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

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2024

or

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

For the transition period from __________ to __________

Commission file number: 000-03134

Park-Ohio Holdings Corp.

(Exact name of registrant as specified in its charter)

Ohio	**34-1867219**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
6065 Parkland Boulevard, Cleveland, Ohio	**44124**
(Address of principal executive offices)	**(Zip Code)**

(440) 947-2000
(Registrant's telephone number, including area code)

Not applicable
(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, Par Value $1.00 Per Share	PKOH	The NASDAQ Stock Market LLC

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 twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

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

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

Large accelerated filer	☐	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 accountings 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

Number of shares outstanding of registrant's Common Stock, par value $1.00 per share, as of March 31, 2024: 13,070,758 shares.

Park-Ohio Holdings Corp. and Subsidiaries

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Part I. Financial Information

Item 1. ***Condensed Consolidated Financial Statements***

Park-Ohio Holdings Corp. and Subsidiaries
Condensed Consolidated Balance Sheets

	(Unaudited) March 31, 2024	December 31, 2023
	(In millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 61.6	$ 54.8
Accounts receivable, net	283.8	263.3
Inventories, net	428.5	411.1
Other current assets	109.8	95.2
Total current assets	883.7	824.4
Property, plant and equipment, net	184.0	184.9
Operating lease right-of-use assets	44.9	44.7
Goodwill	114.2	110.2
Intangible assets, net	76.3	73.3
Other long-term assets	99.4	103.2
Total assets	$ 1,402.5	$ 1,340.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 199.3	$ 204.0
Current portion of long-term debt and short-term debt	12.3	9.4
Current portion of operating lease liabilities	11.6	10.6
Accrued expenses and other	170.3	139.6
Total current liabilities	393.5	363.6
Long-term liabilities, less current portion:		
Long-term debt	657.3	633.4
Long-term operating lease liabilities	33.6	34.4
Other long-term liabilities	20.6	19.4
Total long-term liabilities	711.5	687.2
Park-Ohio Holdings Corp. and Subsidiaries shareholders' equity	288.5	280.4
Noncontrolling interests	9.0	9.5
Total equity	297.5	289.9
Total liabilities and shareholders' equity	$ 1,402.5	$ 1,340.7

Refer to the accompanying notes to these unaudited condensed consolidated financial statements.

Park-Ohio Holdings Corp. and Subsidiaries
Condensed Consolidated Statements of Income (Unaudited)

	Three Months Ended March 31,	
	2024	2023
	(In millions, except per share data)	
Net sales	$ 417.6	$ 423.5
Cost of sales	346.2	356.3
Selling, general and administrative expenses	47.1	45.3
Restructuring, acquisition-related and other special charges	0.3	2.5
Gains on sales of assets	—	(0.8)
Operating income	24.0	20.2
Other components of pension and other postretirement benefits income, net	1.3	0.7
Interest expense, net	(11.9)	(10.7)
Income from continuing operations before income taxes	13.4	10.2
Income tax expense	(3.3)	(2.6)
Income from continuing operations	10.1	7.6
Loss (income) attributable to noncontrolling interests	0.5	(0.1)
Income from continuing operations attributable to Park-Ohio Holdings Corp. common shareholders	10.6	7.5
Loss from discontinued operations, net of tax (Note 5)	(1.0)	(1.7)
Net income attributable to Park-Ohio Holdings Corp. common shareholders	$ 9.6	$ 5.8
Earnings per common share attributable to Park-Ohio Holdings Corp. common shareholders:		
Basic:		
Continuing operations	$ 0.85	$ 0.61
Discontinued operations	(0.08)	(0.14)
Total	$ 0.77	$ 0.47
Diluted:		
Continuing operations	$ 0.83	$ 0.61
Discontinued operations	(0.08)	(0.14)
Total	$ 0.75	$ 0.47

Refer to the accompanying notes to these unaudited condensed consolidated financial statements.

Park-Ohio Holdings Corp. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Unaudited)

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Net income attributable to Park-Ohio Holdings Corp. common shareholders before noncontrolling interest	$ 9.1	$ 5.9
Other comprehensive (loss) income, net of tax:		
Currency translation	(1.8)	3.3
Foreign currency forward contracts	—	(0.2)
Pension and other postretirement benefits	0.5	2.0
Total other comprehensive (loss) income	(1.3)	5.1
Total comprehensive income, net of tax	7.8	11.0
Comprehensive loss (income) attributable to noncontrolling interests	0.5	(0.1)
Comprehensive income attributable to Park-Ohio Holdings Corp. common shareholders	$ 8.3	$ 10.9

Refer to the accompanying notes to these unaudited condensed consolidated financial statements.

Park-Ohio Holdings Corp. and Subsidiaries
Condensed Consolidated Statements of Shareholders' Equity (Unaudited)

	Common Stock							
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	(In whole shares)	(In millions)						
Balance at January 1, 2024	17,029,938	$ 17.0	$ 155.9	$ 240.1	$ (88.9)	$ (43.7)	$ 9.5	$ 289.9
Other comprehensive income	—	—	—	9.6	—	(1.3)	(0.5)	7.8
Stock-based compensation expense	—	—	1.5	—	—	—	—	1.5
Stock-based compensation activity	3,065	—	—	—	—	—	—	—
Dividends	—	—	—	(1.6)		—	—	(1.6)
Payments of withholding taxes on share awards	—	—	—	—	(0.1)	—	—	(0.1)
Balance at March 31, 2024	17,033,003	$ 17.0	$ 157.4	$ 248.1	$ (89.0)	$ (45.0)	$ 9.0	$ 297.5

	Common Stock							
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	(In whole shares)	(In millions)						
Balance at January 1, 2023	16,653,928	$ 16.6	$ 149.8	$ 238.8	$ (86.9)	$ (61.8)	$ 11.4	$ 267.9
Other comprehensive income	—	—	—	5.8	—	5.1	0.1	11.0
Stock-based compensation expense	—	—	1.6	—	—	—	—	1.6
Stock-based compensation activity	9,535	0.1	(0.1)	—	—	—	—	—
Dividends	—	—	—	(1.6)	—	—	—	(1.6)
Balance at March 31, 2023	16,663,463	$ 16.7	$ 151.3	$ 243.0	$ (86.9)	$ (56.7)	$ 11.5	$ 278.9

	Three Months Ended March 31,	
	2024	2023
Dividends per common share	$ 0.125	$ 0.125

Refer to the accompanying notes to these unaudited condensed consolidated financial statements.

