

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

Form 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE YEAR ENDED DECEMBER 31 , 2023

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

Commission file number 0-21220

ALAMO GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

74-1621248
(I.R.S. Employer
Identification Number)

1627 East Walnut , Seguin , Texas 78155
(Address of principal executive offices, including zip code)

830 - 379-1480
(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 \$.10 per share	ALG	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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 requirement for the past 90 days. Yes ☒ No ☐

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting stock (which consists solely of shares of common stock) held by non-affiliates of the registrant as of June 30, 2023 (based upon the last reported sale price of \$183.91 per share) was approximately \$ 1,864,808,595 on such date.

The number of shares of the registrant's common stock, par value \$.10 per share, outstanding as of February 16, 2024 was 12,015,281 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement relating to the 2024 Annual Meeting of Stockholders have been incorporated by reference herein in response to Part III.

ALAMO GROUP INC. AND CONSOLIDATED SUBSIDIARIES

FORM 10-K

TABLE OF CONTENTS

PART I

Page

Item 1.	Business	3
Item 1A.	Risk Factors	16
Item 1B.	Unresolved Staff Comments	25
Item 1C.	Cybersecurity	26
Item 2.	Properties	28
Item 3.	Legal Proceedings	29
Item 4.	Mine Safety Disclosures	29

PART II

Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	29
Item 6.	Reserved	30
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	31
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	36
Item 8.	Financial Statements and Supplementary Data	37
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	37
Item 9A.	Controls and Procedures	37
Item 9B.	Other Information	38
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	38

PART III

Item 10.	Directors, Executive Officers and Corporate Governance	38
Item 11.	Executive Compensation	38
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	38
Item 13.	Certain Relationships, Related Transactions, and Director Independence	39
Item 14.	Principal Accountant Fees and Services	39

PART IV

Item 15.	Exhibits and Financial Statement Schedules	40
	Index to Consolidated Financial Statements	40
Item 16.	Summary	40

PART I

Item 1. Business

Unless the context otherwise requires, the terms “the Company,” “Alamo Group,” “we,” “our” and “us” refer to Alamo Group Inc. and its subsidiaries on a consolidated basis.

General

The Company is a leader in the design, manufacture and servicing of high quality vegetation management and infrastructure maintenance equipment for governmental, industrial and agricultural use. The Company’s products include tractor mounted and self-propelled mowers, zero-turn mowers, agricultural implements, tree and branch chippers, forestry/wood recycling equipment, street and parking lot sweepers, leaf and debris collection equipment, truck mounted highway attenuator trucks, vacuum trucks, hydro-excavation equipment, telescopic boom excavators, and snow removal equipment. The Company emphasizes high quality, cost-effective products for its customers and strives to develop and market innovative products while constantly monitoring and controlling its manufacturing and overhead costs. The Company has a long-standing strategy of supplementing its internal growth through acquisitions of businesses or product lines that currently complement, command, or have the potential to achieve a meaningful share of their niche markets.

The Company has approximately 4,350 employees and manages a total of 29 plants with business operations in North America, South America, Europe, and Australia. The Company sells its products primarily through a network of independent dealers and distributors to governmental end-users and related independent contractors, as well as to other commercial customers. The primary markets for our products are North America, South America, Europe and Australia.

The predecessor corporation to Alamo Group Inc. was incorporated in the State of Texas in 1969, as a successor to a business that began selling mowing equipment in 1955, and Alamo Group Inc. was reincorporated in the State of Delaware in 1987.

History

Since its founding in 1969, the Company has focused on satisfying customer needs through geographic market expansion, product development and refinement, and selected acquisitions. The Company’s first products were based on rotary cutting technology. Through acquisitions, the Company added flail cutting technology in 1983 and sickle-bar cutting technology in 1984.

The Company entered the agricultural mowing markets in 1986 with the acquisition of Rhino Products Inc. (“*Rhino*”), a leading manufacturer in this field. With this acquisition, the Company embarked on a strategy to increase the *Rhino* dealer distribution network during a period of industry contraction. The addition of M&W Gear Company (“*M&W*”) in early 1995 allowed the Company to enter into the manufacturing and distribution of tillage equipment, which complements the *Rhino* distribution network. *M&W* is part of the vegetation management marketing group.

In 1991, the Company began its international expansion with the acquisition of McConnel Ltd. (“*McConnel*”), a United Kingdom (“U.K.”) manufacturer of vegetation maintenance equipment, principally hydraulic boom-mounted hedge and grass cutters and related parts. Bomford-Turner Ltd. (“*Bomford*”), also a U.K. company, was acquired in 1993. *Bomford* is a manufacturer of heavy-duty, tractor-mounted grass and hedge mowing equipment. *McConnel* and *Bomford* sell their products to dealers and distributors through their respective sales forces.

The Company added to its presence in the industrial and governmental vegetation markets with the acquisition of Tiger Corporation (“*Tiger*”) in 1994. *Tiger* manufactures a wide variety of durable rotary and flail boom mowers, side mowers and rear mowing equipment, along with truck mounted boom mowers and a full line of specialty mowing equipment and attachments.

In 1994, the Company acquired Signalisation Moderne Autoroutiere S.A. (“*SMA*”) located in Orleans, France. *SMA* manufactures and sells principally a line of heavy-duty, tractor-mounted grass and hedge mowing-equipment and associated replacement parts primarily to departments of the French government. This acquisition, along with the acquisitions of Forges Gorce (“*Forges Gorce*”), a flail blade manufacturer in France, in 1996 and Rousseau Holdings S.A. (“*Rousseau*”), a leading French manufacturer of hedge and verge mowers, in 2004, when combined

with *McConnel* and *Bomford*, has made the Company one of the largest manufacturers in the European market for the kind of vegetation management equipment sold by the Company.

In 1995, the Company expanded its business in the agricultural market with the acquisition of Herschel Corporation (*"Herschel"*), a manufacturer and distributor of aftermarket farm equipment replacement and wear parts.

In 2000, the Company acquired Schwarze Industries, Inc. (*"Schwarze"*). *Schwarze* is a manufacturer of a broad range of street sweeping equipment which is sold to governmental agencies and contractors. The Company believes the *Schwarze* sweeper products fit the Company's strategy of identifying product offerings with brand recognition in the industrial markets the Company serves. In 2004, the Company purchased the pothole patcher product line from Wildcat Manufacturing, Inc. This product line was merged into the *Schwarze* operation and, in 2023, the product line assets were sold.

In 2000, the Company purchased the product line and associated assets of Twose of Tiverton Ltd. (*"Twose"*) a small regional manufacturer of power arm flail mowers and parts, as well as harrows and rollers, in the U.K. Twose consolidated its operations into the existing facilities at *McConnel* and *Bomford* and its brand name has been merged into the *McConnel* product line.

In 2000, the Company acquired Schulte Industries Ltd. and its related entities (*"Schulte"*). *Schulte* is a Canadian manufacturer of mechanical rotary mowers, snow blowers, and rock removal equipment. *Schulte* strengthened the Company's Canadian presence in both marketing and manufacturing. It also expanded the Company's range of large, heavy-duty rotary mowers.

In 2002, the Company purchased inventory, fixed assets and certain other assets of Valu-Bilt Tractor Parts (*"Valu-Bilt"*), a subsidiary of Quality Stores, Inc., located in Des Moines, Iowa. *Valu-Bilt* is a distributor of new, used and rebuilt tractor parts and other agricultural spare and wear parts sold directly to customers through its catalog and the internet and on a wholesale basis to dealers. Subsequent to the purchase, the operations of *Valu-Bilt* in Des Moines, Iowa, were consolidated into the Company's *Herschel* facility in Indianola, Iowa.

In 2005, the Company acquired 100% of the issued and outstanding stock of Spearhead Machinery Limited (*"Spearhead"*) and subsequently merged its manufacturing operations into *Bomford's* facility. *Spearhead* manufactures a range of tractor-mounted vegetation maintenance equipment, including reach mowers, flail mowers and rotary cutters. This acquisition extended our product lines and market coverage in Europe.

In 2006, the Company purchased substantially all of the assets of the Gradall excavator business (*"Gradall"*) from JLG Industries, Inc., including their manufacturing plant in New Philadelphia, Ohio. *Gradall* is a leading manufacturer of both wheeled and crawler telescopic excavators in North America. This acquisition enhanced our Industrial Equipment Division product offering sold to governmental and commercial buyers for digging/grading along roadways, maintenance along right-of-ways, and other applications.

In 2006, the Company purchased the vacuum truck and sweeper lines of Clean Earth Environmental Group, LLC and Clean Earth Kentucky, LLC (collectively referred to as *"VacAll"*). This included the product lines, inventory and certain other assets that relate to this business. The production of the vacuum truck and sweeper lines was moved to the *Gradall* facility in New Philadelphia, Ohio.

In 2006, the Company acquired 100% of the ownership interests in Nite-Hawk Sweepers LLC (*"Nite-Hawk"*), a manufacturer of truck mounted sweeping equipment primarily for the contract sweeping market, which expanded our presence in that market and which complements our *Schwarze* sweeper line. In 2023, the Kent, Washington facility was sold and leased back.

In 2007, the Company purchased Henke Manufacturing Corporation (*"Henke"*), a manufacturer of specialty snow removal attachments. *Henke's* products are mounted on both heavy industrial equipment and medium to heavy-duty trucks. The primary end-users are governmental agencies, related contractors and other industrial users. In 2022, the Henke manufacturing operations were consolidated into our Wausau snow equipment facility in New Berlin, Wisconsin. In 2023, the *Henke* Leavenworth, Kansas facility was sold.

In 2008, the Company acquired Rivard Développement S.A.S. ("*Rivard*"), a leading French manufacturer of vacuum trucks, high pressure cleaning systems and trenchers. The acquisition broadened the Company's product offering to our customers in Europe and other markets we serve.

In 2009, the Company acquired substantially all the assets of Bush Hog, LLC ("*Bush Hog*"), a leading manufacturer of rotary cutters, finishing mowers, zero turn radius mowers, front-end loaders, backhoes, landscape equipment and a variety of other implements. This acquisition, combined with the Company's existing range of rotary mowers, established the Company as one of the largest manufacturers of rotary mowers in the world.

In 2011, the Company acquired substantially all of the assets and assumed certain specified liabilities of Tenco Group, Inc. ("*Tenco*") and its subsidiaries. *Tenco* is a Canadian-based manufacturer of snow removal equipment including snow blades, blowers, dump bodies, spreaders and associated parts and service. *Tenco* has operations in Quebec and New York. The equipment is sold primarily through dealers to governmental end-users as well as snow removal contractors.

In 2013, the Company acquired substantially all of the assets and assumed certain specified liabilities of Superior Equipment Australia Pty Ltd ("*Superior*"). *Superior* is a small Australian-based manufacturer of agricultural mowing equipment and other attachments, parts, and services. The equipment is sold through dealers primarily to agricultural end-users with some sold to governmental entities in Australia. The *Superior* operations have been consolidated with the Company's *Fieldquip* location.

In 2014, the Company acquired Kellands Agricultural Ltd. and its subsidiary Multidrive Tractors Ltd. ("*Kellands*"). *Kellands* is a U.K.-based manufacturer of self-propelled sprayers and a range of multi-purpose load-carrying tractor vehicles. This acquisition enhanced our manufacture and distribution of our agricultural machinery in Europe and allowed the Company to enter into the self-propelled sprayer market. The *Kellands* operations were consolidated into the Company's Salford Priors facility and its products are sold under the *McConnel* brand name.

In 2014, the Company acquired Fieldquip Australia Pty Ltd ("*Fieldquip*"), a manufacturer of rotary cutters as well as a distributor of various lifestyle products. This acquisition allowed the Company to broaden its presence in both the manufacturing and distribution of vegetation management machinery in Australia.

In 2014, the Company acquired all of the operating units of Specialized Industries LP. The purchase included the businesses of Super Products LLC ("*Super Products*"), Wausau-Everest LP ("*Wausau*" & "*Everest*") and Howard P. Fairfield LLC ("*H.P. Fairfield*") as well as several related entities ("*Specialized*"), including all brand names and related product names and trademarks. The primary reason for the *Specialized* acquisition was to broaden the Company's existing equipment lines. This acquisition increased our product offering and enhanced our market position both in vacuum trucks and snow removal equipment primarily in North America.

In 2015, the Company acquired Herder Implementos e Maquinas Agricolas Ltda. ("*Herder*"). *Herder* is a manufacturer of flail mowers which are sold direct and through dealers to a wide variety of agricultural markets as well as the roadside maintenance market. This acquisition established a presence for the Company in Brazil, one of the largest agricultural markets in the world. The *Herder* manufacturing operations have been consolidated into our *Santa Izabel* facility and the *Herder* Matao facility was subsequently sold in 2023.

In 2017, the Company acquired 100% of the outstanding shares of Santa Izabel Agro Industria Ltda. ("*Santa Izabel*"). *Santa Izabel* designs, manufactures and markets a variety of agricultural implements, sugar cane trailers and other vegetation management products sold throughout Brazil. This acquisition, along with *Herder*, augmented our product portfolio and improved our manufacturing capabilities in one of the world's largest agricultural markets.

In 2017, the Company acquired substantially all of the assets and assumed certain specified liabilities of Old Dominion Brush Company, Inc. ("*ODB*"). *ODB* manufactures leaf collection equipment as well as replacement brooms for street sweepers, both of which are sold to municipalities, contractors and commercial landscape markets in North America. *ODB* is based in Richmond, Virginia. This acquisition provided new and complementary products to our existing range of infrastructure maintenance equipment and parts.

In 2017, the Company acquired R.P.M. Tech Inc. ("*RPM*"), a manufacturer of heavy duty snow removal equipment and associated parts. *RPM* primarily sells to governmental agencies, related contractors, airports and other industrial users. This acquisition complemented our existing range of snow removal products with *RPM*'s

range of heavy duty snow removal equipment, including their line of mechanical snow blowers. In 2020, *RPM's* operations were consolidated into the Company's nearby *Tenco* facility and the former *RPM* facility in Drummondville was sold.

In 2019, the Company acquired 100% of the outstanding capital shares of Dutch Power B.V. ("*Dutch Power*") in the Netherlands. *Dutch Power* designs and manufactures a variety of landscape and vegetation management machines and attachments. This acquisition expanded our existing platform and increased our capabilities in the European market. *Dutch Power* changed its legal name to *Alamo Group The Netherlands* in 2021.

In 2019, the Company acquired substantially all of the assets of the Dixie Chopper ("*Dixie Chopper*") business. *Dixie Chopper* manufactures a wide range of commercial and high end residential Zero Turn ("ZT") mowers. This acquisition provided a new channel and increased the Company's exposure in the outdoor power equipment market. *Dixie Chopper* was consolidated into our *Rhino* business operations.

In 2019, the Company acquired 100% of the outstanding capital shares of Morbark, LLC (" *Morbark*") which included its subsidiaries Rayco Manufacturing LLC (" *Rayco*") and Denis Cima Inc. ("*Denis Cima*"). *Morbark* is a leading manufacturer of equipment and aftermarket parts for forestry, tree care, biomass, land management and recycling markets. This acquisition expanded the Company's product line and complemented its range of vegetation maintenance equipment in an adjacent market. *Morbark* is based in Winn, Michigan with subsidiary locations in Wooster, Ohio and Roxton Falls, Quebec. At the end of 2020, the *Denis Cima* manufacturing operations based in Roxton Falls were consolidated into the *Rayco* facility in Wooster, Ohio. In 2023, the *Morbark* Roxton Falls, Quebec location was sold.

In 2021, the Company acquired 100% of the outstanding capital shares of Timberwolf Limited ("*Timberwolf*") in the U.K. *Timberwolf* is a leading manufacturer of a broad range of commercial wood chippers primarily serving markets in the U.K. and the European Union. This acquisition complemented the Company's existing range of tree care products and strengthened the Company's presence in the U.K. and European forestry and tree care markets.

In 2023, the Company acquired 100% of the outstanding equity capital of Royal Truck & Equipment, Inc. (" *Royal Truck*"), a leading manufacturer of truck mounted highway attenuator trucks and other specialty trucks and equipment for the highway infrastructure and traffic control market. The primary reason for the *Royal Truck* acquisition was to acquire business operations in an adjacent market, highway safety and equipment, where the Company sees compelling future opportunities. *Royal Truck* is based in Shoemakersville, Pennsylvania.

Sales and Marketing Strategy

The Company believes that within the U.S. it is a leading supplier to governmental markets, a leading supplier in the U.S. agricultural market, and one of the largest suppliers in the European market for its key niche product offerings. The Company's products are sold through the Company's various marketing organizations and extensive worldwide dealer and distributor networks under the Gradall®, VacAll®, Super Products®, Rivard®, Alamo Industrial®, Terrain King®, Tiger®, Herder®, Conver®, Roberine®, Votex®, Schwarze®, NiteHawk®, ODB®, Henke®, Tenco®, Wausau®, Everest®, H.P. Fairfield™, R.P.M. Tech™, Morbark®, Rayco®, Denis Cima®, Boxer®, Bush Hog®, Rhino®, RhinoAg®, M&W®, Dixie Chopper®, Herschel®, Schulte®, Fieldquip®, Santa Isabel™, McConnel®, Bomford®, Spearhead™, Twose™, SMA®, Forges Gorce™, Rousseau®, Royal Truck & Equipment™, Timberwolf™, and Wolftrack™ trademarks (some with related designs) as well as other trademarks and trade names.

Products and Distribution Channels

At the beginning of the fourth quarter of 2021, the Company began reporting operating results on the basis of two new segments, namely, the Vegetation Management Division and the Industrial Equipment Division. Prior to the fourth quarter of 2021, the Company had been reporting its operating results on the basis of two segments which were the Industrial Division and Agricultural Division. The Vegetation Management Division includes all of the operations of the former Agricultural Division plus the mowing and forestry/tree care operations that were previously part of the former Industrial Division. The Industrial Equipment Division includes the Company's vocational truck business and other industrial operations such as excavators, vacuum trucks, street sweepers, snow removal equipment, and the recently acquired *Royal Truck* business. We believe the realignment of our two divisions provides greater potential to capture synergies in cross-branding, distribution, product development, supply chain management and logistics. The two divisions are also more balanced in scale and scope, giving the Company two strong platforms for ongoing development through a mix of organic growth and acquisitions.

Vegetation Management Division

Bush Hog and *Rhino* equipment is generally sold to farmers, ranchers and other end-users to clear brush, mow grass, maintain pastures and unused farmland, shred crops, till fields, and for haymaking and other applications. *Bush Hog* and *Rhino* equipment consists principally of a comprehensive line of tractor-powered equipment, including rotary mowers, finishing mowers, flail mowers, disc mowers, front-end loaders, backhoes, rotary tillers, posthole diggers, scraper blades and replacement parts.

Dixie Chopper produces a wide range of commercial and high end residential zero turn ("ZT") mowers. It sells its products through its independent dealers in the outdoor power equipment channel throughout the U.S.

Schulte equipment includes heavy-duty mechanical rotary mowers, snow blowers, rock removal equipment and related replacement parts. *Schulte* serves both the agricultural and governmental markets primarily in Canada and the U.S. It also sells some of the Company's other product lines in its markets and some of its products through independent distributors throughout the world.

McConnel equipment principally includes a broad line of hydraulic, boom-mounted hedge and grass cutters, remote control mowers as well as other tractor attachments and implements such as cultivators, subsoilers and other implements and related replacement parts. *McConnel* equipment is sold primarily in the U.K., Ireland, France and in other parts of Europe through independent dealers and distributors. *McConnel* also sells a range of self-propelled sprayers and a variety of multi-drive load-carrying vehicles. These products are sold through its existing dealer network as well as various marketing groups within the European region of the Vegetation Management Division.

Bomford equipment includes hydraulic boom-mounted hedge and hedgerow cutters, industrial grass mowers, agricultural seedbed preparation cultivators and related replacement parts. *Bomford* equipment is sold to governmental agencies, contractors and agricultural end-users in the U.K., Ireland, France and other parts of Europe, North America, Australia and Asia. *Bomford's* sales network is similar to that of *McConnel* in the U.K.

Spearhead manufactures a range of tractor-mounted vegetation maintenance equipment, including reach mowers, flail mowers and rotary cutters. These products are manufactured in the Company's *Bomford* facility.

Fieldquip broadens the Company's presence in Australia. The company sells a variety of vegetation maintenance equipment, specifically rotary mowers and tractor attachments. *Fieldquip* sells to customers ranging from large agricultural and commercial operators to small farm hobbyist and residential users, as well as agricultural dealers who serve owners and operators in the turf, golf, park and airport industries and growers with orchards, vineyards and plantations in Australia and the South Pacific.

Rousseau sells hydraulic and mechanical boom mowers, primarily in France, through its own sales force and its dealer distribution network mainly to agricultural and governmental markets. These products have also been introduced into other markets outside of France. These products are manufactured at our facility near Lyon, France.

SMA equipment includes hydraulic boom-mounted hedge and hedgerow cutters and related replacement parts. *SMA's* principal customers are French local authorities. *SMA's* product offerings include certain quick-attach boom

mowers manufactured by the Company in the U.K. to expand its presence in agricultural dealerships. The *SMA* product line is manufactured at our facility near Lyon, France.

Forges Gorce manufactures cutting blades which are sold to some of the Company's subsidiaries as well as to other third party customers and distributors.

Morbark manufactures a broad range of tree chippers, stump grinders, mulchers, brush cutters, flails and debarkers sold under the *Morbark*, *Rayco*, *Denis Cimaf* and *Boxer* brand names. Its products are sold to industrial and commercial contractors mainly through a network of independent dealers and distributors and, to a lesser extent, direct sales to end-users.

Timberwolf produces a variety of commercial tree care and forestry equipment and attachments under several brand names including *Timberwolf* and *Wolftrack*. *Timberwolf* sells its products primarily to commercial customers through a comprehensive network of dealers.

Alamo Industrial equipment is principally sold through independent dealers to governmental end-users, related independent contractors and utility and other dealers serving infrastructure maintenance operators and other applications in the U.S. and other countries. Governmental agencies and contractors that perform services for such agencies purchase primarily hydraulically-powered, tractor - and off-road chassis mounted mowers, including boom-mounted mowers, other types of cutters and replacement parts for heavy-duty, intensive use applications, including maintenance around highway, airport, recreational and other public areas. A portion of *Alamo Industrial's* sales includes tractors, which are not manufactured by *Alamo Industrial*.

Tiger equipment includes heavy duty, tractor- and truck-mounted mowing and vegetation maintenance equipment and replacement parts. *Tiger* sells to state, county and local governmental entities and related contractors, primarily through a network of independent dealers. *Tiger's* dealer distribution network is independent of *Alamo Industrial's* dealer distribution network. A portion of *Tiger's* sales includes tractors, which are not manufactured by *Tiger*.

Alamo Group The Netherlands produces a variety of landscape and vegetation maintenance equipment and attachments under several brand names including *Herder*, *Conver*, *Roberine*, and *Votex*. *Alamo Group The Netherlands* primarily sells to contractors who perform infrastructure maintenance for governmental agencies and private landowners.

Herder and *Santa Izabel* give the Company a presence in the Brazilian agricultural market. *Herder* manufactures and distributes flail and rotary mowers and various other agricultural equipment, direct and through dealers. Its products are used in a wide variety of agricultural and governmental markets. *Santa Izabel* designs, manufactures and markets a variety of agricultural implements, including sugar cane trailers sold throughout Brazil.

Herschel aftermarket replacement parts are sold for many types of farm equipment and tractors and certain types of mowing and construction equipment. *Herschel* products include a wide range of cutting parts, plain and hard-faced replacement tillage tools, disc blades and fertilizer application components. *Herschel* replacement tools and parts are sold throughout the United States, Canada and Mexico to five major customer groups: farm equipment dealers; fleet stores; wholesale distributors; OEMs; and construction equipment dealers. *Valu-Bilt* complements the *Herschel* product lines while also expanding the Company's offering of aftermarket agricultural parts and added catalog and internet sales direct to end-users.

Industrial Equipment Division

Gradall produces a range of excavators based on high-pressure hydraulic telescoping booms which are sold through dealers primarily to governmental agencies and, to a lesser extent, the mining industry, steel mills and other specialty applications in the U.S. and other countries. Many of these products are designed for excavation, grading, shaping and similar tasks involved in land clearing, road building, grading or maintenance. These products are available mounted on various types of undercarriages: wheels for full-speed highway travel, wheels for on/off road use, and crawlers. A portion of *Gradall's* sales includes truck chassis which are not manufactured by *Gradall*.

VacAll produces catch basin cleaners and roadway debris vacuum systems. These units are powerful and versatile with uses including, but not limited to, removal of wet and dry debris, spill elimination, and cleaning of

sludge beds. *VacAll* also offers a line of sewer cleaners. Its products are primarily sold through dealers to industrial and commercial contractors as well as governmental agencies. A portion of *VacAll's* sales includes truck chassis which are not manufactured by the Company.

Super Products produces truck-mounted vacuum machines, combination sewer cleaners and hydro excavators. Its products are sold to municipalities, utilities and contractors through a nationwide distributor network. *Super Products* also operates a network of rental stores that provides short and long-term rental contracts for its products. Rental customers are primarily contractors serving the petrochemical, petroleum production and refining industries. A portion of the sales of *Super Products* includes truck chassis which are not manufactured by the Company.

