

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2024

or

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

For the transition period from _____ to _____

Commission File Number: 001-11595



Astec Industries, Inc.

(Exact name of registrant as specified in its charter)

Tennessee

(State or other jurisdiction of incorporation or organization)

62-0873631

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

1725 Shepherd Road

Chattanooga, TN

(Address of principal executive offices)

37421

(Zip Code)

(423) 899-5898

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	ASTE	The Nasdaq Stock Market LLC

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

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

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

Large Accelerated Filer

Non-accelerated Filer

Accelerated Filer

Smaller Reporting Company

Emerging Growth Company

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

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

As of August 2, 2024, there were 22,800,581 shares of Common Stock outstanding.

ASTEC INDUSTRIES, INC.
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For the Quarter Ended June 30, 2024

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 63.2	\$ 63.2
Investments	5.2	5.7
Trade receivables, contract assets and other receivables, net of allowance for credit losses of \$5.5 and \$4.0, respectively	218.2	152.7
Inventories	455.3	455.6
Prepaid and refundable income taxes	12.5	14.6
Prepaid expenses and other assets	24.4	27.7
Total current assets	778.8	719.5
Property and equipment, net of accumulated depreciation of \$255.2 and \$248.1, respectively	186.9	187.6
Investments	17.2	13.8
Goodwill	25.6	46.3
Intangible assets, net of accumulated amortization of \$53.5 and \$51.3, respectively	13.7	16.4
Deferred income tax assets	43.3	37.5
Other long-term assets	41.5	38.2
Total assets	\$ 1,107.0	\$ 1,059.3
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ —	\$ 0.1
Short-term debt	13.2	11.0
Accounts payable	102.6	116.9
Customer deposits	89.1	70.2
Accrued product warranty	15.4	16.5
Accrued employee related liabilities	31.9	44.1
Accrued loss reserves	2.0	2.7
Other current liabilities	57.0	37.5
Total current liabilities	311.2	299.0
Long-term debt	125.0	72.0
Deferred income tax liabilities	1.6	1.1
Other long-term liabilities	35.9	33.5
Total liabilities	473.7	405.6
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Preferred stock – authorized 2,000,000 shares of \$1.00 par value; none issued	—	—
Common stock – authorized 40,000,000 shares of \$0.20 par value; issued and outstanding – 22,800,581 as of June 30, 2024 and 22,740,635 as of December 31, 2023	4.6	4.5
Additional paid-in capital	140.3	138.4
Accumulated other comprehensive loss	(43.7)	(38.1)
Company stock held by deferred compensation programs, at cost	(0.7)	(0.8)
Retained earnings	532.8	549.4
Shareholders' equity	633.3	653.4
Noncontrolling interest	—	0.3
Total equity	633.3	653.7
Total liabilities and equity	\$ 1,107.0	\$ 1,059.3

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net sales	\$ 345.5	\$ 350.0	\$ 654.7	\$ 697.9
Cost of sales	264.2	267.1	496.5	525.8
Gross profit	81.3	82.9	158.2	172.1
Selling, general and administrative expenses	71.1	64.5	142.5	132.4
Goodwill impairment	20.2	—	20.2	—
Restructuring, other impairment and asset charges, net	0.7	1.1	(0.1)	4.8
(Loss) income from operations	(10.7)	17.3	(4.4)	34.9
Other expenses, net:				
Interest expense	(3.1)	(2.0)	(5.8)	(4.0)
Interest income	0.4	0.5	1.0	1.0
Other (expenses) income, net	(0.3)	0.1	0.2	0.5
(Loss) income before income taxes	(13.7)	15.9	(9.0)	32.4
Income tax provision	0.3	2.7	1.7	7.1
Net (loss) income	(14.0)	13.2	(10.7)	25.3
Net (income) loss attributable to noncontrolling interest	—	(0.1)	0.1	(0.1)
Net (loss) income attributable to controlling interest	\$ (14.0)	\$ 13.1	\$ (10.6)	\$ 25.2
Per share data:				
(Loss) earnings per common share - Basic	\$ (0.61)	\$ 0.58	\$ (0.47)	\$ 1.11
(Loss) earnings per common share - Diluted	\$ (0.61)	\$ 0.58	\$ (0.47)	\$ 1.11
Weighted average shares outstanding - Basic	22,796,729	22,723,748	22,779,414	22,689,990
Weighted average shares outstanding - Diluted	22,796,729	22,769,447	22,779,414	22,772,232

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net (loss) income	\$ (14.0)	\$ 13.2	\$ (10.7)	\$ 25.3
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(1.4)	0.5	(5.8)	0.6
Other comprehensive (loss) income	(1.4)	0.5	(5.8)	0.6
Comprehensive (loss) income	(15.4)	13.7	(16.5)	25.9
Comprehensive loss (income) attributable to noncontrolling interest	0.2	(0.1)	0.3	(0.2)
Comprehensive (loss) income attributable to controlling interest	\$ (15.2)	\$ 13.6	\$ (16.2)	\$ 25.7

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

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

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net (loss) income	\$ (10.7)	\$ 25.3
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	13.1	12.5
Provision for credit losses	1.9	0.2
Provision for warranties	8.7	10.6
Deferred compensation (benefit) expense	(0.2)	0.1
Share-based compensation	2.3	2.2
Deferred tax benefit	(5.3)	(4.7)
Gain on disposition of property and equipment, net	(1.1)	(3.5)
Goodwill impairment	20.2	—
Other impairment charges	—	0.8
Amortization of debt issuance costs	0.2	0.2
Distributions to deferred compensation programs' participants	(0.5)	(0.4)
Change in operating assets and liabilities:		
Purchase of trading securities, net	(2.3)	(1.1)
Receivables and other contract assets	(68.6)	9.7
Inventories	(1.7)	(37.2)
Prepaid expenses	3.2	5.7
Other assets	(3.2)	(8.3)
Accounts payable	(12.8)	1.3
Accrued loss reserves	(0.1)	0.6
Accrued employee related liabilities	(12.0)	1.6
Other accrued liabilities	20.4	(7.4)
Accrued product warranty	(9.7)	(6.0)
Customer deposits	19.0	(11.4)
Income taxes payable/prepaid	3.1	6.7
Net cash used in operating activities	<u>(36.1)</u>	<u>(2.5)</u>
Cash flows from investing activities:		
Expenditures for property and equipment	(13.4)	(17.1)
Proceeds from sale of property and equipment	1.1	20.1
Purchase of investments	(0.7)	(0.5)
Sale of investments	0.4	0.1
Net cash (used in) provided by investing activities	<u>(12.6)</u>	<u>2.6</u>

(Continued)

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

	Six Months Ended June 30,	
	2024	2023
Cash flows from financing activities:		
Payment of dividends	(5.9)	(5.9)
Proceeds from borrowings on credit facilities and bank loans	107.2	113.6
Repayments of borrowings on credit facilities and bank loans	(51.4)	(128.1)
Sale of Company stock by deferred compensation programs, net	0.1	—
Withholding tax paid upon vesting of share-based compensation awards	(0.5)	(1.6)
Net cash provided by (used in) financing activities	<u>49.5</u>	<u>(22.0)</u>
Effect of exchange rates on cash	(0.8)	0.4
(Decrease) increase in cash, cash equivalents and restricted cash	—	(21.5)
Cash, cash equivalents and restricted cash, beginning of period	63.2	66.0
Cash, cash equivalents and restricted cash, end of period	<u>\$ 63.2</u>	<u>\$ 44.5</u>
Supplemental cash flow information:		
Cash paid during the year for:		
Interest, net of capitalized interest	<u>\$ 3.8</u>	<u>\$ 2.6</u>
Income taxes paid	<u>\$ 4.4</u>	<u>\$ 5.5</u>
Supplemental disclosures of non-cash items:		
Non-cash investing activities:		
Capital expenditures in accounts payable	<u>\$ 0.6</u>	<u>\$ 0.5</u>
Non-cash financing activities:		
Additions to right-of-use assets and lease liabilities	<u>\$ 1.9</u>	<u>\$ 0.2</u>

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

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

	Common Stock	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Company Shares Held by DCP	Retained Earnings	Noncontrolling Interest	Total Equity
Balance, December 31, 2023	22,740,635	\$ 4.5	\$ 138.4	\$ (38.1)	\$ (0.8)	\$ 549.4	\$ 0.3	\$ 653.7
Net income (loss)	—	—	—	—	—	3.4	(0.1)	3.3
Other comprehensive loss	—	—	—	(4.4)	—	—	—	(4.4)
Dividends (\$0.13 per share)	—	—	0.1	—	—	(3.0)	—	(2.9)
Share-based compensation	—	—	1.2	—	—	—	—	1.2
Issuance of common stock under incentive plan	24,328	—	—	—	—	—	—	—
Withholding tax paid upon equity award vesting	—	—	(0.4)	—	—	—	—	(0.4)
Balance, March 31, 2024	22,764,963	\$ 4.5	\$ 139.3	\$ (42.5)	\$ (0.8)	\$ 549.8	\$ 0.2	\$ 650.5
Net loss	—	—	—	—	—	(14.0)	—	(14.0)
Other comprehensive loss	—	—	—	(1.2)	—	—	(0.2)	(1.4)
Dividends (\$0.13 per share)	—	—	—	—	—	(3.0)	—	(3.0)
Share-based compensation	—	—	1.1	—	—	—	—	1.1
Issuance of common stock under incentive plan	35,618	0.1	—	—	—	—	—	0.1
Withholding tax paid upon equity award vesting	—	—	(0.1)	—	—	—	—	(0.1)
Deferred compensation programs' transactions, net	—	—	—	—	0.1	—	—	0.1
Balance, June 30, 2024	22,800,581	\$ 4.6	\$ 140.3	\$ (43.7)	\$ (0.7)	\$ 532.8	\$ —	\$ 633.3
	Common Stock	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Company Shares Held by DCP	Retained Earnings	Noncontrolling Interest	Total Equity
Balance, December 31, 2022	22,624,031	\$ 4.5	\$ 135.8	\$ (40.1)	\$ (1.1)	\$ 527.8	\$ —	\$ 626.9
Net income	—	—	—	—	—	12.1	—	12.1
Other comprehensive income	—	—	—	—	—	—	0.1	0.1
Dividends (\$0.13 per share)	—	—	—	—	—	(2.9)	—	(2.9)
Share-based compensation	—	—	0.8	—	—	—	—	0.8
Issuance of common stock under incentive plan	66,536	—	—	—	—	—	—	—
Withholding tax paid upon equity award vesting	—	—	(1.4)	—	—	—	—	(1.4)
Balance, March 31, 2023	22,690,567	\$ 4.5	\$ 135.2	\$ (40.1)	\$ (1.1)	\$ 537.0	\$ 0.1	\$ 635.6
Net income	—	—	—	—	—	13.1	0.1	13.2
Other comprehensive income	—	—	—	0.5	—	—	—	0.5
Dividends (\$0.13 per share)	—	—	—	—	—	(3.0)	—	(3.0)
Share-based compensation	—	—	1.4	—	—	—	—	1.4
Issuance of common stock under incentive plan	46,003	—	—	—	—	—	—	—
Withholding tax paid upon equity award vesting	—	—	(0.2)	—	—	—	—	(0.2)
Balance, June 30, 2023	22,736,570	\$ 4.5	\$ 136.4	\$ (39.6)	\$ (1.1)	\$ 547.1	\$ 0.2	\$ 647.5

