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 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 0-21220

ALAMO GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware	74-1621248
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

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

830-379-1480
(*Registrant's telephone number, including area code*)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value $.10 per share	ALG	New York Stock Exchange

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 ☒

At October 27, 2023, 12,011,781 shares of common stock, $.10 par value, of the registrant were outstanding.

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Alamo Group Inc. and Subsidiaries
Interim Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except share amounts)	September 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 113,534	$ 47,016
Accounts receivable, net	378,107	317,581
Inventories, net	371,748	352,553
Prepaid expenses and other current assets	9,226	9,144
Income tax receivable	750	916
Total current assets	873,365	727,210
Rental equipment, net	38,431	33,723
Property, plant and equipment	357,234	335,078
Less: Accumulated depreciation	(192,715)	(180,071)
Total property, plant and equipment, net	164,519	155,007
Goodwill	195,863	195,858
Intangible assets, net	159,884	171,341
Deferred income taxes	904	969
Other non-current assets	22,548	24,400
Total assets	$ 1,455,514	$ 1,308,508
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 110,944	$ 97,537
Income taxes payable	13,695	6,592
Accrued liabilities	79,682	71,368
Current maturities of long-term debt and finance lease obligations	15,008	15,009
Total current liabilities	219,329	190,506
Long-term debt and finance lease obligations, net of current maturities	308,892	286,943
Long-term tax liability	2,634	3,781
Other long-term liabilities	22,171	23,668
Deferred income taxes	14,754	18,250
Stockholders' equity:		
Common stock, $0.10 par value, 20,000,000 shares authorized; 11,962,295 and 11,913,890 outstanding at September 30, 2023 and December 31, 2022, respectively	1,196	1,191
Additional paid-in-capital	135,571	129,820
Treasury stock, at cost; 82,600 shares at September 30, 2023 and December 31, 2022, respectively	(4,566)	(4,566)
Retained earnings	823,960	727,183
Accumulated other comprehensive loss	(68,427)	(68,268)
Total stockholders' equity	887,734	785,360
Total liabilities and stockholders' equity	$ 1,455,514	$ 1,308,508

See accompanying notes.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share amounts)	**2023**	**2022**	**2023**	**2022**
Net sales:				
Vegetation Management	$ 246,902	$ 228,511	$ 764,683	$ 704,520
Industrial Equipment	172,742	140,282	507,426	422,492
Total net sales	419,644	368,793	1,272,109	1,127,012
Cost of sales	305,501	276,428	927,385	848,289
Gross profit	114,143	92,365	344,724	278,723
Selling, general and administrative expenses	60,564	52,723	180,090	161,367
Amortization expense	3,826	3,802	11,465	11,481
Income from operations	49,753	35,840	153,169	105,875
Interest expense	(6,729)	(3,734)	(19,506)	(9,570)
Interest income	385	93	1,125	222
Other income (expense), net	138	1,413	94	(473)
Income before income taxes	43,547	33,612	134,882	96,054
Provision for income taxes	8,632	7,791	30,244	23,291
Net Income	$ 34,915	$ 25,821	$ 104,638	$ 72,763
Net income per common share:				
Basic	$ 2.93	$ 2.18	$ 8.78	$ 6.13
Diluted	$ 2.91	$ 2.16	$ 8.73	$ 6.10
Average common shares:				
Basic	11,928	11,883	11,916	11,875
Diluted	11,996	11,941	11,983	11,932
Dividends declared	$ 0.22	$ 0.18	$ 0.66	$ 0.54

See accompanying notes.

Alamo Group Inc. and Subsidiaries
Interim Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in thousands)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 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 $(781), 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	206	847	617
Unrealized income (loss) on derivative instruments, net of tax benefit and (expense) of $7 and $(7), and $66 and $(745), respectively	(36)	22	(450)	2,919
Other comprehensive loss	(12,472)	(24,693)	(159)	(39,540)
Comprehensive income	$ 22,443	$ 1,128	$ 104,479	$ 33,223

See accompanying notes.

