REFINITIV

DELTA REPORT

10-Q

PLOW - DOUGLAS DYNAMICS, INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1236
CHANGES	245
DELETIONS	313
ADDITIONS	678

Table of Contents

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 September 30, 2023 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: 001-34728

DOUGLAS DYNAMICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	13-4275891
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

11270 W Park Place Ste 300
Milwaukee, Wisconsin 53224
(Address of principal executive offices) (Zip code)

(414) 354-2310
(Registrant's telephone number, including area code)

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 $.01 per share	PLOW	New York Stock Exchange

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares of registrant’s common shares outstanding as of October 31, 2023 April 30, 2024 was 22,983,965. 23,094,047.

DOUGLAS DYNAMICS, INC.

Table of Contents

PART I. FINANCIAL INFORMATION	3
Item 1. Financial Statements	3
Unaudited Condensed Consolidated Balance Sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023	3
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income Loss for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023	4
Unaudited Condensed Consolidated Statements of Cash Flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023	5
Unaudited Condensed Consolidated Statements of Shareholders’ Equity for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023	6
Notes to Unaudited Condensed Consolidated Financial Statements	7
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	28
Item 3. Quantitative and Qualitative Disclosures About Market Risk	39
Item 4. Controls and Procedures	40
PART II. OTHER INFORMATION	40
Item 1. Legal Proceedings	40
Item 1A. Risk Factors	41
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	41
Item 3. Defaults Upon Senior Securities	41

Item 4. Mine Safety Disclosures	41
Item 5. Other Information	41
Item 6. Exhibits	42
Signatures	43

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Douglas Dynamics, Inc.

Condensed Consolidated Balance Sheets

(In thousands except share data)

	September 30, 2023 (unaudited)	December 31, 2022 (unaudited)	March 31, 2024 (unaudited)	December 31, 2023 (unaudited)
Assets				
Current assets:				
Cash and cash equivalents	$ 11,088	$ 20,670	$ 1,974	$ 24,156
Accounts receivable, net	165,302	86,765	58,580	83,760
Inventories	147,246	136,501	174,768	140,390
Inventories - truck chassis floor plan	4,459	1,211	3,132	2,217
Refundable income taxes paid			6,220	4,817
Prepaid and other current assets	9,034	7,774	6,544	6,898
Total current assets	337,129	252,921	251,218	262,238
Property, plant, and equipment, net	67,306	68,660	64,180	67,340
Goodwill	113,134	113,134	113,134	113,134
Other intangible assets, net	123,699	131,589	118,440	121,070
Operating lease - right of use asset	17,145	17,432	16,687	18,008
Non-qualified benefit plan assets	9,148	8,874	9,976	9,195
Other long-term assets	4,384	4,281	3,441	2,433
Total assets	$ 671,945	$ 596,891	$ 577,076	$ 593,418
Liabilities and stockholders’ equity				
Current liabilities:				
Accounts payable	$ 41,596	$ 49,252	$ 24,125	$ 31,374
Accrued expenses and other current liabilities	29,009	30,484	23,580	25,817
Floor plan obligations	4,459	1,211	3,132	2,217
Operating lease liability - current	5,149	4,862	5,309	5,347
Income taxes payable	3,980	3,485		
Short term borrowings	101,000	—	55,000	47,000
Current portion of long-term debt	2,544	11,137	10,981	6,762
Total current liabilities	187,737	100,431	122,127	118,517

Retiree benefits and deferred compensation	14,462	14,650	14,722	13,922
Deferred income taxes	27,660	29,837	27,999	27,903
Long-term debt, less current portion	185,562	195,299	177,141	181,491
Operating lease liability - noncurrent	13,261	14,025	12,596	13,887
Other long-term liabilities	6,331	5,547	5,333	6,133
Stockholders' equity:				
Common Stock, par value $0.01, 200,000,000 shares authorized, 22,983,965 and 22,886,793 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	230	229		
Common Stock, par value $0.01, 200,000,000 shares authorized, 23,094,047 and 22,983,965 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			231	230
Additional paid-in capital	168,516	164,281	165,587	165,233
Retained earnings	59,421	63,464	44,644	59,746
Accumulated other comprehensive income, net of tax	8,765	9,128	6,696	6,356
Total stockholders' equity	236,932	237,102	217,158	231,565
Total liabilities and stockholders' equity	$ 671,945	$ 596,891	$ 577,076	$ 593,418

See the accompanying notes to condensed consolidated financial statements.

Douglas Dynamics, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Income Loss

(In thousands, except share and per share data)

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
	(unaudited)		(unaudited)		(unaudited)	
Net sales	$ 144,121	$ 166,100	$ 433,933	$ 456,262	$ 95,655	$ 82,545
Cost of sales	111,992	124,831	329,166	342,696	76,735	71,270
Gross profit	32,129	41,269	104,767	113,566	18,920	11,275
Selling, general, and administrative expense	17,998	19,181	64,612	63,578	21,488	22,442
Impairment charges					1,224	—
Intangibles amortization	2,630	2,630	7,890	7,890	2,630	2,630
Income from operations	11,501	19,458	32,265	42,098		
Loss from operations					(6,422)	(13,797)
Interest expense, net	(4,607)	(3,266)	(11,207)	(7,852)	(3,524)	(2,864)
Other income (expense), net	35	(17)	(19)	94		
Income before taxes	6,929	16,175	21,039	34,340		

Income tax expense	1,137	2,895	4,393	7,243		
Net income	$ 5,792	$ 13,280	$ 16,646	$ 27,097		
Other income, net					3	35
Loss before taxes					(9,943)	(16,626)
Income tax benefit					(1,591)	(3,516)
Net loss					$ (8,352)	$ (13,110)
Weighted average number of common shares outstanding:						
Basic	22,983,965	22,886,793	22,955,388	22,925,231	23,009,369	22,906,845
Diluted	22,983,965	22,886,793	22,955,388	22,926,943	23,009,369	22,906,845
Earnings per common share:						
Loss per common share:						
Basic	$ 0.25	$ 0.57	$ 0.71	$ 1.16	$ (0.37)	$ (0.58)
Diluted	$ 0.24	$ 0.56	$ 0.69	$ 1.14	$ (0.37)	$ (0.58)
Cash dividends declared and paid per share	$ 0.30	$ 0.29	$ 0.89	$ 0.87	$ 0.30	$ 0.30
Comprehensive income	$ 5,651	$ 17,032	$ 16,283	$ 36,539		
Comprehensive loss					$ (8,012)	$ (14,699)

See the accompanying notes to condensed consolidated financial statements.

Douglas Dynamics, Inc.

Condensed Consolidated Statements of Cash Flows

(In thousands)

	Nine Months Ended		Three Months Ended	
	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
	(unaudited)		(unaudited)	
Operating activities				
Net income	$ 16,646	$ 27,097		
Adjustments to reconcile net income to net cash used in operating activities:				
Net loss			$ (8,352)	$ (13,110)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	16,180	15,626	5,345	5,357
Loss (gain) on disposal of fixed asset	(45)	130		
Gain on disposal of fixed asset			(6)	(60)
Amortization of deferred financing costs and debt discount	440	367	147	145
Stock-based compensation	4,236	5,563	355	957

Adjustments on derivatives not classified as hedges	(516)	(516)	(172)	(172)
Provision (credit) for losses on accounts receivable	329	(175)		
Provision for losses on accounts receivable			179	175
Deferred income taxes	(2,177)	890	96	(1,125)
Impairment charges			1,224	-
Non-cash lease expense	287	1,481	1,364	1,018
Changes in operating assets and liabilities:				
Accounts receivable	(78,866)	(94,056)	25,001	38,367
Inventories	(10,745)	(29,781)	(34,378)	(48,082)
Prepaid assets, refundable income taxes and other assets	(1,403)	(3,732)	(3,250)	(3,376)
Accounts payable	(6,826)	(365)	(6,695)	(24,891)
Accrued expenses and other current liabilities	(979)	(888)	(2,238)	(11,882)
Benefit obligations and other long-term liabilities	(709)	3,873		
Benefit obligations, long-term liabilities, and other			(241)	(237)
Net cash used in operating activities	(64,148)	(74,486)	(21,621)	(56,916)
Investing activities				
Capital expenditures	(7,723)	(8,924)	(1,328)	(2,748)
Net cash used in investing activities	(7,723)	(8,924)	(1,328)	(2,748)
Financing activities				
Repurchase of common stock	-	(6,001)		
Proceeds from life insurance policy loans	750	-		
Payments on life insurance policy loans			(204)	-
Payments of financing costs	(334)	-	(279)	(334)
Dividends paid	(20,689)	(20,273)	(6,750)	(6,960)
Net revolver borrowings	101,000	84,000	8,000	52,000
Repayment of long-term debt	(18,438)	(8,437)	-	(2,812)
Net cash provided by financing activities	62,289	49,289	767	41,894
Change in cash and cash equivalents	(9,582)	(34,121)	(22,182)	(17,770)
Cash and cash equivalents at beginning of period	20,670	36,964	24,156	20,670
Cash and cash equivalents at end of period	$ 11,088	$ 2,843	$ 1,974	$ 2,900
Non-cash operating and financing activities				
Truck chassis inventory acquired through floorplan obligations	$ 7,245	$ 2,215	$ 3,211	$ 1,042

See the accompanying notes to condensed consolidated financial statements.

Douglas Dynamics, Inc.

Condensed Consolidated Statements of Shareholders' Equity

(In thousands) thousands except share data)

	Common Stock		Additional	Retained	Accumulated Other	
	Shares	Dollars	Paid-in Capital	Earnings	Comprehensive Income	Total
Three Months Ended September 30, 2023						
Balance at June 30, 2023	22,983,965	$ 230	$ 168,516	$ 60,508	$ 8,906	$ 238,160
Net income	—	—	—	5,792	—	5,792
Dividends paid	—	—	—	(6,879)	—	(6,879)
Adjustment for postretirement benefit liability, net of tax of $19	—	—	—	—	(53)	(53)
Adjustment for interest rate swap, net of tax of $31	—	—	—	—	(88)	(88)
Stock based compensation	—	—	—	—	—	—
Balance at September 30, 2023	22,983,965	$ 230	$ 168,516	$ 59,421	$ 8,765	$ 236,932
Nine Months Ended September 30, 2023						
Balance at December 31, 2022	22,886,793	$ 229	$ 164,281	$ 63,464	$ 9,128	$ 237,102
Net income	—	—	—	16,646	—	16,646
Dividends paid	—	—	—	(20,689)	—	(20,689)
Adjustment for pension and postretirement benefit liability, net of tax of $57	—	—	—	—	(159)	(159)
Adjustment for interest rate swap, net of tax of $74	—	—	—	—	(204)	(204)
Stock based compensation	97,172	1	4,235	—	—	4,236
Balance at September 30, 2023	22,983,965	$ 230	$ 168,516	$ 59,421	$ 8,765	$ 236,932
Three Months Ended September 30, 2022						
Balance at June 30, 2022	22,886,793	$ 229	$ 162,605	$ 52,184	$ 4,637	$ 219,655
Net income	—	—	—	13,280	—	13,280
Dividends paid	—	—	—	(6,759)	—	(6,759)
Adjustment for pension and postretirement benefit liability, net of tax of $14	—	—	—	—	(41)	(41)
Adjustment for interest rate swap, net of tax of ($1,333)	—	—	—	—	3,793	3,793
Stock based compensation	—	—	510	—	—	510
Balance at September 30, 2022	22,886,793	$ 229	$ 163,115	$ 58,705	$ 8,389	$ 230,438
Nine Months Ended September 30, 2022						
Balance at December 31, 2021	22,980,951	$ 230	$ 163,552	$ 51,881	$ (1,053)	$ 214,610
Net income	—	—	—	27,097	—	27,097
Dividends paid	—	—	—	(20,273)	—	(20,273)
Adjustment for pension and postretirement benefit liability, net of tax of $42	—	—	—	—	(123)	(123)

Adjustment for interest rate swap, net of tax of ($3,361)	—	—	—	—	9,565	9,565
Repurchase of common stock	(171,088)	(2)	(5,999)	—	—	(6,001)
Stock based compensation	76,930	1	5,562	—	—	5,563
Balance at September 30, 2022	22,886,793	$ 229	$ 163,115	$ 58,705	$ 8,389	$ 230,438

	Common Stock		Additional Paid-in	Retained	Accumulated Other Comprehensive	
	Shares	Dollars	Capital	Earnings	Income	Total
Three Months Ended March 31, 2024						
Balance at December 31, 2023	22,983,965	$ 230	$ 165,233	$ 59,746	$ 6,356	$ 231,565
Net loss	—	—	—	(8,352)	—	(8,352)
Dividends paid	—	—	—	(6,750)	—	(6,750)
Adjustment for postretirement benefit liability, net of tax of $14	—	—	—	—	(40)	(40)
Adjustment for interest rate swap, net of tax of ($133)	—	—	—	—	380	380
Stock based compensation	110,082	1	354	—	—	355
Balance at March 31, 2024	23,094,047	$ 231	$ 165,587	$ 44,644	$ 6,696	$ 217,158
Three Months Ended March 31, 2023						
Balance at December 31, 2022	22,886,793	$ 229	$ 164,281	$ 63,464	$ 9,128	$ 237,102
Net loss	—	—	—	(13,110)	—	(13,110)
Dividends paid	—	—	—	(6,960)	—	(6,960)
Adjustment for pension and postretirement benefit liability, net of tax of $19	—	—	—	—	(53)	(53)
Adjustment for interest rate swap, net of tax of $540	—	—	—	—	(1,536)	(1,536)
Stock based compensation	69,411	1	956	—	—	957
Balance at March 31, 2023	22,956,204	$ 230	$ 165,237	$ 43,394	$ 7,539	$ 216,400

See the accompanying notes to condensed consolidated financial statements.

Douglas Dynamics, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

(In thousands except share and per share data)

1. Basis of presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for fiscal year-end financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the financial statements and related footnotes included in our 2022 2023 Form 10-K (Commission File No. 001-34728) filed with the Securities and Exchange Commission on February 21, 2023. 27, 2024.

The Company conducts business in two segments: Work Truck Attachments and Work Truck Solutions. Under this reporting structure, the Company's two reportable business segments are as follows:

Work Truck Attachments. The Work Truck Attachments segment includes commercial snow and ice management attachments sold under the FISHER®, WESTERN® and SNOWEX® brands, as well as our vertically integrated products. This segment consists of our operations that manufacture and sell snow and ice control products.

Work Truck Solutions. The Work Truck Solutions segment includes manufactured municipal snow and ice control products under the HENDERSON® brand and the up-fit of market leading attachments and storage solutions under the HENDERSON® brand, and the DEJANA® brand and its related sub-brands.

See Note 15 to the Unaudited Condensed Consolidated Financial Statements for financial information regarding these segments.

Interim Condensed Consolidated Financial Information

The accompanying Condensed Consolidated Balance Sheet as of September 30, 2023 March 31, 2024, the Condensed Consolidated Statements of Operations and Comprehensive Income Loss and the Condensed Consolidated Statements of Shareholders' Equity for the three and ninemonths ended September 30, 2023 March 31, 2024 and 2022 2023, and the Condensed Consolidated Statements of Cash Flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023, have been prepared by the Company and have not been audited.

The Company's Work Truck Attachments segment is seasonal and, consequently, its results of operations and financial condition vary from quarter-to-quarter. Because of this seasonality, the results of operations of the Work Truck Attachments segment for any quarter may not be indicative of results of operations that may be achieved for a subsequent quarter or the full year, and may not be similar to results of operations experienced in prior years. The Company attempts to manage the seasonal impact of snowfall on its revenues in part through its pre-season sales program. This pre-season sales program encourages the Company's distributors to re-stock their inventory of Work Truck Attachments products during the second and third quarters in anticipation of the peak fourth quarter retail sales period by offering favorable pre-season pricing and payment deferral until the fourth quarter. Thus, the Company's Work Truck Attachments segment tends to generate its greatest volume of sales during the second and third quarters. By contrast, its revenue and operating results tend to be lowest during the first quarter, as management believes the end-users of Work Truck Attachments products prefer to wait until the beginning of a snow season to purchase new equipment and as the Company's distributors sell off Work Truck Attachments inventory and wait for the pre-season sales incentive period to re-stock inventory. Fourth quarter sales vary from year-to-year as they are primarily driven by the level, timing and location of snowfall during the quarter. This is because most of the Company's Work Truck Attachments fourth quarter sales and shipments consist of re-orders by distributors seeking to restock inventory to meet immediate customer needs caused by snowfall during the winter months. In addition, due to the factors noted above, Work Truck Attachments working capital needs are highest in the second and third quarters as its accounts receivable rise from pre-season sales. These working capital needs decline in the fourth quarter as the Company receives payments for its pre-season shipments.

2. Revenue Recognition

Revenue Streams

The following is a description of principal activities from which the Company generates revenue. Revenues are recognized when control of the promised goods or services are transferred to the customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company generates all of its revenue from contracts with customers. Additionally, contract amounts represent the full amount of the transaction price as agreed upon with the customer at the time of order, resulting in a single performance obligation in all cases. In the case of a single order containing multiple upfits, the transaction price may represent multiple performance obligations.

Work Truck Attachments

The Company recognizes revenue upon shipment of equipment to the customer. Within the Work Truck Attachments segment, the Company offers a variety of discounts and sales incentives to its distributors. The estimated liability for sales discounts and allowances is calculated using the expected value method and recorded at the time of sale as a reduction of net sales. The liability is estimated based on the costs of the program, the planned duration of the program and historical experience.

The Work Truck Attachments segment has two revenue streams, as identified below.

Independent Dealer Sales – Revenues from sales to independent dealers are recognized when the customer obtains control of the Company's product, which occurs at a point in time, typically upon shipment. In these instances, each product is considered a separate performance obligation, and revenue is recognized upon shipment of the goods. Any shipping and handling activities performed by the Company after the transfer of control to the customer (e.g., when control transfers upon shipment) are considered fulfillment activities, and accordingly, the costs are accrued for when the related revenue is recognized.

Parts & Accessory Sales – The Company's equipment is used in harsh conditions and parts frequently wear out. These parts drive recurring revenues through parts and accessory sales. The process for recording parts and accessory sales is consistent with the independent dealer sales noted above.

Work Truck Solutions

The Work Truck Solutions segment primarily participates in the truck and vehicle upfitting industry in the United States. Customers are billed separately for the truck chassis by the chassis manufacturer. The Company only records sales for the amount of the upfit, excluding the truck chassis. Generally, the Company obtains the truck chassis from the truck chassis manufacturer through either its floor plan agreement with a financial institution or bailment pool agreement with the truck chassis manufacturer. Additionally, in some instances the Company upfits chassis which are owned by the end customer. For truck chassis acquired through the floor plan agreement, the Company holds title to the vehicle from the time the chassis is received by the Company until the completion of the up-fit. Under the bailment pool agreement, the Company does not take title to the truck chassis, but rather only holds the truck chassis on consignment. The Company pays interest on both of these arrangements. The Company records revenue in the same manner net of the value of the truck chassis in both the Company's floor plan and bailment pool agreements. The Company does not set the price for the truck chassis, is not responsible for the billing of the chassis and does not have inventory risk in either the bailment pool or floor plan agreements. The Work Truck Solutions segment also has manufacturing operations of municipal snow and ice control equipment, where revenue is recognized upon shipment of equipment to the customer.

Revenues from the sales of the Work Truck Solutions products are recognized net of the truck chassis with the selling price to the customer recorded as sales and the manufacturing and up-fit cost of the product recorded as Cost of sales. In these cases, the Company acts as an agent as it does not have inventory or pricing control over the truck chassis. Within the Work Truck Solutions segment, the Company also sells certain third-party products for which it acts as an agent. These sales do not meet the criteria for gross sales recognition, and thus are recognized on a net basis at the time of sale. Under net sales recognition, the cost paid to the third-party service provider is recorded as a reduction to sales, resulting in net sales being equal to the gross profit on the transaction.

The Work Truck Solutions segment has four revenue streams, as identified below.

State and Local Bids – The Company records revenue of separately sold snow and ice equipment upon shipment and fully upfit vehicles upon delivery. The state and local bid process does not obligate the entity to buy any products from the Company, but merely allows the entity to purchase products in the future, typically for a fixed period of time. The entity commits to actually purchasing products from the Company when it issues purchase orders off of a previously awarded bid, which lists out actual quantities of equipment being ordered and the delivery terms. On upfit transactions, the Company is providing a significant service by assembling and integrating the individual products onto the customer's truck. Each individual product and installation activity is highly interdependent and highly interrelated, and therefore the Company considers the manufacture and upfit of a truck a single performance obligation. Any shipping and handling activities performed by the Company after the transfer of control to the Customer (e.g., when control transfers upon shipment) are considered fulfillment activities, and accordingly, the costs are accrued for when the related revenue is recognized.

Fleet Upfit Sales – The Company enters into contracts with certain fleet customers. Fleet agreements create enforceable rights without the issuance of a purchase order. Typically, these agreements outline the terms of sale, payment terms, standard pricing, and the rights of the customer and seller. Fleet sales are performed on both customer owned vehicles as well as non-customer owned vehicles. For non-customer owned vehicles, revenue is recognized at a point in time upon delivery of the truck to the customer. For customer-owned vehicles, per Topic 606, revenue is recognized over time based on a cost input method. The Company accumulates costs incurred on partially completed customer-owned upfits based on estimated margin and completion. The Company books an adjustment to account for revenue over time related to customer owned vehicles, which increased revenue by $709 $1,024 and $898 increased revenue by $291 for the three months ended September 30, 2023 March 31, 2024 and 2022 2023, respectively. The adjustment increased revenue by $1,337 and $983 for the nine months ended September 30, 2023 and 2022, respectively.