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

ASTEC INDUSTRIES, INC.
Notes to Unaudited Consolidated Financial Statements

Note 1. Basis of Presentation and Significant Accounting Policies

Description of Business

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

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

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

Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Astec and its subsidiaries and have been prepared by the Company, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). The Company prepares its financial statements in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP"). Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the SEC rules and regulations governing interim financial statements. However, the Company believes that the disclosures made in the unaudited consolidated financial statements and related notes are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's [Annual Report on Form 10-K](#) for the year ended December 31, 2023. All intercompany balances and transactions between the Company and its affiliates have been eliminated in consolidation.

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

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

In the opinion of management, the consolidated financial statements contain all adjustments necessary for a fair statement of the results of operations and comprehensive (loss) income for the three and six months ended June 30, 2024 and 2023, the financial position as of June 30, 2024 and December 31, 2023 and the cash flows for the six months ended June 30, 2024 and 2023, and, except as otherwise discussed herein, such adjustments consist only of those of a normal recurring nature. The interim results are not necessarily indicative of results that may be achieved in a full reporting year.

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

Adjustments

During the first quarter of 2023, the Company identified immaterial errors associated with over-accruals of inventory-related expenses in its historical financial statements. The cumulative effect of the errors generated in 2021 and 2022 was corrected during the first quarter of 2023, resulting in a decrease in "Cost of sales" of \$1.9 million.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, "Segment Reporting (Topic 280): Improvement to Reportable Segment Disclosures," which requires entities to disclose significant segment expenses, other segment items, the title and position of the chief operating decision maker ("CODM") and information related to how the CODM assesses segment performance and allocates resources, among certain other required disclosures. Additionally, current annual disclosures will be required in interim periods. The new standard is effective, on a retrospective basis, for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact this ASU will have on its financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which requires entities to disclose specific categories in the income tax rate reconciliation and provide additional information for reconciling items that meet a specified quantitative threshold. In addition, the new standard requires disclosure of the amount of income taxes paid disaggregated by federal, state and foreign taxes and by jurisdiction for exceeding a specified quantitative threshold. Additionally, income or loss from continuing operations before income tax will be required to be disaggregated between domestic and foreign classifications and income tax expense will be required to be disaggregated between federal, state and foreign classifications. The new standard is effective for fiscal years beginning after December 15, 2024 on a prospective basis, with retrospective application permitted. The Company is currently evaluating the impact this ASU will have on its financial statement disclosures.

In March 2024, the SEC adopted the final rule under SEC Release No. 33-11275, "The Enhancement and Standardization of Climate-Related Disclosures for Investors," which will require registrants to disclose certain climate-related information in registration statements and annual reports. On April 4, 2024, the SEC voluntarily stayed the effective date of the final rule pending judicial review of petitions challenging it, which have been consolidated for review by the U.S. District Court of Appeals for the 8th Circuit. Notwithstanding any changes as a result of these challenges, the disclosure requirements will apply to the Company's fiscal year beginning January 1, 2025. The Company is currently evaluating the impact this final rule will have on its financial statement disclosures.

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

Note 2. Inventories

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

Inventories consist of the following:

(in millions)	June 30, 2024	December 31, 2023
Raw materials and parts	\$ 286.7	\$ 298.6
Work-in-process	94.5	87.1
Finished goods	72.4	68.3
Used equipment	1.7	1.6
Total	<u>\$ 455.3</u>	<u>\$ 455.6</u>

Note 3. Fair Value Measurements

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

subsidiaries also occasionally enter into foreign currency exchange contracts to mitigate exposure to fluctuations in currency exchange rates.

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

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

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - Unadjusted quoted prices in active markets for similar assets or liabilities; or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable for the asset or liability.
- Level 3 - Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

As indicated in the tables below, the Company has determined that all of its financial assets and liabilities as of June 30, 2024 and December 31, 2023 are Level 1 and Level 2 in the fair value hierarchy defined above:

(in millions)	June 30, 2024		
	Level 1	Level 2	Total
Financial assets:			
Trading equity securities:			
Deferred compensation programs' mutual funds	\$ 4.9	\$ —	\$ 4.9
Preferred stocks	0.3	—	0.3
Equity funds	0.5	—	0.5
Trading debt securities:			
Corporate bonds	3.6	—	3.6
Agency bonds	—	2.5	2.5
U.S. government securities	2.9	—	2.9
Asset-backed securities	—	5.5	5.5
Exchange traded funds	1.2	—	1.2
Mortgage backed securities	—	0.4	0.4
Other	0.2	0.4	0.6
Total financial assets	\$ 13.6	\$ 8.8	\$ 22.4
Financial liabilities:			
Deferred compensation programs' liabilities	\$ —	\$ 6.0	\$ 6.0
Total financial liabilities	\$ —	\$ 6.0	\$ 6.0

(in millions)	December 31, 2023		
	Level 1	Level 2	Total
Financial assets:			
Trading equity securities:			
Deferred compensation programs' mutual funds	\$ 4.2	\$ —	\$ 4.2
Preferred stocks	0.3	—	0.3
Equity funds	0.7	—	0.7
Trading debt securities:			
Corporate bonds	3.4	—	3.4
Agency bonds	—	2.5	2.5
U.S. government securities	1.9	—	1.9
Asset-backed securities	—	4.0	4.0
Exchange traded funds	1.3	—	1.3
Mortgage backed securities	—	0.5	0.5
Other	0.2	0.5	0.7
Total financial assets	\$ 12.0	\$ 7.5	\$ 19.5
Financial liabilities:			
Derivative financial instruments	\$ —	\$ 0.1	\$ 0.1
Deferred compensation programs' liabilities	—	5.5	5.5
Total financial liabilities	\$ —	\$ 5.6	\$ 5.6

Note 4. Goodwill

During the second quarter of 2024, the Company identified that indicators of goodwill impairment were present due to current macroeconomic conditions, including declines in the Company's publicly quoted share price and increased interest rates, as well as lower than expected operating results. These factors indicated that one or more of the Company's reporting units may have fallen below their carrying amounts. A qualitative assessment on all reporting units was performed and the Company concluded that a further quantitative analysis was required for the Materials Solutions reporting unit.

The Company determined the fair value of the Materials Solutions reporting unit using an equally weighted combination of the discounted cash flow method, a form of the income approach, and the guideline public company method, a form of the market approach. The significant assumptions used under the discounted cash flow method are projected net sales, projected earnings before interest, tax, depreciation and amortization ("EBITDA"), terminal growth rates, and the cost of capital. Projected net sales, projected EBITDA and terminal growth rates were determined to be significant assumptions because they are primary drivers of the projected cash flows in the discounted cash flow fair value model. Cost of capital was also determined to be a significant assumption as it is the discount rate used to calculate the current fair value of those projected cash flows. The Company calculates the discount rate based on a market-participant, risk-adjusted weighted average cost of capital, which considers industry specific rates of return on debt and equity capital for a target industry capital structure, adjusted for risks associated with business size, geography and other factors specific to the reporting unit. A change in the discount rate, as a result of a change in economic conditions or otherwise, could result in the carrying value of the reporting unit exceeding its fair value. For the guideline public company method, significant assumptions relate to the selection of appropriate guideline companies and related valuation multiples used in the market analysis.

Based on the quantitative impairment test, the Company determined that the carrying value of the Materials Solutions reporting unit exceeded its fair value as of June 30, 2024. As a result, the Company recognized a pre-tax non-cash goodwill impairment charge of \$20.2 million in "Goodwill impairment" in the Consolidated Statements of Operations to fully impair the goodwill allocated to the Materials Solutions reporting unit.

Note 5. Product Warranty Reserves

The Company warrants its products against manufacturing defects and performance to specified standards. The warranty period and performance standards vary by market and uses of its products, but generally range from three months to two years or up to a specified number of hours of operation. The Company estimates the costs that may be incurred under its warranties and

records a liability at the time product sales are recorded. The product warranty liability is primarily based on historical claim rates, nature of claims and the associated cost.

Changes in the Company's product warranty liability for the three and six month periods ended June 30, 2024 and 2023 are as follows:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Reserve balance, beginning of the period	\$ 16.2	\$ 12.4	\$ 16.5	\$ 11.9
Warranty liabilities accrued	4.5	6.7	8.7	10.6
Warranty liabilities settled	(5.2)	(2.6)	(9.7)	(6.0)
Other	(0.1)	—	(0.1)	—
Reserve balance, end of the period	\$ 15.4	\$ 16.5	\$ 15.4	\$ 16.5

Note 6. Accrued Loss Reserves

The Company records reserves for losses related to known workers' compensation and general liability claims that have been incurred but not yet paid or are estimated to have been incurred but not yet reported to the Company. The undiscounted reserves are actuarially determined based on the Company's evaluation of the type and severity of individual claims and historical information, primarily its own claims experience, along with assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause these estimates to change in the future. Total accrued loss reserves were \$7.1 million and \$7.2 million as of June 30, 2024 and December 31, 2023, respectively, of which \$5.1 million and \$4.5 million were included in "Other long-term liabilities" in the Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023, respectively.

