

REFINITIV

DELTA REPORT

10-Q

ASTE - ASTEC INDUSTRIES INC
10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1022
CHANGES	348
DELETIONS	451
ADDITIONS	223

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2023** **September 30, 2023**

or

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

For the transition period from ____ to ____

Commission File Number: **001-11595**



Astec Industries, Inc.

(Exact name of registrant as specified in its charter)

Tennessee

62-0873631

(State or other jurisdiction of incorporation or
organization)

(I.R.S. Employer Identification No.)

1725 Shepherd Road

Chattanooga, TN

37421

(Address of principal executive offices)

(Zip Code)

(423) 899-5898

(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	ASTE	The Nasdaq Stock Market LLC

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

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

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

Large Accelerated Filer ☐

Accelerated Filer ☐

Non-accelerated Filer ☐

Smaller Reporting Company ☐

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of **July 28, 2023** **October 27, 2023**, there were **22,736,570** **22,739,296** shares of Common Stock outstanding.

ASTEC INDUSTRIES, INC.
Index to Quarterly Report on Form 10-Q
For the Quarter Ended June 30, 2023 September 30, 2023

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PART I ■ FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

ASTEC INDUSTRIES, INC.
Consolidated Balance Sheets
(In millions, except share and per share data, unaudited)

		<u>June 30, 2023</u>	<u>December 31, 2022</u>		<u>September 30, 2023</u>	<u>December 31, 2022</u>
ASSETS	ASSETS			ASSETS		
Current assets:	Current assets:			Current assets:		
Cash, cash equivalents and restricted cash	Cash, cash equivalents and restricted cash	\$ 44.5	\$ 66.0	Cash, cash equivalents and restricted cash	\$ 73.8	\$ 66.0
Investments	Investments	4.0	3.9	Investments	5.7	3.9
Trade receivables and contract assets, net of allowance for credit losses of \$2.1 and \$2.3, respectively		157.6	167.1			
Trade receivables and contract assets, net of allowance for credit losses of \$2.5 and \$2.3, respectively				Trade receivables and contract assets, net of allowance for credit losses of \$2.5 and \$2.3, respectively	174.7	167.1
Other receivables, net of allowance for credit losses of \$0.7, respectively	Other receivables, net of allowance for credit losses of \$0.7, respectively	6.9	6.5	Other receivables, net of allowance for credit losses of \$0.7, respectively	3.4	6.5
Inventories	Inventories	429.5	393.4	Inventories	450.1	393.4

Prepaid and refundable income taxes	Prepaid and refundable income taxes	9.1	15.9	Prepaid and refundable income taxes	17.3	15.9
Prepaid expenses and other assets	Prepaid expenses and other assets	24.3	28.2	Prepaid expenses and other assets	21.3	28.2
Assets held for sale	Assets held for sale	—	15.4	Assets held for sale	—	15.4
Total current assets	Total current assets	675.9	696.4	Total current assets	746.3	696.4
Property and equipment, net of accumulated depreciation of \$239.2 and \$233.8, respectively		180.4	173.6			
Property and equipment, net of accumulated depreciation of \$243.2 and \$233.8, respectively				Property and equipment, net of accumulated depreciation of \$243.2 and \$233.8, respectively	181.0	173.6
Investments	Investments	17.0	15.1	Investments	14.3	15.1
Goodwill	Goodwill	46.1	45.2	Goodwill	45.3	45.2
Intangible assets, net of accumulated amortization of \$48.4 and \$45.1, respectively		19.1	22.5			
Intangible assets, net of accumulated amortization of \$49.3 and \$45.1, respectively				Intangible assets, net of accumulated amortization of \$49.3 and \$45.1, respectively	17.5	22.5
Deferred income tax assets	Deferred income tax assets	36.9	32.1	Deferred income tax assets	34.2	32.1
Other long-term assets	Other long-term assets	35.0	29.5	Other long-term assets	35.8	29.5
Total assets	Total assets	\$ 1,010.4	\$ 1,014.4	Total assets	\$ 1,074.4	\$ 1,014.4
LIABILITIES AND EQUITY	LIABILITIES AND EQUITY			LIABILITIES AND EQUITY		
Current liabilities:	Current liabilities:			Current liabilities:		
Current maturities of long-term debt	Current maturities of long-term debt	\$ 0.1	\$ 0.2	Current maturities of long-term debt	\$ 0.1	\$ 0.2
Short-term debt	Short-term debt	11.6	9.4	Short-term debt	6.9	9.4
Accounts payable	Accounts payable	109.2	107.2	Accounts payable	114.3	107.2
Customer deposits	Customer deposits	57.7	69.5	Customer deposits	60.6	69.5
Accrued product warranty	Accrued product warranty	16.5	11.9	Accrued product warranty	16.7	11.9
Accrued employee related liabilities	Accrued employee related liabilities	37.0	35.3	Accrued employee related liabilities	44.4	35.3
Accrued loss reserves	Accrued loss reserves	2.1	1.9	Accrued loss reserves	2.9	1.9
Other current liabilities	Other current liabilities	29.9	38.6	Other current liabilities	36.3	38.6
Total current liabilities	Total current liabilities	264.1	274.0	Total current liabilities	282.2	274.0
Long-term debt	Long-term debt	62.0	78.1	Long-term debt	122.0	78.1
Deferred income tax liabilities	Deferred income tax liabilities	2.4	2.1	Deferred income tax liabilities	2.4	2.1
Other long-term liabilities	Other long-term liabilities	34.4	33.3	Other long-term liabilities	33.0	33.3
Total liabilities	Total liabilities	362.9	387.5	Total liabilities	439.6	387.5
Commitments and contingencies (Note 8)	Commitments and contingencies (Note 8)			Commitments and contingencies (Note 8)		
Shareholders' equity:	Shareholders' equity:			Shareholders' equity:		

Preferred stock – authorized 2,000,000 shares of \$1.00 par value; none issued	Preferred stock – authorized 2,000,000 shares of \$1.00 par value; none issued	—	—	Preferred stock – authorized 2,000,000 shares of \$1.00 par value; none issued	—	—
Common stock – authorized 40,000,000 shares of \$0.20 par value; issued and outstanding – 22,736,570 as of June 30, 2023 and 22,624,031 as of December 31, 2022		4.5	4.5			
Common stock – authorized 40,000,000 shares of \$0.20 par value; issued and outstanding – 22,739,296 as of September 30, 2023 and 22,624,031 as of December 31, 2022				Common stock – authorized 40,000,000 shares of \$0.20 par value; issued and outstanding – 22,739,296 as of September 30, 2023 and 22,624,031 as of December 31, 2022	4.5	4.5
Additional paid-in capital	Additional paid-in capital	136.4	135.8	Additional paid-in capital	137.7	135.8
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(39.6)	(40.1)	Accumulated other comprehensive loss	(44.2)	(40.1)
Company stock held by deferred compensation programs, at cost	Company stock held by deferred compensation programs, at cost	(1.1)	(1.1)	Company stock held by deferred compensation programs, at cost	(1.0)	(1.1)
Retained earnings	Retained earnings	547.1	527.8	Retained earnings	537.5	527.8
Shareholders' equity	Shareholders' equity	647.3	626.9	Shareholders' equity	634.5	626.9
Noncontrolling interest	Noncontrolling interest	0.2	—	Noncontrolling interest	0.3	—
Total equity	Total equity	647.5	626.9	Total equity	634.8	626.9
Total liabilities and equity	Total liabilities and equity	\$ 1,010.4	\$ 1,014.4	Total liabilities and equity	\$ 1,074.4	\$ 1,014.4

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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ASTEC INDUSTRIES, INC.
Consolidated Statements of Operations
(In millions, except share and per share data, unaudited)

		Three Months Ended June 30,		Six Months Ended June 30,				Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022			2023	2022	2023	2022
Net sales	Net sales	\$ 350.0	\$ 318.2	\$ 697.9	\$ 609.4	Net sales	\$ 303.1	\$ 315.2	\$ 1,001.0	\$ 924.6	
Cost of sales	Cost of sales	267.1	255.3	525.8	481.8	Cost of sales	233.5	249.7	759.3	731.5	
Gross profit	Gross profit	82.9	62.9	172.1	127.6	Gross profit	69.6	65.5	241.7	193.1	
Selling, general and administrative expenses	Selling, general and administrative expenses	64.5	61.2	132.4	120.9	Selling, general and administrative expenses	74.3	63.5	206.7	184.4	
Restructuring, impairment and other asset charges, net	Restructuring, impairment and other asset charges, net	1.1	3.4	4.8	4.4	Restructuring, impairment and other asset charges, net	0.5	0.1	5.3	4.5	
Income (loss) from operations		17.3	(1.7)	34.9	2.3						

(Loss) income from operations						(Loss) income from operations				
						(5.2) 1.9 29.7 4.2				
Other expenses, net:						Other expenses, net:				
Interest expense						Interest expense				
(2.0) (0.6) (4.0) (1.0)						(2.4) (0.6) (6.4) (1.6)				
Interest income						Interest income				
0.5 0.2 1.0 0.4						0.5 0.3 1.5 0.7				
Other income (expenses), net										
0.1 (2.6) 0.5 (1.4)										
Income (loss) before income taxes										
15.9 (4.7) 32.4 0.3										
Income tax provision (benefit)										
2.7 (0.8) 7.1 0.1										
Net income (loss)										
13.2 (3.9) 25.3 0.2										
Net income attributable to noncontrolling interest										
(0.1) — (0.1) —										
Net income (loss) attributable to controlling interest										
\$ 13.1 \$ (3.9) \$ 25.2 \$ 0.2										
Other (expenses) income, net						Other (expenses) income, net				
						— (0.4) 0.5 (1.8)				
(Loss) income before income taxes						(Loss) income before income taxes				
						(7.1) 1.2 25.3 1.5				
Income tax (benefit) provision						Income tax (benefit) provision				
						(0.6) 0.7 6.5 0.8				
Net (loss) income						Net (loss) income				
						(6.5) 0.5 18.8 0.7				
Net (income) loss attributable to noncontrolling interest						Net (income) loss attributable to noncontrolling interest				
						(0.1) 0.2 (0.2) 0.2				
Net (loss) income attributable to controlling interest						Net (loss) income attributable to controlling interest				
						\$ (6.6) \$ 0.7 \$ 18.6 \$ 0.9				
Per share data:						Per share data:				
Earnings (loss) per common share - Basic										
\$ 0.58 \$ (0.17) \$ 1.11 \$ 0.01										
Earnings (loss) per common share - Diluted										
\$ 0.58 \$ (0.17) \$ 1.11 \$ 0.01										
(Loss) earnings per common share - Basic						(Loss) earnings per common share - Basic				
						\$ (0.29) \$ 0.03 \$ 0.82 \$ 0.04				
(Loss) earnings per common share - Diluted						(Loss) earnings per common share - Diluted				
						\$ (0.29) \$ 0.03 \$ 0.82 \$ 0.04				
Weighted average shares outstanding - Basic						Weighted average shares outstanding - Basic				
22,723,748 22,850,515 22,689,990 22,816,684						22,746,783 22,837,314 22,709,238 22,824,028				

Weighted average shares outstanding - Diluted	Weighted average shares outstanding - Diluted					Weighted average shares outstanding - Diluted				
		22,769,447	22,850,515	22,772,232	22,923,868		22,746,783	22,916,316	22,776,158	22,932,206

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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ASTEC INDUSTRIES, INC.
Consolidated Statements of Comprehensive (Loss) Income (Loss)
(In millions, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss)	\$ 13.2	\$ (3.9)	\$ 25.3	\$ 0.2
Other comprehensive income (loss):				
Foreign currency translation adjustments	0.5	(8.5)	0.6	(4.3)
Other comprehensive income (loss)	0.5	(8.5)	0.6	(4.3)
Comprehensive income (loss)	13.7	(12.4)	25.9	(4.1)
Comprehensive income attributable to noncontrolling interest	(0.1)	—	(0.2)	(0.1)
Comprehensive income (loss) attributable to controlling interest	\$ 13.6	\$ (12.4)	\$ 25.7	\$ (4.2)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net (loss) income	\$ (6.5)	\$ 0.5	\$ 18.8	\$ 0.7
Other comprehensive loss:				
Foreign currency translation adjustments	(4.6)	(9.2)	(4.0)	(13.5)
Other comprehensive loss	(4.6)	(9.2)	(4.0)	(13.5)
Comprehensive (loss) income	(11.1)	(8.7)	14.8	(12.8)
Comprehensive (income) loss attributable to noncontrolling interest	(0.1)	0.2	(0.3)	0.1
Comprehensive (loss) income attributable to controlling interest	\$ (11.2)	\$ (8.5)	\$ 14.5	\$ (12.7)

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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ASTEC INDUSTRIES, INC.
Consolidated Statements of Cash Flows
(In millions, unaudited)

		Six Months Ended June 30,				Nine Months Ended September 30,	
		2023	2022			2023	2022
Cash flows from operating activities:	Cash flows from operating activities:			Cash flows from operating activities:			
Net income	Net income	\$ 25.3	\$ 0.2	Net income	\$ 18.8	\$ 0.7	
Adjustments to reconcile net income to net cash used in operating activities:	Adjustments to reconcile net income to net cash used in operating activities:			Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization	Depreciation and amortization	12.5	13.6	Depreciation and amortization	19.6	20.9	
Provision for credit losses	Provision for credit losses	0.2	0.2	Provision for credit losses	0.6	0.9	
Provision for warranties	Provision for warranties	10.6	6.4	Provision for warranties	14.4	9.3	

Deferred compensation expense (benefit)	Deferred compensation expense (benefit)	0.1	(0.9)	Deferred compensation expense (benefit)	0.2	(1.1)
Share-based compensation	Share-based compensation	2.2	3.4	Share-based compensation	3.5	5.4
Deferred tax benefit	Deferred tax benefit	(4.7)	(8.0)	Deferred tax benefit	(2.1)	(12.6)
Gain on disposition of property and equipment, net	Gain on disposition of property and equipment, net	(3.5)	—	Gain on disposition of property and equipment, net	(3.1)	(0.4)
Asset impairment charges, net		0.8	3.0			
Asset impairment charges				Asset impairment charges	0.8	3.4
Amortization of debt issuance costs	Amortization of debt issuance costs	0.2	—	Amortization of debt issuance costs	0.2	—
Distributions to deferred compensation programs' participants	Distributions to deferred compensation programs' participants	(0.4)	(0.4)	Distributions to deferred compensation programs' participants	(1.5)	(0.9)
Change in operating assets and liabilities:	Change in operating assets and liabilities:			Change in operating assets and liabilities:		
Purchase of trading securities, net	Purchase of trading securities, net	(1.1)	(0.5)	Purchase of trading securities, net	(1.4)	(0.7)
Receivables and other contract assets	Receivables and other contract assets	9.7	(21.5)	Receivables and other contract assets	(5.8)	(25.0)
Inventories	Inventories	(37.2)	(71.5)	Inventories	(59.7)	(98.9)
Prepaid expenses	Prepaid expenses	5.7	(3.8)	Prepaid expenses	8.3	0.9
Other assets	Other assets	(8.3)	(4.8)	Other assets	(9.6)	(10.3)
Accounts payable	Accounts payable	1.3	22.7	Accounts payable	7.1	25.3
Accrued loss reserves	Accrued loss reserves	0.6	0.5	Accrued loss reserves	1.2	0.3
Accrued employee related liabilities	Accrued employee related liabilities	1.6	6.1	Accrued employee related liabilities	9.3	10.0
Other accrued liabilities	Other accrued liabilities	(7.4)	2.6	Other accrued liabilities	(0.8)	1.7
Accrued product warranty	Accrued product warranty	(6.0)	(5.2)	Accrued product warranty	(9.6)	(8.6)
Customer deposits	Customer deposits	(11.4)	14.2	Customer deposits	(8.2)	21.1
Income taxes payable/prepaid	Income taxes payable/prepaid	6.7	1.8	Income taxes payable/prepaid	(1.0)	1.8
Net cash used in operating activities	Net cash used in operating activities	(2.5)	(41.9)	Net cash used in operating activities	(18.8)	(56.8)
Cash flows from investing activities:	Cash flows from investing activities:			Cash flows from investing activities:		
Acquisitions, net of cash acquired	Acquisitions, net of cash acquired	—	(17.8)	Acquisitions, net of cash acquired	—	(17.8)
Expenditures for property and equipment	Expenditures for property and equipment	(17.1)	(18.8)	Expenditures for property and equipment	(25.0)	(27.6)
Proceeds from sale of property and equipment	Proceeds from sale of property and equipment	20.1	0.2	Proceeds from sale of property and equipment	20.2	0.7
Purchase of investments	Purchase of investments	(0.5)	(0.6)	Purchase of investments	(0.8)	(0.8)
Sale of investments	Sale of investments	0.1	0.1	Sale of investments	1.7	0.5
Net cash provided by (used in) investing activities		2.6	(36.9)			
Net cash used in investing activities				Net cash used in investing activities	(3.9)	(45.0)

(Continued)

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ASTEC INDUSTRIES, INC.
Consolidated Statements of Cash Flows (Continued)
(In millions, unaudited)

		Six Months Ended June 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Cash flows from financing activities:	Cash flows from financing activities:			Cash flows from financing activities:	
Payment of dividends	Payment of dividends	(5.9)	(5.5)	(8.9)	(8.3)
Proceeds from borrowings on credit facilities and bank loans	Proceeds from borrowings on credit facilities and bank loans	113.6	28.5	221.4	50.1
Repayments of borrowings on credit facilities and bank loans	Repayments of borrowings on credit facilities and bank loans	(128.1)	(25.3)	(180.2)	(42.5)
Sale of Company stock by deferred compensation programs, net	Sale of Company stock by deferred compensation programs, net	—	0.2	0.1	0.2
Withholding tax paid upon vesting of share-based compensation awards	Withholding tax paid upon vesting of share-based compensation awards	(1.6)	(1.6)	(1.6)	(1.8)
Net cash used in financing activities		(22.0)	(3.7)		
Repurchase of Company stock				—	(6.1)
Net cash provided by (used in) financing activities				30.8	(8.4)
Effect of exchange rates on cash	Effect of exchange rates on cash	0.4	(1.3)	(0.3)	(3.4)
Decrease in cash, cash equivalents and restricted cash		(21.5)	(83.8)		
Increase (decrease) in cash, cash equivalents and restricted cash				7.8	(113.6)
Cash, cash equivalents and restricted cash, beginning of period	Cash, cash equivalents and restricted cash, beginning of period	66.0	134.4	66.0	134.4
Cash, cash equivalents and restricted cash, end of period	Cash, cash equivalents and restricted cash, end of period	\$ 44.5	\$ 50.6	\$ 73.8	\$ 20.8
Supplemental cash flow information:	Supplemental cash flow information:			Supplemental cash flow information:	
Cash paid during the year for:	Cash paid during the year for:			Cash paid during the year for:	

Interest, net of capitalized interest	Interest, net of capitalized interest	\$ 2.6	\$ 0.2	Interest, net of capitalized interest	\$ 5.0	\$ 0.7
Income taxes paid	Income taxes paid	\$ 5.5	\$ 6.7	Income taxes paid	\$ 10.3	\$ 12.3
Supplemental disclosures of non-cash items:	Supplemental disclosures of non-cash items:			Supplemental disclosures of non-cash items:		
Non-cash investing activities:	Non-cash investing activities:			Non-cash investing activities:		
Capital expenditures in accounts payable	Capital expenditures in accounts payable	\$ 0.5	\$ 1.2	Capital expenditures in accounts payable	\$ 0.4	\$ 1.2
Non-cash financing activities:	Non-cash financing activities:			Non-cash financing activities:		
Additions to right-of-use assets and lease liabilities	Additions to right-of-use assets and lease liabilities	\$ 0.2	\$ 2.5	Additions to right-of-use assets and lease liabilities	\$ 0.6	\$ 2.8

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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ASTEC INDUSTRIES, INC.
Consolidated Statements of Equity
(In millions except share and per share data, unaudited)