Dealer Upfit Sales – The Company upfits work trucks for independent dealer customers. Dealer upfit revenue is recorded upon delivery. The customer does not own the vehicles during the upfit process, and as such revenue is recorded at a point in time upon delivery to the customer.

Over the Counter / Parts & Accessory Sales – Work Truck Solutions part and accessory sales are recorded as revenue upon shipment. Additionally, customers can purchase parts at any of the Company's showrooms. In these instances, each product is considered a separate performance obligation, and revenue is recognized upon shipment of the goods or customer pick up.

Disaggregation of Revenue

The following table provides information about disaggregated revenue by customer type and timing of revenue recognition, and includes a reconciliation of the disaggregated revenue with reportable segments.

Revenue by customer type was as follows:

Three Months Ended September 30, 2023	**Work Truck Attachments**	**Work Truck Solutions**	**Total Revenue**

Three Months Ended March 31, 2024				Work Truck Attachments	Work Truck Solutions	Total Revenue
Independent dealer	$ 75,879	$ 36,593	$ 112,472	$ 23,840	$ 33,281	$ 57,121
Government	-	13,711	13,711	-	21,691	21,691
Fleet	-	15,777	15,777	-	14,009	14,009
Other	-	2,161	2,161	-	2,834	2,834
Total revenue	$ 75,879	$ 68,242	$ 144,121	$ 23,840	$ 71,815	$ 95,655

Three Months Ended September 30, 2022	Work Truck Attachments	Work Truck Solutions	Total Revenue
Independent dealer	$ 108,235	$ 30,090	$ 138,325
Government	-	13,925	13,925
Fleet	-	11,638	11,638
Other	-	2,212	2,212
Total revenue	$ 108,235	$ 57,865	$ 166,100

Nine Months Ended September 30, 2023	Work Truck Attachments	Work Truck Solutions	Total Revenue
Independent dealer	$ 236,346	$ 101,822	$ 338,168
Government	-	48,256	48,256
Fleet	-	41,431	41,431
Other	-	6,078	6,078
Total revenue	$ 236,346	$ 197,587	$ 433,933

Nine Months Ended September 30, 2022	Work Truck Attachments	Work Truck Solutions	Total Revenue

Three Months Ended March 31, 2023				Work Truck Attachments	Work Truck Solutions	Total Revenue
Independent dealer	$ 284,375	$ 90,801	$ 375,176	$ 19,246	$ 30,512	$ 49,758
Government	-	39,933	39,933	-	17,590	17,590
Fleet	-	34,789	34,789	-	12,868	12,868
Other	-	6,364	6,364	-	2,329	2,329
Total revenue	$ 284,375	$ 171,887	$ 456,262	$ 19,246	$ 63,299	$ 82,545

Revenue by timing of revenue recognition was as follows:

Three Months Ended September 30, 2023	Work Truck Attachments	Work Truck Solutions	Total Revenue

Three Months Ended March 31, 2024				Work Truck Attachments	Work Truck Solutions	Total Revenue
Point in time	$ 75,879	$ 43,921	$ 119,800	$ 23,840	$ 46,342	$ 70,182
Over time	-	24,321	24,321	-	25,473	25,473

Total revenue	$ 75,879	$ 68,242	$ 144,121	$ 23,840	$ 71,815	$ 95,655

Three Months Ended September 30, 2022	Work Truck Attachments	Work Truck Solutions	Total Revenue			
Three Months Ended March 31, 2023				Work Truck Attachments	Work Truck Solutions	Total Revenue
Point in time	$ 108,235	$ 36,515	$ 144,750	$ 19,246	$ 40,720	$ 59,966
Over time	-	21,350	21,350	-	22,579	22,579
Total revenue	$ 108,235	$ 57,865	$ 166,100	$ 19,246	$ 63,299	$ 82,545

Nine Months Ended September 30, 2023	Work Truck Attachments	Work Truck Solutions	Total Revenue
Point in time	$ 236,346	$ 128,287	$ 364,633
Over time	-	69,300	69,300
Total revenue	$ 236,346	$ 197,587	$ 433,933
Nine Months Ended September 30, 2022	Work Truck Attachments	Work Truck Solutions	Total Revenue
Point in time	$ 284,375	$ 106,049	$ 390,424
Over time	-	65,838	65,838
Total revenue	$ 284,375	$ 171,887	$ 456,262

Contract Balances

The following table shows the changes in the Company's contract liabilities during the three and ninemonths ended September 30, 2023 March 31, 2024 and 2022 2023, respectively:

Three Months Ended September 30, 2023	Balance at Beginning of Period	Additions	Deductions	Balance at End of Period				
Three Months Ended March 31, 2024					Balance at Beginning of Period	Additions	Deductions	Balance at End of Period
Contract liabilities	$ 7,929	$ 3,988	$ (8,012)	$ 3,905	$ 4,009	$ 4,823	$ (2,776)	$ 6,056

Three Months Ended September 30, 2022	Balance at Beginning of Period	Additions	Deductions	Balance at End of Period
Contract liabilities	$ 4,330	$ 7,252	$ (4,633)	$ 6,949

Nine Months Ended September 30, 2023	Balance at Beginning of Period	Additions	Deductions	Balance at End of Period
Contract liabilities	$ 4,531	$ 17,238	$ (17,864)	$ 3,905

Nine Months Ended September 30, 2022 / Three Months Ended March 31, 2023	Balance at Beginning of Period	Additions	Deductions	Balance at End of Period	Balance at Beginning of Period	Additions	Deductions	Balance at End of Period
Contract liabilities	$ 2,454	$ 15,889	$ (11,394)	$ 6,949	$ 4,531	$ 3,374	$ (5,061)	$ 2,844

The Company receives payments from customers based upon contractual billing schedules. Contract assets include amounts related to the contractual right to consideration for completed performance obligations. There were no contract assets as of September 30, 2023 March 31, 2024 or 2022 2023. Contract liabilities include payments received in advance of performance under the contract, variable freight allowances which are refunded to the customer, and rebates paid to distributors under our municipal rebate program, and are realized with the associated revenue recognized under the contract.

The Company recognized revenue of $1,594 $959 and $630 $1,735 during the three months ended September 30, 2023 March 31, 2024 and 2022 2023, respectively, which was included in contract liabilities at the beginning of each period. The Company recognized revenue of $4,531 and $1,691 during the nine months ended September 30, 2023 and 2022, respectively, which was included in contract liabilities at the beginning of each period.

3. Credit Losses

The majority of the Company's accounts receivable are due from distributors of truck equipment and dealers of completed upfit trucks. Credit is extended based on an evaluation of a customer's financial condition. A receivable is considered past due if payments have not been received within agreed upon invoice terms. Accounts receivable are written off after all collection efforts have been exhausted. The Company takes a security interest in the inventory as collateral for the receivable but often does not have a priority security interest. The Company has short-term accounts receivable at its Work Truck Attachments and Work Truck Solutions segments subject to evaluation for expected credit losses. Expected credit losses are estimated based on the loss-rate and probability of default methods. On a periodic basis, the Company evaluates its accounts receivable and establishes the allowance for credit losses based on specific customer circumstances, past events including collections and write-off history, current conditions, and reasonable forecasts about the future. As of September 30, March 31, 2024, the Company had an allowance for credit losses on its trade accounts receivable of $1,503 and $390 at its Work Truck Attachments and Work Truck Solutions segments, respectively. As of December 31, 2023, the Company had an allowance for credit losses on its trade accounts receivable of $1,300 $1,400 and $362 at its Work Truck Attachments and Work Truck Solutions segments, respectively. As of December 31, 2022, the Company had an allowance for credit losses on its trade accounts receivable of $1,000 and $366 $246 at its Work Truck Attachments and Work Truck Solutions segments, respectively.

The following table rolls forward the activity related to credit losses for trade accounts receivable at each segment, and on a consolidated basis for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023:

	Balance at December 31, 2022	Additions (reductions) charged to earnings	Writeoffs	Changes to reserve, net	Balance at September 30, 2023	Balance at December 31, 2023	Additions (reductions) charged to earnings	Writeoffs	Changes to reserve, net	Balance at March 31, 2024
Nine Months Ended September 30, 2023										
Three Months Ended March 31, 2024										
Work Truck Attachments	$ 1,000	$ 300	$ -	$ -	$ 1,300	$ 1,400	$ 104	$ -	$ (1)	$ 1,503
Work Truck Solutions	366	29	-	(33)	362	246	75	-	69	390
Total	$ 1,366	$ 329	$ -	$ (33)	$ 1,662	$ 1,646	$ 179	$ -	$ 68	$ 1,893

	Balance at December 31, 2021	Additions (reductions) charged to earnings	Writeoffs	Changes to reserve, net	Balance at September 30, 2022	Balance at December 31, 2022	Additions (reductions) charged to earnings	Writeoffs	Changes to reserve, net	Balance at March 31, 2023
Nine Months Ended September 30, 2022										
Three Months Ended March 31, 2023										
Work Truck Attachments	$ 1,430	$ 300	$ -	$ 3	$ 1,733	$ 1,000	$ 100	$ -	$ (2)	$ 1,098
Work Truck Solutions	1,540	(475)	(109)	(13)	943	366	75	-	(9)	432
Total	$ 2,970	$ (175)	$ (109)	$ (10)	$ 2,676	$ 1,366	$ 175	$ -	$ (11)	$ 1,530

4. Fair Value

Fair value is the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. Fair value measurements are categorized into one of three levels based on the lowest level of significant input used: Level 1 (unadjusted quoted prices in active markets); Level 2 (observable market inputs available at the measurement date, other than quoted prices included in Level 1); and Level 3 (unobservable inputs that cannot be corroborated by observable market data).

The following table presents financial assets and liabilities measured at fair value on a recurring basis and discloses the fair value of long-term debt:

	Fair Value at September 30, 2023		Fair Value at December 31, 2022		Fair Value at March 31, 2024		Fair Value at December 31, 2023	
Assets:								
Non-qualified benefit plan assets (a)	$	9,148	$	8,874	$	9,976	$	9,195
Interest rate swaps (b)	$	7,272		7,039		4,718		4,033
Total Assets	$	16,420	$	15,913	$	14,694	$	13,228
Liabilities:								
Long-term debt (c)	$	189,385	$	207,737	$	189,441	$	189,413
Total Liabilities	$	189,385	$	207,737	$	189,441	$	189,413

(a) Included in Non-qualified benefit plan assets is the cash surrender value of insurance policies on various individuals that are associated with the Company. The carrying amount of these insurance policies approximates their fair value and is considered Level 2 inputs. The Company had outstanding loans of $546 and $750 against these Non-qualified benefit plan assets as of September 30, March 31, 2024 and December 31, 2023, respectively, included in Other long-term liabilities on the Condensed Consolidated Balance Sheets. Sheets, respectively.

(b) Valuation models are calibrated to initial trade price. Subsequent valuations are based on observable inputs to the valuation model (e.g. interest rates and credit spreads). Model inputs are changed only when corroborated by market data. A credit risk adjustment is made on each swap using observable market credit spreads. Thus, inputs used to determine fair value of the interest rate swap are Level 2 inputs. Interest rate swaps of $4,376 $3,058 and $2,896 $1,660 at September 30, 2023 March 31, 2024 are included in Prepaid and other current assets and Other long-term assets, respectively. Interest rate swaps of $4,120 $3,174 and $2,919 $859 at December 31, 2022 2023 are included in Prepaid and other current assets and Other long-term assets, respectively.

(c) The fair value of the Company's long-term debt, including current maturities, is based on rates for instruments with comparable maturities and credit quality (Level 2 inputs), and approximates its carrying value. Long-term debt is recorded at carrying amount, net of discount and deferred debt issuance costs, as disclosed on the face of the balance sheet.

5. Inventories

Inventories consist of the following:

	September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
Finished goods	$	77,467	$	67,006	$	108,337	$	79,509
Work-in-process		17,342		19,037		14,692		14,384

Raw material and supplies	52,437	50,458	51,739	46,497
	$ 147,246	$ 136,501	$ 174,768	$ 140,390

The inventories in the table above do not include truck chassis inventory financed through a floor plan financing agreement, which are recorded separately on the balance sheet. The Company takes title to truck chassis upon receipt of the inventory through its floor plan agreement and performs upfitting service installations to the truck chassis inventory during the installation period. The floor plan obligation is then assumed by the dealer customer upon delivery. During the fourth quarter of 2021, a separate financing agreement was entered into that does not pass title of the truck chassis upon receipt of the inventory. As a result, most of the floor plan truck chassis previously recorded on the balance sheet fall under this new financing agreement, and only the trucks still covered under the previous floor plan financing agreement remain on the balance sheet. At September 30, 2023 March 31, 2024 and December 31, 2022 2023, the Company had $4,459 $3,132 and $1,211, $2,217, respectively, of chassis inventory and $4,459 $3,132 and $1,211 $2,217 of related floor plan financing obligation, respectively. The Company recognizes revenue associated with upfitting and service installations net of the truck chassis.

6. Property, plant and equipment

Property, plant and equipment are summarized as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Land	$ 3,969	$ 3,969	$ 3,969	$ 3,969
Land improvements	5,431	5,431	5,610	5,589
Leasehold improvements	6,489	5,844	6,582	6,582
Buildings	36,446	35,858	36,732	36,719
Machinery and equipment	75,379	75,190	79,370	79,065
Furniture and fixtures	25,751	24,605	26,597	25,920
Mobile equipment and other	5,134	4,927	5,183	5,287
Construction-in-process	6,853	5,272	3,597	5,125
Total property, plant and equipment	165,452	161,096	167,640	168,256
Less accumulated depreciation	(98,146)	(92,436)	(103,460)	(100,916)
Net property, plant and equipment	$ 67,306	$ 68,660		
Property, plant and equipment, net			$ 64,180	$ 67,340

7. Leases

The Company has operating leases for manufacturing and upfit facilities, land and parking lots, warehousing space and certain equipment. The leases have remaining lease terms of less than one year to 13 12 years, some of which include options to extend the leases for up to 10 years. Such renewal options were not included in the determination of the lease term unless deemed reasonably certain of exercise. The discount rate used in measuring the lease liabilities is based on the Company's interest rate on its secured Term Loan Credit Agreement. Certain of the Company's leases contain escalating rental payments based on an index. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

16

Lease Expense

The components of lease expense, which are included in Cost of sales and Selling, general and administrative expenses on the Condensed Consolidated Statements of Operations and Comprehensive Income, Loss, were as follows:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating lease expense	$ 1,545	$ 4,354	$ 1,376	$ 4,158	$ 1,596	$ 1,394
Short term lease cost	$ 48	$ 316	$ 85	$ 274	$ 93	$ 178
Total lease cost	$ 1,593	$ 4,670	$ 1,461	$ 4,432	$ 1,689	$ 1,572

Cash Flow

Supplemental cash flow information related to leases is as follows:

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash paid for amounts included in the measurement of operating lease liabilities	$ 4,597	$ 4,301	$ 1,639	$ 1,437
Non-cash lease expense - right-of-use assets	$ 3,735	$ 3,566	$ 1,364	$ 1,197
Right-of-use assets obtained in exchange for operating lease obligations	$ 3,411	$ 2,126	$ 43	$ 179

Balance Sheet

Supplemental balance sheet information related to leases is as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Operating Leases				
Operating lease right-of-use assets	$ 17,145	$ 17,432	$ 16,687	$ 18,008
Other current liabilities	5,149	4,862	5,309	5,347

Operating lease liabilities	13,261	14,025	12,596	13,887
Total operating lease liabilities	$ 18,410	$ 18,887	$ 17,905	$ 19,234
Weighted Average Remaining Lease Term				
Operating leases (in months)	54	59	51	53
Weighted Average Discount Rate				
Operating leases	5.09 %	4.69 %	5.37 %	5.36 %

17

Lease Maturities

Maturities of leases were as follows:

Year ending December 31,	Operating Leases	Operating Leases
2023 (excluding the nine months ended September 30, 2023)	$ 1,572	
2024	5,684	
2024 (excluding the three months ended March 31, 2024)		$ 4,620
2025	4,862	5,762
2026	3,498	4,078
2027	2,152	2,299
2028		1,265
Thereafter	2,690	1,849
Total Lease Payments	20,458	19,873
Less: imputed interest	(2,048)	(1,968)
Total	$ 18,410	$ 17,905

8. Other Intangible Assets

The following is a summary of the Company's other intangible assets:

	Gross Carrying Amount	Less Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Less Accumulated Amortization	Net Carrying Amount
September 30, 2023						
March 31, 2024						
Indefinite-lived intangibles:						
Trademark and tradenames	$ 77,600	$ -	$ 77,600	$ 77,600	$ -	$ 77,600
Amortizable intangibles:						
Dealer network	80,000	78,000	2,000	80,000	80,000	-
Customer relationships	80,920	41,415	39,505	80,920	44,000	36,920

Patents	21,136	17,935	3,201	21,136	18,563	2,573
Noncompete agreements	8,640	8,640	-	8,640	8,640	-
Trademarks	5,459	4,066	1,393	5,459	4,112	1,347
Amortizable intangibles, net	196,155	150,056	46,099	196,155	155,315	40,840
Total	$ 273,755	$ 150,056	$ 123,699	$ 273,755	$ 155,315	$ 118,440

	Gross Carrying Amount	Less Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Less Accumulated Amortization	Net Carrying Amount
December 31, 2022						
December 31, 2023						
Indefinite-lived intangibles:						
Trademark and tradenames	$ 77,600	$ -	$ 77,600	$ 77,600	$ -	$ 77,600
Amortizable intangibles:						
Dealer network	80,000	75,000	5,000	80,000	79,000	1,000
Customer relationships	80,920	37,537	43,383	80,920	42,707	38,213
Patents	21,136	16,994	4,142	21,136	18,249	2,887
Noncompete agreements	8,640	8,640	-	8,640	8,640	-
Trademarks	5,459	3,995	1,464	5,459	4,089	1,370
Amortizable intangibles, net	196,155	142,166	53,989	196,155	152,685	43,470
Total	$ 273,755	$ 142,166	$ 131,589	$ 273,755	$ 152,685	$ 121,070

Amortization expense for intangible assets was $2,630 and $2,630 for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. Amortization expense for intangible assets was $7,890 and $7,890 for the nine months ended September 30, 2023and 2022, respectively. Estimated amortization expense for the remainder of 2023 2024 and each of the succeeding five years is as follows:

2023	$ 2,630	
2024	7,520	$ 4,890
2025	6,075	6,075
2026	5,450	5,450
2027	5,450	5,450
2028	5,450	5,450
2029		5,300

9. Long-Term Debt

Long-term debt is summarized below:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023

Term Loan, net of debt discount of $303 and $387 at September 30, 2023 and December 31, 2022, respectively	$ 189,385	$ 207,737		
Term Loan, net of debt discount of $247 and $274 at March 31, 2024 and December 31, 2023, respectively			$ 189,441	$ 189,413
Less current maturities	2,544	11,137	10,981	6,762
Long-term debt before deferred financing costs	186,841	196,600	178,460	182,651
Deferred financing costs, net	1,279	1,301	1,319	1,160
Long-term debt, net	$ 185,562	$ 195,299	$ 177,141	$ 181,491

On January 29, 2024, the Company entered into Amendment No.3 to the Credit Agreement, which modifies the minimum required Leverage Ratio (as defined in the Credit Agreement) of the Company, which is measured as of the last day of each Reference Period (as defined in the Credit Agreement), from 3.50 to 1.00 for each Reference Period to (i) 3.50 to 1.00 for each Reference Period ending on or prior to September 30, 2023, (ii) 4.25 to 1.00 for the Reference Period ending on December 31, 2023, (iii) 4.00 to 1.00 for each Reference Period ending on March 31, 2024 and June 30, 2024, and (iv) 3.50 to 1.00 for each Reference Period ending on September 30, 2024 and thereafter. Deferred financing costs of $279 relating to entry into Amendment No.3 are being amortized over the term of the loan. On January 5, 2023, the Company entered into that certain Amendment No. 1 to Credit Agreement and Revolving Credit Commitment Increase Supplement ("Amendment No. 1") by and among the Company, the Borrowers, the financial institutions listed in Amendment No. 1 as lenders, and JPMorgan Chase Bank, N.A., as administrative agent, which amended the Credit Agreement, dated as of June 9, 2021 (as amended by Amendment No. 1, the "Credit Agreement"), and pursuant to which, among other things, (i) the Revolving Loan Borrowers exercised a portion of the Revolving Commitment Increase Option (as defined below) and increased the revolving commitment under the Credit Agreement by $50,000 for a total of $150,000 in the aggregate and (ii) the London Interbank Offered Rate pricing option under the Credit Agreement was replaced with a Term SOFR Rate pricing option. Deferred financing costs of $334 relating to entry into Amendment No.1are being amortized over the term of the loan. On July 11, 2023, the Company entered into Amendment No. 2 to the Credit Agreement, which allows the Company to take out loans of up to $1,000 against its corporate-owned life insurance policies as included in Non-qualified benefit plan assets on the Condensed Consolidated Balance Sheets. Pursuant to Amendment No. 2, the Company had outstanding loans of $546 and $750 against its corporate-owned life insurance policies as of September 30, March 31, 2024 and December 31, 2023, respectively, included in Other long-term liabilities on the Condensed Consolidated Balance Sheets.

