

REFINITIV

DELTA REPORT

10-Q

ALG - ALAMO GROUP INC

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 371

CHANGES 230

DELETIONS 77

ADDITIONS 64

Cost Trends and Profit Margin, as

Cost Trends and Profit Margin, as Percentages of Net Sales	Three Months Ended June September 30,		Six Nine Months Ended June September 30,	
	2023	2022	2023	2022
Gross profit	26.8 27.2 %	25.2 25.0 %	27.0 27.1 %	24.6 24.7 %
Income from operations	12.3 11.9 %	10.3 9.7 %	12.1 12.0 %	9.2 9.4 %
Income before income taxes	10.4 %	9.1 %	10.6 %	9.5 % 10.7 % 8.2 8.5 %
Net income	8.3 %	7.2 7.0 %	8.2 %	6.2 6.5 %

This report contains forward-looking statements that are based on Alamo Group's current expectations. Actual results in future periods may differ materially from those expressed or implied because of a number of risks and uncertainties which are discussed under "Risks and Uncertainties" in our Securities and Exchange Commission registration statement on Form S-1 filed with the SEC on May 6, 2019. Unless the context otherwise requires, the terms the "Company," "we," "our" and "us" means Alamo Group Inc.

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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2023

We experienced continued strong demand for our products during the first six months of 2023 as a result of the SECURITIES EXCHANGE Act of 1934. Margins improved due to price discipline over the past year, better manufacturing flows and improved capacity utilization. We also experienced more consistent deliveries of purchased products as our supply chain performance improved, which led to enhanced manufacturing performance.

For the first six nine months of 2023, the Company's net sales increased by 12% 13%, and net income increased by 49% 44% compared to the same period in 2022. The increase in both net sales and net income was primarily due to continued strong customer demand for our products compared to the prior year, positive pricing actions, and ongoing cost and expense discipline and a moderately improving supply chain. For the transition period from 2022 to 2023, net sales and net income was somewhat constrained by ongoing challenges in certain parts of our supply chain and tightness in the availability of skilled labor.

The Company's Vegetation Management Division experienced a 9% increase in sales for the first six nine months of 2023 compared to the first six nine months of 2022 that was driven by strong shipments of forestry, tree care and governmental mowing products in both North America and Europe. The Division's backlog remained strong but incoming orders, specifically in the forestry and North American agricultural mowing, softened. The Division's net income for the first six nine months of 2023 was up 41% 31% versus the same period in 2022, due to increased demand, higher pricing and improving supply chain conditions, but offset by labor constraints and negative currency effects.

The Company's Industrial Equipment Division sales increased in the first six nine months of 2023 by 19% 20% as compared to the first six nine months of 2022. Industrial Equipment sales were strong in all product lines with vacuum trucks, sweeper and debris collector and snow removal products increasing 18%. Employee headcount increased from operations for the first six nine months of 2023 was up 66% 84% versus the same period in 2022, due to increased demand, higher pricing and some improvement in supply chain conditions. Negatively impacting this Division were supply chain disruptions, labor shortages and, to a lesser extent, negative currency effects.

Consolidated income from operations was \$103.4 million \$153.2 million in the first six nine months of 2023 compared to \$70.0 million \$105.9 million in the first six nine months of 2022, an increase of 48% 45%. The Company's backlog of \$891.2 million \$890.9 million at the end of the first six nine months of 2023 was down slightly versus a backlog of \$894.0 million \$908.9 million at the end of the first six nine months of 2022.

While the supply chain issues we experienced over the last several quarters appear to be improving, we remain affected by inflationary impacts, negative currency exchange rates, and labor constraints. In addition, the Company may also be negatively affected by several other factors such as weakness in the overall U.S. or world-wide economy, further increases in interest rates, changes in tariff regulations and the imposition of new tariffs, ongoing trade disputes, a deterioration of our supply chain, changes in U.S. fiscal policy such as changes in the federal tax rate, significant changes in currency exchange rates, negative economic impacts resulting from geopolitical events such as the ongoing war in Ukraine, changes in trade policy, increased levels of government regulations, weakness in the agricultural sector, acquisition integration issues, budget constraints or revenue shortfalls in governmental entities, and other risks and uncertainties as described in "Risk Factors" section in our Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Annual Report").

Item 1. Business. We are a company that is subject to 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 ☐

Results of Operations

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 subchapter): ☒ Yes ☐ No

Results of Operations

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 period indicated. ☒ Yes ☐ No

Net sales for the second third quarter of 2023 were \$440.7 million, \$419.6 million, and a record sale of \$44.5 million, \$50.8 million, and 11%, 14% increase, \$396.2 million, \$368.8 million for the second third quarter of 2022. Net sales during the second third quarter of 2023 primarily reflect a strong performance in our core product lines, such as our engineering and construction products, versus the second third quarter of 2022, as well as positive pricing actions. Also contributing to our sales were currency translation effects which had a favorable impact on the quarterly results. Negatively affecting the second third quarter of 2023 were ongoing labor constraints and disruptions in certain areas of our supply chain, although the supply chain moderately improved compared to previous quarters. Ongoing labor constraints and, to a lesser extent, negative currency translation effects also had an unfavorable impact on the quarterly results.

Net Vegetation Management sales increased by \$6.3 million \$18.4 million or 2% 8% to \$261.3 million \$246.9 million for the second third quarter of 2023 compared to \$255.0 million \$228.5 million during the same period in 2022. The increase was due to strong performance in forestry governmental and tree care and governmental agricultural mowing equipment in both North America, Europe, and Europe.

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. ☐

South America. Labor shortages and, to a lesser extent, supply chain issues, had an overall negative affect during the second third quarter of 2023.

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

Net Industrial Equipment sales were \$179.3 million \$172.7 million in the second third quarter of 2023 compared to \$141.2 million \$140.3 million for the same period in 2022. In 2023, a decrease of \$38.1 million \$32.4 million, or 27% 23%. The increase was mainly due to solid results in all product lines, particularly vacuum trucks, sweeper, debris collector collectors and snow removal. This Division continued to be negatively impacted by supply chain disruptions, although improved from last quarter, and continued labor shortages and, to a lesser extent, currency translation effects, shortages.