		Common Stock	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Company Shares Held by DCP	Retained Earnings	Noncontrolling Interest	Total Equity									
		Common Stock	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Company Shares Held by DCP	Retained Earnings	Noncontrolling Interest	Total Equity									
Balance, December 31, 2022	Balance, December 31, 2022	22,624,031	\$ 4.5	\$ 135.8	\$ (40.1)	\$ (1.1)	\$ 527.8	\$ —	\$ 626.9	Balance, December 31, 2022	22,624,031	\$ 4.5	\$ 135.8	\$ (40.1)	\$ (1.1)	\$ 527.8	\$ —	\$ 626.9
Net income	Net income	—	—	—	—	—	12.1	—	12.1	Net income	—	—	—	—	—	12.1	—	12.1
Other comprehensive income	Other comprehensive income	—	—	—	—	—	—	0.1	0.1	Other comprehensive income	—	—	—	—	—	—	0.1	0.1
Dividends (\$0.13 per share)	Dividends (\$0.13 per share)	—	—	—	—	—	(2.9)	—	(2.9)	Dividends (\$0.13 per share)	—	—	—	—	—	(2.9)	—	(2.9)
Share-based compensation	Share-based compensation	—	—	0.8	—	—	—	—	0.8	Share-based compensation	—	—	0.8	—	—	—	—	0.8
Issuance of common stock under incentive plan	Issuance of common stock under incentive plan	66,536	—	—	—	—	—	—	—	Issuance of common stock under incentive plan	66,536	—	—	—	—	—	—	—
Withholding tax paid upon equity award vesting	Withholding tax paid upon equity award vesting	—	—	(1.4)	—	—	—	—	(1.4)	Withholding tax paid upon equity award vesting	—	—	(1.4)	—	—	—	—	(1.4)
Balance, March 31, 2023	Balance, March 31, 2023	22,690,567	\$ 4.5	\$ 135.2	\$ (40.1)	\$ (1.1)	\$ 537.0	\$ 0.1	\$ 635.6	Balance, March 31, 2023	22,690,567	\$ 4.5	\$ 135.2	\$ (40.1)	\$ (1.1)	\$ 537.0	\$ 0.1	\$ 635.6
Net income	Net income	—	—	—	—	—	13.1	0.1	13.2	Net income	—	—	—	—	—	13.1	0.1	13.2
Other comprehensive income	Other comprehensive income	—	—	—	0.5	—	—	—	0.5	Other comprehensive income	—	—	—	0.5	—	—	—	0.5

Dividends (\$0.13 per share)	Dividends (\$0.13 per share)	—	—	—	—	—	(3.0)	—	(3.0)	Dividends (\$0.13 per share)	—	—	—	—	—	(3.0)	—	(3.0)
Share-based compensation	Share-based compensation	—	—	1.4	—	—	—	—	1.4	Share-based compensation	—	—	1.4	—	—	—	—	1.4
Issuance of common stock under incentive plan	Issuance of common stock under incentive plan	46,003	—	—	—	—	—	—	—	Issuance of common stock under incentive plan	46,003	—	—	—	—	—	—	—
Withholding tax paid upon equity award vesting	Withholding tax paid upon equity award vesting	—	—	(0.2)	—	—	—	—	(0.2)	Withholding tax paid upon equity award vesting	—	—	(0.2)	—	—	—	—	(0.2)
Balance, June 30, 2023	Balance, June 30, 2023	<u>22,736,570</u>	<u>\$ 4.5</u>	<u>\$ 136.4</u>	<u>\$ (39.6)</u>	<u>\$ (1.1)</u>	<u>\$ 547.1</u>	<u>\$ 0.2</u>	<u>\$647.5</u>	Balance, June 30, 2023	<u>22,736,570</u>	<u>\$4.5</u>	<u>\$136.4</u>	<u>\$(39.6)</u>	<u>\$(1.1)</u>	<u>\$547.1</u>	<u>\$0.2</u>	<u>\$647.5</u>
Net (loss) income	Net (loss) income									Net (loss) income	—	—	—	—	—	(6.6)	0.1	(6.5)
Other comprehensive loss	Other comprehensive loss									Other comprehensive loss	—	—	—	(4.6)	—	—	—	(4.6)
Dividends (\$0.13 per share)	Dividends (\$0.13 per share)									Dividends (\$0.13 per share)	—	—	—	—	—	(3.0)	—	(3.0)
Share-based compensation	Share-based compensation									Share-based compensation	—	—	1.3	—	—	—	—	1.3
Issuance of common stock under incentive plan	Issuance of common stock under incentive plan									Issuance of common stock under incentive plan	2,726	—	—	—	—	—	—	—
Deferred compensation programs' transactions, net	Deferred compensation programs' transactions, net									Deferred compensation programs' transactions, net	—	—	—	—	0.1	—	—	0.1
Balance, September 30, 2023	Balance, September 30, 2023									Balance, September 30, 2023	<u>22,739,296</u>	<u>\$4.5</u>	<u>\$137.7</u>	<u>\$(44.2)</u>	<u>\$(1.0)</u>	<u>\$537.5</u>	<u>\$0.3</u>	<u>\$634.8</u>

(Continued)

	Common Stock	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Company Shares Held by DCP	Retained Earnings	Noncontrolling Interest	Total Equity
Balance, December 31, 2021	<u>22,767,052</u>	<u>\$ 4.5</u>	<u>\$ 130.6</u>	<u>\$ (32.4)</u>	<u>\$ (1.2)</u>	<u>\$ 549.3</u>	<u>\$ 0.5</u>	<u>\$ 651.3</u>
Net income	—	—	—	—	—	4.1	—	4.1
Other comprehensive income	—	—	—	4.1	—	—	0.1	4.2
Dividends (\$0.12 per share)	—	—	—	—	—	(2.8)	—	(2.8)
Share-based compensation	—	—	1.8	—	—	—	—	1.8
Issuance of common stock under incentive plan	69,995	0.1	—	—	—	—	—	0.1
Withholding tax paid upon equity award vesting	—	—	(1.3)	—	—	—	—	(1.3)
Balance, March 31, 2022	<u>22,837,047</u>	<u>\$ 4.6</u>	<u>\$ 131.1</u>	<u>\$ (28.3)</u>	<u>\$ (1.2)</u>	<u>\$ 550.6</u>	<u>\$ 0.6</u>	<u>\$ 657.4</u>
Net loss	—	—	—	—	—	(3.9)	—	(3.9)
Other comprehensive loss	—	—	—	(8.5)	—	—	—	(8.5)
Dividends (\$0.12 per share)	—	—	0.1	—	—	(2.7)	—	(2.6)
Share-based compensation	—	—	1.6	—	—	—	—	1.6
Issuance of common stock under incentive plan	27,482	—	—	—	—	—	—	—
Withholding tax paid upon equity award vesting	—	—	(0.3)	—	—	—	—	(0.3)
Deferred compensation programs' transactions, net	—	—	0.1	—	0.1	—	—	0.2
Balance, June 30, 2022	<u>22,864,529</u>	<u>\$ 4.6</u>	<u>\$ 132.6</u>	<u>\$ (36.8)</u>	<u>\$ (1.1)</u>	<u>\$ 544.0</u>	<u>\$ 0.6</u>	<u>\$ 643.9</u>

ASTEC INDUSTRIES, INC.
Consolidated Statements of Equity (Continued)
(In millions except share and per share data, unaudited)

	Common Stock	Common Stock Amount	Additional Paid- in Capital	Accumulated Other Comprehensive Loss	Company Shares Held by DCP	Retained Earnings	Noncontrolling Interest	Total Equity
Balance, December 31, 2021	22,767,052	\$ 4.5	\$ 130.6	\$ (32.4)	\$ (1.2)	\$ 549.3	\$ 0.5	\$ 651.3
Net income	—	—	—	—	—	4.1	—	4.1
Other comprehensive income	—	—	—	4.1	—	—	0.1	4.2
Dividends (\$0.12 per share)	—	—	—	—	—	(2.8)	—	(2.8)
Share-based compensation	—	—	1.8	—	—	—	—	1.8
Issuance of common stock under incentive plan	69,995	0.1	—	—	—	—	—	0.1
Withholding tax paid upon equity award vesting	—	—	(1.3)	—	—	—	—	(1.3)
Balance, March 31, 2022	22,837,047	\$ 4.6	\$ 131.1	\$ (28.3)	\$ (1.2)	\$ 550.6	\$ 0.6	\$ 657.4
Net loss	—	—	—	—	—	(3.9)	—	(3.9)
Other comprehensive loss	—	—	—	(8.5)	—	—	—	(8.5)
Dividends (\$0.12 per share)	—	—	0.1	—	—	(2.7)	—	(2.6)
Share-based compensation	—	—	1.6	—	—	—	—	1.6
Issuance of common stock under incentive plan	27,482	—	—	—	—	—	—	—
Withholding tax paid upon equity award vesting	—	—	(0.3)	—	—	—	—	(0.3)
Deferred compensation programs' transactions, net	—	—	0.1	—	0.1	—	—	0.2
Balance, June 30, 2022	22,864,529	\$ 4.6	\$ 132.6	\$ (36.8)	\$ (1.1)	\$ 544.0	\$ 0.6	\$ 643.9
Net income (loss)	—	—	—	—	—	0.7	(0.2)	0.5
Other comprehensive loss	—	—	—	(9.2)	—	—	—	(9.2)
Dividends (\$0.12 per share)	—	—	—	—	—	(2.8)	—	(2.8)
Share-based compensation	—	—	2.0	—	—	—	—	2.0
Issuance of common stock under incentive plan	6,343	—	—	—	—	—	—	—
Withholding tax paid upon equity award vesting	—	—	(0.2)	—	—	—	—	(0.2)
Share repurchases	(160,445)	\$ (0.1)	\$ —	\$ —	\$ —	\$ (6.0)	\$ —	\$ (6.1)
Balance, September 30, 2022	22,710,427	\$ 4.5	\$ 134.4	\$ (46.0)	\$ (1.1)	\$ 535.9	\$ 0.4	\$ 628.1

The accompanying notes are an integral part of these unaudited consolidated financial statements.

ASTEC INDUSTRIES, INC.
Notes To Unaudited Consolidated Financial Statements

Note 1. Basis of Presentation and Significant Accounting Policies

Description of Business

Astec Industries, Inc. ("Astec" or the "Company") is a Tennessee corporation which was incorporated in 1972. The Company designs, engineers, manufactures and markets equipment and components used primarily in road building and related construction activities, as well as other products discussed below. The Company's products are used in each phase of road building, from quarrying and crushing the aggregate to application of the road surface. The Company also manufactures certain equipment and components unrelated to road construction, including equipment for the mining, quarrying, construction and demolition industries and port and rail yard operators; industrial heat transfer equipment; commercial whole-tree pulpwood chippers; horizontal grinders; blower trucks; concrete plants; commercial and industrial burners; and combustion control systems.

The Company operates in two reportable segments (plus Corporate and Other) - Infrastructure Solutions and Materials Solutions. The Company's two reportable business segments comprise sites based upon the nature of the products or services produced, the type of customer for the products, the similarity of economic characteristics, the manner in which management reviews results and the nature of the production process, among other considerations.

The Corporate and Other category consists primarily of the parent company, Astec Insurance Company ("Astec Insurance" or the "captive"), a captive insurance company, and the controls and automation business, which do not meet the requirements for separate disclosure as an operating segment or inclusion in one of the other reporting segments.

Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Astec and its subsidiaries and have been prepared by the Company, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). The Company prepares its financial statements in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP"). Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the SEC rules and regulations governing interim financial statements. However, the Company believes that the disclosures made in the unaudited consolidated financial statements and related notes are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's [Annual Report on Form 10-K](#) for the year ended December 31, 2022. All intercompany balances and transactions between the Company and its affiliates have been eliminated in consolidation.

Noncontrolling interest in the Company's consolidated financial statements represents the 7% interest in a consolidated subsidiary which is not owned by the Company. Since the Company controls this subsidiary, the subsidiary's financial statements are consolidated with those of the Company, and the noncontrolling owner's 7% share of the subsidiary's net assets and results of operations is deducted and reported as "Noncontrolling interest" in the Consolidated Balance Sheets and as "Net ~~income~~ (income) loss attributable to noncontrolling interest" in the Consolidated Statements of Operations. The Company executed an agreement in February 2022 with the noncontrolling interest holder, which is undergoing a judicial reorganization in Brazil, to acquire their outstanding interest in full for \$10.0M (approximately \$2.0 million, subject to the effect of exchange rates). Completion of the transaction is subject to obtaining certain judicial approval in Brazil.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and accompanying notes. Significant items subject to such estimates and assumptions include excess and obsolete inventory, inventory net realizable value, product warranty obligations, self-insurance loss reserves, capitalization of internal use software, goodwill impairment and the measurement of income tax assets and liabilities. The Company bases its estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. On an ongoing basis, the Company evaluates these assumptions, judgments and estimates. Actual results could differ from those estimates.

In the opinion of management, the consolidated financial statements contain all adjustments necessary for a fair statement of the results of operations and comprehensive ~~(loss)~~ income ~~(loss)~~ for the three and ~~six~~ ~~nine~~ months ended ~~June 30, 2023~~ ~~September 30, 2023~~ and 2022, the financial position as of ~~June 30, 2023~~ ~~September 30, 2023~~ and December 31, 2022 and the cash flows for the ~~six~~ ~~nine~~ months ended ~~June 30, 2023~~ ~~September 30, 2023~~ and 2022, and except as otherwise discussed herein, such adjustments consist only of those of a normal recurring nature. The interim results are not necessarily indicative of results that may be achieved in a full reporting year.

All dollar amounts, except share and per share amounts, are in millions of dollars unless otherwise indicated.

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Reclassifications and Adjustments

Certain reclassifications have been made to the prior period financial information to conform to the presentation used in the financial statements for the ~~six~~ ~~nine~~ months ended ~~June 30, 2023~~ ~~September 30, 2023~~.

- The Company elected to present research and development expenses in "Selling, general and administrative expenses". These amounts were previously included in a separate financial statement caption in the Consolidated Statements of Operations.
- The Company reclassified certain accrued liability balances from "Other current liabilities" to "Accrued employee related liabilities" to more appropriately reflect the nature of such accrued balances.
- The Company elected to present gains and losses recognized on the change in fair value of derivative instruments and foreign currency transaction gains and losses, net in "Other (expenses) income, net". These amounts were previously included in "Cost of sales".

There was no change to previously reported "Total current liabilities" or "Net ~~(loss)~~ income ~~(loss)~~ attributable to controlling interest" related to these reclassifications.

During the first quarter of 2023, the Company identified immaterial errors associated with over-accruals of inventory-related expenses in its historical financial statements. The cumulative effect of the errors generated in 2021 and 2022 was corrected during the first quarter of 2023, resulting in a decrease in "Cost of sales" of \$1.9 million. Such adjustment was not considered material to the Company's consolidated financial statements for the year ended December 31, 2022 or any of the financial statements for the previously filed annual periods.

Recently Adopted Accounting Pronouncements

In October 2021, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers", which requires entities to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The update will generally result in an entity recognizing contract assets and contract liabilities at amounts consistent with those recorded by the acquiree immediately before the acquisition date rather than at fair value. The new standard is effective on a prospective basis for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company elected to early adopt this guidance on April 1, 2022. The adoption of this new standard did not have a material impact on its financial position, results of operations, cash flows or disclosures.

Recent accounting guidance not discussed above is not applicable, did not have, or is not expected to have a material impact on the Company.

Note 2.Acquisition

MINDS Acquisition - The Company entered into a Share Purchase Agreement, dated as of March 22, 2022, by and between MINDS Automation Group, Inc., a leader in plant automation control systems and cloud-based data management in the asphalt industry in Canada. The acquisition was completed on April 1, 2022 at a purchase price of \$19.3 million, which was paid in cash. The Company's allocation of the purchase price resulted in the recognition of **\$9.3 million** **\$9.3 million** of goodwill and \$9.3 million of intangible assets primarily consisting of customer relationships (9 year life) and developed technology (7 year life). Significant inputs and assumptions used in determining the fair values of these intangible assets include management's forecasts of future revenues, earnings and cash flows, a discount rate based on the median weighted average cost of capital of the Company and select market competitors, and the proportion of intangible assets acquired in relation to tangible assets. Goodwill acquired is attributable to future growth opportunities provided by the acquired intellectual capital and the ability to generate cross-selling synergies. The acquisition provides the Company with a broader line of controls and automation products designed to deliver enhanced productivity through improved equipment performance. Results of operations have been consolidated from the date of acquisition. The goodwill is not deductible for income tax purposes. Proforma financial information is not included since not significant.

Acquisition and integration costs incurred were nominal during the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** for this acquisition. Acquisition and integration costs incurred were **\$0.4 million** **\$0.2 million** and **\$0.9 million** **\$1.1 million** during the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, respectively. These costs are recorded in "Selling, general and administrative expenses" in the Consolidated Statements of Operations.

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The following table summarizes the allocations of the total purchase price:

(in millions)	Amount
Cash	\$ 1.5
Trade receivables	2.7
Inventories	0.7
Prepaid expenses and other assets	0.4
Property and equipment	0.2
Goodwill	9.3
Intangible assets	9.3
Other long-term assets	0.5
Total assets acquired	\$ 24.6
Accounts payable	(0.7)
Accrued payroll and related liabilities	(0.8)
Other current liabilities	(1.1)
Deferred income tax liabilities	(2.4)
Other long-term liabilities	(0.3)
Total liabilities assumed	(5.3)
Total purchase price	\$ 19.3

Note 3. Inventories

Inventories are valued at the lower of cost (first-in, first-out) or net realizable value, which requires the Company to make specific estimates, assumptions and judgments in determining the amount, if any, of reductions in the valuation of inventories to their net realizable values.

Inventories consist of the following:

(in millions)	(in millions)	June 30, 2023	December 31, 2022	(in millions)	September 30, 2023	December 31, 2022
Raw materials and parts	Raw materials and parts	\$ 315.9	\$ 302.9	Raw materials and parts	\$ 313.1	\$ 302.9
Work-in-process	Work-in-process	67.7	57.3	Work-in-process	78.0	57.3
Finished goods	Finished goods	44.8	32.1	Finished goods	57.4	32.1
Used equipment	Used equipment	1.1	1.1	Used equipment	1.6	1.1
Total	Total	\$ 429.5	\$ 393.4	Total	\$ 450.1	\$ 393.4

Note 4. Fair Value Measurements

The Company has various financial instruments that must be measured at fair value on a recurring basis, including marketable debt and equity securities held by Astec Insurance and marketable equity securities held in the Company's deferred compensation programs. The Company's deferred compensation programs ("DCP") include a non-qualified Supplemental Executive Retirement Plan ("SERP") and a separate non-qualified Deferred Compensation Plan. Although the deferred compensation programs' investments are allocated to individual participants, and investment decisions are made solely by those participants, they are non-qualified plans. Consequently, the Company owns the assets and the related offsetting liability for disbursement until such time as a participant makes a qualifying withdrawal. The SERP assets and related offsetting liability are recorded in non-current "Investments" and "Other long-term

liabilities", respectively, in the Consolidated Balance Sheets. The Company's subsidiaries also occasionally enter into foreign currency exchange contracts to mitigate exposure to fluctuations in currency exchange rates.

The carrying amount of cash and cash equivalents, trade receivables and contract assets, other receivables, accounts payable, and short-term and long-term debt approximates their fair value because of their short-term nature and/or interest rates associated with the instruments. Investments are carried at their fair value based on quoted market prices for identical or similar assets or, where no quoted prices exist, other observable inputs for the asset. The fair values of foreign currency exchange contracts are based on quotations from various banks for similar instruments using models with market-based inputs.

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Financial assets and liabilities are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The inputs used to measure the fair value are identified in the following hierarchy:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Unadjusted quoted prices in active markets for similar assets or liabilities; or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable for the asset or liability.

Level 3 - Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

As indicated in the tables below, the Company has determined that all of its financial assets and liabilities as of **June 30, 2023**, **September 30, 2023** and December 31, 2022 are Level 1 and Level 2 in the fair value hierarchy as defined above:

(in millions)	(in millions)	June 30, 2023			(in millions)	September 30, 2023		
		Level 1	Level 2	Total		Level 1	Level 2	Total
Financial assets:	Financial assets:				Financial assets:			
Trading equity securities:	Trading equity securities:				Trading equity securities:			
Deferred compensation programs' mutual funds	Deferred compensation programs' mutual funds	\$ 5.3	\$ —	\$ 5.3	Deferred compensation programs' mutual funds	\$ 4.0	\$ —	\$ 4.0
Preferred stocks	Preferred stocks	0.3	—	0.3	Preferred stocks	0.3	—	0.3
Equity funds	Equity funds	0.6	—	0.6	Equity funds	0.6	—	0.6
Trading debt securities:	Trading debt securities:				Trading debt securities:			
Corporate bonds	Corporate bonds	4.0	—	4.0	Corporate bonds	4.0	—	4.0
Municipal bonds	Municipal bonds	—	0.4	0.4	Municipal bonds	—	0.3	0.3
Agency bonds	Agency bonds	—	2.2	2.2	Agency bonds	—	2.5	2.5
Floating rate notes	Floating rate notes	0.1	—	0.1	Floating rate notes	0.2	—	0.2
U.S. government securities	U.S. government securities	1.9	—	1.9	U.S. government securities	1.9	—	1.9
Asset-backed securities	Asset-backed securities	—	4.3	4.3	Asset-backed securities	—	4.3	4.3
Other	Other	1.3	0.6	1.9	Other	1.3	0.6	1.9
Derivative financial instruments	Derivative financial instruments	—	0.2	0.2	Derivative financial instruments	—	0.2	0.2
Total financial assets	Total financial assets	\$ 13.5	\$ 7.7	\$ 21.2	Total financial assets	\$ 12.3	\$ 7.9	\$ 20.2
Financial liabilities:	Financial liabilities:				Financial liabilities:			
Deferred compensation programs' liabilities	Deferred compensation programs' liabilities	\$ —	\$ 6.6	\$ 6.6	Deferred compensation programs' liabilities	\$ —	\$ 5.7	\$ 5.7
Total financial liabilities	Total financial liabilities	\$ —	\$ 6.6	\$ 6.6	Total financial liabilities	\$ —	\$ 5.7	\$ 5.7

(in millions)	December 31, 2022		
	Level 1	Level 2	Total
Financial assets:			
Trading equity securities:			
Deferred compensation programs' mutual funds	\$ 4.4	\$ —	\$ 4.4
Preferred stocks	0.3	—	0.3
Equity funds	0.6	—	0.6
Trading debt securities:			
Corporate bonds	5.0	—	5.0
Municipal bonds	—	0.3	0.3
Floating rate notes	0.2	—	0.2
U.S. government securities	0.8	—	0.8
Asset-backed securities	—	5.4	5.4
Other	1.3	0.7	2.0
Total financial assets	\$ 12.6	\$ 6.4	\$ 19.0
Financial liabilities:			
Deferred compensation programs' liabilities	\$ —	\$ 5.7	\$ 5.7
Total financial liabilities	\$ —	\$ 5.7	\$ 5.7

Note 5. Product Warranty Reserves

The Company warrants its products against manufacturing defects and performance to specified standards. The warranty period and performance standards vary by market and uses of its products, but generally range from three months to two years or up to a specified number of hours of operation. The Company estimates the costs that may be incurred under its warranties and records a liability at the time product sales are recorded. The product warranty liability is primarily based on historical claim rates, nature of claims and the associated cost.