Alamo Group Inc. and Subsidiaries
Interim Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

For nine months ended September 30, 2023

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stock-holders' Equity
Balance at December 31, 2022	11,831	$ 1,191	$ 129,820	$ (4,566)	$ 727,183	$ (68,268)	$ 785,360
Other comprehensive income	—	—	—	—	33,349	4,414	37,763
Stock-based compensation expense	—	—	1,699	—	—	—	1,699
Stock-based compensation transactions	28	3	138	—	—	—	141
Dividends paid ($0.22 per share)	—	—	—	—	(2,615)	—	(2,615)
Balance at March 31, 2023	11,859	$ 1,194	$ 131,657	$ (4,566)	$ 757,917	$ (63,854)	$ 822,348
Other comprehensive income	—	—	—	—	36,374	7,899	44,273
Stock-based compensation expense	—	—	1,869	—	—	—	1,869
Stock-based compensation transactions	17	2	72	—	—	—	74
Dividends paid ($0.22 per share)	—	—	—	—	(2,622)	—	(2,622)
Balance at June 30, 2023	11,876	$ 1,196	$ 133,598	$ (4,566)	$ 791,669	$ (55,955)	$ 865,942
Other comprehensive income	—	—	—	—	34,915	(12,472)	22,443
Stock-based compensation expense	—	—	1,805	—	—	—	1,805
Stock-based compensation transactions	4	—	168	—	—	—	168
Dividends paid ($0.22 per share)	—	—	—	—	(2,624)	—	(2,624)
Balance at September 30, 2023	11,880	$ 1,196	$ 135,571	$ (4,566)	$ 823,960	$ (68,427)	$ 887,734

See accompanying notes.

For nine months ended September 30, 2022

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stock-holders' Equity
Balance at December 31, 2021	11,791	$ 1,187	$ 124,228	$ (4,566)	$ 633,804	$ (48,990)	$ 705,663
Other comprehensive income	—	—	—	—	18,470	3,725	22,195
Stock-based compensation expense	—	—	1,371	—	—	—	1,371
Stock-based compensation transactions	20	2	82	—	—	—	84
Dividends paid ($0.18 per share)	—	—	—	—	(2,133)	—	(2,133)
Balance at March 31, 2022	11,811	$ 1,189	$ 125,681	$ (4,566)	$ 650,141	$ (45,265)	$ 727,180
Other comprehensive income	—	—	—	—	28,472	(18,572)	9,900
Stock-based compensation expense	—	—	1,750	—	—	—	1,750
Stock-based compensation transactions	15	2	(251)	—	—	—	(249)
Dividends paid ($0.18 per share)	—	—	—	—	(2,139)	—	(2,139)
Balance at June 30, 2022	11,826	$ 1,191	$ 127,180	$ (4,566)	$ 676,474	$ (63,837)	$ 736,442
Other comprehensive income	—	—	—	—	25,821	(24,693)	1,128
Stock-based compensation expense	—	—	1,508	—	—	—	1,508
Stock-based compensation transactions	1	—	92	—	—	—	92
Dividends paid ($0.18 per share)	—	—	—	—	(2,139)	—	(2,139)
Balance at September 30, 2022	11,827	$ 1,191	$ 128,780	$ (4,566)	$ 700,156	$ (88,530)	$ 737,031

See accompanying notes.

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

	Nine Months Ended September 30,	
(in thousands)	**2023**	**2022**
Operating Activities		
Net income	$ 104,638	$ 72,763
Adjustment to reconcile net income to net cash provided by (used in) operating activities:		
Provision for doubtful accounts	367	319
Depreciation - Property, plant and equipment	17,204	16,307
Depreciation - Rental equipment	6,470	5,665
Amortization of intangibles	11,465	11,481
Amortization of debt issuance	527	500
Stock-based compensation expense	5,373	4,629
Provision for deferred income tax	(3,971)	(4,029)
Gain on sale of property, plant and equipment	(2,204)	(156)
Changes in operating assets and liabilities:		
Accounts receivable	(60,885)	(74,884)
Inventories	(19,220)	(54,122)
Rental equipment	(11,176)	(6,416)
Prepaid expenses and other assets	1,535	(802)
Trade accounts payable and accrued liabilities	21,784	5,696
Income taxes payable	7,365	910
Long-term tax payable	(1,147)	(635)
Other assets and long-term liabilities, net	(1,094)	1,595
Net cash provided by (used in) operating activities	77,031	(21,179)
Investing Activities		
Acquisitions, net of cash acquired	—	(2,000)
Purchase of property, plant and equipment	(27,051)	(23,499)
Proceeds from sale of property, plant and equipment	3,094	527
Net cash used in investing activities	(23,957)	(24,972)
Financing Activities		
Borrowings on bank revolving credit facility	134,000	190,000
Repayments on bank revolving credit facility	(101,000)	(85,000)
Principal payments on long-term debt and finance leases	(11,256)	(11,277)
Dividends paid	(7,861)	(6,411)
Proceeds from exercise of stock options	1,417	639
Common stock repurchased	(1,034)	(712)
Net cash provided by financing activities	14,266	87,239
Effect of exchange rate changes on cash and cash equivalents	(822)	(7,895)
Net change in cash and cash equivalents	66,518	33,193
Cash and cash equivalents at beginning of the year	47,016	42,115
Cash and cash equivalents at end of the period	$ 113,534	$ 75,308
Cash paid during the period for:		
Interest	$ 18,729	$ 9,742
Income taxes	29,712	27,162