Rivard manufactures vacuum trucks, high pressure cleaning systems and trenchers. *Rivard's* equipment is sold primarily in France and certain other markets, mainly in Europe, the Middle East and North Africa, and to governmental entities and related contractors. This business also complements our product offerings in North America. The majority of *Rivard's* customers provide their own truck chassis.

Tenco and *RPM* both design and manufacture a heavy-duty line of snow removal equipment, including truck-mounted snow plows, snow blowers, dump bodies and spreaders. Their products are primarily sold through independent dealers. End-users are governmental agencies, contractors, airports and other industrial users.

Wausau designs and manufactures a comprehensive range of snow removal and ice control products. Products include snowplows, snow blowers, snow throwers, brooms, deicers, brine sprayers and other related accessories and parts. *Wausau* sells its products through its established dealer network to both governmental and non-governmental end-users and sells directly to airports and fixed-base operators.

Everest designs and manufactures a range of snow removal and ice control products including snowplows, wing systems, spreader bodies, and other related accessories and parts. *Everest* also manufactures custom-engineered underground construction forms for tunnels.

Henke designs and manufactures snow plows and heavy duty snow removal equipment, hitches and attachments for trucks, loaders and graders sold primarily through independent truck and industrial equipment dealers. *Henke's* primary end-users are governmental agencies, related contractors and other industrial users.

H.P. Fairfield is a full-service distributor of public works and runway maintenance products, parts and service, whose sales and service outlets are located in the northeastern part of the U.S. *H.P. Fairfield's* offerings include custom municipal snow and ice removal equipment, a range of salt spreaders and truck bodies, street sweepers, a line of industrial rotary, flail and boom mowers, solid waste and recycling equipment, water and sewer maintenance equipment, municipal tractors and attachments, and asphalt maintenance patchers, some of which are sourced from other Alamo Group companies. *H.P. Fairfield* also provides truck up-fitting services as part of its business.

Schwarze equipment includes truck-mounted air vacuum, mechanical broom, and regenerative air sweepers, pothole patchers and replacement parts. *Schwarze* sells its products primarily to governmental agencies and independent contractors, either directly or through its independent dealer network. A portion of *Schwarze's* sales includes truck chassis which are not manufactured by *Schwarze*.

ODB manufactures and sells leaf and debris collection equipment and replacement brooms for street sweepers, both of which are sold to municipalities, contractors and commercial landscape markets in North America.

Nite-Hawk manufactures parking lot sweepers with unique and innovative hydraulic designs. By eliminating the auxiliary engine, *Nite-Hawk* sweepers have proven to be fuel-efficient, environmentally conscious, and cost-effective to operate. *Nite-Hawk* focuses mainly on and sells direct to parking lot contractors. A portion of *Nite-Hawk's* sales includes truck chassis which are not manufactured by *Nite-Hawk*.

Royal Truck manufactures and sells truck mounted highway crash attenuator trucks, cone safety and traffic control trucks, and a broad range of other equipment focused on highway safety. *Royal Truck* sells its products directly to a diverse base of customers in the traffic control services, equipment rental, and construction businesses, as well as to governmental agencies. A portion of *Royal Truck*'s sales includes truck chassis which are not manufactured by *Royal Truck*.

Replacement Parts

The Company derives a significant portion of its revenues from sales of replacement parts for each of its wholegoods lines. Replacement parts represented approximately 17%, 19% and 20% of the Company's total sales for the years ended December 31, 2023, 2022 and 2021, respectively.

Product Development

The Company's ability to provide innovative responses to customer needs, to develop and manufacture new products, and to enhance existing product lines is important to its success. The Company continually conducts research and development activities in an effort to improve existing products and develop new products. As of December 31, 2023, the Company employed 269 people in its various engineering departments, 164 of whom are degreed engineers and the balance of whom are support staff. Amounts expended on research and development activities were approximately \$13.4 million in 2023, \$14.3 million in 2022 and \$11.7 million in 2021. As a percentage of sales, research & development was approximately 0.8% in 2023, 0.9% in 2022 and 0.9% in 2021, and is expected to continue at similar levels in 2024.

Seasonality

The Company's unit sales are fairly constant quarter to quarter. However, replacement part sales are generally higher in the second and third quarters of the year, because a substantial number of the Company's products are used for maintenance activities such as vegetation maintenance, highway right-of-way maintenance, construction, and street and parking lot sweeping. Usage of this equipment is typically lower in harsh weather. The Company utilizes an annual twelve-month sales forecast provided by the Company's marketing departments which is updated quarterly in order to develop a production plan for its manufacturing facilities. In addition, many of the Company's marketing departments attempt to equalize demand for products throughout the calendar year by offering seasonal sales programs which may provide additional incentives, including discounts and extended payment terms.

Competition

The Company's products are sold in highly competitive markets throughout the world. The principal competitive factors are price, quality, availability, service and reputation. The Company competes with several large national and international companies that offer a broad range of equipment and replacement parts, as well as with numerous small, privately-held manufacturers and suppliers of a limited number of products, mainly on a regional basis. Some of the Company's competitors are significantly larger than the Company and have substantially greater financial and other resources at their disposal. The Company believes that it is able to compete successfully in its markets by effectively managing its manufacturing costs, offering high quality products, developing and designing innovative products and, to some extent, avoiding direct competition with significantly larger potential competitors. There can be no assurance that the Company's competitors will not substantially increase the resources devoted to the development and marketing of products competitive with the Company's products or that new competitors with greater resources will not enter the Company's markets.

Unfilled Orders

As of December 31, 2023, the Company had unfilled customer orders of \$859.8 million compared to \$1.0 billion at December 31, 2022. Management expects that substantially all of the Company's unfilled orders as of December 31, 2023 will be shipped during fiscal year 2024. The amount of unfilled orders at a particular time is affected by a number of factors, including manufacturing and shipping schedules which, in most instances, are dependent on the Company's seasonal sales programs and the requirements of its customers. It is possible that supply chain disruptions, labor constraints, and other new and/or unanticipated effects, could cause delays in delivery or an inability to complete unfilled customer orders. The Company's orders are subject to cancellation at

any time before shipment; therefore, a comparison of unfilled orders from period to period is not necessarily meaningful and may not be indicative of future actual shipments. No single customer or group of customers is responsible for 10% or more of the aggregate revenue of the Company or of a segment of the Company.

Sources of Supply

The principal raw materials used by the Company include steel, other metal components, hydraulic hoses, paint and tires. During 2023, the raw materials needed by the Company were available from a variety of sources in adequate quantities and at prevailing market prices. While supply chain issues have improved compared to prior years, we remain affected by inflationary impacts for many of the raw materials we purchase. We expect pricing to remain elevated in 2024 but anticipate a slowing of the rate of inflation.

While the Company manufactures many of the parts for its products, a significant percentage of parts, including most drivelines, gearboxes, industrial engines, and hydraulic components, are purchased from outside suppliers which manufacture to the Company's specifications. In addition, the Company, through its subsidiaries, purchases tractors and truck chassis as a number of the Company's products are mounted and shipped with a tractor or truck chassis. Tractors and truck chassis are generally available, but during 2023 we experienced delays in receiving truck chassis which caused us to delay shipments of some of our products and created operational inefficiencies in some of our facilities, particularly within our Industrial Equipment Division. The Company sources its purchased goods from international and domestic suppliers. No one supplier is responsible for supplying more than 10% of the principal raw materials or purchased goods used by the Company.

Patents, Trademarks and Trade Names

The Company owns various U.S. and international patents, trademarks and trade names. While the Company considers its patents, trademarks and trade names to be advantageous to its business, it is not dependent on any single patent, trademark, trade name or group of patents, trademarks, or trade names. The net book value of patents, trademarks and trade names was \$77.1 million and \$78.9 million as of December 31, 2023 and 2022, respectively.

Environmental and Other Governmental Regulations

Like other manufacturers, the Company is subject to a broad range of federal, state, local and foreign laws, rules and regulations including those relating to climate change; emissions to air, including Tier 4 or similar engine emission regulations; discharges to water; restrictions placed on water usage and water availability; product and associated packaging; use of certain chemicals; restricted substances, including "conflict minerals" disclosure rules; import and export compliance, including country of origin certification requirements; worker and product user health and safety; energy efficiency; product life-cycles; outdoor noise laws; and the generation, use, handling, labeling, collection, management, storage, transportation, treatment, and disposal of hazardous substances, wastes, and other regulated materials.

The U.S. Environmental Protection Agency ("EPA"), the California Air Resources Board ("CARB"), and similar regulators in other U.S. states and foreign jurisdictions in which we sell our products have emission requirements setting maximum emission standards for certain equipment. In addition to the EPA's implementation of Tier 4 emission requirements applicable to diesel engines, China, the European Union ("EU") and the United Kingdom also have adopted similar regulations, and similar emission regulations are also being considered in other markets in which we sell our products. CARB continues to propose new regulations, including Tier 5 off-road diesel engine emissions standards that are in development. In addition, CARB has started to implement on-road zero emissions equipment regulations that will likely create increasingly stringent requirements on exhaust and other emissions from some of the products we manufacture. These new on-road zero emissions regulations have started to limit the availability of some on-road vehicle chassis that use diesel engines in California and possibly in other states that plan to adopt these CARB regulations.

The U.S. federal government, several U.S. states, and certain international markets where we sell our products, including the EU and some EU member countries have introduced product life-cycle laws, rules, or regulations, which are intended to reduce waste and environmental and human health impact, and require manufacturers to label, collect, dispose, and recycle certain products, including some of our products, at the end of their useful life. These include, among other laws and regulations: (i) the Registration, Evaluation, Authorization and Restriction of

Chemicals ("REACH") directive, U.S. Toxic Substances Control Act ("TSCA"), or similar substance level laws, rules, or regulations that require notification of use of certain chemicals, or ban or restrict the use of certain chemicals; (ii) California Proposition 65 and other product substance restriction laws, some of which require certain labeling of products; (iii) energy efficiency laws, rules, or regulations, which are intended to reduce the use and inefficiencies associated with energy and natural resource consumption and require specified efficiency ratings and capabilities for certain products; (iv) conflict minerals laws, such as those contained in the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules promulgated by the U.S. Securities and Exchange Commission ("SEC"), which require specific procedures for the determination and disclosure of the use of certain minerals, known as "conflict minerals," which are mined from the Democratic Republic of the Congo and adjoining countries; and (v) supply chain transparency laws and regulations addressing modern slavery and human trafficking.

The Company is also subject to various other federal, state, and local laws affecting its business, as well as a variety of regulations relating to such matters as working conditions, equal employment opportunities, and product safety, including National Highway Traffic Safety Administration reporting. In addition, a variety of laws regulate the Company's contractual relationships with its dealers, some of which impose restrictive standards on the relationship between the Company and its dealers, including events of default, grounds for termination, non-renewal of dealer contracts, and equipment repurchase requirements.

We believe we have maintained compliance with existing laws, rules and regulations applicable to our business and will continue to do so. We believe there will be some additional costs to our business as a result of the increasing level of regulation applicable to our business activities, and there can be no assurance that the Company will not incur material costs or other liabilities as a result thereof.

Human Capital Resources and Management

The success of our Company depends on the talents and dedication of our people, and we are committed to investing in their success. Our Vice-President of Corporate Human Resources ("VPHR") is responsible for developing and executing our human resources strategy together with our President and Chief Executive Officer ("CEO") and the other members of the Company's management team. Our CEO and VPHR regularly update our Board of Directors regarding the status of our human resources initiatives, which include:

Focus on Health and Safety: Maintaining a safe and healthy workplace in each of our locations is a priority, and we focus on continuous improvement by embedding proactive and preventative safety into every level of the organization as one of our core values. Every location offers frequent safety meetings and training programs to all employees. Our safety committees conduct audits to identify and remove potential issues. Safety performance is tracked, aggregated, reviewed timely and reported to management for appropriate action by our corporate technical affairs and safety team, who conducts root cause analysis with corrective action plans to prevent future occurrences. Safety performance data is reviewed by the executive leadership team and the Company's Board of Directors.

Employee Engagement and Talent Development: Alamo Group's culture aims to promote a diverse, inclusive, and respectful workplace. Attracting, developing, and retaining our team of highly talented and motivated employees is key to Alamo Group's success in meeting our customers' needs and sustaining the Company's growth. In addition to developing internal candidates, so they are "ready now" when opportunities arise, we also recruit external candidates with future stretch potential. Employees are provided a wide range of professional development experiences, at all stages in their careers. We offer tuition reimbursement, a broad range of leadership development experiences, vocational and trade skills training, and external partnerships with educational institutions across the globe. Welder training, apprenticeships, and local partnerships with various educational programs and high schools enable our operating companies to hire and grow critical manufacturing skills. The Alamo Group Learning & Development Academy builds leadership capabilities and offers technical skills training for our production floor employees. Programs are available on-demand and training is easily accessible to employees. Virtual, in-person and on-campus programs are offered to encourage cross-location and cross-functional networking that foster and support our culture of continuous improvement.

Commitment to Diversity and Inclusion: We recognize, value, and respect the individual differences of our employees and believe that a diverse set of backgrounds, experiences, and perspectives is crucial to our ability to continue to innovate, collaborate, and meet the needs of our global workforce and customers. We promote an inclusive environment through policies and training, so that employees feel empowered to contribute to the Company's ongoing success. Career opportunities are marketed internally and externally to a wide network of organizations and job boards, such as Women in Manufacturing, so we can source diverse candidate pools. We

actively volunteer and engage in local community projects and contribute donations to charitable organizations to positively impact the communities and markets in which our employees live and work.

Compensation and Benefits: We regularly assess our pay and benefit practices to ensure our people are compensated fairly and competitively. Our compensation programs vary by country and region, and may include annual bonus and incentive plans, profit sharing, stock-based compensation awards, company-sponsored retirement savings plans with employee matching opportunities (or similar local retirement benefits), healthcare and insurance benefits, dependent care and flexible savings accounts, paid time off such as vacation and holidays, sick pay, disability pay and family leave, flexible work schedules, wellness and employee assistance programs for mental health, self-improvement, legal and financial services, service anniversary awards, tuition assistance and dependent college scholarships, and discounts on products and services.

Labor Agreements: As of December 31, 2023, we employed approximately 4,350 employees. In the U.S., the Company has a collective bargaining agreement at its Gradall plant which covers 215 employees and will expire on April 14, 2024. In Canada the Tenco bargaining agreement covers 115 employees and expires on December 31, 2025; RPM has an agreement covering 4 employees which expires on February 1, 2025; and Everest has a collective bargaining agreement covering 67 employees which expired on November 30, 2023 and with respect to which negotiations are ongoing. In the Company's European locations, all employees are covered by the European Works Council agreements. McConnell, Bomford, Spearhead, AMS-UK, SMA, Fauchaux, Forges Gorce, Rousseau, Rivard, and Alamo Group The Netherlands have various collective bargaining agreements covering approximately 1,010 employees. In addition, 219 employees in Brazil are covered by a collective bargaining agreement, which is renegotiated every calendar year. The Company considers its employee relations to be satisfactory.

Available Information

The Company files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). The SEC maintains a website that contains annual, quarterly and current reports, proxy and information statements, and other information that issuers (including the Company) file electronically with the SEC. The SEC's website is www.sec.gov.

The Company's website is www.alamo-group.com. The Company makes available free of charge through its website, via a link to the SEC's website at www.sec.gov, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The Company also makes available through its website, via a link to the SEC's website, statements of beneficial ownership of the Company's equity securities filed by its directors, officers, 10% or greater shareholders, and others required to file under Section 16 of the Exchange Act.

The Company also makes available free of charge on its website its most recent annual report on Form 10-K, its quarterly reports on Form 10-Q for the current fiscal year, its most recent proxy statement and its most recent annual report to stockholders, although in some cases these documents are not available on our site as soon as they are available on the SEC's site. You will need to have on your computer the Adobe Acrobat Reader® software to view the documents, which are in PDF format. In addition, the Company posts on its website its Charters for its Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee, as well as its Corporate Governance Policies and its Code of Conduct and Ethics for its directors, officers and employees. You can obtain a written copy of these documents, excluding exhibits, at no cost, by sending your request to the Corporate Secretary, Alamo Group Inc., 1627 E. Walnut Street, Seguin, Texas 78155, which is the principal corporate office of the Company. The telephone number is 830-379-1480. The information on the Company's website is not incorporated by reference into this report.

Forward-Looking Information

Part I of this Annual Report on Form 10-K and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II of this Annual Report contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In addition, forward-looking statements may be made in other documents filed or furnished with the SEC, or by management orally or in press releases, conferences, reports or otherwise to analysts, investors, representatives of the media and others, in the future by or on behalf of the Company. Generally, forward-looking statements are

not based on historical facts but instead represent the Company's and its management's beliefs regarding future events.

Statements that are not historical are forward-looking. When used by us or on our behalf, the words "expect," "will," "estimate," "believe," "intend," "would," "could," "predict," "should," "anticipate," "continue," "project," "forecast," "plan," "may" and similar expressions generally identify forward-looking statements made by us or on our behalf. Forward-looking statements involve risks and uncertainties. These uncertainties include factors that affect all businesses operating in a global market, as well as matters specific to the Company and the markets we serve. Certain particular risks and uncertainties that continually face us include the following:

- budget constraints and revenue shortfalls which could affect the purchases of our type of equipment by governmental customers and related contractors in both domestic and international markets;
- market acceptance of new and existing products;
- our ability to hire suitable employees for our business and maintain good relations with employees;
- our ability to develop and manufacture new and existing products profitably;
- the inability of our suppliers, creditors, public utility providers and financial and other service organizations to deliver or provide their products or services to us;
- legal actions and litigation;
- impairment in the carrying value of goodwill;
- our ability to successfully integrate acquisitions and operate acquired businesses or assets;
- current and changing tax laws in the U.S. and internationally;
- our ability to hire and retain quality skilled employees; and
- changes in the prices of agricultural commodities, which could affect our customers' income levels.

In addition, we are subject to risks and uncertainties facing the industry in general, including the following:

- changes in business and political conditions and the economy in general in both domestic and international markets;
- the price and availability of energy and critical raw materials, particularly steel and steel products;
- increased competition;
- increases in input costs on items we use in the manufacturing of our products;
- adverse weather conditions such as droughts, floods, snowstorms, etc., which can affect the buying patterns of our customers and end-users;
- increased costs of complying with governmental regulations which affect corporations including related fines and penalties (such as the European General Data Protection Regulation (GDPR) and the California Consumer Privacy Act);
- an increase in unfunded pension plan liability due to financial market deterioration;
- the potential effects on the buying habits of our customers due to animal disease outbreaks and other epidemics;
- adverse market conditions and credit constraints which could affect our customers and end-users, such as cutbacks on dealer stocking levels;
- changes in market demand;
- climate related incidents and other sustainability risks, global pandemics, acts of war or aggression and terrorist activities or military actions;
- cyber security risks including the potential loss of proprietary data or data security breaches and related fines, penalties and other liabilities;
- financial market changes including changes in interest rates and fluctuations in foreign exchange rates;
- abnormal seasonal factors in our industry;
- changes in domestic and foreign governmental policies and laws, including increased levels of government regulation and changes in agricultural policies, including the amount of farm subsidies and farm payments as well as changes in trade policy that may have an adverse impact on our business;
- government actions, including but not limited to budget levels, and changes in tax laws, regulations and legislation, relating to the environment, commerce, infrastructure spending, health and safety; and

- risk of governmental defaults and resulting impact on the global economy and particularly financial institutions.

We wish to caution readers not to place undue reliance on any forward-looking statement and to recognize that the statements are not predictions of actual future results. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results, due to the risks and uncertainties described above and under "Risk Factors," as well as others not now anticipated. The foregoing statements are not exclusive and further information concerning us and our businesses, including factors that could potentially materially affect our financial results, may emerge from time to time. It is not possible for management to predict all risk factors or to assess the impact of such risk factors on the Company's businesses. Any forward-looking statements made by or on behalf of the Company speak only to the date they are made and we do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the forward-looking statements were made.

Information About our Executive Officers

Certain information is set forth below concerning the executive officers of the Company (the "Executives"), each of whom has been appointed to serve until the 2024 annual meeting of directors or until their successor is duly appointed and qualified.

Name	Age	Position
Jeffery A. Leonard	64	President and Chief Executive Officer
Richard J. Wehrle	67	Executive Vice President and Chief Financial Officer
Edward T. Rizzuti	54	Executive Vice President, General Counsel and Secretary
Dan E. Malone	63	Executive Vice President, Chief Sustainability Officer
Richard H. Raborn	58	Executive Vice President, Alamo Vegetation Management Division
Michael A. Haberman	65	Executive Vice President, Alamo Industrial Equipment Division
Ian M. Eckert	36	Vice President, Corporate Controller and Chief Accounting Officer
Janet S. Pollock	65	Vice President, Human Resources
Lori L. Sullivan	54	Vice President, Internal Audit

Jeffery A. Leonard was appointed President and Chief Executive Officer of the Company in May of 2021. Mr. Leonard was also appointed as a director of the Company in June of 2021. Mr. Leonard joined the Company in 2011, and served as Executive Vice President of the Company's former Industrial Division from 2011 to 2021. Mr. Leonard previously was Senior Vice President of Metso Minerals Industries Inc., a supplier of technology and services for mining, construction, power generation, automation, recycling, and pulp and paper industries.

Richard J. Wehrle was appointed Executive Vice-President and Chief Financial Officer of the Company in July of 2021. Prior to that, Mr. Wehrle served as Vice President, Controller and Treasurer of the Company from May 2001 to July 2021. He assumed Treasury responsibilities in May of 2018. Previously, Mr. Wehrle served in various accounting management capacities within the Company from 1988 to 2001.

Edward T. Rizzuti was appointed Vice President, General Counsel of Alamo Group Inc. in July of 2015, assumed the Secretary role in May of 2018 and was promoted to Executive Vice-President in November of 2021. Prior to joining the Company, from 2010 to 2015, Mr. Rizzuti served as Vice President, General Counsel and Secretary for Erickson Incorporated, a publicly traded aircraft manufacturing and operating company based in Portland, Oregon.

Dan E. Malone was appointed Executive Vice President, Chief Sustainability Officer in July of 2021. Mr. Malone joined the Company in 2007 and served as Executive Vice President, Chief Financial Officer from 2007 to 2021. Prior to joining the Company, Mr. Malone held the position of Executive Vice President, Chief Financial Officer & Corporate Secretary at Igloo Products Corporation, a manufacturer of insulated consumer goods, from 2002 to January 2007. Mr. Malone was Vice President and Chief Financial Officer of The York Group, Inc. from 2000 to 2002, and held various financial positions from 1987 to 2000 with Cooper Industries, Inc. and its various subsidiaries.

Richard H. Raborn was appointed Executive Vice President the Company's Vegetation Management Division in July of 2021. Mr. Raborn joined the Company in 2015 and served as Executive Vice-President of the Company's former Agricultural Division from 2015 to 2021. Prior to joining the Company, Mr. Raborn was Vice President and General Manager of the Powertrain Metal Division for Illinois Tool Works (ITW) from 2009 to 2015. ITW is one of the world's leading diversified manufacturers of specialized industrial equipment, consumables and related service business.

Michael A. Haberman was appointed Executive Vice-President of the Company's Industrial Equipment Division in July of 2021. Prior to his role as Executive Vice-President, Mr. Haberman served as the Company's Excavation/Vacuum Truck group Vice-President from January 2020 to July 2021. Previously, Mr. Haberman served as President of the Company's Gradall Industries company from February of 2006 until January of 2020.

Ian M. Eckert was appointed Vice President, Corporate Controller and Chief Accounting Officer of Alamo Group Inc. in June 2023. Prior to joining the Company, from 2020 to 2023, Mr. Eckert served as Vice President, Finance for AMETEK Inc's Electron Microscopy Technologies business based in Pleasanton, California. Prior to 2020, Mr. Eckert held controllership, FP&A, and strategy roles progressing in responsibility at Howmet Aerospace Inc. (formerly Alcoa Inc.).

Janet S. Pollock was appointed Vice President, Human Resources of Alamo Group Inc. in May of 2018. Ms. Pollock joined Alamo Group in June of 2013 as Vice President of Human Resources for U.S. Operations. Prior to joining the Company, Ms. Pollock was Vice President of Human Resources with CPS Energy in San Antonio, Texas and Vice President of Strategic Initiatives for Coca-Cola Enterprises, Inc.

Lori L. Sullivan was appointed Vice President, Internal Audit of Alamo Group Inc. in May of 2019. Prior to this appointment, Ms. Sullivan was Vice President of Internal Audit for U.S. Operations and Director of Internal Audit for Alamo Group Inc. Ms. Sullivan has held audit positions within various industries including research and development, public utilities, and public accounting prior to joining Alamo Group in July of 2011.

Item 1A. Risk Factors

You should carefully consider each of the risks described below, together with all of the other information contained in this Annual Report on Form 10-K, before making an investment decision with respect to the Company's securities. If any of the following risks develop into actual events, the Company's business, financial condition or results from operations could be materially and adversely affected and you could lose all or part of your investment.