The Company will be is required to pay a fee for unused amounts under the senior secured revolving facility in an amount ranging from 0.150% to 0.300% of the average daily unused portion of the senior secured revolving credit facility, depending on Douglas Dynamics, L.L.C.'s ("DDI LLC") Leverage Ratio (as defined in the Credit Agreement). The Credit Agreement provides that the senior secured term loan facility will bear interest at (i) the Term SOFR Rate for the applicable interest period plus (ii) a margin ranging from 1.375% to 2.00%, depending on the DDI LLC's Leverage Ratio. The Credit Agreement provides that the Revolving Loan Borrowers have the option to select whether the senior secured revolving credit facility borrowings will bear interest at either (i)(a) the Term SOFR Rate for the applicable interest period plus (b) 0.10% plus (c) a margin ranging from 1.375% to 2.00%, depending on DDI LLC's Leverage Ratio, or (ii) a margin ranging from 0.375% to 1.00% per annum, depending on DDI LLC's Leverage Ratio, plus the greatest of (which if the following would be less than 1.00%, such rate shall be deemed to be 1.00%) (a) the Prime Rate (as defined in the Credit Agreement) in effect on such day, (b) the NYFRB Rate (as defined in the Credit Agreement) plus 0.50% and (c) the Term SOFR Rate for a one month interest plus 0.10% (the "Adjusted Term SOFR Rate"). If the Adjusted Term SOFR Rate for the applicable interest period is less than zero, such rate shall be deemed to be zero for purposes of calculating the foregoing interest rates in the Credit Agreement.

Following Amendment No. 1, the Credit Agreement provides for a senior secured term loan in the amount of $225,000 and a senior secured revolving credit facility in the amount of $150,000, of which $10,000 will be available in the form of letters of credit and $15,000 will be available for the issuance of short-term swingline loans. The Credit Agreement also allows the Company to request increases to the revolving commitments and/or incremental term loans in an aggregate amount not in excess of $175,000 (the "Revolving Commitment Increase Option"), subject to specified terms and conditions. The final maturity date of the Credit Agreement is June 9, 2026. The Company applied the proceeds of the senior secured term loan facility under the Credit Agreement to refinance its existing senior secured term loan and revolving credit facilities and for the payment of transaction consideration and expenses in connection with the Credit Agreement.

19

The Credit Agreement was issued at a $563 discount which is being amortized over the term of the term loan. Additionally, deferred financing costs of $1,409 are being amortized over the term of the loan. The Company's entrance into the Credit Agreement and subsequent settlement of its prior credit agreements is accounted for as an extinguishment of the Company's prior debt under ASC 470-50, which resulted in the write off of unamortized capitalized deferred financing costs of $972 as well as the write off of unamortized debt discount of $3,964, resulting in a loss on extinguishment of debt of $4,936 in the Consolidated Statement Operations and Comprehensive Income for the year ended December 31, 2021.

At September 30, 2023 March 31, 2024, the Company had outstanding borrowings under its term loan of $189,385, $101,000 $189,441, $55,000 in outstanding borrowings on its revolving credit facility, and remaining borrowing availability of $48,450. $94,450. At December 31, 2022 2023, the Company had outstanding borrowings under its term loan of $207,737, no $189,413, $47,000 in outstanding borrowings on its revolving credit facility, and remaining borrowing availability of $99,450. $102,450. During the three and nine months year ended September 30, December 31, 2023 the Company made a voluntary pre-payment of $10,000 of debt amortization principal payments under the Company's Credit Agreement.

The Credit Agreement includes customary representations, warranties and negative and affirmative covenants, as well as customary events of default and certain cross default provisions that could result in acceleration of the Credit Agreement. In addition, as a result of the modifications to the minimum required Leverage Ratio under Amendment No.3 to the Credit Agreement as discussed above, the Credit Agreement requires the Company to have a Leverage Ratio of not more than (i) 3.50 to 1.00 as of for each Reference Period ending on or prior to September 30, 2023, (ii) 4.25 to 1.00 for the last day of any fiscal quarter commencing with the fiscal quarter Reference Period ending on December 31, 2023, (iii) 4.00 to 1.00 for each Reference Period ending on March 31, 2024 and June 30, 2021, 2024, and (iv) 3.50 to 1.00 for each Reference Period ending on September 30, 2024 and thereafter, and to have a Consolidated Interest Coverage Ratio (as defined in the Credit Agreement) of not less than 3.00 to 1.00 as of the last day of any fiscal quarter commencing with the fiscal quarter ending June 30, 2021. As of September 30, 2023 March 31, 2024, the Company was in compliance with the respective covenants. covenants under the Credit Agreement.

On June 13, 2019, the Company entered into an interest rate swap agreement to reduce its exposure to interest rate volatility. The interest rate swap has a notional amount of $175,000 effective for the period May 31, 2019 through May 31, 2024. The Company may have counterparty credit risk resulting from the interest rate swap, which it monitors on an on-going basis. The risk lies with one global financial institution. Under the interest rate swap agreement, the Company will either receive or make payments on a monthly basis based on the differential between 2.424% and SOFR. The interest rate swap was previously accounted for as a cash flow hedge. During the first quarter of 2020, the swap was determined to be ineffective. As a result, the swap was dedesignated on March 19, 2020, and the remaining losses included in Accumulated other comprehensive income (loss) on the Condensed Consolidated Balance Sheets would be amortized into interest expense on a straight-line basis through the life of the swap. The amount amortized from Accumulated other comprehensive income (loss) into earnings during the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was ($291) and ($291), respectively. The amount amortized from Accumulated other comprehensive income (loss) into earnings during the nine months ended September 30, 2023 and 2022 was ($873) and ($873), respectively. A mark-to-market adjustment of $119 and $119 was recorded as Interest expense in the Condensed Consolidated Statements of Operations and Comprehensive Income Loss for the three months ended September 30, 2023 March 31, 2024 and 2022 2023, respectively, related to the swap. A mark-to-market adjustment of $357 and $357 was recorded as Interest expense in the Condensed Consolidated Statements of Operations and Comprehensive Income for the nine months ended September 30, 2023 and 2022, respectively, related to the swap.

On June 9, 2021, in conjunction with entering into the Credit Agreement described above, the Company re-designated its swap. As a result, the swap will be recorded at fair value with changes recorded in Accumulated other comprehensive income (loss). The amortization from Accumulated other comprehensive income (loss) into earnings from the previous dedesignation has been adjusted as of June 9, 2021 to include the de-recognition of previously recognized mark-to-market gains and the amortization of the off-market component as of the re-designation date, and will continue to be recognized through the life of the swap. The amount expected to be amortized from Accumulated other comprehensive income (loss) into earnings in the next twelve months is $458. $115.

On May 19, 2022, the Company entered into an interest rate swap agreement to further reduce its exposure to interest rate volatility. The interest rate swap has a notional amount of $125,000 effective for the period May 31, 2024 through June 9, 2026. The Company may have counterparty credit risk resulting from the interest rate swap, which it monitors on an on-going basis. The risk lies with two global financial institutions. Under the interest rate swap agreement, the Company will either receive or make payments on a monthly basis based on the differential between 2.718% and SOFR. The interest rate swap is accounted for as a cash flow hedge.

The interest rate swaps' positive fair value at September 30, 2023 March 31, 2024 was $7,272, $4,718, of which $4,376 $3,058 and $2,896 $1,660 are included in Prepaid and other current assets and Other long-term assets on the Condensed Consolidated Balance Sheet, respectively. The interest rate swaps' positive fair value at December 31, 2022 2023 was $7,039, $4,033, of which $4,120 $3,174 and $2,919 $859 are included in Prepaid and other current assets and Other long-term assets on the Condensed Consolidated Balance Sheet, respectively.

10. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities are summarized as follows:

	September 30, 2023	**December 31, 2022**	**March 31, 2024**	**December 31, 2023**
Payroll and related costs	$ 8,051	$ 10,805	$ 5,228	$ 5,772
Employee benefits	8,180	8,863	8,320	7,937
Accrued warranty	4,724	4,558	3,980	4,068
Other	8,054	6,258	6,052	8,040
	$ 29,009	$ 30,484	$ 23,580	$ 25,817

11. Warranty Liability

The Company accrues for estimated warranty costs as sales are recognized and periodically assesses the adequacy of its recorded warranty liability and adjusts the amount as necessary. The Company's warranties generally provide, with respect to its snow and ice control equipment, that all material and workmanship will be free from defect for a period of two years after the date of purchase by the end-user, and with respect to its parts and accessories purchased separately, that such parts and accessories will be free from defect for a period of one year after the date of purchase by the end-user. All of the Company's warranties are assurance-type warranties. Certain snowplows only provide for a one year warranty. The Company determines the amount of the estimated warranty costs (and its corresponding warranty reserve) based on the Company's prior five years of warranty history utilizing a formula driven by historical warranty expense and applying management's judgment. The Company adjusts its historical warranty costs to take into account unique factors such as the introduction of new products into the marketplace that do not provide a historical warranty record to assess. The warranty reserve was $8,161 $6,223 at September 30, 2023 March 31, 2024, of which $3,437 $2,243 is included in Other long-term liabilities and $4,724 $3,980 is included in Accrued expenses and other current liabilities in the accompanying Condensed Consolidated Balance Sheet. The warranty reserve was $7,876 $6,957 at December 31, 2022 2023, of which $3,318 $2,889 is included in Other long-term liabilities and $4,558 $4,068 is included in Accrued expenses and other current liabilities in the accompanying Condensed Consolidated Balance Sheet.

The following is a rollforward of the Company's warranty liability:

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
Balance at the beginning of the period	$ 7,844	$ 6,518	$ 7,876	$ 6,368	$ 6,957	$ 7,876
Warranty provision	897	1,321	2,904	3,722	669	464
Claims paid/settlements	(580)	(406)	(2,619)	(2,657)	(1,403)	(1,523)
Balance at the end of the period	$ 8,161	$ 7,433	$ 8,161	$ 7,433	$ 6,223	$ 6,817

12. Earnings Loss per Share

Basic earnings loss per share of common stock is computed by dividing net income loss by the weighted average number of common shares outstanding during the period. Diluted earnings loss per share of common stock is computed by dividing net income loss by the weighted average number of common shares, using the two-class method. As the Company may grant RSUs that both participate in dividend equivalents and do not participate in dividend equivalents, the Company has calculated earnings per share pursuant to the two-class method, which is an earnings allocation formula that determines earnings per share for common stock and participating securities according to dividends declared and participation rights in undistributed losses. Under this method, all earnings (distributed and undistributed) are allocated to common shares and participating securities based on their respective rights to receive dividends. Diluted net earnings loss per share is calculated by dividing net earnings loss attributable to common stockholders by the weighted average number of common stock and dilutive common stock outstanding during the period. Potential common shares in the diluted net income loss per share computation are excluded to the extent that they would be anti-dilutive. Weighted average of potentially dilutive non-participating RSU's were 0 in each of the three months ended March 31, 2024 and 2023.

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
Basic earnings per common share						
Net income	$ 5,792	$ 13,280	$ 16,646	$ 27,097		
Basic loss per common share						
Net loss					$ (8,352)	$ (13,110)
Less income allocated to participating securities	128	259	368	517	-	-
Net income allocated to common shareholders	$ 5,664	$ 13,021	$ 16,278	$ 26,580		
Net loss allocated to common shareholders					$ (8,352)	$ (13,110)
Weighted average common shares outstanding	22,983,965	22,886,793	22,955,388	22,925,231	23,009,369	22,906,845
	$ 0.25	$ 0.57	$ 0.71	$ 1.16	$ (0.37)	$ (0.58)

Earnings per common share assuming dilution						
Net income	$ 5,792	$ 13,280	$ 16,646	$ 27,097		
Loss per common share assuming dilution						
Net loss					$ (8,352)	$ (13,110)
Less income allocated to participating securities	128	259	368	517	-	-
Net income allocated to common shareholders	$ 5,664	$ 13,021	$ 16,278	$ 26,580		
Net loss allocated to common shareholders					$ (8,352)	$ (13,110)
Weighted average common shares outstanding	22,983,965	22,886,793	22,955,388	22,925,231	23,009,369	22,906,845
Incremental shares applicable to non-participating RSUs	-	-	-	1,712	-	-
Weighted average common shares assuming dilution	22,983,965	22,886,793	22,955,388	22,926,943	23,009,369	22,906,845
	$ 0.24	$ 0.56	$ 0.69	$ 1.14	$ (0.37)	$ (0.58)

13. Employee Stock Plans

2010 Stock Incentive Plan and 2024 Stock Incentive Plan

In May 2010, the Company's Board of Directors and stockholders adopted the 2010 Stock Incentive Plan (the "2010 Plan"). The material terms of the performance goals under the 2010 Plan, as amended and restated, were approved by stockholders at the Company's 2014 annual meeting of stockholders and the plan's term was extended further by the stockholders at the Company's 2020 annual meeting of stockholders. The 2010 Plan provides for the issuance of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock awards and restricted stock units ("RSUs"), any of which may be performance-based, and for incentive bonuses, which may be paid in cash or stock or a combination of both, to eligible employees, officers, non-employee directors and other service providers to the Company and its subsidiaries. A maximum of 2,130,000 shares of common stock may be issued pursuant to all awards under the 2010 Plan.

In February 2024, the Company's Board of Directors adopted the 2024 Stock Incentive Plan (the "2024 Plan"), which was subsequently approved by stockholders in April 2024. The 2024 Plan provides for the issuance of nonqualified stock options, stock appreciation rights, restricted stock awards and restricted stock units ("RSUs"), any of which may be performance-based, and for incentive bonuses, which may be paid in cash or stock or a combination of both, to eligible employees, officers, non-employee directors and other service providers to the Company and its subsidiaries. A maximum of 1,227,660 shares of common stock may be issued pursuant to all awards under the 2024 Plan. At the time that the stockholders approved the 2024 Plan, it replaced the 2010 Plan, and no further awards may be issued under the 2010 Plan. Awards that remain outstanding under the 2010 Plan will remain outstanding under the 2010 Plan in accordance with their terms.

Equity awards issued to management include a retirement provision under which members of management who either (1) are age 65 or older or (2) have at least ten years of service and are at least age 55 will continue to vest in unvested equity awards upon retirement. The retirement provision also stipulates that the employee remain employed by the Company for six months after the first day of the fiscal year of the grant. As the retirement provision does not qualify as a substantive service condition, the Company incurred $3,249 $314 and $3,724 $1,020 in the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023, respectively, in additional expense for employees who meet the thresholds of the retirement provision. In 2013, the Company's Nominating and Governance Committee of its Board of Directors approved a retirement provision for the RSUs issued to non-employee directors that accelerates the vesting of such awards upon retirement. Such awards are fully expensed immediately upon grant in accordance with ASC 718, as the retirement provision eliminates substantive service conditions associated with the awards.

Performance Share Unit Awards

The Company grants has granted performance share units as performance-based awards under the 2010 Plan that are subject to performance conditions over a three year performance period beginning in the year of the grant. grant and, beginning with the 2024 grant, includes three1-year measurement periods, as well as a vesting component based on a Total Shareholder Return ("TSR") modifier tied to the Company's relative total shareholder return in comparison to the total shareholder return of the S&P Small Cap 600 Industrials market index. The total number of shares issued pursuant to performance share units may be increased, decreased, or unchanged based on this TSR modifier. Upon meeting the prescribed performance conditions, employees will be issued shares which vest immediately at the end of the measurement performance period. In accordance with ASC 718, such awards are being expensed over the vesting period from the date of grant through the requisite service period, based upon the most probable outcome. The For the 2024 grants, a Monte Carlo simulation has been used to account for the TSR market condition in the grant date fair value per share of the awards is the closing stock price on the date of grant, award, which was $37.36. $26.60.

The Company recognized ($361) 1,069) and $234 ($417) of compensation expense related to the awards in the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. The Company recognized $1,183 and $2,945 of compensation expense related to the awards in the nine months ended September 30, 2023and 2022, respectively. The unrecognized compensation expense calculated under the fair value method for shares that were, as of September 30, 2023 March 31, 2024, expected to be earned through the requisite service period was approximately $2,371 $924 and is expected to be recognized through 2026 2027.

Restricted Stock Unit Awards

RSUs are granted to both non-employee directors and management. RSUs do not carry voting rights. While all non-employee director RSUs participate in dividend equivalents, there are two potential classes of management RSUs, RSUs: one that participates in dividend equivalents, and a second that does not participate in dividend equivalents. Each RSU represents the right to receive one share of the Company's common stock and is subject to time-based vesting restrictions. Participants are not required to pay any consideration to the Company at either the time of grant of a RSU or upon vesting.

A summary of RSU activity for the nine three months ended September 30, 2023 March 31, 2024 is as follows:

	Shares	Weighted Average Grant Date Fair value	Weighted Average Remaining Contractual Term (in years)	Shares	Weighted Average Grant Date Fair value	Weighted Average Remaining Contractual Term (in years)
Unvested at December 31, 2022	111,264	$ 41.89	1.76			
Unvested at December 31, 2023				183,223	$ 36.54	1.72
Granted	120,834	$ 39.37	1.74	191,317	$ 28.82	1.28
Vested	(79,592)	$ 44.47	-	(134,934)	$ 38.54	-
Cancelled and forfeited	(3,805)	$ 39.43	-	(2,435)	$ 33.91	-
Unvested at September 30, 2023	148,701	$ 38.52	1.86			
Unvested at March 31, 2024				237,171	$ 29.20	1.75

Expected to vest in the future at September 30, 2023	144,512	$ 38.52	1.86				
Expected to vest in the future at March 31, 2024				231,638	$	29.20	1.75

The Company recognized $361 $1,424 and $276 $1,374 of compensation expense related to the RSU awards in the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. The Company recognized $3,053 and $2,618 of compensation expense related to the RSU awards in the nine months ended September 30, 2023and 2022, respectively. The unrecognized compensation expense calculated under the fair value method for shares that were, as of September 30, 2023 March 31, 2024, expected to be earned through the requisite service period was approximately $2,154 $4,998 and is expected to be recognized through 2026 2027.

For grants to non-employee directors, vesting occurs as of the grant date. Vested director RSUs are ''settled'' by the delivery to the participant or a designated brokerage firm of one share of common stock per vested RSU as soon as reasonably practicable following a termination of service of the participant that constitutes a separation from service, or as soon as reasonably practicable upon grant if such election is made by the non-employee director, and in all events no later than the end of the calendar year in which such termination of service occurs or, if later, two and one-half months after such termination of service. Vested management RSUs are "settled" by the delivery to the participant or a designated brokerage firm of one share of common stock per vested RSU as soon as reasonably practicable following vesting.

14. Commitments and Contingencies

In the ordinary course of business, the Company is engaged in various litigation including product liability and intellectual property disputes. However, the Company does not believe that any pending litigation will have a material adverse effect on its consolidated financial position. In addition, the Company is not currently a party to any environmental-related claims or legal matters.

15. Segments

The Company's two reportable business segments are as follows:

Work Truck Attachments. The Work Truck Attachments segment includes commercial snow and ice management attachments sold under the FISHER®, WESTERN® and SNOWEX® brands, as well as our vertically integrated products. This segment consists of our operations that manufacture and sell snow and ice control products.

Work Truck Solutions. The Work Truck Solutions segment includes manufactured municipal snow and ice control products under the HENDERSON® brand and the up-fit of market leading attachments and storage solutions under the HENDERSON® brand, and the DEJANA® brand and its related sub-brands.

Separate financial information is available for the two reportable segments. In addition, segment results include an allocation of all corporate costs to Work Truck Attachments and Work Truck Solutions.

Segment performance is evaluated based on segment net sales and Adjusted EBITDA. Segment results include an allocation of all corporate costs. No single customer's revenues amounted to 10% or more of the Company's total revenue. Sales are primarily within the United States and substantially all assets are located within the United States.

All intersegment sales are eliminated in consolidation. Sales between Work Truck Attachments and Work Truck Solutions reflect the Company's intercompany pricing policy. The following table shows summarized financial information concerning the Company's reportable segments:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net sales						
Work Truck Attachments	$ 75,879	$ 108,235	$ 236,346	$ 284,375	$ 23,840	$ 19,246
Work Truck Solutions	68,242	57,865	197,587	171,887	71,815	63,299
	$ 144,121	$ 166,100	$ 433,933	$ 456,262	$ 95,655	$ 82,545
Adjusted EBITDA						
Work Truck Attachments	$ 12,328	$ 22,929	$ 44,393	$ 59,562	$ (4,468)	$ (10,231)
Work Truck Solutions	4,985	2,202	8,807	4,307	6,002	2,857
	$ 17,313	$ 25,131	$ 53,200	$ 63,869	$ 1,534	$ (7,374)
Depreciation and amortization expense						
Work Truck Attachments	$ 3,298	$ 3,228	$ 10,039	$ 9,618	$ 3,347	$ 3,338
Work Truck Solutions	2,083	2,005	6,141	6,008	1,998	2,019
	$ 5,381	$ 5,233	$ 16,180	$ 15,626	$ 5,345	$ 5,357
Assets						
Work Truck Attachments	$ 459,138	$ 454,739			$ 374,045	$ 387,909
Work Truck Solutions	212,807	200,048			203,031	197,379
	$ 671,945	$ 654,787			$ 577,076	$ 585,288
Capital Expenditures						
Work Truck Attachments	$ 1,320	$ 2,741	$ 4,185	$ 6,807	$ 675	$ 932
Work Truck Solutions	1,335	630	2,707	1,211	99	536
	$ 2,655	$ 3,371	$ 6,892	$ 8,018	$ 774	$ 1,468

Adjusted EBITDA						
Work Truck Attachments	$ 12,328	$ 22,929	$ 44,393	$ 59,562	$ (4,468)	$ (10,231)
Work Truck Solutions	4,985	2,202	8,807	4,307	6,002	2,857
Total Adjusted EBITDA	$ 17,313	$ 25,131	$ 53,200	$ 63,869	$ 1,534	$ (7,374)
Less items to reconcile Adjusted EBITDA to Income before taxes:						
Less items to reconcile Adjusted EBITDA to Loss before taxes:						
Interest expense - net	4,607	3,266	11,207	7,852	3,524	2,864
Depreciation expense	2,751	2,603	8,290	7,736	2,715	2,727
Amortization	2,630	2,630	7,890	7,890	2,630	2,630
Stock based compensation	-	510	4,236	5,563	355	957
Other charges (1)	396	(53)	538	488		
Income before taxes	$ 6,929	$ 16,175	$ 21,039	$ 34,340		

Impairment charges (1)	1,224	-
Other charges (2)	1,029	74
Loss before taxes	$ (9,943)	$ (16,626)

(1) Reflects impairment charges taken on certain internally developed software in the three months ended March 31, 2024.