Note 7. Income Taxes

For the three months ended June 30, 2024, the Company recorded an income tax provision of \$0.3 million, reflecting a (2.2)% effective tax rate, compared to \$2.7 million for the three months ended June 30, 2023, reflecting a 17.0% effective tax rate. The income tax expense for the three months ended June 30, 2024 was lower compared to the same period in 2023 primarily due to lower pretax book income and changes in the relative weighting of jurisdictional income and loss, partially offset by a net nondeductible goodwill impairment.

For the six months ended June 30, 2024, the Company recorded an income tax provision of \$1.7 million, reflecting a (18.9)% effective tax rate, compared to \$7.1 million for the six months ended June 30, 2023, reflecting a 21.9% effective tax rate. The income tax expense for the six months ended June 30, 2024 was lower compared to the same period in 2023, primarily due to lower pretax book income and changes in the relative weighting of jurisdictional income and loss, partially offset by a net nondeductible goodwill impairment.

The Company's recorded liability for uncertain tax positions was \$13.4 million and \$13.0 million as of June 30, 2024 and December 31, 2023, respectively. The increase is the result of \$0.4 million of incremental reserves associated with a research and development credit generated during 2024. The Company does not anticipate a significant change in unrecognized tax benefits due to the expiration of relevant statutes of limitations and federal, state, and foreign tax audit resolutions over the next twelve months.

The Company regularly assesses the likelihood of an adverse outcome resulting from examinations to determine the adequacy of its tax reserves. The Company is currently under audit by the U.S. Internal Revenue Service for the federal income tax return from the 2018 tax year as well as various other state income tax and jurisdictional audits. As of June 30, 2024, the Company believes that it is more likely than not that the tax positions it has taken will be sustained upon the resolution of its audits, resulting in no material impact on its consolidated financial position, results of operations and cash flows. However, the final determination with respect to any tax audits, and any related litigation, could be materially different from the Company's estimates and/or from its historical income tax provisions and accruals and could have a material effect on operating results and/or cash flows in the periods for which that determination is made. In addition, future period earnings may be adversely impacted by litigation costs, settlements, penalties and/or interest assessments.

Note 8. Commitments and Contingencies

Certain customers have financed purchases of Company products through arrangements with third-party financing institutions. Under these arrangements, the Company is contingently liable for customer debt of \$0.9 million and \$1.1 million as of June 30, 2024 and December 31, 2023, respectively. These arrangements expire at various dates through September 2026. Additionally, the Company is also contingently liable for 1.75% of the unpaid balance, determined as of December 31 of the prior year (or approximately \$0.1 million for 2024), on certain past customer equipment purchases that were financed by an outside finance

company. The agreements provide that the Company will receive the lender's full security interest in the financed equipment if the Company is required to fulfill its contingent liability under these arrangements. The Company has recorded a liability of \$0.4 million and \$0.6 million related to these guarantees, which were included in "Other current liabilities" in the Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023, respectively.

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

In addition, the Company is contingently liable under letters of credit issued under its \$250.0 million revolving credit facility (the "Credit Facility"), which outstanding letters of credit totaled \$9.8 million as of June 30, 2024. The outstanding letters of credit expire at various dates through April 2025. Unused letters of credit under the Credit Facility are \$20.2 million as of June 30, 2024. The Company is additionally contingently liable for a total of \$5.1 million in performance letters of credit and retention guarantees primarily held by its foreign subsidiaries, of which \$3.3 million are secured by separate credit facilities with various financial institutions as of June 30, 2024. As of June 30, 2024, there were \$13.1 million of unused letters of credit under such separate credit facilities.

The Company and certain of its former executive officers were named as defendants in a putative shareholder class action lawsuit filed on February 1, 2019, as amended on August 26, 2019, in the United States District Court for the Eastern District of Tennessee. The action is styled City of Taylor General Employees Retirement System v. Astec Industries, Inc., et al., Case No. 1:19-cv-24-CEA-CHS. The complaint generally alleges that the defendants violated the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 promulgated thereunder by making allegedly false and misleading statements and that the individual defendants were control persons under Section 20(a) of the Exchange Act. The complaint was filed on behalf of shareholders who purchased stock of the Company between July 26, 2016 and October 22, 2018 and sought monetary damages on behalf of the purported class. On March 22, 2024, the parties notified the court that they reached an agreement in principle to resolve this action for \$13.7 million. On May 16, 2024, the court entered an order preliminarily approving the settlement and establishing notice procedures and set a final settlement approval hearing for September 5, 2024. The Company's insurance carriers will fund the entire \$13.7 million settlement amount. In connection with the pending settlement, management recorded a liability of \$13.7 million in "Other current liabilities" and a corresponding \$13.7 million receivable from the Company's insurance carriers in "Trade receivables, contract assets and other receivables, net" during the first quarter of 2024.

The Company's GEFCO, Inc. ("GEFCO") subsidiary has been named a defendant in a lawsuit originally filed on August 16, 2018, with an amended complaint filed on January 25, 2019, in the United States District Court for the Western District of Oklahoma. The action is styled VenVer S.A. and Americas Coil Tubing LLP v. GEFCO, Inc., Case No. CIV-18-790-SLP. The complaint alleges breaches of warranty and other similar claims regarding equipment sold by GEFCO in 2013. In addition to seeking a rescission of the purchase contract, the plaintiff is seeking various relief including special and consequential damages. The original purchase price of the equipment was approximately \$8.5 million. On July 7, 2020, the plaintiffs filed a separate lawsuit directly against Astec Industries, Inc. that generally mirrored the allegations in the GEFCO suit. In January 2023, the court allowed Astec Industries, Inc. to be added as a defendant to the GEFCO suit and, as a result, the separate suit against Astec Industries, Inc. was dismissed. The Company and GEFCO each dispute the plaintiffs' allegations and are vigorously defending the suit. On March 14, 2024, VenVer filed a motion to set a trial date, which is pending with the court. The Company is unable to determine whether or not a future loss will be incurred due to this litigation or estimate the possible loss or range of loss, if any, at this time.

On October 5, 2023, a jury in the 355th Judicial District Court, Hood County, State of Texas, rendered a verdict against the Company's Telsmith, Inc. subsidiary in the matter styled 37 Building Products, Ltd. ("37 BP") v. Telsmith, Inc. ("Telsmith"), et al. originally filed on January 28, 2019, with additional defendants later added. All other defendants settled prior to trial except Telsmith. 37 BP alleged breaches of warranty and negligent misrepresentation regarding equipment manufactured by Telsmith and purchased by 37 BP in 2017 through one of the Company's dealers. On December 19, 2023, a judgment was issued in the amount of \$7.9 million (the "Judgment") which takes into account credit for settlement amounts of all other defendants in this case. Based on the jury verdict, management recorded a loss contingency of \$6.4 million in "Selling, general and administrative expenses" in the Consolidated Statements of Operations and "Other current liabilities" in the Consolidated Balance Sheets during the third quarter of 2023 representing management's best estimate of the loss at that time. During the fourth quarter of 2023, the loss contingency was increased \$1.5 million based on the Judgment to a total of \$7.9 million for the year ended December 31, 2023. Telsmith filed a Motion for Judgment Notwithstanding the Verdict that the court denied on December 19, 2023. Telsmith filed a Motion for New Trial and Motion for Remittitur on January 18, 2024. The court denied Telsmith's motion for a new trial on February 9, 2024. On March 13, 2024, Telsmith filed a notice of appeal with the Texas Court of Appeals to appeal the Judgment by the district court. As of June 30, 2024, \$8.2 million was the total loss contingency recorded inclusive of post-judgment interest which will continue to be incurred until the appeals process reaches a resolution.

In addition to the matters noted above, the Company is currently a party, and may become a party, to various other claims and legal proceedings in the ordinary course of business. If management believes that a loss arising from any claims and legal proceedings is probable and can reasonably be estimated, the Company records the amount of the loss (excluding estimated legal fees) or, when the loss is estimated using a range and no point within the range is more probable than another, the

minimum estimated liability. As management becomes aware of additional information concerning such contingencies, any potential liability related to these matters is assessed and the estimates are revised, if necessary. If management believes that a loss arising from such claims and legal proceedings is either (i) probable but cannot be reasonably estimated or (ii) reasonably estimable but not probable, the Company does not record the amount of the loss but does make specific disclosure of such matter.

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

Note 9. Revenue Recognition

The following tables disaggregate the Company's revenue by major source for the three and six-month periods ended June 30, 2024 and 2023 (excluding intercompany sales):

(in millions)	Three Months Ended June 30, 2024				Three Months Ended June 30, 2023			
	Infrastructure Solutions	Materials Solutions	Corporate and Other	Total	Infrastructure Solutions	Materials Solutions	Corporate and Other	Total
Net Sales-Domestic:								
Equipment sales	\$ 148.9	\$ 44.7	\$ —	\$ 193.6	\$ 113.7	\$ 75.4	\$ —	\$ 189.1
Parts and component sales	47.2	20.4	—	67.6	50.3	22.3	—	72.6
Service and equipment installation revenue	5.2	0.2	—	5.4	18.0	0.2	—	18.2
Used equipment sales	0.1	—	—	0.1	1.7	—	—	1.7
Freight revenue	5.3	1.7	—	7.0	5.3	2.4	—	7.7
Other	0.5	(2.1)	—	(1.6)	0.2	(2.9)	(0.2)	(2.9)
Total domestic revenue	207.2	64.9	—	272.1	189.2	97.4	(0.2)	286.4
Net Sales-International:								
Equipment sales	9.6	38.5	—	48.1	6.2	33.2	—	39.4
Parts and component sales	4.1	17.0	—	21.1	3.5	16.0	—	19.5
Service and equipment installation revenue	0.2	2.8	—	3.0	0.3	2.5	—	2.8
Used equipment sales	—	—	—	—	—	0.6	—	0.6
Freight revenue	0.3	0.9	—	1.2	0.2	1.1	—	1.3
Other	—	—	—	—	—	—	—	—
Total international revenue	14.2	59.2	—	73.4	10.2	53.4	—	63.6
Total net sales	\$ 221.4	\$ 124.1	\$ —	\$ 345.5	\$ 199.4	\$ 150.8	\$ (0.2)	\$ 350.0