Risks related to our business

A downturn in general economic conditions and outlook in the United States and around the world could adversely affect our net sales and earnings.

The strength and profitability of our business depends on the overall demand for our products and upon economic conditions and outlook, including but not limited to economic growth rates, consumer spending levels, financing availability, pricing and terms for our dealers and end-users, employment rates, interest rates, inflation, consumer confidence and general economic and political conditions and expectations in the United States and the other economies in which we conduct business. Slow or negative growth rates, inflationary/deflationary pressures, higher commodity costs and energy prices, reduced credit availability or unfavorable credit terms for our dealers and end-user customers, increased unemployment rates, and recessionary economic conditions and outlook could cause consumers to reduce spending, which may cause them to delay or forgo purchases of our products and could have an adverse effect on our net sales and earnings.

Deterioration of industry conditions could harm our business, results of operations and financial condition.

Our business depends to a large extent upon the prospects for the infrastructure maintenance, vegetation management and agricultural markets in general. Future prospects of the industry depend largely on factors outside of our control. Any of those factors could adversely impact demand for our products, which could adversely impact our business, results of operations and financial condition. These factors include the following:

- weakness in the worldwide economy;
- the price and availability of raw materials, purchased components and energy;
- budget constraints and revenue shortfalls for our governmental customers;
- changes in domestic and foreign governmental policies and laws, including increased levels of governmental regulation and associated liabilities;
- the levels of interest rates;
- the value of the U.S. dollar relative to the foreign currencies in countries where we sell our products but don't have a manufacturing presence;
- impact of tighter credit markets on the Company, its dealers and end-users;
- impairment in the carrying value of goodwill; and
- increase in unfunded pension plan liability due to financial market deterioration.

In addition, our business is susceptible to a number of factors that specifically affect agricultural customer spending patterns, including the following:

- animal disease outbreaks, epidemics and crop pests;
- weather conditions, such as droughts, floods and snowstorms;
- changes in farm incomes;
- cattle and agricultural commodity prices;
- changes in governmental agricultural policies worldwide;
- the level of worldwide farm output and demand for farm products; and
- limits on agricultural imports/exports.

Our dependence on, and the price and availability of, raw materials as well as purchased components may adversely affect our business, results of operations and financial condition.

We purchase commodities, components, parts, accessories and other goods, such as steel, truck chassis, engines, transmissions, hydraulics, electrification components, and other items necessary for the manufacture of our end-products. The lack of availability or the increased cost of these purchased materials and components due to supply chain disruptions, inflation, increased tariffs, and/or other uncontrollable events have negatively affected our business operations and profitability and may continue to do so in the future. Historically, we have mitigated commodity, component, parts, and other input cost increases, in part, by increasing prices on our products and executing on our strategic productivity initiatives. However, we may not be able to fully offset increased input costs in the future. If our price increases are not accepted by our customers and the market or we are not able to realize anticipated manufacturing efficiencies, our net sales, profit margins, earnings, and market share could be adversely affected. Further, if we are unable to timely source items such as truck chassis, engines, hydraulics and other critical components our business, results of operations and financial condition may be adversely affected.

Skilled labor shortages or our inability to retain qualified employees could adversely affect our operations.

Our ability to maintain our productivity at competitive levels may be limited by our ability to employ, compensate, train and retain personnel necessary to meet our requirements. We may experience shortages of qualified personnel such as engineers, project managers, supervisors, and select skilled trades. We cannot be certain that we will be able to maintain an adequate skilled or unskilled labor force or key technical personnel necessary to operate efficiently and to support our growth strategy and operations. Shortages of skilled labor, such as welders and machine operators, are ongoing and could negatively affect our production capabilities, lead to production inefficiencies, or increase our cost of operating. Labor shortages or increased labor costs could impair our ability to

operate our business, meet customer commitments or grow our revenues, and could materially and adversely impact our business, results of operations and financial results.

We depend on governmental sales, and a decrease in such sales could adversely affect our business, results of operations and financial condition.

A substantial portion of our revenues is derived from sales to federal, state, provincial and local governmental entities and related contractors, both in the U.S. and in other countries in which we sell our products. These sales depend primarily on the levels of budgeted and appropriated expenditures for highway, airport, roadside and parks maintenance by various governmental entities and are affected by changes in local and national economic conditions. Federal, state, provincial and local government budgets were negatively affected by the COVID-19 pandemic and its resurgence or a similar pandemic or event could have a material negative impact on our business and financial condition.

Significant changes in trade policy and related trade wars could have a material adverse impact on our results of operations.

The U.S. has made significant changes in its trade policy and has taken certain actions that have impacted U.S. trade and relationships with China and other trading partners, including imposing tariffs on certain goods imported into the U.S. Any continued actions or further changes in U.S. trade policy could trigger additional retaliatory actions by affected countries, resulting in "trade wars." Trade wars may lead to reduced economic activity, increased costs, reduced demand and changes in purchasing behaviors for some or all of our products, or other potentially adverse economic outcomes. These or other consequences from any trade wars could have a material adverse impact on our sales volumes, prices and our consolidated financial results.

Impairment in the carrying value of goodwill could negatively impact our consolidated results of operations and net worth.

The Company has conducted for the last three years an analysis for estimating the fair value of the Company's business enterprise. We have utilized the discounted cash flow income approach and market approach for which we chose to heavily weigh more on the discounted cash flow approach. This analysis requires the Company to make significant assumptions and estimates about the extent and timing of future cash flows, discount rates and growth rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to an even higher degree of uncertainty. The Company also utilizes market valuation models and other financial ratios, which require the Company to make certain assumptions and estimates regarding the applicability of those models to its assets and businesses. As of December 31, 2023, goodwill was \$206.5 million, which represents approximately 15% of total assets. The Company recognized no goodwill impairment in 2023, 2022 or 2021. If we were to have a significant goodwill impairment it could impact our results of operations as well as our net worth.

We are significantly dependent on information technology and our business may suffer from disruptions associated with information technology, cyber-attacks or other catastrophic losses affecting our IT infrastructure.

We rely on information technology networks and systems, including the Internet, to process, transmit, and store electronic and financial information, to manage a variety of business processes and activities, including our accounting and financial functions, and to comply with regulatory, legal, and tax requirements. We also depend on our information technology infrastructure for digital marketing activities and for electronic communications among our locations, personnel, customers, and suppliers. These information technology systems (some of which are provided and maintained by third parties) may be susceptible to damage, disruptions, or shutdowns due to hardware failures, computer viruses, hacker attacks, telecommunication failures, user errors, catastrophic events or other factors. In addition, a number of our salaried employees are working remotely at various times. This remote working environment may pose a heightened risk for security breaches or other disruptions of our information technology systems. If our information technology systems suffer severe damage, disruption or shutdown, and our business continuity plans do not effectively resolve the issues in a timely manner, we could experience business disruptions, a loss of critical company records, transaction errors, processing inefficiencies, and the loss of customers and sales, causing our product sales, financial condition, and operating results to be adversely affected and the reporting of our financial results to be delayed.

In addition, in the ordinary course of our business, we collect and store sensitive data, including our intellectual property, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information or other sensitive information of our customers and employees. The secure use, processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite the information security measures we have taken, our information technology and infrastructure may be subjected to attacks by hackers or breached due to employee malfeasance, employee errors, or other disruptions. Cybersecurity threats and sophisticated computer crime pose a potential risk to the security of the Company's information technology systems, networks, and services, as well as the confidentiality and integrity of the Company's data and intellectual property. Cyber-attacks, unauthorized access or security breaches, and other cyber incidents could include, among other things, computer viruses, malicious or destructive code, ransomware, social engineering attacks (including phishing and impersonation), hacking, denial-of-service attacks, and other similar attacks. These threats are constantly evolving, which increases the difficulty of defending against them or implementing adequate preventive measures. Sensitive information is also stored by our vendors and on the platforms and networks of third-party providers. Cyber-attacks on the Company, our vendors, or our third-party providers could result in inappropriate access to our intellectual property, Company data, or personally identifiable information of our global workforce, suppliers, or customers. Potential consequences of a successful cyber-attack or other cybersecurity breach or incident include remediation costs, legal costs, increased cybersecurity protection costs, lost revenues resulting from the unauthorized use of proprietary information or the failure to retain or attract customers following an attack, litigation and legal risks including governmental or regulatory enforcement actions, increased insurance premiums, reputational damage that adversely affects customer or investor confidence, and damage to the Company's competitiveness, stock price, and long-term shareholder value.

While we have taken steps to address these risks by implementing enhanced security technologies, internal controls, and business continuity plans, these measures may not be adequate. We cannot assure that the steps we have taken will be sufficient to protect our systems, information or other property. Our systems and information may be vulnerable to theft, loss, damage and interruption from a number of potential threats and events.

Changes in the regulatory environment regarding privacy and data protection regulations could have a material adverse impact on our results of operations.

Federal, state, provincial and local governments have been moving to adopt privacy rules and regulations that may impact us in the future. In 2018, the EU adopted a comprehensive overhaul of its data protection regime in the form of the General Data Protection Regulation ("GDPR") which imposes a strict data protection compliance regime with severe penalties of 4% of worldwide turnover or €20.0 million, whichever is greater, and includes new rights such as the right of erasure of personal data. Although the GDPR applies across the EU, as has been the case under the current data protection regime, EU Member States have some national derogations and local data protection authorities ("DPAs") will still have the ability to interpret the GDPR, which has the potential to create inconsistencies on a country-by-country basis. In addition, certain U.S. states have enacted privacy and data protection laws. For example, the State of California enacted the California Consumer Privacy Act ("CCPA") which became effective in 2020 and was further amended and extended by the California Privacy Rights Act ("CPRA") which became effective in 2023. Implementation of, and compliance with, the GDPR, CCPA, CPRA, and other similar laws could increase our cost of doing business and/or force us to change our business practices in a manner adverse to our business. In addition, violations of the GDPR, CCPA, CPRA, and other laws may result in significant fines, penalties and damage to our brand and business which could, individually or in the aggregate, materially harm our business and reputation. Privacy legislation, enforcement and policy activity in this area continues to rapidly expand. Compliance costs and costs related with implementing privacy-related and data protection measures could be significant. Further, noncompliance could expose us to significant monetary penalties, damage to our reputation, and even possible criminal sanctions. Even our inadvertent failure to comply with privacy-related or data protection laws and regulations could have a material adverse impact on our results of operations.

We operate in a highly competitive industry, and some of our competitors and potential competitors have greater resources than we do.

Our products are sold in highly competitive markets throughout the world. We compete with several large national and international companies that offer a broad range of equipment and replacement parts that compete with our products, as well as with numerous small, privately-held manufacturers and suppliers of a limited number of products mainly on a regional basis. Some of our competitors are significantly larger than we are and have substantially greater financial and other resources at their disposal. We believe that we are able to compete

successfully in our markets by, to some extent, avoiding direct competition with significantly larger potential competitors. There can be no assurance that our competitors will not substantially increase the resources devoted to the development and marketing of products competitive with our products or that new competitors with greater resources will not enter our markets. Any failure to effectively compete could have an adverse effect on our business, results of operations and financial condition.

Failure to develop new products or keep pace with technological developments may have a material adverse impact on our results of operations .

Our industry is affected by future technological developments. The introduction of new products or processes with innovative technologies could render our existing products or processes obsolete or unmarketable. Our success depends, to some extent, upon our ability to develop, market and sell cost-effective new products and applications that keep pace with technological developments in the markets we serve. We may not be successful in identifying, developing and marketing new products and applications or we may experience difficulties that could delay or prevent the successful development, introduction and marketing of such new products and applications, which could have a material adverse impact on our business and results of operations.

We operate and source internationally, which exposes us to the political, economic and other risks of doing business abroad.

We have operations in a number of countries outside of the United States and we source raw materials and components globally. Our international operations are subject to the risks normally associated with conducting business in foreign countries, including but not limited to the following:

- limitations on ownership and on repatriation of earnings;
- import and export restrictions, tariffs and quotas;
- potentially adverse effects including negative economic conditions resulting from war or the threat of war, including the ongoing war between Ukraine and Russia;
- additional expenses relating to the difficulties and costs of staffing and managing international operations;
- labor disputes and uncertain political and economic environments and the impact of foreign business cycles;
- changes in laws or policies;
- changes in any international trade agreements, such as any changes in European Union membership;
- delays in obtaining or the inability to obtain necessary governmental permits;
- potentially adverse consequences resulting from the applicability of foreign tax laws;
- cultural differences;
- increased expenses due to inflation;
- weak economic conditions in foreign markets where our subsidiaries distribute their products;
- changes in currency exchange rates;
- disruptions in transportation and port authorities; and
- regulations involving international freight shipments.

Operating in the international marketplace exposes us to a number of risks, including the need to comply with U.S. and foreign laws and regulations applicable to our foreign operations, including anti-corruption laws such as the Foreign Corrupt Practices Act and the U.K. Bribery Act, United States export control laws, and data privacy laws such as the European GDPR. The costs of compliance with these various laws, regulations and policies can be significant and penalties for noncompliance could significantly and adversely impact our business. Our international operations may also be adversely affected by laws and policies affecting foreign trade, investment, taxation, and our ability to effectively source components and raw materials internationally. For example, any significant changes in U.S. trade policy, including the introduction of any new or expanded tariffs, could increase the cost of critical materials and supplies that we source internationally or negatively impact international sales of our products, which would have an adverse effect on our net sales and earnings.

In addition, political developments and governmental regulations and policies in the countries in which we operate directly affect the demand for our products. For example, decreases or delays in farm subsidies to our agricultural customers, or changes in environmental policies aimed at limiting mowing activities, could adversely affect our business, results of operations and financial condition.

Our acquisition strategy may not be successful, which may adversely affect our business, results of operations and financial condition.

We intend to grow internally and through the acquisition of businesses and assets that will complement our current businesses. To date, a material portion of our growth has come through acquisitions. We cannot be certain that we will be able to identify attractive acquisition targets, obtain financing for acquisitions on satisfactory terms or successfully acquire identified targets. Competition for acquisition opportunities may also increase our costs of making acquisitions or prevent us from making certain acquisitions. These and other acquisition-related factors may adversely impact our business, results of operations and financial condition.

We may not be able to realize the potential or strategic benefits of the acquisitions we complete, and the businesses we have acquired, or may acquire in the future, may not perform as expected.

Acquisitions are an important part of our growth strategy and we have completed a number of acquisitions over the past several years. We acquired Timberwolf in 2021 and Royal Truck in 2023. Acquisitions can be difficult, time-consuming, and pose a number of risks, including:

- potential negative impact on our earnings per share as a result of acquisition costs and related financing costs, among other things;
- the assumption of liabilities that are unknown to us at the time of closing;
- failure of acquired products to achieve projected sales;
- potential downward pressure on operating margins due to lower operating margins of acquired businesses, increased headcount costs and other expenses associated with adding and supporting new products;
- disruption of ongoing business operations, including diversion of management's attention and uncertainty for employees and customers, particularly during the post-acquisition integration process; and
- potential negative impact on our relationships with customers, distributors and vendors.

If we do not manage these risks, the acquisitions that we complete may have an adverse effect on our business, our results of operations or financial condition. In addition, we may not be successful in integrating acquired businesses into our existing operations and achieving projected synergies. We could face many risks in integrating acquired businesses, including but not limited to the following:

- we may incur substantial costs, delays or other operational or financial challenges in integrating acquired businesses, including integrating each company's accounting, information technology, human resource and other administrative systems to facilitate effective management;
- we may be unable to achieve expected cost reductions, to take advantage of cross-selling opportunities, or to eliminate redundant operations, facilities and systems;
- we may encounter problems in integrating the acquired products with our existing and/or new products;
- we may need to implement or improve controls, procedures and policies appropriate for a public company which could take a significant amount of time and expense;
- acquisitions may divert our management's attention from the operation of our existing businesses;
- we may not be able to retain key personnel of acquired businesses;
- there may be cultural challenges associated with integrating management and employees from the acquired businesses into our organization; and
- we may encounter unanticipated events, circumstances and legal risk and associated liabilities.

Our integration of acquired businesses requires significant efforts from the management of each entity, including coordinating existing business plans and research and development efforts. Integrating operations may distract management's attention from the day-to-day operation of the combined companies. Ultimately, our attempts to integrate the operations, technology and personnel of acquired businesses may not be successful. If we are unable to successfully integrate acquired businesses, our future results may be negatively impacted.

The agricultural industry and the infrastructure maintenance industry are seasonal, and seasonal fluctuations may cause our results of operations and working capital to fluctuate from quarter to quarter.

In general, agricultural and governmental end-users typically purchase new equipment during the first and second calendar quarters. Other products such as street sweepers, excavators, snow removal equipment, front-end loaders and pothole patchers have different seasonal patterns, as do replacement parts in general. In attempting to achieve efficient utilization of manpower and facilities throughout the year, we estimate seasonal demand months in advance and manufacturing capacity is scheduled in anticipation of such demand. We utilize an annual plan with updated quarterly sales forecasts provided by our marketing divisions and order backlog in order to develop a production plan for our manufacturing facilities. In addition, many of our marketing departments attempt to equalize demand for their products throughout the calendar year by offering seasonal sales programs which may provide additional incentives, including discounts and extended payment terms, on equipment that is ordered during off-season periods. Because we spread our production and wholesale shipments throughout the year to take into account the factors described above, sales in any given period may not reflect the timing of dealer orders and retail demand.

Weather conditions and general economic conditions may affect the timing of purchases and actual industry conditions might differ from our forecasts. In addition to seasonal factors, the agricultural industry is cyclical in nature with sales largely dependent on the state of the farm economy and, in particular, agriculture commodity prices and farm income. Consequently, sudden or significant declines in industry demand could adversely affect our working capital or results of operations.

Extreme weather conditions may impact demand for some of our products and impact our business, results of operations and financial condition.

Extreme weather conditions such as droughts or flooding may adversely affect sales of some of our products including our mowing equipment and other agricultural equipment and related parts. Milder winter conditions with lower snowfall accumulations can have an adverse impact on sales of our snow removal equipment and related parts business in the key markets we serve. In the event unfavorable weather conditions are worsened as a result of global climate change, our business may be adversely affected to a more significant extent.

Our business and operations are subject to risks related to climate change.

The long-term effects of global climate change present both physical risks (such as weather catastrophes) and transition risks (such as regulatory changes), which are expected to be widespread and unpredictable. Unusual weather conditions, including drought and flood conditions, may affect the purchasing decisions of some of our customers, particularly customers of our agriculture products which could lead to lower sales volumes of those products. In addition, changes in climate could affect the availability and cost of products, commodities and energy, which may impact our ability to procure goods or services required for the operation of our business at the quantities and levels we require. Our facilities may also be directly impacted by significant weather events brought on by climate change, and we face the risk of losses incurred as a result of physical damage to our facilities, loss or spoilage of inventory and business interruption caused by such events. New legal and regulatory requirements have been, and may continue to be, implemented to address the concern over climate change in an effort to reduce or mitigate the effects of it, and such regulatory requirements dealing with the environmental aspects of our operations and the products we manufacture could result in significant expenditures in upgrading our facilities and/or designing and manufacturing new forms of equipment that satisfy such requirements. We cannot currently predict the specific terms of any new climate change legislation or regulation, but any such new legislation or regulation may have a material adverse impact on our business, results of operations, or financial condition.

If we do not retain key personnel and attract and retain other highly skilled employees, our business may suffer.

Our continued success will depend on, among other things, the efforts and skills of our executive officers, including our president and chief executive officer, and our ability to attract and retain additional highly qualified managerial, technical, manufacturing, and sales and marketing personnel. We do not maintain "key man" life insurance for any of our employees, and all of our senior management are employed at will. We cannot assure you that we will be able to attract and hire suitable replacements for any of our key employees. We believe the loss of a key executive officer or other key employee could have an adverse effect on our business, results of operations, and financial condition.

Increasingly stringent engine emission regulations could impact our ability to sell certain of our products into the market and appropriately price certain of our products, which could negatively affect our competitive position and financial results.

The products we manufacture or sell, particularly engines, are subject to increasingly stringent environmental emission regulations. For instance, the EPA adopted increasingly stringent engine emission regulations, including Tier 4 emission requirements applicable to diesel engines in specified horsepower ranges that are used in some of our products. State agencies, including the California Air Resources Board ("CARB"), are also adopting emission regulations that apply to products we sell. Requirements have expanded to additional horsepower categories and, accordingly, apply to more of the products we sell. Our ability to meet the Tier 4 and CARB requirements is subject to many variables, some of which are beyond our direct control. If we fail to meet the Tier 4 or CARB requirements and any other EPA or state emission standards that are currently in place or that may be introduced in the future, our ability to sell our products into the market may be limited, which could have a material adverse effect on our competitive position and financial results.

We are subject to environmental, health and safety and employment laws and regulations and related compliance expenditures and liabilities.

Like other manufacturers, the Company is subject to a broad range of federal, state, local and foreign laws and requirements, including those concerning air emissions, discharges into waterways, and the generation, handling, storage, transportation, treatment and disposal of hazardous substances and waste materials, as well as the remediation of contamination associated with releases of hazardous substances at the Company's facilities and offsite disposal locations, workplace safety and equal employment opportunities. These laws and regulations are constantly changing, and it is impossible to predict with accuracy the effect that changes to such laws and regulations may have on the Company in the future. Like other industrial concerns, the Company's manufacturing operations entail the risk of noncompliance, and there can be no assurance that the Company will not incur material costs or other liabilities as a result thereof.

Changes in environmental laws or new laws relating to the emission of greenhouse gases ("GHG") or the emission of other gases may cause us to make additional investment in new product designs or could increase our environmental compliance expenditures. The regulation of GHG emissions could result in other additional costs to the Company in the form of tax or emissions allowances, facility improvement costs, and higher input costs. Increased input costs and other costs associated with GHG emissions regulation and related compliance may also negatively impact customer demand. Because the timing and extent of GHG emission regulations or climate change regulations are unknown at this time, we are unable to predict the impact this may have on our overall business.

The Company is subject to various other federal, state, and local laws affecting its business, as well as a variety of regulations relating to such matters as working conditions, equal employment opportunities, and product safety. A variety of state laws regulate the Company's contractual relationships with its dealers, some of which impose restrictive standards on the relationship between the Company and its dealers, including events of default, grounds for termination, non-renewal of dealer contracts, and equipment repurchase requirements.

We are subject on an ongoing basis to the risk of product liability claims and other litigation arising in the ordinary course of business.

Like other manufacturers, we are subject to various claims, including product liability claims, arising in the ordinary course of business, and we are a party to various legal proceedings that constitute routine litigation incidental to our business. We may be exposed to product liability claims in the event that the use of our products results, or is alleged to result, in bodily injury, property damage, or both. We cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend the Company against such claims. We cannot assure you that our product liability insurance coverage will be adequate for any liabilities that may ultimately be incurred or that it will continue to be available on terms acceptable to us. A successful claim brought against us in excess of available insurance coverage or a requirement to participate in a product recall may have a materially adverse effect on our business.

If we are unable to comply with the terms of our credit arrangements, especially the financial covenants, our credit arrangements could be terminated.

We cannot assure you that we will be able to comply with all of the terms of our credit arrangements, especially the financial covenants. Our ability to comply with such terms depends on the success of our business and our operating results. Various risks, uncertainties, and events beyond our control could affect our ability to comply with the terms of our credit arrangements. If we were out of compliance with any covenant required by our credit arrangements following any applicable cure periods, the banks could terminate their commitments unless we could negotiate a covenant waiver. The banks could condition such waiver on amendments to the terms of our credit arrangements that may be unfavorable to us, including a potential increase to the interest rate we currently pay on outstanding debt under our credit arrangements, which could adversely affect our operating results.

Fluctuations in currency exchange rates may adversely affect our financial results.

Our earnings are affected by fluctuations in the value of the U.S. dollar as compared to foreign currencies, predominantly in European countries, Canada and Australia, as a result of the sale of our products in international markets. While we do enter into foreign exchange contracts to protect against such fluctuations to an extent (primarily in the U.K. market), we cannot assure you that we will be able to effectively manage these risks. Significant long-term fluctuations in relative currency values, such as a devaluation of the Euro against the U.S. dollar, could have an adverse effect on our future results of operations or financial condition.

Risks related to investing in our common stock

Because the price of our common stock may fluctuate significantly, it may be difficult for you to resell our common stock when desired or at attractive prices.

The trading price of our common stock has and may continue to fluctuate. The closing prices of our common stock on the New York Stock Exchange during 2023 ranged from \$140.27 to \$213.25 per share, and during 2022 from \$109.83 to \$159.75 per share. Our stock price may fluctuate in response to the risk factors set forth herein and to a number of events and factors, such as quarterly variations in operating and financial results, litigation, changes in financial estimates and recommendations by securities analysts, the operating and stock performance of other companies that investors may deem comparable to us, news reports relating to us or trends in our industry or general economic conditions. The stock price volatility and trading volume may make it difficult for you to resell your shares of our common stock when desired or at attractive prices.

You may experience dilution of your ownership interests due to the future issuance of additional shares of our common stock.