(12) Reflects unrelated legal, severance, restructuring, and consulting fees and, in 2022, incremental costs incurred related to the COVID-19 pandemic for the periods presented.

25

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16. Income Taxes

The Company’s effective tax rate was 16.4% 16.0% and 17.9% 21.1% for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. The Company’s effective tax rate was 20.9% and 21.1% for the nine months ended September 30, 2023and 2022, respectively. The effective tax rate for the three and months ended nine March 31, 2024 was lower than the prior year period due to discrete tax expense of $391 in the three months ended September 30, 2023 March 31, 2024 was impacted by a versus discrete tax benefit related to the purchase expense of investment tax credits included $148 in the Company's estimated annual effective tax rate. The effective tax rate for the three and ninemonths ended September 30, 2022 March 31, 2023 was impacted by a discrete tax benefit of $916 related to state income excess tax rate changes. from stock compensation.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The largest item affecting deferred taxes is the difference between book and tax amortization of goodwill and other intangibles amortization.

17. Restructuring and Impairment

In January 2024, the Company implemented the 2024 Cost Savings Program, primarily in the form of restructuring charges for salaried headcount reductions in both the Work Truck Attachments segment and corporate functions. For the three months ended March 31, 2024, $857 in pre-tax restructuring charges were recorded related to workforce reduction costs and other related expenses, and are included in Cost of sales and Selling, general, and administrative expense in the Condensed Consolidated Statements of Operations and Comprehensive Loss. Such costs have been substantially all paid as of March 31, 2024.

In conjunction with the 2024 Cost Savings Program, impairment charges of $1,224 were recorded in the Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2024 related to certain internally developed software at our Work Truck Attachments segment representing the full capitalized value of the software. In addition, management evaluated its assets outside of the internally developed software described above and determined that there were no indicators of impairment.

18. Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update ("ASU") 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,” which requires that entities disclose significant segment expenses and enhances disclosure around segment reporting. The standard is effective for annual periods beginning after December 15, 2023. The Company will adopt this standard in fiscal 2024. The Company has identified and is in the process of implementing changes to processes and controls to meet the standard’s updated reporting and disclosure requirements.

In December 2023, the FASB issued ASU 2023-09, "Improvements to Income Tax Disclosures," which enhances disclosure around income taxes. The standard is effective for annual periods beginning after December 15, 2024. The Company is in the process of evaluating the standard’s updated disclosure requirements.

19. Changes in Accumulated Other Comprehensive Income (Loss) by Component

Changes to accumulated other comprehensive income (loss) by component for the nine three months ended September 30, 2023 March 31, 2024 are as follows:

	Unrealized Net Gain (Loss) on Interest Rate Swap	Retiree Health Benefit Obligation	Total	Unrealized Net Gain (Loss) on Interest Rate Swap	Retiree Health Benefit Obligation	Total
Balance at December 31, 2022	$ 6,115	$ 3,013	$ 9,128			
Balance at December 31, 2023				$ 3,331	$ 3,025	$ 6,356
Other comprehensive gain before reclassifications	2,238	—	2,238	1,335	—	1,335
Amounts reclassified from accumulated other comprehensive income (loss): (1)	(2,441)	(160)	(2,601)	(955)	(40)	(995)
Balance at September 30, 2023	$ 5,912	$ 2,853	$ 8,765			
Balance at March 31, 2024				$ 3,711	$ 2,985	$ 6,696

(1) Amounts reclassified from accumulated other comprehensive income (loss):		
Amortization of Other Postretirement Benefit items:		
Actuarial gains	$ (216)	$ (54)
Tax expense	56	14
Reclassification net of tax	$ (160)	$ (40)
Realized gains on interest rate swaps reclassified to interest expense	$ (3,298)	$ (1,290)
Tax expense	857	335
Reclassification net of tax	$ (2,441)	$ (955)

Changes to accumulated other comprehensive income (loss) by component for the nine three months ended September 30, 2022 March 31, 2023, are as follows:

	Unrealized Net Gain (Loss) on Interest Rate Swap	Retiree Health Benefit Obligation	Total	Unrealized Net Gain (Loss) on Interest Rate Swap	Retiree Health Benefit Obligation	Total
Balance at December 31, 2021	$ (3,524)	$ 2,471	$ (1,053)			
Other comprehensive gain before reclassifications	8,138	—	8,138			

Balance at December 31, 2022				$ 6,115	$ 3,013	$ 9,128
Other comprehensive loss before reclassifications				(871)	—	(871)
Amounts reclassified from accumulated other comprehensive income (loss): (1)	1,427	(123)	1,304	(665)	(53)	(718)
Balance at September 30, 2022	$ 6,041	$ 2,348	$ 8,389			
Balance at March 31, 2023				$ 4,579	$ 2,960	$ 7,539
(1) Amounts reclassified from accumulated other comprehensive income (loss):						
Amortization of Other Postretirement Benefit items:						
Actuarial gains	$ (165)			$ (72)		
Tax expense	42			19		
Reclassification net of tax	$ (123)			$ (53)		
Realized losses on interest rate swaps reclassified to interest expense	$ 1,928					
Tax benefit	(501)					
Realized gains on interest rate swaps reclassified to interest expense				$ (899)		
Tax expense				234		
Reclassification net of tax	$ 1,427			$ (665)		

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes which are included in Item 1 of this Quarterly Report on Form 10-Q, as well as the information contained in our Form 10-K (Commission File No. 001-34728) filed with the Securities and Exchange Commission. Amounts presented are in thousands, unless otherwise stated.

In this Quarterly Report on Form 10-Q, unless the context indicates otherwise: "Douglas Dynamics," the "Company," "we," "our," or "us" refer to Douglas Dynamics, Inc.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements include information relating to future events, product demand, the payment of dividends, future financial performance, strategies, expectations, competitive environment, regulation and availability of financial resources. These statements are often identified by use of words such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will" and similar expressions and include references to assumptions and relate to our future prospects, developments and business strategies. Such statements involve known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-

looking statements. Factors that could cause or contribute to such differences include, but are not limited to: (i) weather conditions, particularly lack of or reduced levels of snowfall and the timing of such snowfall, including as a result of global climate change; (ii) our ability to manage general economic, business and geopolitical conditions, including the impacts of natural disasters, labor strikes, global political instability, adverse developments affecting the banking and financial services industries, pandemics and outbreaks of contagious diseases and other adverse public health developments, such as the COVID-19 pandemic developments; (iii) our inability to maintain good relationships with the original equipment manufacturers ("OEM") with whom we currently do significant business; (iv) the inability of our suppliers and OEM partners to meet our volume or quality requirements; (v) increases in the price of steel or other materials, including as a result of tariffs or inflationary conditions, necessary for the production of our products that cannot be passed on to our distributors; (vi) increases in the price of fuel or freight, (vii) the effects of laws and regulations (including those enacted in response to the COVID-19 pandemic) and their interpretations on our business and financial condition, including policy or regulatory changes related to climate change; (viii) a significant decline in economic conditions, including as a result of global health epidemics such as COVID-19; conditions; (ix) our inability to maintain good relationships with our distributors; (x) lack of available or favorable financing options for our end-users, distributors or customers; (xi) inaccuracies in our estimates of future demand for our products; (xii) our inability to protect or continue to build our intellectual property portfolio; (xiii) the effects of laws and regulations and their interpretations on our business and financial condition; (xiv) our inability to develop new products or improve upon existing products in response to end-user needs; (xv) (xiv) losses due to lawsuits arising out of personal injuries associated with our products; (xvi) (xv) factors that could impact the future declaration and payment of dividends or our ability to execute repurchases under our stock repurchase program; (xvii) (xvi) our inability to compete effectively against competition; (xviii) our inability to successfully execute our acquisition strategy; and (xix) our inability to achieve the projected financial performance with the competition assets of Dejana, which we acquired in 2016 and unexpected costs or liabilities related to such acquisition, , as well as those discussed in the sections entitled "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q, if any, or in our most recent Annual Report on Form 10-K. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. In addition, the forward-looking statements in this Quarterly Report on Form 10-Q speak only as of the date hereof and we undertake no obligation, except as required by law, to update or release any revisions to any forward-looking statement, even if new information becomes available in the future.

Results of Operations

The Company's two reportable business segments are as follows:

Work Truck Attachments. The Work Truck Attachments segment includes commercial snow and ice management attachments sold under the FISHER®, WESTERN® and SNOWEX® brands, as well as our vertically integrated products. This segment consists of our operations that manufacture and sell snow and ice control products. As described under "Seasonality and Year-To-Year Variability," the Work Truck Attachments Segment is seasonal and, as a result, its results of operations can vary from quarter-to-quarter and from year-to-year.

Work Truck Solutions. The Work Truck Solutions segment includes manufactured municipal snow and ice control products under the HENDERSON® brand and the up-fit of market leading attachments and storage solutions under the HENDERSON® brand, and the DEJANA® brand and its related sub-brands.

In addition, segment results include an allocation of all corporate costs to Work Truck Attachments and Work Truck Solutions.

Market Pressures and COVID-19 Macroeconomic Environment

As a result of the COVID-19 pandemic, including the recent market volatility, supply chain disruptions, labor strikes, labor shortages, inflationary pressures especially (including around the price of steel, materials, freight, labor and benefits) and other economic implications associated with the pandemic and the economic and regulatory measures enacted to contain its spread, trends, our results of operations were impacted in each of the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, and may be significantly impacted in future quarters. See below for further discussion of the impact to our financial statements. We may have challenges in short-term liquidity that could impact our ability to fund working capital needs. We have taken various steps to preserve liquidity. In January 2024, we implemented the 2024 Cost Savings Program, which is primarily in the form of restructuring charges for salaried headcount reductions and impacted both the Work Truck Attachments segment and corporate functions. We are not able also reducing discretionary spending where possible and deferring payments where appropriate within existing contractual terms, while remaining committed to predict the full impact of the pandemic and related market conditions and pressures on our future financial results as the situation remains unpredictable, but the pandemic and market pressures have had and are likely to continue to have a material impact on our results of operations for the year ended December 31, 2023. long term growth projects. In addition, results have been as discussed in Note 9 to the Unaudited Condensed Consolidated Financial Statements, in January 2023, we expanded the borrowing capacity of our revolving credit facility, and may continue in January 2024, we amended our Credit Agreement to be impacted in future quarters due to supply chain constraints and inflation stemming increase the minimum required leverage ratio from the pandemic and other market pressures, including the conflict in Ukraine, constraints around chassis and other component parts, including as a result of labor strikes, inflation in materials and freight, and labor availability. December 31, 2023 through June 30, 2024. In consideration of the COVID-19 pandemic and other market pressures, including the conflict in Ukraine, these recent macroeconomic trends, we expect that cash on hand and cash we generate from operations, as well as available credit under our senior credit facilities, will provide adequate funds for the foreseeable future. We are taking appropriate steps to mitigate the effects of the pandemic and other market pressures where possible.

Overview

The following table sets forth, for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the consolidated statements of operations of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. In the table below and throughout this “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” consolidated statements of operations data for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 have been derived from our unaudited consolidated financial statements. The information contained in the table below should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q.

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
	(unaudited) (in thousands)		(unaudited) (in thousands)		(unaudited)	
Net sales	$ 144,121	$ 166,100	$ 433,933	$ 456,262	$ 95,655	$ 82,545
Cost of sales	111,992	124,831	329,166	342,696	76,735	71,270
Gross profit	32,129	41,269	104,767	113,566	18,920	11,275
Selling, general, and administrative expense	17,998	19,181	64,612	63,578	21,488	22,442
Impairment charges					1,224	-
Intangibles amortization	2,630	2,630	7,890	7,890	2,630	2,630
Income from operations	11,501	19,458	32,265	42,098		
Loss from operations					(6,422)	(13,797)
Interest expense, net	(4,607)	(3,266)	(11,207)	(7,852)	(3,524)	(2,864)
Other income (expense), net	35	(17)	(19)	94		
Income before taxes	6,929	16,175	21,039	34,340		
Income tax expense	1,137	2,895	4,393	7,243		

Net income	$ 5,792	$ 13,280	$ 16,646	$ 27,097		
Other income, net					3	35
Loss before taxes					(9,943)	(16,626)
Income tax benefit					(1,591)	(3,516)
Net loss					$ (8,352)	$ (13,110)

The following table sets forth for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023 the percentage of certain items in our Condensed Consolidated Statements of Operations and Comprehensive Income, Loss, relative to net sales:

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
	(unaudited)		(unaudited)		(unaudited)	
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	77.7%	75.2%	75.9%	75.1%	80.2%	86.3%
Gross profit	22.3%	24.8%	24.1%	24.9%	19.8%	13.7%
Selling, general, and administrative expense	12.5%	11.5%	14.9%	14.0%	22.5%	27.2%
Impairment charges					1.3%	-%
Intangibles amortization	1.8%	1.6%	1.8%	1.7%	2.7%	3.2%
Income from operations	8.0%	11.7%	7.4%	9.2%		
Loss from operations					(6.7)%	(16.7)%
Interest expense, net	(3.2)%	(2.0)%	(2.6)%	(1.7)%	(3.7)%	(3.5)%
Other income (expense), net	-%	-%	-%	-%		
Income before taxes	4.8%	9.7%	4.8%	7.5%		
Income tax expense	0.8%	1.7%	1.0%	1.6%		
Net income	4.0%	8.0%	3.8%	5.9%		
Other income, net					-%	-%
Loss before taxes					(10.4)%	(20.2)%
Income tax benefit					(1.7)%	(4.3)%
Net loss					(8.7)%	(15.9)%

Net Sales

Net sales were $144.1 $95.7 million for the three months ended September 30, 2023 March 31, 2024 compared to $166.1 $82.5 million in the three months ended September 30, 2022 March 31, 2023, a decrease an increase of $22.0, or 13.2%. Net sales were $433.9 million for the nine months ended September 30, 2023 compared to $456.3 million in the nine months ended September 30, 2022, a decrease of $22.4 $13.2 million, or 4.9% 16.0%. The decrease increase in sales for the three and nine months ended September 30, 2023 March 31, 2024 compared to the same periods period in 2022 2023 is a result of lower higher volumes and pricing at our Work Truck Solutions segment and higher parts and accessories volumes and pricing at our Work Truck Attachments segment. See below for a discussion of net sales for each of our segments.

	Three Months Ended September 30, 2023		Three Months Ended September 30, 2022		Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022		Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net sales										
Work Truck Attachments	$	75,879	$	108,235	$	236,346	$	284,375	$ 23,840	$ 19,246
Work Truck Solutions		68,242		57,865		197,587		171,887	71,815	63,299
	$	144,121	$	166,100	$	433,933	$	456,262	$ 95,655	$ 82,545

Net sales at our Work Truck Attachments segment were $75.9 $23.8 million for the three months ended September 30, 2023 March 31, 2024 compared to $108.2 $19.2 million in the three months ended September 30, 2022 March 31, 2023, a decrease an increase of $32.3 million. Net sales at our Work Truck Attachments segment were $236.3 million for the nine months ended September 30, 2023 compared to $284.4 million in the nine months ended September 30, 2022, a decrease of $48.1 $4.6 million. The decrease increase in sales in the three months ended September 30, 2023 March 31, 2024 was due to a decrease in preseason orders shipped during the quarter price increases, as well as higher parts and accessories sales when compared to the same period in the prior year, as well as lower customer reorder activity, somewhat offset by pricing actions implemented to offset inflation. The decrease in sales in several major cities on the nine months ended September 30, 2023 was primarily due to low snowfall in our core markets leading to lower volumes in 2023, somewhat offset by pricing actions implemented to offset inflation. The most recent snow season ended March 2023 was approximately 14% below the 10-year average. In particular, many large metropolitan areas I-95 corridor on the East Coast saw their first measurable snowfall in over 700 days during the lowest snowfall levels in decades for the season, which significantly impacted volumes for the segment in 2023. first quarter of 2024.

Net sales at our Work Truck Solutions segment were $68.2 $71.8 million for the three months ended September 30, 2023 March 31, 2024 compared to $57.9 $63.3 million in the three months ended September 30, 2022 March 31, 2023, an increase of $10.3 million. Net sales at our Work Truck Solutions segment were $197.6 million for the nine months ended September 30, 2023 compared to $171.9 million in the nine months ended September 30, 2022, an increase of $25.7 $8.5 million. The increase in sales for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022 2023 was a result of higher volumes on improved chassis availability, price increase realization, as well as price increase realization. The increase in sales for the nine months ended September 30, 2023 compared to the same period in 2022 was a result of higher volumes on improved chassis availability, higher sales of Company purchased Company-purchased chassis, which are typically sold at cost, as well as price increase realization. cost.

Cost of Sales

Cost of sales was $112.0 $76.7 million for the three months ended September 30, 2023 March 31, 2024 compared to $124.8 $71.3 million for the three months ended September 30, 2022 March 31, 2023, a decrease an increase of $12.8 $5.4 million or 10.3%. Cost of sales was $329.2 million for the nine months ended September 30, 2023 compared to $342.7 million for the nine months ended September 30, 2022, a decrease of $13.5 million or 3.9% 7.6%. The decrease increase in cost of sales for the three and nine months ended September 30, 2023 March 31, 2024 compared to the same periods period in the prior year was driven by the higher volumes, as well as lower volumes. outsourcing costs. Cost of sales as a percentage of sales were 77.7% and 75.9% 80.2% for the three and nine months ended September 30, 2023 March 31, 2024, respectively, compared to 75.2% and 75.1% 86.3% for the three and nine months ended September 30, 2022, respectively. March 31, 2023. The increase decrease in cost of sales as a percentage of sales for the three months ended September 30, 2023 March 31, 2024 was due to the lower higher volumes and product mix. Cost of sales as a percentage of sales was relatively flat for the nine months ended September 30, 2023.

Gross Profit

Gross profit was $32.1 $18.9 million for the three months ended September 30, 2023 March 31, 2024 compared to $41.3 $11.3 million for the three months ended September 30, 2022 March 31, 2023, a decrease an increase of $9.2 $7.6 million, or 22.3%. Gross profit was $104.8 million for the nine months ended September 30, 2023 compared to $113.6 million for the nine months ended September 30, 2022, a decrease of $8.8 million, or 7.7% 67.3%. The change in gross profit is attributable to the changes in sales as discussed above under "—Net Sales." As a percentage of net sales, gross profit decreased increased from 24.8% 13.7% for the three months ended September 30, 2022 March 31, 2023 to 22.3% 19.8% for the corresponding period in 2023. As a percentage of net sales, gross profit decreased from 24.9% for the nine months ended September 30, 2022 to 24.1% for the corresponding period in 2023. 2024. The reasons for the change in gross profit as a percentage of net sales are the same as those relating to the changes in cost of sales as a percentage of sales discussed above under "—Cost of Sales."

Selling, General and Administrative Expense

Selling, general and administrative expenses, including intangibles amortization, were $20.6 $24.1 million for the three months ended September 30, 2023 March 31, 2024 compared to $21.8 $25.1 million for the three months ended September 30, 2022 March 31, 2023, a decrease of $1.2 million, or 5.5%. Selling, general and administrative expenses, including intangibles amortization, were $72.5 million for the nine months ended September 30, 2023 compared to $71.5 million for the nine months ended September 30, 2022, an increase of $1.0 million, or 1.4% 4.0%. The decrease in the three months ended September 30, 2023 March 31, 2024 is related to lower incentive-based stock-based compensation of $1.4 $0.6 million and lower stock-based compensation wages, benefits and employee costs of $0.5 million resulting from actions under the 2024 Cost Savings Plan, as well as a decrease in operating performance, advertising costs of $0.6 million related to curtailed discretionary spending, somewhat offset by increased employee compensation and benefits of $1.0 million as a result of inflation and increased healthcare claims. The increase in the nine months ended September 30, 2023 is related to increased employee compensation and benefits of $2.7 million as a result of inflation and increased healthcare claims, and an increase in bad debt expense severance costs of $0.5 million $0.9 million related to salaried headcount reductions at our Work Truck Attachments segment and our corporate function as part of our 2024 Cost Savings Program.