(in millions)	Six Months Ended June 30, 2024				Six Months Ended June 30, 2023			
	Infrastructure Solutions	Materials Solutions	Corporate and Other	Total	Infrastructure Solutions	Materials Solutions	Corporate and Other	Total
Net Sales-Domestic:								
Equipment sales	\$ 249.3	\$ 81.3	\$ —	\$ 330.6	\$ 221.9	\$ 143.1	\$ —	\$ 365.0
Parts and component sales	118.0	39.9	—	157.9	109.7	43.6	—	153.3
Service and equipment installation revenue	13.4	0.3	—	13.7	34.5	0.4	—	34.9
Used equipment sales	0.1	—	—	0.1	2.6	—	—	2.6
Freight revenue	11.0	3.6	—	14.6	12.2	4.5	—	16.7
Other	1.3	(2.9)	—	(1.6)	0.3	(5.1)	—	(4.8)
Total domestic revenue	393.1	122.2	—	515.3	381.2	186.5	—	567.7
Net Sales-International:								
Equipment sales	17.9	68.7	—	86.6	21.5	57.5	—	79.0
Parts and component sales	11.7	33.4	—	45.1	10.7	31.7	—	42.4
Service and equipment installation revenue	0.4	5.4	—	5.8	0.8	4.1	—	4.9
Used equipment sales	—	—	—	—	—	1.4	—	1.4
Freight revenue	0.5	1.4	—	1.9	0.6	1.8	—	2.4
Other	—	—	—	—	0.1	—	—	0.1
Total international revenue	30.5	108.9	—	139.4	33.7	96.5	—	130.2
Total net sales	\$ 423.6	\$ 231.1	\$ —	\$ 654.7	\$ 414.9	\$ 283.0	\$ —	\$ 697.9

Sales into major geographic regions were as follows:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
United States	\$ 272.1	\$ 286.4	\$ 515.3	\$ 567.7
Canada	22.7	13.5	41.6	35.3
Africa	12.2	9.9	21.2	18.0
Australia	10.0	14.1	19.3	23.8
Europe	7.7	5.5	16.7	16.5
Mexico	6.6	2.0	10.9	2.8
Brazil	5.8	9.3	11.4	13.8
Asia	3.9	2.8	7.6	3.7
South America (Excluding Brazil)	3.2	3.7	8.2	9.3
Central America (Excluding Mexico)	0.7	1.0	1.4	3.1
Other	0.6	1.8	1.1	3.9
Total foreign	73.4	63.6	139.4	130.2
Total net sales	\$ 345.5	\$ 350.0	\$ 654.7	\$ 697.9

As of June 30, 2024, the Company had contract assets of \$4.1 million and contract liabilities, excluding customer deposits, of \$6.8 million, including \$0.9 million of deferred revenue related to extended warranties. As of December 31, 2023, the Company had contract assets of \$3.7 million and contract liabilities, excluding customer deposits, of \$5.6 million, including \$0.8 million of deferred revenue related to extended warranties.

Note 10. Segment Information

The Company has two reportable segments, each of which comprise sites based upon the nature of the products or services produced, the type of customer for the products, the similarity of economic characteristics, the manner in which management reviews results and the nature of the production process, among other considerations. Based on a review of these factors, the Company's Australia and Latin America ("LatAm") sites and Astec Digital have changed reportable segments beginning January 1, 2024. The Australia and LatAm sites were previously reported in the Infrastructure Solutions segment and have moved to the Materials Solutions segment. Astec Digital was previously included in the Corporate and Other category has moved to the Infrastructure Solutions segment.

Segment Operating Adjusted EBITDA is the measure of segment profit or loss used by the Company's Chief Executive Officer ("CEO"), who is considered to be the CODM, to evaluate performance and allocate resources to the operating segments. Segment Operating Adjusted EBITDA is defined as net income or loss before the impact of interest income or expense, income taxes, depreciation and amortization and certain other adjustments that are not considered by the CODM in the evaluation of ongoing operating performance. The Company's presentation of Segment Operating Adjusted EBITDA may not be comparable to similar measures used by other companies and is not necessarily indicative of the results of operations that would have occurred had each reportable segment been an independent, stand-alone entity during the periods presented. Beginning January 1, 2024, the Company's presentation of Segment Operating Adjusted EBITDA has been modified to exclude the net income or loss attributable to the noncontrolling interest and include intersegment profit.

Prior periods have been revised to reflect the changes for both the segment composition and the segment profit or loss metric calculation for comparability.

A brief description of each segment is as follows:

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

Materials Solutions – Sites within the Materials Solutions segment design and manufacture heavy processing equipment, in addition to servicing and supplying parts for the aggregate, metallic mining, recycling, ports and bulk handling markets. The sites

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

Corporate and Other – The Corporate and Other category consists primarily of the parent company and the captive which do not meet the requirements for separate disclosure as an operating segment or inclusion in one of the reporting segments. The parent company and the captive insurance company provide support and corporate oversight for other sites.

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

The Company has revised its presentation for the prior periods below to remove the presentation of Corporate and Other in conjunction with the reportable segment results and reconcile the total of the reportable segments' revenues from external customers and measure of profit or loss to "Net sales" and "(Loss) income before income taxes", respectively, whereby Corporate and Other costs, net of eliminations, have been removed from total reportable segments' revenues from external customers and Segment Operating Adjusted EBITDA and included in the reconciliations to "Net sales" and "(Loss) income before income taxes", respectively.

Segment information for the Company's reportable segments and related reconciliations are set forth below:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues from external customers				
Infrastructure Solutions	\$ 221.4	\$ 199.4	\$ 423.6	\$ 414.9
Materials Solutions	124.1	150.8	231.1	283.0
Revenues from external customers - reportable segments	345.5	350.2	654.7	697.9
Corporate and Other	—	(0.2)	—	—
Net sales	\$ 345.5	\$ 350.0	\$ 654.7	\$ 697.9
Intersegment revenues				
Infrastructure Solutions	\$ 8.9	\$ 10.1	\$ 15.7	\$ 16.7
Materials Solutions	0.9	0.3	1.4	0.7
Intersegment revenues	\$ 9.8	\$ 10.4	\$ 17.1	\$ 17.4
Segment Operating Adjusted EBITDA				
Infrastructure Solutions	\$ 27.2	\$ 25.7	\$ 52.8	\$ 54.2
Materials Solutions	10.2	18.3	15.5	32.9
Segment Operating Adjusted EBITDA - reportable segments	37.4	44.0	68.3	87.1
Reconciliation of Segment Operating Adjusted EBITDA to " (Loss) income before income taxes"				
Corporate and Other	(9.8)	(11.8)	(21.8)	(19.7)
Transformation program	(11.1)	(7.6)	(17.4)	(14.8)
Restructuring and other related charges	(0.9)	(0.4)	(1.0)	(7.5)
Goodwill impairment	(20.2)	—	(20.2)	—
Other impairment charges	—	(0.8)	—	(0.8)
Gain on sale of property and equipment, net	0.2	0.1	1.1	3.5
Interest expense, net	(2.7)	(1.5)	(4.8)	(3.0)
Depreciation and amortization	(6.6)	(6.2)	(13.1)	(12.5)
Net income (loss) attributable to noncontrolling interest	—	0.1	(0.1)	0.1
(Loss) income before income taxes	\$ (13.7)	\$ 15.9	\$ (9.0)	\$ 32.4

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

The Company's strategic transformation program includes the ongoing multi-year phased implementation of a standardized enterprise resource planning ("ERP"), which is replacing much of the existing disparate core financial systems. The upgraded ERP will initially convert internal operations, manufacturing, finance, human capital resources management and customer relationship systems to cloud-based platforms. An implementation of this scale is a major financial undertaking and requires substantial time and attention of management and key employees.

In addition, a lean manufacturing initiative at one of the Company's largest sites was largely completed during 2023 with certain capital investments finalized in early 2024.

Capitalized implementation costs associated with the ERP implementation totaled \$33.8 million, of which \$3.8 million and \$30.0 million were included in "Prepaid expenses and other assets" and "Other long-term assets," respectively, in the Consolidated Balance Sheets as of June 30, 2024. Capitalized implementation costs totaled \$30.6 million, of which \$3.3 million and \$27.3 million were included in "Prepaid expenses and other assets" and "Other long-term assets," respectively, in the Consolidated Balance Sheets as of December 31, 2023.

Costs associated with these strategic transformation programs are presented below:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Strategic transformation programs				
Selling, general and administrative expenses	\$ 11.0	\$ 7.7	\$ 17.4	\$ 14.9
Cost of sales	0.2	0.1	0.3	0.1
Total costs related to strategic transformation initiatives	\$ 11.2	\$ 7.8	\$ 17.7	\$ 15.0
Amortization of capitalized implementation costs ^(a)	\$ 1.0	\$ 0.4	\$ 1.7	\$ 0.5

^(a) Amortization of capitalized implementation costs is recorded in "Selling, general and administrative expenses" in the Consolidated Statement of Operations.

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

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

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Restructuring charges:				
Workforce reductions	\$ 0.9	\$ —	\$ 0.9	\$ —
Costs associated with leadership change and overhead restructuring	—	0.3	—	7.3
Costs associated with exited operations – Enid	—	0.1	0.1	0.2
Total restructuring related charges	0.9	0.4	1.0	7.5
Asset impairment charges:				
Other impairment charges	—	0.8	—	0.8
Total asset impairment charges	—	0.8	—	0.8
Gain on sale of property and equipment, net:				
Gain on sale of property and equipment, net	(0.2)	(0.1)	(1.1)	(3.5)
Total gain on sale of property and equipment, net	(0.2)	(0.1)	(1.1)	(3.5)
Restructuring, other impairment and asset charges, net	\$ 0.7	\$ 1.1	\$ (0.1)	\$ 4.8

Restructuring charges by segment are as follows:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Infrastructure Solutions	\$ 0.4	\$ —	\$ 0.5	\$ 1.0
Materials Solutions	0.3	0.1	0.3	0.1
Corporate and Other	0.2	0.3	0.2	6.4
Total restructuring related charges	\$ 0.9	\$ 0.4	\$ 1.0	\$ 7.5

Asset impairment charges by segment are as follows:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Corporate and Other	\$ —	\$ 0.8	\$ —	\$ 0.8
Total asset impairment charges	\$ —	\$ 0.8	\$ —	\$ 0.8

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

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Infrastructure Solutions	\$ (0.2)	\$ —	\$ (0.3)	\$ (3.4)
Materials Solutions	—	—	(0.8)	—
Corporate and Other	—	(0.1)	—	(0.1)
Total gain on sale of property and equipment, net	\$ (0.2)	\$ (0.1)	\$ (1.1)	\$ (3.5)

In January 2021, the Company announced plans to close the Tacoma, Washington facility in order to simplify and consolidate operations within the Infrastructure Solutions segment. The sale of the Tacoma facility's land, building and certain equipment assets was completed in the first quarter of 2023 for \$19.9 million. The Company recorded a gain on the sale of \$3.4 million, which was recorded in "Restructuring, other impairment and asset charges, net" in the Consolidated Statements of Operations.