Changes in the Company's product warranty liability for the three and ~~six~~ nine month periods ended ~~June 30, 2023~~ September 30, 2023 and 2022 are as follows:

						Three Months Ended September 30,		Nine Months Ended September 30,		
(in millions)	(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		(in millions)	30,		30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Reserve balance, beginning of the period	Reserve balance, beginning of the period	\$ 12.4	\$ 11.3	\$ 11.9	\$ 10.5	Reserve balance, beginning of the period	\$ 16.5	\$ 11.6	\$ 11.9	\$ 10.5
Warranty liabilities accrued	Warranty liabilities accrued	6.7	3.2	10.6	6.4	Warranty liabilities accrued	3.8	2.9	14.4	9.3
Warranty liabilities settled	Warranty liabilities settled	(2.6)	(2.8)	(6.0)	(5.2)	Warranty liabilities settled	(3.6)	(3.4)	(9.6)	(8.6)
Other	Other	—	(0.1)	—	(0.1)	Other	—	(0.2)	—	(0.3)
Reserve balance, end of the period	Reserve balance, end of the period	\$ 16.5	\$ 11.6	\$ 16.5	\$ 11.6	Reserve balance, end of the period	\$ 16.7	\$ 10.9	\$ 16.7	\$ 10.9

Note 6. Accrued Loss Reserves

The Company records reserves for losses related to known workers' compensation and general liability claims that have been incurred but not yet paid or are estimated to have been incurred but not yet reported to the Company. The undiscounted reserves are actuarially determined based on the Company's evaluation of the type and severity of individual claims and historical information, primarily its own claims experience, along with assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause these estimates to change in the future. Total accrued loss reserves were ~~\$6.4 million~~ \$7.1 million and \$5.8 million ~~at June 30, 2023~~ as of September 30, 2023 and December 31, 2022, respectively, of which ~~\$4.3 million~~ \$4.2 million and \$3.9 million were included in "Other long-term liabilities" in the Consolidated Balance Sheets ~~at June 30, 2023~~ as of September 30, 2023 and December 31, 2022, respectively.

Note 7. Income Taxes

For the three months ended **June 30, 2023** September 30, 2023, the Company recorded an income tax expense benefit of **\$2.7 million** \$0.6 million, reflecting a **17.0%** **an 8.5%** effective tax rate, compared to a **\$0.8 million** \$0.7 million income tax expense for the three months ended September 30, 2022, reflecting a 58.3% effective tax rate. The income tax benefit for the three months ended June 30, 2022, reflecting a 17.0% effective tax rate. The income tax expense for the three months ended June 30, 2023 September 30, 2023 as compared to the benefit expense for the same period in 2022 was primarily due to higher lower pretax book income and changes in the relative weighting of jurisdictional income and loss, partially offset by a net discrete tax benefit related to a research and development credit loss.

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For the **six nine** months ended **June 30, 2023** September 30, 2023, the Company recorded an income tax provision of **\$7.1 million** \$6.5 million, reflecting a **21.9%** **25.7%** effective tax rate, compared to **\$0.1 million** \$0.8 million expense, reflecting a 53.3% effective tax rate, for the **six nine** months ended **June 30, 2022** September 30, 2022. The income tax expense for the **six nine** months ended **June 30, 2023** September 30, 2023 was higher compared to the same period in 2022, primarily due to higher pretax book income and changes in the relative weighting of jurisdictional income and loss, partially offset by a net discrete tax benefit related to a research and development credit.

The Company's recorded liability for uncertain tax positions was **\$12.5 million** \$12.7 million and \$12.0 million as of **June 30, 2023** September 30, 2023 and December 31, 2022, respectively. The increase is the result of **\$0.5 million** \$0.7 million of incremental reserves associated with the 2023 research and development credit. The Company does not anticipate a significant change in unrecognized tax benefits due to the expiration of relevant statutes of limitations and federal, state, and foreign tax audit resolutions over the next twelve months.

The Company regularly assesses the likelihood of an adverse outcome resulting from examinations to determine the adequacy of its tax reserves. The Company is currently under audit by the U.S. Internal Revenue Service for the federal income tax return from the 2018 tax year as well as various other state income tax and jurisdictional audits. As of **June 30, 2023** September 30, 2023, the Company believes that it is more-likely-than-not that the tax positions it has taken will be sustained upon the resolution of its audits, resulting in no material impact on its consolidated financial position, results of operations and cash flows. However, the final determination with respect to any tax audits, and any related litigation, could be materially different from the Company's estimates and/or from its historical income tax provisions and accruals and could have a material effect on operating results and/or cash flows in the periods for which that determination is made. In addition, future period earnings may be adversely impacted by litigation costs, settlements, penalties and/or interest assessments.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law. The IRA levies a 1% excise tax on net stock repurchases after December 31, 2022 and imposes a 15% corporate alternative minimum tax ("CAMT") for tax years beginning after December 31, 2022. The Company did not repurchase any shares during the three and **six nine** months ended **June 30, 2023** September 30, 2023. CAMT does not impact the Company's results of operations or financial position.

Note 8. Commitments and Contingencies

Certain customers have financed purchases of Company products through arrangements with third-party financing institutions. Under these arrangements, the Company is contingently liable for customer debt of **\$1.0 million** \$0.9 million and \$2.4 million at **June 30, 2023** as of September 30, 2023 and December 31, 2022, respectively. These arrangements expire at various dates running through September 2026. Additionally, the Company is also contingently liable for 1.75% of the unpaid balance, determined as of December 31 of the prior year (or approximately \$0.1 million for 2023), on certain past customer equipment purchases that were financed by an outside finance company. The agreements provide that the Company will receive the lender's full security interest in the financed equipment if the Company is required to fulfill its contingent liability under these arrangements. The Company has recorded a liability of **\$0.6 million** \$0.5 million and \$1.0 million related to these guarantees, which were included in "Other current liabilities" in the Consolidated Balance Sheets as of **June 30, 2023** September 30, 2023 and December 31, 2022, respectively.

The Company reviews off-balance sheet guarantees individually and at the loss pool level based on one agreement. Prior history is considered with respect to the Company having to perform on any off-balance sheet guarantees, as well as future projections of individual customer credit worthiness with respect to assessing credit losses related to off-balance sheet guarantees.

In addition, the Company is contingently liable under letters of credit issued under its \$250.0 million revolving credit facility (the "Credit Facilities"), which outstanding letters of credit totaled **\$2.6 million** \$2.4 million as of **June 30, 2023** September 30, 2023. The outstanding letters of credit expire at various dates through April 2024. As of **June 30, 2023** September 30, 2023, the Company's foreign subsidiaries are contingently liable for a total of **\$7.5 million** \$6.1 million in performance letters of credit, advance payments and retention guarantees, of which **\$5.6 million** \$4.5 million is secured by separate credit facilities with local financial institutions.

The Company and certain of its former executive officers were named as defendants in a putative shareholder class action lawsuit filed on February 1, 2019, as amended on August 26, 2019, in the United States District Court for the Eastern District of Tennessee. The action is styled City of Taylor General Employees Retirement System v. Astec Industries, Inc., et al., Case No. 1:19-cv-24-CEA-CHS. The complaint generally alleges that the defendants violated the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 promulgated thereunder, by making allegedly false and misleading statements and that the individual defendants were control persons under Section 20(a) of the Exchange Act. The complaint is filed on behalf of shareholders who purchased stock of the Company between July 26, 2016 and October 22, 2018 and seeks monetary damages on behalf of the purported class. On October 25, 2019, the defendants filed a Motion to Dismiss. On February 19, 2021, the Motion to Dismiss was granted with prejudice and judgment was entered for the defendants. On March 19, 2021, plaintiff filed a Motion to Alter or Amend the Judgment and For Leave to File the Proposed Amended Complaint, which was denied on May 5, 2021. Plaintiff appealed the Motion to Dismiss and denial of its Motion to Alter or Amend the Judgment and For Leave to File the Proposed Amended Complaint to the United States Court of Appeals for the Sixth Circuit. On March 31, 2022, the United States Court of Appeals for the Sixth Circuit issued an opinion reversing the dismissal of the Company and one former executive officer, affirming the dismissal of certain other former executive officers and remanding the action to the United States District Court for the Eastern District of Tennessee for proceedings consistent with the opinion. On July 11, 2022 Defendants filed an answer to the complaint, and the action is now in discovery.

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The Company's GEFCO, Inc. ("GEFCO") subsidiary has been named a defendant in a lawsuit originally filed on August 16, 2018, with an amended complaint filed on January 25, 2019, in the United States District Court for the Western District of Oklahoma. The action is styled VenVer S.A. and Americas Coil Tubing LLP v. GEFCO, Inc., Case No. CIV-18-790-SLP. The complaint alleges breaches of warranty and other similar claims regarding equipment sold by GEFCO in 2013. In addition to seeking a rescission of the purchase contract, the plaintiff is seeking special and

consequential damages. The original purchase price of the equipment was approximately \$8.5 million. On July 7, 2020, the plaintiffs filed a separate lawsuit directly against Astec Industries, Inc. that generally mirrored the allegations in the GEFCO suit. In January 2023, the court allowed Astec Industries, Inc. to be added as a defendant to the GEFCO suit and, as a result, the separate suit against Astec Industries, Inc. was dismissed. The Company and GEFCO each dispute the plaintiffs' allegations and are vigorously defending the GEFCO suit. The Company is unable to determine whether or not a future loss will be incurred due to this litigation or estimate the possible loss or range of loss, if any, at this time.

On October 5, 2023, a jury, in the 355th Judicial District Court, Hood County, State of Texas, rendered a verdict against the Company's Telsmith, Inc. subsidiary in the matter styled 37 Building Products, Ltd. ("37 BP") v. Telsmith, Inc. ("Telsmith"), et al. originally filed on January 28, 2019, with additional defendants later added. All other defendants settled prior to trial except Telsmith. Telsmith will receive credit for the settlement amounts of all other defendants against any judgment entered in this case against Telsmith. 37 BP alleged breaches of warranty and negligent misrepresentation regarding equipment manufactured by Telsmith and purchased by 37 BP in 2017 through one of the Company's dealers. Based on the jury verdict, management has determined that a loss for this matter is probable in a range between \$6.4 million and \$18.1 million, inclusive of attorneys' fees and prejudgment interest. A loss contingency of \$6.4 million was recorded in "Selling, general and administrative expenses" in the Consolidated Statements of Operations and "Other current liabilities" in the Consolidated Balance Sheets during the third quarter of 2023 representing management's best estimate of the loss. A judgment has not been entered by the trial court, however, a judgment is anticipated to be entered by the end of 2023 or during the first quarter of 2024. The judgment, once entered, may result in a change to the estimate of loss recorded and will incur post-judgment interest charges. The Company will evaluate the judgment once entered, including whether to appeal any judgment entered by the court.

In addition to the two matters noted above, the Company is currently a party, and may become a party, to various other claims and legal proceedings in the ordinary course of business. If management believes that a loss arising from any claims and legal proceedings is probable and can reasonably be estimated, the Company records the amount of the loss (excluding estimated legal fees) or, when the loss is estimated using a range and no point within the range is more probable than another, the minimum estimated liability. As management becomes aware of additional information concerning such contingencies, any potential liability related to these matters is assessed and the estimates are revised, if necessary. If management believes that a loss arising from such claims and legal proceedings is either (i) probable but cannot be reasonably estimated or (ii) reasonably estimable but not probable, the Company does not record the amount of the loss but does make specific disclosure of such matter.

Based upon currently available information and with the advice of counsel, management believes that the ultimate outcome of its current claims and legal proceedings, individually and in the aggregate, will not have a material adverse effect on the Company's financial position, cash flows or results of operations. However, claims and legal proceedings are subject to inherent uncertainties, and rulings unfavorable to the Company could occur. If an unfavorable ruling were to occur, there exists the possibility of a material adverse effect on the Company's financial position, cash flows or results of operations.

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Note 9. Revenue Recognition

The following tables disaggregate the Company's revenue by major source for the three and six nine month periods ended June 30, 2023 September 30, 2023 and 2022 (excluding intercompany sales):

(in millions)	(in millions)	Three Months Ended June 30, 2023				Three Months Ended June 30, 2022				(in millions)	Three Months Ended September 30, 2023				Three Months Ended September 30, 2022
		Corporate				Corporate					Corporate				
		Infrastructure Solutions	Materials Solutions	and Other	Total	Infrastructure Solutions	Materials Solutions	and Other	Total		Infrastructure Solutions	Materials Solutions	and Other	Total	
Net Sales-Domestic:	Net Sales-Domestic:									Net Sales-Domestic:					Net Sales-Domestic:
Equipment sales	Equipment sales	\$ 113.3	\$ 75.4	\$ 0.4	\$ 189.1	\$ 114.1	\$ 55.8	\$ 0.1	\$ 170.0	Equipment sales	\$ 94.4	\$ 54.7	\$ 0.5	\$ 149.6	Equipment sales
Parts and component sales	Parts and component sales	50.3	22.3	—	72.6	43.7	21.1	—	64.8	Parts and component sales	50.3	20.5	0.1	70.9	Parts and component sales
Service and equipment installation revenue	Service and equipment installation revenue	17.9	0.2	0.1	18.2	5.9	0.1	—	6.0	Service and equipment installation revenue	3.6	0.2	—	3.8	Service and equipment installation revenue
Used equipment sales	Used equipment sales	1.7	—	—	1.7	0.3	—	—	0.3	Used equipment sales	—	—	—	—	Used equipment sales
Freight revenue	Freight revenue	5.3	2.4	—	7.7	6.2	2.2	—	8.4	Freight revenue	5.2	1.9	—	7.1	Freight revenue
Other	Other	0.1	(2.9)	(0.1)	(2.9)	0.1	(1.2)	—	(1.1)	Other	0.3	(2.4)	0.3	(1.8)	Other
Total domestic revenue	Total domestic revenue	188.6	97.4	0.4	286.4	170.3	78.0	0.1	248.4	Total domestic revenue	153.8	74.9	0.9	229.6	Total domestic revenue
Net Sales-International:	Net Sales-International:									Net Sales-International:					Net Sales-International:

Equipment sales	Equipment sales	17.8	20.4	1.2	39.4	27.0	18.1	0.8	45.9	Equipment sales	26.3	23.1	0.7	50.1
Parts and component sales	Parts and component sales	9.2	10.3	—	19.5	11.0	10.1	0.1	21.2	Parts and component sales	9.2	9.9	—	19.1
Service and equipment installation revenue	Service and equipment installation revenue	1.3	1.4	0.1	2.8	0.6	0.5	0.2	1.3	Service and equipment installation revenue	1.0	1.8	0.1	2.9
Used equipment sales	Used equipment sales	0.2	0.4	—	0.6	—	0.1	—	0.1	Used equipment sales	—	0.4	—	0.4
Freight revenue	Freight revenue	1.0	0.3	—	1.3	0.7	0.4	—	1.1	Freight revenue	0.5	0.4	—	0.9
Other	Other	—	—	—	—	—	0.2	—	0.2	Other	—	—	0.1	0.1
Total international revenue	Total international revenue	29.5	32.8	1.3	63.6	39.3	29.4	1.1	69.8	Total international revenue	37.0	35.6	0.9	73.5
Total net sales	Total net sales	\$ 218.1	\$ 130.2	\$ 1.7	\$350.0	\$ 209.6	\$ 107.4	\$ 1.2	\$318.2	Total net sales	\$ 190.8	\$ 110.5	\$ 1.8	\$303.1

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(in millions)	(in millions)	Six Months Ended June 30, 2023				Six Months Ended June 30, 2022				(in millions)	Nine Months Ended September 30, 2023				Nine Months Ended September 30, 2022				
		Corporate				Corporate					Corporate								
		Infrastructure Solutions	Materials Solutions	and Other	Total	Infrastructure Solutions	Materials Solutions	and Other	Total		Infrastructure Solutions	Materials Solutions	and Other	Total		Infrastructure Solutions	Materials Solutions	and Other	Total
Net Sales-Domestic:	Net Sales-Domestic:									Net Sales-Domestic:					Net Sales-Domestic:				
Equipment sales	Equipment sales	\$ 220.2	\$ 143.1	\$ 1.7	\$365.0	\$ 209.3	\$ 101.4	\$ 0.1	\$310.8	Equipment sales	\$ 314.6	\$ 197.8	\$ 2.2	\$ 514.6	\$ 494.6	\$ 314.6	\$ 197.8	\$ 2.2	\$ 514.6
Parts and component sales	Parts and component sales	109.6	43.6	0.1	153.3	100.1	41.9	—	142.0	Parts and component sales	159.9	64.1	0.2	224.2	206.2	159.9	64.1	0.2	224.2
Service and equipment installation revenue	Service and equipment installation revenue	34.4	0.4	0.1	34.9	12.6	0.3	—	12.9	Service and equipment installation revenue	38.0	0.6	0.1	38.7	38.7	38.0	0.6	0.1	38.7
Used equipment sales	Used equipment sales	2.6	—	—	2.6	2.0	—	—	2.0	Used equipment sales	2.6	—	—	2.6	2.6	2.6	—	—	2.6
Freight revenue	Freight revenue	12.2	4.5	—	16.7	12.8	3.8	—	16.6	Freight revenue	17.4	6.4	—	23.8	23.8	17.4	6.4	—	23.8
Other	Other	0.1	(5.1)	0.2	(4.8)	0.2	(1.6)	—	(1.4)	Other	0.4	(7.5)	0.5	(6.6)	(7.4)	0.4	(7.5)	0.5	(6.6)
Total domestic revenue	Total domestic revenue	379.1	186.5	2.1	567.7	337.0	145.8	0.1	482.9	Total domestic revenue	532.9	261.4	3.0	797.3	775.7	532.9	261.4	3.0	797.3
Net Sales-International:	Net Sales-International:									Net Sales-International:					Net Sales-International:				
Equipment sales	Equipment sales	42.0	33.8	3.2	79.0	43.6	32.8	0.8	77.2	Equipment sales	68.3	56.9	3.9	129.1	129.1	68.3	56.9	3.9	129.1
Parts and component sales	Parts and component sales	22.2	20.1	0.1	42.4	23.3	19.8	0.1	43.2	Parts and component sales	31.4	30.0	0.1	61.5	61.5	31.4	30.0	0.1	61.5

Service and equipment installation revenue	Service and equipment installation revenue	2.3	2.3	0.3	4.9	1.8	1.2	0.2	3.2	Service and equipment installation revenue	3.3	4.1	0.4	7.8
Used equipment sales	Used equipment sales	0.6	0.8	—	1.4	0.2	0.6	—	0.8	Used equipment sales	0.6	1.2	—	1.8
Freight revenue	Freight revenue	1.8	0.6	—	2.4	1.2	0.7	—	1.9	Freight revenue	2.3	1.0	—	3.3
Other	Other	—	—	0.1	0.1	—	0.2	—	0.2	Other	—	—	0.2	0.2
Total international revenue	Total international revenue	68.9	57.6	3.7	130.2	70.1	55.3	1.1	126.5	Total international revenue	105.9	93.2	4.6	203.7
Total net sales	Total net sales	\$ 448.0	\$ 244.1	\$ 5.8	\$ 697.9	\$ 407.1	\$ 201.1	\$ 1.2	\$ 609.4	Total net sales	\$ 638.8	\$ 354.6	\$ 7.6	\$ 1,001.0

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Sales into major geographic regions were as follows:

						Three Months Ended September 30,			Nine Months Ended September 30,	
(in millions)	(in millions)	2023	2022	2023	2022	(in millions)	2023	2022	2023	2022
United States	United States	\$ 286.4	\$ 248.4	\$ 567.7	\$ 482.9	United States	\$ 229.6	\$ 249.4	\$ 797.3	\$ 732.3
Canada	Canada	13.5	22.1	35.3	36.3	Canada	13.4	12.9	48.7	49.2
Australia	Australia	14.1	10.3	23.8	20.5	Australia	20.6	10.8	44.4	31.3
Africa	Africa	9.9	5.9	18.0	15.0	Africa	10.6	10.9	28.6	25.9
Europe	Europe	5.5	7.9	16.5	13.3	Europe	8.0	9.1	24.5	22.4
Brazil	Brazil	9.3	7.0	13.8	10.8	Brazil	8.3	7.7	22.1	18.5
South America (Excluding Brazil)	South America (Excluding Brazil)	3.7	7.4	9.3	12.6	South America (Excluding Brazil)	5.1	4.5	14.4	17.1
Asia	Asia	2.8	3.1	3.7	7.1	Asia	2.8	1.5	6.5	8.6
Mexico	Mexico					Mexico	3.4	4.2	6.2	9.1
Central America (Excluding Mexico)	Central America (Excluding Mexico)	1.0	1.0	3.1	3.6	Central America (Excluding Mexico)	0.5	3.9	3.6	7.5
Mexico	Mexico	2.0	4.2	2.8	4.9					
Other	Other	1.8	0.9	3.9	2.4	Other	0.8	0.3	4.7	2.7
Total foreign	Total foreign	63.6	69.8	130.2	126.5	Total foreign	73.5	65.8	203.7	192.3
Total net sales	Total net sales	\$ 350.0	\$ 318.2	\$ 697.9	\$ 609.4	Total net sales	\$ 303.1	\$ 315.2	\$ 1,001.0	\$ 924.6

As of June 30, 2023, the Company had contract assets of \$3.0 million and contract liabilities, excluding customer deposits, of \$5.3 million. As of September 30, 2023, the Company had contract assets of \$3.6 million and contract liabilities, excluding customer deposits, of \$6.2 million, including \$2.3 million of deferred revenue related to extended warranties. As of December 31, 2022, the Company had contract assets of \$3.8 million and contract liabilities, excluding customer deposits, of \$5.5 million, including \$2.9 million of deferred revenue related to extended warranties.