Impairment Charges

Impairment charges were $1.2 million in the three months ended March 31, 2024 compared to $0.0 million in the prior year related to the release of previously recorded reserves same period in the prior year. This increase was somewhat offset by lower incentive-based compensation The impairment charges in 2024 relate to certain internally developed software at our Work Truck Attachments segment and represent the full capitalized value of $1.3 million and stock-based compensation of $1.3 million resulting from the decrease in operating performance. software.

Interest Expense

Interest expense was $4.6 $3.5 million for the three months ended September 30, 2023 March 31, 2024, an increase compared to the $3.3 $2.9 million incurred in the same period in the prior year. The increase in interest expense for the three months ended September 30, 2023 March 31, 2024 was due to higher interest on our revolver of $1.0 million in the three months ended September 30, 2023, $0.4 million due to having higher revolver borrowings during the quarter compared to the prior year. Interest expense was $11.2 million for In addition, the nine increase in the three months ended September 30, 2023, an increase compared to the $7.9 million incurred in the same period in the prior year. The increase in interest expense for the nine months ended September 30, 2023 March 31, 2024 was due to higher interest on our revolver of $2.3 million in the nine months ended September 30, 2023, due to having higher revolver borrowings compared to the prior year. In addition, the increase in the nine months ended September 30, 2023 was due to higher interest on our term loan of $0.6 million related to higher interest rates. See Note 9 to the Unaudited Condensed Consolidated Financial Statements for additional information. The remaining increase in the nine months ended September 30, 2023 relates to an increase in interest on our floor plan agreement of $0.3 million, $0.4 million, see Note 5 to the Unaudited Condensed Consolidated Financial Statements for additional information regarding the floor plan agreement.

Income Taxes

The Company's effective tax rate was 16.4% 16.0% and 17.9% 21.1% for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022, respectively. The Company's effective tax rate was 20.9% and 21.1% for the nine months ended September 30, 2023 and September 30, 2022 March 31, 2023, respectively. The effective tax rate for the three and nine months ended September 30, 2023 March 31, 2024 was impacted by a lower than the prior year period due to discrete tax benefit expense of $0.4 million in the three months ended March 31, 2024 versus discrete tax expense of $0.1 million in the three months ended March 31, 2023 related to the purchase of investment excess tax credits and is included in the annual effective tax rate. The effective tax rate for the three and nine months ended September 30, 2022 was impacted by a discrete tax benefit of $0.9 million related to state income tax rate changes. from stock compensation.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The largest item affecting deferred taxes is the difference between book and tax amortization of goodwill and other intangibles amortization.

Net Income Loss

Net income loss for the three months ended September 30, 2023 March 31, 2024 was $5.8 ($8.4) million, compared to $13.3 ($13.1) million for the corresponding period in 2022, 2023, a decrease in net loss of $7.5 million. Net income for the nine months ended September 30, 2023 was $16.6 million, compared to $27.1 million for the corresponding period in 2022, a decrease of $10.5 $4.7 million. The change in net income loss for the three and nine months ended September 30, 2023 March 31, 2024 was driven by the factors described above under "— Net Sales," "— Cost of Sales," "— Selling, General and Administrative Expense," "— Impairment Charges," and "— Income Taxes." As a percentage of net sales, net income loss was 4.0% (8.7%) for the three months ended September 30, 2023 March 31, 2024 compared to 8.0% (15.9%) for the three months ended September 30, 2022 March 31, 2023. As a percentage of net sales, net income was 3.8% for the nine months ended September 30, 2023 compared to 5.9% for the nine months ended September 30, 2022.

Discussion of Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates previously disclosed in our Form 10-K (Commission File No. 001-34728) filed with the Securities and Exchange Commission, under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operation — Critical Accounting Policies and Estimates."

Liquidity and Capital Resources

Our principal sources of cash have been, and we expect will continue to be, cash from operations and borrowings under our senior credit facilities.

Our primary uses of cash are to provide working capital, meet debt service requirements, finance capital expenditures, pay dividends under our dividend policy and support our growth, including through potential acquisitions, and for other general corporate purposes. For a description of the seasonality of our working capital rates see "—Seasonality and Year-To-Year Variability."

Our Board of Directors has adopted a dividend policy that reflects an intention to distribute to our stockholders a regular quarterly cash dividend. The declaration and payment of these dividends to holders of our common stock is at the discretion of our Board of Directors and depends upon many factors, including our financial condition and earnings, legal requirements, taxes and other factors our Board of Directors may deem to be relevant. The terms of our indebtedness may also restrict us from paying cash dividends on our common stock under certain circumstances. As a result of this dividend policy, we may not have significant cash available to meet any large unanticipated liquidity requirements. As a result, we may not retain a sufficient amount of cash to fund our operations or to finance unanticipated capital expenditures or growth opportunities, including acquisitions. Our Board of Directors may, however, amend, revoke or suspend our dividend policy at any time and for any reason.

On February 16, 2022, our Board of Directors authorized the purchase of up to $50.0 million in shares of common stock at market value**.** This authorization does not have an expiration date. Repurchases under the program may be made in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases depending on market conditions and corporate needs. The Company may also, from time to time, enter into Rule 10b5-1 trading plans to facilitate repurchases of its shares under this authorization. This program does not obligate the Company to acquire any particular amount of shares and the program may be extended, modified, suspended or discontinued at any time at the Company's discretion.

As of September 30, 2023 March 31, 2024, we had $59.6 $96.5 million of total liquidity, comprised of $11.1 $2.0 million in cash and cash equivalents and $48.5 $94.5 million of borrowing availability under our revolving credit facility, compared with total liquidity as of December 31, 2022 December 31, 2023 of approximately $120.2 $126.7 million, comprised of approximately $20.7 $24.2 million in cash and cash equivalents and borrowing availability of approximately $99.5 $102.5 million under our revolving credit facility. The change in our total liquidity from December 31, 2022 December 31, 2023 is primarily due to the seasonality of our business, as well as an increase of $50.0 million in the borrowing capacity of our revolving credit facility as a result of the January 5, 2023 amendment; see Note 9 to the Unaudited Condensed Consolidated Financial Statements for additional information. business. We have taken various steps to preserve liquidity, including liquidity. In January 2024, we implemented the 2024 Cost Savings Program, which is primarily in the form of restructuring charges for salaried headcount reductions and impacted both the Work Truck Attachments segment and corporate functions. We are also reducing discretionary spending where possible and deferring payments where appropriate within existing contractual terms, while remaining committed to long-term long term growth projects. We expect that cash on hand and cash we generate from operations, as well as available credit under our senior credit facilities, will provide adequate funds for the primary uses of cash we describe above for the foreseeable future. From time to time, we may seek additional funding through the issuance of debt or equity securities to provide additional liquidity to fund acquisitions aligned with our strategic priorities and for other general corporate purposes.

The following table shows our cash and cash equivalents, net accounts receivable and inventories in thousands at September 30, 2023 March 31, 2024, December 31, 2022 December 31, 2023 and September 30, 2022 March 31, 2023.

	As of			As of		
	September 30, 2023	December 31, 2022	September 30, 2022	March 31, 2024	December 31, 2023	March 31, 2023
Cash and cash equivalents	$ 11,088	$ 20,670	$ 2,843	$ 1,974	$ 24,156	$ 2,900
Accounts receivable, net	165,302	86,765	165,266	58,580	83,760	48,223
Inventories	147,246	136,501	133,799	174,768	140,390	184,583

We had cash and cash equivalents of $11.1 $2.0 million at September 30, 2023 March 31, 2024 compared to cash and cash equivalents of $20.7 $24.2 million and $2.8 $2.9 million at December 31, 2022 December 31, 2023 and September 30, 2022 March 31, 2023, respectively. The table below sets forth a summary of the significant sources and uses of cash for the periods presented in thousands. presented.

	Nine Months Ended				Three Months Ended			
	September 30,	September 30,		%	March 31,	March 31,		%
Cash Flows (in thousands)	2023	2022	Change	Change				
Cash Flows					2024	2023	Change	Change
Net cash used in operating activities	$ (64,148)	$ (74,486)	$ 10,338	(13.9)%	$ (21,621)	$ (56,916)	$ 35,295	(62.0)%

Net cash used in investing activities	(7,723)	(8,924)	1,201	(13.5)%	(1,328)	(2,748)	1,420	(51.7)%
Net cash provided by financing activities	62,289	49,289	13,000	26.4%	767	41,894	(41,127)	(98.2)%
Change in cash	$ (9,582)	$ (34,121)	$ 24,539	(71.9)%	$ (22,182)	$ (17,770)	$ (4,412)	24.8%

Net cash used in operating activities decreased $10.3 $35.3 million from the nine three months ended September 30, 2022 March 31, 2023 to the nine three months ended September 30, 2023 March 31, 2024. The decrease in cash used in operating activities was due to a $15.1 $7.0 million decrease in net income loss adjusted for reconciling items, offset by and favorable changes in working capital of $25.4 $28.3 million. The largest favorable changes in working capital were a decrease in cash used in accounts payable related to the timing of supplier payments, as well as a decrease in cash used for inventory related to a larger increase in inventory in the prior year from pulling forward purchases in anticipation of inflationary price increases and supply chain disruptions, and higher material costs due to inflation, as well as a decrease in accounts receivable attributable to the decrease in sales compared to the prior year. inflation.

Net cash used in investing activities decreased $1.2 $1.4 million for the nine three months ended September 30, 2023 March 31, 2024 compared to the corresponding period in 2022 2023 due to a lower level of capital expenditures.

Net cash provided by financing activities increased $13.0 decreased $41.1 million for the nine three months ended September 30, 2023 March 31, 2024 as compared to the corresponding period in 2022. 2023. The increase decrease in cash provided was related to having $101.0 $55.0 million in revolver borrowings outstanding at September 30, 2023 March 31, 2024 and $47.0 million in revolver borrowings outstanding at December 31, 2023, compared to $84.0 $52.0 million in revolver borrowings outstanding at September 30, 2022 March 31, 2023 and no revolver borrowings outstanding at December 31, 2022. See Note 9 to the Unaudited Condensed Consolidated Financial Statements for additional information. In addition, the increase in cash provided by financing activities is related to executing no stock repurchases in the nine months ended September 30, 2023, compared to $6.0 million in repurchases in the same period in the prior year. Somewhat offsetting the increase decrease in cash provided is a $10.0 million $2.8 million increase in the cash provided related to a prior year scheduled repayment of long-term debt, while no payment was required in the three months ended March 31, 2024 related to a voluntary pre-payment of debt amortization principal payments in 2023; see Note 9 to the Unaudited Condensed Consolidated Financial Statements for additional information.

Free Cash Flow

Free cash flow for the three months ended September 30, 2023 March 31, 2024 was ($0.4) 22.9) million compared to ($19.6) 59.7) million in the corresponding period in 2022, 2023, an increase of $19.2 million. Free cash flow for the nine months ended September 30, 2023 was ($71.9) million compared to ($83.4) million in the corresponding period in 2022, an increase of $11.5 $36.8 million. The increase in free cash flow for the nine three months ended September 30, 2023 March 31, 2024 is primarily a result of lower cash used in operating activities of $10.3 $35.3 million as discussed above under "Liquidity and Capital Resources."

Non-GAAP Financial Measures

This Quarterly Report on Form 10-Q contains financial information calculated other than in accordance with U.S. generally accepted accounting principles ("GAAP").

These non-GAAP measures include:

- Free cash flow; and
- Adjusted EBITDA; and

- Adjusted net income loss and earnings loss per share.

These non-GAAP disclosures should not be construed as an alternative to the reported results determined in accordance with GAAP.

Free cash flow is a non-GAAP financial measure which we define as net cash provided by (used in) operating activities less capital expenditures. Free cash flow should be evaluated in addition to, and not considered a substitute for, other financial measures such as net income (loss) and cash flow provided by (used in) operations. We believe that free cash flow represents our ability to generate additional cash flow from our business operations.

The following table reconciles net cash provided by (used in) operating activities, a GAAP measure, to free cash flow, a non-GAAP measure.

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
	(In Thousands)		(In Thousands)			
Net cash provided by (used in) operating activities	$ 2,079	$ (16,282)	$ (64,148)	$ (74,486)		
Net cash used in operating activities					$ (21,621)	$ (56,916)
Acquisition of property and equipment	(2,433)	(3,344)	(7,723)	(8,924)	(1,328)	(2,748)
Free cash flow	$ (354)	$ (19,626)	$ (71,871)	$ (83,410)	$ (22,949)	$ (59,664)

Adjusted EBITDA represents net income loss before interest, taxes, depreciation and amortization, as further adjusted for certain charges consisting of unrelated legal and consulting fees, severance, restructuring charges, impairment charges, and stock-based compensation, and incremental costs incurred in 2022 related to the COVID-19 pandemic. Such COVID-19 related costs included increased expenses directly related to the pandemic, and did not include either production related overhead inefficiencies or lost or deferred sales. We believe these costs were out of the ordinary, unrelated to our business and not representative of our results. compensation. We use, and we believe our investors benefit from the presentation of, Adjusted EBITDA in evaluating our operating performance because it provides us and our investors with additional tools to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. In addition, we believe that Adjusted EBITDA is useful to investors and other external users of our consolidated financial statements in evaluating our operating performance as compared to that of other companies, because it allows them to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets and liabilities, capital structure and the method by which assets were acquired. Our management also uses Adjusted EBITDA for planning purposes, including the preparation of our annual operating budget and financial projections. Management also uses Adjusted EBITDA to evaluate our ability to make certain payments, including dividends, in compliance with our senior credit facilities, which is determined based on a calculation of "Consolidated Adjusted EBITDA" that is substantially similar to Adjusted EBITDA.

Adjusted EBITDA has limitations as an analytical tool. As a result, you should not consider it in isolation, or as a substitute for net income (loss), operating income, cash flow provided by (used in) operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness;

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;

- Other companies, including other companies in our industry, may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure; and

- Adjusted EBITDA does not reflect tax obligations whether current or deferred.

The following table presents a reconciliation of net income, loss, the most comparable GAAP financial measure, to Adjusted EBITDA as well as the resulting calculation of Adjusted EBITDA for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
	(in thousands)		(in thousands)			
Net income	$ 5,792	$ 13,280	$ 16,646	$ 27,097		
Net loss					$ (8,352)	$ (13,110)
Interest expense, net	4,607	3,266	11,207	7,852	3,524	2,864
Income tax expense	1,137	2,895	4,393	7,243		
Income tax benefit					(1,591)	(3,516)
Depreciation expense	2,751	2,603	8,290	7,736	2,715	2,727
Amortization	2,630	2,630	7,890	7,890	2,630	2,630
EBITDA	16,917	24,674	48,426	57,818	(1,074)	(8,405)
Stock-based compensation expense	-	510	4,236	5,563	355	957
Other charges (1)	396	(53)	538	488		
Impairment charges (1)					1,224	-
Other charges (2)					1,029	74
Adjusted EBITDA	$ 17,313	$ 25,131	$ 53,200	$ 63,869	$ 1,534	$ (7,374)

(1) Reflects impairment charges taken on certain internally developed software in the three months ended March 31, 2024.

(2) Reflects unrelated legal, severance, restructuring, and consulting fees and, in 2022, incremental costs incurred related to the COVID-19 pandemic for the periods presented.

The following table presents Adjusted EBITDA by segment for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Adjusted EBITDA						
Work Truck Attachments	$ 12,328	$ 22,929	$ 44,393	$ 59,562	$ (4,468)	$ (10,231)
Work Truck Solutions	4,985	2,202	8,807	4,307	6,002	2,857
	$ 17,313	$ 25,131	$ 53,200	$ 63,869	$ 1,534	$ (7,374)

Adjusted EBITDA at our Work Truck Attachments segment was $12.3 ($4.5) million for the three months ended September 30, 2023 March 31, 2024 compared to $22.9 ($10.2) million in the three months ended September 30, 2022 March 31, 2023, a decrease an increase of $10.6 million. Adjusted EBITDA at our Work Truck Attachments segment was $44.4 million for the nine months ended September 30, 2023 compared to $59.6 million in the nine months ended September 30, 2022, a decrease of $15.2 $5.7 million. The change in the three and nine months ended September 30, 2023 March 31, 2024 from the corresponding periods period in 2022 2023 was due to low snowfall higher parts and accessories sales when compared to the same period in our core markets leading to lower volumes. The most recent snow season ended March 2023 was approximately 14% below the 10-year average. In particular, many large metropolitan areas prior year, as several major cities on the I-95 corridor on the East Coast saw their first measurable snowfall in over 700 days during the lowest snowfall levels in decades for the season, which significantly impacted volumes for the segment in 2023. first quarter of 2024.

Adjusted EBITDA at our Work Truck Solutions segment was $5.0 $6.0 million for the three months ended September 30, 2023 March 31, 2024 compared to $2.2 $2.9 million in the three months ended September 30, 2022 March 31, 2023, an increase of $2.8 million. Adjusted EBITDA at our Work Truck Solutions segment was $8.8 million for the nine months ended September 30, 2023 compared to $4.3 million in the nine months ended September 30, 2022, an increase of $4.5 $3.1 million. The change in the three and nine months ended September 30, 2023 March 31, 2024 was due to improved volumes and price increase realization, as well as improved efficiencies.

Adjusted Net Income Loss and Adjusted Earnings Loss Per Share (calculated on a diluted basis) represents net income loss and earnings loss per share (as defined by GAAP), excluding the impact of stock based stock-based compensation, severance, restructuring charges, impairment charges, certain charges related to unrelated legal fees and consulting fees, incremental costs incurred in 2022 related to the COVID-19 pandemic, and adjustments on derivatives not classified as hedges, net of their income tax impact. Such COVID-19 related costs included increased expenses directly related to the pandemic, and did not include either production related overhead inefficiencies or lost or deferred sales. We believe these costs were out of the ordinary, unrelated to our business and not representative of our results. Adjustments on derivatives not classified as hedges are non-cash and are related to overall financial market conditions; therefore, management believes such costs are unrelated to our business and are not representative of our results. Management believes that Adjusted Net Income Loss and Adjusted Earnings Loss Per Share are useful in assessing the Company's financial performance by eliminating expenses and income that are not reflective of the underlying business performance. We believe that the presentation of adjusted net income loss for the periods presented allows investors to make meaningful comparisons of our operating performance between periods and to view our business from the same perspective as our management. Because the excluded items are not predictable or consistent, management does not consider them when evaluating our performance or when making decisions regarding allocation of resources.

The following table presents a reconciliation of net income, loss, the most comparable GAAP financial measure, to Adjusted net income loss as well as a reconciliation of diluted earnings loss per share, the most comparable GAAP financial measure, to Adjusted diluted earnings loss per share for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(in thousands)		*(in thousands)*	
Net income (GAAP)	$ 5,792	$ 13,280	$ 16,646	$ 27,097
Adjustments:				
- Stock-based compensation	-	510	4,236	5,563
- Adjustments on derivative not classified as hedge (1)	(172)	(172)	(516)	(516)
- Other charges (2)	396	(53)	538	488
Tax effect on adjustments	(56)	(72)	(1,064)	(1,384)
Adjusted net income (non-GAAP)	$ 5,960	$ 13,493	$ 19,840	$ 31,248
Weighted average common shares outstanding assuming dilution	22,983,965	22,886,793	22,955,388	22,926,943
Adjusted income per common share - dilutive	$ 0.25	$ 0.57	$ 0.82	$ 1.32
GAAP diluted earnings per share	$ 0.24	$ 0.56	$ 0.69	$ 1.14
Adjustments net of income taxes:				
- Stock-based compensation	-	0.02	0.13	0.18
- Adjustments on derivative not classified as hedge (1)	(0.01)	(0.01)	(0.02)	(0.02)
- Other charges (2)	0.02	-	0.02	0.02
Adjusted diluted earnings per share (non-GAAP)	0.25	0.57	0.82	1.32

	Three Months Ended	
	March 31, 2024	March 31, 2023
Net loss (GAAP)	$ (8,352)	$ (13,110)
Adjustments:		
- Stock-based compensation	355	957
- Impairment charges (1)	1,224	-
- Adjustments on derivative not classified as hedge (2)	(172)	(172)
- Other charges (3)	1,029	74
Tax effect on adjustments	(609)	(215)
Adjusted net loss (non-GAAP)	$ (6,525)	$ (12,466)
Weighted average common shares outstanding assuming dilution	23,009,369	22,906,845

Adjusted loss per common share - dilutive	$	(0.29)	$	(0.55)
GAAP diluted loss per share	$	(0.37)	$	(0.58)
Adjustments net of income taxes:				
- Stock-based compensation		0.02		0.03
- Impairment charges (1)		0.04		-
- Adjustments on derivative not classified as hedge (2)		(0.01)		-
- Other charges (3)		0.03		-
Adjusted diluted loss per share (non-GAAP)		(0.29)		(0.55)

(1) Reflects impairment charges taken on certain internally developed software in the three months ended March 31, 2024.

(1) (2) Reflects mark-to-market and amortization adjustments on an interest rate swap not classified as a hedge for the periods presented.

(2) (3) Reflects unrelated legal, severance, restructuring, and consulting fees and, in 2022, incremental costs incurred related to the COVID-19 pandemic for the periods presented.

Future Obligations and Commitments

There have been no material changes to our future obligations and commitments in the three months ended September 30, 2023 March 31, 2024.