Park-Ohio Holdings Corp. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended March 31, 2024	2023
	(In millions)	
OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Income from continuing operations	$ 10.1	$ 7.6
Adjustments to reconcile income from continuing operations to net cash provided by operating activities from continuing operations:		
Depreciation and amortization	8.4	7.7
Stock-based compensation expense	1.5	1.6
Gain on sale of assets	—	(0.8)
Changes in operating assets and liabilities:		
Accounts receivable	(16.1)	(9.0)
Inventories	(13.9)	(1.8)
Prepaid and other current assets	(5.8)	(6.5)
Accounts payable and accrued expenses	20.9	1.1
Other	(2.8)	0.3
Net cash provided by operating activities from continuing operations	2.3	0.2
INVESTING ACTIVITIES FROM CONTINUING OPERATIONS		
Purchases of property, plant and equipment	(5.8)	(6.0)
Proceeds from sales of assets	—	1.4
Business acquisitions, net of cash acquired	(11.0)	(0.5)
Net cash used in investing activities from continuing operations	(16.8)	(5.1)
FINANCING ACTIVITIES FROM CONTINUING OPERATIONS		
Proceeds from revolving credit facility, net	24.0	3.0
Payments on other debt	(2.8)	(0.5)
Proceeds from other debt	7.1	3.2
(Payments on) proceeds from finance lease facilities, net	(0.8)	1.7
Payments related to prior acquisitions	—	(1.3)
Dividends	(1.6)	(1.6)
Payments of withholding taxes on share awards	(0.1)	—
Net cash provided by financing activities from continuing operations	25.8	4.5
DISCONTINUED OPERATIONS:		
Total used by operating activities	(3.6)	(6.4)
Total used by investing activities	—	(1.5)
Total used by financing activities	—	(0.7)
Decrease in cash and cash equivalents from discontinued operations	(3.6)	(8.6)
Effect of exchange rate changes on cash	(0.9)	0.4
Increase (decrease) in cash and cash equivalents	6.8	(8.6)
Cash and cash equivalents at beginning of period	54.8	58.2
Cash and cash equivalents at end of period	$ 61.6	$ 49.6
Interest paid	$ 5.5	$ 5.2
Income taxes paid	$ 2.0	$ 3.2

Refer to the accompanying notes to these unaudited condensed consolidated financial statements.

Park-Ohio Holdings Corp. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 31, 2024

NOTE 1 — Basis of Presentation

The condensed consolidated financial statements include the accounts of Park-Ohio Holdings Corp. and its subsidiaries (collectively, "we," "our" or the "Company"). All intercompany accounts and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles in the United States ("U.S. GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. The balance sheet at December 31, 2023 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 — New Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This guidance requires additional annual and interim disclosures for reportable segments. This new standard does not affect the recognition, measurement or financial statement presentation. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company is still evaluating the impact that the adoption will have on the consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This guidance requires additional annual disclosures for income taxes. This new standard does not affect the recognition, measurement or financial statement presentation. The amendments are effective for fiscal years beginning after December 15, 2024. The Company is still evaluating the impact that the adoption will have on the consolidated financial statements and disclosures.

No other recently-issued accounting standards updates are expected to have a material impact on our results of operations, financial condition or liquidity.

NOTE 3 — Revenue

We disaggregate our revenue by product line and geographic region of our customers as we believe these metrics best depict how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by economic factors. See details in the tables below.

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	Three Months Ended March 31,	
	2024	2023
	(In millions)	
PRODUCT LINE		
Supply Technologies	$ 167.6	$ 170
Engineered specialty fasteners and other products	29.3	25
Supply Technologies Segment	196.9	195
Fuel, rubber and plastic products	107.2	110
Assembly Components Segment	107.2	110
Industrial equipment	79.4	84
Forged and machined products	34.1	32
Engineered Products Segment	113.5	117
Total revenues	$ 417.6	$ 423

	Supply Technologies Segment	Assembly Components Segment	Engineered Products Segment	Total Reven
		(In millions)		
Three Months Ended March 31, 2024				
GEOGRAPHIC REGION				
United States	$ 113.5	$ 71.5	$ 63.7	$ 2
Europe	39.0	4.5	18.9	
Asia	20.7	8.5	14.9	
Mexico	19.4	13.7	3.7	
Canada	3.8	7.9	7.8	
Other	0.5	1.1	4.5	
Total	$ 196.9	$ 107.2	$ 113.5	$ 4
Three Months Ended March 31, 2023				
GEOGRAPHIC REGION				
United States	$ 119.1	$ 81.0	$ 68.4	$ 2
Europe	39.0	4.5	15.6	
Asia	15.1	5.7	16.5	
Mexico	18.6	10.5	4.7	
Canada	3.2	7.5	7.8	
Other	0.8	1.2	4.3	
Total	$ 195.8	$ 110.4	$ 117.3	$ 4

For over time arrangements, contract assets primarily relate to revenue recognized in advance of billings to customers under long-term contracts accounted for under percentage of completion. These amounts, which totaled $60.7 million and $59.9 million at March 31, 2024 and December 31, 2023, respectively, are recorded in Other current assets in the Condensed Consolidated Balance Sheets.

For over time arrangements, contract liabilities primarily relate to advances or deposits received from the Company's customers before revenue is recognized. These amounts, which totaled $67.9 million and $53.9 million at March 31, 2024 and December 31, 2023, respectively, are recorded in Accrued expenses and other in the Condensed Consolidated Balance Sheets.

NOTE 4 — Segments

Our operating segments are defined as components of the enterprise for which separate financial information is available and evaluated on a regular basis by our chief operating decision maker to allocate resources and assess performance.

For purposes of measuring business segment performance, the Company utilizes segment operating income, which is defined as revenues less expenses identifiable to the product lines within each segment. The Company does not allocate items that are non-operating; unusual in nature; or corporate costs, which include but are not limited to executive and share-based compensation and corporate office costs. Segment operating income reconciles to consolidated income before income taxes by adjusting for corporate costs; gains on sales of assets; other components of pension and other postretirement benefits income, net; and interest expense, net.