Gross profit for the **second third** quarter of 2023 was **\$118.1 million** **\$114.1 million** (27% of net sales) compared to **\$99.7 million** **\$92.4 million** (25% of net sales) during the same period in 2022, an increase of **\$18.4 million** **\$21.7 million**. The increase in gross profit during the **second third** quarter of 2023 compared to the **second third** quarter of 2022 was primarily attributable to higher sales volume and positive pricing actions. Profitability in the quarter increased as supply chain conditions generally improved which led to higher efficiencies and better capacity utilization. This resulted in higher gross margins compared to the **second third** quarter of 2022.

Treasury stock, at cost; 82,600 shares at June 30, 2023 and December 31, 2022, respectively											
Form 10-Q and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 2 of this Quarterly Report contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In addition, forward-looking statements may be made orally or in press releases, conferences, reports or otherwise, and may be made by or on behalf of the Company.											
Statements that are not historical are forward-looking. When used by or on behalf of the Company, the words "estimate," "anticipate," "expect," "believe," "intend," "will," "would," "should", "could" and similar expressions generally identify forward-looking statements made by or on behalf of the Company.											
Forward-looking statements involve risks and uncertainties. These uncertainties include factors that affect all businesses operating in a global market, as well as matters specific to the Company and the markets it serves. Particular risks and uncertainties facing the Company include changes in market conditions and a potential weakening of the markets we serve; supply chain disruptions; labor constraints; changes in tariff regulations and the imposition of new tariffs; a strong U.S. dollar; increased competition; negative economic impacts resulting from geopolitical events such as the war in Ukraine or trade wars; new or anticipated effects of the COVID-19 pandemic; decreases in the prices of agricultural commodities, which could affect our customers' income levels; increases in input costs; our inability to increase profit margins through continuing production efficiencies and cost reductions; acquisition integration issues; budget constraints or income shortfalls which could affect the purchases of our type of equipment by governmental customers; credit availability for both the Company and its customers; adverse weather conditions such as droughts, floods, snowstorms, etc. which can affect buying patterns of the Company's customers and related contractors; the price and availability of raw materials and product components; energy cost; increased cost of governmental regulations which effect corporations including related fines and penalties (such as the European General Data Protection Regulation and the California Consumer Privacy Act); the potential effects on the buying habits of our customers due to animal disease outbreaks and other epidemics; the Company's ability to develop and manufacture new and existing products profitably; market acceptance of new and existing products; the Company's ability to maintain good relations with its employees; the Company's ability to successfully complete acquisitions and operate acquired businesses or assets; the ability to hire and retain quality skilled employees; cyber security risks affecting information technology or data security breaches; and the possible effects of events beyond our control, such as political unrest, acts of terror, natural disasters and pandemics, on the Company or its customers, suppliers and the economy in general.											
See accompanying notes.											
Alamo Group Inc. and Subsidiaries											
Interim Condensed Consolidated Statements of Income (Unaudited)											
In addition, the Company is subject to risks and uncertainties facing the industry in general, including changes in business and political conditions and the economy in general in both domestic and international markets; weather conditions affecting demand; slower growth in the Company's markets; financial market changes including increases in interest rates and fluctuations in foreign exchange rates; actions of competitors; the inability of the Company's suppliers, customers, creditors, public utility providers and financial service organizations to deliver or provide the products or services to the Company; security threats to the Company's industrial facilities; government actions including trade embargos, regulations and legislation, primarily relating to the environment, commerce, infrastructure spending, health and safety; and availability of materials.											
June 30, 2023, June 30, 2022, June 30, 2021, June 30, 2020, June 30, 2019											
(in thousands, except as otherwise noted)											
The Company wishes to caution readers not to place undue reliance on any forward-looking statements and to recognize that the statements are not predictions of actual future results. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results due to the risks and uncertainties described above, as well as others not now anticipated. The foregoing statements are not exclusive and further information concerning the Company and its businesses, including factors that could potentially materially affect the Company's financial results, may emerge from time to time. It is not possible for management to predict all risk factors or to assess the impact of certain risk factors on the Company's businesses.											
Management	Management	\$ 261,346	\$ 255,003	\$ 517,781	\$ 476,009	Management	\$ 246,902	\$ 228,511	\$ 764,683	\$ 704,520	
Industrial	Industrial					Industrial					
Equipment	Equipment	179,348	141,211	334,684	282,210	Equipment	172,742	140,282	507,426	422,492	
Total net sales	Total net sales	440,694	396,214	852,465	758,219	Total net sales	419,644	368,793	1,272,109	1,127,012	
Cost of sales	Cost of sales	322,520	285,500	584,500	506,000	Cost of sales	306,000	270,000	800,000	700,000	
Gross profit	Gross profit	118,074	99,717	230,581	186,358	Gross profit	114,143	92,365	344,724	278,723	
Selling, general and administrative expenses	Selling, general and administrative expenses	59,858	55,009	119,526	108,644	Selling, general and administrative expenses	60,564	52,723	180,090	161,367	
Amortization of the Company's intangible assets	Amortization of the Company's intangible assets					Amortization of the Company's intangible assets					
Interest expense	Interest expense	(6,837)	(3,189)	(12,777)	(5,836)	Interest expense	(6,729)	(3,734)	(19,506)	(9,570)	
Interest income	Interest income	357	57	740	129	Interest income	385	93	1,125	222	
Other income	Other income					Other income					
Income before income taxes	Income before income taxes	46,866	37,650	91,335	62,442	Income before income taxes	43,547	33,612	134,882	96,054	
Provision for income taxes	Provision for income taxes	10,492	9,178	21,612	15,500	Provision for income taxes	8,632	7,791	30,244	22,291	
Net income	Net income	36,374	28,472	69,723	46,942	Net income	34,915	25,821	104,638	73,763	
Basic	Basic	\$ 3.05	\$ 2.39	\$ 5.85	\$ 3.95	Basic	\$ 2.93	\$ 2.18	\$ 8.78	\$ 6.13	
Diluted	Diluted	\$ 3.03	\$ 2.39	\$ 5.82	\$ 3.94	Diluted	\$ 2.91	\$ 2.16	\$ 8.73	\$ 6.10	