Impact of Inflation

Inflation in materials and labor had a material impact on our profitability in the nine three months ended September 30, 2023 March 31, 2024 and 2023 and, although we are starting to see such inflationary pressures ease, we expect ongoing inflationary pressures may also impact our profitability in the remainder of 2023. 2024. While we anticipate being able to fully cover this inflation by raising prices, there may be a timing difference of when we incur the increased costs and when we realize the higher prices in our backlog. In 2022 2023 and in previous years, including in 2019, as a result of inflationary pressures due to tariffs, we experienced significant increases in steel costs, but were able or expect to be able to mitigate the effects of these increases through both temporary and permanent steel surcharges; we expect, but cannot be certain, that we will be able to do the same going forward.

Seasonality and Year-to-Year Variability

While our Work Truck Solutions segment has limited seasonality and variability, our Work Truck Attachments segment is seasonal and also varies from year-to-year. Consequently, our results of operations and financial condition for this segment vary from quarter-to-quarter and from year-to-year as well. In addition, because of this seasonality and variability, the results of operations for our Work Truck Attachments segment and our consolidated results of operations for any quarter may not be indicative of results of operations that may be achieved for a subsequent quarter or the full year, and may not be similar to results of operations experienced in prior years. That being the case, while snowfall levels vary within a given year and from year-to-year, snowfall, and the corresponding replacement cycle of snow and ice control equipment manufactured and sold by our Work Truck Attachments segment, is relatively consistent over multi-year periods.

Sales of our Work Truck Attachments products are significantly impacted by the level, timing and location of snowfall, with sales in any given year and region most heavily influenced by snowfall levels in the prior snow season (which we consider to begin in October and end in March) in that region. This is due to the fact that end-user demand for our Work Truck Attachments products is driven primarily by the condition of their snow and ice control equipment, and in the case of professional snowplowers, by their financial ability to purchase new or replacement snow and ice control equipment, both of which are significantly affected by snowfall levels. Heavy snowfall during a given winter causes usage of our Work Truck Attachments products to increase, resulting in greater wear and tear to our products and a shortening of their life cycles, thereby creating a need for replacement commercial snow and ice control equipment and related parts and accessories. In addition, when there is a heavy snowfall in a given winter, the increased income our professional snowplowers generate from their professional snowplow activities provides them with increased purchasing power to purchase replacement commercial snow and ice control equipment prior to the following winter. To a lesser extent, sales of our Work Truck Attachments products are influenced by the timing of snowfall in a given winter. Because an early snowfall can be viewed as a sign of a heavy upcoming snow season, our end-users may respond to an early snowfall by purchasing replacement snow and ice control equipment during the current season rather than delaying purchases until after the season is over when most purchases are typically made by end-users.

We attempt to manage the seasonal impact of snowfall on our revenues in part through our pre-season sales program, which involves actively soliciting and encouraging pre-season distributor orders in the second and third quarters by offering our Work Truck Attachments distributors a combination of pricing, payment and freight incentives during this period. These pre-season sales incentives encourage our Work Truck Attachments distributors to re-stock their inventory during the second and third quarters in anticipation of the peak fourth quarter retail sales period by offering pre-season pricing and payment deferral until the fourth quarter. As a result, we tend to generate our greatest volume of sales (an average of over two-thirds over the last ten years) for the Work Truck Attachments segment during the second and third quarters, providing us with manufacturing visibility for the remainder of the year. By contrast, our revenue and operating results for the Work Truck Attachments segment tend to be lowest during the first quarter, as management believes our end-users prefer to wait until the beginning of a snow season to purchase new equipment and as our distributors sell off inventory and wait for our pre-season sales incentive period to re-stock inventory. Fourth quarter sales for the Work Truck Attachments segment vary from year-to-year as they are primarily driven by the level, timing and location of snowfall during the quarter. This is because most of our fourth quarter sales and shipments for the Work Truck Attachments segment consist of re-orders by distributors seeking to restock inventory to meet immediate customer needs caused by snowfall during the winter months.

Because of the seasonality of our sales of Work Truck Attachments products, we experience seasonality in our working capital needs as well. In the first quarter, we typically require capital as we are generally required to build our inventory for the Work Truck Attachments segment in anticipation of our second and third quarter pre-season sales. During the second and third quarters, our working capital requirements rise as our accounts receivable for the Work Truck Attachments segment increase as a result of the sale and shipment of products ordered through our pre-season sales program, and as we continue to build inventory. Working capital requirements peak towards the end of the third quarter and then begin to decline through the fourth quarter through a reduction in accounts receivable for the Work Truck Attachments segment when we receive the majority of the payments for pre-season shipped products.

We also attempt to manage the impact of seasonality and year-to-year variability on our business costs through the effective management of our assets. Our asset management and profit focus strategies include:

- the employment of a highly variable cost structure facilitated by a core group of workers that we supplement with a temporary workforce as sales volumes dictate, which allows us to adjust costs on an as-needed basis in response to changing demand;

- our enterprise-wide lean concept, which allows us to adjust production levels up or down to meet demand;

- the pre-season order program described above, which incentivizes distributors to place orders prior to the retail selling season; and

- a vertically integrated business model.

These asset management and profit focus strategies, among other management tools, allow us to adjust fixed overhead and sales, selling, general and administrative expenditures to account for the year-to-year variability of our sales volumes.

Additionally, although our annual capital expenditures are modest, they can be temporarily reduced by up to approximately 40% in response to actual or anticipated decreases in sales volumes. If we are unsuccessful in our asset management initiatives, the seasonality and year-to-year variability effects on our business may be compounded and in turn our results of operations and financial condition may suffer.

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

We do not use financial instruments for speculative trading purposes, and do not hold any derivative financial instruments that could expose us to significant market risk. Other than the broad effects of recent macro-economic trends and their negative impact on the global economy and major financial markets, our primary market risk exposures are changes in interest rates and steel price fluctuations.

Interest Rate Risk

We are exposed to market risk primarily from changes in interest rates. Our borrowings, including our term loan and any revolving borrowings under our senior credit facilities, are at variable rates of interest and expose us to interest rate risk. A portion of our interest rate risk associated with our term loan is mitigated through interest rate swaps. In addition, the interest rate on any revolving borrowings is subject to an increase in the interest rate based on our average daily availability under our revolving credit facility.

As of September 30, 2023 March 31, 2024, we had outstanding borrowings under our term loan of $189.4 million. A hypothetical interest rate change of 1%, 1.5% and 2% on our term loan would have changed interest incurred for the three months ended September 30, 2023 March 31, 2024 by $0.1 million, $0.2 $0.1 million, and $0.2 $0.1 million, respectively.

The Company is party to interest rate swap agreements to reduce its exposure to interest rate volatility. On June 9, 2021, in conjunction with entering into the Credit Agreement described above, the Company re-designated its swap. As a result, the swap will be recorded at fair value with changes recorded in Accumulated other comprehensive income (loss). The amortization from Accumulated other comprehensive income (loss) into earnings from the previous dedesignation has been adjusted as of June 9, 2021 to include the de-recognition of previously recognized mark-to-market gains and the amortization of the off-market component as of the re-designation date, and will continue to be recognized through the life of the swap. On May 19, 2022, the Company entered into an interest rate swap agreement to further reduce its exposure to interest rate volatility. The interest rate swap has a notional amount of $125,000 effective for the period May 31, 2024 through June 9, 2026. The Company may have counterparty credit risk resulting from the interest rate swap, which it monitors on an on-going basis. The risk lies with two global financial institutions. Under the interest rate swap agreement, the Company will either receive or make payments on a monthly basis based on the differential between 2.718% and SOFR. The interest rate swap is accounted for as a cash flow hedge. See Note 9 to the Unaudited Condensed Consolidated Financial Statements for additional details on our interest rate swap agreements.

As of September 30, 2023 March 31, 2024, we had $101.0 $55.0 million in outstanding borrowings under our revolving credit facility. A hypothetical interest rate change of 1%, 1.5% and 2% on our revolving credit facility would have changed interest incurred for the three months ended September 30, 2023 March 31, 2024 by $0.1 million, $0.2 million, $0.3 million, and $0.4 $0.2 million, respectively.

Commodity Price Risk

In the normal course of business, we are exposed to market risk related to our purchase of steel, the primary commodity upon which our manufacturing depends. Our steel purchases as a percentage of revenue were 9.4% 12.5% for the three months ended September 30, 2023 March 31, 2024 compared to 13.2% 19.0% for the three months ended September 30, 2022 March 31, 2023. Our steel purchases as a percentage of revenue were 10.2% for the nine months ended September 30, 2023 compared to 14.8% for the nine months ended September 30, 2022. Steel costs increased significantly in 2022 and were near historical levels due to the worldwide raw material shortage stemming from the COVID-19 pandemic and the conflict in Ukraine. While steel is typically available from numerous suppliers, the price of steel is a commodity subject to fluctuations that apply across broad spectrums of the steel market. We do not use any derivative or hedging instruments to manage steel price risk. If the price of steel increases, our variable costs could also increase. While historically we have successfully mitigated these increased costs through the implementation of either permanent price increases and/or temporary invoice surcharges, there may be timing differences between when we realize the price increases and incur the increased costs, and in the future we may not be able to successfully mitigate these costs, which could cause our gross margins to decline. If our costs for steel were to increase by $1.00 in a period where we are not able to pass any of this increase onto our distributors, our gross margins would decline by $1.00 in the period in which such inventory was sold.

Item 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this Quarterly Report our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that the information required to be disclosed by us in such reports is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

In the ordinary course of business, we are engaged in various litigation matters primarily including product liability and intellectual property disputes. However, management does not believe that any current litigation is material to our operations or financial position. In addition, we are not currently party to any environmental-related claims or legal matters.

Item 1A. *Risk Factors*

There have been no significant changes in our risk factors from those described in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

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

Unregistered Sales of Equity Securities

During the three months ended September 30, 2023 March 31, 2024, we did not sell any securities that were not registered under the Securities Act of 1933, as amended.

Issuer Purchases of Equity Securities

On February 16, 2022, our Board of Directors authorized the purchase of up to $50.0 million in shares of common stock at market value (the “2022 repurchase plan”). This authorization does not have an expiration date. Repurchases under the program may be made in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases depending on market conditions and corporate needs. We may also, from time to time, enter into Rule 10b5-1 trading plans to facilitate repurchases of its shares under this authorization. This program does not obligate us to acquire any particular amount of shares and the program may be extended, modified, suspended or discontinued at any time at the Company’s discretion. Shares repurchased under the 2022 repurchase plan are retired.

Total share repurchases under the 2022 repurchase plan for the three months ended September 30, 2023 March 31, 2024 are as follows:

Period	Total number of shares purchased	Average price paid per share	Number of shares purchased as part of the publicly announced program	Approximate dollar value of shares still available to be purchased under the program (000's)
7/1/2023 - 7/31/2023	-	$ -	-	$ 44,000
8/1/2023 - 8/31/2023	-	-	-	44,000
9/1/2023 - 9/30/2023	-	-	-	44,000
Total	-	$ -	-	$ 44,000

Period	Total number of shares purchased	Average price paid per share	Number of shares purchased as part of the publicly announced program	Approximate dollar value of shares still available to be purchased under the program (000's)
1/1/2024 - 1/31/2024	-	$ -	-	$ 44,000
2/1/2024 - 2/29/2024	-	-	-	44,000
3/1/2024 - 3/31/2024	-	-	-	44,000
Total	-	$ -	-	$ 44,000

Dividend Payment Restrictions

Our senior credit facilities include certain restrictions on our ability to pay dividends. The senior credit facilities also restrict our subsidiaries from paying dividends and otherwise transferring assets to Douglas Dynamics, Inc. For additional detail regarding these restrictions, see Note 9 to the Unaudited Condensed Consolidated Financial Statements.

Item 3. *Defaults Upon Senior Securities*

None.

Item 4. *Mine Safety Disclosures*

None.

Item 5. *Other Information*

None.**Rule10b5-1Trading Plans**

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

Item 6. *Exhibits*

The following documents are filed as Exhibits to this Quarterly Report on Form 10-Q:

Exhibit Numbers	Description
10.1#	Douglas Dynamics, Inc. 2024 Stock Incentive Plan [Incorporated by reference to Exhibit 10.1 to Douglas Dynamics, Inc.'s Current Report on Form 8-K filed April 26, 2024 (File No. 001-34728)].
10.2#*	Form of Restricted Stock Unit Grant Notice and Standard Terms and Conditions under the Douglas Dynamics, Inc. 2024 Stock Incentive Plan.
10.3#*	Form of Performance Share Unit Notice and Standard Terms and Conditions under the Douglas Dynamics, Inc. 2024 Stock Incentive Plan.
10.4#*	Form of Nonemployee Director Restricted Stock Unit Grant Notice and Standard Terms and Conditions under the Douglas Dynamics, Inc. 2024 Stock Incentive Plan.
31.1*	Certification of the Company’s Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Company’s Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Company’s Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101*	The following financial statements from the quarterly report on Form 10-Q of Douglas Dynamics, Inc. for the quarter ended September 30, 2023March 31, 2024, filed on October 31, 2023April 30, 2024, formatted in inline XBRL: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations and Comprehensive Income; (iii) the Consolidated Statements of Cash Flows; (iv) the Consolidated Statements of Shareholders' Equity; and (v) the Notes to the Consolidated Financial Statements.
104*	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

A management contract or compensatory plan or arrangement.

* Filed herewith.

SIGNATURES

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

DOUGLAS DYNAMICS, INC.

By: /s/ SARAH LAUBER

Sarah Lauber

Executive Vice President and Chief Financial Officer

(Principal Financial Officer and Authorized Signatory)

Dated: October 31, 2023April 30, 2024

Exhibit 10.2

DOUGLAS DYNAMICS, INC.

2024 STOCK INCENTIVE PLAN

GRANT NOTICE FOR RESTRICTED STOCK UNITS

FOR GOOD AND VALUABLE CONSIDERATION, Douglas Dynamics, Inc. (the "Company"), hereby grants to Participant named below the number of restricted stock units specified below (the "Award"), upon the terms and subject to the conditions set forth in this Grant Notice, the Douglas Dynamics, Inc. 2024 Stock Incentive Plan (the "Plan") and the Standard Terms and Conditions (the "Standard Terms and Conditions") adopted under such Plan and provided to Participant, each as amended from time to time. Each restricted stock unit subject to this Award represents the right to receive one share of the Company's common stock, par value $0.01 (the "Common Stock"), subject to the conditions set forth in this Grant Notice, the Plan and the Standard Terms and Conditions. This Award is granted pursuant to the Plan and is subject to and qualified in its entirety by the Standard Terms and Conditions.

Name of Participant: ______________________________

Grant Date: __________ __, 20__

Number of restricted stock units subject to the Award: __________

Vesting Schedule: ____, subject to Section 2 of the Standard Terms and Conditions

Dividend Equivalent Rights: Yes _____ No _____

By accepting this Grant Notice, Participant acknowledges that he or she has received and read, and agrees that this Award shall be subject to, the terms of this Grant Notice, the Plan and the Standard Terms and Conditions.

DOUGLAS DYNAMICS, INC.

Participant Signature

By: _____________________________

Title: _____________________________

Address (please print)

DOUGLAS DYNAMICS, INC.

STANDARD TERMS AND CONDITIONS FOR

RESTRICTED STOCK UNITS

These Standard Terms and Conditions apply to the Award of restricted stock units granted pursuant to the Douglas Dynamics, Inc. 2024 Stock Incentive Plan (the "Plan"), which are evidenced by a Grant Notice or an action of the Administrator that specifically refers to these Standard Terms and Conditions. In addition to these Terms and Conditions, the restricted stock units shall be subject to the terms of the Plan, which are incorporated into these Standard Terms and Conditions by this reference. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

1. TERMS OF RESTRICTED STOCK UNITS

Douglas Dynamics, Inc., a Delaware corporation (the "Company"), has granted to the Participant named in the Grant Notice provided to said Participant herewith (the "Grant Notice") an award of a number of restricted stock units (the "Award" or the "Restricted Stock Units") specified in the Grant Notice. Each Restricted Stock Unit represents the right to receive one share of the Company's common stock, $0.01 par value per share (the "Common Stock"), upon the terms and subject to the conditions set forth in the Grant Notice, these Standard Terms and Conditions, and the Plan, each as amended from time to time. For purposes of these Standard Terms and Conditions and the Grant Notice, any reference to the Company shall include a reference to any Subsidiary.

2. VESTING OF RESTRICTED STOCK UNITS

The Award shall not be vested as of the Grant Date set forth in the Grant Notice and shall be forfeitable unless and until otherwise vested pursuant to the terms of the Grant Notice and these Standard Terms and Conditions. After the Grant Date, subject to termination or acceleration as provided in these Standard Terms and Conditions and the Plan, the Award shall become vested as described in the Grant Notice with respect to that number of Restricted Stock Units as set forth in the Grant Notice.

Notwithstanding anything contained in these Standard Terms and Conditions to the contrary:

A. Subject to Section 10, if the Participant has a Termination of Employment due to the Participant's Retirement (as defined below) that occurs six months or more after the first day of the fiscal year in which the Grant Date occurs, the Restricted Stock Units shall continue to vest under the schedule described in the Grant Notice.

B. If the Participant has a Termination of Employment by reason of death or Disability before the Restricted Stock Units have vested, the Restricted Stock Units shall fully vest upon such Termination of Employment.

C. If the Participant has a Termination of Employment for any reason other than Retirement, death or Disability, any then unvested Restricted Stock Units held by the Participant shall be forfeited and canceled as of the date of such Termination of Employment.

3. SETTLEMENT OF RESTRICTED STOCK UNITS

Vested Restricted Stock Units shall be settled by the delivery to the Participant or a designated brokerage firm of one share of Common Stock per vested Restricted Stock Unit as soon as reasonably practicable following the vesting of such Restricted Stock Units, and in all events no later than March 15 of the year following the year of vesting (unless delivery is deferred pursuant to a nonqualified deferred compensation plan in accordance with the requirements of Section 409A of the Code, and subject to applicable withholding).

4. RIGHTS AS STOCKHOLDER

The Participant shall not have voting rights with respect to shares of Common Stock underlying Restricted Stock Units unless and until such shares of Common Stock are reflected as issued and outstanding shares on the Company's stock ledger.

5. DIVIDEND EQUIVALENTS

To the extent the Grant Notice provides for dividend rights to apply to the Award, the Participant shall receive a cash payment equivalent to any dividends or other distributions paid with respect to the shares of Common Stock underlying the Restricted Stock Units, so long as the applicable record date occurs before such Restricted Stock Units are forfeited. If, however, any dividends or distributions with respect to the

Common Stock underlying the Restricted Stock Units are paid in Shares rather than cash, the Participant shall be credited with additional restricted stock units equal to the number of Shares that the Participant would have received had the Restricted Stock Units been actual Shares, and such restricted stock units shall be deemed Restricted Stock Units subject to the same risk of forfeiture and other terms of the Grant Notice, these Standard Terms and Conditions and the Plan as are the other Restricted Stock Units granted under this Award. Any amounts due to the Participant under this provision shall be paid to the Participant, in cash, no later than the end of the calendar year in which the dividend or other distribution is paid to stockholders of the Company or, if later, the 15th day of the third month following the date the dividends are paid to stockholders; provided that, in the case of any distribution with respect to which the Participant is credited with additional Restricted Stock Units, distribution shall be made at the same time as payment is made in respect of the other Restricted Stock Units granted under this Award.

To the extent the Grant Notice provides that dividend rights will not apply to the Award, the Participant shall not have dividend rights with respect to shares of Common Stock underlying Restricted Stock Units unless and until such shares of Common Stock are reflected as issued and outstanding shares on the Company's stock ledger.

6. CHANGE OF CONTROL

The Restricted Stock Units shall be treated as follows if there is a Change of Control:

A. If the Restricted Stock Units are not continued, assumed or substituted by the Participant's employer (or an affiliate of such employer) that employs the Participant immediately following the Change of Control, the Restricted Stock Units shall fully vest upon the occurrence of the Change of Control. For each Restricted Stock Unit, the Participant shall receive (i) the consideration (whether stock, cash, or other securities or property) received in the Change of Control by holders of Common Stock for each Share held on the effective date of the Change of Control, (ii) common stock of the successor to the Company with a value equal to the price at which a share of Common Stock is valued in the Change of Control, or (iii) cash equal to the price at which a share of Common Stock is valued in the Change of Control, as determined by the Administrator in its discretion.

B. If the Restricted Stock Units are continued, assumed or substituted by the Participant's employer (or an affiliate of such employer) that employs the Participant immediately following the Change of Control, the Restricted Stock Units shall continue to vest as provided in the Grant Notice; provided, however, that if the Participant's employment is terminated other than for Serious Misconduct (as defined below), or the Participant resigns for Good Reason (as defined below), in either case within twenty-four (24) months following the Change of Control, the Restricted Stock Units shall fully vest upon such termination or resignation.

For purposes hereof, the Restricted Stock Units shall be considered "assumed" if, following the Change of Control, the Restricted Stock Units confer the right to receive, for each share of Common Stock subject to the Restricted Stock Unit immediately prior to the Change of Control, (i) the consideration (whether stock, cash, or other securities or property) received in the Change of Control by holders of Common Stock for each share held on the effective date of the Change of Control, or (ii) common stock of the successor to the Company of substantially equivalent economic value to the consideration received in the Change of Control by holders of Common Stock for each share held on the effective date of the Change of Control (as determined by the Administrator in its discretion). The Restricted Stock Units will be considered "substituted for" if the successor or acquiror replaces the Restricted Stock Units with equity awards of substantially equivalent economic value measured as of the date the Change of Control occurs (as determined by the Administrator in its discretion).