We may issue shares of our previously authorized and unissued securities, which will result in the dilution of the ownership interests of our present stockholders. We are currently authorized to issue 20,000,000 shares of common stock. On December 31, 2023, 12,013,481 shares of our common stock were issued and outstanding, and there were outstanding options and restricted stock awards totaling an additional 169,840 shares of our common stock. We also have additional shares available for grant under our 2015 Incentive Stock Option Plan and our 2019 Equity Incentive Plan. Additional stock option or other compensation plans or amendments to existing plans for employees and directors may be adopted. Issuance of these shares of common stock may dilute the ownership interests of our then existing stockholders. We may also issue additional shares of our common stock in connection with the hiring of personnel, future acquisitions, such as the 1,700,000 shares issued as consideration for the acquisition of *Bush Hog* in 2009, future private placements of our securities for capital raising purposes, or for other business purposes. This would further dilute the interests of our existing stockholders.

There is no assurance that we will continue declaring dividends or have the available cash to make dividend payments.

On January 2, 2024, the Board of Directors of the Company increased its quarterly dividend from \$0.22 per share to \$0.26 per share. Although we have paid a cash dividend in each quarter since becoming a public company in 1993, there can be no assurance that we will continue to declare dividends or that funds will continue to be available for this purpose in the future. The declaration and payment of dividends are restricted by the terms of our credit facility, are subject to the discretion of our Board of Directors, are not cumulative, and will depend upon our profitability, financial condition, capital needs, future prospects, and other factors deemed relevant by our Board of Directors.

Provisions of our corporate documents may have anti-takeover effects that could prevent a change in control.

Provisions of our charter, bylaws and Delaware law could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. These provisions include prohibiting stockholders from calling stockholder meetings and prohibiting stockholder actions by written consent. Our Certificate of Incorporation and Bylaws state that any amendment to certain provisions, including those provisions regarding limitations on action by written consent discussed above, be approved by the holders of at least two-thirds of our common stock. We are also afforded the protections of Section 203 of the Delaware General Corporation Law, which would prevent us from engaging in a business combination with a person who becomes a 15% or greater stockholder for a period of three years from the date such person acquired such status unless certain board or stockholder approvals were obtained.

Future sales, or the possibility of future sales, of a substantial amount of our common stock may depress the price of the shares of our common stock.

Future sales, or the availability for sale in the public market, of substantial amounts of our common stock could adversely affect the prevailing market price of our common stock and could impair our ability to raise capital through future sales of equity securities. If we or our existing stockholders sell substantial amounts of our common stock in the public market, or if there is a perception that these sales may occur, the market price of our common stock could decline.

Certain stockholders own a significant amount of our common stock, and their interests may conflict with those of our other stockholders.

As of December 31, 2023, four investors - Henry Crown and Company, BlackRock, Inc., Dimensional Fund Advisors LP, and The Vanguard Group - beneficially owned approximately 40% of our outstanding common stock. As a result, the major stockholders combined could be able to significantly influence the direction of the Company, the election of our Board of Directors, and the outcome of any other matter requiring stockholder approval, including mergers, consolidations and the sale of all or substantially all of our assets, and together with other beneficially owned investors, to prevent or cause a change in control of the Company. Also, pursuant to contractual obligations, affiliates of Henry Crown and Company were entitled to certain rights with respect to the registration of the common stock owned by them under the Securities Act. Pursuant to such registration rights, on March 12, 2012, we filed a registration statement related to the common stock owned by such entities and such registration statement was declared effective by the SEC. The interests of the major stockholders may conflict with the interests of our other stockholders.

Item 1B. Unresolved Staff Comments

The Company has no unresolved staff comments to report pursuant to Item 1B.

Item 1C. Cybersecurity

Risk Management and Strategy

Our cybersecurity program framework is based on the Center for Internet Security's ("CIS") Critical Security Controls. We have policies and procedures in place based on best practices and guidelines from the National Institute of Standards and Technology ("NIST"), an agency of the United States Department of Commerce, and the Cybersecurity & Infrastructure Security Agency, an agency of the United States Department of Homeland Security. Our Information Technology ("IT") team works to protect not only our information, but also the information of third parties we may hold or control, including by implementing physical, electronic, and procedural safeguards to protect the confidentiality, integrity, and availability of Company computer systems. We also limit physical access to server, storage, and network equipment to necessary staff.

We assess the security of our networks, websites, and systems with automated vulnerability detection services from a provider that is validated by the NIST, based on the Security Content Automation Protocol ("SCAP") standard. We perform an annual review of our efforts to manage risk with controls that align with and map to key compliance frameworks, such as NIST and the ISO 27000 series of regulations. We perform quarterly IT risk assessments that include cybersecurity risk assessments focused on action plans developed through annual reviews. We also respond to risks as they are discovered real-time. We are guided by an Information Security Incident Response Policy and corresponding Information Security Incident Response Procedure we implement when handling IT security incidents.

Our process of assessing, identifying, and managing material risks from cybersecurity threats is integrated into our overall enterprise risk management system. Our process of managing risks from cybersecurity threats includes monitoring information channels from trusted security information sources. We review third-party service providers that manage sensitive Company information prior to engaging any such provider. Our reviews align with relevant government compliance requirements and review of System and Organization Controls reports. We establish governance, processes, and tools for managing various third-party related risks, including information security. As a condition of working with the Company, third-party service providers who access sensitive business or customer information are expected to meet certain information security requirements. Our processes for assessing, classifying, and managing cybersecurity risks were created in collaboration with consultants and auditors. We maintain consulting relationships that provide guidance for responding to evolving cybersecurity risks. We require employees to undertake data protection, cybersecurity training, and compliance programs annually. Internal and external auditors also review our adherence to established IT and cybersecurity controls.

Despite our efforts, cyber attacks, unauthorized access or security breaches, or other cyber incidents such as computer viruses, malicious or destructive code, ransomware, social engineering attacks, hacking, denial-of-service attacks, and other similar attacks could materially affect us and disrupt our business. To date, we have not identified any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have, or are likely to, materially affect us, our business strategy, results of operation or financial condition. Potential consequences of a successful cyber attack or cybersecurity breaches or incidents could, however, include remediation costs, disruption of manufacturing capabilities, legal costs, increased cybersecurity protection costs, lost revenues resulting from the unauthorized use of proprietary information or the failure to retain or attract customers following an attack, litigation and legal risks including governmental or regulatory enforcement actions, increased insurance premiums, reputational damage that adversely affects customer or investor confidence, and damage to the Company's competitiveness, stock price, and long-term shareholder value. For more information about the cybersecurity risks we face, see the risk factor titled "We are significantly dependent on information technology and our business may suffer from disruptions associated with information technology, cyber-attacks or other catastrophic losses affecting our IT infrastructure" in Item 1A. Risk Factors.

Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated responsibility for the periodic review and evaluation of the Company's policies and programs for identifying cybersecurity risks to the Audit Committee. In addition, the entire Board receives quarterly updates on the Company's cybersecurity action plans and annual reports containing full cybersecurity control assessments and action plans from senior management, and periodically reviews information regarding the Company's cybersecurity risks. We have an Information Technology Steering Committee ("ITSC"), comprised of the Company President and Chief Executive Officer, the Executive Vice Presidents of our Vegetation Management and Industrial Equipment Divisions, the Chief

Financial Officer, and the Chief Sustainability Officer, that determines the priority of cybersecurity initiatives. The ITSC also reviews the Board's and Audit Committee's feedback and incorporates it into ongoing cybersecurity management efforts.

Our IT team, led by the Vice President of IT and the Director of Network and Information Systems, is responsible for day-to-day assessment and management of cybersecurity risks. Members of our IT team have undergraduate and graduate degrees in relevant fields, including information systems, information assurance, and information technology with a concentration in cybersecurity. Members of our IT team have also obtained relevant certifications, including the Director of Network and Information Systems being a Certified Information Systems Security Professional.

Item 2. Properties

As of February 16, 2024, the Company utilized twenty-nine principal manufacturing plants with seventeen located in the United States, eight in Europe, three in Canada, and one in Brazil. The facilities are listed below:

<u>Facility</u>	<u>Square Footage</u>		<u>Principal Types of Products Manufactured And Assembled</u>
Winn, Michigan*	1,100,000	Owned	Tree chippers, Grinders, Brush Cutters, and Debarkers for <i>Morbark</i>
Selma, Alabama*	744,000	Owned	Mechanical Rotary Mowers, Finishing Mowers, Backhoes, Front-End Loaders for <i>Bush Hog</i>
New Philadelphia, Ohio*	430,000	Owned	Telescopic Excavators for <i>Gradall</i> and Vacuum Trucks for <i>VacAll</i>
Wooster, Ohio*	400,000	Leased	Stump Cutters, Aerial Trimmers, Mulchers, Crawler Trucks for <i>Rayco</i> and <i>Denis Cimaf</i>
Gibson City, Illinois*	275,000	Owned	Mechanical Mowers, Blades, Deep Tillage Equipment, and other implements for <i>Rhino</i> , <i>Bush Hog</i> and OEMs
Seguin, Texas*	230,000	Owned	Hydraulic and Mechanical Rotary and Flail Mowers, Sickle-Bar Mowers, and Boom-Mounted Equipment for <i>Alamo Industrial</i>
Indianola, Iowa*	200,000	Owned	Distribution and Manufacturing of Aftermarket Farm Equipment Replacement and Wear Parts for <i>Herschel/Valu-Bilt</i>
Neuville, France*	195,000	Owned	Hydraulic and Mechanical Boom-Mounted Hedge and Grass Cutters for <i>Rousseau</i> and <i>SMA</i>
Mukwonago, Wisconsin*	171,000	Owned	Truck-Mounted Vacuum Trucks for <i>Super Products</i>
Richmond, Virginia*	160,000	Leased	Leaf Collection Equipment and Street Sweeper Replacement Brooms for <i>ODB</i>
Ludlow, England*	160,000	Owned	Hydraulic Boom-Mounted Hedge and Grass Cutters and other Equipment for <i>McConnel</i> and <i>Twose</i>
Salford Priors, England*	157,000	Owned	Tractor-Mounted Power Arm Flails and other Equipment for <i>Bomford</i> and <i>Twose</i> and <i>Spearhead</i>
Sao Joao da Boa Vista, Brazil*	138,000	Owned	Mowing Equipment, Sugar Cane Trailers and other equipment for <i>Santa Izael</i>
Huntsville, Alabama*	135,000	Owned	Air and Mechanical Street Sweeping Equipment for <i>Schwarze</i>
New Berlin, Wisconsin*	120,000	Owned	Municipal Snow Removal and Ice Control Equipment for <i>Wausau</i>
Coatesville, Indiana*	120,000	Owned	Zero Turn Radius Mowers for <i>Dixie Chopper</i>
Middelburg, the Netherlands*	110,000	Owned	Boom Mowers, Flail Mowers and Stump Grinders for <i>Dutch Power</i>
Englefeld, Saskatchewan, Canada*	105,000	Owned	Mechanical Rotary Mowers, Snow Blowers, and Rock Removal Equipment for <i>Schulte</i>
St. Valerien, Quebec, Canada*	100,000	Owned	Snow and Ice Removal Equipment for <i>Tenco</i>
Daumeray, France*	100,000	Owned	Vacuum Trucks, High Pressure Cleaning Systems and Trenchers for <i>Rivard</i>
Giessen, the Netherlands*	70,000	Owned	Aquatic Harvesting Boats and Remote Control Mowing Equipment for <i>Alamo Group The Netherlands</i>
Sioux Falls, South Dakota*	66,000	Owned	Hydraulic and Mechanical Mowing Equipment for <i>Tiger</i>
Shoemakersville, Pennsylvania*	65,000	Leased	Truck Mounted Highway Attenuator Trucks and Other Specialty Trucks and Equipment for <i>Royal Truck and Equipment</i>
Hopkinton, New Hampshire*	55,000	Owned	Distributor of Public Works and Runway Maintenance Products for <i>H.P. Fairfield</i>
Skowhegan, Maine*	47,000	Owned	Distributor of Public Works and Runway Maintenance Products for <i>H.P. Fairfield</i>
Kent, Washington*	43,000	Leased	Truck-Mounted Sweeping Equipment for the contractor market branded <i>NiteHawk</i>
Ayer's Cliff, Quebec, Canada*	41,000	Owned	Municipal Snow Removal and Ice Control Equipment for <i>Everest</i>
Suffolk, England*	35,000	Leased	Commercial wood chippers and other forestry equipment for <i>Timberwolf</i>
Peschadoires, France*	22,000	Owned	Replacement Parts for Blades, Knives and Shackles for <i>Forges Gorce</i>
Oakey, Australia	18,000	Leased	Agriculture Mowing Equipment and other Attachments for <i>Fieldquip</i>
Installation & Rental Facilities, Warehouses & Sales	503,200	Leased / Owned	Services Parts Distribution, Installation Facilities and Sales and After Market Office
Offices, Seguin & New Braunfels, Texas	29,000	Leased /Owned	Corporate Office
Total	6,144,200		

* Principal manufacturing plants

Approximately 82% of the manufacturing, warehouse and office space is owned. The Company considers each of these facilities to be well maintained, in good operating condition and adequate for its present level of operations.

Item 3. Legal Proceedings

The Company is subject to various legal actions which have arisen in the ordinary course of its business. The most prevalent of such actions relate to product liability, which is generally covered by insurance after various self-insured retention amounts. While amounts claimed might be substantial and the ultimate liability with respect to such litigation cannot be determined at this time, the Company believes that the ultimate outcome of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operations; however, the ultimate resolution cannot be determined at this time.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common stock trades on the New York Stock Exchange under the symbol: ALG. On February 16, 2024, there were 12,015,281 shares of common stock outstanding, held by approximately 78 holders of record, but the total number of beneficial owners of the Company's common stock exceeds this number. On February 16, 2024, the closing price of the common stock on the New York Stock Exchange was \$217.33 per share.

On January 2, 2024, the Board of Directors of the Company declared a quarterly dividend of \$0.26 per share which was paid on January 29, 2024 to holders of record as of January 16, 2024. The Company expects to continue its policy of paying regular cash dividends, although there is no assurance as to future dividends as they depend on future earnings, capital requirements and financial condition. In addition, the payment of dividends is subject to restrictions under the Company's bank revolving credit agreement. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" in [Item 7](#) of Part II of this Annual Report on Form 10-K for a further description of the bank revolving credit agreement.

Information relating to compensation plans under which equity securities of the Company are authorized for issuance is set forth in Part III, [Item 12](#) of this Annual Report on Form 10-K.

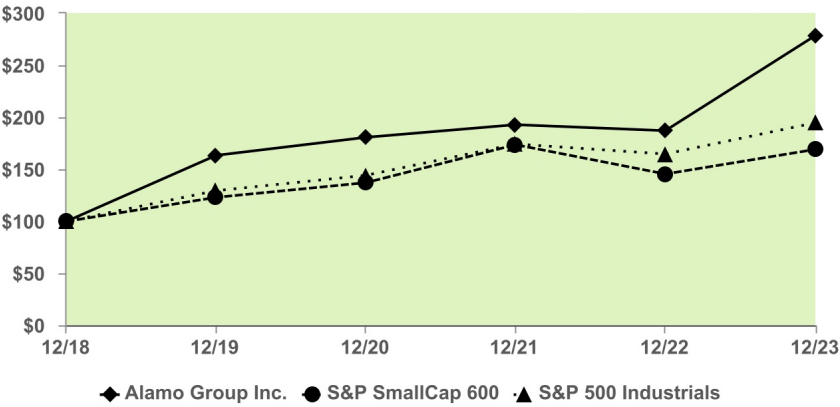
Stock Price Performance Graph

The information contained in this Stock Performance Graph section shall not be deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that Alamo Group Inc. specifically incorporates it by reference into a document filed under the Securities Act or the Exchange Act.

The following graph and table set forth the cumulative total return to the Company's stockholders of our Common Stock during a five-year period ended December 31, 2023, as well as the performance of an overall stock market index (the S&P SmallCap 600 Index) and a published industry or line-of-business index (the S&P 500 Industrials Index) for the same period.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Alamo Group Inc., the S&P SmallCap 600 Index, and the S&P 500 Industrials Index



*\$100 invested on 12/31/18 in stock or index, including reinvestment of dividends.

Fiscal year ending December 31.

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	12/18	12/19	12/20	12/21	12/22	12/23
Alamo Group Inc.	100.00	163.18	180.16	192.93	186.60	278.40
S&P SmallCap 600	100.00	122.78	136.64	173.29	145.39	168.73
S&P 500 Industrials	100.00	129.37	143.68	174.02	164.49	194.31

Purchase of Equity Securities

The Company has suspended its share repurchase program but the program may be reinstated in the future.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary and Outlook

This report contains forward-looking statements that are based on Alamo Group's current expectations. Actual results in future periods may differ materially from those expressed or implied because of a number of risks and uncertainties which are discussed below and in the Forward-Looking Information section beginning on page 13.

We experienced strong demand for our products in 2023 together with improving supply chain conditions which facilitated higher throughput and better operating efficiency, leading to record net sales and income for the full year. Market conditions are mixed; governmental and industrial product demand is robust while vegetation product demand has been hampered by higher interest rates and elevated channel inventories. While our supply chain has improved, there are lingering supply chain issues and we continue to face labor challenges in some of our locations.

2023 Performance

In 2023, the Company's net sales increased by 12% and net income increased by 34% compared to 2022. The increase in both net sales and net income was primarily due to a strong demand for our products and improving operating conditions, particularly in the later part of the year. Margins improved due to the increase in demand along with pricing actions which helped mitigate inflation cost pressures. However, our full-year results were constrained to some extent by higher input costs, ongoing supply chain disruptions, and skilled labor shortages, all of which had a greater impact on our results earlier in the year.

The Company's Vegetation Management Division experienced a 4% increase in net sales for the full year of 2023 compared to the full year of 2022. The increase in net sales was primarily due to continued strong customer demand for our products and positive pricing actions. The division's income from operations for 2023 was up 13% versus the full year of 2022, due to improved sales, positive pricing actions, and better productivity, but offset by higher input costs, lingering supply chain disruptions, labor constraints, and higher marketing costs.

The Company's Industrial Equipment Division net sales were up 23% for the full year of 2023 compared to the full year of 2022. The division's net sales were strong in each of the product lines: excavator and vacuum trucks, street sweepers, debris collectors, and snow removal equipment. The division's income from operations for 2023 was up 89% versus the full year of 2022, driven by significant sales growth and improved operating efficiencies, but offset by higher input costs and certain key supplier issues, most notably, a shortage of truck chassis earlier in the year.

Consolidated income from operations was \$198.0 million for the full year of 2023 compared to \$148.6 million in 2022, an increase of 33%. The Company's backlog decreased 15% to \$859.8 million at the end of 2023 versus the backlog of \$1.0 billion at the end of 2022. The decrease in the Company's backlog was primarily attributable to a decline in Vegetation Management Division product orders which returned to normal levels from a historical perspective.

Inflationary Impacts

In 2023, the cost of commodities, components, parts, and accessories was higher compared to the cost of those items purchased in 2022, mainly as a result of inflationary pressure. Inflation moderated in the second half of 2023 and we anticipate that trend will continue in 2024 with the average cost of commodities, components, parts, and accessories increasing slightly when compared to the average costs in 2023.

The following discussion should be read in conjunction with the consolidated financial statements of the Company and the notes thereto included elsewhere in this Annual Report on Form 10-K.

The following tables set forth, for the periods indicated, certain financial data:

Net sales (data in thousands):	Fiscal Year Ended December 31,		
	2023	2022	2021
Vegetation Management	\$ 979,040	\$ 937,065	\$ 812,676
Industrial Equipment	710,611	576,551	521,547
Total net sales	\$ 1,689,651	\$ 1,513,616	\$ 1,334,223

Cost and profit margins, as percentages of net sales:

Cost of sales	73.2	%	75.1	%	74.9	%
Gross profit	26.8	%	24.9	%	25.1	%
Selling, general, administrative, and amortization expenses	15.1	%	15.1	%	16.3	%
Income from operations	11.7	%	9.8	%	8.8	%
Income before income taxes	10.4	%	8.9	%	8.2	%
Net income	8.1	%	6.7	%	6.0	%

Results of Operations

Fiscal 2023 compared to Fiscal 2022

The Company's net sales in the fiscal year ended December 31, 2023 ("2023") were \$1,689.7 million, an increase of \$176.1 million or 11.6% compared to \$1,513.6 million for the fiscal year ended December 31, 2022 ("2022"). The increase in sales was attributable to continued strong customer demand for our products in both the Vegetation Management and Industrial Equipment Divisions, improved pricing, and higher throughput due to gradually improving supply chain conditions. Supply chain disruptions and a shortage of skilled labor negatively impacted net sales, especially in the first half of the year earlier.

Net Vegetation Management sales were \$979.0 million in 2023 compared to \$937.1 million in 2022, an increase of \$41.9 million or 4.5%, coming from a strong performance in European agricultural and governmental mowing, forestry and tree care, and North American governmental mowing equipment. Skilled labor shortages and certain supplier issues constrained this division during 2023.

Net Industrial Equipment sales were \$710.6 million in 2023 compared to \$576.6 million in 2022, representing an increase of \$134.0 million or 23.3%. The increase was a result of strong performance in all product lines including excavator and vacuum trucks, sweepers and debris collection, and snow removal equipment further supported by the acquisition of Royal Truck. This division was negatively impacted by a shortage of skilled labor and disruptions in parts of its supply chain, predominantly causing delays in receiving truck chassis.

Gross profit for 2023 was \$453.6 million (26.8% of net sales) compared to \$376.5 million (24.9% of net sales) in 2022, an increase of \$77.1 million. The increase in gross profit was mainly attributable to higher sales volume and better operational performance during 2023 compared to 2022 as well as improved pricing which led to higher profitability as a percentage of sales in 2023 compared to 2022, though these results were partially offset by the negative impacts of supply chain disruptions and material inflation previously mentioned.

Selling, general and administrative expenses ("SG&A") were \$240.2 million (14.2% of net sales) in 2023 compared to \$212.6 million (14.0% of net sales) in 2022, an increase of \$27.6 million. The increase in SG&A expenses in 2023 was largely attributable to higher marketing expenses related to trade shows, sales promotions and commissions and to a lesser extent, sales volume-driven administration expense. Amortization expense in 2023 was \$15.5 million compared to \$15.3 million in 2022, an increase of \$0.2 million.

Interest expense for 2023 was \$26.1 million compared to \$14.4 million in 2022, an increase of \$11.7 million or 81.7%. The increase in interest expense in 2023 primarily came from higher interest rates compared to 2022.

Other income (expense), net was income of \$1.8 million during 2023 compared to expense of \$0.7 million in 2022. The increase in 2023 was primarily the result of a gain on fixed assets relating to the sale of a manufacturing facility located in Kent, Washington partially offset by loss on currency exchange. The expense in 2022 was primarily the result of an excise tax audit and to a lesser extent, changes in exchange rates.

Provision for income taxes was \$39.0 million (22.2% of income before income taxes) for 2023 compared to \$32.4 million (24.1% of income before income taxes) in 2022.

Net income for 2023 was \$136.2 million compared to \$101.9 million in 2022, with the increase in 2023 net income resulting from the factors described above.

Fiscal 2022 compared to Fiscal 2021

The Company's net sales in the fiscal year ended December 31, 2022 ("2022") were \$1,513.6 million, an increase of \$179.4 million or 13.4% compared to \$1,334.2 million for the fiscal year ended December 31, 2021 ("2021"). The increase in sales was attributable to continued strong customer demand for our products in both the Vegetation Management and Industrial Equipment Divisions and improved pricing. Negatively impacting net sales were higher costs for materials and inbound freight, supply chain disruptions and a shortage of skilled labor. Also, currency translation negatively affected sales as the U.S. dollar strengthened against the currencies of international countries where we operate.

Net Vegetation Management sales were \$937.1 million in 2022 compared to \$812.7 million in 2021, an increase of \$124.4 million or 15.3%, coming from a strong performance in all product lines, particularly forestry and tree care and agricultural and governmental mowing equipment in both North America and Europe. Supply chain disruptions, labor constraints and unfavorable input cost changes constrained this division during 2022. Currency translation effects also negatively impacted net sales in this division.

Net Industrial Equipment sales were \$576.6 million in 2022 compared to \$521.5 million in 2021, representing an increase of \$55.1 million or 10.5%. The increase was mainly due to continued solid results in our excavator and vacuum truck product lines with modest support from other product lines. This division was also negatively impacted by ongoing supply chain disruptions and logistics issues in 2022, including delays in receiving truck chassis and component parts from supply chain partners.

Gross profit for 2022 was \$376.5 million (24.9% of net sales) compared to \$334.5 million (25.1% of net sales) in 2021, an increase of \$42.0 million. The increase in gross profit was mainly attributable to higher sales volume during 2022 compared to 2021 as well as improved pricing. Profitability was negatively impacted by supply chain disruptions, shortages of component parts, along with higher costs of materials and inbound freight. These factors led to lower profitability as a percentage of sales in 2022 as compared to the same period in 2021.

Selling, general and administrative expenses ("SG&A") were \$212.6 million (14.0% of net sales) in 2022 compared to \$202.9 million (15.2% of net sales) in 2021, an increase of \$9.7 million. The increase in SG&A expenses in 2022 was attributable to higher administrative, marketing and engineering expenses as the Company returned to pre-pandemic expense levels. Amortization expense in 2022 was \$15.3 million compared to \$14.6 million in 2021, an increase of \$0.7 million.