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had contract assets of \$3.8 million and contract liabilities, excluding customer deposits, of \$5.5 million, including \$2.9 million of deferred revenue related to extended warranties.

Note 10. Segment Information

The Company has two reportable segments, each of which comprise sites based upon the nature of the products or services produced, the type of customer for the products, the similarity of economic characteristics, the manner in which management reviews results and the nature of the production process, among other considerations.

Segment Operating Adjusted EBITDA is the measure of segment profit or loss used by the Company's Chief Executive Officer, whom is determined to be the chief operating decision maker ("CODM"), to evaluate performance and allocate resources to the operating segments is Segment Operating Adjusted EBITDA. Segment Operating Adjusted EBITDA, a non-GAAP financial measure, is defined as net income or loss before the impact of interest income or expense, income taxes, depreciation and amortization and certain other adjustments that are not considered by the CODM in the evaluation of ongoing operating performance. The Company's presentation of Segment Operating Adjusted EBITDA may not be comparable to similar measures used by other companies and is not necessarily indicative of the results of operations that would have occurred had each reportable segment been an independent, stand-alone entity during the periods presented.

A brief description of each segment is as follows:

Infrastructure Solutions – Sites within the Infrastructure Solutions segment design, engineer, manufacture and market a complete line of asphalt plants, concrete plants and their related components and ancillary equipment as well as supplying asphalt road construction equipment, industrial thermal systems and other heavy equipment. The sites based in North America within the Infrastructure Solutions segment are primarily manufacturing operations, while those located outside of North America service and install equipment and provide parts in the regions in which they operate for many of the products produced by all of the Company's manufacturing sites. The primary purchasers of the products produced by this segment are asphalt and concrete producers, highway and heavy equipment contractors, utility contractors, forestry and environmental recycling contractors and domestic and foreign governmental agencies.

Materials Solutions – Sites within the Materials Solutions segment design and manufacture heavy processing equipment, in addition to servicing and supplying parts for the aggregate, metallic mining, recycling, ports and bulk handling markets. The sites within the Materials Solutions segment are primarily manufacturing operations, with the AME site functioning to market, service and install equipment and provide parts in the regions in which they operate for many of the products produced by all of the Company's manufacturing sites. Additionally, the Materials Solutions segment offers consulting and engineering services to provide complete "turnkey" processing systems. The principal purchasers of aggregate processing equipment include distributors, highway and heavy equipment contractors, sand and gravel producers, demolition, recycle and crushing contractors, open mine operators, quarry operators, port and inland terminal authorities, power stations and foreign and domestic governmental agencies.

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Corporate and Other – The Corporate and Other category consists primarily of the parent company, the Company's captive insurance company, Astec Insurance, and the controls and automation business, which do not meet the requirements for separate disclosure as an operating segment or inclusion in one of the other reporting segments. The parent company and the captive insurance company provide support and corporate oversight for other sites. The controls and automation business manufactures hardware and software products that are marketed independently and included in certain products of the Company's other segments.

The accounting policies of the reportable segments are the same as those described in Note 1, Basis of Presentation and Significant Accounting Policies. Intersegment sales and transfers between foreign subsidiaries are valued at prices comparable to those for unrelated parties.

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Segment Information:

(in millions)	(in millions)	Three Months Ended June 30, 2023				Three Months Ended June 30, 2022				(in millions)	Three Months Ended September 30, 2023				(in millions)	Three Months Ended September 30, 2022				
		Corporate				Corporate					Corporate									
		Infrastructure Solutions	Materials Solutions	and Other	Total	Infrastructure Solutions	Materials Solutions	and Other	Total		Infrastructure Solutions	Materials Solutions	and Other	Total			Infrastructure Solutions	Materials Solutions	and Other	Total
		Infrastructure Solutions	Materials Solutions	and Other	Total	Infrastructure Solutions	Materials Solutions	and Other	Total		Infrastructure Solutions	Materials Solutions	and Other	Total			Infrastructure Solutions	Materials Solutions	and Other	Total
Revenues from external customers	Revenues from external customers	\$ 218.1	\$ 130.2	\$ 1.7	\$ 350.0	\$ 209.6	\$ 107.4	\$ 1.2	\$ 318.2	Revenues from external customers	\$ 190.8	\$ 110.5	\$ 1.8	\$ 303.1	\$ 209.6					
Intersegment sales	Intersegment sales	3.2	13.6	0.4	17.2	4.0	12.0	—	16.0	Intersegment sales	4.3	14.0	—	18.3	4.0					
Segment Operating Adjusted EBITDA	Segment Operating Adjusted EBITDA	26.7	18.3	(12.3)	32.7	15.9	9.5	(12.3)	13.1	Segment Operating Adjusted EBITDA	16.5	8.3	(14.4)	10.4	15.9					
(in millions)	(in millions)	Six Months Ended June 30, 2023				Six Months Ended June 30, 2022				(in millions)	Nine Months Ended September 30, 2023				(in millions)	Nine Months Ended September 30, 2022				
		Corporate				Corporate					Corporate									
		Infrastructure Solutions	Materials Solutions	and Other	Total	Infrastructure Solutions	Materials Solutions	and Other	Total		Infrastructure Solutions	Materials Solutions	and Other	Total			Infrastructure Solutions	Materials Solutions	and Other	Total

Revenues from external customers	Revenues from external customers	\$	448.0	\$	244.1	\$	5.8	\$697.9	\$	407.1	\$	201.1	\$	1.2	\$609.4	Revenues from external customers	\$	638.8	\$	354.6	\$	7.6	\$1,001.0	\$
Intersegment sales	Intersegment sales		3.9		26.9		0.6	31.4		5.1		21.7		—	26.8	Intersegment sales		8.2		40.9		0.6	49.7	
Segment Operating Adjusted EBITDA	Segment Operating Adjusted EBITDA		54.0		33.6		(19.1)	68.5		32.3		21.7		(22.1)	31.9	Segment Operating Adjusted EBITDA		70.5		41.9		(33.5)	78.9	

A reconciliation of total Segment Operating Adjusted EBITDA to the Company's "Net (loss) income (loss) attributable to controlling interest" is as follows:

							Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	(in millions)	2023	2022	2023	2022	(in millions)	2023	2022	2023	2022
Net income (loss) attributable to controlling interest										
Net (loss) income attributable to controlling interest						Net (loss) income attributable to controlling interest				
Segment Operating Adjusted EBITDA	Segment Operating Adjusted EBITDA	\$ 32.7	\$ 13.1	\$ 68.5	\$ 31.9	Segment Operating Adjusted EBITDA	\$ 10.4	\$ 16.5	\$ 78.9	\$ 48.4
Adjustments:	Adjustments:					Adjustments:				
Transformation program	Transformation program	(7.6)	(6.4)	(14.8)	(11.7)	Transformation program	(7.7)	(7.0)	(22.5)	(18.7)
Restructuring and other related charges	Restructuring and other related charges	(0.4)	(0.4)	(7.5)	(1.4)	Restructuring and other related charges	(0.1)	(0.1)	(7.6)	(1.5)
Asset impairment	Asset impairment	(0.8)	(3.0)	(0.8)	(3.0)	Asset impairment	—	(0.4)	(0.8)	(3.4)
Gain on sale of property and equipment, net		0.1	—	3.5	—					
(Loss) gain on sale of property and equipment, net						(Loss) gain on sale of property and equipment, net	(0.4)	0.4	3.1	0.4
Transaction costs	Transaction costs	—	(0.8)	—	(1.4)	Transaction costs	—	(0.5)	—	(1.9)
Interest expense, net	Interest expense, net	(1.5)	(0.4)	(3.0)	(0.6)	Interest expense, net	(1.9)	(0.3)	(4.9)	(0.9)
Depreciation and amortization	Depreciation and amortization	(6.2)	(6.9)	(12.5)	(13.6)	Depreciation and amortization	(7.1)	(7.3)	(19.6)	(20.9)
Income tax (provision) benefit		(2.7)	0.8	(7.1)	(0.1)					
Net income attributable to noncontrolling interest		(0.1)	—	(0.1)	—					
(Elimination) recapture of intercompany profit		(0.4)	0.1	(1.0)	0.1					
Net income (loss) attributable to controlling interest		\$ 13.1	\$ (3.9)	\$ 25.2	\$ 0.2					
Income tax benefit (provision)						Income tax benefit (provision)	0.6	(0.7)	(6.5)	(0.8)
Net (income) loss attributable to noncontrolling interest						Net (income) loss attributable to noncontrolling interest	(0.1)	0.2	(0.2)	0.2

Elimination of intercompany profit	Elimination of intercompany profit	(0.3)	(0.1)	(1.3)	—
Net (loss) income attributable to controlling interest	Net (loss) income attributable to controlling interest	<u>\$ (6.6)</u>	<u>\$ 0.7</u>	<u>\$ 18.6</u>	<u>\$ 0.9</u>

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Note 11. Strategic Transformation and Restructuring, Impairment and Other Asset Charges, net

The Company is undergoing a multi-year phased implementation of a standardized enterprise resource planning ("ERP") system across the global organization, which will replace much of the existing disparate core financial systems. The upgraded ERP will initially convert internal operations, manufacturing, finance, human capital resources management and customer relationship systems to cloud-based platforms. This new ERP system will provide for standardized processes and integrated technology solutions that enable the Company to better leverage automation and process efficiency. An implementation of this scale is a major financial undertaking and requires substantial time and attention of management and key employees.

In addition, beginning in the first quarter of 2022, a lean manufacturing initiative at one of the Company's largest sites was initiated and is expected to drive improvement in gross margin at that site. Gross margin improvements are expected to be realized in conjunction with the project completion in early to mid-2024. This improvement is intended to serve as the optimal blueprint for the Company's other manufacturing facilities.

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Total costs of \$7.8 million and \$15.0 million were incurred related to these strategic transformation initiatives in the three and six months ended June 30, 2023, respectively, of which \$7.7 million and \$14.9 million, respectively, are recorded in "Selling, general and administrative expenses" and \$0.1 million in each period is and \$0.2 million, respectively, are included in "Cost of sales" in the Consolidated Statements of Operations. Costs totaling \$6.4 million and \$11.7 million were incurred in the three and six months ended June 30, 2022, respectively, and are recorded in "Selling, general and administrative expenses" in the Consolidated Statements of Operations.

The Company periodically sells or disposes of its assets in the normal course of its business operations as they are no longer needed or used, and the Company may incur gains or losses on these disposals. Certain of the costs associated with these decisions are separately identified as restructuring. The Company reports asset impairment charges and gains or losses on the sales of property and equipment collectively, with restructuring charges in "Restructuring, impairment and other asset charges, net" in the Consolidated Statements of Operations to the extent they are experienced.

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Restructuring, asset impairment charges and the net gain losses and gains on sale of property and equipment are presented below:

(in millions)		Three Months Ended June 30,		Six Months Ended June 30,		(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Restructuring charges:	Restructuring charges:					Restructuring charges:				
Costs associated with leadership change and overhead restructuring	Costs associated with leadership change and overhead restructuring	\$ 0.3	\$ —	\$ 7.3	\$ —	Costs associated with leadership change and overhead restructuring	\$ —	\$ —	\$ 7.3	\$ —
Costs associated with exited operations - Enid	Costs associated with exited operations - Enid	0.1	0.4	0.2	0.6	Costs associated with exited operations - Enid	0.1	0.1	0.3	0.7
Costs associated with closing Tacoma		—	—	—	0.8					
Costs associated with closing Tacoma						Costs associated with closing Tacoma	—	—	—	0.8

Total restructuring related charges	Total restructuring related charges	0.4	0.4	7.5	1.4	Total restructuring related charges	0.1	0.1	7.6	1.5
Asset impairment charges:	Asset impairment charges:					Asset impairment charges:				
Other impairment charges	Other impairment charges	0.8	3.0	0.8	3.0	Other impairment charges	—	0.4	0.8	3.4
Total asset impairment charges	Total asset impairment charges	0.8	3.0	0.8	3.0	Total asset impairment charges	—	0.4	0.8	3.4
Gain on sale of property and equipment, net:										
Gain on sale of property and equipment, net		(0.1)	—	(3.5)	—					
Total gain on sale of property and equipment, net		(0.1)	—	(3.5)	—					
Loss (gain) on sale of property and equipment, net						Loss (gain) on sale of property and equipment, net				
Loss (gain) on sale of property and equipment, net						Loss (gain) on sale of property and equipment, net	0.4	(0.4)	(3.1)	(0.4)
Total loss (gain) on sale of property and equipment, net						Total loss (gain) on sale of property and equipment, net	0.4	(0.4)	(3.1)	(0.4)
Restructuring, impairment and other asset charges, net	Restructuring, impairment and other asset charges, net	\$ 1.1	\$ 3.4	\$ 4.8	\$ 4.4	Restructuring, impairment and other asset charges, net	\$ 0.5	\$ 0.1	\$ 5.3	\$ 4.5

Restructuring charges by segment are as follows:

(in millions)	(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Infrastructure Solutions	Infrastructure Solutions	\$ —	\$ 0.4	\$ 0.3	\$ 1.4	Infrastructure Solutions	\$ 0.1	\$ 0.1	\$ 0.4	\$ 1.5
Corporate and Other	Corporate and Other	0.4	—	7.2	—	Corporate and Other	—	—	7.2	—
Total restructuring related charges	Total restructuring related charges	\$ 0.4	\$ 0.4	\$ 7.5	\$ 1.4	Total restructuring related charges	\$ 0.1	\$ 0.1	\$ 7.6	\$ 1.5

Impairment charges by segment are as follows:

(in millions)	(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Infrastructure Solutions	Infrastructure Solutions	\$ —	\$ 2.1	\$ —	\$ 2.1	Infrastructure Solutions	\$ —	\$ 0.4	\$ —	\$ 2.5

Corporate and Other	Corporate and Other	0.8	0.9	0.8	0.9	Corporate and Other	—	—	0.8	0.9
Total impairment charges	Total impairment charges	\$ 0.8	\$ 3.0	\$ 0.8	\$ 3.0	Total impairment charges	\$ —	\$ 0.4	\$ 0.8	\$ 3.4

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Net losses and gains on sale of property and equipment by segment are as follows:

(in millions)	(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Infrastructure Solutions	Infrastructure Solutions	\$ —	\$ —	\$ (3.4)	\$ —	Infrastructure Solutions	\$ 0.4	\$ (0.4)	\$ (3.0)	\$ (0.4)
Corporate and Other	Corporate and Other	(0.1)	—	(0.1)	—	Corporate and Other	—	—	(0.1)	—
Total gain on sale of property and equipment, net		\$ (0.1)	\$ —	\$ (3.5)	\$ —					
Total loss (gain) on sale of property and equipment, net						Total loss (gain) on sale of property and equipment, net		\$ 0.4	\$ (0.4)	\$ (3.1)

Restructuring charges accrued, but not paid, were \$0.3 million, \$0.2 million and \$4.7 million as of June 30, 2023, September 30, 2023 and December 31, 2022, respectively.

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In January 2021, the Company announced plans to close the Tacoma facility in order to simplify and consolidate operations. The Tacoma facility ceased manufacturing operations at the end of 2021. The transfer of the manufacturing and marketing of Tacoma product lines to other facilities within the Infrastructure Solutions segment was completed during the first quarter of 2022. In conjunction with this action, the Company recorded \$0.8 million of restructuring related charges during the three months ended March 31, 2022 in "Restructuring, impairment and other asset charges, net" in the Consolidated Statements of Operations. The Company recorded the Tacoma facility's land, building and certain equipment assets of \$15.4 million as held for sale in its Consolidated Balance Sheets at as of December 31, 2022. The sale of these assets was completed in the first quarter of 2023 for \$19.9 million. The Company recorded a gain on the sale of \$3.4 million, which was recorded in "Restructuring, impairment and other asset charges, net" in the Consolidated Statements of Operations.

Additional restructuring costs of \$0.1 million and \$0.2 million, \$0.3 million were incurred during the three and six nine months ended June 30, 2023, September 30, 2023, respectively, for the Company's exited oil and gas drilling product lines produced at its former Enid, Oklahoma ("Enid") location. Costs of \$0.4 million, \$0.1 million and \$0.6 million, \$0.7 million were incurred during the three and six nine months ended June 30, 2022, September 30, 2022, respectively. An impairment charge of \$0.4 million was incurred during the third quarter of 2022 to record certain land and building assets held for sale at fair value less costs to sell.

Effective as of January 6, 2023, Mr. Barry A. Ruffalo's employment as President and Chief Executive Officer was terminated. In connection with his separation, the Company entered into an agreement with Mr. Ruffalo (the "Separation Agreement") pursuant to which, Mr. Ruffalo was entitled to certain severance payments and benefits. During the first quarter of 2023, \$1.8 million of restructuring costs, related to the modification of Mr. Ruffalo's equity awards and other third-party transition support costs, were recorded in "Restructuring, impairment and other asset charges, net" in the Consolidated Statements of Operations. The related recovery of \$1.6 million of incurred share-based compensation expense was recorded in "Selling, general and administrative expenses" in the Consolidated Statements of Operations during the first quarter of 2023. The Separation Agreement also included a release and waiver by Mr. Ruffalo and other customary provisions.

Management continually reviews the Company's organizational structure and operations to ensure they are optimized and aligned with achieving near-term and long-term operational and profitability targets. In connection with this review, in February 2023, the Company implemented a limited restructuring plan to right-size and reduce the fixed cost structure of certain overhead departments. Charges Total charges of \$0.3 million and \$5.5 million for employee termination costs, including equity award modifications, were incurred in the three and six months ended June 30, 2023, respectively, and recorded in "Restructuring, impairment and other asset charges, net" in the Consolidated Statements of Operations, Operations, of which \$5.2 million and \$0.3 million were recorded in the first and second quarters of 2023, respectively. The related recovery of \$0.2 million and \$1.0 million of incurred share-based compensation expense was recorded in "Selling, general and administrative expenses" in the Consolidated Statements of Operations, of which \$0.8 million and \$0.2 million were recorded during the three first and six months ended June 30, 2023, second quarters of 2023, respectively.

During the second quarter of 2022, the Company determined that certain manufacturing equipment contracted to be constructed by a third-party vendor, which had been prepaid, would not be recovered. Impairment charges of \$2.1 million were recorded in "Restructuring, impairment and other asset charges, net" in the Consolidated Statements of Operations during the three nine months ended June 30, 2022, September 30, 2022. An additional \$0.8 million and \$0.9 million of impairment charges were incurred related to abandoned in-process internally developed software that was determined to be impaired during the second quarters of 2023, nine months ended September 30, 2023 and 2022, respectively.

Note 12. (Loss) Earnings (Loss) Per Common Share

Basic (loss) earnings (loss) per common share is determined by dividing "Net (loss) income (loss) attributable to controlling interest" by the weighted average number of common shares outstanding during the reporting period. Diluted (loss) earnings (loss) per common share includes the dilutive effect of common stock equivalents, consisting of restricted stock units,

performance stock units and stock held in the Company's deferred compensation programs, using the treasury stock method. Performance stock units, which are considered contingently issuable, are considered dilutive when the related performance criterion has been met.