Average common shares outstanding	The Company's long-term debt bears interest at variable rates. Accordingly, the Company's net income is affected by changes in interest rates. Assuming the current level of borrowings at variable rates and a two percentage point change for the second third quarter 2023 average interest rate under these borrowings, the Company's interest expense would have changed by approximately \$1.7 million \$1.6 million. In the event of an adverse change in interest rates, management could take actions to mitigate its exposure. However, due to the uncertainty of the actions that would be taken and their possible effects, this analysis assumes no such actions. Further, this analysis does not consider the effects of the change in the level of overall economic activity that could exist in such an environment.				Average common shares: Diluted	Average common shares: Diluted								
	11,996 11,941 11,983 11,932													
Dividends declared	In January 2020, the Company entered into an interest rate swap agreement with three of its total lenders that hedge future cash flows related to its outstanding debt obligations, which expired in January 2022.				Dividends declared	Dividends declared								
	\$	0.18	\$	0.44	\$	0.36	\$	0.22	\$	0.18	\$	0.66	\$	0.54

Item 4. Controls and Procedures

See accompanying notes.

Disclosure Controls and Procedures

Alamo Group Inc. and Subsidiaries

An evaluation was carried out under the supervision and with the participation of Alamo's management, including our President and Chief Executive Officer and Executive Vice President and Chief Financial Officer (Principal

Interim Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(Principal Financial Officer), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon the evaluation, the President and Chief Executive Officer and Executive Vice President and Chief Financial Officer (Principal Financial Officer) concluded that the Company's design and operation of these disclosure controls and procedures were effective at the end of the period covered by this report.	Three Months Ended June 30, 2023		Six Months Ended June 30, 2023		2022	
	2023	2022	2023	2022	2023	2022
Net income	\$ 36,374	\$ 28,472	\$ 69,723	\$ 46,942		
Other comprehensive income, net of tax:						
Foreign currency translation adjustments, net of tax expense of \$(241) and \$(654), and \$(414) and \$(904), respectively	7,616	(19,822)	12,162	(18,155)		
Recognition of deferred pension and other post-retirement benefits, net of tax (expense) and benefit of \$(99) and \$59, and \$(164) and \$314, respectively	283	205	565	411		
Unrealized income (loss) on derivative instruments, net of tax benefit and (expense) of \$0 and \$(371), and \$59 and \$(738), respectively	—	1,045	(414)	2,897		
Other comprehensive income (loss), net of tax	7,899	(18,572)	12,313	(14,847)		
Comprehensive income	\$ 44,273	\$ 10,300	\$ 82,036	\$ 32,095		

Item 1A. Risk Factors		Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023		2022	
(in thousands)		2023	2022	2023	2022	2023	2022
Net income		\$ 34,915	\$ 25,821	\$ 104,638	\$ 72,763		
Other comprehensive loss, net of tax:							
Foreign currency translation adjustments, net of tax benefit and (expense) of \$(62) and \$(78), and \$(352) and \$(1,685), respectively		(12,718)	(24,921)	(556)	(43,076)		
Recognition of deferred pension and other post-retirement benefits, net of tax (expense) and benefit of \$(83) and \$61, and \$(247) and \$375, respectively		282	258	567	417		
Unrealized income (loss) on derivative instruments, net of tax benefit and (expense) of \$7 and \$(7), and \$66 and \$(745), respectively		(36)	(24)	(450)	2,919		
Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs		(36)	(24)	(450)	2,919		
Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs		—	—	—	—		
April 1-30, 2023		—	(472)	—	(159)	\$25,861,222	
May/July 1-31, 2023		—	22,443	—	104,479	\$25,861,222	
June August 1-31, 2023		—	—	—	—	\$25,861,222	
September 1-30, 2023		—	—	—	—	\$25,861,222	

(a) On December 13, 2018, the Board authorized a stock repurchase program of up to \$30.0 million of the Company's common stock. The program has a term of five (5) years, terminating on December 12, 2023.

Alamo Group Inc. and Subsidiaries

Item 3. Defaults Upon Senior Securities Interim Condensed Consolidated Statements of Stockholders' Equity (Unaudited)

None.

For six months ended June 30, 2023

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

For nine months ended September 30, 2023

Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other	Total Stock-	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other
(a) Reports on Form 8-K										

