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

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2026.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ________________________ to ________________________

Commission file number 0-04041

ALLIENT INC.
(Exact name of Registrant as Specified in Its Charter)

Colorado	**84-0518115**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6400 Main Street, suite 150, Williamsville, New York	**14221**
(Address of principal executive offices)	(Zip Code)

(716) 242-8634
(Registrant's Telephone Number, Including Area Code)

495 Commerce Drive, Amherst, New York, 14228
(former address of principal executive offices)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock	ALNT	NASDAQ

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 ninety (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, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Securities Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

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

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

Number of Shares of the only class of Common Stock outstanding: 17,002,511 as of August 5, 2026

ALLIENT INC.
INDEX

ALLIENT INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)
(Unaudited)

	June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 42,088	$ 40,705
Trade receivables, net of provision for credit losses of $953 and $887 at June 30, 2026 and December 31, 2025, respectively	99,825	88,775
Inventories	117,908	109,198
Prepaid expenses and other assets	14,629	14,759
Total current assets	274,450	253,437
Property, plant, and equipment, net	62,347	61,771
Deferred income taxes	9,940	10,509
Intangible assets, net	81,475	88,391
Goodwill	133,169	134,332
Operating lease assets	23,598	21,030
Other long-term assets	8,942	8,125
Total Assets	$ 593,921	$ 577,595
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 42,574	$ 28,433
Accrued liabilities	37,608	40,890
Total current liabilities	80,182	69,323
Long-term debt	173,337	180,389
Deferred income taxes	2,985	3,241
Operating lease liabilities	18,316	16,431
Other long-term liabilities	6,807	6,756
Total liabilities	281,627	276,140
Stockholders' Equity:		
Common stock, no par value, authorized 50,000 shares; 16,992 and 16,936 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively	114,547	113,936
Preferred stock, par value $1.00 per share, authorized 5,000 shares; no shares issued or outstanding	—	—
Retained earnings	211,620	197,046
Accumulated other comprehensive loss	(13,873)	(9,527)
Total stockholders' equity	312,294	301,455
Total Liabilities and Stockholders' Equity	$ 593,921	$ 577,595

See accompanying notes to condensed consolidated financial statements.

ALLIENT INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In thousands, except per share data)
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Revenues	$ 153,770	$ 139,578	$ 292,685	$ 272,381
Cost of goods sold	100,178	93,222	193,718	183,273
Gross profit	53,592	46,356	98,967	89,108
Operating costs and expenses:				
Selling	7,583	6,026	14,609	12,040
General and administrative	15,941	14,439	31,343	28,252
Engineering and development	10,684	9,944	20,325	19,498
Acquisition and integration-related costs	—	23	—	23
Restructuring and business realignment costs	641	1,122	1,503	2,621
Amortization of intangible assets	3,133	3,125	6,256	6,218
Total operating costs and expenses	37,982	34,679	74,036	68,652
Operating income	15,610	11,677	24,931	20,456
Other expense, net:				
Interest expense	2,523	3,552	5,076	7,187
Other expense, net	68	823	53	1,507
Total other expense, net	2,591	4,375	5,129	8,694
Income before income taxes	13,019	7,302	19,802	11,762
Income tax provision	(2,628)	(1,685)	(4,054)	(2,588)
Net income	$ 10,391	$ 5,617	$ 15,748	$ 9,174
Basic earnings per share:				
Earnings per share	$ 0.62	$ 0.34	$ 0.94	$ 0.55
Basic weighted average common shares	16,798	16,687	16,756	16,639
Diluted earnings per share:				
Earnings per share	$ 0.61	$ 0.34	$ 0.93	$ 0.55
Diluted weighted average common shares	16,875	16,713	16,940	16,671
Net income	$ 10,391	$ 5,617	$ 15,748	$ 9,174
Other comprehensive income (loss):				
Foreign currency translation adjustment	(1,691)	11,644	(4,517)	15,506
Change in accumulated loss on derivatives, net of tax	25	(410)	171	(1,036)
Comprehensive income	$ 8,725	$ 16,851	$ 11,402	$ 23,644

See accompanying notes to condensed consolidated financial statements.

ALLIENT INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY
(In thousands, except per share data)
(Unaudited)

	Common Stock			Accumulated Other Comprehensive (Loss) Income			
(In thousands except per share data)	**Shares**	**Amount**	**Retained Earnings**	**Foreign Currency Translation Adjustments**	**Accumulated income (loss) on derivatives**	**Pension adjustments**	**Total Stockholders' Equity**
Balances, December 31, 2025	16,936	$ 113,936	$ 197,046	$ (10,289)	$ 503	$ 259	$ 301,455
Stock transactions under employee benefit stock plans	23	1,512					1,512
Issuance of restricted stock, net of forfeitures	76	(46)					(46)
Stock-based compensation expense		848					848
Shares withheld for payment of employee payroll taxes		(18)					(18)
Comprehensive (loss) income				(2,826)	191		(2,635)
Tax effect of derivative transactions					(45)		(45)
Net income			5,357				5,357
Dividends to stockholders - $0.03			(502)				(502)
Balances, March 31, 2026	17,035	$ 116,232	$ 201,901	$ (13,115)	$ 649	$ 259	$ 305,926
Stock-based compensation expense		998					998
Shares withheld for payment of employee payroll taxes	(43)	(2,683)					(2,683)
Comprehensive income (loss)				(1,691)	32		(1,659)
Tax effect of derivative transactions					(7)		(7)
Net income			10,391				10,391
Dividends to stockholders - $0.04			(672)				(672)
Balances, June 30, 2026	16,992	$ 114,547	$ 211,620	$ (14,806)	$ 674	$ 259	$ 312,294

	Common Stock			Accumulated Other Comprehensive (Loss) Income			
(In thousands except per share data)	**Shares**	**Amount**	**Retained Earnings**	**Foreign Currency Translation Adjustments**	**Accumulated income (loss) on derivatives**	**Pension adjustments**	**Total Stockholders' Equity**
Balances, December 31, 2024	16,810	$ 111,024	$ 177,013	$ (25,289)	$ 1,975	$ 131	$ 264,854
Stock transactions under employee benefit stock plans	33	886					886
Issuance of restricted stock, net of forfeitures	135	(11)					(11)
Stock-based compensation expense		920					920
Shares withheld for payment of employee payroll taxes	(3)	(97)					(97)
Comprehensive income (loss)				3,862	(856)		3,006
Tax effect of derivative transactions					231		231
Net income			3,557				3,557
Dividends to stockholders - $0.03			(518)				(518)
Balances, March 31, 2025	16,975	$ 112,722	$ 180,052	$ (21,427)	$ 1,350	$ 131	$ 272,828
Issuance of restricted stock, net of forfeitures	6	(43)					(43)
Stock-based compensation expense		835					835
Shares withheld for payment of employee payroll taxes	(43)	(927)					(927)
Comprehensive (loss) income				11,644	(540)		11,104
Tax effect of derivative transactions					130		130
Net income			5,617				5,617
Dividends to stockholders - $0.03			(482)				(482)
Balances, June 30, 2025	16,938	$ 112,587	$ 185,187	$ (9,783)	$ 940	$ 131	$ 289,062

See accompanying notes to condensed consolidated financial statements.