Notwithstanding the foregoing, to the extent that Section 409A of the Code applies to the Restricted Stock Units, any such action shall be consistent with the requirements of Section 409A of the Code.

7. RESTRICTIONS ON RESALES OF SHARES

The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any Common Stock issued in respect of vested Restricted Stock Units, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

8. INCOME TAXES

The Company shall not deliver Shares or cash payments in respect of any Restricted Stock Units or dividends (to the extent applicable to the Award) unless and until the Participant has made arrangements satisfactory to the Administrator to satisfy applicable withholding tax obligations. In the case of Shares, unless the Participant pays the withholding tax obligations to the Company by cash or check in connection with the delivery of the Common Stock, withholding may be effected, at the Company's option, by withholding Common Stock issuable in connection with the vesting of the Restricted Stock Units (provided that shares of Common Stock may be withheld only to the extent that such withholding will not result in adverse accounting treatment for the Company). The Participant acknowledges that the Company shall have the right to deduct any taxes required to be withheld by law in connection with the delivery of the Restricted Stock Units from any amounts payable by it to the Participant (including, without limitation, future cash wages). In the case of any cash payments, the Company may withhold from such payments any amounts necessary to satisfy withholding tax obligations.

9. NON-TRANSFERABILITY OF AWARD

The Participant represents and warrants that the Restricted Stock Units are being acquired by the Participant solely for the Participant's own account for investment and not with a view to or for sale in connection with any distribution thereof. The Participant further understands, acknowledges and agrees that, except as otherwise provided in the Plan or as permitted by the Administrator, the Restricted Stock Units may not be sold, assigned, transferred, pledged or otherwise directly or indirectly encumbered or disposed of.

10. RESTRICTED ACTIVITIES

A. By accepting the Restricted Stock Units, the Participant acknowledges and agrees that, any obligations of or restrictions on the Participant pursuant to any separate Confidentiality and Noncompetition or similar agreement(s) between the Participant and the Company shall be incorporated herein and be deemed to apply to this Award, including any forfeiture or repayment obligations described in Section F below.

B. By accepting the Restricted Stock Units, the Participant acknowledges and agrees that, during the vesting period under the Grant Notice, the Participant will have access to and become acquainted with the Company's and its Affiliates' confidential and proprietary information, including, but not limited to, information or plans regarding the Company's and its Affiliates' customer relationships, personnel, or sales, marketing, and financial operations and methods; trade secrets; formulas; devices; secret inventions; processes; and other compilations of information, records, and specifications (collectively "Proprietary Information"). The Participant shall not disclose any of the Company's or any of its Affiliates' Proprietary Information directly or indirectly, or use it in any way, either during the vesting period under the Grant Notice or at any time thereafter, except as required in the course of his employment or service with the Company or as authorized in writing by the Company. All files, records, documents, computer-recorded information, drawings, specifications, equipment and similar items relating to the business of the Company or any of its Affiliates, whether prepared by the Participant or otherwise coming into the Participant's possession, shall remain the exclusive property of the Company or its Affiliates, as the case may be, and shall not be removed from the premises of the Company under any circumstances whatsoever without the prior written consent of the Company, except when (and only for the period) necessary to carry out the Participant's duties in the course of the Participant's employment or service, and if removed shall be immediately returned to the Company upon any Termination of Employment. Notwithstanding the foregoing, Proprietary Information shall not include (i) information which is or becomes generally public knowledge or public except through disclosure by the Participant in violation of these Standard Terms and Conditions or other applicable agreements and (ii) information that may be required to be disclosed by applicable law.

C. By accepting the Restricted Stock Units, the Participant acknowledges and agrees that, while employed by or in service with the Company and during any vesting period following the Participant's Retirement, the Participant will not interfere with the business of the Company or any of its Affiliates by directly or indirectly soliciting, attempting to solicit, inducing, or otherwise causing any employee of the Company or any of its Affiliates to terminate his or her employment in order to become an employee, consultant or independent contractor to or for any other employer.

D. By accepting the Restricted Stock Units, the Participant acknowledges and agrees that, while employed by or in service with the Company and during any vesting period following the Participant's Retirement, the Participant will not, without the prior consent of the Company, directly or indirectly, have an interest in, be employed by, or be connected with, as an employee, consultant, officer, director, partner, stockholder or joint venturer, in any person or entity owning, managing, controlling, operating or otherwise participating or assisting in any business which is in competition with the business of the Company or any of its Affiliates (i) during the vesting period under the Grant Notice prior to the Participant's Retirement, in any location, and (ii) during the vesting period under the Grant Notice following the Participant's Retirement, in any country in which the Company or any of its Affiliates was conducting business at the date of the Participant's Termination of

Employment and continues to do so thereafter; provided, however, that the foregoing shall not prevent the Participant from being a stockholder of less than 1% of the issued and outstanding securities of any class of a corporation listed on a national securities exchange.

E. By accepting the Restricted Stock Units, the Participant acknowledges and agrees that, while employed by or in service with the Company and during any vesting period following the Participant's Retirement, the Participant shall not directly or indirectly make, repeat or publish any false, disparaging, negative, unflattering, accusatory, or derogatory remarks or references, whether oral or in writing, concerning the Company, any of its Affiliates or any of its or their respective products, services, affiliates, subsidiaries, officers, directors, employees or stockholders.

F. By accepting the Restricted Stock Units, the Participant acknowledges and agrees that (i) the provisions of Section 2 providing for the continued vesting of the Restricted Stock Units upon Retirement and this Section 10 are mutually dependent and not severable, and (ii) the Company would not provide for the continued vesting of the Restricted Stock Units upon Retirement as provided for in Section 2 but for the Participant's promises set out in and the enforceability of this Section 10. Accordingly, if the Participant fails to comply with this Section 10 or any part thereof, or if Section 10 or any part thereof is ever declared to be illegal, invalid, or otherwise unenforceable in any respect by a court of competent jurisdiction, then the Participant agrees that (x) the Restricted Stock Units held by the Participant that have not been settled shall immediately be forfeited and canceled (regardless of whether then vested or unvested) and (y) with respect to any Restricted Stock Units that have been settled, the Participant shall immediately pay to the Company the fair market value of the Shares associated with the settlement of the Restricted Stock Units at the time of vesting; provided that if the scope of the restrictions in this Section 10 as to time, geography, or scope of activities are deemed by court of competent jurisdiction to exceed the limitations permitted by applicable law, the Participant and the Company agree that the restrictions so deemed shall be, and are, automatically reformed to the maximum limitation permitted by such law.

11. RECOUPMENT

This Award, and any Shares issued or cash paid pursuant to this Award, shall be subject to any recoupment, clawback or compensation recovery policy that is adopted by the Company or otherwise made applicable by law, regulation or listing standards, from time to time. Accordingly, if the Administrator determines that recoupment of incentive compensation paid pursuant to this Award is required under any law, listing standard or any recoupment policy of the Company, then this Award will terminate immediately on the date of such determination to the extent required by such law, listing standard or recoupment policy and the Administrator may recoup any such incentive compensation in accordance with such recoupment policy or as required by law or listing standard. The Company shall have the right to offset against any other amounts due from the Company to the Participant the amount owed by the Participant hereunder.

12. OTHER AGREEMENTS SUPERSEDED

The Grant Notice, these Standard Terms and Conditions and the Plan constitute the entire understanding between the Participant and the Company regarding the Restricted Stock Units. Any prior agreements, commitments or negotiations concerning the Restricted Stock Units are superseded.

13. LIMITATION OF INTEREST IN SHARES SUBJECT TO RESTRICTED STOCK UNITS

Neither the Participant (individually or as a member of a group) nor any beneficiary or other person claiming under or through the Participant shall have any right, title, interest, or privilege in or to any shares of Common Stock allocated or reserved for the purpose of the Plan or subject to the Grant Notice or these Standard Terms and Conditions except as to such shares of Common Stock, if any, as shall have been issued to such person upon vesting of the Restricted Stock Units. Nothing in the Plan, in the Grant Notice, these Standard Terms and Conditions or any other instrument executed pursuant to the Plan shall confer upon the Participant any right to continue in the Company's employ or service nor limit in any way the Company's right to terminate the Participant's employment at any time for any reason

14. DEFINITIONS

For purposes hereof, the following terms shall have the following meanings:

A. "Confidential Information" shall mean, without limitation, all documents or information, in whatever form or medium, or consisting of knowledge or "know-how" whether or not recorded in any medium, concerning or evidencing sales; costs; pricing; strategies; forecasts and long range plans; financial and tax information; personnel information (including without limitation compensation, other terms of employment, or performance other than as concerns solely the Participant); business, marketing and operational projections, plans, and opportunities; and customer, vendor, and supplier information; but excluding any such information that is or becomes generally available to the public other than as a result of any unauthorized disclosure or breach of duty by the Participant.

B. “Good Reason” shall mean the Participant’s Termination of Employment from the Company or its successor within sixty (60) days following the occurrence of (i) a material reduction in the Participant’s base salary; (ii) a material adverse change in the Participant’s responsibilities; or (iii) a required relocation of the Participant’s principal place of employment by more than thirty-five (35) miles from its location as in effect immediately prior to the Change of Control; provided, that the Participant shall have provided written notice to the Company or its successor of his or her intention to resign for Good Reason and the grounds therefor within thirty (30) days following the occurrence of the event constituting Good Reason, and the Company shall have failed to cure such event within thirty (30) days of receiving such notice.

C. “Retirement” shall mean the Participant’s voluntary Termination of Employment from the Company after the earlier of (i) the date on which the Participant attains age sixty-five (65) or (ii) the date on which the Participant has attained age fifty-five (55) and at least ten (10) years of continuous service with the Company.

D. “Serious Misconduct” shall mean the occurrence of any of the following: (i) any willful, intentional or grossly negligent act by the Participant having the effect of materially injuring the interest, business or prospects of the Company or its successor or any of their Affiliates; (ii) the material violation or material failure by the Participant to comply with the Company’s or its successor’s material published rules, regulations or policies, as in effect from time to time; (iii) the Participant’s conviction of a felony offense or conviction of a misdemeanor offense involving moral turpitude, fraud, theft or dishonesty; (iv) any willful or intentional misappropriation or embezzlement of the property of the Company or its successor or any of their Affiliates; or (v) a material breach of Section 10 above by the Participant; provided, however, that in the event that the Company or its successor determines to terminate the Participant’s employment pursuant to clauses (ii) or (v) of this definition of Serious Misconduct, such termination shall only become effective if the Company or its successor shall first give the Participant written notice of such Serious Misconduct, which notice shall identify in reasonable detail the manner in which the Company or its successor believes Serious Misconduct to exist and indicates the steps required to cure such Serious Misconduct, if curable, and the Participant shall fail within thirty (30) days of such notice to substantially remedy or correct the same.

15. GENERAL

In the event that any provision of these Standard Terms and Conditions is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of these Standard Terms and Conditions, nor shall they affect its meaning, construction or effect.

These Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

These Standard Terms and Conditions shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of law.

In the event of any conflict between the Grant Notice, these Standard Terms and Conditions and the Plan, the Grant Notice and these Standard Terms and Conditions shall control. In the event of any conflict between the Grant Notice and these Standard Terms and Conditions, the Grant Notice shall control.

All questions arising under the Plan or under these Standard Terms and Conditions shall be decided by the Administrator in its total and absolute discretion.

16. ELECTRONIC DELIVERY

By executing the Grant Notice, the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, and the Restricted Stock Units via Company web site or other electronic delivery.

8

Exhibit 10.3

DOUGLAS DYNAMICS, INC.

2024 STOCK INCENTIVE PLAN

GRANT NOTICE FOR PERFORMANCE SHARE UNITS

FOR GOOD AND VALUABLE CONSIDERATION, Douglas Dynamics, Inc. (the "Company"), hereby grants to Participant named below the number of performance share units specified below (the "Award"), upon the terms and subject to the conditions set forth in this Grant Notice, the Douglas Dynamics, Inc. 2024 Stock Incentive Plan (the "Plan") and the Standard Terms and Conditions (the "Standard Terms and Conditions") adopted under such Plan and provided to Participant, each as amended from time to time. Each performance share unit subject to this Award ("Performance Share Unit") is a Restricted Stock Unit subject to performance conditions as contemplated by Section 8 of the Plan and represents the right to receive one share of the Company's common stock, par value $0.01 (the "Common Stock"), subject to the conditions set forth in this Grant Notice, the Plan and the Standard Terms and Conditions. This Award is granted pursuant to the Plan and is subject to and qualified in its entirety by the Standard Terms and Conditions.

Name of Participant: ________________________________

Grant Date: __________ __, 20__

Number of Performance Share Units Subject to the Award at [Maximum][Target ("Target PSUs")]: _________

Performance Period: _________ through _______

Performance-Based Criteria: The number of Performance Share Units earned will be determined based on the achievement of the performance-based criteria [and ________] over the Performance Period as set forth on Attachment A hereto, subject to Section 2 of the Standard Terms and Conditions.

Dividend Equivalent Rights: Yes ____ No _____

By accepting this Grant Notice, Participant acknowledges that he or she has received and read, and agrees that this Award shall be subject to, the terms of this Grant Notice, the Plan and the Standard Terms and Conditions.

DOUGLAS DYNAMICS, INC.

____
Participant Signature

By: _______________________________

____

Title: _______________________________

Address (please print)

Attachment A

Performance-Based Criteria to Determine Earned Units:

DOUGLAS DYNAMICS, INC.

STANDARD TERMS AND CONDITIONS FOR

PERFORMANCE SHARE UNITS

These Standard Terms and Conditions apply to the Award of performance share units granted pursuant to the Douglas Dynamics, Inc. 2024 Stock Incentive Plan (the "Plan"), which are evidenced by a Grant Notice or an action of the Administrator that specifically refers to these Standard Terms and Conditions. In addition to these Terms and Conditions, the performance share units shall be subject to the terms of the Plan, which are incorporated into these Standard Terms and Conditions by this reference. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

1. TERMS OF PERFORMANCE SHARE UNITS

Douglas Dynamics, Inc., a Delaware corporation (the "Company"), has granted to the Participant named in the Grant Notice provided to said Participant herewith (the "Grant Notice") an opportunity to earn a number of performance share units (the "Award" or the "Performance Share Units") specified in the Grant Notice. Each Performance Share Unit is a Restricted Stock Unit subject to performance conditions as contemplated by Section 8 of the Plan and represents the right to receive one share of the Company's common stock, $0.01 par value per share (the "Common Stock"), upon the terms and subject to the conditions set forth in the Grant Notice, these Standard Terms and Conditions, and the Plan, each as amended from time to time. For purposes of these Standard Terms and Conditions and the Grant Notice, any reference to the Company shall include a reference to any Subsidiary.

2. VESTING OF PERFORMANCE SHARE UNITS

The Award shall not be earned or vested as of the Grant Date set forth in the Grant Notice and shall be forfeitable unless and until it becomes earned and vested pursuant to the terms of the Grant Notice and these Standard Terms and Conditions. The number of Performance Share Units earned by the Participant (the "Earned Units") will be determined based on the achievement of the performance-based criteria [and ___________] over the performance period (the "Performance Period") as set forth on Attachment A to the Grant Notice. Performance Share

Units shall vest and become Earned Units on the date that the Administrator certifies the achievement of the performance-based criteria [and ____________], provided that the Participant is in continuous employment with the Company through such date. For the avoidance of doubt, all other Performance Share Units subject to this Award, that is, any Performance Share Units which do not vest or which do not become Earned Units, shall be forfeited.

Notwithstanding anything contained in these Standard Terms and Conditions to the contrary, if the Participant has a Termination of Employment on or after a date that is six (6) months or more after the start of the Performance Period:

A. Subject to Section 10, if such Termination of Employment is due to the Participant's Retirement (as defined below), the Participant shall be eligible to earn a number of Performance Share Units at the end of the Performance Period based on actual performance, and such amount shall be payable on the same schedule as if such Termination of Employment had not occurred.

B. If such Termination of Employment is by reason of death or Disability, the Performance Share Units shall become earned and vested on date of such Termination of Employment assuming target performance, but the number of Earned Units shall be pro-rated based on the number of whole months during the Performance Period that elapsed prior to such Termination of Employment, and such amount shall be payable as soon as reasonably practicable in accordance with Section 3.

For the avoidance of doubt, if such Termination of Employment is not due to the Participant's Retirement or by reason of death or Disability, or in all circumstances occurs less than six (6) months after the start of the Performance Period for any reason, all Performance Share Units shall be forfeited and canceled as of the date of such Termination of Employment.

3. SETTLEMENT OF EARNED UNITS

Earned Units shall be settled by the delivery to the Participant or a designated brokerage firm of one share of Common Stock per Earned Unit as soon as reasonably practicable following the vesting of the Performance Share Units (as provided in Section 2), and in all events no later than March 15 of the year following the year of vesting (unless delivery is deferred pursuant to a nonqualified deferred compensation plan in accordance with the requirements of Section 409A of the Code, and subject to applicable withholding) (the "Settlement Date").

4. RIGHTS AS STOCKHOLDER

The Participant shall not have voting rights with respect to shares of Common Stock underlying Performance Share Units unless and until such shares of Common Stock are reflected as issued and outstanding shares on the Company's stock ledger.

5. DIVIDEND EQUIVALENTS

To the extent the Grant Notice provides for dividend rights to apply to the Award, the Participant shall receive dividend equivalents as follows:

A. For any dividends paid with respect to the shares of Common Stock underlying the Performance Share Units for which the record date occurs during the Performance Period, the Participant shall receive a cash payment equal to the product of the per share amount of such dividends multiplied by the number of Earned Units. Such cash payment shall be made to the Participant at the same time as the payment is made in respect of the other Earned Units under this Award.

B. Notwithstanding anything to the contrary in the foregoing, if any dividends or distributions with respect to the Common Stock underlying the Performance Share Units are paid in Shares rather than cash, the Participant shall be credited with additional Performance Share Units equal to the number of Shares that the Participant would have received had the Performance Share Units been actual Shares, and such Performance Share Units shall be subject to the same risk of forfeiture and other terms of the Grant Notice, these Standard Terms and Conditions and the Plan as are the other Performance Share Units granted under this Award. In the case of any distribution with respect to which the Participant is credited with additional Performance Share Units, distribution shall be made at the same time as payment is made in respect of the other Performance Share Units granted under this Award.

To the extent the Grant Notice provides that dividend rights will not apply to the Award, the Participant shall not have dividend rights with respect to shares of Common Stock underlying Performance Share Units unless and until such shares of Common Stock are reflected as issued and outstanding shares on the Company's stock ledger.

6. CHANGE OF CONTROL

The Performance Share Units shall be treated as follows if there is a Change of Control:

A. If the Performance Share Units are not continued, assumed or substituted by the Participant's employer (or an affiliate of such employer) that employs the Participant immediately following the Change of Control, the Performance Share Units shall become earned and vested upon the occurrence of the Change of Control as follows:

a. Assuming target performance, if the Change of Control occurs before the first anniversary of the start of the Performance Period [(applying _________ as if the date of the Change of Control were the final day of the Performance Period)]; or

b. At actual performance through the date of the Change of Control [for any completed years in the Performance Period and at target performance for any uncompleted years in the Performance Period (applying _________ as if the date of the Change of Control were the final day of the Performance Period),] if the Change of Control occurs on or after the first anniversary of the start of the Performance Period.

For each Performance Share Unit, the Participant shall receive (a) the consideration (whether stock, cash, or other securities or property) received in the Change of Control by holders of Common Stock for each share held on the effective date of the Change of Control, (b) common stock of the successor to the Company with a value equal to the price at which a share of Common Stock is valued in the Change of Control, or (c) cash equal to the price at which a share of Common Stock is valued in the Change of Control, as determined by the Administrator in its discretion.

B. If the Performance Share Units are continued, assumed or substituted by the Participant's employer (or an affiliate of such employer) that employs the Participant immediately following the Change of Control, the number of Performance Share Units (or equivalent securities) subject to this Award shall be converted to a number of Performance Share Units as follows:

a. Assuming target performance, if the Change of Control occurs before the first anniversary of the start of the Performance Period [(applying ________ as if the date of the Change of Control were the final day of the Performance Period)]; or

b. At actual performance through the date of the Change of Control [for any completed years in the Performance Period and at target performance for any uncompleted years in the Performance Period (applying _________ as if the date of the Change of Control were the final day of the Performance Period)], if the Change of Control occurs on or after the first anniversary of the start of the Performance Period.

In such event, all such units shall remain subject to a substantial risk of forfeiture based on the Participant's continued employment with such employer through the date that is the end of the Performance Period (and any such vested Performance Share Units shall be settled no later than March 15 of the year following the date that is the end of the Performance Period); provided, however, that if the Participant's employment is terminated during such period other than for Serious Misconduct (as defined below), or the Participant resigns for Good Reason (as defined below), in either case within twenty-four (24) months following the Change of Control, such units shall fully vest and become payable upon such termination or resignation.

For purposes hereof, the Performance Share Units shall be considered "assumed" if, following the Change of Control, the Performance Share Units confer the right to receive, for each share of Common Stock subject to the Performance Share Units immediately prior to the Change of Control, (i) the consideration (whether stock, cash, or other securities or property) received in the Change of Control by holders of Common Stock for each share held on the effective date of the Change of Control, or (ii) common stock of the successor to the Company of substantially equivalent economic value to the consideration received in the Change of Control by holders of Common Stock for each share held on the effective date of the Change of Control (as determined by the Administrator in its discretion). The Performance Share Units will be considered "substituted for" if the successor or acquiror replaces the Units with equity awards of substantially equivalent economic value measured as of the date the Change of Control occurs (as determined by the Administrator in its discretion).