December 31, 2021	December 31, 2021	11,791	\$ 1,187	\$ 124,228	\$ (4,566)	\$ 633,804	\$ (48,990)	\$ 705,663	December 31, 2021	11,791	\$ 1,187	\$ 124,228	\$ (4,566)	\$ 633,804	\$ (48,990)	\$ 705,663
Other comprehensive income	Other comprehensive income	—	—	—	—	18,470	3,725	22,195	Other comprehensive income	—	—	—	—	18,470	3,725	22,195
Stock-based compensation expense	Stock-based compensation expense	—	—	1,371	—	—	—	1,371	Stock-based compensation expense	—	—	1,371	—	—	—	1,371
Stock-based compensation transactions	Stock-based compensation transactions	20	2	82	—	—	—	84	Stock-based compensation transactions	20	2	82	—	—	—	84
Dividends paid (\$0.18 per share)	Dividends paid (\$0.18 per share)	—	—	—	—	(2,133)	—	(2,133)	Dividends paid (\$0.18 per share)	—	—	—	—	(2,133)	—	(2,133)
Balance at March 31, 2022	Balance at March 31, 2022	11,811	\$ 1,189	\$ 125,681	\$ (4,566)	\$ 650,141	\$ (45,265)	\$ 727,180	Balance at March 31, 2022	11,811	\$ 1,189	\$ 125,681	\$ (4,566)	\$ 650,141	\$ (45,265)	\$ 727,180
Other comprehensive income	Other comprehensive income	—	—	—	—	28,472	(18,572)	9,900	Other comprehensive income	—	—	—	—	28,472	(18,572)	9,900
Stock-based compensation expense	Stock-based compensation expense	—	—	1,750	—	—	—	1,750	Stock-based compensation expense	—	—	1,750	—	—	—	1,750
Stock-based compensation transactions	Stock-based compensation transactions	15	2	(251)	—	—	—	(249)	Stock-based compensation transactions	15	2	(251)	—	—	—	(249)
Dividends paid (\$0.18 per share)	Dividends paid (\$0.18 per share)	—	—	—	—	(2,139)	—	(2,139)	Dividends paid (\$0.18 per share)	—	—	—	—	(2,139)	—	(2,139)
Balance at June 30, 2022	Balance at June 30, 2022	11,826	\$ 1,191	\$ 127,180	\$ (4,566)	\$ 676,474	\$ (63,837)	\$ 736,442	Balance at June 30, 2022	11,826	\$ 1,191	\$ 127,180	\$ (4,566)	\$ 676,474	\$ (63,837)	\$ 736,442
Other comprehensive income	Other comprehensive income	—	—	—	—	25,821	—	25,821	Other comprehensive income	—	—	—	—	25,821	—	25,821
Stock-based compensation expense	Stock-based compensation expense	—	—	1,508	—	—	—	—	Stock-based compensation expense	—	—	1,508	—	—	—	—
Stock-based compensation transactions	Stock-based compensation transactions	1	—	92	—	—	—	—	Stock-based compensation transactions	1	—	92	—	—	—	—
Dividends paid (\$0.18 per share)	Dividends paid (\$0.18 per share)	—	—	—	—	(2,139)	—	(2,139)	Dividends paid (\$0.18 per share)	—	—	—	—	(2,139)	—	(2,139)
Balance at September 30, 2022	Balance at September 30, 2022	11,827	\$ 1,191	\$ 128,780	\$ (4,566)	\$ 700,156	\$ (63,837)	\$ 736,442	Balance at September 30, 2022	11,827	\$ 1,191	\$ 128,780	\$ (4,566)	\$ 700,156	\$ (63,837)	\$ 736,442

See accompanying notes.

Alamo Group Inc. and Subsidiaries
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	(in thousands)	Six Months Ended June 30,		(in thousands)	Nine Months Ended September 30,	
		2023	2022		2023	2022
Operating Activities	Operating Activities			Operating Activities		
Net income	Net income	\$ 69,723	\$ 46,942	Net income	\$ 104,638	\$ 72,763
Adjustment to reconcile net income to net cash provided by (used in) operating activities:	Adjustment to reconcile net income to net cash provided by (used in) operating activities:			Adjustment to reconcile net income to net cash provided by (used in) operating activities:		
Provision for doubtful accounts	Provision for doubtful accounts	244	315	Provision for doubtful accounts	367	319

	Depreciation - Property, plant and equipment	Depreciation - Property, plant and equipment	11,270	10,648	Depreciation - Property, plant and equipment	17,204	16,307
	Depreciation - Rental equipment	Depreciation - Rental equipment	4,259	3,765	Depreciation - Rental equipment	6,470	5,665
	Amortization of intangibles	Amortization of intangibles	7,639	7,679	Amortization of intangibles	11,465	11,481
	Amortization of debt issuance	Amortization of debt issuance	351	334	Amortization of debt issuance	527	500
	Stock-based compensation expense	Stock-based compensation expense	3,568	3,121	Stock-based compensation expense	5,373	4,629
	Provision for deferred income tax	Provision for deferred income tax	105	349	Provision for deferred income tax	(3,971)	(4,029)
	Gain on sale of property, plant and equipment	Gain on sale of property, plant and equipment	(2,058)	(69)	Gain on sale of property, plant and equipment	(2,204)	(156)
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			Changes in operating assets and liabilities:		
	Accounts receivable	Accounts receivable	(57,260)	(74,024)	Accounts receivable	(60,885)	(74,884)
	Inventories	Inventories	(13,273)	(37,185)	Inventories	(19,220)	(54,122)
	Rental equipment	Rental equipment	(6,889)	(2,501)	Rental equipment	(11,176)	(6,416)
	Prepaid expenses and other assets	Prepaid expenses and other assets	(415)	(2,992)	Prepaid expenses and other assets	1,535	(802)
	Trade accounts payable and accrued liabilities	Trade accounts payable and accrued liabilities	17,435	2,263	Trade accounts payable and accrued liabilities	21,784	5,696
	Income taxes payable	Income taxes payable	4,586	(1,028)	Income taxes payable	7,365	910
	Long-term tax payable	Long-term tax payable	(1,317)	(1,972)	Long-term tax payable	(1,147)	(635)
	Other assets and long-term liabilities, net	Other assets and long-term liabilities, net	(784)	966	Other assets and long-term liabilities, net	(1,094)	1,595
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	37,184	(43,389)	Net cash provided by (used in) operating activities	77,031	(21,179)
Investing Activities	Investing Activities	Investing Activities			Investing Activities		
Acquisitions, net of cash acquired	Acquisitions, net of cash acquired	Acquisitions, net of cash acquired	—	(2,000)	Acquisitions, net of cash acquired	—	(2,000)
Purchase of property, plant and equipment	Purchase of property, plant and equipment	Purchase of property, plant and equipment	(18,238)	(14,965)	Purchase of property, plant and equipment	(27,051)	(23,499)
Proceeds from sale of property, plant and equipment	Proceeds from sale of property, plant and equipment	Proceeds from sale of property, plant and equipment	2,931	181	Proceeds from sale of property, plant and equipment	3,094	527
Net cash used in investing activities	Net cash used in investing activities	Net cash used in investing activities	(15,307)	(16,784)	Net cash used in investing activities	(23,957)	(24,972)
Financing Activities	Financing Activities	Financing Activities			Financing Activities		
Borrowings on bank revolving credit facility	Borrowings on bank revolving credit facility	Borrowings on bank revolving credit facility	117,000	162,000	Borrowings on bank revolving credit facility	134,000	190,000
Repayments on bank revolving credit facility	Repayments on bank revolving credit facility	Repayments on bank revolving credit facility	(64,000)	(53,000)	Repayments on bank revolving credit facility	(101,000)	(85,000)
Principal payments on long-term debt and finance leases	Principal payments on long-term debt and finance leases	Principal payments on long-term debt and finance leases	(7,504)	(7,521)	Principal payments on long-term debt and finance leases	(11,256)	(11,277)
Dividends paid	Dividends paid	Dividends paid	(5,237)	(4,272)	Dividends paid	(7,861)	(6,411)
Proceeds from exercise of stock options	Proceeds from exercise of stock options	Proceeds from exercise of stock options	1,204	547	Proceeds from exercise of stock options	1,417	639

