $8.9M higher cash interest
- $6.3M higher cash taxes
- $1.0M fees and expenses relate to Term Loan B repricing

CapEx increased by $12.2M

- $10.4M CapEx investment for our Monterrey, Mexico facility

Continue to Demonstrate Strong Free Cash Flow Conversion[1]

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1 Non-GAAP financial measure; see definition and reconciliation at the end of this Presentation.

Capital Structure

($ in millions, $M)

CAPITALIZATION	March 31, 2024	March 31, 2023
Term Loan B	$ 477.6	$ 462.6
AR Securitization Facility	45.0	0.0
Capital Lease	12.9	13.5
Unamortized Deferred Financing Fees	(5.3)	(4.5)
Total debt	**530.2**	**471.6**
Cash and cash equivalents	$ 114.1	$ 133.2
Debt, net of cash and cash equivalents	**416.1**	**338.4**
Shareholders' equity	882.1	833.8
Total capitalization	**$ 1,412.3**	**$ 1,305.4**
Debt/total capitalization	*37.5%*	*36.1%*
Net debt/net total capitalization	*32.1%*	*28.9%*

Note: Components may not add to totals due to rounding

Net Leverage Ratio[1] of 2.4x as of year end FY24

- Borrowed $120M to fund montratec acquisition, paid down $60M in FY24
- Expect additional $50M paydown in FY25, with $10M in Q1 FY25

Repriced Term Loan B debt resulting in $2.5M of interest expense savings

- Repriced TLB in March 2024 reducing credit spread by 25 bps to 250 bps and eliminated 26 bps credit spread adjustment
- 67% of total debt is hedged at a weighted average fixed cost of 6.6%

Continued financial flexibility with $277M of liquidity

Capital Priorities Remain Unchanged… Investing in Growth and Paying Down Debt

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FY2025 Guidance

	FY25	Q1 FY25
Net Sales ($M)	Low-single digit growth Y/Y	Low-single digit growth Y/Y
Adjusted EPS[1]	Mid to high-single digit growth Y/Y	Flat to slightly down Y/Y
Capital Expenditures	$20 to $30 million	
Net Leverage Ratio[1]	~2.0x	

Guidance Assumptions:

- FY25: ~$33M of interest expense, ~$30M of amortization, an effective tax rate of ~25% and 29.4M diluted average shares
- Q1 FY25: ~$9M of interest expense, ~$8M of amortization, an effective tax rate of ~25% and 29.2M diluted average shares

Expect Growth and Margin Expansion in FY25; Remain Confident in Long-Term Objectives

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May 29, 2024

INTELLIGENT MOTION

PURPOSE IN MOTION

Supplemental Information

Conference Call Playback Info

Replay Number: 412-317-6671 passcode: 13746170

Telephone replay available through June 5, 2024

Webcast / PowerPoint / Replay available at investors.cmco.com

Transcript, when available, at investors.cmco.com

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Non-GAAP Measures

The following information provides definitions and reconciliations of the non-GAAP financial measures presented in this presentation to the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles (GAAP). The Company has provided this non-GAAP financial information, which is not calculated or presented in accordance with GAAP, as information supplemental and in addition to the financial measures presented in this presentation that are calculated and presented in accordance with GAAP. Such non-GAAP financial measures should not be considered superior to, as a substitute for or alternative to, and should be considered in conjunction with, the GAAP financial measures presented in this presentation. The non-GAAP financial measures in this presentation may differ from similarly titled measures used by other companies.

- Adjusted Gross Profit and Adjusted Gross Margin
- Adjusted Operating Income and Adjusted Operating Margin
- Adjusted Net Income and Adjusted Diluted EPS
- Adjusted EBITDA and Adjusted EBITDA Margin
- ROIC
- Free Cash Flow and Free Cash Flow Conversion
- Net Debt and Net Leverage Ratio

Forward-Looking:

The Company has not reconciled the Adjusted Gross Margin, Adjusted EBITDA Margin, Adjusted EPS and Net Leverage Ratio guidance to the most comparable GAAP measure because it is not possible to do so without unreasonable efforts due to the uncertainty and potential variability of reconciling items, which are dependent on future events and often outside of management's control and which could be significant. Because such items cannot be reasonably predicted with the level of precision required, we are unable to provide guidance for the comparable GAAP financial measures. Forward-looking guidance regarding Adjusted EPS and Net Leverage Ratio for full year and first quarter fiscal 2025 are made in a manner consistent with the relevant definitions and assumptions noted herein. Forward-looking guidance regarding Adjusted Gross Margin and Adjusted EBITDA for fiscal 2027 are made in a manner consistent with the relevant definitions and assumptions noted herein.