See accompanying notes.

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 September 30, 2023 the Company had $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)	September 30, 2023	December 31, 2022
Finished goods	$ 333,318	$ 312,726
Work in process	29,844	22,273
Raw materials	8,586	17,554
Inventories, net	$ 371,748	$ 352,553

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

4. Rental Equipment

Rental equipment is shown net of accumulated depreciation of $24.3 million and $22.3 million at 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 September 30, 2023 and 2022, respectively and $6.5 million and $5.7 million for the nine months ended 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 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 nine months ended September 30, 2023:

(in thousands)	Vegetation Management	Industrial Equipment	Consolidated
Balance at December 31, 2022	$ 127,562	$ 68,296	$ 195,858
Translation adjustment	122	(117)	5
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)	Estimated Useful Lives	September 30, 2023	December 31, 2022
Definite:			
Trade names and trademarks	15-25 years	$ 68,753	$ 68,797
Customer and dealer relationships	8-15 years	129,395	129,338
Patents and drawings	3-12 years	28,394	28,437
Favorable leasehold interests	7 years	4,200	4,200
Total at cost		230,742	230,772
Less accumulated amortization		(76,358)	(64,931)
Total net		154,384	165,841
Indefinite:			
Trade names and trademarks		5,500	5,500
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 September 30, 2023 and 2022, respectively, and $11.5 million and $11.5 million for the nine months ended 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 September 30,		Nine Months Ended September 30,	
(in thousands)	2023	2022	2023	2022
Finance lease cost:				
Amortization of right-of-use assets	$ 2	$ 6	$ 7	$ 25
Interest on lease liabilities	1	—	1	1
Operating lease cost	1,513	1,414	4,453	4,345
Short-term lease cost	306	320	935	953
Variable lease cost	69	56	220	268
Total lease cost	$ 1,891	$ 1,796	$ 5,616	$ 5,592

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

Maturities of operating lease liabilities were as follows:

Future Minimum Lease Payments

(in thousands)	September 30, 2023		December 31, 2022
2023	$ 1,432	*	$ 5,177
2024	5,115		4,099
2025	4,094		3,294
2026	2,941		2,728
2027	1,882		1,780
Thereafter	1,747		1,743
Total minimum lease payments	$ 17,211		$ 18,821
Less imputed interest	(1,140)		(1,287)
Total operating lease liabilities	$ 16,071		$ 17,534

*Period ended September 30, 2023 represents the remaining three months of 2023.

Future Lease Commencements

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

Supplemental balance sheet information related to leases was as follows:

Operating Leases

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

Supplemental Cash Flow information related to leases was as follows:

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

8. Debt

The components of long-term debt are as follows:

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

As of September 30, 2023, $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 $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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Dividends declared	$ 0.22	$ 0.18	$ 0.66	$ 0.54
Dividends paid	$ 0.22	$ 0.18	$ 0.66	$ 0.54

On 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 October 31, 2023, to shareholders of record at the close of business on 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 September 30,		Nine Months Ended September 30,	
(In thousands, except per share)	2023	2022	2023	2022
Net Income	$ 34,915	$ 25,821	$ 104,638	$ 72,763
Average Common Shares:				
Basic (weighted-average outstanding shares)	11,928	11,883	11,916	11,875
Dilutive potential common shares from stock options	68	58	67	57
Diluted (weighted-average outstanding shares)	11,996	11,941	11,983	11,932
Basic earnings per share	$ 2.93	$ 2.18	$ 8.78	$ 6.13
Diluted earnings per share	$ 2.91	$ 2.16	$ 8.73	$ 6.10

11. Revenue and Segment Information

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.