Common stock repurchased	Common stock repurchased	(989)	(712)	Common stock repurchased	(1,034)	(712)
Net cash provided by financing activities	Net cash provided by financing activities	40,474	97,042	Net cash provided by financing activities	14,266	87,239
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	2,694	(3,090)	Effect of exchange rate changes on cash and cash equivalents	(822)	(7,895)
Net change in cash and cash equivalents	Net change in cash and cash equivalents	65,045	33,779	Net change in cash and cash equivalents	66,518	33,193
Cash and cash equivalents at beginning of the year	Cash and cash equivalents at beginning of the year	47,016	42,115	Cash and cash equivalents at beginning of the year	47,016	42,115
Cash and cash equivalents at end of the period	Cash and cash equivalents at end of the period	\$ 112,061	\$ 75,894	Cash and cash equivalents at end of the period	\$ 113,534	\$ 75,308
Cash paid during the period for:	Cash paid during the period for:			Cash paid during the period for:		
Interest	Interest	\$ 12,140	\$ 5,998	Interest	\$ 18,729	\$ 9,742
Income taxes	Income taxes	19,891	17,615	Income taxes	29,712	27,162

See accompanying notes.

Alamo Group Inc. and Subsidiaries
Notes to Interim Condensed Consolidated Financial Statements - (Unaudited)
June September 30, 2023

1. Basis of Financial Statement Presentation

General

The accompanying unaudited interim condensed consolidated financial statements of Alamo Group Inc. and its subsidiaries (the "Company") have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulations S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. The balance sheet at December 31, 2022 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2022 (the "2022 10-K").

2. Accounts Receivable

Accounts receivable is shown net of sales discounts and the allowance for credit losses.

At June 30, 2023 September 30, 2023 the Company had \$24.0 million \$23.4 million in reserves for sales discounts compared to \$19.9 million at December 31, 2022 related to products shipped to our customers under various promotional programs.

3. Inventories

Inventories are stated at the lower of cost or net realizable value. Net inventories consist of the following:

(in thousands)	(in thousands)	June 30, 2023	December 31, 2022	(in thousands)	September 30, 2023	December 31, 2022
Finished goods	Finished goods	\$ 330,952	\$ 312,726	Finished goods	\$ 333,318	\$ 312,726
Work in process	Work in process	28,976	22,273	Work in process	29,844	22,273
Raw materials	Raw materials	9,391	17,554	Raw materials	8,586	17,554
Inventories, net	Inventories, net	\$ 369,319	\$ 352,553	Inventories, net	\$ 371,748	\$ 352,553

Inventory obsolescence reserves were \$9.4 million \$8.3 million at June 30, 2023 September 30, 2023 and \$13.2 million at December 31, 2022.

4. Rental Equipment

Rental equipment is shown net of accumulated depreciation of \$23.7 million \$24.3 million and \$22.3 million at June 30, 2023 September 30, 2023 and December 31, 2022, respectively. The Company recognized depreciation expense of \$2.2 million and \$1.9 million for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively and \$3.3 million \$6.5 million and \$3.8 million \$5.7 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

5. Fair Value Measurements

The carrying values of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses, approximate their fair value because of the short-term nature of these items. The carrying value of our debt approximates the fair value as of June 30, 2023, September 30, 2023 and December 31, 2022, as the floating rates on our outstanding balances approximate current market rates. This conclusion was made based on Level 2 inputs.

6. Goodwill and Intangible Assets

The following is the summary of changes to the Company's Goodwill for the six nine months ended June 30, 2023, September 30, 2023:

(in thousands)	(in thousands)	Vegetation Management	Industrial Equipment	Consolidated	(in thousands)	Vegetation Management	Industrial Equipment	Consolidated
Balance at December 31, 2022	Balance at December 31, 2022	\$ 127,562	\$ 68,296	\$ 195,858	Balance at December 31, 2022	\$ 127,562	\$ 68,296	\$ 195,858
Adjustment	adjustment	1,223	364	1,587	adjustment	122	(117)	5
Balance at June 30, 2023		\$ 128,785	\$ 68,660	\$ 197,445				
Balance at September 30, 2023					Balance at September 30, 2023	\$ 127,684	\$ 68,179	\$ 195,863

The following is a summary of the Company's definite and indefinite-lived intangible assets net of the accumulated amortization:

(in thousands)	(in thousands)	Estimated Useful Lives	June 30, 2023	December 31, 2022	(in thousands)	Estimated Useful Lives	September 30, 2023	December 31, 2022
Definite:	Definite:				Definite:			
Trade names and trademarks	Trade names and trademarks	15-25 years	\$ 69,148	\$ 68,797	Trade names and trademarks	15-25 years	\$ 68,753	\$ 68,797
Customer and dealer relationships	Customer and dealer relationships	8-15 years	129,815	129,338	Customer and dealer relationships	8-15 years	129,395	129,338
Patents and drawings	Patents and drawings	3-12 years	28,517	28,437	Patents and drawings	3-12 years	28,394	28,437
Favorable leasehold interests	Favorable leasehold interests	7 years	4,200	4,200	Favorable leasehold interests	7 years	4,200	4,200
Total at cost	Total at cost		231,680	230,772	Total at cost		230,742	230,772
Less accumulated amortization	Less accumulated amortization		(72,804)	(64,931)	Less accumulated amortization		(76,358)	(64,931)
Total net	Total net		158,876	165,841	Total net		154,384	165,841
Indefinite:	Indefinite:				Indefinite:			
Trade names and trademarks	Trade names and trademarks		5,500	5,500	Trade names and trademarks		5,500	5,500
Total Intangible Assets	Total Intangible Assets		\$ 164,376	\$ 171,341	Total Intangible Assets		\$ 159,884	\$ 171,341

The Company recognized amortization expense of \$3.8 million and \$3.8 million for the three months ended June 30, 2023, September 30, 2023 and 2022, respectively, and \$7.6 million, \$11.5 million and \$7.7 million, \$11.5 million for the six nine months ended June 30, 2023, September 30, 2023 and 2022, respectively.