Results by business segment were as follows:

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
NET SALES OF CONTINUING OPERATIONS:		
Supply Technologies	$ 196.9	$ 195.8
Assembly Components	107.2	110.4
Engineered Products	113.5	117.3
	$ 417.6	$ 423.5
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES:		
Supply Technologies	$ 19.5	$ 14.0
Assembly Components	8.6	7.3
Engineered Products	3.5	5.0
Total segment operating income	31.6	26.3
Corporate costs	(7.6)	(6.9)
Gain on sale of assets	—	0.8
Operating income	24.0	20.2
Other components of pension and other postretirement benefits income, net	1.3	0.7
Interest expense, net	(11.9)	(10.7)
Income from continuing operations before income taxes	$ 13.4	$ 10.2

NOTE 5 — Discontinued Operations

On December 29, 2023, the Company completed the sale of its Aluminum Products business to Angstrom for approximately $50 million in cash and promissory notes, plus the assumption of approximately $3 million of finance lease obligations. The total purchase price consisted of a cash down payment of $20.0 million paid to the Company in December 2022; cash of $15.5 million paid to the Company at closing; and promissory notes totaling $15.0 million payable to the Company on approximately the one-year anniversary of the sale, of which $10.0 million is contingent on the Aluminum

Products business attaining certain purchase commitments during 2024. The fair value of this contingent consideration, valued using recurring level 3 inputs, was approximately $9.5 million as of March 31, 2024.

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Net sales	$ —	$ 46.9
Cost of sales	—	45.5
Selling, general and administrative	—	3.1
Operating loss	—	(1.7)
Interest expense	—	(0.7)
Loss from operation of discontinued operations	—	(2.4)
Loss from sale of discontinued operations	(1.3)	—
Income tax benefit	0.3	0.7
Loss from discontinued operations, net of tax	$ (1.0)	$ (1.7)

NOTE 6 — Acquisitions

In February 2024, the Company acquired all of the outstanding shares of EMA Indutec GmbH ("EMA”), headquartered in Meckesheim, Germany, from the Aichelin Group, headquartered in Modling, Austria. EMA, which is included in our Engineered Products segment, is a leading manufacturer of induction heating equipment and converters and operates through its two locations in Meckesheim, Germany and Beijing, China. The purchase price, net of cash acquired for the acquisition, was $11.0 million.

The allocation of the purchase price of EMA is subject to finalization of the Company's determination of the fair values of the assets acquired and the liabilities assumed as of the acquisition date and could be materially different than the estimates presented below. The final allocation, including primarily the valuation of acquired intangibles, is in process and will be completed no later than one year after the acquisition date. Below is the estimated purchase price allocation related to the acquisition of EMA:

	(In millions)
Accounts receivable	$ 6.0
Inventories	4.7
Other current assets	0.5
Property, plant and equipment	1.3
Goodwill	4.4
Intangibles	5.1
Other assets	0.1
Accounts payable and accrued expenses	(10.0)
Deferred income tax liability	(1.1)
Total purchase price, net of cash acquired	$ 11.0

During 2024, the Company is scheduled to pay $2.9 million related to deferred purchase price for the 2022 acquisitions of Charter Automotive (Changzhou) Co. Ltd. and Southern Fasteners & Supply, Inc.

NOTE 7 — Inventories

Inventories, net consist of the following:

	March 31, 2024	December 31, 2023
	(In millions)	
Raw materials and supplies	$ 111.3	$ 107.6
Work-in-process	59.6	50.1
Finished goods	257.6	253.4
Inventories, net	$ 428.5	$ 411.1

NOTE 8 — Accrued Warranty Costs

The Company estimates warranty claims that may be incurred based on current and historical data of products sold. Actual warranty expense could differ from the estimates made by the Company based on product performance. The following table presents changes in the Company's product warranty liability for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Beginning balance	$ 5.5	$ 5.2
Claims paid	(0.4)	(0.9)
Warranty expense	0.6	1.0
Acquisition	0.6	—
Foreign currency translation	(0.1)	0.1
Ending balance	$ 6.2	$ 5.4

NOTE 9 — Income Taxes

The Company's tax provision for interim periods is determined using an estimate of its annual effective rate, adjusted for discrete items in each period, if any.

In the three months ended March 31, 2024, income tax expense was $3.3 million on pre-tax income from continuing operations of $13.4 million, representing an effective income tax rate of 25%. In the three months ended March 31, 2023, income tax expense was $2.6 million on pre-tax income of $10.2 million, representing an effective income tax rate of 25%.

NOTE 10 — Financing Arrangements

Debt consists of the following:

	Maturity Date	Interest Rate at March 31, 2024	Carrying Value at March 31, 2024	Carrying Value at December 31, 2023
			(In millions)	
Senior Notes	April 15, 2027	6.625 %	$ 350.0	$ 350.0
Revolving credit facility	January 14, 2027	6.94% - 7.18%	287.5	263.5
Finance Leases	Various	Various	15.5	16.3
Other	Various	Various	19.3	15.9
Total debt			672.3	645.7
Less: Current portion of long-term debt and short-term debt			(12.3)	(9.4)
Less: Unamortized debt issuance costs			(2.7)	(2.9)
Total long-term debt			$ 657.3	$ 633.4

In September 2023, Park-Ohio Industries, Inc. ("Park-Ohio") amended its Eighth Amended and Restated Credit Agreement (the "Credit Agreement"). The Credit Agreement provides for a revolving credit facility in the amount of $405.0 million, including a $40.0 million Canadian revolving subcommitment and a European revolving subcommitment in the amount of $30.0 million. Pursuant to the Credit Agreement, Park-Ohio has the option to increase the availability under the revolving credit facility by an aggregate incremental amount up to $70.0 million. The Credit Agreement matures on January 14, 2027. As of March 31, 2024, we had borrowing availability of $100.8 million under the Credit Agreement.

We had outstanding bank guarantees and letters of credit under our credit arrangements of approximately $41.0 million at March 31, 2024 and $32.8 million at December 31, 2023.

In 2017, Park-Ohio completed the issuance, in a private placement, of $350.0 million aggregate principal amount of 6.625% Senior Notes due 2027 (the "Notes"). The Notes are unsecured senior obligations of Park-Ohio and are guaranteed on an unsecured senior basis by the 100% owned material domestic subsidiaries of Park-Ohio.

The following table represents fair value information of the Notes, classified as Level 1 using estimated quoted market prices.

	March 31, 2024	December 31, 2023
	(In millions)	
Carrying amount	$ 350.0	$ 350.0
Fair value	$ 328.9	$ 330.2

The fair value of the revolving credit facility is equal to its carrying value as the Company has the ability to repay the outstanding principal at par value at any time. The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to the short-term nature of these instruments.

NOTE 11 — Stock-Based Compensation

A summary of restricted share activity for the three months ended March 31, 2024 is as follows:

	2024	
	Time-Based	
	Number of Shares	Weighted Average Grant Date Fair Value
	(In whole shares)	
Outstanding - beginning of year	755,064	$ 18.70
Granted	8,500	25.18
Vested	(10,178)	(26.72)
Canceled or expired	(5,435)	(17.04)
Outstanding - end of period	747,951	$ 18.68

Stock-based compensation is included in Selling, general and administrative expenses in the Condensed Consolidated Statements of Income. Total stock-based compensation expense was $1.5 million and $1.6 million for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, there was $6.5 million of unrecognized compensation cost related to non-vested stock-based compensation, which cost is expected to be recognized over a weighted-average period of 1.8 years.