Interest expense for 2022 was \$14.4 million compared to \$10.5 million in 2021, an increase of \$3.9 million or 36.3%. The increase in interest expense in 2022 primarily came from higher interest rates and increased borrowing levels. Borrowing levels rose in 2022 primarily because of the need for the Company to increase its inventory levels to accommodate stronger market demand and to mitigate supply chain challenges. We anticipate borrowing levels will continue to be pressured by higher inventory requirements unless and until the supply chain situation improves.

Other income (expense), net was expense of \$0.7 million during 2022 compared to income of \$1.9 million in 2021. The expense in 2022 was primarily the result of an excise tax audit and to a lesser extent, changes in exchange rates. The income in 2021 was primarily due to changes in exchange rates and the sale of a facility in the Netherlands for \$3.4 million.

Provision for income taxes was \$32.4 million (24.1% of income before income taxes) for 2022 compared to \$29.3 million (26.7% of income before income taxes) in 2021.

Net income for 2022 was \$101.9 million compared to \$80.2 million in 2021, with the increase in 2022 net income resulting from the factors described above.

Liquidity and Capital Resources

In addition to normal operating expenses, the Company has ongoing cash requirements which are necessary to conduct the Company's business, including inventory purchases and capital expenditures. The Company's accounts receivable, inventory and accounts payable levels, particularly in its Vegetation Management Division, build in the first quarter and early spring and, to a lesser extent, in the fourth quarter in anticipation of the spring and fall selling seasons. Accounts receivable historically build in the first and fourth quarters of each year as a result of pre-season sales and year-round sales programs. These sales, primarily in the Vegetation Management Division, help balance the Company's production during the first and fourth quarters.

As of December 31, 2023, the Company had working capital of \$590.0 million, which represents an increase of \$53.3 million from working capital of \$536.7 million as of December 31, 2022. The increase in working capital was primarily a result of volume-driven and inflation-driven increases in accounts receivable as well as a volume driven increase in inventory to support the Company's backlog.

Capital expenditures were \$37.7 million for 2023, compared to \$31.1 million for 2022. The Company will fund any future expenditures from operating cash flows or through our revolving credit facility, described below.

Net cash provided by operating activities was \$131.2 million for 2023, compared to \$14.5 million for 2022. The increase of cash from operating activities is primarily the result of stronger net income driven by sales growth and a significantly lower year-on-year change in operating assets compared to 2022.

Net cash used in investing activities was \$52.6 million for 2023, compared to \$31.7 million for 2022. The increase in investing activities is driven by the acquisition of Royal Truck. Net cash used by financing activities was \$76.9 million for 2023, compared to net cash provided of \$24.5 million for 2022. This reduction in cash provided by financing activities is due to repayment of revolving credit.

The Company had \$42.5 million in cash and cash equivalents held by its foreign subsidiaries as of December 31, 2023. The majority of these funds are held at our European and Canadian facilities. The Company will continue to repatriate European and Canadian cash and cash equivalents in excess of amounts needed to fund operating and investing activities, but will need to monitor exchange rates to determine the appropriate timing of such repatriation given the current relative strength of the U.S. dollar. Repatriated funds will initially be used to reduce funded debt levels under the Company's current credit facility and subsequently used to fund working capital, capital investments and acquisitions company-wide.

On October 28, 2022, the Company, as the borrower, and each of its domestic subsidiaries as guarantors, entered into a Third Amended and Restated Credit Agreement (the "2022 Credit Agreement") with Bank of America, N.A., as Administrative Agent. The 2022 Credit Agreement provides the Company with the ability to request loans and other financial obligations in an aggregate amount of up to \$655.0 million. Under the 2022 Credit Agreement, the Company has borrowed \$255.0 million pursuant to a Term Facility, while up to \$400.0 million is available to the Company pursuant to a Revolver Facility which terminates in five years. The Term Facility requires the Company to make equal quarterly principal payments of \$3.75 million over the term of the loan, with the final payment of any outstanding principal amount, plus interest, due at the end of the five year term. Borrowings under the 2022 Credit Agreement bear interest, at the Company's option, at a Term Secured Overnight Financing Rate ("SOFR") or a Base Rate (each as defined in the 2022 Credit Agreement), plus, in each case, an applicable margin. The applicable margin ranges from 1.25% to 2.50% for Term SOFR borrowings and from .25% to 1.50% for Base Rate borrowings with the margin percentage based upon the Company's consolidated leverage ratio. The Company must also pay a commitment fee to the lenders ranging between 0.15% to 0.30% on any unused portion of the \$400.0 million Revolver Facility. The 2022 Credit Agreement requires the Company to maintain two financial covenants, namely, a maximum consolidated leverage ratio and a minimum consolidated fixed charge coverage ratio. The Agreement also contains various covenants relating to limitations on indebtedness, limitations on investments and acquisitions, limitations on the sale of properties and limitations on liens and capital expenditures. The Agreement also contains

other customary covenants, representations and events of defaults. The expiration date of the 2022 Credit Agreement, including the Term Facility and the Revolver Facility, is October 28, 2027.

As of December 31, 2023, \$235.2 million was outstanding under the Credit Agreement, \$235.2 million on the Term Facility and zero on the Revolver Facility. On December 31, 2023, \$2.6 million of the revolver capacity was committed to irrevocable standby letters of credit issued in the ordinary course of business as required by vendors' contracts resulting in \$397.4 million in available borrowings. The Company is in compliance with the covenants under the Agreement.

Management believes the Agreement and the Company's ability to internally generate funds from operations should be sufficient to meet the Company's cash requirements for the foreseeable future. However, future challenges affecting the banking industry and credit markets in general could potentially cause changes to credit availability, which creates a level of uncertainty.

Inflation

The Company is exposed to the risk that the price of energy, steel and other purchased components may increase and the Company may not be able to increase the price of its products correspondingly. If this occurs, the Company's results of operations would be adversely impacted. In 2023, the cost of commodities, components, parts, and accessories was higher compared to the cost of those items purchased in 2022, mainly as a result of inflationary pressure. In 2023, we worked to mitigate some of the effects of cost increases through pricing actions. Inflation moderated in the second half of 2023 and we anticipate that trend will continue in 2024 with the average cost of commodities, components, parts, and accessories increasing slightly when compared to the average costs in 2023. However, cost inflation is an ongoing challenge that could have a material impact on the Company's business and financial results, particularly if the current inflationary environment materially worsens.

New Accounting Pronouncements

As discussed in [Note 2](#) of Notes to Consolidated Financial Statements, certain new financial accounting pronouncements became effective January 1, 2023, or will become effective in the future. The effect on our financial statements upon adoption of these pronouncements is discussed in the above-referenced note.

Critical Accounting Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Critical Accounting Policies

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the financial statements. Management believes the following critical accounting policy reflects its more significant estimates and assumptions used in the preparation of the Consolidated Financial Statements. For further information on the critical accounting policies, see [Note 1](#) of our Notes to Consolidated Financial Statements.

Business Combinations

We account for the acquisition of a business in accordance with the accounting standards codification guidance for business combinations, whereby the total consideration transferred is allocated to the assets acquired and liabilities assumed, including amounts attributable to intangible assets based on their respective estimated fair values as of the date of acquisition. Goodwill represents the excess of consideration transferred over the estimated fair value of the net assets acquired in a business combination.

Assigning estimated fair values to the assets acquired and liabilities assumed requires the use of significant estimates, judgments, inputs, and assumptions regarding the fair value of intangible assets that are separately identifiable from goodwill, inventory step-up, and property, plant, and equipment, and are based on available historical information, future expectations, and assumptions determined to be reasonable but are inherently uncertain with respect to future events, including economic conditions, competition, the useful life of the acquired assets and other factors. Such significant estimates, judgments, inputs, and assumptions include, when applicable, the selection of an appropriate valuation method depending on the nature of the respective asset, such as the income approach, the market or sales comparison approach, or the cost approach; estimating future cash flows based on projected revenues and/or margins that we expect to generate subsequent to an acquisition; applying an appropriate discount rate to estimate the present value of those projected cash flows we expect to generate subsequent to an acquisition; selecting an appropriate royalty rate or estimating a customer attrition or technological obsolescence factor where necessary and appropriate given the nature of the respective asset; assigning the appropriate contributory asset charge where needed; determining an appropriate useful life and the related depreciation or amortization method for the respective asset; and assessing the accuracy and completeness of other historical financial metrics of the acquiree used as standalone inputs or as the basis for determining estimated projected inputs such as margins, customer attrition, and costs to hold and sell product.

In determining the estimated fair value of intangible assets that are separately identifiable from goodwill, we typically utilize the income approach, which discounts the projected future cash flows using an appropriate discount rate that reflects the risks associated with the projected cash flows. However, in certain instances, particularly in relation to developed technology or patents, we may utilize the cost approach depending on the nature of the respective intangible asset and the recency of the development or procurement of such technology. In determining the estimated fair value of acquired inventory, we typically utilize the cost approach for raw materials and the sales comparison approach for finished goods, work in process and component parts. In determining the estimated fair value of acquired property, plant, and equipment, we typically utilize the sales comparison approach or the cost approach depending on the nature of the respective asset and the recency of the construction or procurement of such asset.

We may refine the estimated fair values of assets acquired and liabilities assumed, if necessary, over a period not to exceed one year from the date of acquisition by taking into consideration new information that, if known at the date of acquisition, would have affected the estimated fair values ascribed to the assets acquired and liabilities assumed. The judgments made in determining the estimated fair value assigned to assets acquired and liabilities assumed, as well as the estimated useful life and depreciation or amortization method of each asset, can materially impact the net earnings of the periods subsequent to an acquisition through depreciation and amortization, and in certain instances through impairment charges, if the asset becomes impaired in the future. During the measurement period, any purchase price allocation changes that impact the carrying value of goodwill will affect any measurement of goodwill impairment taken during the measurement period, if applicable.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to various financial market risks. Market risk is the potential loss arising from adverse changes in market prices and rates. The Company does not enter into derivative or other financial instruments for trading or speculative purposes.

Foreign Currency Risk

International Sales

A portion of the Company's operations consists of manufacturing and sales activities in international jurisdictions. The Company manufactures its products primarily in the U.S., the U.K., France, the Netherlands, Canada, Brazil and Australia. The Company sells its products primarily within the markets where the products are

produced, but some of the Company's sales from its U.K. and Canadian operations are denominated in other currencies. As a result, the Company's financials, specifically the value of its foreign assets, could be affected by factors such as changes in foreign currency exchange rates in the U.K. and Canada or weak economic conditions in the other markets in which the subsidiaries of the Company distribute their products.

Exposure to Exchange Rates

The Company's earnings are affected by fluctuations in the value of the U.S. dollar as compared to foreign currencies, predominantly in European countries and Canada and, to a lesser extent, Australia and Brazil, as a result of the sale of its products in international markets. Foreign currency forward exchange contracts in the U.K. are used to offset the earnings effects of such fluctuations. On December 31, 2023, the result of a uniform 10% strengthening in the value of the U.S. dollar relative to the currencies in which the Company's sales are denominated would have been a decrease in gross profit of \$12.5 million. Comparatively, on December 31, 2022, the result of a uniform 10% strengthening in the value of the dollar relative to the currencies in which the Company's sales are denominated would have been a decrease in gross profit of approximately \$10.9 million. This calculation assumes that each exchange rate would change in the same direction relative to the U.S. dollar. In addition to the direct effects of changes in exchange rates, which are a changed dollar value of the resulting sales, changes in exchange rates may also affect the volume of sales or the foreign currency sales price as competitors' products become more or less attractive. The Company's sensitivity analysis of the effects of changes in foreign currency exchange rates does not factor in a potential change in sales levels or local currency prices. The translation adjustment during 2023 was a gain of \$13.6 million. On December 31, 2023, the British pound closed at 0.7854 relative to the U.S. dollar, and the Euro closed at 0.9060 relative to the U.S. dollar. By comparison, on December 31, 2022, the British pound closed at 0.8266 relative to the U.S. dollar, and the Euro closed at 0.9344 relative to the U.S. dollar. No assurance can be given as to future valuation of the British pound or Euro or how further movements in those or other currencies could affect future earnings or the financial position of the Company.

Interest Rate Risk

The majority of the Company's long-term debt bears interest at variable rates. Accordingly, the Company's net income is affected by changes in interest rates. Assuming the average level of borrowings at variable rates and a two hundred basis point change in the 2023 average interest rate under these borrowings, the Company's 2023 interest expense would have changed by approximately \$7.0 million. In the event of an adverse change in interest rates, management could take actions to mitigate its exposure. Further, this analysis does not consider the effects of the change in the level of overall economic activity that could exist in such an environment. However, challenges affecting the banking industry and credit markets in general can potentially cause changes to credit availability and cost of borrowing, which creates a level of uncertainty.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data described in [Item 15](#) of this report and included on pages [49](#) through 79 of this report are incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures. An evaluation was carried out, under the supervision and with the participation of the Company's management, including our President & Chief Executive Officer, Executive Vice President & Chief Financial Officer (Principal Financial Officer), and Vice President & Chief Accounting Officer (Principal Accounting Officer), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon the evaluation, the President & Chief Executive Officer and Executive Vice President & Chief Financial Officer (Principal Financial Officer), and Vice President & Chief Accounting Officer (Principal Accounting Officer), concluded that the Company's disclosure controls and procedures were effective at the end of the period covered by this report.

Management's Annual Report on Internal Control over Financial Reporting. Management's report on the Company's internal control over financial reporting is included on page 44 of this Annual Report on Form 10-K and incorporated by reference herein. The Company's independent registered public accounting firm has audited and issued a report on the Company's internal control over financial reporting which is included on page 45 of this Annual Report on Form 10-K and incorporated by reference herein.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by KPMG LLP, an independent registered public accounting firm, and the firm's report on this matter is included in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Controls over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting (as such term is defined by paragraph (d) of Rule 13a-15 under the Securities Exchange Act) during the fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

During the period covered by this report, none of the Company's directors or executive officers has adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (each as defined in Item 408 of Regulation S-K under the Securities Exchange Act of 1934, as amended).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

There are incorporated in this Item 10, by reference, those portions of the Company's definitive proxy statement for the 2024 Annual Meeting of Stockholders which appear therein under the captions "Proposal 1 - Election of Directors," "Nominees for Election to the Board of Directors," "Information Concerning Directors," "Meetings and Committees of the Board," "The Audit Committee," and "The Nominating/Corporate Governance Committee." See also the information under the caption "Information About Our Executive Officers" in Part I of this Report.

The Board of Directors has delegated certain responsibilities to three Committees of the Board. The Committees are the Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee. The Board of Directors has also adopted Corporate Governance guidelines and a Code of Business Conduct and Ethics for all employees, including the Chief Executive Officer, Principal Financial Officer, Principal Accounting Officer and those individuals performing similar functions.

The Committee Charters, Code of Business Conduct and Ethics, and Corporate Governance Guidelines may be found on the Company's website (www.alamo-group.com) under the "Corporate Governance" tab at <https://www.alamo-group.com/corporate-governance/> and are also available in printed form at no charge by sending a request to the Corporate Secretary, Alamo Group Inc., 1627 E. Walnut Street, Seguin, Texas 78155, which is the principal executive office of the Company. The telephone number is (830) 379-1480. The Company will post any amendments to the Code of Conduct and Ethics, and any waivers that are required to be disclosed by the rules of either the SEC or the New York Stock Exchange, on the Company's website.

Item 11. Executive Compensation

There are incorporated in this Item 11, by reference, those portions of the Company's definitive proxy statement for the 2024 Annual Meeting of Stockholders which appear therein under the captions "Executive Compensation," "The Compensation Committee," "Compensation Discussion and Analysis," "Compensation Committee Report" and "Director Compensation during 2023."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

There is incorporated in this Item 12, by reference, that portion of the Company's definitive proxy statement for the 2024 Annual Meeting of Stockholders which appears under the caption "Beneficial Ownership of our Common Stock."

Information on Alamo Group Inc.'s Equity Compensation Plans

The following table provides information on the shares that are available under the Company's stock compensation plans and, in the case of plans where stock options may be granted, the number of shares of common stock issuable upon exercise of those stock options. The Company currently does not have an Equity Compensation Plan that is not approved by the Stockholders.

The numbers in the table are as of December 31, 2023, the last day of Alamo Group Inc.'s 2023 fiscal year.

	A	B	C
Equity Compensation Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of Securities that remain available for future issuance under equity compensation plans (excluding securities reflected in column A)
Plans approved by stockholders			
<i>2005 Incentive Stock Option Plan</i>	550	\$53.51	—
<i>2015 Incentive Stock Option Plan</i>	75,312	\$129.19	273,558
<i>2019 Equity Incentive Plan</i>	93,978	\$158.99	356,156
Plans not approved by stockholders	—	—	—
Total	169,840		629,714

Item 13. Certain Relationships, Related Transactions and Director Independence

Information regarding certain relationships and related transactions is set forth under the caption "Certain Relationships and Related Transactions" in the Company's definitive proxy statement for the 2024 Annual Meeting of Stockholders, and such information is incorporated by reference herein. There were no such reportable relationships or related party transactions in the fiscal year ended December 31, 2023.

Information regarding director independence is set forth under the caption "Information Concerning Directors" in the Company's definitive proxy statement for the 2024 Annual Meeting of Stockholders, and such information is incorporated by reference herein.

Item 14. Principal Accountant Fees and Services

Our independent registered public accounting firm is KPMG LLP , San Antonio, TX , Auditor Firm ID: 185 .

Information regarding principal accountant fees and services is set forth under the caption "Proposal 3 – Ratification of Appointment of Independent Auditors" in the Company's definitive proxy statement for the 2024 Annual Meeting of Stockholders, and such information is incorporated by reference herein.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements

	<u>Page</u>
<u>Report of Management on Internal Control over Financial Reporting</u>	<u>44</u>
<u>Reports of Independent Registered Public Accounting Firm (KPMG LLP)</u>	<u>45</u>
<u>Consolidated Balance Sheets</u>	<u>48</u>
<u>Consolidated Statements of Income</u>	<u>49</u>
<u>Consolidated Statements of Comprehensive Income</u>	<u>50</u>
<u>Consolidated Statements of Stockholders' Equity</u>	<u>51</u>
<u>Consolidated Statements of Cash Flows</u>	<u>52</u>
<u>Notes to Consolidated Financial Statements</u>	<u>53</u>

Financial Statement Schedules

All schedules for which a provision is made in the applicable accounting regulation of the Securities and Exchange Commission are omitted because they are not required or because the required information is included in the consolidated financial statements or notes thereto.

Item 16. Summary

None.

Exhibits

Exhibits – The following exhibits are incorporated by reference to the filing indicated or are included following the index to Exhibits.

INDEX TO EXHIBITS

Exhibits	Exhibit Title	Incorporated by Reference From the Following Documents
3.1	— Certificate of Incorporation, as amended, of Alamo Group Inc.	Filed as Exhibit 3.1 to Form S-1, February 5, 1993
3.2	— Certificate of Amendment of Certificate of Incorporation of Alamo Group Inc.	Filed as Exhibit 3.1 to Form 8-K, May 10, 2016
3.3	— By-Laws of Alamo Group Inc. as amended	Filed as Exhibit 3.1 to Form 8-K, December 12, 2022
4.1	— Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934	Filed as Exhibit 4.1 to Form 10-K, February 28, 2020
10.1	— Form of indemnification agreements with Directors of Alamo Group Inc.	Filed as Exhibit 10.1 to Form 10-Q, May 15, 1997
10.2	— Form of indemnification agreements with certain executive officers of Alamo Group Inc.	Filed as Exhibit 10.2 to Form 10-Q, May 15, 1997
*10.3	— 401(k) Restoration Plan for Highly Compensated Employees, adopted on December 9, 1997	Filed as Exhibit 10.15 to Form 10-K, March 31, 1998
*10.4	— 2005 Incentive Stock Option Plan, adopted by the Board of Directors on May 4, 2005	Filed as Appendix E to Schedule 14A, March 29, 2005
10.5	— Third Amended and Restated Credit Agreement, dated as of October 28, 2022, by and among Alamo Group Inc., Bank of America, N.A. as administrative agent, Wells Fargo Bank, N.A., and PNC Bank, N.A. as co-syndication agents, TD Bank, N.A. as documentation agent, and the other lenders party thereto.	Filed as Exhibit 10.1 to Form 8-K, October 31, 2022
*10.6	— Form of Restricted Stock Award Agreement under the 2009 Equity Incentive Plan	Filed as Exhibit 10.2 to Form 8-K, May 13, 2009
*10.7	— Supplemental Executive Retirement Plan	Filed as Exhibit 10.1 to Form 8-K, January 18, 2011
*10.8	— Amended and Restated Executive Incentive Plan	Filed as Exhibit 10.26 to Form 10-K, March 1, 2018
*10.9	— 2015 Incentive Stock Option Plan, adopted by the Board of Directors on May 7, 2015	Filed as Appendix A to Schedule 14A, March 19, 2015
*10.10	— Alamo Group Inc. 2019 Equity Incentive Plan	Filed as Exhibit 10.1 to Form 8-K, May 7, 2019
*10.11	— Form of Restricted Stock Award Agreement under the Alamo Group Inc. 2019 Equity Incentive Plan	Filed as Exhibit 10.23 to Form 10-K, February 28, 2020
*10.12	— Form of Restricted Stock Unit Agreement under the Alamo Group Inc. 2019 Equity Incentive Plan	Filed as Exhibit 10.24 to Form 10-K, February 28, 2020
*10.13	— Form of Performance Share Unit Agreement under the Alamo Group Inc. 2019 Equity Incentive Plan	Filed as Exhibit 10.22 to Form 10-K, February 26, 2021
10.14	— Form of Executive Change in Control Agreement	Filed as Exhibit 10.1 to Form 8-K, March 10, 2020
10.15	— Amendment to Executive Change in Control Agreement by and between Alamo Group Inc. and Dan Malone	Filed as Exhibit 10.1 to Form 10-Q, August 2, 2023

10.16	—	Amendment to Executive Change in Control Agreement by and between Alamo Group Inc. and Edward Rizzuti	Filed as Exhibit 10.2 to Form 10-Q, August 2, 2023
10.17	—	Amendment to Executive Change in Control Agreement by and between Alamo Group Inc. and Richard Wehrle	Filed as Exhibit 10.3 to Form 10-Q, August 2, 2023
21.1	—	Subsidiaries of the Registrant	Filed Herewith
23.1	—	Consent of KPMG LLP	Filed Herewith
31.1	—	Certification by Jeffery A. Leonard under Section 302 of the Sarbanes-Oxley Act of 2002	Filed Herewith
31.2	—	Certification by Richard J. Wehrle under Section 302 of the Sarbanes-Oxley Act of 2002	Filed Herewith
31.3	—	Certification by Ian M. Eckert under Section 302 of the Sarbanes-Oxley Act of 2002	Filed Herewith
32.1	—	Certification by Jeffery A. Leonard under Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
32.2	—	Certification by Richard J. Wehrle under Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
32.3	—	Certification by Ian M. Eckert under Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
97.0	—	Recoupment Policy	Filed Herewith
101.INS	—	XBRL Instance Document	Filed Herewith
101.SCH	—	XBRL Taxonomy Extension Schema Document	Filed Herewith
101.CAL	—	XBRL Taxonomy Extension Calculation Linkbase Document	Filed Herewith
101.LAB	—	XBRL Taxonomy Extension Label Linkbase Document	Filed Herewith
101.PRE	—	XBRL Taxonomy Extension Presentation Linkbase Document	Filed Herewith
101.DEF	—	XBRL Taxonomy Extension Definition Linkbase Document	Filed Herewith
104	—	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Filed Herewith

*Compensatory Plan

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 22, 2024

ALAMO GROUP INC.

/s/ Jeffery A. Leonard

Jeffery A. Leonard

President & Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in their capacities and on the 22nd day of February 2024.

Signature	Title
<u>/s/RODERICK R. BATY</u> Roderick R. Baty	Independent Board Chair & Director
<u>/s/JEFFERY A. LEONARD</u> Jeffery A. Leonard	President & Chief Executive Officer (Principal Executive Officer)
<u>/s/RICHARD J. WEHRLE</u> Richard J. Wehrle	Executive Vice President & Chief Financial Officer (Principal Financial Officer)
<u>/s/IAN M. ECKERT</u> Ian M. Eckert	Vice President, Corporate Controller & Chief Accounting Officer (Principal Accounting Officer)
<u>/s/ROBERT P. BAUER</u> Robert P. Bauer	Director
<u>/s/ERIC P. ETCHART</u> Eric P. Etchart	Director
<u>/s/NINA C. GROOMS</u> Nina C. Grooms	Director
<u>/s/TRACY C. JOKINEN</u> Tracy C. Jokinen	Director
<u>/s/RICHARD W. PAROD</u> Richard W. Parod	Director
<u>/s/LORIE L. TEKORIUS</u> Lorie L. Tekorius	Director

Report of Management on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. Generally Accepted Accounting Principles.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 using the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, the Company's management concludes that, as of December 31, 2023, the Company's internal controls over financial reporting were effective based on these criteria.