ALLIENT INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Cash Flows From Operating Activities:		
Net income	$ 15,748	$ 9,174
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	12,401	12,682
Deferred income taxes	407	61
Stock-based compensation expense	1,845	1,755
Debt issue cost amortization recorded in interest expense	325	323
Other	1,848	2,860
Changes in operating assets and liabilities, net of acquisitions:		
Trade receivables	(12,206)	(3,594)
Inventories	(11,299)	7,125
Prepaid expenses and other assets	(567)	(459)
Accounts payable	14,431	5,107
Accrued liabilities	(2,806)	3,401
Net cash provided by operating activities	20,127	38,435
Cash Flows From Investing Activities:		
Purchase of property and equipment	(7,070)	(3,189)
Net cash used in investing activities	(7,070)	(3,189)
Cash Flows From Financing Activities:		
Borrowings on long-term debt	2,000	—
Principal payments of long-term debt and finance lease obligations	(9,227)	(22,221)
Payment of debt issuance costs	—	(41)
Dividends paid to stockholders	(1,174)	(1,000)
Tax withholdings related to net share settlements of restricted stock	(2,701)	(1,024)
Net cash used in financing activities	(11,102)	(24,286)
Effect of foreign exchange rate changes on cash	(572)	2,853
Net increase in cash and cash equivalents	1,383	13,813
Cash and cash equivalents at beginning of period	40,705	36,102
Cash and cash equivalents at end of period	$ 42,088	$ 49,915
Supplemental disclosure of cash flow information:		
Property, plant and equipment purchases in accounts payable or accrued expenses	$ 467	$ 203
Cash paid for interest	$ 4,932	$ 7,048
Cash paid for income taxes	$ 6,424	$ 5,094

See accompanying notes to condensed consolidated financial statements.

ALLIENT INC.
UNAUDITED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

1. BASIS OF PREPARATION AND PRESENTATION

Allient Inc. ("Allient" or the "Company") is engaged in the business of designing, manufacturing, and selling precision motion, control, power, and structural composites to provide integrated system solutions as well as individual products, to a broad spectrum of customers throughout the world primarily for the industrial, vehicle, medical, and aerospace and defense markets.

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

The assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars using end of period exchange rates. Changes in reported amounts of assets and liabilities of foreign subsidiaries that occur as a result of changes in exchange rates between the foreign subsidiaries' functional currencies and the U.S. dollar are included in foreign currency translation adjustment. Foreign currency translation adjustment is included in accumulated other comprehensive loss, a component of stockholders' equity in the accompanying condensed consolidated statements of stockholders' equity. Revenue and expense transactions use an average rate prevailing during the month of the related transaction. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency of each of the foreign subsidiaries are included in the results of operations as incurred in other expense, net.

The condensed consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and include all adjustments which are, in the opinion of management, necessary for a fair presentation. Certain information and footnote disclosures normally included in financial statements which are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures herein are adequate to make the information presented not misleading. The financial data for the interim periods may not necessarily be indicative of results to be expected for the year.

The preparation of financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates.

It is suggested that the accompanying condensed consolidated financial statements be read in conjunction with the Consolidated Financial Statements and related Notes to such statements included in the Annual Report on Form 10-K for the year ended December 31, 2025 that was previously filed by the Company.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)". This improves financial reporting by requiring that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. The Company is assessing the impact of adopting the standard on our consolidated financial statements.

ALLIENT INC.
UNAUDITED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

2. REVENUE RECOGNITION

Performance Obligations

The Company considers control of most products to transfer at a single point in time when control is transferred to the customer, generally when the products are shipped in accordance with an agreement and/or purchase order. Control is defined as the ability to direct the use of and obtain substantially all of the remaining benefits of the product.

The Company satisfies its performance obligations under a contract with a customer by transferring goods and services in exchange for monetary consideration from the customer. The Company considers the customer's purchase order, and the Company's corresponding sales order acknowledgment as the contract with the customer. For some customers, control, and a sale, is transferred at a point in time when the product is delivered to a customer. For a limited number of contracts, for which revenue derived is not material in the periods presented, the Company recognizes revenue over time in proportion to costs incurred, over the life of the term of the performance obligation, or as the performance obligations are satisfied.

Sales, value add, and other taxes the Company collects concurrently with revenue-producing activities are excluded from revenue.

Nature of Goods and Services

The Company designs, manufactures, and sells precision motion, control, power, and structural components to provide integrated system solutions as well as individual products to end customers and original equipment manufacturers ("OEM's") through the Company's own direct sales force and authorized manufacturers' representatives and distributors. The Company's products include brushed and brushless DC motors, brushless servo and torque motors, coreless DC motors, integrated brushless motor-drives, gearmotors, gearing, modular digital servo drives, motion controllers, incremental and absolute optical encoders, active and passive filters for power quality and harmonic issues, transformers, and other controlled motion-related products. The Company's target markets include Industrial, Vehicle, Medical, and Aerospace & Defense.

Determining the Transaction Price

The majority of the Company's contracts have an original duration of less than one year. For these contracts, the Company applies the practical expedient and therefore does not consider the effects of the time value of money. For multiyear contracts, the Company uses judgment to determine whether there is a significant financing component. Management has identified one contract that includes a significant financing component as of June 30, 2026 and December 31, 2025.

Contracts that management determines to include a significant financing component, in which the customer has made an up-front payment, are discounted at the Company's incremental borrowing rate. The Company incurs interest expense and accrues a contract liability. As the Company satisfies performance obligations and recognizes revenue from these contracts, interest expense is recognized simultaneously.

Contracts that management determines to include a significant financing component, in which revenue recognized for performance obligations that have been satisfied but for which amounts have not been billed, are discounted at a rate that reflects the customer's creditworthiness. The Company realizes interest income and recognizes a contract asset. Interest income is recognized over the financing period.

Disaggregation of Revenue

The Company disaggregates revenue from contracts with customers into geographical regions and target markets. The Company determines that disaggregating revenue into these categories achieves the disclosure objective to depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. As noted below in Note 17, *Segment Information*, the Company's business consists of one reportable segment. Revenue by geographic region is based on point of shipment origin.

ALLIENT INC.
UNAUDITED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

A disaggregation of revenue by target market and geography is provided below:

Target Market	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Industrial	$ 76,458	$ 65,455	$ 144,036	$ 127,881
Vehicle	24,958	26,721	49,589	49,694
Medical	21,834	20,045	41,305	39,147
Aerospace & Defense	24,231	20,961	44,706	41,997
Distribution and Other	6,289	6,396	13,049	13,662
Total	$ 153,770	$ 139,578	$ 292,685	$ 272,381

Geography	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
North America (primarily U.S.)	$ 102,195	$ 92,352	$ 191,266	$ 178,625
Europe	45,271	40,983	89,149	81,047
Asia-Pacific	6,304	6,243	12,270	12,709
Total	$ 153,770	$ 139,578	$ 292,685	$ 272,381

Contract Balances

When the timing of the Company’s delivery of product is different from the timing of the payments made by customers, the Company recognizes either a contract asset (performance precedes customer payment) or a contract liability (customer payment precedes performance). Typically, contracts are paid in arrears and are recognized as receivables after the Company considers whether a significant financing component exists.

The opening and closing balances of the Company’s contract assets and liabilities are as follows:

	June 30, 2026	December 31, 2025
Contract assets in prepaid expenses and other assets	$ 780	$ -
Contract liabilities in accrued liabilities	$ 3,955	$ 3,767

The difference between the opening and closing balances of the Company’s contract assets and liabilities primarily results from the timing difference between the Company’s performance and the customer’s payment. In the six months ended June 30, 2026 and 2025, the Company recognized revenue of $1,541 and $868, respectively, that was included in the opening contract liabilities balance.

Significant Payment Terms

The Company’s contracts with its customers state the final terms of the sale, including the description, quantity, and price of each product or service purchased. Payments are typically due in full within 30-60 days of delivery. Individual contracts with certain customers may include alternative payment schedules. Since the customer agrees to a stated rate and price in the contract that do not vary over the contract, the majority of contracts do not contain variable consideration.