Revenue by Product Type

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Net Sales				
Wholegoods	$ 326,843	$ 282,619	$1,010,281	$ 877,446
Parts	78,739	76,047	221,071	214,844
Other	14,062	10,127	40,757	34,722
Consolidated	$ 419,644	$ 368,793	$1,272,109	$1,127,012

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

Revenue by Geographical Location

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Net Sales				
United States	$ 295,021	$ 264,915	$ 898,914	$ 803,204
Canada	37,720	24,753	102,049	68,482
France	20,959	18,369	70,324	65,086
United Kingdom	19,277	17,613	61,266	52,682
Brazil	13,322	9,688	37,354	36,891
Netherlands	7,720	8,570	26,603	15,912
Australia	6,332	7,513	21,882	20,454
Germany	3,754	2,757	9,326	4,515
Other	15,539	14,615	44,391	59,786
Consolidated	$ 419,644	$ 368,793	$1,272,109	$1,127,012

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

Segment Information

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

(in thousands)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net Sales				
Vegetation Management	$ 246,902	$ 228,511	$ 764,683	$ 704,520
Industrial Equipment	172,742	140,282	507,426	422,492
Consolidated	$ 419,644	$ 368,793	$1,272,109	$ 1,127,012
Income from Operations				
Vegetation Management	$ 30,251	$ 27,130	$ 102,320	$ 78,261
Industrial Equipment	19,502	8,710	50,849	27,614
Consolidated	$ 49,753	$ 35,840	$ 153,169	$ 105,875

(in thousands)	September 30, 2023	December 31, 2022
Goodwill		
Vegetation Management	$ 127,684	$ 127,562
Industrial Equipment	68,179	68,296
Consolidated	$ 195,863	$ 195,858
Total Identifiable Assets		
Vegetation Management	$ 941,288	$ 866,974
Industrial Equipment	514,226	441,534
Consolidated	$ 1,455,514	$ 1,308,508

12. Accumulated Other Comprehensive Loss

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

	Three Months Ended September 30,							
	2023				**2022**			
(in thousands)	**Foreign Currency Translation Adjustment**	**Defined Benefit Plans Items**	**Gains (Losses) on Cash Flow Hedges**	**Total**	**Foreign Currency Translation Adjustment**	**Defined Benefit Plans Items**	**Gains (Losses) on Cash Flow Hedges**	**Total**
Balance as of beginning of period	$ (53,267)	$ (2,745)	$ 57	$ (55,955)	$ (60,552)	$ (4,606)	$ 1,321	$ (63,837)
Other comprehensive income (loss) before reclassifications	(12,718)	—	(97)	(12,815)	(24,921)	—	(373)	(25,294)
Amounts reclassified from accumulated other comprehensive (income) loss	—	282	61	343	—	206	395	601
Other comprehensive income (loss)	(12,718)	282	(36)	(12,472)	(24,921)	206	22	(24,693)
Balance as of end of period	$ (65,985)	$ (2,463)	$ 21	$ (68,427)	$ (85,473)	$ (4,400)	$ 1,343	$ (88,530)

	Nine Months Ended September 30,							
	2023				2022			
(in thousands)	Foreign Currency Translation Adjustment	Defined Benefit Plans Items	Gains (Losses) on Cash Flow Hedges	Total	Foreign Currency Translation Adjustment	Defined Benefit Plans Items	Gains (Losses) on Cash Flow Hedges	Total
Balance as of beginning of period	$ (65,429)	$ (3,310)	$ 471	$ (68,268)	$ (42,397)	$ (5,017)	$ (1,576)	$ (48,990)
Other comprehensive income (loss) before reclassifications	(556)	—	(1,037)	(1,593)	(43,076)	—	3,503	(39,573)
Amounts reclassified from accumulated other comprehensive (income) loss	—	847	587	1,434	—	617	(584)	33
Other comprehensive income (loss)	(556)	847	(450)	(159)	(43,076)	617	2,919	(39,540)
Balance as of end of period	$ (65,985)	$ (2,463)	$ 21	$ (68,427)	$ (85,473)	$ (4,400)	$ 1,343	$ (88,530)