KPMG LLP, an independent registered public accounting firm, has issued an attestation report on the effectiveness of internal control over financial reporting, which is included herein.

Date: February 22, 2024

/s/Jeffery A. Leonard

Jeffery A. Leonard
President, Chief Executive Officer & Director (Principal Executive Officer)

/s/Richard J. Wehrle

Richard J. Wehrle
Executive Vice President & Chief Financial Officer (Principal Financial Officer)

/s/Ian M. Eckert

Ian M. Eckert
Vice President, Corporate Controller & Chief Accounting Officer (Principal Accounting Officer)

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
Alamo Group Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Alamo Group Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 22, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Sufficiency of evidence over the existence of inventory

As discussed in Note 6 to the consolidated financial statements, the value of inventory was \$377 million as of December 31, 2023. To facilitate the global delivery of goods to customers, the Company operates across North America, South America, Europe and Australia. Within these locations, the Company has 29 principal manufacturing plants located in six countries.

We identified the assessment of the sufficiency of evidence over the existence of inventory as a critical audit matter. The geographical dispersion of inventory required especially subjective auditor judgment in determining the sufficiency of audit evidence obtained over the existence of inventory.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over the existence of inventory including determining where we would perform procedures. We evaluated the design and tested

the operating effectiveness of certain internal controls over the Company's inventory process at certain manufacturing plants. This included controls related to the physical inspection of inventories at certain plants. We performed independent test counts for a sample of items and compared them to the Company's records to evaluate the inventory at those specific plants. We evaluated the sufficiency of audit evidence obtained by assessing the results of the procedures performed.

/s/ KPMG LLP

We have served as the Company's auditor since 2009.

San Antonio, Texas

February 22, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
Alamo Group Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Alamo Group Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated February 22, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

San Antonio, Texas
February 22, 2024

Alamo Group Inc. and Subsidiaries
Consolidated Balance Sheets

	Year Ended December 31,	
	2023	2022
(in thousands, except per share amounts)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 51,919	\$ 47,016
Accounts receivable, net	362,007	317,581
Inventories, net	377,480	352,553
Prepaid expenses and other current assets	12,497	9,144
Income tax receivable	54	916
Total current assets	803,957	727,210
Rental equipment, net	39,264	33,723
Property, plant and equipment	365,960	335,078
Less: Accumulated depreciation	(199,300)	(180,071)
Total property, plant and equipment, net	166,660	155,007
Goodwill	206,536	195,858
Intangible assets, net	168,296	171,341
Deferred income taxes	1,375	969
Other non-current assets	23,298	24,400
Total assets	\$ 1,409,386	\$ 1,308,508
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 99,678	\$ 97,537
Income taxes payable	12,529	6,592
Accrued liabilities	86,711	71,368
Current maturities of long-term debt and finance lease obligations	15,008	15,009
Total current liabilities	213,926	190,506
Long-term debt and finance lease obligations, net of current maturities	220,269	286,943
Long-term tax liability	2,634	3,781
Other long-term liabilities	23,694	23,668
Deferred income taxes	16,100	18,250
Stockholders' equity:		
Common stock, \$.10 par value, 20,000,000 shares authorized; 11,964,181 and 11,913,890 outstanding at December 31, 2023 and December 31, 2022, respectively	1,196	1,191
Additional paid-in capital	137,791	129,820
Treasury stock, at cost; 82,600 shares at December 31, 2023 and December 31, 2022	(4,566)	(4,566)
Retained earnings	852,859	727,183
Accumulated other comprehensive loss	(54,517)	(68,268)
Total stockholders' equity	932,763	785,360
Total liabilities and stockholders' equity	\$ 1,409,386	\$ 1,308,508

See accompanying notes.

Alamo Group Inc. and Subsidiaries
Consolidated Statements of Income

	Year Ended December 31,		
(in thousands, except per share amounts)	2023	2022	2021
Net sales:			
Vegetation Management	\$ 979,040	\$ 937,065	\$ 812,676
Industrial Equipment	710,611	576,551	521,547
Total net sales	1,689,651	1,513,616	1,334,223
Cost of sales	1,236,007	1,137,098	999,709
Gross profit	453,644	376,518	334,514
Selling, general and administrative expenses	240,158	212,649	202,939
Amortization expense	15,519	15,277	14,637
Income from operations	197,967	148,592	116,938
Interest expense	(26,093)	(14,361)	(10,533)
Interest income	1,485	752	1,149
Other income (expense)	1,761	(673)	1,944
Income before income taxes	175,120	134,310	109,498
Provision for income taxes	38,959	32,382	29,253
Net income	\$ 136,161	\$ 101,928	\$ 80,245
Net income per common share:			
Basic	\$ 11.42	\$ 8.58	\$ 6.78
Diluted	\$ 11.36	\$ 8.54	\$ 6.75
Average common shares:			
Basic	11,920	11,877	11,837
Diluted	11,987	11,934	11,896

See accompanying notes.

Alamo Group Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income

(in thousands)	Year Ended December 31,		
	2023	2022	2021
Net income	\$ 136,161	\$ 101,928	\$ 80,245
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment, net of tax (expense) benefit of \$(949), \$ 1,069 , and \$(344)	13,644	(23,032)	(15,800)
Unrealized (loss) income on derivative instruments, net of tax benefit (expense) of \$ 282 , \$(497), and \$(1,405), respectively	(1,231)	2,047	5,298
Recognition of deferred pension and other post-retirement benefits, net of tax expense of \$(391), \$(194), and \$(356), respectively	1,338	1,707	1,838
Other comprehensive income (loss), net of tax	\$ 13,751	\$ (19,278)	\$ (8,664)
Comprehensive income	\$ 149,912	\$ 82,650	\$ 71,581

See accompanying notes.

Alamo Group Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity

(in thousands)	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stock- holders' Equity
	Shares	Amount					
Balance at December 31, 2020	11,727	\$ 1,181	\$ 118,528	\$ (4,566)	\$ 560,186	\$ (40,326)	\$ 635,003
Other comprehensive income	—	—	—	—	80,245	(8,664)	71,581
Stock-based compensation expense	—	—	5,987	—	—	—	5,987
Stock-based compensation transactions	64	6	(287)	—	—	—	(281)
Dividends paid (\$ 0.56 per share)	—	—	—	—	(6,627)	—	(6,627)
Balance at December 31, 2021	11,791	\$ 1,187	\$ 124,228	\$ (4,566)	\$ 633,804	\$ (48,990)	\$ 705,663
Other comprehensive income	—	—	—	—	101,928	(19,278)	82,650
Stock-based compensation expense	—	—	5,561	—	—	—	5,561
Stock-based compensation transactions	40	4	31	—	—	—	35
Dividends paid (\$ 0.72 per share)	—	—	—	—	(8,549)	—	(8,549)
Balance at December 31, 2022	11,831	\$ 1,191	\$ 129,820	\$ (4,566)	\$ 727,183	\$ (68,268)	\$ 785,360
Other comprehensive income	—	—	—	—	136,161	13,751	149,912
Stock-based compensation expense	—	—	7,424	—	—	—	7,424
Stock-based compensation transactions	51	5	547	—	—	—	552
Dividends paid (\$ 0.88 per share)	—	—	—	—	(10,485)	—	(10,485)
Balance at December 31, 2023	11,882	\$ 1,196	\$ 137,791	\$ (4,566)	\$ 852,859	\$ (54,517)	\$ 932,763

See accompanying notes.

Alamo Group Inc. and Subsidiaries
Consolidated Statements of Cash Flows

(in thousands)	Year Ended December 31,		
	2023	2022	2021
Operating Activities			
Net income	\$ 136,161	\$ 101,928	\$ 80,245
Adjustments to reconcile net income to cash provided by operating activities:			
Provision for doubtful accounts	253	424	506
Depreciation - PP&E	23,665	23,673	21,229
Depreciation - Rental	8,789	7,739	8,613
Amortization of intangibles	15,519	15,277	14,637
Amortization of debt issuance	703	667	667
Stock-based compensation expense	7,424	5,561	5,987
Provision for deferred income tax benefit	(4,253)	(2,337)	(1,182)
Gain on sale of property, plant and equipment	(6,621)	(161)	(3,779)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(35,293)	(85,055)	(27,571)
Inventories	(10,844)	(37,739)	(78,463)
Rental equipment	(13,930)	(9,196)	1,138
Prepaid expenses and other	(835)	(6,146)	(6,994)
Trade accounts payable and accrued liabilities	4,813	(2,879)	32,532
Income taxes payable	6,705	2,934	4,648
Long term tax payable	(1,147)	(635)	462
Other assets and liabilities, net	45	475	(3,008)
Net cash provided by operating activities	131,154	14,530	49,667
Investing Activities			
Acquisitions, net of cash acquired	(27,560)	(2,000)	(17,798)
Purchase of property, plant and equipment	(37,745)	(31,141)	(25,263)
Proceeds from sale of property, plant and equipment	12,682	1,566	9,667
Purchase of patents	—	(163)	(44)
Net cash used in investing activities	(52,623)	(31,738)	(33,438)
Financing Activities			
Borrowings on bank revolving credit facility	183,000	222,000	188,000
Repayment on bank revolving credit facility	(235,000)	(174,000)	(189,000)
Principal payments on long-term debt and capital leases	(14,948)	(15,031)	(15,093)
Dividends paid	(10,485)	(8,549)	(6,627)
Proceeds from exercise of stock options	1,586	803	1,676
Common stock repurchased	(1,034)	(768)	(1,957)
Net cash (used in) provided by financing activities	(76,881)	24,455	(23,001)
Effect of exchange rate changes on cash	3,253	(2,346)	(1,308)
Net change in cash and cash equivalents	4,903	4,901	(8,080)
Cash and cash equivalents at beginning of the year	47,016	42,115	50,195
Cash and cash equivalents at end of the year	\$ 51,919	\$ 47,016	\$ 42,115
Cash paid during the year for:			
Interest	\$ 25,358	\$ 14,575	\$ 10,248
Income taxes	\$ 37,330	\$ 35,102	\$ 32,865

See accompanying notes.

Alamo Group Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

Description of the Business and Segments

The Company manufactures, distributes and services high quality tractor-mounted mowing and other vegetation maintenance equipment, street sweepers, excavators, vacuum trucks, truck mounted highway attenuator trucks, forestry and tree maintenance equipment, snow removal equipment, leaf collection equipment, pothole patchers, zero turn radius mowers, agricultural implements and related aftermarket parts and services.

The Company manages its business through two principal reporting segments: Vegetation Management and Industrial Equipment, which are discussed in [Note 18](#).

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Alamo Group Inc. and its subsidiaries (the "Company" or "Alamo Group"), all of which are wholly owned. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amount of assets, liabilities, revenues, and expenses reported in the financial statements and accompanying notes. Judgments related to asset impairment and certain reserves are particularly subject to change. Actual results could differ from those estimates. Such estimates include, but are not limited to, allowance for doubtful accounts, reserve for sales discounts, estimated realizable value on obsolete and slow-moving inventory, warranty reserve, estimates related to pension accounting, estimates related to fair value for purposes of assessing goodwill, long-lived assets and intangible assets for impairment, estimates related to income taxes, and estimates related to contingencies.

Foreign Currency

The Company translates the assets and liabilities of foreign-owned subsidiaries at rates in effect at the end of the year. Revenues and expenses are translated at average rates in effect during the reporting period. Translation adjustments are included in Accumulated other comprehensive income (loss).

Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents. As of December 31, 2023 and December 31, 2022, there was no restricted cash.

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of accounts receivable. The credit risk is limited because of the large numbers and types of customers and their geographic dispersion.

Inventory Valuation

Inventories are stated at the lower of cost or net realizable value.

Property, Plant and Equipment

Property, plant, and equipment are stated on the basis of cost. Major renewals and betterments are charged to the property accounts, while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed to the current period. Depreciation is provided at amounts calculated to amortize the cost of the assets over their estimated useful economic lives using the straight-line method.

Impairment of Long-Lived Assets

Long-lived assets, such as property, plant and equipment, rental equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Company first compares non-discounted cash flows expected to be generated by that asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on a non-discounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the identifiable net assets acquired. Goodwill is not amortized but is instead tested for impairment at least annually, or whenever events or circumstances change between the annual impairment tests that make it likely that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell all or a portion of a reporting unit. The Company performs its annual test for goodwill impairment related to its reporting units on October 1 of each fiscal year. Impairment testing for goodwill is done at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (also known as a component). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available, and segment management regularly reviews the operating results of that component.

We perform a qualitative assessment for all of our reporting units to determine whether it is more likely than not that an impairment exists. Factors considered include macroeconomic, industry and competitive conditions, legal and regulatory environment, historical financial performance and significant changes in the reporting unit. If the qualitative assessment indicates that it is more likely than not that an impairment exists, then a quantitative assessment is performed. Alternatively, we may also bypass the qualitative assessment and go ahead and perform step 1 to determine if the carrying amount exceeds the reporting unit's fair value. If the fair value of the reporting unit is lower than its carrying amount, goodwill is written down for the amount by which the carrying amount exceeds the fair value. However, the loss recognized cannot exceed the carrying amount of goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe a hypothetical marketplace participant would use.

See [Note 8](#) to the Consolidated Financial Statements for more information regarding goodwill.

Intangible Assets

The Company has intangible assets with both definite and indefinite useful lives. The definite-lived assets are trade names and trademarks, customer and dealer relationships, and patents and drawings that are subject to amortization with useful lives ranging from 3 years to 25 years. Impairment of definite-lived assets is discussed as part of the *Impairment of Long-Lived Assets* paragraph above.

The indefinite-lived assets not subject to amortization consist of trade names. The Company tests its indefinite-lived intangible assets for impairment on an annual basis at year-end, or more frequently if an event occurs or circumstances change that indicate that the fair value of an indefinite-lived intangible asset could be below its carrying amount. The impairment test consists of comparing the fair value of the indefinite-lived intangible asset, determined using the relief from royalty method, with its carrying amount. An impairment loss would be recognized for the carrying amount in excess of its fair value.

See [Note 9](#) to the Consolidated Financial Statements for more information regarding intangible assets.

Leases

We determine if an arrangement is a lease at inception. Operating leases are included in other non-current assets, accrued liabilities, and other long-term liabilities on our consolidated balance sheets. Finance leases are included in property, plant and equipment, accrued liabilities, and other long-term liabilities on our consolidated balance sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

We have elected to not account for the lease and non-lease components separately for most of our asset classes with the exception of real-estate. We have also elected to exclude all lease agreements with an initial term of 12 months or less from the lease recognition requirements as allowed by ASC.

See [Note 10](#) to the Consolidated Financial Statements for more information regarding leases.

Pensions

The Company records annual amounts relating to its pension and post-retirement plans based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return, compensation increases, turnover rates and health care cost trend rates. The Company reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in Accumulated other comprehensive income (loss) and amortized to net periodic cost over future periods using the corridor method. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions. The net periodic costs are recognized as employees render the services necessary to earn the post-retirement benefits.

Revenue Recognition

The majority of the Company's revenue is recognized from product sales under contracts with customers. The Company presents two reportable operating segments within its financial statements: Vegetation Management and Industrial Equipment. Contract terms and performance obligations within each contractual agreement are generally consistent for both divisions, with small differences that do not have a significant impact on the revenue recognition considerations under Topic 606. Revenues are recognized when we satisfy our performance obligation to transfer product to our customers, which typically occurs at a point in time upon shipment or delivery of the product, and for an amount that reflects the transaction price that is allocated to the performance obligation. Our contracts with customers state the final terms of sale, including the description, quantity and price for goods sold. In the normal course of business, we generally do not accept product returns.

The transaction price is the consideration that we expect to be entitled to in exchange for our products. Some of our contracts contain variable consideration in the form of sales incentives to our customers, such as discounts and rebates. For contracts that include variable consideration, we estimate the factors that determine the variable consideration in order to establish the transaction price.

We have elected that any taxes collected from customers and remitted to government authorities (i.e., sales tax, use tax, etc.) are excluded from the measurement of the transaction price and therefore are excluded from net sales in the consolidated statements of operations.

There are instances where we provide shipping services in relation to the goods sold to our customers. Shipping and handling costs that occur before the customer obtains control of the goods are deemed to be fulfillment activities and are included in cost of goods sold. We have elected to account for shipping and handling activities that occur after the customer has obtained control of a good as fulfillment activities (i.e., an expense) rather than as a promised service.

Rental Equipment

The Company enters into operating lease agreements with customers related to the rental of certain equipment. In accounting for these leases, the cost of the equipment purchased or manufactured by the Company is recorded as an asset, and is depreciated over its estimated useful life. Accumulated depreciation relating to the rental equipment was \$ 24.7 million and \$ 22.3 million on December 31, 2023 and December 31, 2022, respectively.

Shipping and Handling Costs

The Company's policy is to include shipping and handling costs in costs of goods sold.

Advertising

We charge advertising costs to expense as incurred. Advertising and marketing expense related to operations for fiscal years 2023, 2022, and 2021 was approximately \$ 23.2 million, \$ 10.9 million and \$ 10.2 million, respectively. Advertising and marketing expenses are included in Selling, General and Administrative expenses ("SG&A").

Research and Development

Product development and engineering costs charged to SG&A amounted to \$ 13.4 million, \$ 14.3 million, and \$ 11.7 million for the years ended December 31, 2023, 2022, and 2021, respectively.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. The Company's policy is to accrue for legal costs expected to be incurred in connection with loss contingencies.

Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial reporting basis and tax basis of assets and liabilities, and are measured by applying enacted statutory tax rates applicable to the future years in which deferred tax assets or liabilities are expected to be settled or realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, available tax carrybacks and tax planning strategies in making this assessment other than those which we have reserved. We have elected to treat the global intangible low-taxed income (GILTI) tax as a period expense.

Stock-Based Compensation

The Company has granted options to purchase its common stock, restricted stock awards, restricted stock units, and performance stock units to certain employees and directors of the Company and its affiliates under various stock option plans at no less than the fair market value of the underlying stock on the date of grant. These options are granted for a term not exceeding ten years and are forfeited in the event that the employee or director terminates his or her employment or relationship with the Company or one of its affiliates other than by retirement or death. These options generally vest over five years. All option plans contain anti-dilutive provisions that permit an adjustment of the number of shares of the Company's common stock represented by each option for any change in capitalization.

The fair value of each stock option is estimated on the date of grant using the Black-Scholes valuation method with the following assumptions noted:

1. The risk-free rate is based on the U.S. Treasury rate over the expected life of the option at the time of the grant.
2. The dividend yield is calculated as the ratio of dividends paid per share of common stock to the stock price on the date of the grant.

3. The expected volatility factors are based on the historical movement of the Company's common stock price over the expected life of the option.
4. The expected life is the average length of time in which officers, other employees, and non-employee directors are expected to exercise their options, and which are primarily based on historical experience.

The Company calculated the fair value for options with the following weighted-average assumptions for 2023, 2022, and 2021:

Fair Value Calculation Assumptions for Stock Compensation

	December 31,					
	2023		2022		2021	
Risk-free interest rate	4.05	%	1.93	%	1.25	%
Dividend yield	0.5	%	0.5	%	0.4	%
Volatility factors	32.1	%	33.2	%	33.9	%
Weighted-average expected life	8.0 years		8.0 years		8.0 years	

Earnings per Common Share ("EPS")

Basic EPS is computed using the weighted-average number of common shares outstanding during the year. The treasury stock method is used to compute diluted EPS which gives effect to the potential dilution of earnings that could have occurred if additional shares were issued for awards granted under the Company's incentive stock option plans. The treasury stock method assumes that proceeds obtained upon exercise of awards granted under the incentive stock option plans are used to purchase outstanding common stock at the average market price during the period.

2. ACCOUNTING PRONOUNCEMENTS

Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is also permitted. Upon adoption this ASU will likely result in incremental disclosures as required. We are currently evaluating the provisions of this ASU and expect to adopt them for the year ending December 31, 2024.

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures (Topic 740). The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. This ASU will result in the required additional disclosures being included in our consolidated financial statements, once adopted.

3. BUSINESS COMBINATIONS

On October 10, 2023, the Company acquired 100 % of the issued and outstanding equity capital of Royal Truck & Equipment, Inc. ("Royal Truck"). Royal Truck is a leading manufacturer of truck mounted highway attenuator trucks and other specialty trucks and equipment for the highway infrastructure and traffic control market. The primary reason for the Royal Truck acquisition was to acquire business operations in an adjacent market, highway safety and equipment, where the Company sees compelling future opportunities. The acquisition price was approximately \$ 28 million subject to post closing adjustments. The Company has included the operating results of

Royal Truck in its consolidated financial statements since the date of acquisition, these results are considered immaterial.

4. EARNINGS PER SHARE

The following table sets forth the reconciliation from basic to diluted average common shares and the calculations of net income per common share. Net income for basic and diluted calculations does not differ.

(in thousands, except per share amounts)	2023	2022	2021
Net income	\$ 136,161	\$ 101,928	\$ 80,245
Average common shares:			
Basic (weighted-average outstanding shares)	11,920	11,877	11,837
Dilutive potential common shares from stock options	67	57	59
Diluted (weighted-average outstanding shares)	11,987	11,934	11,896
Basic earnings per share	\$ 11.42	\$ 8.58	\$ 6.78
Diluted earnings per share	\$ 11.36	\$ 8.54	\$ 6.75

Stock options totaling 4,991 shares in 2023, 25,610 shares in 2022, and 15,586 shares in 2021 were not included in the diluted earnings per share calculation because the effect would have been anti-dilutive.

5. VALUATION AND QUALIFYING ACCOUNTS

Valuation and qualifying accounts included the following:

(in thousands)	Balance Beginning of Year	Net Charged to Costs and Expenses	Translations, Reclassifications and Acquisitions	Net Write-Offs or Discounts Taken	Balance End of Year
2023					
Reserve for sales discounts	\$ 19,861	\$ 159,235	\$ 5	\$ (155,070)	\$ 24,031
Reserve for inventory obsolescence	13,209	5,527	410	(10,161)	8,985
Reserve for warranty	9,340	13,809	313	(12,324)	11,138
2022					
Reserve for sales discounts	\$ 12,567	\$ 137,553	\$ (21)	\$ (130,238)	\$ 19,861
Reserve for inventory obsolescence	12,908	6,998	(277)	(6,420)	13,209
Reserve for warranty	9,953	11,290	(244)	(11,659)	9,340
2021					
Reserve for sales discounts	\$ 13,549	\$ 116,114	\$ (688)	\$ (116,408)	\$ 12,567
Reserve for inventory obsolescence	12,027	6,531	(146)	(5,504)	12,908
Reserve for warranty	9,096	10,727	(132)	(9,738)	9,953

Sales Discounts

On December 31, 2023, the Company had \$ 24.0 million in reserves for sales discounts compared to \$ 19.9 million on December 31, 2022 on product shipped to our customers under various promotional programs. The most common programs provide a discount when the customer pays within a specified period of time.

The Company reviews the reserve quarterly based on analysis made on each program outstanding at the time. The cost of these discounts is estimated based on historical experience and known changes in promotional programs and is reported as a reduction to sales when the product sale is recognized. The reserve is adjusted if discounts paid differ from those estimated. Historically, those adjustments have not been material.

Reserve for Inventory Obsolescence

We value inventories at the lower of the cost of inventory or net realizable value. As needed, we record an inventory valuation adjustment for excess, slow moving, and obsolete inventory that is equal to the excess of the cost of the inventory over the estimated net realizable value. The inventory valuation adjustment to net realizable value establishes a new cost basis of the inventory that cannot be subsequently reversed. Such inventory valuation adjustments for excess, obsolete, and slow moving inventory are not reduced or removed until the product is sold or disposed of.

The Company had a reserve of \$ 9.0 million on December 31, 2023 and \$ 13.2 million on December 31, 2022 to cover obsolete and slow moving inventory. The decrease in the reserve was primarily attributable to the Company's Industrial Equipment Division. The reserve for inventory obsolescence is calculated as follows: 1) no inventory usage over a three-year period is deemed obsolete and reserved at 100 %; and 2) slow moving inventory with little usage requires a 100 % reserve on items that have a quantity greater than a three-year supply. There are exceptions to the obsolete and slow moving classifications if approved by an officer of the Company, based on specific identification of an item or items that are deemed to be either included or excluded from this classification. In cases where there is no historical data, management makes a judgment based on a specific review of the inventory in question to determine what reserves, if any, are appropriate. New products or parts are generally excluded from the reserve until a three-year history has been established.

Warranty

The Company's warranty policy is generally to provide its customers warranty for up to one year on all wholegood units and 90 days on parts, though some components can have warranty for longer terms.

Warranty reserve, as a percentage of sales, is generally calculated by looking at the current twelve months ' expenses and prorating that amount based on twelve months ' sales with a three to six month lag period. The Company's historical experience is that an end-user takes approximately three to six months from the receipt of the unit to file a warranty claim.

The current liability warranty reserve balance was \$ 11.1 million on December 31, 2023 and \$ 9.3 million on December 31, 2022 and is included in [Note 11](#).