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

Management continually reviews the Company's organizational structure and operations to ensure they are optimized and aligned with achieving near-term and long-term operational and profitability targets. In connection with this review, the Company effected workforce reductions during the second quarter of 2024, whereby charges of \$0.9 million were incurred during the three months ended June 30, 2024 and recorded in "Restructuring, other impairment and asset charges, net" in the Consolidated Statements of Operations. In February 2023, the Company implemented a limited restructuring plan to right-size and reduce the fixed cost structure of certain overhead departments. Charges of \$0.3 million and \$5.5 million for employee termination costs, including equity award modifications, were incurred in three and six months ended June 30, 2023, respectively, and recorded in "Restructuring, other impairment and asset charges, net" in the Consolidated Statements of Operations. The related recovery of \$0.2 million and \$1.0 million of incurred share-based compensation expense was recorded in "Selling, general and administrative expenses" in the Consolidated Statements of Operations during the three and six months ended June 30, 2023, respectively.

Asset impairment charges of \$0.8 million were incurred related to abandoned in-process internally developed software that was determined to be impaired during the second quarter of 2023.

Note 12. (Loss) Earnings Per Common Share

Basic (loss) earnings per common share is determined by dividing "Net (loss) income attributable to controlling interest" by the weighted average number of common shares outstanding during the reporting period. Diluted (loss) earnings per common share includes the dilutive effect of common stock equivalents, consisting of restricted stock units, performance stock units and stock held in the Company's deferred compensation programs, using the treasury stock method. Potential common shares that have an antidilutive effect (i.e. those that increase income per share or decrease loss per share) are excluded from the calculation of diluted earnings per share. Performance stock units, which are considered contingently issuable, are considered dilutive when the related performance criterion has been met.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Denominator:				
Denominator for basic earnings per common share	22,796,729	22,723,748	22,779,414	22,689,990
Effect of dilutive securities	—	45,699	—	82,242
Denominator for diluted earnings per common share	<u>22,796,729</u>	<u>22,769,447</u>	<u>22,779,414</u>	<u>22,772,232</u>
Antidilutive securities excluded from the calculation of diluted earnings per share	93,306	67,074	90,076	49,840

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

The financial condition, results of operations and cash flows discussed in this Management's Discussion and Analysis of Financial Condition and Results of Operations are those of Astec Industries, Inc. and its consolidated subsidiaries, collectively, the "Company," "Astec," "we," "our" or "us." The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and related notes included in our [Annual Report on Form 10-K](#) for the year ended December 31, 2023. The financial position, results of operations, cash flows and other information included herein are not necessarily indicative of the financial position, results of operations and cash flows that may be expected in future periods.

Forward-Looking Statements

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

These forward-looking statements are based largely on management's expectations, which are subject to a number of known and unknown risks, uncertainties and other factors described under the caption "Item 1A. Risk Factors" in Part II of this Report, elsewhere herein and in other documents filed by the Company with the Securities and Exchange Commission, including "Part I, Item 1A. Risk Factors" of the Company's [Annual Report on Form 10-K](#) for the year ended December 31, 2023, which may cause actual results, financial or otherwise, to be materially different from those anticipated, expressed or implied by the forward-looking statements. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements to reflect future events or circumstances, except as required by law.

Executive Summary

Highlights of our financial results for the three months ended June 30, 2024 as compared to the same period of the prior year include the following:

- Net sales were \$345.5 million, a decrease of 1.3%
- Gross profit was \$81.3 million, a decrease of 1.9%
- Results include a pre-tax non-cash goodwill impairment charge of \$20.2 million
- Income from operations decreased \$28.0 million to a loss of \$10.7 million
- Net income attributable to Astec decreased \$27.1 million to a loss of \$14.0 million
- Diluted loss per share was \$0.61, a decrease of 205.2%
- Backlog was \$531.1 million, a decrease of 22.9%

Business Conditions and Trends

Strategic Transformation – We are undergoing a multi-year phased implementation of a standardized ERP system across our global organization, which is replacing much of our existing disparate core financial systems. To date, we have launched the human capital resources module in our locations in the United States and converted the operations of three manufacturing sites along with Corporate, two of which occurred during the second quarter of 2024. We are changing the pace of deployment of future site conversions in order to improve efficiencies and reduce business disruptions at each manufacturing site, which will have the effect of reducing the scope to exclude sites outside North America. With these modifications, we expect the project to conclude in 2027 with total approximate implementation costs anticipated to range from \$180 to \$200 million. Through the second quarter of 2024, we have incurred total implementation costs of approximately \$119 million. Annual costs are expected to peak in 2024 to a range of \$40 to \$45 million and decrease annually each year through the final implementations in 2027.

In addition, a lean manufacturing initiative at one of our largest sites was largely completed during 2023 with certain capital investments finalized in early 2024. These investments, along with the other elements of the initiative, are expected to drive improvement in gross margin at that site in the second half of 2024.

See Note 11, Strategic Transformation, Restructuring, Impairment and Other Asset Charges, net of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional discussion of the costs related to these strategic initiatives.

Goodwill Impairment – During the second quarter of 2024, we identified that indicators of goodwill impairment were present due to current macroeconomic conditions, including declines in our publicly quoted share price and increased interest rates, as well as lower than expected operating results. These factors indicated that one or more of our reporting units may have fallen below their carrying amounts. We performed a qualitative assessment on all reporting units concluded that a further quantitative analysis was required for the Materials Solutions reporting unit. Based on the quantitative impairment test, we determined that the carrying value of the Materials Solutions reporting unit exceeded its fair value as of June 30, 2024. As a result, we recognized a pre-tax non-cash goodwill impairment charge of \$20.2 million in "Goodwill impairment" in the Consolidated Statements of Operations to fully impair the goodwill allocated to the Materials Solutions reporting unit.

Segment Changes – Our two reportable segments are comprised of sites based upon the nature of the products or services produced, the type of customer for the products, the similarity of economic characteristics, the manner in which management reviews results and the nature of the production process, among other considerations. Based on a review of these factors, our Australia and LatAm sites and Astec Digital have changed reportable segments beginning January 1, 2024. The Australia and LatAm sites were previously reported in the Infrastructure Solutions segment and have moved to the Materials Solutions segment. Astec Digital was previously included in the Corporate and Other category has moved to the Infrastructure Solutions segment. Prior periods have been revised to reflect the changes for the segment composition for comparability.

Economic Conditions – We monitor macroeconomic and other factors that may affect our business such as steel and oil prices, interest rates and geopolitical conflicts, among others.

Steel is a major component of our equipment. We anticipate that steel prices will remain consistent, and that steel demand will remain relatively stable throughout the remainder of 2024. Whenever possible, we attempt to cover increased costs of production by adjusting the prices of our products. The markets we serve are competitive in nature, and competition limits our ability to pass through cost increases in many cases.

Additionally, significant portions of our revenues from the Infrastructure Solutions segment relate to the sale of equipment involved in the production, handling, recycling or application of asphalt mix. Liquid asphalt is a by-product of oil refining, and changes in the price of oil impact the cost of asphalt, which is in turn likely to alter demand for asphalt and therefore affect demand for certain of our products. Based on the current macroeconomic environment, including ongoing international conflicts, we anticipate that oil prices will remain at relatively high levels throughout the remainder of 2024.

Elevated interest rates influence our customers' spending patterns, most notably impacting our dealer customers in the Materials Solutions segment. Interest rates have, in part, driven the decrease in our order backlog. Additionally, our revolving credit loans bear interest on a variable basis and are subject to market volatility. We anticipate continuing to utilize the revolving credit loans with greater frequency in the near term to support our working capital needs. As such, we expect our interest expense in the near term to remain at elevated levels.

New or ongoing geopolitical conflicts may cause a downturn in the commercial and residential construction industries in which we operate, cause an increase in oil prices, damage a significant portion of our inventory or materially impair our ability to distribute our products to customers. We monitor, adjust and potentially cease our operations in affected jurisdictions to ensure compliance with any governmental actions made in response to such conflicts.

Results of Operations

Net Sales

Net sales for the second quarter of 2024 were \$345.5 million compared to \$350.0 million for the second quarter of 2023, a decrease of \$4.5 million, or 1.3%. The decrease in net sales was primarily driven by net unfavorable volume and mix partially offset by favorable pricing that generated decreases in (i) service and equipment installation revenue of \$12.6 million, (ii) parts and component sales of \$3.4 million and (iii) used equipment sales of \$2.2 million. These decreases were partially offset by increases in equipment sales and other revenue of \$13.2 million and \$1.3 million, respectively. Sales reported by our foreign subsidiaries in U.S. dollars for the second quarter of 2024 would have been \$0.5 million higher had second quarter 2024 foreign exchange rates been the same as second quarter 2023 rates.

Net sales for the first six months of 2024 were \$654.7 million compared to \$697.9 million for the first six months of 2023, a decrease of \$43.2 million, or 6.2%. The decrease in net sales was primarily driven by net unfavorable volume and mix partially offset by favorable pricing that generated decreases in (i) equipment sales of \$26.8 million, (ii) service and equipment installation

revenue of \$20.3 million, (iii) used equipment of \$3.9 million and (iv) freight revenue of \$2.6 million. These decreases were partially offset by an increase in parts and component sales and other revenue of \$7.3 million and \$3.1 million, respectively. Sales reported by our foreign subsidiaries in U.S. dollars for the first six months of 2024 would have been \$1.2 million higher had the first six months of 2024 foreign exchange rates been the same as the first six months of 2023 rates.