Returns, Refunds, and Warranties

In the normal course of business, the Company does not accept product returns unless the item is defective as manufactured. The Company establishes provisions for estimated returns and warranties. All contracts include a standard warranty clause to guarantee that the product complies with agreed specifications.

ALLIENT INC.
UNAUDITED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

3. INVENTORIES

Inventories include costs of materials, direct labor and manufacturing overhead, and are stated at the lower of cost (first-in, first-out basis) or net realizable value, as follows:

	June 30, 2026	December 31, 2025
Parts and raw materials	$ 86,122	$ 82,875
Work-in-process	12,899	10,602
Finished goods	18,887	15,721
	$ 117,908	$ 109,198

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment is classified as follows:

	Useful lives	June 30, 2026	December 31, 2025
Land		$ 1,790	$ 1,798
Building and improvements	5 - 39 years	30,559	30,215
Machinery, equipment, tools and dies	3 - 15 years	122,875	121,774
Construction in progress		5,251	1,636
Furniture, fixtures and other	3 - 10 years	26,798	26,471
		187,273	181,894
Less accumulated depreciation		(124,926)	(120,123)
Property, plant, and equipment, net		$ 62,347	$ 61,771

Depreciation expense was $3,058 and $3,276 for the three months ended June 30, 2026 and 2025, respectively. For the six months ended June 30, 2026 and 2025, depreciation expense was $6,145 and $6,464, respectively.

5. GOODWILL

The change in the carrying amount of goodwill for the six months ended June 30, 2026 is as follows:

	June 30, 2026
Beginning balance	$ 134,332
Effect of foreign currency translation	(1,163)
Ending balance	$ 133,169

ALLIENT INC.
UNAUDITED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

6. INTANGIBLE ASSETS

Intangible assets on the Company's condensed consolidated balance sheets consist of the following:

	Weighted Average Amortization Period	June 30, 2026			December 31, 2025		
		Gross Amount	Accumulated Amortization	Net Book Value	Gross Amount	Accumulated Amortization	Net Book Value
Customer lists	14.1 years	$ 117,084	$ (62,693)	$ 54,391	$ 117,927	$ (59,006)	$ 58,921
Trade name	13.7 years	16,011	(9,856)	6,155	16,105	(9,471)	6,634
Design and technologies	10.5 years	41,847	(20,918)	20,929	42,232	(19,396)	22,836
Total		$ 174,942	$ (93,467)	$ 81,475	$ 176,264	$ (87,873)	$ 88,391

Amortization expense for intangible assets was $3,133 and $3,125 for the three months ended June 30, 2026 and 2025, respectively. For the six months ended June 30, 2026 and 2025, amortization expense was $6,256 and $6,218, respectively.

Estimated future intangible asset amortization expense as of June 30, 2026 is as follows:

Year ending December 31,	Total Estimated Amortization Expense
Remainder of 2026	6,122
2027	11,888
2028	11,135
2029	9,496
2030	9,342
Thereafter	33,492
Total estimated amortization expense	$ 81,475

7. STOCK-BASED COMPENSATION

Stock Incentive Plans

The Company's Stock Incentive Plans provide for the granting of stock awards, including restricted stock, stock options and stock appreciation rights, to employees and non-employees, including directors of the Company.

Restricted Stock

For the six months ended June 30, 2026, 93,638 shares of unvested restricted stock were awarded at a weighted average market value of $62.74. Of the restricted shares granted, 37,912 shares have performance-based vesting conditions. Stock-based compensation expense for awards with performance-based vesting conditions are reassessed each reporting period and recognized as expense based upon the probability that performance will be achieved. The value of the remaining shares awarded expected to vest is amortized to compensation expense over the related service period, which is normally three years, or over the estimated performance period. Shares of unvested restricted stock are generally forfeited if a recipient leaves the Company before the vesting date. Shares that are forfeited become available for future awards.

ALLIENT INC.
UNAUDITED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

The following is a summary of restricted stock activity for the six months ended June 30, 2026:

	Number of shares
Outstanding at beginning of period	234,370
Awarded	93,638
Vested	(111,816)
Forfeited	(16,520)
Outstanding at end of period	199,672

Stock-based compensation expense, net of forfeitures, of $998 and $835 was recorded for the three months ended June 30, 2026 and 2025, respectively. For the six months ended June 30, 2026 and 2025, stock-based compensation expense, net of forfeitures, of $1,845 and $1,755 was recorded, respectively.

8. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	June 30, 2026	December 31, 2025
Compensation and fringe benefits	$ 16,676	$ 20,498
Warranty reserve	2,179	1,813
Income taxes payable	670	1,853
Operating lease liabilities – current	5,492	5,323
Finance lease obligations – current	483	486
Contract liabilities	3,955	3,767
Restructuring related accruals	229	521
Other accrued expenses	7,924	6,629
	$ 37,608	$ 40,890

In line with the Company’s Simplify to Accelerate NOW strategy, during the first quarter of 2025, the Company began to create a state-of-the-art Fabrication Center of Excellence at the facility in Dothan, Alabama. Assembly operations from Dothan continue to be transferred into facilities in Tulsa, Oklahoma and Reynosa, Mexico.

One-time costs in 2026 are anticipated to be approximately $2 to $3 million, primarily related to employee severance and other personnel-related expenses, and are expected to be substantively paid by the end of 2026.

Restructuring expenses for this initiative, which are included in restructuring and business realignment costs in the condensed consolidated statement of income and comprehensive income, are as follows:

	Restructuring related accruals
Restructuring liability at December 31, 2025	$ 521
Expenses incurred	862
Cash payments	(1,172)
Restructuring liability at March 31, 2026	$ 211
Expenses incurred	641
Cash payments	(623)
Restructuring liability at June 30, 2026	$ 229

(In thousands, except per share data)

9. DEBT OBLIGATIONS

Debt obligations consisted of the following:

		June 30, 2026		December 31, 2025
Long-term Debt				
Revolving Credit Facility, long-term (1)	$	117,962	$	124,962
Note Payable		50,000		50,000
Unamortized debt issuance costs		(2,014)		(2,339)
Finance lease obligations – noncurrent		7,389		7,766
Long-term debt	$	173,337	$	180,389

(1) The effective interest rate on long-term debt obligations is 4.95% at June 30, 2026.

On March 1, 2024, the Company entered into a Third Amended and Restated Credit Agreement (the "2024 Amended Credit Agreement") for a $280 million revolving credit facility (the "Revolving Facility"). The changes made to the Company's previous credit facility by the 2024 Amended Credit Agreement include: i) providing for a $50 million accordion amount and ii) extending the term from February 12, 2025 to March 1, 2029. Additionally, the Company has entered into a $150 million fixed-rate private shelf facility (the "2024 Note Payable Agreement") under which $50.0 million of borrowings occurred on March 21, 2024. These agreements, collectively, are referred to as the "2024 Credit and Note Payable Agreements". Pursuant to the 2024 Note Payable Agreement, the Company may from time to time issue and sell, and the borrower may consider in its sole discretion the purchase of, in one or a series of transactions, senior notes of the Company in an aggregate principal amount of up to $150 million ("Shelf Notes"). The Shelf Notes will have a maturity date of no more than 10.5 years after the date of original issuance and may be issued through March 1, 2027, unless either party terminates such issuance right. Debt issuance costs of $3.2 million were incurred related to the 2024 Credit and Note Payable Agreements and are included within unamortized debt issuance costs noted above.