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Non-GAAP Measures: Adjusted Gross Profit and Adjusted Gross Margin

($ in thousands)	Quarter					Fiscal Year			
	Q4 FY23	**Q1 FY24**	**Q2 FY24**	**Q3 FY24**	**Q4 FY24**	**2021**	**2022**	**2023**	**2024**
Gross profit	$ 91,218	$ 86,649	$ 99,976	$ 93,897	$ 94,315	$ 220,225	$ 315,730	$ 342,099	$ 374,838
Add back (deduct):									
Product liability settlement	—	—	—	—	—	—	2,850	—	—
Acquisition amortization of backlog	—	—	—	—	—	—	2,100	—	—
Acquisition inventory step-up expense	—	—	—	—	—	—	5,042	—	—
Business realignment costs	—	196	—	150	—	830	1,606	—	346
Acquisition deal and integration costs	—	—	—	—	—	—	521	—	—
Factory and warehouse consolidation	—	—	—	—	262	2,671	—	—	262
Monterrey, MX new factory start-up costs	—	—	—	435	2,552	—	—	—	2,987
Insurance settlement	—	—	—	—	—	—	—	—	—
Gain on sale of building	—	—	—	—	—	(2,189)	—	—	—
Adjusted Gross Profit	$ 91,218	$ 86,845	$ 99,976	$ 94,482	$ 97,129	$ 221,537	$ 327,849	$ 342,099	$ 378,433
Net sales	$ 253,843	$ 235,492	$ 258,400	$ 254,143	$ 265,504	$ 649,642	$ 906,555	$ 936,240	$ 1,013,540
Add back:									
Acquisition amortization of backlog	—	—	—	—	—	—	2,100	—	—
Adjusted Net Sales	$ 253,843	$ 235,492	$ 258,400	$ 254,143	$ 265,504	$ 649,642	$ 908,655	$ 936,240	$ 1,013,540
Gross margin	35.9%	36.8%	38.7%	36.9%	35.5%	33.9%	34.8%	36.5%	37.0%
Adjusted Gross Margin	35.9%	36.9%	38.7%	37.2%	36.6%	34.1%	36.1%	36.5%	37.3%

Adjusted Gross Profit is defined as gross profit as reported, adjusted for certain items. Adjusted Gross Profit Margin is defined as Adjusted Gross Profit divided by net sales. Adjusted Gross Profit and Adjusted Gross Margin are not measures determined in accordance with GAAP and may not be comparable with Adjusted Gross Profit and Adjusted Gross Profit Margin as used by other companies. Nevertheless, Columbus McKinnon believes that providing non-GAAP financial measures, such as Adjusted Gross Profit and Adjusted Gross Profit Margin, are important for investors and other readers of the Company's financial statements and assists in understanding the comparison of the current quarter's and current year's gross profit and gross profit margin to the historical periods' gross profit and gross margin, as well as facilitates a more meaningful comparison of the Company's gross profit and gross profit margin to that of other companies.

Non-GAAP Measures: Adjusted Operating Income and Adjusted Operating Margin

($ in thousands)	Quarter					Fiscal Year			
	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	2021	2022	2023	2024
Income from operations	$ 27,469	$ 21,448	$ 33,351	$ 26,912	$ 25,437	$ 42,255	$ 73,781	$ 97,841	$ 107,148
Add back (deduct):									
Acquisition deal and integration costs	173	2,587	508	113	3	3,951	10,473	616	3,211
Acquisition inventory step-up expense	—	—	—	—	—	—	5,042	—	—
Business realignment costs	848	375	40	1,452	—	1,470	3,902	5,140	1,867
Garvey contingent consideration	—	—	—	—	—	—	—	1,230	—
Product liability settlement	—	—	—	—	—	—	2,850	—	—
Headquarter relocation costs	681	1,228	146	510	175	—	—	996	2,059
Acquisition amortization of backlog	—	—	—	—	—	—	2,100	—	—
Factory and warehouse consolidation	—	117	82	—	545	3,778	—	—	744
Monterrey, MX new factory start-up costs	—	—	—	755	3,734	—	—	—	4,489
Insurance recovery legal costs	—	—	—	—	—	229	—	—	—
Gain on sale of building	—	—	—	—	—	(2,638)	—	—	—
Cost of debt repricing	—	—	—	—	1,190	—	—	—	1,190
Adjusted Operating Income	$ 29,171	$ 25,755	$ 34,127	$ 29,742	$ 31,084	$ 49,045	$ 98,148	$ 105,823	$ 120,708
Net sales	$ 253,843	$ 235,492	$ 258,400	$ 254,143	$ 265,504	$ 649,642	$ 906,555	$ 936,240	$ 1,013,540
Add back:									
Acquisition amortization of backlog	—	—	—	—	—	—	2,100	—	—
Adjusted Net Sales	$ 253,843	$ 235,492	$ 258,400	$ 254,143	$ 265,504	$ 649,642	$ 908,655	$ 936,240	$ 1,013,540
Operating margin	10.8%	9.1%	12.9%	10.6%	9.6%	6.5%	8.1%	10.5%	10.6%
Adjusted Operating margin	11.5%	10.9%	13.2%	11.7%	11.7%	7.5%	10.8%	11.3%	11.9%