Domestic sales for the second quarter of 2024 were \$272.1 million, or 78.8% of consolidated net sales, compared to \$286.4 million, or 81.8% of consolidated net sales, for the second quarter of 2023, a decrease of \$14.3 million, or 5.0%. Domestic sales decreased primarily due to decreases in (i) service and equipment installation revenue of \$12.8 million, (ii) parts and components sales of \$5.0 million and (iii) used equipment sales of \$1.6 million. These decreases were partially offset by increases in equipment sales and other revenue of \$4.5 million and \$1.3 million, respectively.

Domestic sales for the first six months of 2024 were \$515.3 million, or 78.7% of consolidated net sales, compared to \$567.7 million, or 81.3% of consolidated net sales, for the first six months of 2023, a decrease of \$52.4 million, or 9.2%. Domestic sales decreased primarily due to decreases in (i) equipment sales of \$34.4 million, (ii) service and equipment installation revenue of \$21.2 million, (iii) used equipment sales of \$2.5 million and (iv) freight revenue of \$2.1 million. These decreases were partially offset by increases in parts and component sales and other revenue of \$4.6 million and \$3.2 million, respectively.

International sales for the second quarter of 2024 were \$73.4 million, or 21.2% of consolidated net sales, compared to \$63.6 million, or 18.2% of consolidated net sales, for the second quarter of 2023, an increase of \$9.8 million, or 15.4%. International sales increased primarily due to increases in equipment sales and parts and component sales of \$8.7 million and \$1.6 million, respectively.

International sales for the first six months of 2024 were \$139.4 million, or 21.3% of consolidated net sales, compared to \$130.2 million, or 18.7% of consolidated net sales, for the first six months of 2023, an increase of \$9.2 million, or 7.1%. International sales increased primarily due to increases in equipment sales and parts and component sales of \$7.6 million and \$2.7 million, respectively. These increases were partially offset by decreased used equipment sales of \$1.4 million.

Gross Profit

Gross profit for the second quarter of 2024 was \$81.3 million, or 23.5% of net sales, as compared to \$82.9 million, or 23.7% of net sales, for the second quarter of 2023, a decrease of \$1.6 million, or 1.9%. The decrease was primarily driven by (i) manufacturing inefficiencies of \$13.6 million, (ii) the impact of inflation on materials, labor and overhead of \$3.7 million and (iii) increased net scrap expenses of \$0.9 million. These decreases were partially offset by (i) the sales impact of favorable pricing partially offset by net unfavorable volume and mix of \$10.6 million, (ii) a net favorable impact of inventory adjustments of \$3.7 million and (iii) reduced warranty program costs of \$2.3 million.

Gross profit for the first six months of 2024 was \$158.2 million, or 24.2% of net sales, as compared to \$172.1 million, or 24.7% of net sales, for the first six months of 2023, a decrease of \$13.9 million, or 8.1%. The decrease was primarily driven by (i) manufacturing inefficiencies of \$18.0 million, (ii) the impact of inflation on materials, labor and overhead of \$5.5 million and (iii) increased net scrap expenses of \$1.9 million. The net favorable sales impact from pricing partially offset by unfavorable volume and mix of \$9.9 million and reduced warranty program costs of \$1.6 million offset a portion of the decreases.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$6.6 million, or 10.2%, to \$71.1 million, or 20.6% of net sales, for the second quarter of 2024, compared to \$64.5 million, or 18.4% of net sales, for the second quarter of 2023. The increases in selling general and administrative expenses are primarily due to (i) higher costs related to our strategic transformation program of \$3.3 million, (ii) higher technology support costs and certain professional services of \$2.9 million, (iii) higher provision for credit losses of \$1.8 million and (iv) higher exhibit and promotional costs of \$0.9 million. These increases were partially offset by lower customer concessions and dealer commissions of \$1.6 million. Decreased employee incentive compensation costs of \$4.0 million were largely offset by general employee cost increases from higher headcount and wage inflation.

Selling, general and administrative expenses increased \$10.1 million, or 7.6%, to \$142.5 million, or 21.8% of net sales, for the first six months of 2024, compared to \$132.4 million, or 19.0% of net sales, for the first six months of 2023. The increases in selling, general and administrative expenses are primarily due to (i) increased personnel-related costs of \$7.4 million, which includes the recovery of share-based compensation expense in the prior year that did not recur for awards that were forfeited or modified in conjunction with the termination of our previous CEO and the limited overhead restructuring action implemented in February 2023 of \$2.6 million, (ii) higher technology support costs and certain professional services of \$5.9 million, (iii) increased costs related to our strategic transformation program of \$2.5 million and (iv) higher provision for credit losses of \$1.6 million. These increases were partially offset by \$3.6 million of employee incentive compensation costs and lower exhibit and promotional costs of \$1.2 million.

Goodwill Impairment

At the end of the second quarter, we determined that the carrying value of the Materials Solutions reporting unit exceeded its fair value as of June 30, 2024. As a result, we recognized a pre-tax non-cash goodwill impairment charge of \$20.2 million in "Goodwill impairment" in the Consolidated Statements of Operations to fully impair the goodwill allocated to the Materials Solutions reporting unit. After this impairment charge, the Consolidated Balance Sheet as of June 30, 2024 reflects no goodwill related to Materials Solutions. See Note 4, Goodwill of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for discussion of the pre-tax non-cash goodwill impairment charge.

Restructuring, Impairment and Other Asset Gains and Charges, net

Restructuring, asset impairment charges and the net gain on sale of property and equipment for the three and six-month periods ended June 30, 2024 and 2023 are presented below:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Restructuring charges:				
Workforce reductions	\$ 0.9	\$ —	\$ 0.9	\$ —
Costs associated with leadership change and overhead restructuring	—	0.3	—	7.3
Costs associated with exited operations – Enid	—	0.1	0.1	0.2
Total restructuring related charges	0.9	0.4	1.0	7.5
Asset impairment charges:				
Other impairment charges	—	0.8	—	0.8
Total asset impairment charges	—	0.8	—	0.8
Gain on sale of property and equipment, net:				
Gain on sale of property and equipment, net	(0.2)	(0.1)	(1.1)	(3.5)
Total gain on sale of property and equipment, net	(0.2)	(0.1)	(1.1)	(3.5)
Restructuring, other impairment and asset charges, net	\$ 0.7	\$ 1.1	\$ (0.1)	\$ 4.8

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

Interest Expense

Interest expense of \$3.1 million and \$5.8 million was incurred in the three and six months ended June 30, 2024, respectively, as compared to \$2.0 million and \$4.0 million in the three and six months ended June 30, 2023, respectively, primarily related to higher average outstanding borrowings on the Credit Facility in 2024 as compared to the corresponding periods in 2023.

Income Tax

Our income tax provision for the second quarter of 2024 was \$0.3 million compared to \$2.7 million for the second quarter of 2023. Our effective income tax rate was (2.2)% for the second quarter of 2024 compared to 17.0% for the second quarter of 2023. The income tax expense for the three months ended June 30, 2024 was lower compared to the same period in 2023 primarily due to lower pretax book income and changes in the relative weighting of jurisdictional income and loss, partially offset by a net nondeductible goodwill impairment.

Our income tax expense for the first six months of 2024 was \$1.7 million compared to \$7.1 million for the first six months of 2023. Our effective tax rate was (18.9)% for the first six months of 2024 compared to 21.9% for the first six months of 2023. The income tax expense for the six months ended June 30, 2024 was lower compared to the same period in 2023, primarily due to lower pretax book income and changes in the relative weighting of jurisdictional income and loss, partially offset by a net nondeductible goodwill impairment.

Backlog

The backlog of orders as of June 30, 2024 was \$531.1 million compared to \$688.8 million as of June 30, 2023, a decrease of \$157.7 million, or 22.9%. Domestic backlog decreased \$171.0 million, or 29.1%, partially offset by an increase in international backlog of \$13.3 million, or 13.2%. The backlog decreased \$70.0 million to \$368.6 million in the Infrastructure Solutions segment and decreased \$87.7 million to \$162.5 million in the Materials Solutions segment.

Strong customer demand and logistics and manufacturing throughput disruptions in 2021 and 2022 resulted in a build of backlog, which peaked in late 2022. The order backlog began to decrease throughout 2023 driven by sales delivery outpacing new orders and is approaching a historical range. Macroeconomic factors such as higher inflation and increased interest rates, among other factors, have influenced customer ordering patterns and are expected to continue. We have experienced variability in the ordering patterns from our dealer customers, most notably in the Materials Solutions segment, as a result of these factors. In addition, our shorter production lead times allow for customers to place orders closer to when the equipment delivery is desired. In order to support sales delivery and maintain optimal backlog levels, we have completed prudent expansions of our production capacity at certain manufacturing sites that we anticipate will allow us to more effectively convert backlog to sales in the future with greater efficiency and shorter lead times.

Segment Net Sales – Three Months Ended:

(in millions, except percentage data)	Three Months Ended June 30,		\$ Change	% Change
	2024	2023		
Infrastructure Solutions	\$ 221.4	\$ 199.4	\$ 22.0	11.0 %
Materials Solutions	124.1	150.8	(26.7)	(17.7)%

Infrastructure Solutions

Sales in this segment were \$221.4 million for the second quarter of 2024 compared to \$199.4 million for the same period in 2023, an increase of \$22.0 million, or 11.0%. The increase was primarily driven by net favorable volume and mix coupled with favorable pricing that generated higher equipment sales of \$38.6 million partially offset by decreases in (i) service and equipment installation revenue of \$12.9 million, (ii) parts and component sales of \$2.5 million and (iii) used equipment sales of \$1.6 million.

Domestic sales for the Infrastructure Solutions segment increased \$18.0 million, or 9.5%, for the second quarter of 2024 compared to the same period in 2023 primarily due to increased equipment sales of \$35.2 million partially offset by decreases in (i) service and equipment installation sales of \$12.8 million, (ii) parts and component sales of \$3.1 million and (iii) used equipment sales of \$1.6 million.