NOTE 12 — Commitments and Contingencies

The Company is subject to a variety of claims, suits, investigations and administrative proceedings with respect to commercial, premises liability, product liability, employment, personal injury and environmental matters arising from the ordinary course of business. The Company records a liability for loss contingencies in the consolidated financial statements when a loss is known or considered probable and the amount can be reasonably estimated. Our provisions are based on historical experience, current information and legal advice, and they may be adjusted in the future based on new developments. Estimating probable losses requires the analysis of multiple forecasted factors that often depend on judgments and potential actions by third parties. Although it is not possible to predict with certainty the ultimate outcome or cost of these matters, the Company believes they will not have a material adverse effect on our consolidated financial statements.

Our subsidiaries are involved in a number of contractual and warranty-related disputes. We believe that appropriate liabilities for these contingencies have been recorded; however, actual results may differ materially from our estimates.

In addition to the routine lawsuits and asserted claims noted above, we are also a co-defendant in 121 cases asserting claims on behalf of 174 plaintiffs alleging personal injury as a result of exposure to asbestos. In every asbestos case in which we are named as a party, the complaints are filed against multiple named defendants. Historically, we have been dismissed from asbestos cases. We intend to vigorously defend these cases and believe we will continue to be successful in being dismissed from such cases.

While it is not possible to predict the ultimate outcome of asbestos-related lawsuits, claims and proceedings due to the unpredictable nature of personal injury litigation, and although our results of operations and cash flows for a particular period could be adversely affected by asbestos-related lawsuits, claims and proceedings, management believes that the ultimate resolution of these matters will not have a material adverse effect on our financial condition, liquidity or results of operations.

NOTE 13 — Pension and Postretirement Benefits

The components of net periodic benefit (income) expense costs recognized for the three months ended March 31, 2024 and 2023 were as follows:

	Pension Benefits		Postretirement Benefits	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2024	2023	2024	2023
	(In millions)			
Service costs	$ 1.6	$ 1.2	$ —	$ —
Interest costs	0.9	0.8	0.1	0.1
Expected return on plan assets	(2.7)	(2.5)	(0.1)	(0.1)
Recognized net actuarial loss	0.4	0.9	0.1	0.1
Net periodic benefit expense	$ 0.2	$ 0.4	$ 0.1	$ 0.1

NOTE 14 — Accumulated Other Comprehensive Loss

The components of and changes in accumulated other comprehensive loss for the three months ended March 31, 2024 and 2023 were as follows:

	Cumulative Translation Adjustment	Cash Flow Hedges	Pension and Postretirement Benefits	Total	Cumulative Translation Adjustment	Cash Flow Hedges	Pension and Postretirement Benefits	Total
	(In millions)							
	Three Months Ended March 31, 2024				Three Months Ended March 31, 2023			
Beginning balance	$ (30.5)	$ —	$ (13.2)	$ (43.7)	$ (38.7)	$ 0.5	$ (23.6)	$ (61.8)
Currency translation[(a)]	(1.8)	—	—	(1.8)	3.3	—	—	3.3
Foreign currency forward contracts, net of tax	—	—	—	—	—	(0.2)	—	(0.2)
Pension and OPEB activity, net of tax	—	—	0.5	0.5	—	—	2.0	2.0
Ending balance	$ (32.3)	$ —	$ (12.7)	$ (45.0)	$ (35.4)	$ 0.3	$ (21.6)	$ (56.7)

(a) No income taxes were provided on currency translation as foreign earnings are considered permanently reinvested.

NOTE 15 — Weighted-Average Number of Shares Used in Computing Earnings Per Share

The following table sets forth the weighted-average number of shares used in the computation of earnings per share:

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Weighted-average basic shares outstanding	12.4	12.2
Plus: Dilutive impact of employee stock awards	0.4	0.1
Weighted-average diluted shares outstanding	12.8	12.3

Certain restricted stock awards are anti-dilutive and therefore excluded from the computation of diluted earnings per share. Anti-dilutive shares were 0.0 million and 0.1 million for the three months ended March 31, 2024 and 2023, respectively.

NOTE 16 — Subsequent Event

On April 19, 2024, the Company's Board of Directors declared a quarterly dividend of $0.125 per common share. The dividend will be paid on May 17, 2024 to shareholders of record as of the close of business on May 3, 2024 and will result in a cash outlay of approximately $1.6 million.

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

Our condensed consolidated financial statements include the accounts of Park-Ohio Holdings Corp. and its subsidiaries (collectively, "we," "our," or the "Company"). All significant intercompany transactions have been eliminated in consolidation.

EXECUTIVE OVERVIEW

We are a diversified international company providing world-class customers with a supply chain management outsourcing service, capital equipment used on their production lines, and manufactured components used to assemble their products. We operate through three reportable segments: Supply Technologies, Assembly Components and Engineered Products.

Supply Technologies provides our customers with Total Supply Management™, a proactive solutions approach that manages the efficiencies of every aspect of supplying production parts and materials to our customers' manufacturing floor, from strategic planning to program implementation. Total Supply Management™ includes such services as engineering and design support, part usage and cost analysis, supplier selection, quality assurance, bar coding, product packaging and tracking, just-in-time and point-of-use delivery, electronic billing services and ongoing technical support. Our Supply Technologies business services customers in the following principal industries: heavy-duty truck; power sports and recreational equipment; aerospace and defense; semiconductor equipment; electrical distribution and controls; consumer electronics; bus and coaches; automotive; agricultural and industrial equipment; HVAC; lawn and garden; plumbing; and medical devices.

Assembly Components manufactures products oriented towards fuel efficiency and reduced emission standards. Assembly Components designs, develops and manufactures aluminum products and highly efficient, high pressure direct fuel injection fuel rails and pipes; fuel filler pipes that route fuel from the gas cap to the gas tank; flexible multi-layer plastic and rubber assemblies used to transport fuel from the vehicle's gas tank and then, at extreme high pressure, to the engine's fuel injector nozzles. Our product offerings include gasoline direct injection systems and fuel filler assemblies, and industrial hose and injected molded rubber and plastic components. Our products are primarily used in the following industries: including automotive and light-vehicle; agricultural equipment; construction equipment; heavy-duty truck; and bus.