Adjusted Operating Income is defined as income from operations as reported, adjusted for certain items. Adjusted Operating Margin is defined as Adjusted Operating Income divided by net sales. Adjusted Operating Income and Adjusted Operating Margin are not measures determined in accordance with GAAP and may not be comparable with Adjusted Operating Income and Adjusted Operating Margin as used by other companies. Nevertheless, Columbus McKinnon believes that providing non-GAAP financial measures, such as Operating Income and Adjusted Operating Margin, are important for investors and other readers of the Company's financial statements and assists in understanding the comparison of the current quarter's and current year's income from operations and operating margin to the historical periods' income from operations and operating margin, as well as facilitates a more meaningful comparison of the Company's income from operations and operating margin to that of other companies.

Non-GAAP Measures: Adjusted Net Income and Adjusted Diluted EPS

($ in thousands, except per share data)	Quarter					Fiscal Year			
	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	2021	2022	2023	2024
Net income	$ 13,895	$ 9,275	$ 15,813	$ 9,728	$ 11,809	$ 9,106	$ 29,660	$ 48,429	$ 46,625
Add back (deduct):									
Amortization of intangibles	6,559	6,877	7,508	7,486	7,525	12,623	25,283	26,001	29,396
Acquisition deal and integration costs	173	2,587	508	113	3	3,951	10,473	616	3,211
Business realignment costs	848	375	40	1,452	—	1,470	3,902	5,140	1,867
Product liability settlement	—	—	—	—	—	—	2,850	—	—
Acquisition inventory step-up expense	—	—	—	—	—	—	5,042	—	—
Acquisition amortization of backlog	—	—	—	—	—	—	2,100	—	—
Garvey contingent consideration	—	—	—	—	—	—	—	1,230	—
Headquarter relocation costs	681	1,228	146	510	175	—	—	996	2,059
Factory and warehouse consolidation	—	117	82	—	545	3,778	—	—	744
Monterrey, MX new factory start-up costs	—	—	—	755	3,734	—	—	—	4,489
Cost of debt refinancing and repricing	—	—	—	—	1,190	—	14,803		1,190
Non-cash pension settlement expense	—	—	—	4,599	385	19,046	—	—	4,984
Tax indemnification payment owed	—	—	—	—	1,192	—	—	—	1,192
Insurance recovery legal costs	—	—	—	—	—	229	—	—	—
Gain on sale of building	—	—	—	—	—	(2,638)	—	—	—
Normalize tax rate to 25%[1]	975	(2,569)	(2,199)	(3,227)	(4,767)	(9,708)	(13,852)	2,185	(12,763)
Adjusted Net Income	$ 23,131	$ 17,890	$ 21,898	$ 21,416	$ 21,971	$ 37,857	$ 80,261	$ 84,597	$ 82,994
Average diluted shares outstanding	28,869	28,906	29,001	28,991	29,129	24,173	28,401	28,818	29,026
Diluted income per share	$ 0.48	$ 0.32	$ 0.55	$ 0.34	$ 0.41	$ 0.38	$ 1.04	$ 1.68	$ 1.61
Adjusted Diluted EPS	$ 0.80	$ 0.62	$ 0.76	$ 0.74	$ 0.75	$ 1.57	$ 2.83	$ 2.94	$ 2.86

[1] Applies a normalized tax rate of 25% in fiscal 2024 and 22% in fiscal 2022 and fiscal 2023 to GAAP pre-tax income and non-GAAP adjustments above, which are each pre-tax.