6. INVENTORIES

Inventories consisted of the following:

(in thousands)	December 31,	
	2023	2022
Finished goods and parts	\$ 338,675	\$ 312,726
Work in process	30,616	22,273
Raw materials	8,189	17,554
Inventory, net	\$ 377,480	\$ 352,553

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(in thousands)	December 31,		Useful Lives
	2023	2022	
Land	\$ 12,092	\$ 12,792	
Buildings and improvements	151,925	145,616	5 - 20 yrs.
Machinery and equipment	159,863	140,252	3 - 10 yrs.
Office furniture and equipment	15,603	13,270	3 - 7 yrs.
Computer software	15,528	13,551	3 - 7 yrs.
Transportation equipment	10,949	9,597	3 yrs.
Property, plant and equipment, at cost	365,960	335,078	
Accumulated depreciation	(199,300)	(180,071)	
Property, plant and equipment, net	\$ 166,660	\$ 155,007	

8. GOODWILL

The changes in the carrying amount of goodwill for the year ended December 31, 2021, 2022, and 2023 are as follows:

(in thousands)	Vegetation Management	Industrial Equipment	Consolidated
Balance at December 31, 2020	\$ 124,981	\$ 70,151	\$ 195,132
Translation adjustment	(1,510)	(708)	(2,218)
Goodwill acquired	9,492	—	9,492
Balance at December 31, 2021	\$ 132,963	\$ 69,443	\$ 202,406
Translation adjustment	(1,882)	(1,147)	(3,029)
Goodwill adjustment	(3,519)	—	(3,519)
Balance at December 31, 2022	\$ 127,562	\$ 68,296	\$ 195,858
Translation adjustment	1,337	476	1,813
Goodwill acquired	—	8,865	8,865
Balance at December 31, 2023	\$ 128,899	\$ 77,637	\$ 206,536

9. INTANGIBLE ASSETS

The following is a summary of the Company's intangible assets net of the accumulated amortization:

(in thousands)	Estimated Useful Lives	December 31, 2023	December 31, 2022
Definite:			
Trade names and trademarks	15 - 25 years	\$ 72,834	\$ 68,797
Customer and dealer relationships	8 - 15 years	137,744	129,338
Patents and developed technologies	3 - 12 years	28,558	28,437
Favorable leasehold interests	7 years	4,200	4,200
Noncompetition agreements	5 years	200	—
Total at cost		243,536	230,772
Less accumulated amortization		(80,740)	(64,931)
Total net		162,796	165,841
Indefinite:			
Trade names and trademarks		5,500	5,500
Total Intangible Assets		\$ 168,296	\$ 171,341

The Company's net carrying value at December 31, 2023 of intangible assets with definite useful lives consists of trade names and trademarks at \$ 55.9 million, customer and dealer relationships at \$ 89.3 million, patents and drawings at \$ 15.7 million, and favorable leasehold interests at \$ 1.7 million. As of December 31, 2023, the related accumulated amortization balance for the definite-lived assets were \$ 16.9 million for trade names and trademarks, \$ 48.5 million for customer and dealer relationships, \$ 12.8 million for patents and drawings, and \$ 2.5 million for favorable leasehold interests. The Company estimates amortization expense to be \$ 15.5 million for each of the next five years.

Indefinite-lived trade names and trademarks consisted of the *Gradall* trade name with a carrying value of \$ 3.6 million and the *Bush Hog* trade name with a carrying value of \$ 1.9 million.

10. LEASES

Leases

The Company leases office space and equipment under various operating and finance leases, which generally are expected to be renewed or replaced by other leases. As of December 31, 2023, the components of lease cost were as follows:

Components of Lease Cost			
(in thousands)	Twelve Months Ended December 31,		
	2023	2022	
Finance lease cost:			
Amortization of right-of-use assets	\$	9	\$ 30
Interest on lease liabilities		1	1
Operating lease cost		6,137	5,783
Short-term lease cost		1,308	1,397
Variable lease cost		281	348
Total lease cost	\$	7,736	\$ 7,559

As of December 31, 2023, future minimum lease payments under these non-cancelable leases are:

Future Minimum Lease Payments

(in thousands)		Operating Leases
2024	\$	5,825
2025		4,842
2026		3,443
2027		1,887
2028		786
Thereafter		962
Total minimum lease payments	\$	17,745
Less imputed interest		(1,143)
Total lease liabilities	\$	16,602

Rental expense for operating leases was \$ 7.7 million for 2023, \$ 7.5 million for 2022, and \$ 7.0 million for 2021.

Future Lease Commencements

As of December 31, 2023, we have additional operating leases that have not yet commenced in the amount of \$ 2.4 million. These operating leases will commence in fiscal year 2024.

Supplemental balance sheet information related to leases was as follows:

Operating Leases

(in thousands)	December 31,			
	2023		2022	
Other non-current assets	\$	16,279	\$	17,249
Accrued liabilities		5,295		4,685
Other long-term liabilities		11,307		12,849
Total operating lease liabilities	\$	16,602	\$	17,534
Weighted average remaining lease term		3.76 years		4.66 years
Weighted average discount rate		4.05 %		3.30 %

Supplemental cash flow information related to leases was as follows:

(in thousands)	Twelve Months Ended December 31,			
	2023		2022	
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$	5,490	\$	5,246

11. ACCRUED LIABILITIES

Accrued liabilities consist of the following balances:

(in thousands)	December 31,	
	2023	2022
Salaries, wages and bonuses	\$ 43,503	\$ 37,590
Lease liability	5,295	4,685
Taxes	1,965	2,426
Warranty	11,138	9,340
Retirement provision	2,785	2,588
Customer deposits	6,216	5,197
Other	15,809	9,542
Accrued liabilities	\$ 86,711	\$ 71,368

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

U.S. GAAP requires or permits certain assets or liabilities to be measured at fair value on a recurring or non-recurring basis in our balance sheets. U.S. GAAP also requires the disclosure of the fair values of financial instruments when an option to elect fair value accounting has been provided but such election has not been made. A debt obligation is an example of such a financial instrument.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. There is a three-tier fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. In fair value, measurements are classified under the following hierarchy:

Level 1 – Quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs or significant value-drivers are observable in active markets.

Level 3 – Model-derived valuations in which one or more significant inputs or significant value-drivers are unobservable.

When measuring fair value, the Company maximizes use of observable inputs and minimizes the use of unobservable inputs.

Fair value measurements are classified to the lowest level input or value-driver that is significant to the valuation. A measurement may therefore be classified within Level 3 even though there may be significant inputs that are readily observable.

The carrying values of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses, approximate fair value because of the short-term nature of these items. The carrying value of our debt approximates the fair value as of December 31, 2023 and 2022, as the floating rates on our outstanding balances approximate current market rates. This conclusion was made based on Level 2 inputs. Fair values determined by Level 2 utilize inputs that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active. Other than the investments held by the retirement benefit plans, as described in [Note 17](#) to the Consolidated Financial Statements, the Company does not have any other significant financial assets or liabilities measured at fair value on a recurring basis.

The Company has no recurring or nonrecurring valuations that fall under Level 3 of the fair value hierarchy as of December 31, 2023 and 2022.

13. LONG-TERM DEBT

The components of long-term debt are as follows:

(in thousands)	December 31,	
	2023	2022
Bank revolving credit facility	\$ —	\$ 52,000
Term debt	235,201	249,928
Finance lease obligations	76	24
Total debt	235,277	301,952
Less current maturities	15,008	15,009
Total long-term debt	\$ 220,269	\$ 286,943

On October 28, 2022, the Company, as Borrower, and each of its domestic subsidiaries as guarantors, entered into a Third Amended and Restated Credit Agreement (the "2022 Credit Agreement") with Bank of America, N.A., as Administrative Agent. The 2022 Credit Agreement provides Borrower with the ability to request loans and other financial obligations in an aggregate amount of up to \$ 655.0 million. Under the 2022 Credit Agreement, the Company has borrowed \$ 255.0 million pursuant to a Term Facility, while up to \$ 400.0 million is available to the Company pursuant to a Revolver Facility which terminates in 5 years. The Term Facility requires the Company to make equal quarterly principal payments of \$ 3.75 million over the term of the loan, with the final payment of any outstanding principal amount, plus interest, due at the end of the five year term. Borrowings under the 2022 Credit Agreement bear interest, at the Company's option, at a Term Secured Overnight Financing Rate ("SOFR") or a Base Rate (each as defined in the 2022 Credit Agreement), plus, in each case, an applicable margin. The applicable margin ranges from 1.25 % to 2.50 % for Term SOFR borrowings and from .25 % to 1.50 % for Base Rate borrowings with the margin percentage based upon the Company's consolidated leverage ratio. The Company must also pay a commitment fee to the lenders ranging between 0.15 % to 0.30 % on any unused portion of the \$ 400.0 million Revolver Facility.

The 2022 Credit Agreement requires the Company to maintain two financial covenants, namely, a maximum consolidated leverage ratio and a minimum consolidated fixed charge coverage ratio. The Agreement also contains various covenants relating to limitations on indebtedness, limitations on investments and acquisitions, limitations on the sale of properties and limitations on liens and capital expenditures. The Agreement also contains other customary covenants, representations and events of defaults. The expiration date of the 2022 Credit Agreement, including the Term Facility and the Revolver Facility, is October 28, 2027.

As of December 31, 2023, \$ 235.2 million was outstanding under the Credit Agreement. Of the total outstanding, \$ 235.2 million was on the Term Facility at a rate of 6.71 %. On December 31, 2023, \$ 2.6 million of the revolver capacity was committed to irrevocable standby letters of credit issued in the ordinary course of business as required by vendors' contracts resulting in \$ 397.4 million in available borrowings. The Company is in compliance with the covenants under the Credit Agreement.

The aggregate maturities of long-term debt, as of December 31, 2023, are as follows: \$ 15.0 million in 2024; \$ 15.1 million in 2025; \$ 15.0 million in 2026; \$ 190.2 million in 2027; and zero thereafter.

14. INCOME TAXES

Income Statement Components

Earnings before income taxes were as follows:

(in thousands)	December 31,		
	2023	2022	2021
Income before income taxes:			
Domestic	\$ 121,065	\$ 86,680	\$ 74,070
Foreign	54,055	47,630	35,428
	\$ 175,120	\$ 134,310	\$ 109,498

The components of income tax expense (benefit) were as follows:

(in thousands)	December 31,		
	2023	2022	2021
Current:			
Domestic	\$ 24,168	\$ 19,197	\$ 16,846
Foreign	11,356	11,848	8,646
State	7,688	3,674	4,943
	43,212	34,719	30,435
Deferred:			
Domestic	(4,451)	(2,246)	(679)
Foreign	353	(51)	(274)
State	(155)	(40)	(229)
	(4,253)	(2,337)	(1,182)
Total income taxes	\$ 38,959	\$ 32,382	\$ 29,253

A reconciliation of the income tax at the Company's U.S. statutory federal income tax rate to the provision for income tax follows. Some prior year components have been reclassified to conform to the current year presentation.

(in thousands)	December 31,		
	2023	2022	2021
Income tax expense at statutory rates	\$ 36,775	\$ 28,205	\$ 22,995
Increase (reduction) from:			
Jurisdictional rate differences	2,766	1,989	1,599
Executive compensation limitations	183	481	1,314
Valuation allowance	(789)	(316)	(269)
Stock based compensation	(24)	122	(322)
U.S. state taxes	6,076	2,632	3,724
Foreign tax (credit) / expense	(371)	267	—
R&D credit (net)	(3,618)	(1,585)	(782)
Other credits	(628)	—	—
GILTI	109	500	—
FDII	(731)	(192)	—
Previously unrecognized tax (benefit) / expense	170	51	8
Other (net)	(959)	228	986
Provision for income taxes	\$ 38,959	\$ 32,382	\$ 29,253
Effective tax rate	22.2 %	24.1 %	26.7 %

Deferred Income Tax Assets and Liabilities

The components of the Company's deferred income tax assets and liabilities were as follows:

(in thousands)	December 31,	
	2023	2022
Deferred income tax assets:		
Inventory basis difference	\$ 3,580	\$ 3,45
Accounts receivable reserve	798	33
Rental equipment and Property, plant and equipment	—	34
Stock based compensation	944	82
Pension liability	2,922	2,90
Employee benefit accrual	3,150	2,45
Product liability and warranty reserves	2,415	2,17
Foreign net operating loss	2,736	3,07
Lease liability	4,052	4,73
Capitalized R&D costs	10,335	4,23
Other	447	1,63
Total deferred income tax assets	\$ 31,379	\$ 26,17
Less: Valuation allowance	(2,512)	(3,63
Net deferred income tax assets	\$ 28,867	\$ 22,53
Deferred income tax liabilities:		
Inventory basis differences	\$ (75)	\$ (26
Rental equipment and Property, plant and equipment	(17,074)	(14,37
Lease asset	(3,941)	(4,63
Intangible assets	(20,878)	(19,30
Expenses not currently deductible for book purposes	(1,624)	(1,24
Total deferred income tax liabilities	\$ (43,592)	\$ (39,81
Net deferred income taxes	\$ (14,725)	\$ (17,28

As of December 31, 2023, the Company had foreign deferred tax assets consisting of foreign net operating losses and other tax benefits available to reduce future taxable income in a foreign jurisdiction. These foreign jurisdictions' net operating loss carry-forwards are approximately \$ 9.2 million, and substantially all of these foreign jurisdiction net operating losses have an unlimited carry-forward period.

The Company's valuation allowance as of December 31, 2023 related primarily to foreign net operating losses and as of December 31, 2022 related primarily to foreign net operating losses and foreign tax credits.

Unrecognized Tax Benefits

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows. The Company does not expect the unrecognized tax benefits to change significantly over the next 12 months.

Unrecognized Tax Benefits			
(in thousands)	December 31,		
	2023	2022	
Balance as of beginning of year	\$ 321	\$ 270	
Increases for tax positions related to the current year	252	156	
Decreases due to lapse of statute of limitations	(83)	(105)	
Balance as of end of year	\$ 490	\$ 321	

The Company has adopted the policy to include interest and penalty expense related to income taxes as interest and other expense, respectively. As of December 31, 2023, no interest or penalties have been accrued. With few exceptions, the Company's open tax years for its federal and state income tax returns are for the tax years ended 2018 through 2023, and for tax years ended 2017 through 2023 for its foreign income tax returns.

The Company currently intends to permanently reinvest its earnings in certain foreign subsidiaries. No U.S. corporate income taxes or foreign withholding taxes should be imposed on future distributions of the earnings not permanently reinvested. If the amounts asserted as permanent reinvestment were distributed, the Company would be subject to approximately \$ 6.4 million in withholding taxes.

15. COMMON STOCK

On January 2, 2024, the Board of Directors of the Company declared a quarterly dividend of \$ 0.26 per share which was paid on January 29, 2024 to holders of record as of January 16, 2024. The Company also had a share repurchase program under which the Company had authorized to repurchase, in the aggregate, up to \$ 30.0 million of its outstanding common stock. During 2023, the Company repurchased zero shares and the program terminated on December 12, 2023.

16. STOCK OPTIONS

Incentive Stock Option Plan

On May 7, 2015, the stockholders of the Company approved the 2015 Incentive Stock Option Plan ("2015 ISO Plan") and the Company reserved 400,000 shares of common stock for options to be issued under the 2015 ISO Plan. Each option becomes vested and exercisable for up to 20 % of the total optioned shares one year following the grant of the option and for an additional 20 % of the total optioned shares after each succeeding year until the option is fully exercisable at the end of the fifth year.

We also maintain other incentive option plans that have expired, under which previously granted awards remain outstanding. No additional grants may be awarded under these plans.

Following is a summary of activity in the Incentive Stock Option Plans for the periods indicated:

	2023		2022		2021	
	Shares	Exercise Price*	Shares	Exercise Price*	Shares	Exercise Price*
Options outstanding at beginning of year	84,647	\$ 106.43	87,610	\$ 91.24	100,920	\$ 68.58
Granted	14,425	178.25	17,625	137.93	18,900	156.38
Exercised	(21,260)	72.09	(14,780)	50.79	(30,210)	53.68
Canceled	(1,950)	148.08	(5,808)	114.48	(2,000)	130.92
Options outstanding at end of year	75,862	128.64	84,647	106.43	87,610	91.24
Options exercisable at end of year	34,027	\$ 100.00	43,412	\$ 78.50	49,360	\$ 61.21
Options available for grant at end of year	273,558		286,033		297,850	

*Weighted Averages

Options outstanding and exercisable at December 31, 2023 were as follows:

Qualified Stock Options	Options Outstanding			Options Exercisable		
	Shares	Remaining Contractual Life (yrs)*	Exercise Price*	Shares	Exercise Price*	
Range of Exercise Price						
\$ 52.51 - \$ 83.99	12,225	2.23	\$ 62.30	12,225	\$ 62.30	
\$ 92.50 - \$ 138.75	34,852	6.65	\$ 120.20	16,432	\$ 109.62	
\$ 156.38 - \$ 234.57	28,785	8.13	\$ 167.04	5,370	\$ 156.38	
Total	75,862			34,027		

*Weighted Averages

The weighted-average grant-date fair values of options granted during 2023, 2022, and 2021 were \$ 76.10 , \$ 52.70 and \$ 59.01 , respectively. Stock option expense was \$ 0.8 million, \$ 0.6 million and \$ 0.6 million for years ending 2023, 2022, and 2021, respectively. As of December 31, 2023, there was \$ 1.5 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the plans. That cost is expected to be recognized over a period of five years .

Equity Incentive Plan

On May 2, 2019, the stockholders of the Company approved the 2019 Equity Incentive Plan and the Company reserved 500,000 shares of common stock for issuance of equity awards including the issuance of non-qualified options for the purchase of shares of our common stock which may be granted to Company officers and non-employee directors. Options become vested and exercisable for up to 20 % of the total optioned shares one year following the grant of the option and for an additional 20 % of the total optioned shares after each succeeding year until the option is fully exercisable at the end of the fifth year.

	2023	2022	2021
Options available for grant at end of year	356,156	381,531	423,969

We also maintain other incentive option plans that have expired, under which previously granted awards remain outstanding. No additional grants may be awarded under these plans.

Non-Qualified Options

Following is a summary of activity in the Non-Qualified Stock Option Plans for the periods indicated:

	2023		2022		2021	
	Shares	Exercise Price*	Shares	Exercise Price*	Shares	Exercise Price*
Options outstanding at beginning of year	1,000	\$ 53.51	2,000	\$ 53.51	3,000	\$ 53.51
Granted	—	—	—	—	—	—
Exercised	(1,000)	53.51	(1,000)	53.51	(1,000)	53.51
Canceled	—	—	—	—	—	—
Options outstanding at end of year	—	—	1,000	53.51	2,000	53.51
Options exercisable at end of year	—	\$ —	1,000	\$ 53.51	2,000	\$ 53.51

*Weighted Averages

Restricted Stock Awards/Units

Following is a summary of activity in the Restricted Stock Awards ("RSA")/Units for the periods indicated:

	2023		2022		2021	
	Shares	Grant-Date Fair Value*	Shares	Grant-Date Fair Value*	Shares	Grant-Date Fair Value*
Awards outstanding at beginning of year	97,630	\$ 133.67	80,616	\$ 129.53	91,043	\$ 104.77
Granted	45,267	178.66	48,396	133.70	35,224	157.00
Exercised	(33,847)	129.51	(29,922)	122.19	(45,651)	101.36
Canceled	(15,072)	118.97	(1,460)	143.82	—	—
Awards outstanding at end of year	93,978	\$ 158.99	97,630	\$ 133.67	80,616	\$ 129.53

*Weighted Averages

Restricted stock awards vest over a three year period. The weighted-average remaining contractual life in years for 2023, 2022 and 2021 was 1.51 , 1.41 and 1.61 , respectively. Compensation expense was \$ 6.6 million, \$ 4.9 million and \$ 5.4 million for years ending 2023, 2022, and 2021, respectively. As of December 31, 2023, there was \$ 8.5 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the plans. That cost is expected to be recognized over a period of three years .

Performance Stock Units

In 2020, the Company's Board of Directors approved a change to our long-term incentive compensation plan to implement new performance-based equity grants in the form of a Performance Stock Unit ("PSU") award. PSU award vesting and payout amounts are tied to the Company's achievement of certain targeted financial metrics relating to a three-year performance period with the goal of more closely aligning executive compensation with long-term Company performance.

The 2020 target long-term incentive compensation mix established for the Company's Section 16 filers consists of RSAs and PSUs each representing fifty percent (50 %) of the total long-term incentive compensation target value. PSU awards represent a right to receive a certain number of shares of the Company's common stock at the end of the three-year performance period if certain financial or other performance targets/metrics have been met.

17. RETIREMENT BENEFIT PLANS

Defined Benefit Plans

In connection with the February 3, 2006 purchase of all the net assets of the *Gradall* excavator business, the Company assumed sponsorship of two *Gradall* non-contributory defined benefit pension plans, both of which are frozen with respect to both future benefit accruals and future new entrants.

The *Gradall* Company Employees' Retirement Plan covers approximately 245 former employees and 47 current employees who (i) were formerly employed by JLG Industries, Inc., (ii) were not covered by a collective bargaining agreement and (iii) first participated in the plan before December 31, 2004. An amendment ceasing future benefit accruals for certain participants was effective December 31, 2004. A second amendment discontinued all future benefit accruals for all participants effective April 24, 2006.

The *Gradall* Company Hourly Employees' Pension Plan covered former employees and current employees who (i) were formerly employed by JLG Industries, Inc., (ii) were covered by a collective bargaining agreement and (iii) first participated in the plan before April 6, 1997. An amendment ceasing all future benefit accruals was effective April 6, 1997.

The following table sets forth the change in plan assets, change in projected benefit obligation, rate assumptions and components of net periodic benefit cost as of December 31 with respect to the plan. The measurement dates of the assets and liabilities of the plan were December 31 of the respective years presented.

Reconciliation of Funded Status			
(in thousands)	Year Ended December 31,		
	2023	2022	
Change in projected benefit obligation			
Benefit obligation at beginning of year	\$ 17,271	\$ 22,564	
Service cost	2	4	
Interest cost	848	604	
Liability actuarial (gain) loss	(35)	(4,761)	
Benefits paid	(1,139)	(1,140)	
Benefit obligation at end of year	\$ 16,947	\$ 17,271	
Change in fair value of plan assets			
Fair value of plan assets at beginning of year	\$ 18,269	\$ 23,671	
Return on plan assets	1,645	(4,262)	
Employer contributions	—	—	
Benefits paid	(1,139)	(1,140)	
Fair value of plan assets at end of year	18,775	18,269	
Funded status	\$ 1,828	\$ 998	

The Company recognizes the overfunded or underfunded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of defined benefit postretirement plans as an asset or liability in its consolidated balance sheet and recognizes changes in the funded status in the year in which the changes occur. The Company measures the funded status of a plan as of the date of the year-end consolidated balance sheet.

The accumulated benefit obligation for our pension plan represents the actuarial present value of benefits based on employee service and compensation as of a certain date and does not include an assumption about future compensation levels.

In determining the projected benefit obligation and the net pension cost, we used the following significant weighted-average assumptions:

Rates to Determine Benefit Obligation

	Year Ended December 31,	
	2023	2022
Discount rate	4.90 %	5.10 %
Composite rate of compensation increase	N/A	N/A

Rates to Determine Net Periodic Benefit Cost

	Year Ended December 31,	
	2023	2022
Discount rate	5.10 %	2.75 %
Long-term rate of return on plan assets	6.00 %	6.00 %
Composite rate of compensation increase	N/A	N/A

The Company employs a building block approach in determining the expected long-term rate of return on plan assets. Historical markets are studied and long-term historical relationships between equities and fixed income are preserved consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term market assumptions are determined. The long-term portfolio return is established via a building block approach with proper consideration of diversification and rebalancing. Peer data and historical returns are reviewed to check for reasonability and appropriateness.

The following table presents the components of net periodic benefit cost (gains are denoted with parentheses and losses are not):

Components of Net Periodic Benefit Cost

(in thousands)	Year Ended December 31,	
	2023	2022
Service cost	\$ 2	\$ 4
Interest cost	848	604
Expected return on plan assets	(1,058)	(1,384)
Amortization of net loss	1,031	182
Net periodic benefit cost	\$ 823	\$ (594)

The Company estimates that \$ 0.8 million of unrecognized actuarial expense will be amortized from Accumulated other comprehensive income (loss) into net periodic benefit costs during 2024.

The Company employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value, and small and large capitalization. Other assets such as real estate, private equity, and hedge funds are used judiciously to enhance long-term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies. Our current asset allocations are consistent with our targeted allocations.