Engineered Products operates a diverse group of niche manufacturing businesses that design and manufacture a broad range of highly-engineered products, including induction heating and melting systems, pipe threading systems and forged and machined products. Engineered Products also produces and provides services and spare parts for the equipment it manufactures. The principal customers of Engineered Products are OEMs, sub-assemblers and end users in the following industries: ferrous and non-ferrous metals; coatings; forging; foundry; heavy-duty truck; construction equipment; automotive; oil and gas; rail; aerospace and defense; and power generation.

Sales and operating income for these three segments are provided in Note 4 to the condensed consolidated financial statements, included elsewhere herein.

During the fourth quarter of 2022, we determined that our Aluminum Products business met the held-for-sale and discontinued operations accounting criteria. Accordingly, the Company has reported the held-for-sale assets and liabilities, the operating results and the cash flows of Aluminum Products in discontinued operations for all periods presented throughout this Report on Form 10-Q. On December 29, 2023, the Company sold this business to Angstrom Automotive Group ("Angstrom") for approximately $50 million in cash and promissory notes, plus the assumption of approximately $3 million of financial lease obligations. The total purchase price consisted of a cash down payment of $20.0 million paid to the Company in December 2022; cash of $15.5 million paid to the Company at closing; and promissory notes totaling $15.0 million payable to the Company on approximately the one-year anniversary of the sale, of which $10.0 million is contingent on the Aluminum Products business attaining certain purchase commitments during 2024. See Note 5, "Discontinued Operations," to the condensed consolidated financial statements, included elsewhere herein.

Three Months Ended March 31, 2024 Compared with Three Months Ended March 31, 2023

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	$ Change	% Change
	(Dollars in millions, except per share data)			
Net sales	$ 417.6	$ 423.5	$ (5.9)	(1.4)%
Cost of sales	346.2	356.3	(10.1)	(2.8)%
Selling, general and administrative ("SG&A”) expenses	47.1	45.3	1.8	4.0 %
SG&A expenses as a percentage of net sales	*11.3 %*	*10.7 %*		
Restructuring, acquisition-related and other special charges	0.3	2.5	(2.2)	(88.0)%
Gain on sale of assets	—	(0.8)	0.8	*
Operating income	24.0	20.2	3.8	18.8 %
Other components of pension and other postretirement benefits income, net	1.3	0.7	0.6	85.7 %
Interest expense, net	(11.9)	(10.7)	(1.2)	11.2 %
Income from continuing operations before income taxes	13.4	10.2	3.2	31.4 %
Income tax (expense) benefit	(3.3)	(2.6)	(0.7)	26.9 %
Income from continuing operations	10.1	7.6	2.5	32.9 %
Loss (income) attributable to noncontrolling interests	0.5	(0.1)	0.6	*
Income from continuing operations attributable to Park-Ohio Holdings Corp. common shareholders	$ 10.6	$ 7.5	$ 3.1	41.3 %
Earnings from continuing operations per common share attributable to Park-Ohio Holdings Corp. common shareholders:				
Basic:				
Continuing operations	$ 0.85	$ 0.61	$ 0.24	39.3 %
Diluted:				
Continuing operations	$ 0.83	$ 0.61	$ 0.22	36.1 %

*Calculation not meaningful

Net Sales

Net sales decreased 1.4% to $417.6 million in the first three months of 2024 compared to $423.5 million in the same period in 2023. This decrease was primarily due to lower sales in the Engineered Products and Assembly Components segments.

The factors explaining the changes in segment net sales for the three months ended March 31, 2024 compared to the corresponding 2023 period are contained in the "Segment Results” section below.

Cost of Sales and Gross Margin

Cost of sales decreased 2.8% to $346.2 million in the first three months of 2024 compared to $356.3 million in the same period in 2023. The decrease in cost of sales was primarily due to the decrease in net sales described above. Gross margin was 17.1% in the 2024 period compared to 15.9% in the corresponding 2023 period. The year-over-year gross margin improvement was driven by higher operating profit in our Supply Technologies segment; and benefits from plant consolidation and other profit-improvement actions over the past two years, including product pricing.

SG&A Expenses

SG&A expenses were $47.1 million in the first three months of 2024, compared to $45.3 million in the same period in 2023, an increase of 4.0%. As a percentage of net sales, SG&A expenses were 11.3% in the first three months of 2024 compared to 10.7% in the comparable period in 2023. These increases were driven by ongoing inflation and higher employee costs.

Restructuring, Acquisition-Related and Other Special Charges

During the first three months of 2024, the Company recorded acquisition-related charges of $0.3 in connection with the acquisition of EMA Indutec GmbH ("EMA").

During the first three months of 2023, the Company recorded restructuring, acquisition-related and other special charges of $2.5 million related primarily to severance in the Company's Engineered Products segment.

Gains on Sales of Assets

During the three months ended March 31, 2023, in connection with the plant closure and consolidation initiatives, the Company sold real estate within its Engineered Products segment for cash proceeds of $1.4 million, resulting in a gain of $0.8 million.

Other Components of Pension and Other Postretirement Benefits Income, Net

Other components of pension and other postretirement benefits income, net was $1.3 million in the first three months of 2024 compared to $0.7 million in the corresponding period in 2023. This increase was due to lower net actuarial losses impacting 2024 compared to 2023.

Interest Expense, Net

Interest expense, net was $11.9 million in the first three months of 2024 compared to $10.7 million in the 2023 period. The increase was due primarily to higher interest rates, offset slightly by lower average outstanding debt balances in the 2024 period compared to the same period a year ago.

Income Tax Expense

In the three months ended March 31, 2024, income tax expense was $3.3 million on pre-tax income from continuing operations of $13.4 million, representing an effective income tax rate of 25%. In the three months ended March 31, 2023, income tax expense was $2.6 million on pre-tax income of $10.2 million, representing an effective income tax rate of 25%.

SEGMENT RESULTS

For purposes of business segment performance measurement, the Company utilizes segment operating income, which is defined as revenues less expenses identifiable to the product lines within each segment. The Company does not allocate items that are non-operating or unusual in nature or are corporate costs, which include but are not limited to executive and share-based compensation and corporate office costs.

Supply Technologies Segment

	Three Months Ended March 31,	
	2024	2023
	(Dollars in millions)	
Net sales	$ 196.9	$ 195.8
Segment operating income	$ 19.5	$ 14.0
Segment operating income margin	9.9 %	7.2 %

Three months ended March 31:

Net sales increased $1.0 million in the three months ended March 31, 2024 compared to the 2023 period due continued strong demand in most of the Company's key end markets, with the largest increases in the civilian and military aerospace markets, partially offset by decreases in the consumer products, truck and truck-related, and agricultural and construction equipment markets. In addition, net sales benefited from higher customer demand for our proprietary products throughout North America and Europe.