Adjusted Net Income and Adjusted Diluted EPS are defined as net income and diluted EPS as reported, adjusted for certain items, including amortization of intangibles, and also adjusted for a normalized tax rate. Adjusted Net Income and Adjusted Diluted EPS are not measures determined in accordance with GAAP and may not be comparable with the measures used by other companies. Nevertheless, Columbus McKinnon believes that providing non-GAAP financial measures, such as Adjusted Net Income and Adjusted Diluted EPS, are important for investors and other readers of the Company's financial statements and assists in understanding the comparison of the current quarter's and current year's net income and diluted EPS to the historical periods' net income and diluted EPS, as well as facilitates a more meaningful comparison of the Company's net income and diluted EPS to that of other companies. The Company believes that presenting Adjusted Diluted EPS provides a better understanding of its earnings power inclusive of adjusting for the non-cash amortization of intangible assets, reflecting the Company's strategy to grow through acquisitions as well as organically.

Non-GAAP Measures: Adjusted EBITDA and Adjusted EBITDA Margin

($ in thousands)	Quarter					Fiscal Year			
	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	2021	2022	2023	2024
Net income	$ 13,895	$ 9,275	$ 15,813	$ 9,728	$ 11,809	$ 9,106	$ 29,660	$ 48,429	$ 46,625
Add back (deduct):									
Income tax expense (benefit)	7,499	3,394	5,100	3,911	2,497	970	8,786	26,046	14,902
Interest and debt expense	7,668	8,625	10,211	9,952	9,169	12,081	20,126	27,942	37,957
Investment (income) loss	(483)	(543)	88	(758)	(547)	(1,693)	(46)	(315)	(1,759)
Foreign currency exchange (gain) loss	(1,037)	483	1,746	(1,155)	752	941	1,574	(2,189)	1,826
Other (income) expense, net	(73)	214	393	5,234	1,757	20,850	(1,122)	(2,072)	7,597
Depreciation and amortization expense	10,567	10,890	11,592	11,570	11,893	28,153	41,924	41,947	45,945
Cost of debt refinancing	—	—	—	—	—	—	14,803	—	—
Acquisition deal and integration costs	173	2,587	508	113	3	3,951	10,473	616	3,211
Acquisition inventory step-up expense	—	—	—	—	—	—	5,042	—	—
Product liability settlement	—	—	—	—	—	—	2,850	—	—
Business realignment costs	848	375	40	1,452	—	1,470	3,902	5,140	1,867
Factory and warehouse consolidation	—	117	82	—	545	3,778	—	—	744
Headquarter relocation costs	681	1,228	146	510	175	—	—	996	2,059
Garvey contingent consideration	—	—	—	—	—	—	—	1,230	—
Acquisition amortization of backlog	—	—	—	—	—	—	2,100	—	—
Insurance settlement	—	—	—	—	—	229	—	—	—
Gain on sale of building	—	—	—	—	—	(2,638)	—	—	—
Monterrey, MX new factory start-up costs	—	—	—	755	3,734	—	—	—	4,489
Cost of debt repricing	—	—	—	—	1,190	—	—	—	1,190
Adjusted EBITDA	$ 39,738	$ 36,645	$ 45,719	$ 41,312	$ 42,977	$ 77,198	$ 140,072	$ 147,770	$ 166,653
Sales	$ 253,843	$ 235,492	$ 258,400	$ 254,143	$ 265,504	$ 649,642	$ 906,555	$ 936,240	$ 1,013,540
Add back:									
Acquisition amortization of backlog	—	—	—	—	—	—	2,100	—	—
Adjusted Net Sales	$ 253,843	$ 235,492	$ 258,400	$ 254,143	$ 265,504	$ 649,642	$ 908,655	$ 936,240	$ 1,013,540
Net income margin	5.5%	3.9%	6.1%	3.8%	4.4%	1.4%	3.3%	5.2%	4.6%
Adjusted EBITDA margin	15.7%	15.6%	17.7%	16.3%	16.2%	11.9%	15.4%	15.8%	16.4%

Adjusted EBITDA is defined as net income before interest expense, income taxes, depreciation, amortization, and other adjustments. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by net sales. Adjusted EBITDA and Adjusted EBITDA Margin are not measures determined in accordance with GAAP and may not be comparable with Adjusted EBITDA and Adjusted EBITDA Margin as used by other companies. Nevertheless, Columbus McKinnon believes that providing non-GAAP financial measures, such as Adjusted EBITDA and Adjusted EBITDA Margin, are important for investors and other readers of the Company's financial statements.