Notwithstanding the foregoing, to the extent that Section 409A of the Code applies to the Award, any such action shall be consistent with the requirements of Section 409A of the Code.

7. RESTRICTIONS ON RESALES OF SHARES

The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any Common Stock issued in respect of Performance Share Units, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

8. INCOME TAXES

The Company shall not deliver Shares or cash payments in respect of any Performance Share Units or dividends (to the extent applicable for the particular Award) unless and until the Participant has made arrangements satisfactory to the Administrator to satisfy applicable withholding tax obligations. In the case of Shares, unless the Participant pays the withholding tax obligations to the Company by cash or check in connection with the delivery of the Common Stock, withholding may be effected, at the Company's option, by withholding Common Stock issuable in connection with the vesting of the Performance Share Units (provided that shares of Common Stock may be withheld only to the extent that such withholding will not result in adverse accounting treatment for the Company). The Participant acknowledges that the Company shall have the right to deduct any taxes required to be withheld by law in connection with the delivery of the Performance Share Units from any amounts payable by it to the Participant (including, without limitation, future cash wages). In the case of any cash payments, the Company may withhold from such payments any amounts necessary to satisfy withholding tax obligations.

9. NON-TRANSFERABILITY OF AWARD

The Participant represents and warrants that the Performance Share Units are being acquired by the Participant solely for the Participant's own account for investment and not with a view to or for sale in connection with any distribution thereof. The Participant further understands, acknowledges and agrees that, except as otherwise provided in the Plan or as permitted by the Administrator, the Performance Share Units may not be sold, assigned, transferred, pledged or otherwise directly or indirectly encumbered or disposed of.

10. RESTRICTED ACTIVITIES

A. By accepting the Performance Share Units, the Participant acknowledges and agrees that, any obligations of or restrictions on the Participant pursuant to any separate Confidentiality and Noncompetition or similar agreement(s) between the Participant and the Company shall be incorporated herein and be deemed to apply to this Award, including any forfeiture or repayment obligations described in Section F below.

B. By accepting the Performance Share Units, the Participant acknowledges and agrees that, during the Performance Period and the period through the Settlement Date, the Participant will have access to and become acquainted with the Company's and its Affiliates' confidential and proprietary information, including, but not limited to, information or plans regarding the Company's and its Affiliates' customer relationships, personnel, or sales, marketing, and financial operations and methods; trade secrets; formulas; devices; secret inventions; processes; and other compilations of information, records, and specifications (collectively "Proprietary Information"). The Participant shall not disclose any of the Company's or any of its Affiliates' Proprietary Information directly or indirectly, or use it in any way, either during the period through the Settlement Date or at any time thereafter, except as required in the course of his employment or service with the Company or as authorized in writing by the Company. All files, records, documents, computer-recorded information, drawings, specifications, equipment and similar items relating to the business of the Company or any of its Affiliates, whether prepared by the Participant or otherwise coming into the Participant's possession, shall remain the exclusive property of the Company or its Affiliates, as the case may be, and shall not be removed from the premises of the Company under any circumstances whatsoever without the prior written consent of the Company, except when (and only for the period) necessary to carry out the Participant's duties in the course of the Participant's employment, and if removed shall be immediately returned to the Company upon any Termination of Employment. Notwithstanding the foregoing, Proprietary Information shall not include (i) information which is or becomes generally public knowledge or public except through disclosure by the Participant in violation of these Standard Terms and Conditions or other applicable agreements and (ii) information that may be required to be disclosed by applicable law.

C. By accepting the Performance Share Units, the Participant acknowledges and agrees that, while employed by or in service with the Company and, following the Participant's Retirement, the period through the Settlement Date, the Participant will not interfere with the business of the Company or any of its Affiliates by directly or indirectly soliciting, attempting to solicit, inducing, or otherwise causing any employee of the Company or any of its Affiliates to terminate his or her employment in order to become an employee, consultant or independent contractor to or for any other employer.

D. By accepting the Performance Share Units, the Participant acknowledges and agrees that, while employed by or in service with the Company and, following the Participant's Retirement, during the period through the Settlement Date, the Participant will not, without the prior consent of the Company, directly or indirectly, have an interest in, be employed by, or be connected with, as an employee, consultant, officer, director, partner, stockholder or joint venturer, in any person or entity owning, managing, controlling, operating or otherwise participating or assisting in any business which is in competition with the business of the Company or any of its Affiliates (i) during the period prior to Termination of Employment, including Retirement, in any location, and (ii) following the Participant's Retirement, during the period through the Settlement Date, in any country in which the Company or any of its Affiliates was conducting business at the date of the Participant's Termination of Employment and continues to do so thereafter; provided, however, that the foregoing shall not prevent the Participant from being a stockholder of less than 1% of the issued and outstanding securities of any class of a corporation listed on a national securities exchange.

E. By accepting the Performance Share Units, the Participant acknowledges and agrees that, while employed by or in service with the Company and, following the Participant's Retirement, during the period through the Settlement Date, the Participant shall not directly or indirectly make, repeat or publish any false, disparaging, negative, unflattering, accusatory, or derogatory remarks or references, whether oral or in writing, concerning the Company, any of its Affiliates or any of its or their respective products, services, affiliates, subsidiaries, officers, directors, employees or stockholders.

F. By accepting the Performance Share Units, the Participant acknowledges and agrees that (i) the provisions of Section 2 providing for the continued payment of the Earned Units upon Retirement and this Section 10 are mutually dependent and not severable, and (ii) the Company would not provide for the continued payment of the Earned Units upon Retirement as provided for in Section 2 but for the Participant's promises set out in and the enforceability of this Section 10. Accordingly, if the Participant fails to comply with this Section 10 or any part thereof, or if Section 10 or any part thereof is ever declared to be illegal, invalid, or otherwise unenforceable in any respect by a court of competent jurisdiction, then the Participant agrees that (x) the Performance Share Units, including any Earned Units, held by the Participant that have not been settled shall immediately be forfeited and canceled (regardless of whether then vested or unvested) and (y) with respect to any Performance Share Units that have been settled, the Participant shall immediately pay to the Company the fair market value of the Shares associated with the settlement of the Performance Share Units at the time of vesting; provided that if the scope of the restrictions in this Section 10 as to time, geography, or scope of activities are deemed by court of competent jurisdiction to exceed the limitations permitted by applicable law, the Participant and the Company agree that the restrictions so deemed shall be, and are, automatically reformed to the maximum limitation permitted by such law.

11. RECOUPMENT

This Award, and any Shares issued or cash paid pursuant to this Award, shall be subject to the Company's Compensation Recovery Policy and any other recoupment, clawback or compensation recovery policy that is adopted by the Company or otherwise made applicable by law, regulation or listing standards, from time to time. Accordingly, if the Administrator determines that recoupment of incentive compensation paid pursuant to this Award is required under any law, listing standard or any recoupment policy of the Company, then this Award will terminate immediately on the date of such determination to the extent required by such law, listing standard or recoupment policy and the Administrator may recoup any such incentive compensation in accordance with such recoupment policy or as required by law or listing standard. The Company shall have the right to offset against any other amounts due from the Company to the Participant the amount owed by the Participant hereunder.

12. OTHER AGREEMENTS SUPERSEDED

The Grant Notice, these Standard Terms and Conditions and the Plan constitute the entire understanding between the Participant and the Company regarding the Performance Share Units. Any prior agreements, commitments or negotiations concerning the Performance Share Units are superseded.

13. LIMITATION OF INTEREST IN SHARES SUBJECT TO PERFORMANCE SHARE UNITS

Neither the Participant (individually or as a member of a group) nor any beneficiary or other person claiming under or through the Participant shall have any right, title, interest, or privilege in or to any shares of Common Stock allocated or reserved for the purpose of the Plan or subject to the Grant Notice or these Standard Terms and Conditions except as to such shares of Common Stock, if any, as shall have been issued to such person upon vesting of the Performance Share Units. Nothing in the Plan, in the Grant Notice, these Standard Terms and Conditions or any other instrument executed pursuant to the Plan shall confer upon the Participant any right to continue in the Company's employ or service nor limit in any way the Company's right to terminate the Participant's employment at any time for any reason

14. DEFINITIONS

For purposes hereof, the following terms shall have the following meanings:

A. "Confidential Information" shall mean, without limitation, all documents or information, in whatever form or medium, or consisting of knowledge or "know-how" whether or not recorded in any medium, concerning or evidencing sales; costs; pricing; strategies; forecasts and long range plans; financial and tax information; personnel information (including without limitation compensation, other terms of employment, or performance other than as concerns solely the Participant); business, marketing and operational projections, plans, and opportunities; and customer, vendor, and supplier information; but excluding any such information that is or becomes generally available to the public other than as a result of any unauthorized disclosure or breach of duty by the Participant.

B. "Good Reason" shall mean the Participant's Termination of Employment from the Company or its successor within sixty (60) days following the occurrence of (i) a material reduction in the Participant's base salary; (ii) a material adverse change in the Participant's responsibilities; or (iii) a required relocation of the Participant's principal place of employment by more than thirty-five (35) miles from its location as in effect immediately prior to the Change of Control; provided, that the Participant shall have provided written notice to the Company or its successor of his or her intention to resign for Good Reason and the grounds therefor within thirty (30) days following the occurrence of the event constituting Good Reason, and the Company shall have failed to cure such event within thirty (30) days of receiving such notice.

C. "Retirement" shall mean the Participant's voluntary Termination of Employment from the Company after the earlier of (i) the date on which the Participant attains age sixty-five (65) or (ii) the date on which the Participant has attained age fifty-five (55) and at least ten (10) years of continuous service with the Company.

D. "Serious Misconduct" shall mean the occurrence of any of the following: (i) any willful, intentional or grossly negligent act by the Participant having the effect of materially injuring the interest, business or prospects of the Company or its successor or any of their Affiliates; (ii) the material violation or material failure by the Participant to comply with the Company's or its successor's material published rules, regulations or policies, as in effect from time to time; (iii) the Participant's conviction of a felony offense or conviction of a misdemeanor offense involving moral turpitude, fraud, theft or dishonesty; (iv) any willful or intentional misappropriation or embezzlement of the property of the Company or its successor or any of their Affiliates; or (v) a material breach of Section 10 above by the Participant; provided, however, that in the event that the Company or its successor determines to terminate the Participant's employment pursuant to clauses (ii) or (v) of this definition of Serious Misconduct, such termination shall only become effective if the Company or its successor shall first give the Participant written notice of such Serious Misconduct, which notice shall identify in reasonable detail the manner in which the Company or its successor believes Serious Misconduct to exist and indicates the steps required to cure such Serious Misconduct, if curable, and the Participant shall fail within thirty (30) days of such notice to substantially remedy or correct the same.

15. GENERAL

In the event that any provision of these Standard Terms and Conditions is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of these Standard Terms and Conditions, nor shall they affect its meaning, construction or effect.

These Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

These Standard Terms and Conditions shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of law.

In the event of any conflict between the Grant Notice, these Standard Terms and Conditions and the Plan, the Grant Notice and these Standard Terms and Conditions shall control. In the event of any conflict between the Grant Notice and these Standard Terms and Conditions, the Grant Notice shall control.

All questions arising under the Plan or under these Standard Terms and Conditions shall be decided by the Administrator in its total and absolute discretion.

16. ELECTRONIC DELIVERY

By executing the Grant Notice, the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, and the Performance Share Units via Company web site or other electronic delivery.

DOUGLAS DYNAMICS, INC.

GRANT NOTICE FOR 2024 STOCK INCENTIVE PLAN

RESTRICTED STOCK UNITS

(NONEMPLOYEE DIRECTOR)

FOR GOOD AND VALUABLE CONSIDERATION, Douglas Dynamics, Inc. (the "Company"), hereby grants to Participant named below the number of restricted stock units specified below (the "Award"), upon the terms and subject to the conditions set forth in this Grant Notice, the Douglas Dynamics, Inc. 2024 Stock Incentive Plan (the "Plan") and the Standard Terms and Conditions (the "Standard Terms and Conditions") adopted under such Plan and provided to Participant, each as amended from time to time. Each restricted stock unit subject to this Award represents the right to receive one share of the Company's common stock, par value $0.01 (the "Common Stock"), subject to the conditions set forth in this Grant Notice, the Plan and the Standard Terms and Conditions. This Award is granted pursuant to the Plan and is subject to and qualified in its entirety by the Standard Terms and Conditions.

Name of Participant: ______________

Grant Date: ___________ __, 20__

Number of restricted stock units subject to the Award: ___________

Vesting Schedule: All of the restricted stock units shall be fully vested on the Grant Date

[Settlement: The restricted stock units will be settled in a single payment following Participant's separation from service as set forth in Section 3 of the Standard Terms and Conditions unless the box below electing _______ installments is checked [and the separation from service does not occur within 12 months of the Grant Date].

☐ Settlement in __________ installments following separation[, subject to a _____-year delay as set forth in the Standard Terms and Conditions].]

By accepting this Grant Notice, Participant acknowledges that he or she has received and read, and agrees that this Award shall be subject to, the terms of this Grant Notice, the Plan and the Standard Terms and Conditions.

DOUGLAS DYNAMICS, INC.	______________________________
	Participant Signature
By: ______________________________	______________________________
Title: ______________________________	Address (please print)

DOUGLAS DYNAMICS, INC.

STANDARD TERMS AND CONDITIONS FOR

RESTRICTED STOCK UNITS

(NONEMPLOYEE DIRECTOR)

These Standard Terms and Conditions apply to the Award of restricted stock units granted pursuant to the Douglas Dynamics, Inc. 2024 Stock Incentive Plan (the "Plan"), which are evidenced by a Grant Notice that specifically refers to these Standard Terms and Conditions. In addition to these Terms and Conditions, the restricted stock units shall be subject to the terms of the Plan, which are incorporated into these Standard Terms and Conditions by this reference. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

1. TERMS OF RESTRICTED STOCK UNITS

Douglas Dynamics, Inc., a Delaware corporation (the "Company"), has granted to the Participant named in the Grant Notice provided to said Participant herewith (the "Grant Notice") an award of a number of restricted stock units (the "Award" or the "Restricted Stock Units") specified in the Grant Notice. Each Restricted Stock Unit represents the right to receive one share of the Company's common stock, $0.01 par value per share (the "Common Stock"), upon the terms and subject to the conditions set forth in the Grant Notice, these Standard Terms and Conditions, and the Plan, each as amended from time to time. For purposes of these Standard Terms and Conditions and the Grant Notice, any reference to the Company shall include a reference to any Subsidiary.

2. VESTING OF RESTRICTED STOCK UNITS

The Award shall be fully vested as of the Grant Date set forth in the Grant Notice.

3. SETTLEMENT OF RESTRICTED STOCK UNITS

The Restricted Stock Units shall be settled by the delivery to the Participant or a designated brokerage firm of one share of Common Stock per Restricted Stock Unit as soon as reasonably practicable following a Termination of Employment of the Participant that constitutes a "Separation from Service" (as defined in authoritative guidance under Section 409A of the Code), and in all events no later than the end of the calendar year in which such Termination of Employment occurs or, if later, two and one-half months after such Termination of Employment (unless delivery is subsequently deferred pursuant to a nonqualified deferred compensation plan in accordance with the requirements of Section 409A of the Code); provided that, if the box under "Settlement" in the Grant Notice is checked [and such Termination of Employment occurs more than twelve (12) months after the Grant Date], the Restricted Stock Units shall be settled in _______ installments by the delivery to the Participant or a designated brokerage firm of one share of Common Stock per Restricted Stock Units as follows: __________ of the total Restricted Stock Units shall be settled as soon as reasonably practicable following [the _____ anniversary of] a Termination of Employment of the Participant that constitutes a "Separation from Service" (as defined in authoritative guidance under Section 409A of the Code) and ________ of the total Restricted Stock Units shall be settled on each of [the ____ and _____] [OR][the next _______] anniversaries of such Termination of Employment.

4. RIGHTS AS STOCKHOLDER; DIVIDEND EQUIVALENTS

The Participant shall not have voting rights with respect to shares of Common Stock underlying Restricted Stock Units unless and until such shares of Common Stock are reflected as issued and outstanding shares on the Company's stock ledger.

The Participant shall receive a cash payment equivalent to any dividends or other distributions paid with respect to the shares of Common Stock underlying the Restricted Stock Units before the Restricted Stock Units are settled. If, however, any dividends or distributions with respect to the Common Stock underlying the Restricted Stock Units are paid in Shares rather than cash, the Participant shall be credited with additional restricted stock units equal to the number of Shares that the Participant would have received had the Restricted Stock Units been actual Shares, and such restricted stock units shall be deemed Restricted Stock Units subject to the same terms of the Grant Notice, these Standard Terms and Conditions and the Plan as are the other Restricted Stock Units granted under this Award. Any amounts due to the Participant under this provision shall be paid to the Participant, in cash, no later than the end of the calendar year in which the dividend or other distribution is paid to stockholders of the Company or, if later, the 15th day of the third month following the date the dividends are paid to stockholders; provided that, in the case of any distribution with respect to which the Participant is credited with additional Restricted Stock Units, distribution shall be made at the same time as payment is made in respect of the other Restricted Stock Units granted under this Award.

5. RESTRICTIONS ON RESALES OF SHARES

The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any Common Stock issued in respect of Restricted Stock Units, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

6. TAXES

The Company shall not deliver shares in respect of any Restricted Stock Units unless and until the Participant has made arrangements satisfactory to the Company for the satisfaction of any applicable withholding tax obligations. The Company shall not be required to issue shares or to recognize the disposition of such shares until such obligations are satisfied. Unless the Participant pays the withholding tax obligations to the Company by cash or check in connection with the delivery of the Common Stock, withholding may be effected, at the Company's option, by withholding Common Stock issuable in connection with the Award (provided that shares of Common Stock may be withheld only to the extent that such withholding will not result in adverse accounting treatment for the Company). The Participant acknowledges that the Company shall have the right to deduct any taxes required to be withheld by law in connection with the Award from any amounts payable by it to the Participant (including, without limitation, future cash wages).

7. NON-TRANSFERABILITY OF AWARD

The Participant represents and warrants that the Restricted Stock Units are being acquired by the Participant solely for the Participant's own account for investment and not with a view to or for sale in connection with any distribution thereof. The Participant further understands, acknowledges and agrees that, except as otherwise provided in the Plan or as permitted by the Administrator, the Restricted Stock Units may not be sold, assigned, transferred, pledged or otherwise directly or indirectly encumbered or disposed of.

8. OTHER AGREEMENTS SUPERSEDED

The Grant Notice, these Standard Terms and Conditions and the Plan constitute the entire understanding between the Participant and the Company regarding the Restricted Stock Units. Any prior agreements, commitments or negotiations concerning the Restricted Stock Units are superseded.

9. LIMITATION OF INTEREST IN SHARES SUBJECT TO RESTRICTED STOCK UNITS

Neither the Participant (individually or as a member of a group) nor any beneficiary or other person claiming under or through the Participant shall have any right, title, interest, or privilege in or to any shares of Common Stock allocated or reserved for the purpose of the Plan or subject to the Grant Notice or these Standard Terms and Conditions except as to such shares of Common Stock, if any, as shall have been issued to such person in connection with the Award. Nothing in the Plan, in the Grant Notice, these Standard Terms and Conditions or any other instrument executed pursuant to the Plan shall confer upon the Participant any right to continue in the Company's employ or service nor limit in any way the Company's right to terminate the Participant's employment at any time for any reason.

10. GENERAL

In the event that any provision of these Standard Terms and Conditions is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of these Standard Terms and Conditions shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of these Standard Terms and Conditions, nor shall they affect its meaning, construction or effect.

These Standard Terms and Conditions shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

These Standard Terms and Conditions shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of law.

In the event of any conflict between the Grant Notice, these Standard Terms and Conditions and the Plan, the Plan shall control. In the event of any conflict between the Grant Notice and these Standard Terms and Conditions, the Grant Notice shall control.

All questions arising under the Plan or under these Standard Terms and Conditions shall be decided by the Administrator in its total and absolute discretion.

11. ELECTRONIC DELIVERY

By executing the Grant Notice, the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, and the Restricted Stock Units via Company web site or other electronic delivery.

Exhibit 31.1

Section 302 Certification

I, Robert McCormick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Douglas Dynamics, Inc.;

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(s) 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(s) 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/ Robert McCormick

Robert McCormick

President and Chief Executive Officer

Dated: October 31, 2023 April 30, 2024

dth:100%">

Exhibit 31.2

Section 302 Certification

I, Sarah Lauber, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Douglas Dynamics, Inc.;

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(s) 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(s) 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/ Sarah Lauber

Sarah Lauber

Executive Vice President and Chief Financial Officer

Dated: October 31, 2023 April 30, 2024

Exhibit 32.1

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350

Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Douglas Dynamics, Inc., or the Company, on Form 10-Q for the fiscal quarter ended September 30, 2023 March 31, 2024 as filed with the U.S. Securities and Exchange Commission on the date hereof, or Report, and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of the Company certifies that:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Robert McCormick

Robert McCormick

President and Chief Executive Officer

Dated: October 31, 2023 April 30, 2024

By: /s/ Sarah Lauber

Sarah Lauber

Executive Vice President and Chief Financial Officer

Dated: October 31, 2023 April 30, 2024

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

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.