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	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Vegetation Management	58.8 %	62.0 %	60.1 %	62.5 %
Industrial Equipment	41.2 %	38.0 %	39.9 %	37.5 %
Total sales, net	100.0 %	100.0 %	100.0 %	100.0 %

Cost Trends and Profit Margin, as Percentages of Net Sales	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Gross profit	27.2 %	25.0 %	27.1 %	24.7 %
Income from operations	11.9 %	9.7 %	12.0 %	9.4 %
Income before income taxes	10.4 %	9.1 %	10.6 %	8.5 %
Net income	8.3 %	7.0 %	8.2 %	6.5 %

Overview

This report contains forward-looking statements that are based on Alamo Group's current expectations. Actual results in future periods may differ materially from those expressed or implied because of a number of risks and uncertainties which are discussed below and in the Forward-Looking Information section. Unless the context otherwise requires, the terms the "Company", "we", "our" and "us" means Alamo Group Inc.

We experienced continued strong demand for our products during the first nine months of 2023 as was reflected in our top line growth. 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 efficiencies and margin expansion.

For the first nine months of 2023, the Company's net sales increased by 13%, and net income increased by 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. The year-over-year improvement in both 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 nine months of 2023 compared to the first 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 income from operations for the first nine months of 2023 was up 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 nine months of 2023 by 20% as compared to the first 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 the most. The Division's income from operations for the first nine months of 2023 was up 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 $153.2 million in the first nine months of 2023 compared to $105.9 million in the first nine months of 2022, an increase of 45%. The Company's backlog of $890.9 million at the end of the first nine months of 2023 was down slightly versus a backlog of $908.9 million at the end of the first 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 Form 10-K").

Results of Operations

Three Months Ended September 30, 2023 vs. Three Months Ended September 30, 2022

Net sales for the third quarter of 2023 were $419.6 million, an increase of $50.8 million or 14% compared to $368.8 million for the third quarter of 2022. Net sales during the third quarter of 2023 improved due to strong customer demand resulting in higher shipments of our products versus the 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 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.

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

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

Net Industrial Equipment sales were $172.7 million in the third quarter of 2023 compared to $140.3 million for the same period in 2022, an increase of $32.4 million or 23%. The increase was mainly due to solid results in all product lines, particularly vacuum trucks, sweeper, debris collectors and snow removal. This Division continued to be negatively impacted by supply chain disruptions, although improved from last quarter, and continued labor shortages.

Gross profit for the third quarter of 2023 was $114.1 million (27% of net sales) compared to $92.4 million (25% of net sales) during the same period in 2022, an increase of $21.7 million. The increase in gross profit during the third quarter of 2023 compared to the 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 third quarter of 2022.

Selling, general and administrative expenses (“SG&A”) were $60.6 million (14% of net sales) during the third quarter of 2023 compared to $52.7 million (14% of net sales) during the same period of 2022, an increase of $7.9 million. The increase in SG&A expense in the third quarter of 2023 compared to the third quarter of 2022 was attributable to higher marketing expenses related to sales promotions and commissions. Amortization expense in the third quarter of 2023 was $3.8 million compared to $3.8 million in the same period in 2022.

Interest expense was $6.7 million for the third quarter of 2023 compared to $3.7 million during the same period in 2022. The increase in interest expense in the third quarter of 2023 was mainly due to higher interest rates compared to the third quarter of 2022.

Other income (expense), net was $0.1 million of income for the third quarter of 2023 compared to $1.4 million of income during the same period in 2022. The income in the third quarter of 2022 was from changes in currency exchange rates.

Provision for income taxes was $8.6 million (20% of income before income tax) in the third quarter of 2023 compared to $7.8 million (23% of income before income tax) during the same period in 2022. The decrease in the tax rate for the third quarter of 2023 was a result of a return to provision adjustment largely driven by higher research and development and foreign tax credits.

The Company’s net income after tax was $34.9 million or $2.91 per share on a diluted basis for the third quarter of 2023 compared to $25.8 million or $2.16 per share on a diluted basis for the third quarter of 2022. The increase of $9.1 million resulted from the factors described above.