Non-GAAP Measures: ROIC

($ in thousands)	Fiscal Year			
	2021	**2022**	**2023**	**2024**
Income from operations	$ 42,255	$ 73,781	$ 97,841	$ 107,148
Add back (deduct):				
Acquisition deal and integration costs	3,951	10,473	616	3,211
Business realignment costs	1,470	3,902	5,140	1,867
Factory and warehouse consolidation	3,778	—	—	744
Headquarter relocation costs	—	—	996	2,059
Garvey contingent consideration	—	—	1,230	—
Monterrey, MX new factory start-up costs	—	—	—	4,489
Acquisition inventory step-up expense	—	5,042	—	—
Product liability settlement	—	2,850	—	—
Cost of debt repricing	—	—	—	1,190
Insurance settlement	229	—	—	—
Gain on sale of building	(2,638)	—	—	—
Acquisition amortization of backlog	—	2,100	—	—
Adjusted Operating Income	$ 49,045	$ 98,148	$ 105,823	$ 120,708
Adjusted Operating Income, net of normalized tax rate of 25%	$ 36,784	$ 73,611	$ 79,367	$ 90,531
Trailing five quarter averages:				
Total debt	260,130	438,768	491,410	539,296
Total shareholders' equity	487,523	701,640	795,410	859,119
Cash and cash equivalents	168,599	123,636	100,922	111,260
Net total capitalization	$ 579,054	$ 1,016,772	$ 1,185,898	$ 1,287,086
Return on Invested Capital (ROIC)	6.4%	7.2%	6.7%	7.0%

ROIC is defined as Adjusted Operating Income, net of taxes at a *25%* normalized rate *(fiscal 2021, 2022 and 2023 restated with a 25% normalized tax rate versus the 22% tax rate previously reported)*, for the trailing twelve months divided by the average of total debt plus total shareholders' equity less cash and cash equivalents (average capital) for the trailing five quarters. ROIC is not a measure determined in accordance with GAAP and may not be comparable with the measures as used by other companies. Nevertheless, Columbus McKinnon believes that providing non-GAAP financial information, such as ROIC, is important for investors and other readers of the Company's financial statements.

Non-GAAP Measures: Free Cash Flow (FCF) and FCF Conversion

($ in thousands)	Fiscal Year			
	2021	**2022**	**2023**	**2024**
Net cash provided by operating activities	$ 98,890	$ 48,881	$ 83,636	$ 67,198
Capital expenditures	(12,300)	(13,104)	(12,632)	(24,813)
Free Cash Flow (FCF)	$ 86,590	$ 35,777	$ 71,004	$ 42,385
Net income	$ 9,106	$ 29,660	$ 48,429	$ 46,625
Free Cash Flow Conversion	951%	121%	147%	91%

Free Cash Flow is defined as net cash provided by (used for) operating activities less capital expenditures. Free Cash Flow Conversion is defined as Free Cash Flow divided by net income. Free Cash Flow and Free Cash Flow Conversion are not measures determined in accordance with GAAP and may not be comparable with the measures as defined or used by other companies. Nevertheless, the Company believes that providing non-GAAP financial measures, such as Free Cash Flow and Free Cash Flow Conversion, is important for investors and other readers of the Company's financial statements and assists in understanding the comparison of the current periods' Free Cash Flow and Free Cash Flow Conversion to Free Cash Flow and Free Cash Flow Conversion for historical periods.