Borrowings under the Revolving Facility bear interest at the Term SOFR Rate (as defined in the 2024 Amended Credit Agreement) plus a margin of 1.25% to 2.50% or the Alternative Base Rate (as defined in the 2024 Amended Credit Agreement) plus a margin of 0.25% to 1.50%, in each case depending on the Company's ratio of Funded Indebtedness (as defined in the 2024 Amended Credit Agreement) to Consolidated EBITDA (the "Leverage Ratio"). In addition, the Company is required to pay a commitment fee of between 0.15% and 0.325% quarterly on the unused portion of the Revolving Facility, also based on the Company's Leverage Ratio.

Financial covenants under the 2024 Credit and Note Payable Agreements require the Company to maintain a minimum interest coverage ratio of at least 3.0:1.0 at the end of each fiscal quarter. In addition, the Company's Leverage Ratio at the end of any fiscal quarter shall not be greater than 4.25:1.0 through December 31, 2024 or greater than 3.75 to 1.0 as of the end of any fiscal quarter thereafter; provided that the Company may elect to temporarily increase the Leverage Ratio by 0.5:1.0 following a material acquisition under the 2024 Credit and Note Payable Agreements. The 2024 Credit and Note Payable Agreements also include covenants and restrictions that limit the Company's ability to incur additional indebtedness, merge, consolidate or sell all or substantially all of its assets and enter into transactions with an affiliate of the Company on other than an arms' length transaction. These covenants, which are described more fully in the 2024 Credit and Note Payable Agreements, to which reference is made for a complete statement of the covenants, were modified as of October 22, 2024, and are subject to certain exceptions. The Company was in compliance with all covenants as of June 30, 2026.

The 2024 Credit and Note Payable Agreements also include customary events of default, including failure to pay principal, interest or fees when due, failure to comply with covenants, if any representation or warranty made by the Company is false or misleading in any material respect, default under certain other indebtedness, certain insolvency or receivership events affecting the Company and its subsidiaries, the occurrence of certain material judgments, the occurrence of certain ERISA events, the invalidity of the loan documents or a change in control of the Company. The amounts outstanding under the Revolving Facility may be accelerated upon certain events of default.

The obligations under the 2024 Credit and Note Payable Agreements are secured by substantially all of the Company's non-realty assets and are fully and unconditionally guaranteed by certain of the Company's subsidiaries.

On March 21, 2024, the Company issued and sold $50.0 million in aggregate principal amount of the Series A Senior Notes due March 21, 2031 (the “Series A Notes”). The Series A Notes were issued pursuant to the 2024 Note Payable Agreement. The Series A Notes represent senior promissory notes of the Company and will bear interest at 5.96% and will mature on March 21, 2031. Interest on the Series A Notes will be payable quarterly on the 21st day of March, June, September and December in each year, commencing on June 21, 2024. Interest is computed on the basis of a 360-day year composed of twelve 30-day months. There are no separate covenants relating to the Series A Notes. All additional borrowings are subject to the leverage ratio compliance. The Series A Notes may be prepaid at the option of the Company, in accordance with the terms of the 2024 Note Payable Agreement, at 100% of the principal amount to be prepaid plus accrued interest plus the defined “Make-Whole Amount,” if any. The Make-Whole Amount is an amount equal to the excess, if any, of the discounted value of the remaining schedule payments with respect to principal on the Series A Notes being prepaid over the amount of the prepaid principal.

As of June 30, 2026, the unused Revolving Facility was $162,038. The amount available to borrow under the 2024 Credit and Note Payable Agreements may be limited by the Company’s debt and EBITDA levels, which impacts its covenant calculations.

On October 22, 2024, the Company entered into a Second Amendment to the Third Amended and Restated Credit Agreement and a Second Amendment to the Note Purchase and Private Shelf Agreement (collectively, the “October 2024 Credit and Note Payable Amendments”). These amendments include provisions to increase the maximum Leverage Ratio to 4.5:1.0 for the quarter ending March 31, 2025 and June 30, 2025, 4.0:1.0 for the quarter ending September 30, 2025, and returning to 3.75:1.0 for the quarters ending December 31, 2025 and thereafter. From January 1, 2025 through September 30, 2025, borrowings under the Revolving Facility bore interest at Term SOFR plus a margin of 2.50% and a commitment fee of 0.325% on the unused portion of the Revolving Facility. Also, from October 1, 2024 through September 30, 2025, the Series A Notes bore interest at 6.46%. Subsequently, the Series A Notes have returned to an interest rate of 5.960%.

10. DERIVATIVE FINANCIAL INSTRUMENTS

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, and foreign exchange risk primarily through the use of derivative financial instruments.

The Company enters into foreign currency contracts with 30-day maturities to hedge its short-term balance sheet exposure, primarily intercompany, that are denominated in currencies (Euro, Mexican Peso, New Zealand Dollar, Chinese Renminbi, Swedish Krona, Canadian Dollar) other than the subsidiary’s functional currency and are adjusted to current values using period-end exchange rates. The resulting gains or losses are recorded in other expense, net in the condensed consolidated statements of income and comprehensive income. To minimize foreign currency exposure, the Company had foreign currency contracts with notional amounts of $32,680 and $26,033 at June 30, 2026 and December 31, 2025, respectively. The foreign currency contracts are recorded in the condensed consolidated balance sheets at fair value and resulting gains or losses are recorded in other expense, net in the condensed consolidated statements of income and comprehensive income. During the three and six months ended June 30, 2026 the Company had losses of $298 and $666, respectively and during the three and six months ended June 30, 2025, the Company had gains of $1,193 and $1,070, respectively, on foreign currency contracts which is included in other expense, net and generally offset the gains or losses from the foreign currency adjustments on the intercompany balances that are also included in other expense, net.

The Company’s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements on its variable-rate debt. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. In March 2022 the Company entered into an interest rate swap with a notional amount of $40,000 that matures in December 2026. In March 2023, the Company executed amendments to the existing swaps to amend the index on the interest rate derivatives from LIBOR to SOFR. These amendments had no material financial impact to the Company’s operations or financial position. In September 2024, the Company entered into an additional interest rate swap with a notional amount of $50,000 that matures in September 2027.

(In thousands, except per share data)

The changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During 2026 and 2025, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt.

As of June 30, 2026, the Company estimates that $704 will be reclassified as a decrease to interest expense over the next twelve months related to its interest rate derivatives. The Company does not use derivatives for trading or speculative purposes.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the condensed consolidated balance sheets as of June 30, 2026 and December 31, 2025:

		Asset Derivatives	
		Fair value as of:	
Derivatives designated as hedging instruments	Balance Sheet Location	June 30, 2026	December 31, 2025
Foreign currency contracts	Prepaid expenses and other assets	$ 47	$ 7
Interest rate swaps	Prepaid expenses and other assets	$ 402	$ 619
Interest rate swaps	Other long-term assets	$ 386	$ —
		$ 835	$ 626

		Liability Derivatives	
		Fair value as of:	
Derivatives designated as hedging instruments	Balance Sheet Location	June 30, 2026	December 31, 2025
Foreign currency contracts	Accrued liabilities	$ 2	$ 98
Interest rate products	Accrued liabilities	—	39
		$ 2	$ 137

The tables below present the effect of cash flow hedge accounting on other comprehensive income ("OCI") for the three and six months ended June 30, 2026 and 2025:

	Amount of pre-tax (loss) gain recognized in OCI on derivatives		Amount of pre-tax gain (loss) recognized in OCI on derivatives	
Derivatives in cash flow hedging relationships	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Interest rate swaps	$ 256	$ (161)	$ 678	$ (641)