Nine Months Ended September 30, 2023 vs. Nine Months Ended September 30, 2022

Net sales for the first nine months of 2023 were $1,272.1 million, an increase of $145.1 million or 13% compared to $1,127.0 million for the first nine months of 2022. The increase in net sales was attributable to continued strong customer demand for our products in both the Vegetation Management and Industrial Equipment Divisions and improved pricing. Negatively affecting the first nine months of 2023 were ongoing disruptions in certain areas of our supply chain, although our supply chain moderately improved compared to previous quarters. Ongoing skilled labor shortages and negative currency translation effects also negatively impacted the first nine months results of 2023.

Net Vegetation Management sales increased during the first nine months by $60.2 million or 9% to $764.7 million for 2023 compared to $704.5 million during the same period in 2022. The increase was due to strong performance in all product lines particularly agricultural, forestry and tree care and governmental mowing equipment in both North America and Europe. Labor shortages and to a lesser extent currency translation effects negatively impacted net sales in this division during the first nine months of 2023.

Net Industrial Equipment sales were $507.4 million during the first nine months of 2023 compared to $422.5 million for the same period in 2022, an increase of $84.9 million or 20%. The increase in sales for the first nine months of 2023 compared to the first nine months of 2022 was mainly due to the continued solid results in vacuum trucks, sweeper, debris collectors and snow removal, with modest support from excavators. Net sales in the first nine months of 2023 were negatively affected by supply chain disruptions, although it improved from last few quarters, continued labor shortages and currency translation effects.

Gross profit for the first nine months of 2023 was $344.7 million (27% of net sales) compared to $278.7 million (25% of net sales) during the same period in 2022, an increase of $66.0 million. The increase in gross profit was mainly attributable to higher sales volume and positive pricing actions. Profitability in the first nine months of 2023 increased as supply chain conditions generally improved which led to higher efficiencies and better capacity utilization. This also led to a significantly higher gross margin percentage in the first nine months of 2023 compared to the first nine months of 2022.

SG&A expenses were $180.1 million (14% of net sales) during the first nine months of 2023 compared to $161.4 million (14% of net sales) during the same period of 2022, an increase of $18.7 million. The increase in SG&A expense in the first nine months of 2023 compared to the first nine months of 2022 was a result of higher marketing expenses related to commissions and sales promotions. Amortization expense in the first nine months of 2023 was $11.5 million compared to $11.5 million in the same period in 2022.

Interest expense was $19.5 million for the first nine months of 2023 compared to $9.6 million during the same period in 2022, an increase of $9.9 million. The increase in interest expense in the first nine months of 2023 was mainly due to higher interest rates compared to the first nine months of 2022.

Other income (expense), net was less than $0.1 million of income during the first nine months of 2023 compared to $0.5 million of expense in the first nine months of 2022. The income in 2023 was a result from a gain of approximately $1.7 million related to a sale of a manufacturing facility offset by changes in currency exchange rates. The expense in 2022 is primarily from an excise tax audit and to a lesser extent, changes in exchange rates.

Provision for income taxes was $30.2 million (22% of income before income taxes) in the first nine months of 2023 compared to $23.3 million (24% of income before income taxes) during the same period in 2022. The decrease in the tax rate for the first nine months of 2023 was a result of a return to provision adjustment largely driven by higher research and development and foreign tax credits.

The Company's net income after tax was $104.6 million or $8.73 per share on a diluted basis for the first nine months of 2023 compared to $72.8 million or $6.10 per share on a diluted basis for the first nine months of 2022. The increase of $31.8 million resulted from the factors described above.

Liquidity and Capital Resources

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

As of September 30, 2023, the Company had working capital of $654.0 million which represents an increase of $117.3 million from working capital of $536.7 million at December 31, 2022. The increase in working capital was primarily a result of volume-driven and inflation-driven increases in accounts receivable and, to a lesser extent, an increase in inventory to support the Company's high backlog levels.

Capital expenditures were $27.1 million for the first nine months of 2023, compared to $23.5 million during the first nine months of 2022. The Company expects to approve a normalized capital expenditure level of approximately $33.0 million to $37.0 million for the full year of 2023. The Company will fund any future expenditures from operating cash flows or through our revolving credit facility, described below.

Net cash provided by financing activities was $14.3 million and $87.2 million during the nine month periods ended September 30, 2023 and September 30, 2022, respectively. Lower net cash provided by financing activities for the first nine months of 2023 relates to reduced net borrowings on the Company's credit facility.