7. Leases

The Company leases office space and equipment under various operating and finance leases, which generally are expected to be renewed or replaced by other leases. The finance leases currently held are considered immaterial. The components of lease cost were as follows:

Components of Lease Cost

		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
(in thousands)	(in thousands)					(in thousands)				
Finance lease cost:	Finance lease cost:					Finance lease cost:				
Amortization of right-of-use assets	Amortization of right-of-use assets	\$ 2	\$ 6	\$ 5	\$ 19	Amortization of right-of-use assets	\$ 2	\$ 6	\$ 7	\$ 25
Interest on lease liabilities	Interest on lease liabilities	—	—	—	1	Interest on lease liabilities	1	—	1	1
Operating lease cost	Operating lease cost	1,482	1,434	2,940	2,931	Operating lease cost	1,513	1,414	4,453	4,345
Short-term lease cost	Short-term lease cost	305	334	629	633	Short-term lease cost	306	320	935	953
Variable lease cost	Variable lease cost	75	103	151	212	Variable lease cost	69	56	220	268
Total lease cost	Total lease					Total lease				

Rent expense for the three and **six** nine months ended **June 30, 2023** **September 30, 2023** and 2022 was immaterial.

slide1
Maturities of operating lease liabilities were as follows:

(in thousands)	(in thousands)	June 30, 2023	December 31, 2022	(in thousands)	September 30, 2023	December 31, 2022
2023	2023	\$ 2,833 *	\$ 5,177	2023	\$ 1,432 *	\$ 5,177
2024	2024	4,666	4,099	2024	5,115	4,099
2025	2025	3,858	3,294	2025	4,094	3,294
2026	2026	2,962	2,728	2026	2,941	2,728
2027	2027	1,886	1,780	2027	1,882	1,780
Thereafter	Thereafter	1,748	1,743	Thereafter	1,747	1,743
Total minimum lease payments	Total minimum lease payments	\$ 17,953	\$ 18,821	Total minimum lease payments	\$ 17,211	\$ 18,821
Less imputed interest	Less imputed interest	(1,245)	(1,287)	Less imputed interest	(1,140)	(1,287)
Total operating lease liabilities	Total operating lease liabilities	\$ 16,708	\$ 17,534	Total operating lease liabilities	\$ 16,071	\$ 17,534
*Period ended June 30, 2023 represents the remaining six months of 2023.						
*Period ended September 30, 2023 represents the remaining three months of 2023.						

Future Minimum Lease Payments

Future Lease Commencements

As of **June 30, 2023** **September 30, 2023**, there are additional operating leases, primarily for buildings, that have not yet commenced in the amount of **\$3.4 million** **\$4.1 million**. These operating leases will commence in fiscal year **2023** **2024** with lease terms of 2 to 3 years.

Supplemental balance sheet information related to leases was as follows:

Operating Leases	Operating Leases				Operating Leases			
(in thousands)	(in thousands)	June 30, 2023	December 31, 2022		(in thousands)	September 30, 2023	December 31, 2022	
Other non-current assets	Other non-current assets	\$ 16,414	\$ 17,249		Other non-current assets	\$ 15,768	\$ 17,249	
Accrued liabilities	Accrued liabilities	4,776	4,685		Accrued liabilities	4,877	4,685	
Other long-term liabilities	Other long-term liabilities	11,932	12,849		Other long-term liabilities	11,194	12,849	
Total operating lease liabilities	Total operating lease liabilities	\$ 16,708	\$ 17,534		Total operating lease liabilities	\$ 16,071	\$ 17,534	
Weighted Average Remaining Lease Term	Weighted Average Remaining Lease Term	4.29 years	4.66 years		Weighted Average Remaining Lease Term	4.03 years	4.66 years	
Weighted Average Discount Rate	Weighted Average Discount Rate	3.73 %	3.30 %		Weighted Average Discount Rate	3.85 %	3.30 %	

Supplemental Cash Flow information related to leases was as follows:

	Six Months Ended June 30,				Nine Months Ended September 30,			
(in thousands)	(in thousands)	2023	2022		(in thousands)	2023	2022	
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:				Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	Operating cash flows from operating leases	\$ 2,639	\$ 2,651	slide 2	Operating cash flows from operating leases	\$ 3,994	\$ 3,971	

8. Debt

The components of long-term debt are as follows:

(in thousands)	(in thousands)	June 30, 2023	December 31, 2022	(in thousands)	September 30, 2023	December 31, 2022
Current Maturities:	Current Maturities:			Current Maturities:		
Finance lease obligations	Finance lease obligations	\$ 8	\$ 9	Finance lease obligations	\$ 8	\$ 9
Term debt	Term debt	15,000	15,000	Term debt	15,000	15,000
		15,008	15,009		15,008	15,009
Long-term debt:	Long-term debt:			Long-term debt:		
Finance lease obligations	Finance lease obligations	11	15	Finance lease obligations	9	15
Term debt, net	Term debt, net	227,565	234,928	Term debt, net	223,883	234,928
Bank revolving credit facility	Bank revolving credit facility	105,000	52,000	Bank revolving credit facility	85,000	52,000
Total Long-term debt	Total Long-term debt	332,576	286,943	Total Long-term debt	308,892	286,943
Total debt	Total debt	\$ 347,584	\$ 301,952	Total debt	\$ 323,900	\$ 301,952

As of June 30, 2023 September 30, 2023, \$2.8 million \$2.4 million of the revolver capacity was committed to irrevocable standby letters of credit issued in the ordinary course of business as required by vendors' contracts, resulting in \$292.2 million \$312.6 million in available borrowings.