	Amount of pre-tax gain reclassified from accumulated OCI into income		Amount of pre-tax gain reclassified from accumulated OCI into income	
Location of gain reclassified from accumulated OCI into income	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Interest expense	$ 224	$ 379	$ 455	$ 755

The table below presents the line items that reflect the effect of the Company's derivative financial instruments on the condensed consolidated statements of income and comprehensive income for the three and six months ended June 30, 2026 and 2025:

		Total amounts of income and expense line items presented that reflect the effects of cash flow hedges recorded		Total amounts of income and expense line items presented that reflect the effects of cash flow hedges recorded	
		Three months ended June 30,		Six months ended June 30,	
Derivatives designated as hedging instruments	Income Statement Location	2026	2025	2026	2025
Interest rate swaps	Interest Expense	$ 2,523	$ 3,552	$ 5,076	$ 7,187

(In thousands, except per share data)

The tables below present a gross presentation, the effects of offsetting, and a net presentation of the Company’s derivatives as of June 30, 2026 and December 31, 2025. The net amounts of derivative assets or liabilities can be reconciled to the tabular disclosure of fair value. The tabular disclosure of fair value provides the location that derivative assets and liabilities are presented in the condensed consolidated balance sheets:

Derivative assets:

As of June 30, 2026	Gross amounts of recognized assets	Gross amounts offset in the consolidated balance sheets	Net amounts of assets presented in the consolidated balance sheets	Gross amounts not offset in the consolidated balance sheets		
				Financial instruments	Cash collateral received	Net amount
Derivatives	$ 835	$ —	$ 835	$ —	$ —	$ 835

As of December 31, 2025	Gross amounts of recognized assets	Gross amounts offset in the consolidated balance sheets	Net amounts of assets presented in the consolidated balance sheets	Gross amounts not offset in the consolidated balance sheets		
				Financial instruments	Cash collateral received	Net amount
Derivatives	$ 626	$ —	$ 626	$ —	$ —	$ 626

Derivative liabilities:

As of June 30, 2026	Gross amounts of recognized liabilities	Gross amounts offset in the consolidated balance sheets	Net amounts of liabilities presented in the consolidated balance sheets	Gross amounts not offset in the consolidated balance sheets		
				Financial instruments	Cash collateral received	Net amount
Derivatives	$ 2	$ —	$ 2	$ —	$ —	$ 2

As of December 31, 2025	Gross amounts of recognized liabilities	Gross amounts offset in the consolidated balance sheets	Net amounts of liabilities presented in the consolidated balance sheets	Gross amounts not offset in the consolidated balance sheets		
				Financial instruments	Cash collateral received	Net amount
Derivatives	$ 137	$ —	$ 137	$ —	$ —	$ 137

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company either defaults or is capable of being declared in default on any of its indebtedness, then the Company could also be declared in default on its derivative obligations.

11. FAIR VALUE

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date.

The guidance establishes a framework for measuring fair value which utilizes observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s market assumptions. Preference is given to observable inputs.

(In thousands, except per share data)

These two types of inputs create the following three – level fair value hierarchy:

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

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model – derived valuations whose inputs or significant value drivers are observable.

Level 3: Significant inputs to the valuation model that are unobservable.

The Company's financial assets and liabilities include cash and cash equivalents, accounts receivable, debt obligations, accounts payable, and accrued liabilities. The carrying amounts reported in the condensed consolidated balance sheets for these assets and liabilities approximate their fair value because of the immediate or short-term maturities of these financial instruments.

The following tables presents the Company's financial assets (liabilities) that are accounted for at fair value on a recurring basis as of June 30, 2026 and December 31, 2025, respectively, by level within the fair value hierarchy:

	June 30, 2026		
	Level 1	Level 2	Level 3
Assets (liabilities)			
Deferred compensation plan assets	$ 5,726	$ —	$ —
Foreign currency hedge contracts, net	—	45	—
Interest rate swaps, net	—	788	—

	December 31, 2025		
	Level 1	Level 2	Level 3
Assets (liabilities)			
Deferred compensation plan assets	$ 5,400	$ —	$ —
Foreign currency hedge contracts, net	—	(91)	—
Interest rate swaps, net	—	580	—

12. INCOME TAXES

The income tax provision for interim periods is determined using an estimate of the annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter, the estimate of the annual effective tax rate is updated, and if the estimated effective tax rate changes, a cumulative adjustment is made. There is potential for volatility of the effective tax rate due to several factors, including changes in the mix of the pre-tax income and the jurisdictions to which it relates, changes in tax laws, settlements with taxing authorities and foreign currency fluctuations.

The effective income tax rate was 20.2% and 23.1% for the three months ended June 30, 2026 and 2025, respectively. For the six months ended June 30, 2026 and 2025, the effective income tax rate was 20.5% and 22.0%, respectively.

13. LEASES

The Company has operating leases for office space, manufacturing facilities and equipment, computer equipment and automobiles. Many leases include one or more options to renew, some of which include options to extend the leases for a long-term period, and some leases include options to terminate the leases within 30 days. In certain of the Company's lease agreements, the rental payments are adjusted periodically to reflect actual charges incurred for capital area maintenance, utilities, inflation and/or changes in other indexes.

ALLIENT INC.
UNAUDITED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

Supplemental cash flow information related to the Company's operating and finance leases for the six months ended June 30, 2026 and 2025 was as follows:

	June 30, 2026	June 30, 2025
Cash paid for operating leases	$ 3,601	$ 3,367
Cash paid for interest on finance lease obligations	$ 197	$ 195
Assets acquired under operating leases	$ 5,628	$ 1,385

The Company's finance lease obligations relate to a manufacturing facility. Finance lease assets of $6,573 and $7,037 as of June 30, 2026 and December 31, 2025, respectively, are included in property, plant and equipment, net. As of June 30, 2026, finance lease obligations of $483 are included in accrued liabilities and $7,389 are included in long-term debt on the condensed consolidated balance sheet. As of December 31, 2025, finance lease obligations of $486 are included in accrued liabilities and $7,766 are included in long-term debt on the condensed consolidated balance sheet.

The following table presents the maturity of the Company's operating and finance lease liabilities as of June 30, 2026:

	Operating Leases	Finance Leases
Remainder of 2026	3,314	426
2027	6,319	873
2028	4,968	895
2029	3,361	917
2030	2,650	940
Thereafter	6,768	6,156
Total undiscounted cash flows	$ 27,380	$ 10,207
Less: present value discount	(3,572)	(2,335)
Total lease liabilities	$ 23,808	$ 7,872

The Company has operating leases for certain facilities from companies for which a member of management is a part owner. In connection with such leases, the Company made fixed minimum lease payments to the lessor of $187 and $380 during the three and six months ended June 30, 2026 and $272 and $526 during the three and six months ended June 30, 2025, respectively, and is obligated to make payments of $377 during the remainder of 2026. Future fixed minimum lease payments under these leases as of June 30, 2026 are $4,601.

14. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

Accumulated Other Comprehensive (Loss) Income ("AOCI") for the three and six months ended June 30, 2026 and 2025 is comprised of the following:

	Defined Benefit Plan Liability	Cash Flow Hedges	Tax Effect of Cash Flow Hedges	Foreign Currency Translation Adjustment	Total
At March 31, 2026	$ 259	$ 742	$ (93)	$ (13,115)	$ (12,207)
Unrealized gain (loss) on cash flow hedges	—	256	(61)	—	195
Amounts reclassified from AOCI	—	(224)	54	—	(170)
Foreign currency translation gain	—	—	—	(1,691)	(1,691)
At June 30, 2026	$ 259	$ 774	$ (100)	$ (14,806)	$ (13,873)

ALLIENT INC.
UNAUDITED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

	Defined Benefit Plan Liability	Cash Flow Hedges	Tax Effect of Cash Flow Hedges	Foreign Currency Translation Adjustment	Total
At March 31, 2025	$ 131	$ 1,666	$ (316)	$ (21,427)	$ (19,946)
Unrealized gain (loss) on cash flow hedges	—	(161)	39	—	(122)
Amounts reclassified from AOCI	—	(379)	91	—	(288)
Foreign currency translation loss	—	—	—	11,644	11,644
At June 30, 2025	$ 131	$ 1,126	$ (186)	$ (9,783)	$ (8,712)

	Defined Benefit Plan Liability	Cash Flow Hedges	Tax Effect of Cash Flow Hedges	Foreign Currency Translation Adjustment	Total
At December 31, 2025	$ 259	$ 551	$ (48)	$ (10,289)	$ (9,527)
Unrealized (loss) gain on cash flow hedges	—	678	(162)	—	516
Amounts reclassified from AOCI	—	(455)	110	—	(345)
Foreign currency translation gain	—	—	—	(4,517)	(4,517)
At June 30, 2026	$ 259	$ 774	$ (100)	$ (14,806)	$ (13,873)

	Defined Benefit Plan Liability	Cash Flow Hedges	Tax Effect of Cash Flow Hedges	Foreign Currency Translation Adjustment	Total
At December 31, 2024	$ 131	$ 2,522	$ (547)	$ (25,289)	$ (23,183)
Unrealized gain (loss) on cash flow hedges	—	(641)	167	—	(474)
Amounts reclassified from AOCI	—	(755)	194	—	(561)
Foreign currency translation loss	—	—	—	15,506	15,506
At June 30, 2025	$ 131	$ 1,126	$ (186)	$ (9,783)	$ (8,712)

The realized gains and losses relating to the Company’s interest rate swap hedges were reclassified from AOCI and included in interest expense in the condensed consolidated statements of income and comprehensive income.

15. DIVIDENDS PER SHARE

The Company declared a quarterly dividend of $0.04 per share in the second quarter of 2026, and $0.03 per share in the first quarter of 2026 and the first and second quarters of 2025.

ALLIENT INC.
UNAUDITED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

16 EARNINGS PER SHARE

Basic and diluted weighted-average shares outstanding are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Basic weighted average shares outstanding	16,798	16,687	16,756	16,639
Dilutive effect of potential common shares	77	26	184	32
Diluted weighted average shares outstanding	16,875	16,713	16,940	16,671

For the three and six months ended June 30, 2026, the anti-dilutive common shares excluded from the calculation of diluted earnings per share were 37,000 and 41,000, respectively. For the three and six months ended June 30, 2025, the anti-dilutive common shares excluded from the calculation of diluted earnings per share were 55,000 and 64,000, respectively.

17. SEGMENT INFORMATION

The Company operates in one segment for the manufacture and marketing of specialty-controlled motion products and solutions for end user and OEM applications. The Company's chief operating decision maker ("CODM") has been identified as the Chief Executive Officer and President, who reviews operating results to make decisions about allocating resources, monitoring budgets, and assessing performance for the entire Company. The measure of segment profit or loss utilized is consolidated net income. The CODM uses this measure to compare results to prior periods and during our budgeting and forecasting process to assess profitability and enable decision making. The reports reviewed by the CODM do not provide for any significant expense categories beyond those as reported on the consolidated statement of income and comprehensive income. The accounting policies of the Company are described in Note 1 *Significant Accounting Policies* in the 2025 Form 10-K.

The CODM utilizes consolidated net income, which is available in our consolidated statements of income and comprehensive income, as the measurement for assessing financial performance.

For the three months ended June 30, 2026 and 2025, revenue was comprised of 54% and 55%, respectively, shipped to U.S. customers. Revenue for the six months ended June 30, 2026 and 2025 was comprised of 53% and 54%, respectively, shipped to U.S. customers. The remainder of revenues for all periods were shipped to foreign customers, primarily in Europe, Canada, and Asia-Pacific.

Identifiable foreign fixed assets were $28,024 and $30,418 as of June 30, 2026 and December 31, 2025, respectively. Identifiable assets outside of the U.S. are attributable to Europe, China, Mexico, and Asia-Pacific.

For the three and six months ended June 30, 2026 and 2025, no customers individually accounted for a material concentration of revenue nor accounts receivable.

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

All statements contained herein that are not statements of historical fact constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance, or achievements, and may contain the word "believe," "anticipate," "expect," "project," "intend," "will continue," "will likely result," "should" or words or phrases of similar meaning. Forward-looking statements involve known and unknown risks and uncertainties that may cause actual results to differ materially from the expected results described in the forward-looking statements. The risks and uncertainties include those associated with: the domestic and foreign general business and economic conditions in the markets we serve, including political and currency risks and adverse changes in local legal and regulatory environments; the severity, magnitude and duration of the impact of global pandemics, including impacts from businesses' and governments' responses to the impact on our operations and personnel, and on commercial activity and demand across our and our customers' businesses, and on global supply chains; our inability to predict the extent to which global pandemic impacts will adversely impact our business operations, financial performance, results of operations, financial position, the prices of our securities and the achievement of our strategic objectives; the geopolitical conflicts and their ability to create instability and economic uncertainty; the introduction of new technologies and the impact of competitive products; the ability to protect the Company's intellectual property; our ability to sustain, manage or forecast our growth and product acceptance to accurately align capacity with demand; the continued success of our customers and the ability to realize the full amounts reflected in our order backlog as revenue; the loss of significant customers or the enforceability of the Company's contracts in connection with a merger, acquisition, disposition, bankruptcy, or otherwise; our ability to meet the technical specifications of our customers; the performance of subcontractors or suppliers and the continued availability of parts and components; failure of a key information technology system, process or site or a breach of information security, including a cybersecurity breach, ransomware, or failure of one or more key information technology systems, networks, processes, associated sites or service providers; changes in government regulations; the availability of financing and our access to capital markets, borrowings, or financial transactions to hedge certain risks; the ability to attract and retain qualified personnel, and in particular those who can design new applications and products for the motion industry; the ability to implement our corporate strategies designed for growth and improvement in profits including to identify and consummate favorable acquisitions to support external growth and the development of new technologies; the ability to successfully integrate an acquired business into our business model without substantial costs, delays, or problems; our ability to control costs, including the establishment and operation of low cost region manufacturing and component sourcing capabilities; and in the Company's Annual Report in Form 10-K. Actual results, events and performance may differ materially from the Company's forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements as a prediction of actual results. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict the occurrence of those matters or the manner in which they may affect us. The Company has no obligation or intent to release publicly any revisions to any forward-looking statements, whether as a result of new information, future events, or otherwise.

New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The Company's expectations, beliefs and projections are believed to have a reasonable basis; however, the Company makes no assurance that expectations, beliefs, or projections will be achieved.

Overview

We are a global company that is engaged in the business of designing, manufacturing, and selling precision motion, control, power, and structural composites to provide integrated system solutions as well as individual products, to a broad spectrum of customers throughout the world primarily for the industrial, vehicle, medical, and aerospace and defense markets. We are headquartered in Williamsville, NY, and have operations in the United States, Canada, Mexico, Europe, and Asia-Pacific. We are known worldwide for our expertise in electro-magnetic, mechanical, and electronic motion technology. We sell component and integrated controlled motion solutions to end customers and OEMs through our own direct sales force and authorized manufacturers' representatives and distributors. Our products include nano precision positioning systems, servo control systems, motion controllers, digital servo amplifiers and drives, brushless servo, torque, and coreless motors, brush motors, integrated motor-drives, gear motors, gearing, incremental and absolute optical encoders, active (electronic) and passive (magnetic) filters for power quality and harmonic issues, Industrial safety rated input/output Modules, Universal Industrial Communications Gateways, light-weighting technologies, transformers, and other controlled motion-related products.