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The following table sets forth a reconciliation of the number of shares used in the computation of basic and diluted (loss) earnings (loss) per common share:

		Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022	2023	2022	2023	2022
Denominator:	Denominator:					Denominator:			
Denominator for basic earnings per common share	Denominator for basic earnings per common share	22,723,748	22,850,515	22,689,990	22,816,684	Denominator for basic earnings per common share	22,746,783	22,837,314	22,709,238
Effect of dilutive securities	Effect of dilutive securities	45,699	—	82,242	107,184	Effect of dilutive securities	—	79,002	66,920
Denominator for diluted earnings per common share	Denominator for diluted earnings per common share	22,769,447	22,850,515	22,772,232	22,923,868	Denominator for diluted earnings per common share	22,746,783	22,916,316	22,776,158
Antidilutive securities excluded from the calculation of diluted earnings per share	Antidilutive securities excluded from the calculation of diluted earnings per share	67,074	265,652	49,840	33,115	Antidilutive securities excluded from the calculation of diluted earnings per share	67,408	124,229	9,345

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

The financial condition, results of operations and cash flows discussed in this Management's Discussion and Analysis of Financial Condition and Results of Operations are those of Astec Industries, Inc. and its consolidated subsidiaries, collectively, the "Company," "Astec," "we," "our" or "us." The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and related notes included in our [Annual Report on Form 10-K](#) for the year ended December 31, 2022. The financial position, results of operations, cash flows and other information included herein are not necessarily indicative of the financial position, results of operations and cash flows that may be expected in future periods.

Forward-Looking Statements

This Quarterly Report on Form 10-Q, particularly the following discussion and analysis of our results of operations, financial condition and liquidity in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements relate to, among other things, income, earnings, cash flows, changes in operations, operating improvements, businesses in which we operate and the United States and global economies. Statements in this Quarterly Report on Form 10-Q that are not historical are hereby identified as "forward-looking statements" and may be indicated by words or phrases such as "anticipates," "supports," "plans," "projects," "expects," "believes," "should," "would," "could," "forecast," "management is of the opinion," or use of the future tense and similar words or phrases.

These forward-looking statements are based largely on management's expectations, which are subject to a number of known and unknown risks, uncertainties and other factors described under the caption "Item 1A. Risk Factors" in Part II of this Report, elsewhere herein and in other documents filed by the Company with the Securities and Exchange Commission, including Part I, Item 1A. Risk Factors of the Company's [Annual Report on Form 10-K](#) for the year ended December 31, 2022, which may cause actual results, financial or otherwise, to be materially different from those anticipated, expressed or implied by the forward-looking statements. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements to reflect future events or circumstances, except as required by law.

Overview

We design, engineer, manufacture and market equipment and components used primarily in road building and related construction activities, as well as certain other products. Our products are used in each phase of road building, from quarrying and crushing the aggregate to application of the road surface for both asphalt and concrete. We also manufacture certain equipment

and components unrelated to road construction, including equipment for the mining, quarrying, construction and demolition industries and port and rail yard operators; industrial heat transfer equipment; commercial whole-tree pulpwood chippers; horizontal grinders; blower trucks; commercial and industrial burners; and combustion control systems.

Our products are marketed both domestically and internationally primarily to asphalt producers; highway and heavy equipment contractors; utility contractors; sand and gravel producers; construction, demolition, recycle and crushing contractors; mine and quarry operators; port and inland terminal authorities; power stations; and domestic and foreign government agencies. In addition to equipment sales, we manufacture and sell replacement parts for equipment in each of our product lines and replacement parts for some competitors' equipment. The distribution and sale of replacement parts is an integral part of our business.

See Note 10, Segment Information, of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion of our reportable segments.

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Executive Summary

Highlights of our financial results for the three months ended **June 30, 2023** **September 30, 2023** as compared to the same period of the prior year include the following:

- Net sales were **\$350.0 million** **\$303.1 million**, an increase a decrease of **10.0%** **3.8%**
- Gross profit was **\$82.9 million** **\$69.6 million**, an increase of **31.8%** **6.3%**
- Income from operations was **\$17.3 million**, an increase decreased 373.7% to a loss of **\$19.0 million** **\$5.2 million**
- Net income attributable to Astec increased 435.9% decreased **\$7.3 million** to **\$13.1 million** from a loss of **\$3.9 million** **\$6.6 million**
- Diluted earnings loss per share were **\$0.58**, an increase was **\$0.29**, a decrease of **441.2%** **\$0.32**
- Backlog of **\$688.8 million** **\$614.7 million**, a decrease of **17.7%** **36.6%** as compared to **June 30, 2022** **September 30, 2022**

Significant Items Impacting Operations in 2023

Strategic Transformation – We are undergoing a multi-year phased implementation of a standardized ERP system across our global organization, which will replace much of our existing disparate core financial systems. The upgraded ERP will initially convert our internal operations, manufacturing, finance, human capital resources management and customer relationship systems to cloud-based platforms. This new ERP system will provide for standardized processes and integrated technology solutions that enable us to better leverage automation and process efficiency. An implementation of this scale is a major financial undertaking and requires substantial time and attention of management and key employees. We materially completed the ERP global design in 2022, launched the human capital resources module in our locations in the United States in January 2023 and converted the operations of one manufacturing site along with Corporate during the second quarter of 2023 to set the foundation before accelerating the implementation at additional sites in 2024 and 2025. We anticipate incurring total costs associated with the ERP implementation in the range of \$125 to \$150 million, with an estimated \$25 to \$30 million incurred per year which began in 2022.

In addition, in the first quarter of 2022, a lean manufacturing initiative at one of our largest sites was initiated and is expected to drive improvement in gross margin at that site. We substantially completed the design efforts for this project during 2022. We also began executing investments to acquire and install manufacturing equipment intended to drive increased efficiencies in our production processes. We plan to continue these capital investments during 2023, which are anticipated to be largely completed by the end of 2023. Gross margin improvements are expected to be realized in conjunction with the project completion in early to mid-2024. This improvement is intended to serve as the optimal blueprint for our other manufacturing facilities.

Total costs of **\$7.8 million** **\$7.8 million** and **\$15.0 million** **\$22.8 million** were incurred related to these strategic transformation initiatives in the three and **six nine** months ended **June 30, 2023** **September 30, 2023**, respectively, of which **\$7.7 million** and **\$14.9 million** **\$22.6 million**, respectively, are recorded in "Selling, general and administrative expenses" and **\$0.1 million** in each period is **\$0.2 million** included in "Cost of sales" in the Consolidated Statements of Operations. Costs totaling **\$6.4 million** **\$7.0 million** and **\$11.7 million** **\$18.7 million** were incurred in the three and **six nine** months ended **June 30, 2022** **September 30, 2022**, respectively, and are recorded in "Selling, general and administrative expenses" in the Consolidated Statements of Operations. Additionally, at **June 30, 2023** as of **September 30, 2023**, we have capitalized **\$26.5 million** **\$28.1 million** in deferred implementation costs associated with the ERP implementation that are being amortized ratably over the remaining contract term, of which **\$2.8 million** **\$3.0 million** and **\$23.7 million** **\$25.1 million** were included in "Prepaid expenses and other assets" and "Other long-term assets" in the Consolidated Balance Sheets, respectively.

Tacoma Site Closure – In January 2021, we announced plans to close the Tacoma facility in order to simplify and consolidate operations. The Tacoma facility ceased manufacturing operations at the end of 2021. The transfer of the manufacturing and marketing of Tacoma product lines to other facilities within the Infrastructure Solutions segment was completed during the first quarter of 2022. The Tacoma facility's land, building and certain equipment assets of \$15.4 million were included in "Assets held for sale" in the Consolidated Balance Sheets at as of December 31, 2022. The sale of these assets was completed in the first quarter of 2023 for \$19.9 million. We recorded a \$3.4 million gain for the sale of these assets in "Restructuring, impairment and other asset charges, net" in the Consolidated Statements of Operations.

Leadership Change and Overhead Restructuring – As previously announced on January 6, 2023, Mr. Barry A. Ruffalo's employment as President and Chief Executive Officer was terminated and he was succeeded by Mr. Jaco van der Merwe. In accordance with the terms of Mr. Ruffalo's separation agreement, we recorded \$1.8 million of restructuring costs during the first quarter of 2023 related to the modification of Mr. Ruffalo's equity awards as well as third-party transition support costs in "Restructuring, impairment and other asset charges, net" in the Consolidated Statements of Operations. The related recovery of \$1.6 million of incurred share-based compensation expense was recorded in "Selling, general and administrative expenses" in the Consolidated Statements of Operations.

Management continually reviews our organizational structure and operations to ensure they are optimized and aligned with achieving our near-term and long-term operational and profitability targets. In connection with this review, in February 2023, we

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implemented a limited restructuring plan to right-size and reduce the fixed cost structure of certain overhead departments. Charges Total charges of \$0.3 million and \$5.5 million for employee termination costs, including equity award modifications, were incurred in the three and six months ended June 30, 2023, respectively, and recorded in "Restructuring, impairment and other asset charges, net" in the Consolidated Statements of Operations. Operations, of which \$5.2 million and \$0.3 million were recorded in the first and second quarters of 2023, respectively. The related recovery of \$0.2 million and \$1.0 million of incurred share-based compensation expense was recorded in "Selling, general and administrative expenses" in the Consolidated Statements of Operations, of which \$0.8 million and \$0.2 million were recorded during the three first and six months ended June 30, 2023 second quarters of 2023, respectively.

37 BP Litigation- On October 5, 2023, respectively, a jury rendered a verdict against our Telsmith, Inc. subsidiary in the matter styled 37 Building Products, Ltd. ("37 BP") v. Telsmith, Inc. ("Telsmith"), et al. originally filed on January 28, 2019. 37 BP alleged breaches of warranty and negligent misrepresentation regarding equipment manufactured by Telsmith and purchased by 37 BP in 2017 through one of our dealers. Based on the jury verdict, a loss for this matter has been determined to be probable in a range between \$6.4 million and \$18.1 million, inclusive of attorneys' fees and prejudgment interest. A loss contingency of \$6.4 million was recorded in "Selling, general and administrative expenses" in the Consolidated Statements of Operations and "Other current liabilities" in the Consolidated Balance Sheets during the third quarter of 2023 representing our best estimate of the loss. See Note 8, Commitments and Contingencies of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion of this matter.

Industry and Business Condition

Our financial performance is affected by a number of factors, including the cyclical nature and varying conditions of the markets we serve. Demand in these markets fluctuates in response to overall economic conditions and is particularly sensitive to the amount of public sector spending on infrastructure development, privately funded infrastructure development and changes in the prices of liquid asphalt, oil, natural gas and steel. In addition, many of our markets are highly competitive, and our products compete worldwide with similar products produced and sold by a number of other manufacturers and dealers.

Backlog represents the dollar value of orders for equipment and parts which are expected to be recognized in net sales in the future. Orders are contractually binding purchase commitments from customers, which are included in backlog when we are in receipt of an executed contract and any required deposits or security and have not yet been recognized into net sales. Certain orders for which we have received binding letters of intent or contracts will not be included in backlog until all required contractual documents and deposits are received. Backlog is not a measure defined by U.S. GAAP, and our methodology for determining backlog may vary from the methodology used by other companies in determining their backlog amounts. In addition, our backlog should not necessarily be viewed as an accurate indicator of revenue for any particular period, period and there is no guarantee that our backlog will be converted to net sales.

Backlog levels provide management and investors additional details of committed orders that are expected to convert to future net sales. Management uses backlog information for capacity and resource planning as well as to monitor inventory levels in our facilities relative to expected future net sales.

Our \$688.8 million \$614.7 million backlog of orders at June 30, 2023 as of September 30, 2022 continues to remain strong. The backlog of orders decreased \$148.6 million \$354.3 million, or 17.7% 36.6%, compared to \$837.4 million \$969.0 million as of June 30, 2022 September 30, 2022. The decrease in backlog was driven by 2023 sales delivery outpacing new orders compared to a build of backlog throughout 2022, which was largely due to strong customer demand and logistics and manufacturing throughput disruptions. We expect backlog levels to continue to normalize from the historically high levels we have experienced in recent years largely based on supply chain stabilization. Macroeconomic factors such as higher inflation and increased interest rates, among other factors, may also influence future customer spending. Additionally, we are focused on prudent expansion of our production capacity that we anticipate will allow us to more effectively convert backlog to sales in the future with greater efficiency and shorter lead times.

Federal funding provides a significant portion of all highway, street, roadway and parking construction in the United States. We believe that As federal highway funding influences programs have consistently been in place for several decades, we believe that these funding programs provide stability in the purchasing decisions of our customers who are typically more amenable by allowing them to making capital equipment purchases plan and execute longer-term projects with long-term federal legislation in place, place over a multi-year period. The U.S. government enacted the Infrastructure Investment and Jobs Act ("IIJA") in November 2021, 2021 as a replacement for the prior program. The IIJA allocates \$548 billion in government spending to new infrastructure over the five-year period concluding in 2026, with certain amounts specifically allocated to fund highway and bridge projects. We believe that multi-year highway programs (such as the IIJA) will have the greatest a positive impact on the domestic road construction industry and allow our customers to plan and execute longer-term projects. industry.

Significant portions of our revenues from the Infrastructure Solutions segment relate to the sale of equipment involved in the production, handling, recycling or application of asphalt mix, mix and, to a lesser extent, concrete as surface choices for roads and highways. Liquid asphalt is a by-product of oil refining. An increase or decrease in the price of oil impacts the cost of asphalt, which is likely to alter demand for asphalt and therefore affect demand for certain of our products. While increasing oil prices may have a negative financial impact on many of our customers, our equipment can use a significant amount of reclaimed asphalt pavement, thereby partially mitigating the effect of increased oil prices on the final cost of asphalt for the customer. We continue to develop products and initiatives to reduce the amount of oil and related products required to produce asphalt. While oil prices had declined during from the first half of peak prices in 2022, throughout 2023 they remain have remained at relatively high levels. Price volatility continues to make it difficult to predict the costs of oil-based products used in road construction such as liquid asphalt and gasoline. Oil

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prices have routinely fluctuated in recent years and are expected to continue to fluctuate in the future. Based on the current macroeconomic environment, including current international conflicts, we anticipate that oil prices will remain at relatively high levels throughout 2023, the remainder of 2023 and into 2024.

Steel is a major component of our equipment. Driven by supply constraints, steel prices increased throughout the prior year, stabilizing at historically high levels at the end of 2022. Steel prices have softened slightly in 2023 and are expected to be maintained at these regulated levels through the remainder of 2023, 2023 and into 2024. During 2022, we observed a slowing in market demand and reduced lead times as buyers were responding to recessionary pressures and restricted their purchases to near-term needs. Lead times increased during the first quarter of 2023 but driven by stronger demand, however, have settled at moderated to a consistent rate consistent with as the prior year. We anticipate that steel demand will remain relatively strong during through the balance of 2023 and into 2024, driven by the IIJA domestically and impacted by international production capacity. We continue to employ flexible strategies to ensure supply and minimize the impact of price volatility. Potential ongoing constraints in the supply of certain steel products may continue pressuring the availability of other components used in our

manufacturing process. Furthermore, given the volatility of steel prices and the nature of our customers' orders, we may not be able to pass through all increases in steel costs to our customers, which negatively impacts our gross profit and margins.

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We actively manage our global supply chain for any identified constraints and volatility. Supply chain constraints experienced in prior periods have eased recently, however, lead times for certain key supplies remain elongated. We continue to focus on identifying and qualifying alternative suppliers wherever possible, to help alleviate any lagging or potential future challenges in our supply chain. We also continually monitor potential future supply costs and availability in an effort to proactively address challenges that might occur.

In addition, while we have continued to experience shortages of necessary production personnel in certain markets, we have seen a slight easing in the tight labor market. However, higher turnover during the pandemic periods of 2020 through 2022 have contributed to lower tenured production staff. Higher labor costs to attract staff in our manufacturing operations are normalizing at elevated levels. We continue to adjust our production schedules and manufacturing workload distribution, provide comprehensive training, outsource components, implement efficiency improvements and actively modify our recruitment process and compensation and benefits to attract and retain production personnel in our manufacturing facilities.

Whenever possible, we attempt to cover increased costs of production by adjusting the prices of our products. Backlog fulfillment times from the initial order to completing the contracted sale vary and can extend past twelve months. For this reason, we have limitations on our ability to pass on cost increases to our customers on a short-term basis. In addition, the markets we serve are competitive in nature, and competition limits our ability to pass through cost increases in many cases. Through our operational excellence initiatives, we also strive to minimize the effect of inflation through cost reductions and improved manufacturing efficiencies.

Results of Operations

Net Sales

Net sales for the second third quarter of 2023 were \$350.0 million \$303.1 million compared to \$318.2 million \$315.2 million for the second third quarter of 2022, an increase a decrease of \$31.8 million \$12.1 million, or 10.0% 3.8%. The increase decrease in net sales was primarily driven by net favorable unfavorable changes in the volume, pricing and mix of sales that generated increases decreases in (i) equipment sales of \$9.4 million, (ii) used equipment sales of \$4.1 million and (iii) service and equipment installation revenue of \$13.7 million, (ii) equipment sales of \$12.6 million, (iii) \$0.8 million. These decreases were partially offset by an increase in parts and component sales of \$6.1 million and (iv) used equipment sales of \$1.9 million. These increases were partially offset by a decrease in other revenue of \$2.0 million, which was primarily driven by increased utilization of our interest subsidy programs offered to certain of our dealer customers and decreased freight revenue of \$0.5 million \$2.1 million. Sales reported by our foreign subsidiaries in U.S. dollars for the second third quarter of 2023 would have been \$3.5 million \$1.1 million higher had second third quarter 2023 foreign exchange rates been the same as second third quarter 2022 rates.

Net sales for the first six nine months of 2023 were \$697.9 million \$1,001.0 million compared to \$609.4 million \$924.6 million for the first six nine months of 2022, an increase of \$88.5 million \$76.4 million, or 14.5% 8.3%. The increase in net sales was primarily driven by net favorable changes in the volume, pricing and mix of sales that generated increases in (i) equipment sales of \$56.0 million \$46.6 million, (ii) service and equipment installation revenue of \$23.7 million \$22.9 million and (iii) parts and component sales of \$10.5 million \$12.6 million. These increases were partially offset by a decrease in other revenue of \$3.5 million \$3.1 million, which was primarily driven by increased utilization of our interest subsidy programs offered to certain of our dealer customers, customers and used equipment of \$2.9 million. Sales reported by our foreign subsidiaries in U.S. dollars for the first six nine months of 2023 would have been \$6.8 million \$7.9 million higher had the first six nine months of 2023 foreign exchange rates been the same as the first six nine months of 2022 rates.

Domestic sales for the second third quarter of 2023 were \$286.4 million \$229.6 million, or 81.8% 75.8% of consolidated net sales, compared to \$248.4 million \$249.4 million, or 78.1% 79.1% of consolidated net sales, for the second third quarter of 2022, a decrease of \$19.8 million, or 7.9%. Domestic sales decreased primarily due to (i) \$17.7 million lower equipment sales, (ii) \$3.2 million lower used equipment sales and (iii) \$1.7 million lower service and equipment installation revenue. These decreases were partially offset by an increase in parts and components sales of \$2.7 million.

Domestic sales for the first nine months of 2023 were \$797.3 million, or 79.7% of consolidated net sales, compared to \$732.3 million, or 79.2% of consolidated net sales, for the first nine months of 2022, an increase of \$38.0 million \$65.0 million, or 15.3% 8.9%. Domestic sales increased primarily due to (i) \$19.1 million \$36.5 million higher equipment sales, (ii) \$12.2 million \$20.3 million higher service and equipment

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installation revenue and (iii) \$7.8 million \$14.0 million higher parts and component sales and (iv) \$1.4 million higher used equipment sales. These increases were partially offset by decreased a decrease in other revenue of \$1.8 million \$3.0 million, which was primarily driven by higher utilization of our interest subsidy programs offered to certain of our dealer customers, and decreased freight revenue of \$0.7 million.

Domestic sales for the first six months of 2023 were \$567.7 million, or 81.3% of consolidated net sales, compared to \$482.9 million, or 79.2% of consolidated net sales, for the first six months of 2022, an increase of \$84.8 million, or 17.6%. Domestic sales increased primarily due to (i) \$54.2 million higher lower used equipment sales (ii) \$22.0 million higher service and equipment installation revenue and (iii) \$11.3 million higher parts and component sales. These increases were partially offset by a decrease in other revenue of \$3.4 million, which was primarily driven by higher utilization of our interest subsidy programs offered to certain of our dealer customers. \$2.6 million.

International sales for the second third quarter of 2023 were \$63.6 million \$73.5 million, or 18.2% 24.2% of consolidated net sales, compared to \$69.8 million \$65.8 million, or 21.9% 20.9% of consolidated net sales, for the second third quarter of 2022, a decrease an increase of \$6.2 million \$7.7 million, or 8.9% 11.7%. International sales decreased increased primarily due to lower new higher equipment sales of \$6.5 million \$8.3 million and lower parts and components sales of \$1.7 million. These decreases were partially offset by \$1.5 million higher service and equipment installation revenue, revenue of \$0.9 million partially offset by lower used equipment sales of \$0.9 million.