Segment operating income increased $5.5 million to $19.5 million for the three months ended March 31, 2024 compared to the 2023 period, and segment operating income margin increased 270 basis points in the 2024 period compared to the same period a year ago. These increases were due primarily to an increase in higher-margin sales and lower supply chain costs, and strong demand in our fastener manufacturing business.

Assembly Components Segment

	Three Months Ended March 31,	
	2024	2023
	(Dollars in millions)	
Net sales	$ 107.2	$ 110.4
Segment operating income	$ 8.6	$ 7.3
Segment operating income margin	8.0 %	6.6 %

Three months ended March 31:

Net sales slightly lower in the three months ended March 31, 2024 compared to the 2023 period. The decrease was due to lower unit volumes, primarily in our fuel rail and extruded rubber products businesses.

Segment operating income improved 17.8% to $8.6 million in the three months ended March 31, 2024 compared to $7.3 million in the 2023 period. The improvement in segment operating income in the 2024 period compared to the same period a year ago was driven by the benefit of ongoing profit improvement initiatives, improved product pricing and the benefit from completed plant closure and consolidation actions.

Engineered Products Segment

	Three Months Ended March 31,	
	2024	2023
	(Dollars in millions)	
Net sales	$ 113.5	$ 117.3
Segment operating income	$ 3.5	$ 5.0
Segment operating income margin	3.1 %	4.3 %

Three months ended March 31:

Net sales decreased 3.2% in the 2024 period compared to the 2023 period. The decrease was driven by lower capital equipment sales, partially offset by higher sales in our forged and machined business.

Segment operating income in the 2024 period decreased $1.5 million compared to the 2023 period as a result of the lower sales and margins in our capital equipment business and higher operating costs in our forged and machined products business. The 2023 period included severance costs of $2.0 million.

Liquidity and Capital Resources

The following table summarizes the major components of cash flow:

	Three Months Ended March 31,		
	2024	2023	$ Change
Net cash provided (used) by:	(In millions)		
Operating activities	$ 2.3	$ 0.2	$
Investing activities	(16.8)	(5.1)	(
Financing activities	25.8	4.5	
Discontinued operations	(3.6)	(8.6)	
Effect of exchange rate changes on cash	(0.9)	0.4	
Increase (decrease) in cash and cash equivalents	$ 6.8	$ (8.6)	$

Operating Activities

In the three months ended March 31, 2024, we generated cash flow of $2.3 million compared to $0.2 million in the same period of 2023. The increase in the 2024 period was driven by higher income from continuing operations in the 2024 period compared to the 2023 period.

Investing Activities

Capital expenditures were $5.8 million in the three months ended March 31, 2024 and were primarily to provide increased capacity for future growth in our Engineered Products and Assembly Components segments, to maintain existing operations and for information system implementation. Additionally, during the three months ended March 31, 2024, the Company paid $11.0 million, net of cash acquired for the EMA acquisition.

Capital expenditures were $6.0 million in the three months ended March 31, 2023 and were primarily to provide increased capacity for future growth in our Engineered Products and Assembly Components segments, for facility consolidation in our Engineered Products segment and to maintain existing operations. Additionally, in the first quarter 2023, the Company sold real estate for cash proceeds of $1.4 million and made scheduled cash payments related to prior year acquisitions of $0.5 million.

Financing Activities

During the three months ended March 31, 2024, we had net debt borrowings of $27.5 million to fund the EMA acquisition and capital expenditures. In addition, the Company made cash dividend payments to shareholders totaling $1.6 million.

During the three months ended March 31, 2023, we had net debt borrowings of $7.4 million to fund our higher working capital levels. In addition, in the three months ended March 31, 2023, the Company made a scheduled contingent consideration payment related to a prior acquisition totaling $1.3 million and cash dividend payments to shareholders totaling $1.6 million.

We do not have off-balance sheet arrangements, financing or other relationships with unconsolidated entities or other persons, other than the letters of credits disclosed in Note 10 to the condensed consolidated financial statements, included elsewhere herein.

Liquidity

Our liquidity needs are primarily for working capital, capital expenditures, dividends and acquisitions. Our primary sources of liquidity have been funds provided by operations, funds available from existing bank credit arrangements and the sale of our debt securities. Our existing financial resources (working capital and available bank borrowing arrangements) and anticipated cash flow from operations are expected to be adequate to meet anticipated cash requirements for at least the next twelve months and the foreseeable future thereafter, including but not limited to our ability to maintain current operations and fund capital expenditure requirements, service our debt, pursue acquisitions, pay dividends and repurchase common shares.

As of March 31, 2024, we had total liquidity of $167.5 million, which included $61.6 million of cash and cash equivalents and $105.9 million of unused borrowing availability under our credit agreements.

The Company had cash and cash equivalents held by foreign subsidiaries of $50.4 million at March 31, 2024 and $44.6 million at December 31, 2023. We do not expect restrictions on repatriation of cash held outside the U.S. to have a material effect on our overall liquidity, financial condition or results of operations for the foreseeable future.

The Company has two components to its assertion regarding reinvestment of foreign earnings outside of the United States. First, for all foreign subsidiaries except RB&W Corporation of Canada ("RB&W"), all earnings are permanently reinvested outside of the United States. Second, for RB&W, dividend distributions may be made, but only to the extent of current earnings in excess of cash required to fund its business operations; all accumulated earnings are permanently reinvested.

Senior Notes

In April 2017, Park-Ohio Industries, Inc. ("Park-Ohio"), the operating subsidiary of Park-Ohio Holdings Corp., completed the sale, in a private placement, of $350.0 million aggregate principal amount of 6.625% Senior Notes due 2027 (the "Notes"). The net proceeds from the issuance of the Notes were used to repay in full our previously outstanding 8.125% Senior Notes due 2021 and our outstanding term loan, and to repay a portion of the borrowings then outstanding under our revolving credit facility.

Credit Agreement

in September 2023, Park-Ohio Industries, Inc. ("Park-Ohio") amended its Eighth Amended and Restated Credit Agreement (the "Credit Agreement"). The Credit Agreement provides for a revolving credit facility in the amount of $405.0 million, including a $40.0 million Canadian revolving subcommitment and a European revolving subcommitment in the amount of $30.0 million. Pursuant to the Credit Agreement, Park-Ohio has the option to increase the availability under the revolving credit facility by an aggregate incremental amount up to $70.0 million. The Credit Agreement matures on January 14, 2027.