Throughout 2025 and through the first two quarters of 2026, we continue to refine our strategy to expand our vertical market focus to accelerate our growth. Throughout its history, the Company has expanded our capabilities to be a leading global provider of motion solutions. More recently, we have been building our controls and power technologies, both organically and through acquisitions. The evolution of these additional pillars of our business enhances our overall value proposition, expands our addressable markets and is aligned with mega technology trends. These advancements required us to refine our strategy to leverage the value opportunity that exists in three technology pillars – Motion, Controls, and Power.

Recent Events

Through 2024 and 2025, and continuing into 2026, the Company has been executing its Simplify to Accelerate NOW program. This included initiatives to realign the Company's manufacturing footprint and streamline the organization to enhance operational efficiency and drive profitability. These initiatives are expected to position Allient to emerge from the current challenging macroeconomic and geopolitical environments, including industrial headwinds with stronger earnings power, improved operational flexibility, and enhanced capacity to capitalize on future growth opportunities. Additional costs associated with our Simplify to Accelerate NOW program are expected to create additional annualized cost savings in 2026.

During the first quarter of 2025, the Company announced that consistent with its Simplify to Accelerate NOW strategy, it will expand upon current capabilities and skillsets to create a state-of-the-art Fabrication Center of Excellence at its facility in Dothan, Alabama. The Company is transferring current assembly operations from Dothan and transferring these capabilities into its facilities in Tulsa, Oklahoma and Reynosa, Mexico where Final Assembly, Integration and Test capabilities are the core competencies. The realignment will improve business focus and better leverage the Company's footprint to deliver high-precision system solutions for demanding applications in various served markets including Aerospace and Defense, Medical and Electronic Test and Assembly Equipment.

One-time costs in 2025 were approximately $4 million, primarily related to employee severance and other personnel-related expenses. Additional expenses of $641 and $1,503 have been incurred during the first three and six months of 2026, respectively, with a total of approximately $2 to $3 million anticipated to be incurred throughout 2026, and will be substantively paid by the end of 2026.

Global Environment

The current geopolitical conflicts are creating higher levels of economic uncertainty and increased volatility with respect to energy prices, interest rates, our supply chain (in particular, with respect to changes and proposed changes to tariffs and trade policies), and certain customer ordering patterns. We are closely monitoring the developments and continue to adjust our production platform to react to changing customer ordering patterns. The impact of the conflicts on our operational and financial performance will depend on future developments that cannot be predicted.

The U.S. government has proposed and implemented certain updates to existing foreign trade policies. These updates include new and increased tariffs, or potential tariffs, on a wide range of products and goods imported to the U.S., and certain countries have responded with reciprocal tariffs and/or trade restrictions. We have manufacturing operations in Mexico, China, and Europe, amongst other locations globally throughout the world, and source certain components from locations that may be impacted by these policy changes. Official government policies and agreements continue to be closely monitored, and our operations remain agile in adjusting to minimize potential impacts to our business.

In February 2026, the U.S. Supreme Court ruled that certain tariffs based on the International Emergency Economic Powers Act that were assessed and incurred in 2025 were unconstitutional. Following this ruling, the U.S. Court of International Trade began to develop a process to assess how to refund tariffs that were paid under the applicable executive orders. At this time, the Company has begun the process of applying for refunds of tariffs paid. However, no tariff refunds have been approved and the Company has not received any refund payments. We continue to monitor the recent applicable rulings and will continue to monitor and consider what refunds can be pursued.

Operating Results

Three months ended June 30, 2026 compared to three months ended June 30, 2025

(Dollars in thousands, except per share data)	For the three months ended June 30, 2026	2025	2026 vs. 2025 Variance $	%
Revenues	$ 153,770	$ 139,578	$ 14,192	10 %
Cost of goods sold	100,178	93,222	6,956	7 %
Gross profit	53,592	46,356	7,236	16 %
Gross margin percentage	34.9 %	33.2 %		
Operating costs and expenses:				
Selling	7,583	6,026	1,557	26 %
General and administrative	15,941	14,439	1,502	10 %
Engineering and development	10,684	9,944	740	7 %
Acquisition and integration-related costs	—	23	(23)	(100)%
Restructuring and business realignment costs	641	1,122	(481)	(43)%
Amortization of intangible assets	3,133	3,125	8	— %
Total operating costs and expenses	37,982	34,679	3,303	10 %
Operating income	15,610	11,677	3,933	34 %
Interest expense	2,523	3,552	(1,029)	(29)%
Other expense, net	68	823	(755)	(92)%
Total other expense	2,591	4,375	(1,784)	(41)%
Income before income taxes	13,019	7,302	5,717	78 %
Income tax provision	(2,628)	(1,685)	(943)	56 %
Net income	$ 10,391	$ 5,617	$ 4,774	85 %
Effective tax rate	20.2 %	23.1 %		
Diluted earnings per share	$ 0.61	$ 0.34	$ 0.27	83 %
Bookings	$ 201,302	$ 135,032	$ 66,270	49 %
Backlog	$ 298,031	$ 236,586	$ 61,445	26 %

REVENUES: The increase in revenues during the three months ended June 30, 2026 reflects increases in many of our target markets, most significantly within Industrial and Aerospace and Defense. Our revenues for the three months ended June 30, 2026 were comprised of 54% to U.S. customers and 46% to customers primarily in Europe, Canada, and Asia-Pacific. The overall increase in revenue was primarily due to a 9.3% volume increase and a foreign currency increase of 0.9%. Organic revenue increased 9.3% during the second quarter of 2026. Organic revenue is a non-GAAP measure. Refer to information included in "Non-GAAP Measures" below for a discussion and reconciliation of the non-GAAP measures.

ORDER BOOKINGS: Bookings increased in the three months ended June 30, 2026 compared to 2025, due to a 48.3% increase in volume and a 0.8% increase in foreign currency impact. The increase in bookings from the prior year quarter is impacted by improvements in customer demand levels across certain target markets, primarily within Industrial and Aerospace and Defense, in the current year.

GROSS PROFIT AND GROSS MARGIN: Gross profit increased to $53,592 in the three months ended June 30, 2026 from $46,356 in the three months ended June 30, 2025, and gross margins increased to 34.9% for 2026, compared to 33.2% for 2025. Gross profit and gross margin percentage were impacted favorably by higher sales volume, improved product mix, and operational improvements driven by our Simplify to Accelerate NOW strategy.

SELLING EXPENSES: Selling expenses increased 26% during the three months ended June 30, 2026 compared to 2025, reflecting higher commissions driven by higher sales volumes, as well as higher marketing and sales-generating costs. Selling expenses as a percentage of revenues were 5% and 4% in the three months ended June 30, 2026 and 2025, respectively.

GENERAL AND ADMINISTRATIVE EXPENSES: General and administrative expenses increased 10% during the three months ended June 30, 2026 compared to 2025 due primarily to personnel-related costs and higher software licensing and information technology consulting costs. As a percentage of revenues, general and administrative expenses were 10% in each of the three months ended June 30, 2026 and 2025.

ENGINEERING AND DEVELOPMENT EXPENSES: Engineering and development expenses increased by 7% in the three months ended June 30, 2026 compared to 2025. The increase primarily reflects higher incentive compensation, partially offset by the cost reduction actions taken as part of our Simplify to Accelerate NOW strategy. As a percentage of revenues, engineering and development expenses were 7% in each of the three months ended June 30, 2026 and 2025.