International sales for the first six nine months of 2023 were \$130.2 million \$203.7 million, or 18.7% 20.3% of consolidated net sales, compared to \$126.5 million \$192.3 million, or 20.8% of consolidated net sales, for the first six nine months of 2022, an increase of \$3.7 million \$11.4 million, or 2.9% 5.9%. International

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sales increased primarily due to higher new (i) equipment sales of \$1.8 million \$10.1 million and higher (ii) service and equipment installation sales of \$1.7 million \$2.6 million.

Gross Profit

Gross profit for the second third quarter of 2023 was \$82.9 million \$69.6 million, or 23.7% 23.0% of net sales, as compared to \$62.9 million \$65.5 million, or 19.8% 20.8% of net sales, for the second third quarter of 2022, an increase of \$20.0 million \$4.1 million, or 31.8% 6.3%. The increase was primarily driven by favorable pricing partially offset by net unfavorable volume and mix that generated \$17.2 million higher gross profit. These increases were also partially offset by the impact of inflation on materials, labor and overhead of \$10.5 million and manufacturing inefficiencies of \$2.6 million due in part to increased warranty program costs.

Gross profit for the first nine months of 2023 was \$241.7 million, or 24.1% of net sales, as compared to \$193.1 million, or 20.9% of net sales, for the first nine months of 2022, an increase of \$48.6 million, or 25.2%. The increase was primarily driven by the net favorable volume, pricing and mix that of \$90.1 million and \$2.3 million of gross profit generated \$33.6 million higher gross profit, by an acquired business. These increases were partially offset by the impact of inflation on materials, labor and overhead of \$10.7 million \$35.0 million and manufacturing inefficiencies of \$2.9 million primarily related to increased warranty program costs and unfavorable inventory adjustments partially offset by production efficiencies.

Gross profit for the first six months of 2023 was \$172.1 million, or 24.7% of net sales, as compared to \$127.6 million, or 20.9% of net sales, for the first six months of 2022, an increase of \$44.5 million, or 34.9%. The increase was primarily driven by the net favorable volume, pricing and mix of \$72.9 million and \$2.3 million of gross profit generated by an acquired business. These increases were partially offset by inflation on materials, labor and overhead of \$24.5 million and manufacturing inefficiencies of \$6.2 million \$8.8 million due in part to the effects of lower tenured production staff associated with the turnover experienced in the prior year and increased warranty program costs partially offset by the impact of an out-of-period benefit of \$1.9 million associated with the correction of over-accruals of inventory-related expenses recorded in the first quarter of 2023.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$3.3 million \$10.8 million, or 5.4% 17.0%, to \$64.5 million \$74.3 million, or 18.4% 24.5% of net sales, for the second third quarter of 2023, compared to \$61.2 million \$63.5 million, or 19.2% 20.1% of net sales, for the second third quarter of 2022 primarily due to (i) a \$6.4 million loss contingency recorded related to the 37 BP litigation, (ii) increased net payroll and employee benefit costs of \$2.0 million \$4.1 million, which was largely driven by general employee cost increases and higher annual incentive compensation costs of \$1.7 million, partially offset by reduced health insurance costs of \$1.8 million, (iii) \$1.3 million increased consulting and project costs and (iv) \$1.3 million (iv) \$0.7 million increased costs related to our strategic transformation program. These increases were partially offset by lower amortization expense and research and development expenses of \$1.0 million and reduced acquisition and integration related costs of \$0.8 million primarily associated with the acquisition of MINDS, which was completed in April 2022. \$0.9 million, respectively.

Selling, general and administrative expenses increased \$11.5 million \$22.3 million, or 9.5% 12.1%, to \$132.4 million \$206.7 million, or 19.0% 20.6% of net sales, for the first six nine months of 2023, compared to \$120.9 million \$184.4 million, or 19.8% 19.9% of net sales, for the first six nine months of 2022 primarily due to (i) increased net payroll and employee benefit costs of \$4.3 million \$8.4 million, which was largely driven by general employee cost increases and higher annual incentive compensation costs of \$1.2 million \$2.9 million, partially offset by lower share-based compensation expense of \$3.5 million \$3.4 million mainly related to the recovery of share-based compensation expense for awards that were forfeited or modified in conjunction with the termination of our previous CEO and the limited overhead restructuring action implemented in February 2023 and reduced health insurance costs of \$2.1 million, (ii) \$3.2 million a \$6.4 million loss contingency recorded related to the 37 BP litigation, (iii) \$3.9 million of increased costs related to our strategic transformation program, (iv) \$2.9 million of higher exhibit and promotional costs primarily due to the ConExpo industry trade show held once every three years, (v) \$2.4 million (v) \$2.8 million increased consulting, prototype and project costs and (vi) incremental expenses associated with the acquisition of MINDS of \$1.1 million. These increases were partially offset by lower amortization expense of \$2.0 million \$2.9 million and reduced acquisition and integration related costs of \$1.4 million \$1.9 million primarily associated with the acquisition of MINDS.

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Restructuring, Impairment and Other Asset Charges, Net net

Restructuring, asset impairment charges and the net gain losses and gains on sale of property and equipment for the three and six nine month periods ended June 30, 2023 September 30, 2023 and 2022 are presented below:

(in millions)	(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Restructuring charges:	Restructuring charges:					Restructuring charges:				
Costs associated with leadership change and overhead restructuring	Costs associated with leadership change and overhead restructuring	\$ 0.3	\$ —	\$ 7.3	\$ —	Costs associated with leadership change and overhead restructuring	\$ —	\$ —	\$ 7.3	\$ —
Costs associated with exited operations - Enid	Costs associated with exited operations - Enid	0.1	0.4	0.2	0.6	Costs associated with exited operations - Enid	0.1	0.1	0.3	0.7
Costs associated with closing Tacoma	Costs associated with closing Tacoma	—	—	—	0.8	Costs associated with closing Tacoma	—	—	—	0.8

Total restructuring related charges	Total restructuring related charges	0.4	0.4	7.5	1.4	Total restructuring related charges	0.1	0.1	7.6	1.5
Asset impairment charges:	Asset impairment charges:					Asset impairment charges:				
Other impairment charges	Other impairment charges	0.8	3.0	0.8	3.0	Other impairment charges	—	0.4	0.8	3.4
Total asset impairment charges	Total asset impairment charges	0.8	3.0	0.8	3.0	Total asset impairment charges	—	0.4	0.8	3.4
Gain on sale of property and equipment, net:										
Gain on sale of property and equipment, net		(0.1)	—	(3.5)	—					
Total gain on sale of property and equipment, net		(0.1)	—	(3.5)	—					
Loss (gain) on sale of property and equipment, net										
Loss (gain) on sale of property and equipment, net						Loss (gain) on sale of property and equipment, net	0.4	(0.4)	(3.1)	(0.4)
Total loss (gain) on sale of property and equipment, net						Total loss (gain) on sale of property and equipment, net	0.4	(0.4)	(3.1)	(0.4)
Restructuring, impairment and other asset charges, net	Restructuring, impairment and other asset charges, net	\$ 1.1	\$ 3.4	\$ 4.8	\$ 4.4	Restructuring, impairment and other asset charges, net	\$ 0.5	\$ 0.1	\$ 5.3	\$ 4.5

See Note 11, Strategic Transformation and Restructuring, Impairment and Other Asset Charges, net of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for discussion of the individual restructuring actions taken.

Interest Expense

Interest expense of \$2.0 million \$2.4 million and \$4.0 million \$6.4 million was incurred in the three and six nine months ended June 30, 2023 September 30, 2023, respectively, as compared to \$0.6 million \$0.6 million and \$1.0 million \$1.6 million in the three and six nine months ended June 30, 2022 September 30, 2022, respectively, primarily related to higher outstanding borrowings on our revolving credit facility. No borrowings were outstanding on our prior revolving credit facility during the first six months of 2022.

Other income (expenses), (Expenses) Income, net

Other income, net was \$0.1 million for the second quarter of 2023 compared to an expense of \$2.6 million for the second quarter of 2022, primarily due to net foreign currency transaction losses of \$2.3 million in 2022 that did not recur in 2023.

Other (expenses) income, net was \$0.5 million for the first six nine months of 2023 compared to an expense of \$1.4 million \$1.8 million for the first six nine months of 2022, an increase of \$1.9 million \$2.3 million primarily due to the change in net foreign currency transaction gains and losses.

Income Tax

Our income tax expense benefit for the second third quarter of 2023 was \$2.7 million \$0.6 million compared to an income tax benefit expense of \$0.8 million \$0.7 million for the second third quarter of 2022. Our effective income tax rate was 17.0% 8.5% for the second third quarter of 2023 compared to 17.0% 58.3% for the second third quarter of 2022. The income tax expense benefit for the three months ended June 30, 2023 September 30, 2023 as compared to benefit expense in the same period in 2022 was primarily due to higher lower pretax book income and changes in the relative weighting of jurisdictional income and loss, partially offset by a net discrete tax benefit related to a research and development credit loss.

Our income tax expense for the first six nine months of 2023 was \$7.1 million \$6.5 million, reflecting a 21.9% 25.7% effective tax rate, compared to \$0.1 million \$0.8 million expense, reflecting a 53.3% effective tax rate, for the first six nine months of 2022. The income tax expense for the six nine months ended June 30, 2023 September 30, 2023 was higher compared to the same period in 2022 primarily due to higher pretax book income and changes in the relative weighting of jurisdictional income and loss, partially offset by a net discrete tax benefit related to a research and development credit.

[INDEX](#)**Backlog**

The backlog of orders as of **June 30, 2023** September 30, 2023 was **\$688.8 million** **\$614.7 million** compared to **\$837.4 million** **\$969.0 million** as of **June 30, 2022** September 30, 2022, a decrease of **\$148.6 million** **\$354.3 million**, or **17.7%** **36.6%**. Domestic backlog decreased **\$116.9 million** **\$302.1 million**, or **16.6%** **37.2%**, and international backlog

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decreased **\$31.7 million** **\$52.2 million**, or **24.0%** **33.4%**, respectively. The backlog decreased **\$96.2 million** **\$165.0 million** to **\$472.1 million** **\$435.2 million** in the Infrastructure Solutions segment and decreased **\$52.7 million** **\$189.4 million** to **\$214.8 million** **\$176.9 million** in the Materials Solutions segment. The Corporate and Other backlog represents our controls and automation business and increased **\$0.3 million** **\$0.1 million** to **\$1.9 million** **\$2.6 million**.

The decrease in backlog was driven by 2023 sales delivery outpacing new orders compared to a build of backlog throughout 2022, which was largely due to strong customer demand and logistics and manufacturing throughput disruptions. We expect backlog levels to **continue to** normalize from the historically high levels we have experienced in recent years largely based on supply chain stabilization. Macroeconomic factors such as higher inflation and increased interest rates, among other factors, may also influence future customer spending. Furthermore, as a result of such macroeconomic factors, we are actively monitoring orders from our high-volume dealers for potential modifications, push-outs or cancellations. Additionally, we are focused on prudent expansion of our production capacity that we anticipate will allow us to more effectively convert backlog to sales in the future with greater efficiency and shorter lead times.

Segment Net Sales - Three Months Ended:

		Three Months Ended June 30,				Three Months Ended September 30,					
(in millions)		2023	2022	\$ Change	% Change				\$ Change	% Change	
(in millions, except percentage data)						(in millions, except percentage data)					
							2023	2022			
Infrastructure Solutions	Infrastructure Solutions	\$ 218.1	\$ 209.6	\$ 8.5	4.1 %	Infrastructure Solutions	\$ 190.8	\$ 201.9	\$ Change	% Change	
Materials Solutions	Materials Solutions	130.2	107.4	22.8	21.2 %	Materials Solutions	110.5	111.8	(1.3)	(1.2)	%
Corporate and Other	Corporate and Other	1.7	1.2	0.5	41.7 %	Corporate and Other	1.8	1.5	0.3	20.0	%

Infrastructure Solutions

Sales in this segment were **\$218.1 million** **\$190.8 million** for the **second** third quarter of 2023 compared to **\$209.6 million** **\$201.9 million** for the same period in 2022, a decrease of **\$11.1 million**, or **5.5%**. The decrease was primarily driven by net unfavorable changes in the volume, pricing and mix of sales that generated decreased (i) equipment sales of **\$9.0 million**, (ii) used equipment sales of **\$3.5 million** and (iii) service and equipment installation revenue of **\$1.6 million**. These decreases were offset by higher parts and component sales of **\$3.1 million**.

Domestic sales for the Infrastructure Solutions segment decreased **\$12.3 million**, or **7.4%**, for the third quarter of 2023 compared to the same period in 2022 primarily due to decreased (i) equipment sales of **\$11.5 million**, (ii) used equipment sales of **\$3.2 million** and (iii) service and equipment installation sales of **\$1.6 million**. These decreases were partially offset by an increase in parts and component sales of **\$4.0 million**.

International sales for the Infrastructure Solutions segment increased **\$1.2 million**, or **3.4%**, for the third quarter of 2023 compared to the same period in 2022 primarily due to increased equipment sales of **\$2.5 million** partially offset by decreased parts and component sales of **\$0.9 million**.

Materials Solutions

Sales in this segment were **\$110.5 million** for the third quarter of 2023 compared to **\$111.8 million** for the same period in 2022, a decrease of **\$1.3 million**, or **1.2%**. The decrease was primarily driven by net unfavorable changes in the volume, pricing and mix of sales that generated decreased parts and component sales and used equipment sales of **\$1.0 million** and **\$0.6 million**, respectively. These decreases were partially offset by an increase in service and equipment installation revenue of **\$0.8 million**.

Domestic sales for the Materials Solutions segment decreased by **\$7.4 million**, or **9.0%**, for the third quarter of 2023 compared to the same period in 2022, primarily driven by decreased equipment sales and parts and component sales of **\$5.9 million** and **\$1.3 million**, respectively.

International sales for the Materials Solutions segment increased **\$6.1 million**, or **20.7%**, for the third quarter of 2023 compared to the same period in 2022 primarily due to increased equipment sales and service and equipment installation sales of **\$5.4 million** and **\$0.9 million**, respectively.

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Segment Net Sales - Nine Months Ended:

(in millions, except percentage data)	Nine Months Ended September 30,		\$ Change	% Change
	2023	2022		
Infrastructure Solutions	\$ 638.8	\$ 609.0	\$ 29.8	4.9 %
Materials Solutions	354.6	312.9	41.7	13.3 %
Corporate and Other	7.6	2.7	4.9	181.5 %

Infrastructure Solutions

Sales in this segment were \$638.8 million for the first nine months of 2023 compared to \$609.0 million for the same period in 2022, an increase of \$8.5 million, \$29.8 million or 4.1% 4.9%. The increase was primarily driven by net favorable changes in the volume, pricing and mix of sales that generated increased (i) service and equipment installation revenue of \$12.7 million, (ii) \$20.7 million and parts and component sales of \$4.8 million and (iii) \$11.5 million. These increases were partially offset by decreased used equipment sales of \$1.6 million. These increases were offset by lower new equipment sales of \$10.0 million and lower freight revenue of \$0.6 million \$2.5 million.

Domestic sales for the Infrastructure Solutions segment increased \$18.3 million, \$29.8 million or 10.7%, for the second quarter of 2023 compared to the same period in 2022 primarily due to (i) increased service and equipment installation sales of \$12.0 million, (ii) increased parts and component sales of \$6.6 million and (iii) increased used equipment sales of \$1.4 million. These increases were partially offset by decreases in freight revenue and new equipment sales of \$0.9 million and \$0.8 million, respectively.

International sales for the Infrastructure Solutions segment decreased \$9.8 million, or 24.9%, for the second quarter of 2023 compared to the same period in 2022 primarily due to decreased new equipment sales and parts and component sales of \$9.2 million and \$1.8 million, respectively. These decreases were partially offset by higher service and equipment installation sales of \$0.7 million.

Materials Solutions

Sales in this segment were \$130.2 million for the second quarter of 2023 compared to \$107.4 million for the same period in 2022, an increase of \$22.8 million, or 21.2%. The increase was primarily driven by net favorable changes in the volume, pricing and mix of sales that generated increased (i) new equipment sales of \$21.9 million, (ii) parts and component sales of \$1.4 million and (iii) service and equipment installation revenue of \$1.0 million. These increases were partially offset by a decrease in other revenue of \$1.9 million, which was primarily driven by increased utilization of our interest subsidy programs offered to certain of our dealer customers.

Domestic sales for the Materials Solutions segment increased by \$19.4 million, or 24.9%, for the second quarter of 2023 compared to the same period in 2022, primarily driven by increased equipment and increased parts and component sales of \$19.6 million and \$1.2 million, respectively. These increases were partially offset by decreased other revenue of \$1.7 million, which was primarily driven by increased utilization of our interest subsidy programs offered to certain of our dealer customers.

International sales for the Materials Solutions segment increased \$3.4 million, or 11.6%, for the second quarter of 2023 compared to the same period in 2022 primarily due to increases in new equipment and service and equipment installation sales of \$2.3 million and \$0.9 million, respectively.

[INDEX](#)**Segment Net Sales - Six Months Ended:**

(in millions)	Six Months Ended June 30,		\$ Change	% Change
	2023	2022		
Infrastructure Solutions	\$ 448.0	\$ 407.1	\$ 40.9	10.0 %
Materials Solutions	244.1	201.1	43.0	21.4 %
Corporate and Other	5.8	1.2	4.6	383.3 %

Infrastructure Solutions

Sales in this segment were \$448.0 million 5.9% for the first six months of 2023 compared to \$407.1 million for the same period in 2022, an increase of \$40.9 million or 10.0%. The increase was primarily driven by net favorable changes in the volume, pricing and mix of sales that generated increased (i) service and equipment installation revenue of \$22.3 million, (ii) new equipment sales of \$9.3 million and (iii) parts and component sales of \$8.4 million.

Domestic sales for the Infrastructure Solutions segment increased \$42.1 million or 12.5% for the first six nine months of 2023 compared to the same period in 2022 primarily due to (i) increased service and equipment installation sales of \$21.8 million, (ii) increased new equipment sales of \$10.9 million \$20.2 million and (iii) increased parts and component sales of \$9.5 million \$13.5 million. These increases were partially offset by a decrease in used equipment sales of \$2.6 million.

International sales for the Infrastructure Solutions segment decreased \$1.2 million or 1.7% were consistent for the first six nine months of 2023 compared to the same period in 2022 primarily due to lower equipment sales of \$1.6 million, 2022.

Materials Solutions

Sales in this segment were \$244.1 million \$354.6 million for the first six nine months of 2023 compared to \$201.1 million \$312.9 million for the same period in 2022, an increase of \$43.0 million \$41.7 million, or 21.4% 13.3%. The increase was primarily driven by net favorable changes in the volume, pricing and mix of sales that generated increased new equipment sales and

parts service and component sales equipment installation revenue of \$42.7 million \$42.2 million and \$2.0 million, respectively. These increases were partially offset by decreased other revenue of \$3.7 million \$3.6 million, which was primarily driven by increased utilization of our interest subsidy programs offered to some of our dealer customers.

Domestic sales for the Materials Solutions segment increased by \$40.7 million \$33.3 million, or 27.9% 14.6%, for the first six nine months of 2023 compared to the same period in 2022, driven by increased new equipment and parts and component sales of \$41.7 million and \$1.7 million, respectively. These increases were \$35.8 million. This increase was partially offset by decreased other revenue of \$3.5 million \$3.4 million, which was primarily driven by increased utilization of our interest subsidy programs offered to certain of our dealer customers.

International sales for the Materials Solutions segment increased \$2.3 million \$8.4 million, or 4.2% 9.9%, for the first six nine months of 2023 compared to the same period in 2022 primarily due to increased new equipment sales of \$6.4 million and service and equipment installation and new equipment sales. revenue of \$2.0 million.

Corporate and Other

Corporate and Other sales are generated from our controls and automation business. Sales were \$5.8 million \$7.6 million for the first six nine months of 2023 compared to \$1.2 million \$2.7 million for the same period in 2022, an increase of \$4.6 million \$4.9 million, or 383.3% 181.5%. The increase was primarily related to net incremental sales from MINDS during the first quarter of 2023. The MINDS acquisition was completed on April 1, 2022 and results of operations have been consolidated from that date.

Segment Operating Adjusted EBITDA

Segment Operating Adjusted EBITDA is the measure of segment profit or loss used by our Chief Executive Officer, whom is determined to be the chief operating decision maker ("CODM"), to evaluate performance and allocate resources to the operating segments. Segment Operating Adjusted EBITDA, a non-GAAP financial measure, is defined as net income or loss before the impact of interest income or expense, income taxes, depreciation and amortization and certain other adjustments that are not considered by the CODM in the evaluation of ongoing operating performance. This non-GAAP financial measure can be useful to investors in understanding operating results and the performance of our core business from management's perspective. Our presentation of Segment Operating Adjusted EBITDA may not be comparable to similar measures used by other companies and is not necessarily indicative of the results of operations that would have occurred had each reportable segment been an independent, stand-alone entity during the periods presented. See Note 10, Segment Information, of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for a reconciliation of Segment Operating Adjusted EBITDA to total consolidated net income attributable to controlling interest.