International sales for the Infrastructure Solutions segment increased \$4.0 million, or 39.2%, for the second quarter of 2024 compared to the same period in 2023 primarily due to increased equipment and parts and component sales of \$3.4 million and \$0.6 million, respectively.

Materials Solutions

Sales in this segment were \$124.1 million for the second quarter of 2024 compared to \$150.8 million for the same period in 2023, a decrease of \$26.7 million, or 17.7%. The decrease was primarily driven by net unfavorable volume and mix partially offset by favorable pricing that generated decreased (i) equipment sales of \$25.4 million, (ii) parts and component sales of \$0.9 million and (iii) freight revenue of \$0.9 million. These decreases were partially offset by increased other revenue of \$0.8 million.

Domestic sales for the Materials Solutions segment decreased by \$32.5 million, or 33.4%, for the second quarter of 2024 compared to the same period in 2023, primarily driven by decreased equipment sales and parts and component sales of \$30.7 million and \$1.9 million, respectively. These decreases were partially offset by increased other revenue of \$0.8 million.

International sales for the Materials Solutions segment increased \$5.8 million, or 10.9%, for the second quarter of 2024 compared to the same period in 2023 primarily due to increased equipment and parts and component sales of \$5.3 million and \$1.0 million, respectively. These increases were partially offset by lower used equipment sales of \$0.6 million.

Segment Net Sales – Six Months Ended:

(in millions, except percentage data)	Six Months Ended June 30,		\$ Change	% Change
	2024	2023		
Infrastructure Solutions	\$ 423.6	\$ 414.9	\$ 8.7	2.1 %
Materials Solutions	231.1	283.0	(51.9)	(18.3)%

Infrastructure Solutions

Sales in this segment were \$423.6 million for the first six months of 2024 compared to \$414.9 million for the same period in 2023, an increase of \$8.7 million, or 2.1%. The increase was primarily driven by favorable pricing partially offset by net unfavorable volume and mix that generated increased equipment and parts and component sales of \$23.8 million and \$9.3 million, respectively. These increases were partially offset by decreased service and equipment installation revenue and used equipment sales of \$21.5 million and \$2.5 million, respectively.

Domestic sales for the Infrastructure Solutions segment increased \$11.9 million, or 3.1%, for the first six months of 2024 compared to the same period in 2023 primarily due to increased equipment and parts and component sales of \$27.4 million and \$8.3 million, respectively. These increases were partially offset by decreased service and equipment installation revenue and used equipment sales of \$21.1 million and \$2.5 million, respectively.

International sales for the Infrastructure Solutions segment decreased \$3.2 million, or 9.5%, for the first six months of 2024 compared to the same period in 2023 primarily due to decreased equipment sales of \$3.6 million.

Materials Solutions

Sales in this segment were \$231.1 million for the first six months of 2024 compared to \$283.0 million for the same period in 2023, a decrease of \$51.9 million, or 18.3%. The decrease was primarily driven by net unfavorable volume and mix partially offset by favorable pricing that generated decreased (i) equipment sales of \$50.6 million, (ii) parts and component sales of \$2.0 million and (iii) used equipment sales of \$1.4 million. These decreases were partially offset by increased other revenue of \$2.2 million.

Domestic sales for the Materials Solutions segment decreased by \$64.3 million, or 34.5%, for the first six months of 2024 compared to the same period in 2023, driven by decreased equipment sales and parts and component sales of \$61.8 million and \$3.7 million, respectively. This decrease was partially offset by increased other revenue of \$2.2 million.

International sales for the Materials Solutions segment increased \$12.4 million, or 12.8%, for the first six months of 2024 compared to the same period in 2023 primarily due to increased equipment and parts and component sales of \$11.2 million and \$1.7 million, respectively. These increases were partially offset by decreased used equipment sales of \$1.4 million.

Segment Operating Adjusted EBITDA

Segment Operating Adjusted EBITDA is the measure of segment profit or loss used by our CEO, who is considered to be the CODM, to evaluate performance and allocate resources to the operating segments. Segment Operating Adjusted EBITDA is defined as net income or loss before the impact of interest income or expense, income taxes, depreciation and amortization and certain other adjustments that are not considered by the CODM in the evaluation of ongoing operating performance. Our presentation of Segment Operating Adjusted EBITDA may not be comparable to similar measures used by other companies and is not necessarily indicative of the results of operations that would have occurred had each reportable segment been an independent, stand-alone entity during the periods presented. See Note 10, Segment Information, of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for a reconciliation of Segment Operating Adjusted EBITDA to total consolidated net income attributable to controlling interest.

Segment Operating Adjusted EBITDA – Three Months Ended:

(in millions, except percentage data)	Three Months Ended June 30,		\$ Change	% Change
	2024	2023		
Infrastructure Solutions	\$ 27.2	\$ 25.7	\$ 1.5	5.8 %
Materials Solutions	10.2	18.3	(8.1)	(44.3)%

Infrastructure Solutions

Segment Operating Adjusted EBITDA for the Infrastructure Solutions segment was \$27.2 million for the second quarter of 2024 compared to \$25.7 million for the same period in 2023, an increase of \$1.5 million, or 5.8%. The increase in Segment Operating

Adjusted EBITDA was primarily driven by (i) the sales impact of favorable pricing coupled with favorable volume and mix that generated higher gross profit of \$14.6 million, (ii) net favorable inventory adjustments of \$4.4 million, (iii) lower annual incentive compensation of \$1.5 million and (iv) lower customer concessions of \$0.9 million. These increases were partially offset by (i) manufacturing inefficiencies of \$9.8 million, (ii) the impact of inflation on materials, labor and overhead of \$2.9 million, (iii) higher technology support costs and certain professional services of \$2.0 million, (iv) increased personnel-related costs of \$2.8 million driven by general employee cost increases from higher headcount and wage inflation and (v) \$0.8 million of increased net scrap expenses.

Materials Solutions

Segment Operating Adjusted EBITDA for the Materials Solutions segment was \$10.2 million for the second quarter of 2024 compared to \$18.3 million for the same period in 2023, a decrease of \$8.1 million, or 44.3%. The decrease in Segment Operating Adjusted EBITDA was primarily driven by (i) manufacturing inefficiencies of \$4.3 million, (ii) the sales impact of net unfavorable volume and mix partially offset by favorable pricing that decreased gross profit by \$3.2 million, (iii) higher provision for credit losses of \$1.2 million, (iv) the impact of inflation on materials, labor and overhead of \$0.8 million and (v) net unfavorable inventory adjustments of \$0.7 million. These decreases were partially offset by reduced warranty program costs of \$2.5 million and lower customer concessions of \$0.7 million.

Segment Operating Adjusted EBITDA – Six Months Ended:

(in millions, except percentage data)	Six Months Ended June 30,		\$ Change	% Change
	2024	2023		
Infrastructure Solutions	\$ 52.8	\$ 54.2	(1.4)	(2.6)%
Materials Solutions	15.5	32.9	(17.4)	(52.9)%

Infrastructure Solutions

Segment Operating Adjusted EBITDA for the Infrastructure Solutions segment was \$52.8 million for the first six months of 2024 compared to \$54.2 million for the same period in 2023, a decrease of \$1.4 million, or 2.6%. The decrease in Segment Operating Adjusted EBITDA resulted primarily from (i) manufacturing inefficiencies of \$13.1 million, (ii) the impact of inflation on materials, labor and overhead of \$3.9 million, (iii) higher technology support costs and certain professional services of \$3.4 million, (iv) increased personnel-related costs of \$3.8 million driven by general employee cost increases from higher headcount and wage inflation and (v) \$1.8 million of increased net scrap expenses. These decreases were partially offset by the sales impact primarily related to (i) favorable pricing which impacted gross profit by \$18.8 million, (ii) a net favorable impact of inventory adjustments of \$2.5 million and (iii) \$1.6 million of lower annual incentive compensation costs.

Materials Solutions

Segment Operating Adjusted EBITDA for the Materials Solutions segment was \$15.5 million for the first six months of 2024 compared to \$32.9 million for the same period in 2023, a decrease of \$17.4 million, or 52.9%. The decrease in Segment Operating Adjusted EBITDA resulted primarily from (i) the sales impact of net unfavorable volume and mix partially offset by favorable pricing that decreased gross profit by \$7.1 million, (ii) manufacturing inefficiencies of \$5.5 million, (iii) net unfavorable inventory adjustments of \$2.9 million, (iv) inflation on materials, labor and overhead of \$1.6 million and (v) increased personnel-related costs of \$2.0 million driven by general employee cost increases from higher headcount and wage inflation. These decreases were partially offset by reduced warranty program costs of \$2.1 million and lower annual incentive compensation costs of \$0.9 million.

Corporate and Other Operations

Corporate and Other operations had net expenses of \$9.8 million for the second quarter of 2024 compared to \$11.8 million for the same period in 2023, a decrease of \$2.0 million, or 16.9%. The decrease in expenses was primarily driven by lower annual incentive compensation costs of \$1.8 million.

Corporate and Other operations had net expenses of \$21.8 million for the first six months of 2024 compared to \$19.7 million for the first six months of 2023, an increase of \$2.1 million, or 10.7%. The increase in expenses was driven by higher general and administrative expenses, primarily due to \$2.3 million of higher technology support costs and certain professional services. Personnel related costs were materially consistent driven by \$2.6 million in the prior year related to the recovery of share-based compensation expense for awards that were forfeited or modified in conjunction with the termination of our previous CEO and the limited overhead restructuring action implemented in February 2023 that did not recur which was partially offset by decreases in annual incentive compensation costs of \$1.1 million and general employee cost decreases.

Liquidity and Capital Resources

Our primary sources of liquidity and capital resources are cash and cash equivalents on hand, borrowing capacity under the Credit Facility and cash flows from operations. As of June 30, 2024, our total liquidity was \$175.8 million, consisting of \$60.6 million of cash and cash equivalents available for operating purposes and \$115.2 million available for additional borrowings under the Credit Facility, subject to our continued compliance with financial covenants under the Credit Agreement. Our foreign subsidiaries held \$33.6 million of cash and cash equivalents available for operating purposes, which is considered to be indefinitely invested in those jurisdictions.