9. Common Stock and Dividends

Dividends declared and paid on a per share basis were as follows:

		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
Dividends declared	Dividends declared	\$ 0.22	\$ 0.18	\$ 0.44	\$ 0.36	Dividends declared		\$ 0.22	\$ 0.18	\$ 0.66	\$ 0.54
Dividends paid	Dividends paid	\$ 0.22	\$ 0.18	\$ 0.44	\$ 0.36	Dividends paid		\$ 0.22	\$ 0.18	\$ 0.66	\$ 0.54

On July 3, 2023 October 2, 2023, the Company announced that its Board of Directors had declared a quarterly cash dividend of \$0.22 per share, which was paid on August 1, 2023 October 31, 2023, to shareholders of record at the close of business on July 18, 2023 October 16, 2023.

10. Earnings Per Share

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

		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
(In thousands, except per share)	(In thousands, except per share)					(In thousands, except per share)					
Net Income	Net Income	\$ 36,374	\$ 28,472	\$ 69,723	\$ 46,942	Net Income		\$ 34,915	\$ 25,821	\$ 104,638	\$ 72,713
Average Common Shares: Basic	Average Common Shares: Basic					Average Common Shares: Basic					
(weighted average outstanding shares)	(weighted average outstanding shares)	11,921	11,880	11,910	12,470	(weighted average outstanding shares)		11,928	11,883	11,916	11,875
Dilutive potential common shares from stock options	Dilutive potential common shares from stock options	72	58	67	57	Dilutive potential common shares from stock options		68	58	67	57

I, Jeffrey A. Leonard, certify that:
(weighted-average outstanding shares)
1. I have reviewed this quarterly report on Form 10-Q of Alamo Group Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
earnings per share \$ 3.05 \$ 2.39 \$ 5.85 \$ 3.95
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
earnings per share \$ 2.93 \$ 2.18 \$ 8.78 \$ 6.13
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 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:

11. Revenue and Segment Information

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;

Revenues from Contracts with Customers

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

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;

Revenue by Product Type

	Three Months Ended June 30, 2023				Three Months Ended September 30, 2023			
	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)
Net Sales	Net Sales				Net Sales			
Wholegoods	Wholegoods	\$353,670	\$313,884	\$683,438	Wholegoods	\$326,843	\$282,619	\$1,010,281
Parts	Parts	72,959	70,825	142,333	Parts	78,739	76,047	221,071
Other	Other	1,595	1,505	2,597	Other	1,667	1,427	4,733
Consolidated	Consolidated	\$355,264	\$315,396	\$686,368	Consolidated	\$328,511	\$284,093	\$1,015,085

Other includes rental sales, extended warranty sales and service sales as they are considered immaterial.

Revenue by Geographical Location									
Date: August 2, 2023									
	Three Months Ended June 30, 2023				Three Months Ended September 30, 2023				
	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)	
Net Sales	Net Sales				Net Sales				
United States	United States	\$312,314	\$283,102	\$603,893	United States	\$295,021	\$264,915	\$898,914	\$803,204
Canada	Canada	37,464	23,276	64,329	Canada	37,720	24,753	102,049	68,482
France	France	25,163	23,671	49,365	France	20,959	18,369	70,324	65,086
United Kingdom	United Kingdom	20,385	17,395	41,989	United Kingdom	19,277	17,613	61,266	52,682
Brazil	Brazil	12,519	14,109	24,032	Brazil	13,322	9,688	37,354	36,891
Netherlands	Netherlands	9,091	3,862	18,883	Netherlands	7,720	8,570	26,603	15,912
Australia	Australia	7,768	5,785	15,550	Australia	6,332	7,513	21,882	20,454
Germany	Germany	3,103	1,427	5,572	Germany	3,754	2,757	9,326	4,515
Other	Other	13,887	28,587	28,853	Other	15,538	14,615	44,331	58,786
Consolidated	Consolidated	\$340,936	\$309,336	\$650,220	Consolidated	\$326,210	\$293,132	\$942,357	\$847,220

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

Segment Information

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 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:

The following includes a summary of the unaudited financial information by reporting segment at June 30, 2023 September 30, 2023:

	Three Months Ended June 30, 2023				Three Months Ended September 30, 2023			
	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)
Net Sales	Net Sales				Net Sales			
Vegetation Management	Vegetation Management	\$261,346	\$255,003	\$517,781	Vegetation Management	\$246,902	\$228,511	\$764,314
Industrial Equipment	Industrial Equipment	179,348	141,211	334,344	Industrial Equipment	172,742	140,282	507,026
Consolidated	Consolidated	\$440,694	\$396,214	\$852,125	Consolidated	\$419,644	\$368,793	\$1,271,340
Income from Operations	Income from Operations				Income from Operations			
Vegetation Management	Vegetation Management	\$35,561	\$32,796	\$72,069	Vegetation Management	\$30,251	\$27,130	\$102,411
Industrial Equipment	Industrial Equipment	8,810	8,810	18,072	Industrial Equipment	9,872	9,872	50,814
Consolidated	Consolidated	\$44,371	\$41,606	\$90,141	Consolidated	\$40,123	\$37,002	\$153,225
Goodwill	Goodwill				Goodwill			
Vegetation Management	Vegetation Management	\$128,785	\$127,562	\$127,562	Vegetation Management	\$127,684	\$127,562	\$127,562