Non-GAAP Measures: Net Debt and Net Leverage Ratio

($ in thousands)	Trailing Twelve Month							
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24
Net income	$ 45,314	$ 44,225	$ 46,360	$ 48,429	$ 49,313	$ 51,012	$ 48,711	$ 46,625
Add back (deduct):								
Annualize EBITDA for montratec[1]	3,822	665	—	—	7,994	5,410	2,131	1,331
Annualize synergies for montratec[1]	2,300	1,445	660	—	401	293	184	73
Income tax expense (benefit)	20,196	21,066	24,701	26,046	20,547	20,694	19,904	14,902
Interest and debt expense	20,517	22,698	25,626	27,942	30,364	33,807	36,456	37,957
Non-Cash loss related to asset retirement	173	175	175	175	2	—	—	—
Gain on Sale of Facility	(375)	(232)	(232)	(232)	(232)	—	—	—
Non-Cash Pension Settlement[2]	—	—	—	—	—	—	4,599	4,984
Amortization of deferred financing costs	1,662	1,696	1,720	1,721	1,774	1,967	2,158	2,349
Stock Compensation Expense	9,735	9,371	9,800	10,425	11,655	12,060	11,859	12,039
Garvey contingent consideration			1,230	1,230	1,230	1,230	—	—
Depreciation and amortization expense	41,924	41,848	42,059	41,947	42,368	43,536	44,619	45,945
Acquisition deal and integration costs	1,317	704	672	616	3,117	3,606	3,381	3,211
Excluded deal and integration costs[3]		(222)	(169)	—	(529)	(510)	(172)	—
Acquisition inventory set-up expense	2,061	2,061	1,546	—	—	—	—	—
Acquisition amortization of backlog	2,100	2,100	1,650	—	—	—	—	—
Business realignment costs	4,936	4,969	5,406	5,140	3,857	2,664	2,715	1,867
Excluded business realignment costs[3]	—	—	—	—	(3,482)	(2,249)	(848)	—
Factory and warehouse consolidation	—	—	—	—	117	199	199	744
Headquarter relocation costs	—	—	315	996	2,224	2,370	2,565	2,059
Cost of debt refinancing	—	—	—	—	—	—	—	1,190
Monterrey, MX new factory start-up costs	—	—	—	—	—	—	755	4,489
Credit Agreement TTM Adjusted EBITDA	$ 155,682	$ 152,569	$ 161,519	$ 164,435	$ 170,720	$ 176,089	$ 179,216	$ 179,765
Net Sales TTM	$ 913,378	$ 921,483	$ 935,765	$ 936,240	$ 951,445	$ 978,105	$ 1,001,878	$ 1,013,540
Net Margin	5.0%	4.8%	5.0%	5.2%	5.2%	5.2%	4.7%	4.6%
Credit Agreement Adjusted EBITDA Margin	17.0%	16.6%	17.3%	17.6%	17.9%	18.0%	17.9%	17.7%
Total debt	501,327	491,420	481,512	471,592	579,769	564,841	550,040	530,236
Standby letters of credit	15,660	14,682	15,275	14,921	15,364	15,525	15,740	15,368
Cash and cash equivalents	(85,660)	(88,865)	(81,520)	(133,176)	(106,994)	(99,058)	(102,945)	(114,126)
Net Debt	$ 431,327	$ 417,237	$ 415,267	$ 353,337	$ 488,139	$ 481,308	$ 462,835	$ 431,478
Net Leverage Ratio	2.77x	2.73x	2.57x	2.15x	2.86x	2.73x	2.58x	2.40x

Net Debt is defined in the credit agreement as total debt plus standby letters of credit, net of cash and cash equivalents. Net Leverage Ratio is defined as Net Debt divided by the Credit Agreement Trailing Twelve Month Adjusted ("TTM") EBITDA. Credit Agreement TTM Adjusted EBITDA is defined as net income before interest expense, income taxes, depreciation, amortization, and other adjustments. Credit Agreement Adjusted EBITDA Margin is defined as Credit Agreement TTM Adjusted EBITDA divided by net sales. Net Debt, Net Leverage Ratio, Credit Agreement TTM Adjusted EBITDA and Credit Agreement Adjusted EBITDA Margin are not measures determined in accordance with GAAP and may not be comparable with the measures as used by other companies. Nevertheless, the Company believes that providing non-GAAP financial measures, such as Net Debt, Net Leverage Ratio, Credit Agreement TTM Adjusted EBITDA and Credit Agreement Adjusted EBITDA Margin are important for investors and other readers of the Company's financial statements.

[1] EBITDA is normalized to include a full year of the acquired entity and assuming that deal related synergies are achieved for montratec in fiscal year 2024 and Dorner and Garvey in fiscal year 2023

[2] During the quarter ending December 31, 2023, certain employees in one of the Company's U.S. pension plans accepted an offer to settle their pension obligation with a lump sum payment. These lump sum settlements are one of the steps the Company is taking to terminate the plan by transferring the liabilities to a third-party.

[3] The Company's credit agreement definition of Adjusted EBITDA excludes certain acquisition deal and integration costs and business realignment costs that are incurred up to two years after the close of an acquisition