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Segment Operating Adjusted EBITDA-Three EBITDA - Three Months Ended:

		Three Months Ended June 30,				Three Months Ended September 30,			
(in millions)		2023	2022	\$ Change	% Change			\$ Change	% Change
(in millions, except percentage data)						(in millions, except percentage data)			
Infrastructure Solutions	Infrastructure Solutions	\$ 26.7	\$ 15.9	\$ 10.8	67.9	% Solutions	\$ 16.5	\$ 17.6	\$ Change % Change
Materials Solutions	Materials Solutions	18.3	9.5	8.8	92.6	% Solutions	8.3	13.1	(4.8) (36.6) %
Corporate and Other	Corporate and Other	(12.3)	(12.3)	—	—	% Other	(14.4)	(14.2)	(0.2) (1.4) %

Infrastructure Solutions segment:

Segment Operating Adjusted EBITDA for the Infrastructure Solutions segment was \$26.7 million \$16.5 million for the second third quarter of 2023 compared to \$15.9 million \$17.6 million for the same period in 2022, a decrease of \$1.1 million, or 6.3%. The decrease in Segment Operating Adjusted EBITDA resulted primarily from the impact of higher inflation on materials, labor and overhead costs of \$6.8 million and increased selling, general, administrative and other net costs of \$4.8 million, primarily due to higher personnel related costs. These decreases were partially offset by the impact of favorable pricing net of unfavorable volume/mix that generated \$10.5 million higher gross profit.

Materials Solutions

Segment Operating Adjusted EBITDA for the Materials Solutions segment was \$8.3 million for the third quarter of 2023 compared to \$13.1 million for the same period in 2022, a decrease of \$4.8 million, or 36.6%. The decrease in Segment Operating Adjusted EBITDA between periods resulted primarily from increased selling, general, administrative and other net costs of \$7.8 million, primarily driven by a \$6.4 million loss contingency recorded related to the 37 BP litigation and higher personnel related costs, and the impact of higher inflation on materials, labor and overhead costs of \$3.7 million. These decreases were partially offset by the impact of favorable pricing net of unfavorable volume/mix that generated \$7.2 million higher gross profit.

Segment Operating Adjusted EBITDA - Nine Months Ended:

		Nine Months Ended September 30,			
(in millions, except percentage data)		2023	2022	\$ Change	% Change
Infrastructure Solutions		\$ 70.5	\$ 49.9	\$ 20.6	41.3 %

Materials Solutions	41.9	34.8	7.1	20.4 %
Corporate and Other	(33.5)	(36.3)	2.8	7.7 %

Infrastructure Solutions

Segment Operating Adjusted EBITDA for the Infrastructure Solutions segment was \$70.5 million for the first nine months of 2023 compared to \$49.9 million for the same period in 2022, an increase of \$10.8 million \$20.6 million, or 67.9% 41.3%. The increase in Segment Operating Adjusted EBITDA resulted primarily from the impact of favorable net volume, pricing and mix that generated \$21.3 million \$59.1 million higher gross profit. These increases were partially offset by (i) the impact of higher inflation on materials, labor and overhead costs of \$6.6 million \$22.2 million, (ii) increased selling, general and administrative costs of \$3.1 million \$13.5 million, primarily due to \$10.3 million higher personnel related costs, and (iii) manufacturing inefficiencies of \$1.5 million due in part to the effects of unfavorable inventory adjustments, partially offset by production efficiencies.

Materials Solutions segment: Segment Operating Adjusted EBITDA for the Materials Solutions segment was \$18.3 million for the second quarter of 2023 compared to \$9.5 million for the same period in 2022, an increase of \$8.8 million, or 92.6%. The increase in Segment Operating Adjusted EBITDA between periods resulted primarily from the impact of favorable net volume, pricing and mix that generated \$12.7 million higher gross profit and lower selling, general, administrative and other net costs of \$1.4 million, primarily driven by \$1.7 million net foreign currency transaction losses in 2022 that did not recur in 2023. These increases were partially offset by the impact of higher inflation on materials, labor and overhead costs of \$4.0 million and manufacturing inefficiencies of \$1.4 million.

Segment Operating Adjusted EBITDA-Six Months Ended:

(in millions)	Six Months Ended June 30,		\$ Change	% Change
	2023	2022		
Infrastructure Solutions	\$ 54.0	\$ 32.3	\$ 21.7	67.2 %
Materials Solutions	33.6	21.7	11.9	54.8 %
Corporate and Other	(19.1)	(22.1)	3.0	13.6 %

Infrastructure Solutions segment: Segment Operating Adjusted EBITDA for the Infrastructure Solutions segment was \$54.0 million for the first six months of 2023 compared to \$32.3 million for the same period in 2022, an increase of \$21.7 million, or 67.2%. The increase in Segment Operating Adjusted EBITDA resulted primarily from the impact of favorable net volume, pricing and mix that generated \$48.6 million higher gross profit. These increases were partially offset by (i) the impact of higher inflation on materials, labor and overhead costs of \$15.4 million, (ii) increased selling, general and administrative costs of \$8.7 million, primarily due to \$6.5 million higher personnel related costs, \$2.3 million \$2.6 million increased consulting, prototype and project costs and \$1.3 million \$1.1 million of increased exhibit and promotional costs related to the ConExpo industry trade show and (iii) manufacturing inefficiencies of \$3.1 million in part as a result of unfavorable inventory adjustments, partially offset by the impact of an out-of-period benefit of \$1.9 million associated with the correction of over-accruals of inventory-related expenses recorded in the first quarter of 2023.

Materials Solutions segment:

Segment Operating Adjusted EBITDA for the Materials Solutions segment was \$33.6 million \$41.9 million for the first six nine months of 2023 compared to \$21.7 million \$34.8 million for the same period in 2022, an increase of \$11.9 million \$7.1 million, or 54.8% 20.4%. The increase in Segment Operating Adjusted EBITDA resulted primarily from the impact of favorable net volume, pricing and mix that generated \$25.2 million \$32.5 million higher gross profit. These increases were partially offset by (i) the impact of higher inflation on materials, labor and overhead costs of \$9.0 million \$12.8 million, (ii) manufacturing inefficiencies of \$3.1 million and (iii) increased general and administrative costs of \$1.2 million \$8.9 million, primarily due to \$1.6 million of increased exhibit and promotional costs a \$6.4 million loss contingency recorded related to the ConExpo industry trade show, 37 BP litigation and \$1.2 million higher personnel related costs and (iii) manufacturing inefficiencies of \$3.7 million due in part to increased warranty program costs.

Corporate and Other

Corporate and Other: Corporate and Other operations had net expenses of \$19.1 million \$33.5 million for the first six nine months of 2023 compared to \$22.1 million \$36.3 million for the first six nine months of 2022, a decrease of \$3.0 million \$2.8 million, or 13.6% 7.7%. The decrease in expenses was primarily driven by an

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incremental \$1.5 million of profit contributed by MINDS during the first quarter of 2023 and \$1.3 million \$2.4 million of lower general and administrative expenses, primarily associated with employee related costs including the recovery of share-based compensation expense related to awards forfeited or modified in conjunction with the termination of our previous CEO and the limited overhead restructuring action implemented in February 2023 which was partially offset by increased health insurance costs. The MINDS acquisition was completed on April 1, 2022 and results of operations have been consolidated from that date.

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Liquidity and Capital Resources

Our primary sources of liquidity and capital resources are cash and cash equivalents on hand, borrowing capacity under a \$250.0 million revolving credit facility and cash flows from operations. As of June 30, 2023 September 30, 2023, our total liquidity was \$226.8 million \$196.9 million, consisting of \$41.4 million \$71.3 million of cash and cash equivalents available for operating purposes and \$185.4 million \$125.6 million available for additional borrowings under our revolving credit facility, to the extent our compliance with financial covenants permits such

borrowings. Our foreign subsidiaries held \$28.5 million \$34.0 million of cash and cash equivalents available for operating purposes, which is considered to be indefinitely invested in those jurisdictions.

Our future cash requirements primarily include working capital needs, debt service obligations, capital expenditures, vendor hosted software arrangements including the related implementation costs, unrecognized tax benefits and operating lease payments. In addition, our variable cash uses may include the payment of our quarterly cash dividend, financing other strategic initiatives of our business, including, but not limited to, transformation initiatives, strategic acquisitions and share repurchases under our share repurchase authorization. We believe that our current working capital, cash flows generated from future operations and available capacity under our revolving credit facility will be sufficient to meet working capital and capital expenditure requirements for our existing business for at least the next 12 months.

On December 19, 2022, we entered into a new credit agreement (the "Credit Agreement") with Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto, which replaced the previously existing credit facility with a borrowing capacity of \$150.0 million and a maturity date of December 29, 2023 (the "Previous Credit Facility"). The Credit Agreement provides for (i) a revolving credit facility (consisting of revolving credit loans and swingline loans) and a letter of credit facility, in an aggregate amount of up to \$250.0 million, (ii) an incremental credit facility in an aggregate amount not to exceed \$125.0 million (the "Credit Facilities") and (iii) a maturity date of December 19, 2027.

We had \$62.0 million \$122.0 million in outstanding borrowings under the Credit Facilities at June 30, 2023 as of September 30, 2023. Our outstanding letters of credit totaling \$2.6 million \$2.4 million decreased borrowing availability to \$185.4 million \$125.6 million under the revolving credit facility as of June 30, 2023 September 30, 2023. We anticipate continuing to utilize the Credit Facilities with more frequency in the near-term to support our domestic working capital needs. The Credit Agreement contains certain financial covenants, including requirements related to our Consolidated Total Net Leverage Ratio and Consolidated Interest Coverage Ratio, each as defined in the agreement. Failure to satisfy these covenants could result in the accelerated repayment of our indebtedness. We were in compliance with the financial covenants of the Credit Facilities at June 30, 2023 as of September 30, 2023. Due to the increased borrowings under our Credit Facilities and higher interest rates, we expect our interest expense in 2023 to be significantly higher than in prior years.

Our Brazilian subsidiary maintains a separate term loan for working capital purposes with a bank in Brazil, which is secured by its manufacturing facility.

Certain of our international subsidiaries in South Africa, Australia, Brazil, Canada and the United Kingdom each have separate credit facilities with local financial institutions, primarily to finance short-term working capital needs, as well as to cover foreign exchange contracts, performance letters of credit, advance payment and retention guarantees. In addition, the Brazilian subsidiary also enters into order anticipation agreements on a periodic basis. Both the outstanding borrowings under the credit facilities of the international subsidiaries and the order anticipation agreements are recorded in "Short-term debt" in our Consolidated Balance Sheets. Each of the credit facilities are generally guaranteed by Astec Industries, Inc. and/or secured with certain assets of the local subsidiary.

We regularly enter into agreements, primarily to purchase inventory, in the ordinary course of business. As of June 30, 2023 September 30, 2023, open purchase obligations totaled \$255.5 million \$222.5 million, of which \$217.9 million \$145.5 million are expected to be fulfilled within the remainder of 2023.

We estimate that our capital expenditures will be between \$25 million and not exceed \$35 million for the year ending December 31, 2023, which may be impacted by general economic, financial or operational changes and competitive, legislative and regulatory factors, among other considerations.

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Cash Flows

The following table summarizes cash flows during the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively:

(in millions)	(in millions)	Six Months Ended June 30,		(in millions)	Nine Months Ended September 30,	
		2023	2022		2023	2022
Net cash used in operating activities	Net cash used in operating activities	\$ (2.5)	\$ (41.9)	Net cash used in operating activities	\$ (18.8)	\$ (56.8)
Net cash provided by (used in) investing activities		2.6	(36.9)			
Net cash used in financing activities		(22.0)	(3.7)			
Net cash used in investing activities				Net cash used in investing activities	(3.9)	(45.0)
Net cash provided by (used in) financing activities				Net cash provided by (used in) financing activities	30.8	(8.4)
Effect of exchange rates on cash	Effect of exchange rates on cash	0.4	(1.3)	Effect of exchange rates on cash	(0.3)	(3.4)
Decrease in cash, cash equivalents and restricted cash		(21.5)	(83.8)			

Increase (decrease) in cash, cash equivalents and restricted cash				Increase (decrease) in cash, cash equivalents and restricted cash	7.8	(113.6)
Cash, cash equivalents and restricted cash, end of period	Cash, cash equivalents and restricted cash, end of period	\$ 44.5	\$ 50.6	Cash, cash equivalents and restricted cash, end of period	\$ 73.8	\$ 20.8

Net cash used in operating activities

Net cash used in operating activities decreased by \$39.4 million \$38.0 million during the six nine months ended June 30, 2023 September 30, 2023 as compared to the six nine months ended June 30, 2022 September 30, 2022 primarily due to higher net income of \$25.1 million \$18.1 million and reduced net cash usages for our operating assets and liabilities of \$13.6 million \$12.2 million. The net cash usages for our operating assets and liabilities were mainly driven by decreased inventory purchases in 2023 of \$34.3 million \$39.2 million and the timing of collections and payments on trade accounts receivables and trade accounts payables of \$9.8 million \$18.2 million, partially offset by decreased customer deposits of \$25.6 million \$29.3 million associated with lower backlog, backlog and the timing of collections on trade accounts receivables \$19.2 million.

Net cash provided by (used in) used in investing activities

Our Net cash used in investing activities provided net cash of \$2.6 million decreased by \$41.1 million during the six nine months ended June 30, 2023 September 30, 2023 as opposed compared to a net cash use of \$36.9 million during the six nine months ended June 30, 2022 September 30, 2022, primarily due to the cash inflows from the sale of the Tacoma facility's land, building and certain equipment assets for \$19.9 million in the first quarter of 2023 and the net cash used to acquire MINDS in the second quarter of 2022 for \$17.8 million.

Net cash used in provided by (used in) financing activities

Net cash used in Our financing activities increased by \$18.3 million provided net cash of \$30.8 million during the six nine months ended June 30, 2023 September 30, 2023 as compared opposed to a net cash use of \$8.4 million during the six nine months ended June 30, 2022 September 30, 2022, primarily due to increased repayments borrowings net of borrowings repayments of \$17.7 million, \$33.6 million and share repurchases of \$6.1 million in the third quarter of 2022.

Dividends

We paid quarterly dividends of \$0.13 and \$0.12 per common share to shareholders in the second third quarter of 2023 and 2022, respectively.

Share Repurchases

As announced in a Form 8-K filing on July 30, 2018, we approved a share repurchase program, which authorizes us to repurchase up to \$150.0 million of our common stock. As of June 30, 2023 September 30, 2023, \$115.7 million remains available for repurchase under the approved share repurchase program. No shares were repurchased under the plan during the three months ended June 30, 2023 September 30, 2023; however, we may conduct opportunistic share repurchases under this authorization in future periods utilizing cash on hand or borrowings under our Credit Facilities. The timing, manner and number of shares repurchased will depend on a variety of factors, including, but not limited to, the level of cash balances, credit availability, financial performance, general business conditions, regulatory requirements, the market price of our stock and the availability of alternative investment opportunities.

Financial Condition

Our total current assets decreased increased to \$675.9 million \$746.3 million as of June 30, 2023 September 30, 2023 from \$696.4 million as of December 31, 2022, a decrease an increase of \$20.5 million \$49.9 million, or 2.9% 7.2%, due primarily to a decrease increases of \$56.7 million in inventory, \$7.8 million in cash, cash equivalents and restricted cash of \$21.5 million, and \$7.6 million in trade receivables and contract assets. These increases were partially offset by the sale of our Tacoma site previously recorded as "Assets held for sale" for \$15.4 million, and a decrease in prepaid assets of \$10.7 million and a decrease in trade receivables and contract assets, net of \$9.5 million. These decreases were partially offset by an increase in inventory of \$36.1 million \$5.5 million.

Our total current liabilities decreased increased to \$264.1 million \$282.2 million as of June 30, 2023 September 30, 2023 from \$274.0 million as of December 31, 2022, a decrease an increase of \$9.9 million \$8.2 million, or 3.6% 3.0%, due primarily to increases of \$9.1 million in accrued employee related liabilities, \$7.1 million in accounts payable and \$4.8 million in accrued product warranty. These increases were partially offset by an \$11.8 million \$8.9 million decrease in customer deposits, a \$2.5 million decrease in short-term debt and an \$8.7 million a \$2.3 million decrease in other current liabilities, partially offset by increases of \$4.6 million in accrued product warranty, \$2.0 million in accounts payable, \$2.2 million of short-term debt and \$1.7 million in accrued employee related liabilities.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our quantitative and qualitative disclosures about market risk are incorporated by reference from Part II, "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our [Annual Report on Form 10-K](#) for the year ended December 31, 2022. Our market risk exposures have not materially changed since our [Annual Report on Form 10-K](#) for the year ended December 31, 2022 was filed.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management has established and maintains disclosure controls and procedures that are designed to ensure that the information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of [June 30, 2023](#) [September 30, 2023](#), the Company's disclosure controls and procedures were effective.

Internal Control over Financial Reporting

We are currently undertaking a significant multi-year global ERP implementation to upgrade our information technology platforms and business processes. The implementation is occurring in phases over several years beginning in 2023. During the [first quarter of 2023](#), we implemented the [human capital resources management module](#), including the payroll application for all locations within the United States. During the second quarter of 2023, we implemented the ERP at Corporate and one manufacturing site. During the third quarter of 2023, we implemented the [consolidations and reporting module](#).

As a result of this multi-year implementation, we expect certain changes to our processes and procedures, which, in turn, will result in changes to our internal control over financial reporting. While we expect this implementation to strengthen our internal control over financial reporting by automating certain manual processes and standardizing business processes and reporting across our organization, we will continue to evaluate and monitor our internal control over financial reporting as processes and procedures in the affected areas evolve.

With the exception of the [implementation of the ERP implementations](#) described above, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the three month period ended [June 30, 2023](#) [September 30, 2023](#) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II ■ OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we are involved in legal actions arising in the ordinary course of our business. Other than as set forth in Note 8, Commitments and Contingencies, to the unaudited consolidated financial statements and Part I, "Item 3. Legal Proceedings" in our [Annual Report on Form 10-K](#) for the year ended December 31, 2022, we currently have no pending or threatened litigation that our management believes will result in an outcome that would materially affect our business, financial position, cash flows or results of operations. Nevertheless, there can be no assurance that future litigation to which we become a party will not have a material adverse effect on our business, financial position, cash flows or results of operations.

Item 1A. Risk Factors

In addition to the other information set forth in this Report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our [Annual Report on Form 10-K](#) for the year ended December 31, 2022, which could materially affect our business, financial condition or future results. The risks described in our [Annual Report on Form 10-K](#) for the year ended December 31, 2022, our [Quarterly Report on Form 10-Q](#) for the three months ended March 31, 2023, our [Quarterly Report on Form 10-Q](#) for the three and six months ended [June 30, 2023](#) and in this Quarterly Report on Form 10-Q are not the only risks facing our Company. Additional risks and uncertainties not currently known to management or that management currently deems to be immaterial also may materially and adversely affect our business, financial condition or operating results.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Filed Herewith
10.1	Separation Agreement, dated as of May 8, 2023, by and between Astec Industries, Inc. and Anshu Pasricha*	X
31.1	Certification of Chief Executive Officer of Astec Industries, Inc. pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
31.2	Certification of Chief Financial Officer of Astec Industries, Inc. pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
32.1	Certification of Chief Executive Officer of Astec Industries, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
32.2	Certification of Chief Financial Officer of Astec Industries, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023 formatted in Inline Extensible Business Reporting Language ("iXBRL"): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive (Loss) Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Equity and (vi) related notes, tagged as blocks of text and including detailed tags.	X
104	Cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023, formatted in iXBRL (included as Exhibit 101). *Management contract or compensatory plan or arrangement	X

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SIGNATURES

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

ASTEC INDUSTRIES, INC.
(Registrant)

Date: **August 3, 2023** November 2, 2023

/s/ Rebecca A. Weyenberg

Rebecca A. Weyenberg
Chief Financial Officer
(Principal Financial Officer)

Date: **August 3, 2023** November 2, 2023

/s/ Jamie E. Palm

Jamie E. Palm
Vice President, Chief Accounting Officer and Corporate Controller
(Principal Accounting Officer)

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Exhibit 10.1

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release ("**Agreement**" or "**Release**") is entered into and effective as of the 8th day of May, 2023, by and between Anshu Pasricha ("**Executive**") and Astec Industries, Inc., a Tennessee corporation (the "**Company**") (each individually referred to hereinafter as a "**Party**", and collectively as the "**Parties**").

WHEREAS, conditioned upon Executive's execution of a general release of claims, Executive is entitled to certain severance payments and benefits as set forth in Section 5.2 of the Severance Agreement entered into between the Parties as of December 31, 2021 (the "**Severance Agreement**");

WHEREAS, Executive's employment with the Company was terminated by Executive for Good Reason (as defined in the Severance Agreement) as of May 8, 2023 (the "**Separation Date**"), and Executive and the Company desire to enter into this Agreement with respect to their respective rights and obligations in connection with such separation from employment; and

WHEREAS, the Company and Executive do not anticipate that there will be any disputes between them or legal claims arising out of Executive's separation of employment with the Company, but nevertheless, desire to ensure a completely amicable parting and to release fully and finally any and all claims or potential claims that might arise out of Executive's employment.