Finance Leases

As of March 31, 2024, the Company had finance leases totaling $15.5 million.

Covenants

The future availability of bank borrowings under the revolving credit facility provided by the Credit Agreement is based on (1) our calculated availability under the Credit Agreement and (2) if such calculated availability decreases below $50.625 million, our ability to meet a debt service ratio covenant. If our calculated availability is less than $50.625 million, our debt service coverage ratio must be greater than 1.0. At March 31, 2024, our calculated availability under the Credit Agreement was $100.8 million; therefore, the debt service ratio covenant did not apply.

Failure to maintain calculated availability of at least $50.625 million and meet the debt service ratio covenant could materially impact the availability and interest rate of future borrowings. Our debt service coverage ratio could be materially impacted by negative economic trends. To make certain permitted payments as defined under the Credit Agreement, including but not limited to acquisitions and dividends, we must meet defined availability thresholds ranging from $37.5 million to $50.625 million, and a defined debt service coverage ratio of 1.15.

As our calculated availability under the Credit Agreement was above $50.625 million, we were also in compliance with the other covenants contained in the revolving credit facility as of March 31, 2024. While we expect to remain in compliance throughout 2024, declines in sales volumes in the future could adversely impact our ability to remain in compliance with certain of these financial covenants. Additionally, to the extent our customers are adversely affected by declines in the economy in general, they may be unable to pay their accounts payable to us on a timely basis or at all, which could make our accounts receivable ineligible for purposes of the revolving credit facility and could reduce our borrowing base and our ability to borrow under such facility.

Dividends

The Company declared and paid dividends to shareholders of $1.6 million during the three months ended March 31, 2024. On April 19 2024, the Company's Board of Directors declared a quarterly dividend of $0.125 per common share. The dividend will be paid on May 17, 2024 to shareholders of record as of the close of business on May 3, 2024 and will result in a cash outlay of approximately $1.6 million. Although we currently intend to pay a quarterly dividend on an ongoing basis, all future dividend declarations will be at the discretion of our Board of Directors and dependent upon then-existing conditions, including our operating results and financial condition, capital requirements, contractual restrictions, business prospects and other factors that our Board of Directors may deem relevant.

Seasonality; Variability of Operating Results

The timing of orders placed by our customers has varied with, among other factors, orders for customers' finished goods, customer production schedules, competitive conditions and general economic conditions. The variability of the level and timing of orders has, from time to time, resulted in significant periodic and quarterly fluctuations in the operations of our businesses. Such variability is particularly evident in our capital equipment business, included in the Engineered Products segment, which typically ships large systems at a relatively lower pace than our other businesses.

Critical Accounting Policies

Our critical accounting policies are described in "Item. 7 Management's Discussion and Analysis of Financial Condition and Results of Operations," and in the notes to our consolidated financial statements for the year ended December 31, 2023, both contained in our Annual Report on Form 10-K for the year ended December 31, 2023. There were no new critical accounting policies or updates to existing critical accounting policies as a result of new accounting pronouncements in this Quarterly Report on Form 10-Q.

The application of our critical accounting policies may require management to make judgments and estimates about the amounts reflected in the condensed consolidated financial statements. Management uses historical experience and all available information to make these estimates and judgments, and different amounts could be reported using different assumptions and estimates.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The words "believes", "anticipates", "plans", "expects", "intends", "estimates" and similar expressions are intended to identify forward-looking statements.

These forward-looking statements, including statements regarding future performance of the Company, that are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors that could cause actual results to differ materially from expectations include, but are not limited to, the following: our ability to realize any contingent consideration from the sale of the Aluminum Products business; the impact supply chain and logistic issues have on our business, results of operations, financial position and liquidity; our substantial indebtedness; the uncertainty of the global economic environment; general business conditions and competitive factors, including pricing pressures and product innovation; demand for our products and services; the impact of labor disturbances affecting our customers; raw material availability and pricing; fluctuations in energy costs; component part availability and pricing; changes in our relationships with customers and suppliers; the financial condition of our customers, including the impact of any bankruptcies; our ability to successfully integrate recent and future acquisitions into existing operations, including the EMA acquisition; the amounts and timing, if any, of purchases of our common stock; changes in general economic conditions such as inflation rates, interest rates, tax rates, unemployment rates, higher labor and healthcare costs, recessions and changing government policies, laws and regulations, including those related to the current global uncertainties and crises, such as tariffs and surcharges; adverse impacts to us, our suppliers and customers from acts of terrorism or hostilities, including the conflicts between Russia and Ukraine and in the Middle East, or political unrest, including the rising tension between China and the United States; public health issues, including the outbreak of infectious diseases and any impact on our facilities and operations and our customers and suppliers; our ability to meet various covenants, including financial covenants, contained in the agreements governing our indebtedness; disruptions, uncertainties or volatility in the credit markets that may limit our access to capital; potential disruption due to a partial or complete reconfiguration of the European Union; increasingly stringent domestic and foreign governmental regulations, including those affecting the environment or import and export controls and other trade barriers; inherent uncertainties involved in assessing our potential liability for environmental remediation-related activities; the outcome of pending and future litigation and other claims and disputes with customers; our dependence on the automotive and heavy-duty truck industries, which are highly cyclical; the dependence of the automotive industry on consumer spending; our ability to negotiate contracts with labor unions; our dependence on key management; our dependence on information systems; our ability to continue to pay cash dividends, and the timing and amount of any such dividends; and the other factors we describe under "Item 1A. Risk Factors" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law. In light of these and other uncertainties, the inclusion of a forward-looking statement herein should not be regarded as a representation by us that our plans and objectives will be achieved.

Item 3. *Quantitative and Qualitative Disclosure About Market Risk*

We are exposed to market risk, including changes in interest rates. As of March 31, 2024, we are subject to interest rate risk on borrowings under the floating rate revolving credit facility provided by our Credit Agreement. A 100-basis-point increase in the interest rate would have resulted in an increase in interest expense on these borrowings of approximately $0.7 million during the three-month period ended March 31, 2024.

Our foreign subsidiaries generally conduct business in local currencies. We face translation risks related to the changes in foreign currency exchange rates. Amounts invested in our foreign operations are translated in U.S. dollars at the exchange rates in effect at the balance sheet date. The resulting translation adjustments are recorded as a component of Accumulated other comprehensive loss in the Shareholders' Equity section of the accompanying Condensed Consolidated Balance Sheets. Sales and expenses at our foreign operations are translated into U.S. dollars at the applicable monthly average exchange rates. Therefore, changes in exchange rates may either positively or negatively affect our net sales and expenses from foreign operations as expressed in U.S. dollars.