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

On December 19, 2022, we entered into a credit agreement (the "Credit Agreement") with Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto. The Credit Agreement provides for (i) a revolving credit facility (consisting of revolving credit loans and swingline loans) and a letter of credit facility, in an aggregate amount of up to \$250.0 million, (ii) an incremental credit facility in an aggregate amount not to exceed \$125.0 million (the "Credit Facilities") and (iii) a maturity date of December 19, 2027. The Credit Agreement contains certain financial covenants, including requirements related to our Consolidated Total Net Leverage Ratio and Consolidated Interest Coverage Ratio, each as defined in the agreement. Failure to satisfy these covenants could result in the accelerated repayment of our indebtedness. We were in compliance with all covenants of the Credit Facilities as of June 30, 2024.

We had \$125.0 million in outstanding borrowings under the Credit Facilities as of June 30, 2024. Our outstanding letters of credit totaling \$9.8 million decreased borrowing availability to \$115.2 million under the revolving credit facility as of June 30, 2024. We anticipate continuing to utilize the Credit Facilities with more frequency in the near term to support our working capital needs. Due to the increased borrowings under our Credit Facilities and higher interest rates, we expect our interest expense in the near term to remain at elevated levels.

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

We regularly enter into agreements, primarily to purchase inventory, in the ordinary course of business. As of June 30, 2024, open purchase obligations totaled \$120.3 million, of which \$108.0 million are expected to be fulfilled within the remainder of 2024.

We estimate that our capital expenditures will be between \$25.0 million and \$35.0 million for the year ending December 31, 2024, which may be impacted by general economic, financial or operational changes and competitive, legislative and regulatory factors, among other considerations.

Cash Flows

The following table summarizes cash flows during the six months ended June 30, 2024 and 2023, respectively:

(in millions)	Six Months Ended June 30,	
	2024	2023
Net cash used in operating activities	\$ (36.1)	\$ (2.5)
Net cash (used in) provided by investing activities	(12.6)	2.6
Net cash provided by (used in) financing activities	49.5	(22.0)
Effect of exchange rates on cash	(0.8)	0.4
(Decrease) increase in cash, cash equivalents and restricted cash	—	(21.5)
Cash, cash equivalents and restricted cash, end of period	\$ 63.2	\$ 44.5

Net cash used in operating activities

Net cash used in operating activities increased by \$33.6 million during the six months ended June 30, 2024 as compared to the six months ended June 30, 2023, primarily due to higher net cash usages for our operating assets and liabilities of \$18.9 million and lower net income reduced by non-cash charges of \$14.6 million. The increased net cash usage for our operating assets and liabilities were mainly driven by (i) the timing of collections on trade and other receivables of \$78.3 million, which includes a \$13.7 million receivable from our insurance carriers recorded in the first quarter of 2024 related to a pending litigation settlement, (ii) the timing of payments on trade accounts payables of \$14.1 million and (iii) higher employee-related payments of \$13.6 million. The net cash usage was partially offset by (i) the timing of inventory purchases of \$35.5 million, (ii) the increase in customer deposits of \$30.4 million and (iii) the timing impacts for accrued liabilities of \$27.8 million, which includes \$13.7 million related to a pending litigation settlement corresponding to the related receivable from our insurance carriers, resulting in cash inflows.

Net cash (used in) provided by investing activities

Our investing activities used net cash of \$12.6 million during the six months ended June 30, 2024 as compared to providing net cash of \$2.6 million during the six months ended June 30, 2023, primarily due to the cash inflows from the sale of the Tacoma facility's land, building and certain equipment assets for \$19.9 million in the first quarter of 2023. Additionally, capital expenditures decreased \$3.7 million during the six months ended June 30, 2024 as compared to the same period of 2023.

Net cash provided by (used in) financing activities

Our financing activities provided net cash of \$49.5 million during the six months ended June 30, 2024 as compared to a net cash use of \$22.0 million during the six months ended June 30, 2023, primarily due to increased borrowings, net of repayments, of \$70.3 million.

Dividends

We paid quarterly dividends of \$0.13 per common share to shareholders in the second quarter of both 2024 and 2023.

Share Repurchases

As announced on July 30, 2018, we approved a share repurchase program, which authorizes us to repurchase up to \$150.0 million of our common stock. As of June 30, 2024, \$115.7 million remains available for repurchase under the approved share repurchase program. No shares were repurchased under the plan during the three months ended June 30, 2024; however, we may conduct opportunistic share repurchases under this authorization in future periods utilizing cash on hand or borrowings under our Credit Facilities. The timing, manner and number of shares repurchased will depend on a variety of factors, including, but not limited to, the level of cash balances, credit availability, financial performance, general business conditions, regulatory requirements, the market price of our stock and the availability of alternative investment opportunities.

Financial Condition

Our total current assets increased to \$778.8 million as of June 30, 2024 from \$719.5 million as of December 31, 2023, an increase of \$59.3 million, or 8.2%, due primarily to increases of \$65.5 million in trade and other receivables, which includes a \$13.7 million receivable from our insurance carriers recorded in the first quarter of 2024 related to a pending litigation settlement, partially offset by decreases of \$3.3 million in prepaid expenses and other assets and \$2.1 million in prepaid and refundable income taxes.

Our total current liabilities increased to \$311.2 million as of June 30, 2024 from \$299.0 million as of December 31, 2023, an increase of \$12.2 million, or 4.1%, due primarily to net increases of \$19.5 million in other current liabilities, which includes \$13.7 million related to a pending litigation settlement corresponding to the related receivable from our insurance carriers, \$18.9 million

in customer deposits and \$2.2 million in short-term debt, partially offset by decreases of \$14.3 million in accounts payable and \$12.2 million in accrued employee related liabilities.

Critical Accounting Estimates

Our critical accounting estimates are described "Part II, Item 7. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our [Annual Report on Form 10-K](#) for the year ended December 31, 2023. With the exception of the estimates utilized in the quantitative assessment for goodwill related to our Materials Solutions reporting unit, there have been no significant changes to our critical accounting estimates since our [Annual Report on Form 10-K](#) for the year ended December 31, 2023 was filed.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our quantitative and qualitative disclosures about market risk are incorporated by reference from "Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our [Annual Report on Form 10-K](#) for the year ended December 31, 2023. Our market risk exposures have not materially changed since our [Annual Report on Form 10-K](#) for the year ended December 31, 2023 was filed.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management has established and maintains disclosure controls and procedures that are designed to ensure that the information required to be disclosed by us in reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including the CEO and Interim Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. Management carried out an evaluation, under the supervision and with the participation of our CEO and CFO, of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, our CEO and CFO have concluded that as of June 30, 2024, the Company's disclosure controls and procedures were effective.

Internal Control over Financial Reporting

We are currently undertaking a significant multi-year global ERP implementation to upgrade our information technology platforms and business processes. The implementation is occurring in phases over several years, which began in 2023. During 2023, we implemented the human capital resources management module, including the payroll application for all locations within the United States, the ERP at Corporate and one manufacturing site and the consolidations and reporting module. During the second quarter of 2024 we implemented the ERP at two additional manufacturing sites.

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

With the exception of the implementation of the ERP at two additional manufacturing sites, as described above, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the three month period ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION**Item 1. Legal Proceedings**

From time to time, we are involved in legal actions arising in the ordinary course of our business. Other than as set forth in Note 8, Commitments and Contingencies, to the unaudited consolidated financial statements and "Part I, Item 3. Legal Proceedings" in our [Annual Report on Form 10-K](#) for the year ended December 31, 2023, we currently have no pending or threatened litigation that our management believes will result in an outcome that would materially affect our business, financial position, cash flows or results of operations. Nevertheless, there can be no assurance that future litigation to which we become a party will not have a material adverse effect on our business, financial position, cash flows or results of operations.

Item 1A. Risk Factors

In addition to the other information set forth in this Report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our [Annual Report on Form 10-K](#) for the year ended December 31, 2023, which could materially affect our business, financial condition or future results. The risks described in our [Annual Report on Form 10-K](#) for the year ended December 31, 2023, our [Quarterly Report on Form 10-Q](#) for the three months ended March 31, 2024 and in this Quarterly Report on Form 10-Q are not the only risks facing our Company. Additional risks and uncertainties not currently known to management or that management currently deems to be immaterial also may materially and adversely affect our business, financial condition or operating results.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Filed Herewith
31.1	Certification of Chief Executive Officer of Astec Industries, Inc. pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
31.2	Certification of Interim Chief Financial Officer of Astec Industries, Inc. pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
32.1	Certification of Chief Executive Officer of Astec Industries, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
32.2	Certification of Interim Chief Financial Officer of Astec Industries, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 formatted in Inline Extensible Business Reporting Language ("iXBRL"): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive (Loss) Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Equity and (vi) related notes, tagged as blocks of text and including detailed tags.	X
104	Cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in iXBRL (included as Exhibit 101).	X

SIGNATURES

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

ASTEC INDUSTRIES, INC.
(Registrant)

Date: August 8, 2024

/s/ Heinrich H. Jonker

Heinrich H. Jonker
Interim Chief Financial Officer
(Principal Financial Officer)

Date: August 8, 2024

/s/ Jamie E. Palm

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

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

I, Jaco van der Merwe, certify that:

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

Date: August 8, 2024

/s/ Jaco van der Merwe

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

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

I, Heinrich H. Jonker, certify that:

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

Date: August 8, 2024

/s/ Heinrich H. Jonker

Heinrich H. Jonker
Interim Chief Financial Officer
(Principal Financial Officer)

**Certification pursuant to 18 U.S.C. Section 1350, as adopted
pursuant to Section 906 Of The Sarbanes-Oxley Act Of 2002**

In connection with the Quarterly Report of Astec Industries, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jaco van der Merwe, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 8, 2024

/s/ Jaco van der Merwe

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

**Certification pursuant to 18 U.S.C. Section 1350, as adopted
pursuant to Section 906 Of The Sarbanes-Oxley Act Of 2002**

In connection with the Quarterly Report of Astec Industries, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Heinrich H. Jonker, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 8, 2024

/s/ Heinrich H. Jonker

Heinrich H. Jonker
Interim Chief Financial Officer
(Principal Financial Officer)