NOW, THEREFORE, it is hereby agreed that:

1. **Termination of Employment.** Executive's employment with the Company was terminated by Executive for Good Reason effective as of the close of business on the Separation Date (the "Separation"), with both Parties agreeing to waive any required notices or cure periods provided under the Severance Agreement. Executive agrees to execute promptly upon request by the Company any additional documents requested by the Company to effectuate or further evidence the provisions of this Section 1.

2. **Resignation.** As of the Separation Date, Executive hereby voluntarily resigns his position as (i) General Counsel, Corporate Secretary & Chief Compliance Officer of the Company, (ii) an officer, director, manager and/or similar position of any of the Company's subsidiaries or affiliates, and (iii) a fiduciary of any employee benefit plan of the Company or any of its subsidiaries or affiliates. Executive agrees to execute promptly upon request by the Company any additional documents requested by the Company to effectuate or further evidence the provisions of this Section 2.

3. **Accrued Benefits.** Executive will be entitled to receive the following amounts: (i) all payments and benefits set forth in Section 5.1 of the Severance Agreement; (ii) any unreimbursed business expenses incurred by Executive on behalf of the Company in accordance with the policies and procedures of the Company, in each case subject to normal withholdings and deductions; and (iii) pursuant to the terms of the Company's Supplemental Executive

Retirement Plan (the "SERP"), 100% of Executive's SERP Account shall vest as of the Separation Date; provided that such amount shall be distributed to the Executive in accordance with the applicable terms and conditions of the SERP. The Company further represents and warrants that all "credits to account" within the meaning of Article 3 of the SERP which are amounts due to Executive under the SERP through the Separation Date have been accurately credited into Executive's SERP Account. To the extent that such "credits to account" have not been credited into Executive's SERP Account as of the date of this Agreement, such "credits to account" will be credited into Executive's SERP Account promptly following the date of this Agreement consistent with Company's normal payroll practices.

4. **Additional Severance Compensation.** In exchange for the execution of this Agreement and continued compliance with the Continuing Obligations (as defined in Section 14 herein), Executive will be entitled to the severance payments and benefits set forth below in conformance with Sections 5.2(a)(i)-(v) of the Severance Agreement (the "Release Consideration"):

(a) **Lump Sum Cash Payment:** A lump sum cash payment in an amount equal to \$1,092,482.19 (One million, Ninety Two Thousand, Four Hundred and Eighty Two Dollars and Nineteen Cents), which represents the sum of (i) Executive's 2023 Target Annual Incentive pro-rated based on the number of days Executive was in active service during fiscal year 2023, (ii) the product of one-and-one-half (1.5) times the sum of (A) Executive's Annual Base Salary plus (B) Executive's 2023 Target Annual Incentive and (iii) the cash value of eighteen (18) months of the monthly costs of group medical, dental, vision and/or prescription drug plan benefits sponsored by the Company and maintained by the Executive as of the Separation Date, payable on the sixtieth (60th) day following the Separation Date paid in accordance with the normal payroll practices of the Company.

(b) **Equity Matters:** Executive's outstanding equity and equity-based awards shall be treated in the manner set forth in Section 5.2(a)(v) of the Severance Agreement as further detailed on Schedule 1 attached hereto.

(c) **Outplacement Services:** Up to \$10,000 in reasonable and customary outplacement services provided by an outplacement services company selected by the Executive, with such fees paid directly to the outplacement services company by the Company as the relevant fees are incurred over the eighteen (18) month period following the Separation Date.

5. **Adequate Consideration.** Executive expressly understands and acknowledges that (i) the payments and benefits set forth in Section 4 are in addition to any compensation Executive has earned from the Company, and (ii) Executive would not be entitled to the

Release Consideration absent Executive's execution and delivery (and non-revocation) of this Agreement.

6. **No Other Payments or Benefits.** All other benefits not described in this Agreement shall cease as of the Separation Date; provided that nothing in this Agreement shall be interpreted in a manner which would require Executive to forfeit benefits that were vested as

of the Separation Date. Executive acknowledges and agrees that, other than the payments and benefits expressly set forth in this Agreement, Executive has received all compensation and amounts to which he is entitled from the Company, and Executive is not entitled to any other payments or benefits from the Company.

7. **No Admission of Wrongdoing or Liability.** This Agreement is not intended, and will not be construed, as an admission that Company, its subsidiaries or affiliates, or their respective past and present directors and officers, have violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrong whatsoever.

8. **Company Property.** All records, files, lists, including computer-generated lists, data, drawings, documents, equipment and similar items relating to the Company's business that Executive generated or received from the Company remains the Company's sole and exclusive property. Promptly after the Separation Date, Executive shall return to the Company all property of the Company in his possession. Executive further represents that he has not copied or caused to be copied, printed out, or caused to be printed out any documents or other material originating with or belonging to the Company, except in the good faith performance of his job duties for the Company. Executive additionally represents that he will not intentionally retain in his possession any such documents or other materials. Company agrees that Company will work in good faith with the Executive to promptly return to the Executive documents and records of personal nature stored on the Company issued laptop computer (including in the OneNote app), and following such return promptly and permanently delete all such documents and records from the Company issued laptop computer. In addition, Company will provide to the Executive a copy of Executive's "contacts list" in ".pst", ".csv", or such other format so as to enable Executive to transfer such contacts to Executive's personal computer.

9. **Release.**

(a) Executive waives any and all claims and hereby releases and forever discharges the Company and each and all of its current and former affiliated business entities, parent or sister corporations, subsidiaries, predecessors, successors, affiliates, assigns, partners, insurers, guarantors, shareholders, board members, and each and all of their officers, directors, representatives, employees, agents, attorneys and other representatives (the "Company Released Parties") from any and all claims and causes-of-action, charges, complaints, liabilities, obligations, promises, agreements, damages, actions, suits, rights, demands, losses, debts, costs and expenses of any nature whatsoever, whether known or unknown, suspected or unsuspected, disclosed or undisclosed, contingent or absolute, matured or unmatured, whether brought individually, as a member or representative of a class, or derivatively on behalf of the Company or shareholders of the Company, arising prior to the date on which this Release is executed as reflected on the signature page hereof (the "Release Execution Date"), which Executive ever had,

now has or may hereafter have against the Company Released Parties with respect to or connected with his employment with the Company or the termination thereof or Executive's service as an officer or director of the Company or its affiliates or the termination of such service, including, but not limited to, any and all matters related in any way to Executive's resignation or separation from the Company, Executive's ownership of Company stock, and any claims or causes-of-action under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866, 42 U.S.C. § 1981, the Americans With Disabilities Act of 1990, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Civil Rights Act of 1991, the Family Medical Leave Act of 1993, the Employee Retirement Income Security Act of 1974, and any other federal, state or local anti-discrimination or anti-retaliation laws, and any other statutory, contractual, or tort, or equitable claims related in any manner to Executive's employment, resignation from employment with the Company or his status as a shareholder of the Company with respect to occurrences arising on or prior to the Separation Date (collectively the "Released Claims"). This Release is intended to have the broadest possible application and includes, but is not limited to, any tort, contract, common law, constitutional or other statutory claims unless otherwise expressly provided herein. Subject to Section 9(b) below, Executive agrees to waive the right to receive future monetary recovery directly from the Company, including Company payments that result from any complaints or charges that Executive files with any governmental agency or that are filed on Executive's behalf (including but not limited to reinstatement to employment).

(b) This Release does not waive the following rights or claims: (i) claims with respect to occurrences arising after the Release Execution Date; (ii) any rights or claims, whether specified above or not, that cannot be waived under applicable legal requirements; (iii) any rights Executive has to indemnification from the Company pursuant to the Company's charter, bylaws or applicable law, in each case, as currently in effect, and as may be in effect from time to time; (iv) any rights Executive has to coverage under any director and officer liability insurance policy of the Company; or (v) any claims that Executive may have as a stockholder of the Company with respect to

occurrences arising after the Release Execution Date. If it is determined that any Released Claim cannot be waived under applicable legal requirements, Executive expressly agrees that this Release will nevertheless remain valid and fully enforceable as to the remaining Released Claims. In addition to the foregoing and notwithstanding anything herein to the contrary, Executive understands that nothing contained in this Agreement limits Executive's ability to file a charge or complaint for possible violations of law or regulation to any federal, state or local governmental agency or entity, including, but not limited to, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). Executive further understands this Release does not limit Executive's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Release does not limit Executive's right to receive an award from any Government Agency for information provided to any Government Agencies.

(c) By signing this Release, Executive understands that he voluntarily and knowingly waives any and all of his rights or claims under the federal Age Discrimination in Employment Act of 1967 (ADEA), as amended, that may have existed prior to the date he signs this Release. However, Executive is not waiving any future rights or claims under the ADEA or Title VII of the Civil Rights Act for actions arising after the date he signs this Release. Executive further acknowledges that he is not waiving his right to challenge the effectiveness of this Release with respect to his claims under the ADEA.

(d) Executive understands that he is releasing Released Claims that he may not know about, and that is his knowing and voluntary intent. Executive expressly waives all rights that he might have under any law that is intended to prevent unknown claims from being released. Executive understands the significance of doing so.

(e) Executive represents and warrants that he has not previously assigned or transferred, or purported to assign or transfer, to any person or entity, any of the Released Claims released by this Release and Executive agrees to indemnify and hold harmless the Company Released Parties from any claim, demand, debt, obligation, liability, cost, expense, right of action or cause of action based on, arising out of or in assignment.

10. **Governing Law.** This Agreement is to be governed by the laws of the State of Tennessee, without regard to conflict of laws provisions.

11. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of Executive and the Company, and their officers, directors, executives, agents, legal counsel, heirs, successors and assigns.

12. **Purchase of Company Vehicle.** Executive and Company hereby agree that promptly following the execution and delivery of this Agreement, Executive and Company shall execute and deliver such documents as are necessary for Executive to purchase Executive's Company vehicle, and transfer title of such vehicle to Executive. The purchase price for such vehicle will be the net book value recorded for such vehicle in the books and records of the Company as of the end of last full calendar month prior to the date of this Agreement. Executive shall provide payment for such vehicle via personal check made in favor of the Company contemporaneously with the execution and delivery of documentation necessary for transfer of title and ownership of vehicle to the Executive.

13. **Warranties/Representations.** Executive hereby warrants and represents that:

(a) He has carefully read and fully understands the comprehensive terms and conditions of this Agreement;

(b) He is executing this Agreement knowingly and voluntarily, without any duress, coercion or undue influence by the Company, its representatives, or any other person, and with full knowledge of its significance and consequences and of the rights relinquished, surrendered, released and discharged hereunder;

(c) He has been informed of his right to consult with legal counsel of his own choice before executing this Agreement;

(d) He has pending no claim, complaint, grievance or any document with any federal or state agency or any court seeking money damages or relief against the Company;

(e) The Release Consideration recited herein constitutes good and valuable consideration for his execution of this Agreement;

(f) He has been offered a period of twenty-one (21) calendar days to consider this Release and if he signs this Release prior to the expiration of the twenty-one (21) day period, he does so voluntarily with the understanding that he is waiving the remainder of the consideration period; and

(g) He may revoke the release contemplated by Section 9 during the period of seven (7) calendar days following the Release Execution Date ("Revocation Period"). Any revocation within this period must be submitted, in writing, to the Chief Executive Officer of the Company, and state, "I hereby revoke my agreement to enter into the Release." The revocation must be delivered to the Chief Executive Officer within seven (7) calendar days of the Release Execution Date. If Executive revokes the release contemplated by Section 9, then this Agreement (except for Sections 1, 2 and 8 herein) shall terminate and be of no further force and effect. If Executive does not revoke the release contemplated by Section 9 prior to the eighth (8) day after the Release Execution Date, Executive agrees that the release contemplated by Section 9 shall become enforceable on the eighth (8) day after the Release Execution Date (the "Release Effective Date").

14. **Entire Agreement; Severability of Terms; Continuing Obligations.** This Agreement contains the entire understanding of the Parties as to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions with respect to the subject matter hereof; ***provided that Executive expressly acknowledges that nothing in this Agreement shall modify or limit, in anyway, Executive's continuing obligations to the Company pursuant to Section 6 of the Severance Agreement, including non-competition, non-solicitation, non-disclosure, non-disparagement, cooperation, and other such obligations (the "Continuing Obligations"); provided, further, that the Company expressly acknowledges that nothing in this Agreement shall modify or limit, in any way, the Company's continuing obligations to the Executive pursuant to Sections 5, 6, 8, 17, 18, 19 and 20 of the Severance Agreement.*** In executing this Agreement, neither Party has relied on any term condition, promise, or representation other than those expressed in this Agreement. This Agreement may be amended or modified only by an agreement in writing, signed by both Parties. If any provision of this Agreement is determined to be invalid or otherwise

unenforceable, then that invalidity or unenforceability will not affect any other provision of this Agreement, which will continue and remain in full force and effect.

15. **Taxes.** The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any applicable law, regulation or ruling. It is intended that any amounts payable under this Agreement will be exempt from or comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations relating thereto, and this Agreement shall be interpreted and construed accordingly; provided, however, that the Company and its subsidiaries and affiliates shall not be responsible for any taxes, penalties, interest or other losses or expenses incurred by Executive due to any failure to comply with Section 409A of the Code. Each payment under this Agreement as a result of the separation of Executive's service shall be considered a separate payment for purposes of Section 409A of the Code. To the extent any reimbursement provided under this Agreement is deferred compensation subject to Section 409A of the Code (i) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other taxable year; (ii) the reimbursement of an eligible expense must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (iii) the right to reimbursement is not subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary herein, if (i) on the date of Executive's "separation from service" (as such term is defined under Treasury Regulation 1.409A-1(h)) for all purposes of this Agreement, including the payment of any severance payments which are deferred compensation for purposes of Section 409A of the Code)), Executive is deemed to be a "specified employee" (as such term is defined under Treasury Regulation 1.409A-1(i)(1)) of the Company, as determined in accordance with the Company's "specified employee" determination procedures, and (ii) any payments to be provided to the Executive pursuant to this Agreement which constitute "deferred compensation" for purposes of Section 409A are or may become subject to the additional tax under Section 409A(a)(1)(B) of the Code or any other taxes or penalties imposed under Section 409A if provided at the time otherwise required under this Agreement, then such payments shall be delayed until the date that is six (6) months after the date of Executive's "separation from service" or, if sooner, the date of Executive's death. Any payments delayed pursuant to this Section 15 shall be made in a lump sum on the first day of the seventh month following Executive's "separation from service" (as such term is defined under Treasury Regulation 1.409A-1(h)) or, if sooner, the date of Executive's death.

16. **Headings.** The headings used herein are for the convenience of reference only, do not constitute part of this Agreement and will not be deemed to limit or otherwise affect any of the provisions of this Agreement.

17. **Plain Meaning and Drafting.** This Agreement shall be interpreted in accordance with the plain meaning of its terms. Although the initial draft of this Agreement has been drafted by counsel for the Company, the parties hereto agree that this Agreement cannot be construed in

favor of or against any of the Parties to this Agreement. The Parties hereto agree that they have had the opportunity to consult with counsel of their choosing with respect to the terms of this Agreement.

18. **Counterparts; Electronic Signatures.** This Agreement may be executed by facsimile and/or electronic signature in two or more counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.

Facsimile and electronic signatures shall, for all purposes, be treated as originals.

19. **Injunctive Relief.** Executive acknowledges and agrees that the Company would be damaged irreparably in the event any of the provisions of this Agreement is not performed in accordance with its specific terms, and that any breach of this Agreement could not be adequately compensated by monetary damages. Accordingly, the Executive agrees that, in addition to any other right or remedy to which the Company may be entitled, at law or in equity, the Company will be entitled to enforce any provision of this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief to prevent breaches or threatened breaches of the provisions of this Agreement, without posting any bond or other undertaking.

20. **Capitalized Terms.** Any capitalized terms not defined herein shall be defined as set forth in the Severance Agreement.

IN WITNESS WHEREOF, each of the Parties has executed and delivered this Agreement to be effective as of the Release Effective Date.

BY SIGNING THIS AGREEMENT, EXECUTIVE STATES THAT: HE HAS READ IT; HE UNDERSTANDS IT AND KNOWS THAT HE IS GIVING UP IMPORTANT RIGHTS; HE AGREES TO ALL THE TERMS CONTAINED WITHIN THE AGREEMENT; HE IS AWARE OF HIS RIGHTS TO CONSULT WITH AN ATTORNEY BEFORE SIGNING IT; HE HAS CONSULTED WITH HIS ATTORNEY BEFORE SIGNING IT; AND HE HAS SIGNED IT KNOWINGLY AND VOLUNTARILY.

EXECUTIVE:

/s/ Anshu Pasricha

ANSHU PASRICHA

COMPANY:

ASTEC INDUSTRIES, INC.

By: /s/ Jaco van der Merwe

Name: Jaco van der Merwe

Its: President and CEO

Schedule 1

Treatment of Outstanding Equity Awards

(Anshu Pasricha)

Restricted Stock Units (RSUs)

- (i) **October 2020 RSUs:** 863 unvested RSUs, equal to a pro-rated portion of the outstanding RSUs granted to Executive on October 7, 2020 (the "2020 Grant Date") shall become fully vested and nonforfeitable as of the Separation Date; and
- (ii) **April 2021 RSUs:** 54 unvested RSUs, equal to a pro-rated portion of the outstanding RSUs granted to Executive on April 30, 2021 (the "2021 Grant Date") shall become fully vested and nonforfeitable as of the Separation Date; and
- (iii) **February 2022 RSUs:** 319 unvested RSUs, equal to a pro-rated portion of the outstanding RSUs granted to Executive on February 28, 2022 (the "2022 Grant Date") shall become fully vested and nonforfeitable as of the Separation Date; and
- (iv) **February 2023 RSUs:** 335 unvested RSUs, equal to a pro-rated portion of the outstanding RSUs granted to Executive on February 27, 2023 (the "2023 Grant Date") shall become fully vested and nonforfeitable as of the Separation Date; and

These vested RSUs (in addition to any previously-vested RSUs granted on the 2020 Grant Date, 2021 Grant Date and 2022 Grant Date that have previously converted to shares of common stock) will convert to shares of common stock within 30 days following the Separation Date). Executive shall forfeit all right, title and interest in and to all other outstanding and unvested RSUs as of the Separation Date.

Performance-Vesting Restricted Stock Units (PSUs)

- (v) April 2021 PSUs (*Invested Capital*): 1,178 unvested PSUs, equal to a pro-rated portion of the target number of PSUs granted to Executive on the 2021 Grant Date shall become vested and payable within the thirty (30) day period following the Separation Date; and
- (vi) April 2021 PSUs (*Relative TSR*): 1,177 unvested PSUs, equal to a pro-rated portion of the target number of PSUs granted to the Executive on the 2021 Grant Date shall become vested and payable within the thirty (30) day period following the Separation Date; and
- (vii) February 2022 PSUs (*Invested Capital*): 1,032 unvested PSUs, equal to a pro-rated portion of the target number of PSUs granted to Executive on the 2022 Grant Date shall become vested and payable within the thirty (30) day period following the Separation Date; and
- (viii) February 2022 PSUs (*Relative TSR*): 1,032 unvested PSUs, equal to a pro-rated portion of the target number of PSUs granted to Executive on the 2022 Grant Date shall become vested and payable within the thirty (30) day period following the Separation Date.
- (ix) February 2023 PSUs (*Invested Capital*): 303 unvested PSUs, equal to a pro-rated portion of the outstanding PSUs granted to Executive on the 2023 Grant Date shall become vested and payable within the thirty (30) day period following the Separation Date; and
- (x) February 2023 PSUs (*Relative TSR*): 303 unvested PSUs, equal to a pro-rated portion of the outstanding PSUs granted to Executive on the 2023 Grant Date shall become vested and payable within the thirty (30) day period following the Separation Date; and
- (xi) Executive shall forfeit all right, title and interest in and to all other outstanding and unvested PSUs as of the Separation Date.

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Exhibit 31.1

**Certification pursuant to Rule 13a-14(a)/15d-14(a),
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jaco van der Merwe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Astec Industries, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023 November 2, 2023

/s/ Jaco van der Merwe
Jaco van der Merwe
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**Certification pursuant to Rule 13a-14(a)/15d-14(a),
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Rebecca A. Weyenberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Astec Industries, 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023 November 2, 2023

/s/ Rebecca A. Weyenberg
Rebecca A. Weyenberg
Chief Financial Officer
(Principal Financial Officer)

V

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 Quarterly Report of Astec Industries, Inc. (the "Company") on Form 10-Q for the period ended **June 30, 2023** **September 30, 2023**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jaco van der Merwe, President and 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; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **August 3, 2023** **November 2, 2023**

/s/ Jaco van der Merwe
Jaco van der Merwe
President and Chief Executive Officer
(Principal 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 Quarterly Report of Astec Industries, Inc. (the "Company") on Form 10-Q for the period ended **June 30, 2023** **September 30, 2023**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rebecca A. Weyenberg, 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; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **August 3, 2023** **November 2, 2023**

/s/ Rebecca A. Weyenberg
Rebecca A. Weyenberg
Chief Financial Officer
(Principal Financial Officer)

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