The Company had $109.9 million in cash and cash equivalents held by its foreign subsidiaries as of September 30, 2023. The majority of these funds are at our European and Canadian facilities. The Company will continue to repatriate European and Canadian cash and cash equivalents in excess of amounts needed to fund operating and investing activities in these locations, and will monitor exchange rates to determine the appropriate timing of such repatriation given the current relative value of the U.S. dollar. Repatriated funds will initially be used to reduce funded debt levels under the Company's current credit facility and subsequently used to fund working capital, capital investments and acquisitions company-wide.

On October 28, 2022, the Company, as Borrower, and each of its domestic subsidiaries as guarantors, entered into a Third Amended and Restated Credit Agreement (the “2022 Credit Agreement”) with Bank of America, N.A., as Administrative Agent. The 2022 Credit Agreement provides Borrower with the ability to request loans and other financial obligations in an aggregate amount of up to $655.0 million. Under the 2022 Credit Agreement, the Company has borrowed $255.0 million pursuant to a Term Facility, while up to $400.0 million is available to the Company pursuant to a Revolver Facility which terminates in five years. The Term Facility requires the Company to make equal quarterly principal payments of $3.75 million over the term of the loan, with the final payment of any outstanding principal amount, plus interest, due at the end of the five year term. Borrowings under the 2022 Credit Agreement bear interest, at the Company’s option, at a Term Secured Overnight Financing Rate (“SOFR”) or a Base Rate (each as defined in the 2022 Credit Agreement), plus, in each case, an applicable margin. The applicable margin ranges from 1.25% to 2.50% for Term SOFR borrowings and from .25% to 1.50% for Base Rate borrowings with the margin percentage based upon the Company's consolidated leverage ratio. The Company must also pay a commitment fee to the lenders ranging between 0.15% to 0.30% on any unused portion of the $400.0 million Revolver Facility. The 2022 Credit Agreement requires the Company to maintain two financial covenants, namely, a maximum consolidated leverage ratio and a minimum consolidated fixed charge coverage ratio. The Agreement also contains various covenants relating to limitations on indebtedness, limitations on investments and acquisitions, limitations on the sale of properties and limitations on liens and capital expenditures. The Agreement also contains other customary covenants, representations and events of defaults. The expiration date of the 2022 Credit Agreement, including the Term Facility and the Revolver Facility, is October 28, 2027. As of September 30, 2023, $325.0 million was outstanding under the 2022 Credit Agreement, $240.0 million on the Term Facility and $85.0 million on the Revolver Facility. On September 30, 2023, $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 $312.6 million in available borrowings. The Company is in compliance with the covenants under the Agreement as of September 30, 2023.

Management believes the 2022 Credit Agreement along with the Company’s ability to internally generate funds from operations should be sufficient to allow the Company to meet its cash requirements for the foreseeable future. However, future challenges affecting the banking industry and credit markets in general could potentially cause changes to credit availability, which creates a level of uncertainty.

Critical Accounting Estimates

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

Critical Accounting Policies

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the financial statements. Management believes that of the Company's significant accounting policies, which are set forth in Note 1 of the Notes to Consolidated Financial Statements in the 2022 Form 10-K, the policies relating to the business combinations involve a higher degree of judgment and complexity. There have been no material changes to the nature of estimates, assumptions and levels of subjectivity and judgment related to critical accounting estimates disclosed in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the 2022 Form 10-K.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements that have or are likely to have a current or future material effect on our financial condition.

Forward-Looking Information

Part I of this Quarterly Report on 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, in the future 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 unanticipated 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.

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 their products or services to the Company; seasonal factors in the Company’s industry; litigation; government actions including budget levels, regulations and legislation, primarily relating to the environment, commerce, infrastructure spending, health and safety; and availability of materials.

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 such risk factors on the Company’s businesses.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

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

Foreign Currency Risk

International Sales

A portion of the Company’s operations consists of manufacturing and sales activities in international jurisdictions. The Company primarily manufactures its products in the U.S., U.K., France, Canada, Brazil, and the Netherlands. The Company sells its products primarily in the functional currency within the markets where the products are produced, but certain sales from the Company's U.K. and Canadian operations are denominated in other foreign currencies. As a result, the Company’s financials, specifically the value of its foreign assets, could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the other markets in which the subsidiaries of the Company distribute their products.