Industrial Equipment	August 2, 2023	Equipment	68,660		/s/ Richard J. Wehrle	Industrial Equipment	68,296		68,296
Consolidated	Consolidated	\$	197,445	\$	195,858	Consolidated	\$	195,863	\$ 195,858
Total Identifiable Assets	Total Identifiable Assets				(Principal Financial Officer)	Total Identifiable Assets			
Vegetation Management	Vegetation Management	\$	973,555	\$	866,974	Vegetation Management	\$	941,288	\$ 866,974
Industrial Equipment	Industrial Equipment		484,204		441,534	Industrial Equipment		514,226	441,534
Consolidated	Consolidated	\$	1,457,759	\$	1,308,508	Consolidated	\$	1,455,514	\$ 1,308,508

12. Accumulated Other Comprehensive Loss

Exhibit 32.1

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

Three Months Ended June 30, 2023										Three Months Ended September 30, 2023									
2023										2023									
Gains										Gains									
Foreign Defined (Losses)										Foreign Defined (Losses)									
Currency Benefit on Cash										Currency Benefit on Cash									
Translation Plans Flow										Translation Plans Flow									
(in thousands)	(in thousands)	Adjustment	Items	Hedges	Total	Adjustment	Items	Hedges	Total	(in thousands)	Adjustment	Items	Hedges	Total	Adjustment	Items	Hedges	Total	Adjustment
<p>1. The Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and</p> <p>2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.</p>																			
Balance as of beginning of period	Balance as of beginning of period	\$ (60,883)	\$(3,028)	\$ 57	\$(63,854)	\$ (40,730)	\$(4,811)	\$ 276	\$(45,265)	Balance as of beginning of period	\$ (53,267)	\$(2,745)	\$ 57	\$(55,955)	\$ (60,552)	\$(4,606)	\$ 1,321	\$(63,837)	Balance as of beginning of period
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications	7,616	—	—	7,616	(19,822)	—	1,380	(18,442)	Other comprehensive income (loss) before reclassifications	(12,718)	—	(97)	(12,815)	(24,922)	—	—	(24,922)	Other comprehensive income (loss) before reclassifications
Amounts reclassified from accumulated other comprehensive loss	Amounts reclassified from accumulated other comprehensive loss	—	283	—	283	—	205	(335)	(130)	Amounts reclassified from accumulated other comprehensive loss	—	282	61	343	—	282	61	343	Amounts reclassified from accumulated other comprehensive loss
Balance as of end of period	Balance as of end of period	\$ (53,267)	\$(2,745)	\$ 57	\$(55,955)	\$ (60,552)	\$(4,606)	\$ 1,321	\$(63,837)	Balance as of end of period	\$ (65,985)	\$(2,463)	\$ 21	\$(68,427)	\$ (85,474)	\$(2,463)	\$ 21	\$(68,427)	Balance as of end of period
<p>1. The Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and</p> <p>2. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.</p>																			
Six Months Ended June 30, 2023										Nine Months Ended September 30, 2023									
2023										2023									
Gains										Gains									
Foreign Defined (Losses)										Foreign Defined (Losses)									
Currency Benefit on Cash										Currency Benefit on Cash									
Translation Plans Flow										Translation Plans Flow									
(in thousands)	(in thousands)	Adjustment	Items	Hedges	Total	Adjustment	Items	Hedges	Total	(in thousands)	Adjustment	Items	Hedges	Total	Adjustment	Items	Hedges	Total	Adjustment
Balance as of beginning of period	Balance as of beginning of period	\$ (65,429)	\$(3,310)	\$ 471	\$(68,268)	\$ (42,397)	\$(5,017)	\$(1,576)	\$(48,990)	Balance as of beginning of period	\$ (65,429)	\$(3,310)	\$ 471	\$(68,268)	\$ (42,397)	\$(5,017)	\$(1,576)	\$(48,990)	Balance as of beginning of period

Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications	THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.								Other comprehensive income (loss) before reclassifications				
		12,162		(940)	11,222	(18,155)	411	2,897	(14,279)	(556)		(1,037)	(1,593)	(43,071)
Amounts reclassified from accumulated other comprehensive income (loss)	Amounts reclassified from accumulated other comprehensive income (loss)	©2023, Refinitiv. All rights reserved. Patents Pending.								Amounts reclassified from accumulated other comprehensive income (loss)				
										—	847	587	1,434	—
Other comprehensive income (loss)	Other comprehensive income (loss)	12,162	565	(414)	12,313	(18,155)	411	2,897	(14,847)	(556)	847	(450)	(159)	(43,071)
Balance as of end of period	Balance as of end of period	\$ (53,267)	\$(2,745)	\$ 57	\$(55,955)	\$ (60,552)	\$(4,606)	\$ 1,321	\$(63,837)	\$ (65,985)	\$(2,463)	\$ 21	\$(68,427)	\$ (85,471)

13. Subsequent Events

On October 10, 2023, the Company announced that it acquired 100% of the outstanding equity capital of Royal Truck & Equipment, Inc. ("Royal Truck"). Royal Truck is a leading manufacturer of truck mounted highway attenuator trucks and other specialty trucks and equipment for the highway infrastructure and traffic control market. Royal Truck represents the Company's entry into the highway safety equipment market, a new platform for future opportunities. The purchase price was approximately \$28 million subject to post closing adjustments. The Company will include the operating results of Royal Truck in its consolidated financial statements as of December 31, 2023, these results are expected to be immaterial.

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

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

As a Percent of Net Sales	As a Percent of Net Sales	Three Months Ended June 30,				Six Months Ended June 30,				As a Percent of Net Sales	Three Months Ended September 30,				Nine Months Ended September 30,			
		2023		2022		2023		2022			2023		2022		2023		2022	
Vegetation Management	Vegetation Management	59.3	%	64.4	%	60.7	%	62.8	%	Vegetation Management	58.8	%	62.0	%	60.1	%	62.5	%
Industrial Equipment	Industrial Equipment	40.7	%	35.6	%	39.3	%	37.2	%	Industrial Equipment	41.2	%	38.0	%	39.9	%	37.5	%
Total sales, net	Total sales, net	100.0	%	100.0	%	100.0	%	100.0	%	Total sales, net	100.0	%	100.0	%	100.0	%	100.0	%