Our largest exposures to commodity prices relate to metal and rubber compounds, which have fluctuated widely in recent years. In 2024 and 2023, we entered into agreements to hedge foreign currency. These agreements did not have a material impact on the results of the Company. We have no other commodity swap agreements or forward purchase contracts.

Item 4. *Controls and Procedures*

Evaluation of disclosure controls and procedures.

Under the supervision of and with the participation of our management, including our chief executive officer and chief financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report. Based on that evaluation, our chief executive officer and chief financial officer have concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective.

Changes in internal control over financial reporting.

During the quarter ended March 31, 2024, there were no changes in our internal control over financial reporting 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*

We are involved in a variety of claims, suits, investigations and administrative proceedings with respect to commercial, premises liability, product liability, employment, personal injury and environmental matters arising from the ordinary course of business. While any such claims, suits, investigations and proceedings involve an element of uncertainty, in the opinion of management, liabilities, if any, arising from currently pending or threatened litigation are not expected to have a material adverse effect on our financial condition, liquidity or results of operations.

In addition to the routine lawsuits and asserted claims noted above, we were a party to the lawsuits and legal proceedings described below as of March 31, 2024:

We were a co-defendant in 121 cases asserting claims on behalf of 174 plaintiffs alleging personal injury as a result of exposure to asbestos. These asbestos cases generally relate to production and sale of asbestos-containing products and allege various theories of liability, including negligence, gross negligence and strict liability, and seek compensatory and, in some cases, punitive damages.

In every asbestos case in which we are named as a party, the complaints are filed against multiple named defendants. In substantially all of the asbestos cases, the plaintiffs either claim damages in excess of a specified amount, typically a minimum amount sufficient to establish jurisdiction of the court in which the case was filed (jurisdictional minimums generally range from $25,000 to $75,000), or do not specify the monetary damages sought. To the extent that any specific amount of damages is sought, the amount applies to claims against all named defendants.

There are three asbestos cases, involving 19 plaintiffs, that plead specified damages against named defendants. In each of the three cases, the plaintiff is seeking compensatory and punitive damages based on a variety of potentially alternative causes of action. In two cases, the plaintiff has alleged three counts at $3.0 million compensatory and punitive damages each; one count at $3.0 million compensatory and $1.0 million punitive damages; one count at $1.0 million. In the third case, the plaintiff has alleged compensatory and punitive damages, each in the amount of $20.0 million, for three separate causes of action, and $5.0 million compensatory damages for the fifth cause of action.

Historically, we have been dismissed from asbestos cases on the basis that the plaintiff incorrectly sued one of our subsidiaries or because the plaintiff failed to identify any asbestos-containing product manufactured or sold by us or our subsidiaries. We intend to vigorously defend these asbestos cases, and believe we will continue to be successful in being dismissed from such cases. However, it is not possible to predict the ultimate outcome of asbestos-related lawsuits, claims and proceedings due to the unpredictable nature of personal injury litigation. Despite this uncertainty, and although our results of operations and cash flows for a particular period could be adversely affected by asbestos-related lawsuits, claims and proceedings, management believes that the ultimate resolution of these matters will not have a material adverse effect on our financial condition, liquidity or results of operations. Among the factors management considered in reaching this conclusion were: (a) our historical success in being dismissed from these types of lawsuits on the bases mentioned above; (b) many cases have been improperly filed against one of our subsidiaries; (c) in many cases the plaintiffs have been unable to establish any causal relationship to us or our products or premises; (d) in many cases, the plaintiffs have been unable to demonstrate that they have suffered any identifiable injury or compensable loss at all or that any injuries that they have incurred did in fact result from alleged exposure to asbestos; and (e) the complaints assert claims against multiple defendants and, in most cases, the damages alleged are not attributed to individual defendants. Additionally, we do not believe that the amounts claimed in any of the asbestos cases are meaningful indicators of our potential exposure because the amounts claimed typically bear no relation to the extent of the plaintiff's injury, if any.

Our cost of defending these lawsuits has not been material to date and, based upon available information, our management does not expect its future costs for asbestos-related lawsuits to have a material adverse effect on our results of operations, liquidity or financial position.

Item 1A. ***Risk Factors***

There have been no material changes in the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Investors should not interpret the disclosure of any risk factor to imply that the risk has not already materialized.

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

The table below summarizes the information regarding our repurchases of the Company's common stock during the quarter ended March 31, 2024.

Period	Total Number of Shares Purchased		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans (1)	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Program (1)
January 1 — January 31, 2024	—	(2)	$ —	—	443,207
February 1 — February 29, 2024	2,611	(2)	25.22	—	443,207
March 1 — March 31, 2024	—	(2)	—	—	443,207
Total	2,611		$ 18.88	—	443,207

(1) On March 11, 2020, we announced a share repurchase program whereby we may repurchase up to 1.0 million shares of our outstanding common stock.
(2) Consists of an aggregate total of 2,611 shares of common stock we acquired from recipients of restricted stock awards at the time of vesting of such awards in order to settle recipient withholding tax liabilities.

Item 5. ***Other Information***

During the quarter ended March 31, 2024, no director or officer (as defined in Rule 16a-1(f) promulgated under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

Item 6. ***Exhibits***

The following exhibits are included herein:

31.1	Principal Executive Officer's Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Principal Financial Officer's Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification requirement under Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

PARK-OHIO HOLDINGS CORP.	
(Registrant)	
By:	/s/ Patrick W. Fogarty
Name:	Patrick W. Fogarty
Title:	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Date: April 30, 2024

Exhibit 31.1

PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATIONS
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Matthew V. Crawford, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Park-Ohio Holdings Corp.;
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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By:	/s/ Matthew V. Crawford
Name:	Matthew V. Crawford
Title:	Chairman, Chief Executive Officer and President

Dated: April 30, 2024

Exhibit 31.2

**PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATIONS
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Patrick W. Fogarty, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Park-Ohio Holdings Corp.;
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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By:	/s/ Patrick W. Fogarty
Name:	Patrick W. Fogarty
Title:	Vice President and Chief Financial Officer

Dated: April 30, 2024

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Park-Ohio Holdings Corp. (the "Company") on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

By:	/s/ Matthew V. Crawford
Name:	Matthew V. Crawford
Title:	Chairman, Chief Executive Officer and President
By:	/s/ Patrick W. Fogarty
Name:	Patrick W. Fogarty
Title:	Vice President and Chief Financial Officer

Dated: April 30, 2024

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.