Exposure to Exchange Rates

The Company translates the assets and liabilities of foreign-owned subsidiaries at rates in effect at the balance sheet date. Revenues and expenses are translated at average rates in effect during the reporting period. Translation adjustments are included in accumulated other comprehensive income within the statement of stockholders’ equity. The total foreign currency translation adjustment for the current quarter decreased stockholders’ equity by $12.7 million.

The Company’s earnings are affected by fluctuations in the value of the U.S. dollar as compared to foreign currencies, predominately in Europe and Canada, as a result of the sales of its products in international markets. Forward currency contracts are used to hedge against the earnings effects of such fluctuations. The result of a uniform 10% strengthening or 10% decrease in the value of the dollar relative to the currencies in which the Company’s sales are denominated would result in a change in gross profit of $9.6 million for the nine month period ended September 30, 2023. This calculation assumes that each exchange rate would change in the same direction relative to the U.S. dollar. In addition to the direct effects of changes in exchange rates, which include a changed dollar value of the resulting sales, changes in exchange rates may also affect the volume of sales or the foreign currency sales price as competitors’ products become more or less attractive. The Company’s sensitivity analysis of the effects of changes in foreign currency exchange rates does not factor in a potential change in sales levels or local currency prices.

Interest Rate Risk

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 third quarter 2023 average interest rate under these borrowings, the Company’s interest expense would have changed by approximately $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.

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 2023.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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 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.

Changes in internal control over financial reporting

There has been no change in our internal control over financial reporting that occurred during our last fiscal year that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For a description of legal proceedings, 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").

Item 1A. Risk Factors

There have not been any material changes from the risk factors previously disclosed in the 2022 Form 10-K for the year ended December 31, 2022.

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

The following table provides a summary of the Company's repurchase activity for its common stock during the three months ended September 30, 2023:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly announced Plans or Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs [(a)]
July 1-31, 2023	—	—	—	$25,861,222
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.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

(a) Reports on Form 8-K

None.

(b) Other Information

None.

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

Item 6. Exhibits

(a) Exhibits

Exhibits		Exhibit Title	Incorporated by Reference From the Following Documents
31.1	—	Certification by Jeffery A. Leonard under Section 302 of the Sarbanes-Oxley Act of 2002	Filed Herewith
31.2	—	Certification by Richard J. Wehrle under Section 302 of the Sarbanes-Oxley Act of 2002	Filed Herewith
32.1	—	Certification by Jeffery A. Leonard under Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
32.2	—	Certification by Richard J. Wehrle under Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
101.INS	—	XBRL Instance Document - the instance document does not appear in the Interactive Data Files because its XBRL tags are embedded within the Inline XBRL document	Filed Herewith
101.SCH	—	XBRL Taxonomy Extension Schema Document	Filed Herewith
101.CAL	—	XBRL Taxonomy Extension Calculation Linkbase Document	Filed Herewith
101.DEF	—	XBRL Taxonomy Extension Definition Linkbase Document	Filed Herewith
101.LAB	—	XBRL Taxonomy Extension Label Linkbase Document	Filed Herewith
101.PRE	—	XBRL Taxonomy Extension Presentation Linkbase Document	Filed Herewith
104	—	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Filed Herewith

SIGNATURES

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

November 2, 2023	Alamo Group Inc.
	(Registrant)
	/s/ Jeffery A. Leonard
	Jeffery A. Leonard
	President & Chief Executive Officer
	/s/ Richard J. Wehrle
	Richard J. Wehrle
	Executive Vice President & Chief Financial Officer
	(Principal Financial Officer)

Exhibit 31.1

I, Jeffery A. Leonard, certify that:

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;

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;

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:

    a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

/s/ Jeffery A. Leonard
Jeffery A. Leonard
President & Chief Executive Officer

Exhibit 31.2

I, Richard J. Wehrle, certify that:

1. I have reviewed this 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;

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;

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:

    a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

/s/ Richard J. Wehrle

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

Exhibit 32.1

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

In connection with the Quarterly Report of Alamo Group Inc. (the "Company") on Form 10-Q for the period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffery A. Leonard, President & Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

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
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.

Date: November 2, 2023

/s/ Jeffery A. Leonard
Jeffery A. Leonard
President & Chief Executive Officer

Exhibit 32.2

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

In connection with the Quarterly Report of Alamo Group Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard J. Wehrle, Executive Vice President & Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

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
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.

Date: November 2, 2023

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