The pension plans' weighted-average asset allocation as a percentage of plan assets at December 31 is as follows:

Asset Allocation as a Percentage of the Plan		
	Year Ended December 31,	
	2023	2022
Equity securities	10 %	36 %
Debt securities	88 %	62 %
Short-term investments	2 %	2 %
Other	— %	— %
Total	100 %	100 %

The following table presents the hierarchy levels for our postretirement benefit plan investments as of December 31 as described in [Note 1](#) to the Consolidated Financial Statements:

(in thousands)	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds:				
Mid Cap	\$ 148	\$ 148	\$ —	\$ —
Large Cap	106	106	—	—
International	221	221	—	—
Common/Collective Trusts:				
Wells Fargo Liability Driven Solution CIT I	11,997	—	11,997	—
Wells Fargo Liability Driven Solution CIT II	4,501	—	4,501	—
Wells Fargo BlackRock International Equity	142	—	142	—
Wells Fargo/Causeway International Value	134	—	134	—
Wells Fargo BlackRock Large Cap Growth Index Fund	214	—	214	—
Wells Fargo BlackRock Large Cap Value Index Fund	214	—	214	—
Wells Fargo Multi-Manager Small Cap	229	—	229	—
Wells Fargo BlackRock Russell 2000 Index Fund	76	—	76	—
Wells Fargo BlackRock S&P Mid Cap Index Fund	99	—	99	—
Wells Fargo/MFS Value CIT F	106	—	106	—
Wells Fargo/T. Rowe Price Large-Cap Growth Managed CIT	106	—	106	—
Wells Fargo/T. Rowe Price Equity Income Managed CIT	106	—	106	—
Cash & Short-term Investments				
Total	\$ 18,775	\$ 851	\$ 17,924	\$ —

(in thousands)	December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds:				
Mid Cap	\$ 512	\$ 512	\$ —	\$ —
International	743	743	—	—
Common/Collective Trusts:				
Wells Fargo Liability Driven Solution CIT I	7,815	—	7,815	—
Wells Fargo Liability Driven Solution CIT II	3,550	—	3,550	—
Wells Fargo BlackRock International Equity	488	—	488	—
Wells Fargo/Causeway International Value	464	—	464	—
Wells Fargo BlackRock Large Cap Growth Index Fund	724	—	724	—
Wells Fargo BlackRock Large Cap Value Index Fund	744	—	744	—
Wells Fargo Multi-Manager Small Cap	785	—	785	—
Wells Fargo BlackRock Russell 2000 Index Fund	261	—	261	—
Wells Fargo BlackRock S&P Mid Cap Index Fund	320	—	320	—
Wells Fargo/MFS Value CIT F	359	—	359	—
Wells Fargo/T. Rowe Price Large-Cap Growth Managed CIT	359	—	359	—
Wells Fargo/T. Rowe Price Equity Income Managed CIT	356	—	356	—
Wells Fargo Voya Large Cap Growth CIT F	357	—	357	—
Cash & Short-term Investments	432	432	—	—
Total	\$ 18,269	\$ 1,687	\$ 16,582	\$ —

Our interests in the common collective trust investments are managed by one custodian. Consistent with our investment policy, the custodian has invested the assets across a widely diversified portfolio of U.S. and international equity and fixed income securities. Fair values of each security within the collective trust as of December 31, 2023 were obtained from the custodian and are based on quoted market prices of individual investments; however, since the fund itself does not have a quoted market price, these assets are considered Level 2.

The common collective funds noted in the above table have estimated fair value using the net asset value per share of investments. Investments can be redeemed immediately at the current net asset value per share based on the fair value of the underlying assets. Redemption frequency is daily. The categories contain investments in equity securities of smaller growing companies, medium-sized U.S. companies, large value-oriented and growth-oriented companies, and foreign companies traded on international markets.

Expected benefit payments are estimated using the same assumptions used in determining our benefit obligation as of December 31, 2023. The following table illustrates the estimated pension benefit payments that are projected to be paid:

Projected Future Benefit Payments	
(in thousands)	Employees' Retirement Plan
2024	\$ 1,264
2025	1,282
2026	1,282
2027	1,279
2028	1,262
Years 2029 through 2033	6,021

Supplemental Retirement Plan

The Board of Directors of the Company adopted the Alamo Group Inc. Supplemental Executive Retirement Plan (the "SERP"), effective as of January 3, 2011. The SERP will benefit certain key management or other highly compensated employees of the Company and/or certain subsidiaries who are selected by the Compensation Committee and approved by the Board to participate.

The SERP is intended to provide a benefit from the Company upon retirement, death or disability, or a change in control of the Company. Accordingly, the SERP obligates the Company to pay to a participant a Retirement Benefit (as defined in the SERP) upon the occurrence of certain payment events to the extent a participant has a vested right thereto. A participant's right to his or her Retirement Benefit becomes vested in the Company's contributions upon 10 years of Credited Service (as defined in the SERP) or a change in control of the Company. The Retirement Benefit is based on 20 % of the final three-year average salary of each participant on or after his or her normal retirement age (65 years of age). In the event of the participant's death or a change in control, the participant's vested retirement benefit will be paid in a lump sum to the participant or his or her estate, as applicable, within 90 days after the participant's death or a change in control, as applicable. In the event that the participant is entitled to a benefit from the SERP due to disability, retirement or other termination of employment, the benefit will be paid in monthly installments over a period of fifteen years .

The Company records amounts relating to the SERP based on calculations that incorporate various actuarial and other assumptions, including discount rates, rate of compensation increases, retirement dates and life expectancy. The net periodic costs are recognized as employees render the services necessary to earn the SERP benefits.

In May of 2015, the Board amended the SERP to allow the Board to modify the retirement benefit percentage either higher or lower than 20%. In May of 2016, the Board added additional highly compensated employees to the plan. As of December 31, 2023, the current retirement benefit (as defined in the plan) for the participants ranges from 10 % to 20 %.

The change in the Projected Benefit Obligation (PBO) as of December 31, 2023 and 2022, is shown below:

Reconciliation of Benefit Obligation			
(in thousands)	Year Ended December 31,		
	2023	2022	
Benefit obligation at January 1,	\$ 9,552	\$ 11,326	
Service cost	204	284	
Interest cost	470	278	
Liability actuarial loss (gain)	386	(2,023)	
Benefits paid	(349)	(313)	
Benefit obligation at December 31,	\$ 10,263	\$ 9,552	

The components of net periodic pension expense were as follows:

Components of Net Periodic Benefit Cost			
(in thousands)	Year Ended December 31,		
	2023	2022	
Service cost	\$ 204	\$ 284	
Interest cost	470	278	
Amortization of prior service cost	381	420	
Amortization of net (gain)/loss	(2)	440	
Net periodic benefit cost	\$ 1,053	\$ 1,422	

The Company estimates that \$ 0.4 million of unrecognized actuarial expense will be amortized from Accumulated other comprehensive income into net periodic benefit costs during 2024.

In determining the projected benefit obligation and the net pension cost, we used the following significant weighted-average assumptions:

Assumptions used to determine benefit obligations at December 31:

Rates to Determine Benefit Obligation		
	2023	2022
Discount rate	4.80 %	5.05 %
Composite rate of compensation increase	3.00 %	3.00 %

Assumptions used to determine net periodic benefit cost for the years ended December 31:

Rates to Determine Net Periodic Benefit Cost		
	2023	2022
Discount rate	5.05 %	2.50 %
Composite rate of compensation increase	3.00 %	3.00 %
Long-term rate of return on plan assets	N/A	N/A

Future estimated benefits expected to be paid from the plan over the next ten years as follows:

Projected Future Benefit Payments

(in thousands)	SERP
2024	\$ 557
2025	656
2026	888
2027	890
2028	892
Years 2029 through 2033	4,448

Defined Contribution Plans

The Company has two defined contribution plans, The *Gradall* Salaried Employees' Savings and Investment Plan ("Salary Plan") and The International Association of Machinist and Aerospace Workers Retirement Plan ("IAM Plan"). The Company contributed \$ 0.5 million, \$ 0.5 million, and \$ 0.5 million to the IAM Plan for the plan years ended December 31, 2023, 2022 and 2021, respectively. The Company converted the Salary Plan into its 401(k) retirement and savings plan and put the Hourly Plan into a separate 401(k) retirement and savings plan.

The Company provides a defined contribution 401(k) retirement and savings plan for eligible U.S. employees. Company matching contributions are based on a percentage of employee contributions. Company contributions to the plan during 2023, 2022 and 2021 were \$ 4.5 million, \$ 4.2 million, and \$ 3.9 million, respectively.

Three of the Company's international subsidiaries also participate in a defined contribution and savings plan covering eligible employees. The Company's international subsidiaries contribute between 0 % and 10 % of the participant's salary up to a specific limit. Total contributions made to the above plans were \$ 1.1 million, \$ 0.9 million, and \$ 0.9 million for the years ended December 31, 2023, 2022 and 2021, respectively.

18. REVENUE AND SEGMENT REPORTING

Disaggregation of revenue is presented in the tables below by product type. Management has determined that this level of disaggregation would be beneficial to users of the financial statements.

Revenue by Product Type

(in thousands)	December 31,		
	2023	2022	2021
Net Sales			
Wholegoods	\$ 1,347,264	\$ 1,185,885	\$ 1,024,158
Parts	286,164	280,261	262,432
Other *	56,223	47,470	47,633
Consolidated	\$ 1,689,651	\$ 1,513,616	\$ 1,334,223

*Other includes rental sales, extended warranty sales and service sales as it is considered immaterial.

The Company's sales are principally within the United States, United Kingdom, France, Canada, Brazil, Netherlands and Australia. The Company sells its products primarily through a network of independent dealers and distributors to governmental end-users, related independent contractors, as well as to the agricultural and commercial turf markets.

The Company has included a summary of the financial information by reporting segment. The following table presents the revenue and income from operations by reporting segment for the years ended December 31, 2023, 2022, and 2021:

(in thousands)	December 31,		
	2023	2022	2021
Net Revenue			
Vegetation Management	\$ 979,040	\$ 937,065	\$ 812,676
Industrial Equipment	710,611	576,551	521,547
Consolidated	\$ 1,689,651	\$ 1,513,616	\$ 1,334,223
Income from Operations			
Vegetation Management	\$ 122,084	\$ 108,508	\$ 78,917
Industrial Equipment	75,883	40,084	38,021
Consolidated	\$ 197,967	\$ 148,592	\$ 116,938

The following table presents the goodwill and total identifiable assets by reporting segment for the years ended December 31, 2023 and 2022:

(in thousands)	December 31,	
	2023	2022
Goodwill		
Vegetation Management	\$ 128,899	\$ 127,562
Industrial Equipment	77,637	68,296
Consolidated	\$ 206,536	\$ 195,858
Identifiable Assets		
Vegetation Management	\$ 893,582	\$ 866,974
Industrial Equipment	515,804	441,534
Consolidated	\$ 1,409,386	\$ 1,308,508

19. ACCUMULATED OTHER COMPREHENSIVE LOSS

Changes in accumulated other comprehensive loss by component, net of tax, were as follows:

(in thousands)	Twelve Months Ended December 31,							
	2023				2022			
	Foreign Currency Translation Adjustment	Defined Benefit Plans Items	Gains (Losses) on Cash Flow Hedges	Total	Foreign Currency Translation Adjustment	Defined Benefit Plans Items	Gains (Losses) on Cash Flow Hedges	Total
Balance as of beginning of period	\$ (65,429)	\$ (3,310)	\$ 471	\$ (68,268)	\$ (42,397)	\$ (5,017)	\$ (1,576)	\$ (48,990)
Other comprehensive income (loss) before reclassifications	13,644	—	(1,912)	11,732	(23,032)	—	1,512	(21,520)
Amounts reclassified from accumulated other comprehensive loss	—	1,338	681	2,019	—	1,707	535	2,242
Other comprehensive income (loss)	13,644	1,338	(1,231)	13,751	(23,032)	1,707	2,047	(19,278)
Balance as of end of period	\$ (51,785)	\$ (1,972)	\$ (760)	\$ (54,517)	\$ (65,429)	\$ (3,310)	\$ 471	\$ (68,268)

20. INTERNATIONAL OPERATIONS AND GEOGRAPHIC INFORMATION

Following is selected financial information on the Company's international operations, which include the United Kingdom, France, Netherlands, Canada, Brazil, and Australia:

International Operations Financial Information

(in thousands)	December 31,		
	2023	2022	2021
Net sales	\$ 465,827	\$ 420,678	\$ 363,339
Income from operations	60,774	48,893	34,561
Income before income taxes	59,630	51,206	37,051
Identifiable assets	387,165	364,752	352,187

Following is other selected geographic financial information on the Company's operations:

Geographic Financial Information

(in thousands)	December 31,		
	2023	2022	2021
Geographic net sales:			
United States	\$ 1,208,068	\$ 1,080,893	\$ 953,024
France	96,946	89,629	92,052
Canada	134,254	95,799	83,392
United Kingdom	73,179	69,454	57,386
Brazil	43,990	46,841	31,365
Netherlands	33,461	23,304	27,964
Germany	11,790	9,115	8,977
Australia	27,480	26,117	20,980
Other	60,483	72,464	59,083
Total net sales	\$ 1,689,651	\$ 1,513,616	\$ 1,334,223
Geographic location of long-lived assets:			
United States	\$ 476,371	\$ 457,075	\$ 461,341
Netherlands	27,872	28,428	32,262
Canada	32,551	32,165	32,132
United Kingdom	34,349	31,767	36,569
France	19,681	18,728	19,781
Brazil	13,218	12,175	10,408
Australia	1,097	670	790
Total long-lived assets	\$ 605,139	\$ 581,008	\$ 593,283

Net sales are attributed to countries based on the location of customers.

21. COMMITMENTS AND CONTINGENCIES

The Company is subject to various unresolved legal actions that arise in the ordinary course of its business. The most significant of such actions relates to product liability, which is generally covered by insurance after various self-insured retention amounts. While amounts claimed might be substantial and the liability with respect to such litigation cannot be determined at this time, the Company believes that the outcome of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operations; however, the ultimate resolution cannot be determined at this time.

Also, like other manufacturers, the Company is subject to a broad range of federal, state, local and foreign laws and requirements, including those concerning air emissions, discharges into waterways, and the generation, handling, storage, transportation, treatment and disposal of hazardous substances and waste materials, as well as the remediation of contamination associated with releases of hazardous substances at the Company's facilities and off-site disposal locations, workplace safety and equal employment opportunities. These laws and regulations are constantly changing, and it is impossible to predict with accuracy the effect that changes to such laws and regulations may have on the Company in the future. Like other industrial concerns, the Company's manufacturing operations entail the risk of noncompliance, and there can be no assurance that the Company will not incur material costs or other liabilities as a result thereof.

Exhibit 21.1

SUBSIDIARIES OF ALAMO GROUP INC.

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
Alamo Group (USA) Inc. (1)	Delaware
Alamo Group Europe Limited (1)	United Kingdom
Alamo Group (Canada) Inc. (1)	New Brunswick
Alamo Group Brazil I, Inc. (1)	Delaware
Alamo Group Brazil II, Inc. (1)	Delaware
Alamo Group Texas LLC (2)	Texas
Alamo Group Management Inc. (2)	Texas
Bush Hog LLC (2)	Delaware
Gradall Industries LLC (2)	Delaware
Herschel Parts, Inc. (2)	Nevada
Howard P. Fairfield LLC (2)	Delaware
Morbark, LLC (2)	Michigan
Nite-Hawk Sweepers, LLC (2)	Washington
Old Dominion Brush Company LLC (2)	Delaware
RhinoAg LLC (2)	Delaware
Royal Truck & Equipment, LLC (3)	Pennsylvania
Schulte (USA) LLC (2)	Florida
Schwarze Industries Australia PTY Ltd. (3)	Australia
Schwarze Industries LLC (2)	Alabama
Super Products LLC (2)	Delaware
Tenco Industries Inc. (2)	Delaware
Tiger Mowers LLC (2)	Nevada
Wausau Equipment Company LLC (2)	Delaware
ALG (HK) Limited (2)	Hong Kong
ALG (Beijing) Trading Co. Ltd. (8)	China
Bomford Turner Limited (4)	United Kingdom
Bomford Turner (1954) Limited. (5)	United Kingdom
Kellands Agricultural Ltd. (4)	United Kingdom
McConnel Ltd. (4)	United Kingdom
Spearhead Machinery Ltd. (4)	United Kingdom
Timberwolf Limited (4)	United Kingdom
Alamo Group (FR) SAS (13)	France
Rivard SAS (6)	France
Alamo Group Agriculture France (6)	France
ALSA Alamo Legal Services and Advice (6)	France
Schulte Industries Ltd. (7)	New Brunswick
Tenco Inc. (7)	New Brunswick
Everest Equipment Co. (7)	Nova Scotia
Fieldquip PTY Ltd. (9)	Australia
Santa Izabel Agro Industria Ltda. (10)	Brazil
Alamo Group The Netherlands B.V. (11)	The Netherlands
Alamo Group The Netherlands Holding B.V. (4)	The Netherlands
Alamo Group The Netherlands Giessen B.V. (12)	The Netherlands
Alamo Group The Netherlands Middelburg B.V.. (12)	The Netherlands
Roberine B.V. (12)	The Netherlands

-
- (1) 100% owned by Alamo Group Inc.
 - (2) 100% owned by Alamo Group (USA) Inc.
 - (3) 100% owned by Schwarze Industries LLC
 - (4) 100% owned by Alamo Group (Europe) Limited
 - (5) 100% owned by Bomford Turner Limited
 - (6) 100% owned by Alamo Group (FR) SAS
 - (7) 100% owned by Alamo Group (Canada) Inc.
 - (8) 100% owned by ALG (HK) Limited
 - (9) 100% owned by Schwarze Industries Australia PTY Ltd.
 - (10) 90% owned by Alamo Group Brazil I, Inc.
10% owned by Alamo Group Brazil II, Inc.
 - (11) 100% owned by Alamo Group The Netherlands Holding B.V.
 - (12) 100% owned by Alamo Group the Netherlands B.V.
 - (13) 99.95% owned by Alamo Group (Europe) Limited
00.05% owned by Alamo Group Inc.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-180049) on Form S-3 and registration statements (Nos. 333-231205, 333-204169, 333-174755, 333-143216, and 333-88454) on Form S-8 of our reports dated February 23, 2024, with respect to the consolidated financial statements of Alamo Group Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

San Antonio, Texas

February 22, 2024

Exhibit 31.1

I, Jeffery A. Leonard, certify that:

1. I have reviewed this annual report on Form 10-K of Alamo Group 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.

February 22, 2024

/s/Jeffery A. Leonard

Jeffery A. Leonard
President & Chief Executive Officer

Exhibit 31.2

I, Richard J. Wehrle, certify that:

1. I have reviewed this annual report on Form 10-K of Alamo Group 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.

February 22, 2024

/s/Richard J. Wehrle

Richard J. Wehrle

Executive Vice President & Chief Financial Officer

Exhibit 31.3

I, Ian M. Eckert, certify that:

1. I have reviewed this annual report on Form 10-K of Alamo Group 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.

February 22, 2024

/s/Ian M. Eckert

Ian M. Eckert

Vice President, Corporate Controller & Chief Accounting Officer

Exhibit 32.1

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

In connection with the Annual Report of Alamo Group Inc. (the "Company") on Form 10-K for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffery A. Leonard, President & Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 22, 2024

/s/Jeffery A. Leonard

Jeffery A. Leonard

President & Chief Executive Officer

Exhibit 32.2

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

In connection with the Annual Report of Alamo Group Inc. (the "Company") on Form 10-K for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard J. Wehrle, Executive Vice President & Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 22, 2024

/s/Richard J. Wehrle

Richard J. Wehrle
Executive Vice President & Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.3

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

In connection with the Annual Report of Alamo Group Inc. (the "Company") on Form 10-K for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ian M. Eckert, Vice President, Corporate Controller & Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:


1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 22, 2024

/s/Ian M. Eckert

Ian M. Eckert

Vice President, Corporate Controller & Chief Accounting Officer
(Principal Accounting Officer)

 Corporate Policy	Policy Number H - 12	Page 1 of 4
	Effective Date November 2, 2023	Superseded Procedure, Dated February 27, 2020
Organizational Units Affected Executive Officers of Alamo Group	Approved By: Ed Rizzuti	

RECOUPMENT POLICY

I. Purpose


The Board of Directors of the Company (the "Board") believes that it is in the best interest of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the "Policy"). This Policy is intended to comply with the requirements of Securities and Exchange Commission ("SEC") rules and New York Stock Exchange ("NYSE") listing standards implementing Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act").

II. Scope

This Policy applies to any current or former "executive officer," within the meaning of Rule 10D-1 under the Securities Exchange Act of 1934, as amended, who was employed by the Company or a subsidiary of the Company (each such individual, a "Covered Executive") during the applicable Recovery Period, as defined below. This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, executors, administrators, and other legal representatives. Recoupment under this Policy shall be required regardless of whether the Covered Executive or any other person was at fault or responsible for accounting errors that contributed to the need for the Financial Restatement, as defined below, or engaged in any misconduct.

III. Policy Statement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the


 Corporate Policy	Policy Number H - 12	Page 2 of 4
	Effective Date November 2, 2023	Superseded Procedure, Dated February 27, 2020
Organizational Units Affected Executive Officers of Alamo Group		Approved By: Ed Rizzuti

RECOUPMENT POLICY

current period (a “Financial Restatement”), the Board shall reasonably promptly require reimbursement or forfeiture of any excess Incentive Compensation (as hereinafter defined) received by any Covered Executive during the Recovery Period, as defined below. This policy applies to Incentive Compensation earned by or paid to a Covered Executive after October 2, 2023.

IV. Policy Terms and Procedures


- A. Incentive Compensation: For purposes of this Policy, Incentive Compensation means any compensation granted, earned or vested based wholly or in part upon the attainment of any measure determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measures, whether or not presented within the financial statements of the Company or included in a filing with the SEC, including stock price and total shareholder return (“TSR”), including but not limited to performance-based cash, stock, options or other equity-based awards. Compensation that is granted, vests or is earned based solely upon the occurrence of non-financial events, such as base salary, restricted stock or options with time-based vesting, or a bonus awarded solely at the discretion of the Board or Compensation Committee and not based on the attainment of any financial measure, is not subject to this Policy.
- B. Recovery Period: Recovery Period means, in the case of a Financial Restatement, the three completed fiscal years immediately preceding the date on which the Company is required to prepare the financial restatement, as determined in accordance with the last sentence of this definition, or any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (provided that a transition period between the last day of the Company’s previous fiscal year and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year). The date on which the Company is required to prepare a Financial Restatement is the earlier to occur of (A) the date the Board or a Board committee (or authorized officers of the Company if Board action is not required) concludes, or reasonably

 Corporate Policy	Policy Number H - 12	Page 3 of 4
	Effective Date November 2, 2023	Superseded Procedure, Dated February 27, 2020
Organizational Units Affected Executive Officers of Alamo Group	Approved By: Ed Rizzuti	

RECOUPMENT POLICY

should have concluded, that the Company is required to prepare a Financial Restatement or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare a Financial Restatement.

- C. Recovery Amount: The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive during the Recovery Period based on the erroneous data and calculated without regard to any taxes paid or withheld over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Board. If the Board cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement. For Incentive Based Compensation based on stock price or TSR, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the Board shall determine the amount to be recovered based on a reasonable estimate of the effect of the Financial Restatement on the stock price or TSR upon which the Incentive Based Compensation was received and the Company shall document the determination of that estimate and provide it to the NYSE.
- D. Method of Recoupment: The Company may use any legal or equitable remedies available to the Company to recoup any erroneously awarded Incentive Based Compensation. The Board will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:
- Offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;
 - Requiring reimbursement of cash Incentive Compensation previously paid;
 - Seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
 - Cancelling outstanding vested or unvested equity awards; and/or

 Corporate Policy	Policy Number H - 12	Page 4 of 4
	Effective Date November 2, 2023	Superseded Procedure, Dated February 27, 2020
Organizational Units Affected Executive Officers of Alamo Group	Approved By: Ed Rizzuti	

RECOUPMENT POLICY

- Taking any other remedial and recovery action permitted by law, as determined by the Board in its discretion.

V. Administration of Policy


This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals. The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. The Board shall recover any excess Incentive Compensation in accordance with this Policy taking into account the particular circumstances that resulted in the accounting restatement including the culpability of any Covered Executives regarding such restatement.

VI. Other Rights

The Board intends that this Policy will be applied in an equitable manner keeping in mind the best interests of the Company and its shareholders. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company. The Company shall not indemnify any Covered Executive or pay or reimburse the premium for any insurance policy to cover any losses incurred by such Covered Executive under this Policy.

VII. Exceptions

The compensation recouped under this Policy shall not include Incentive Based Compensation received by a Covered Executive (i) prior to beginning service as a

 Corporate Policy	Policy Number	Page
	H - 12	5 of 4
	Effective Date	Superseded Procedure, Dated
	November 2, 2023	February 27, 2020
Organizational Units Affected	Approved By: Ed Rizzuti	
Executive Officers of Alamo Group		

RECOUPMENT POLICY

Covered Executive or (ii) if he or she did not serve as a Covered Executive at any time during the applicable Recovery Period. The Board may determine not to seek recovery from a Covered Executive in whole or part to the extent it determines in its sole discretion that such recovery would be impracticable because (A) the direct expense paid to a third party to assist in enforcing recovery would exceed the recoverable amount (after having made a reasonable attempt to recover the erroneously awarded Incentive Based Compensation and providing corresponding documentation of such attempt to the NYSE), (B) recovery would violate the home country law that was adopted prior to November 28, 2022, as determined by an opinion of counsel licensed in the applicable jurisdiction that is acceptable to and provided to the NYSE, or (C) recovery would likely cause the Company's 401(k) plan or any other tax-qualified retirement plan to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

VIII. Amendments

The Board may amend this Policy from time to time in its discretion. The Board may terminate this Policy at any time.