RESTRUCTURING AND BUSINESS REALIGNMENT COSTS: Restructuring and business realignment costs decreased in the three months ended June 30, 2026 compared to 2025 primarily reflecting costs associated with the transfer of assembly operations from our Dothan, Alabama facility in 2025 and timing of other Simplify to Accelerate NOW actions.

AMORTIZATION OF INTANGIBLE ASSETS: Amortization of intangible assets remained consistent compared to the prior year period.

INTEREST EXPENSE: Interest expense decreased in the three months ended June 30, 2026 compared to 2025 due to lower average debt balances.

INCOME TAXES: The effective income tax rate was 20.2% and 23.1% for the three months ended June 30, 2026 and 2025, respectively. We expect our income tax rate for the full year 2026 to be approximately 21% to 23%.

NET INCOME AND ADJUSTED NET INCOME: Net income increased during the three months ended June 30, 2026 compared to 2025, primarily relating to higher sales volume, including an increase in organic revenue, and improvements to gross profit margin percentage, reflecting the actions in our Simplify to Accelerate NOW strategy. Adjusted net income for the quarters ended June 30, 2026 and 2025 was $13,545 and $9,525, respectively. Adjusted diluted earnings per share for the second quarter of 2026 and 2025 were $0.80 and $0.57, respectively. Adjusted net income and adjusted diluted earnings per share are non-GAAP measures. See information included in “Non–GAAP Measures” below for a discussion of the non-GAAP measure and reconciliation of net income to adjusted net income and diluted earnings per share to adjusted diluted earnings per share.

EBITDA AND ADJUSTED EBITDA: EBITDA was $21,733 for the three months ended June 30, 2026 compared to $17,255 for the second quarter of 2025. Adjusted EBITDA was $23,715 and $20,067 for the second quarters of 2026 and 2025, respectively. EBITDA and Adjusted EBITDA are non-GAAP measures. EBITDA consists of income before interest expense, provision for income taxes, and depreciation and amortization. Adjusted EBITDA also excludes stock-based compensation expense, foreign currency gain/loss and certain other items. Refer to information included in “Non-GAAP Measures” below for a discussion of the non-GAAP measure and a reconciliation of net income to EBITDA and Adjusted EBITDA.

Six months ended June 30, 2026 compared to six months ended June 30, 2025

(Dollars in thousands, except per share data)	For the six months ended June 30, 2026	For the six months ended June 30, 2025	2026 vs. 2025 Variance $	2026 vs. 2025 Variance %
Revenues	$ 292,685	$ 272,381	$ 20,304	7 %
Cost of goods sold	193,718	183,273	10,445	6 %
Gross profit	98,967	89,108	9,859	11 %
Gross margin percentage	33.8 %	32.7 %		
Operating costs and expenses:				
Selling	14,609	12,040	2,569	21 %
General and administrative	31,343	28,252	3,091	11 %
Engineering and development	20,325	19,498	827	4 %
Acquisition and integration-related costs	—	23	(23)	(100)%
Restructuring and business realignment costs	1,503	2,621	(1,118)	(43)%
Amortization of intangible assets	6,256	6,218	38	1 %
Total operating costs and expenses	74,036	68,652	5,384	8 %
Operating income	24,931	20,456	4,475	22 %
Interest expense	5,076	7,187	(2,111)	(29)%
Other expense, net	53	1,507	(1,454)	NM %
Total other expense, net	5,129	8,694	(3,565)	(41)%
Income before income taxes	19,802	11,762	8,040	68 %
Income tax provision	(4,054)	(2,588)	(1,466)	57 %
Net income	$ 15,748	$ 9,174	$ 6,574	72 %
Effective tax rate	20.5 %	22.0 %		
Diluted earnings per share	$ 0.93	$ 0.55	$ 0.38	69 %
Bookings	$ 359,377	$ 272,655	$ 86,722	32 %
Backlog	$ 298,031	$ 236,586	$ 61,445	26 %

REVENUES: The increase in revenues for the year to date 2026 reflects increases primarily within Industrial and Aerospace and Defense markets. Our revenues for the period ended June 30, 2026 was comprised of 53% to U.S. customers and 47% to customers primarily in Europe, Canada and Asia-Pacific. The overall increase in revenue was due to a 5.1% volume increase and a 2.4% favorable currency impact. Organic revenue increased 5.1% during the year to date 2026. Organic revenue is a non-GAAP measure. Refer to information included in “Non-GAAP Measures” below for a discussion and reconciliation of the non-GAAP measures.

ORDER BOOKINGS: Orders increased for the year to date 2026 compared to 2025, and included a 29.4% increase in volume as well as a 2.4% increase in foreign currency impact. The increase in orders reflects steady demand in the Industrial market and continued strength in Aerospace & Defense.

GROSS PROFIT AND GROSS MARGIN: Gross profit increased to $98,967 for year to date 2026 from $89,108 in 2025 driven by increases in sales, and gross margins increased to 33.8% for 2026, compared to 32.7% for 2025. Gross profit and gross margin percentage were impacted favorably by higher sales volume, improved product mix, and operational improvements driven by our Simplify to Accelerate NOW strategy.

SELLING EXPENSES: Selling expenses increased 21% during year to date 2026 compared to 2025, reflecting higher commissions driven by higher sales volumes, as well as higher marketing and sales-generating costs. Selling expenses as a percentage of revenues were 5% and 4% during year to date 2026 and 2025, respectively.

GENERAL AND ADMINISTRATIVE EXPENSES: General and administrative expenses increased by 11% during the six months ended June 30, 2026 compared to the same period of 2025 due primarily to personnel-related costs and higher software licensing and information technology consulting costs. As a percentage of revenues, general and administrative expenses were 11% and 10% in 2026 and 2025, respectively.

ENGINEERING AND DEVELOPMENT EXPENSES: Engineering and development expenses increased by 4% during the year to date 2026 compared to 2025, primarily reflecting higher incentive compensation, partially offset by the cost reduction actions taken as part of our Simplify to Accelerate NOW strategy. As a percentage of revenues, engineering and development expenses were 7% for each of the six months ended June 30, 2026 and 2025.

RESTRUCTURING AND BUSINESS REALIGNMENT COSTS: Restructuring and business realignment costs decreased in 2026 compared to 2025 primarily reflecting restructuring-related costs primarily associated with costs recognized in 2025 relating to the transfer of assembly operations from our Dothan, Alabama facility.

AMORTIZATION OF INTANGIBLE ASSETS: Amortization of intangible assets remained consistent compared to the prior year period.

INTEREST EXPENSE: Interest expense decreased by 29% for the year to date 2026 compared to 2025 primarily due to lower average debt levels.

INCOME TAXES: For the six months ended June 30, 2026 and 2025, the effective income tax rate was 20.5% and 22.0%, respectively. The change in rates compared to the prior year is primarily due to the impact of discrete tax costs on share based awards. We expect our income tax rate for the full year 2026 to be approximately 21% to 23%.

NET INCOME AND ADJUSTED NET INCOME: Net income increased during year to date 2026 compared to 2025, primarily relating to increased sales and improved gross margin, partially offset by an increase in operating expenses. Adjusted net income for the six month periods ended June 30, 2026 and 2025 was $21,969 and $17,118, respectively. Adjusted diluted earnings per share for year to date 2026 and 2025 were $1.30 and $1.03, respectively. Adjusted net income and adjusted diluted earnings per share are non-GAAP measures. See information included in “Non– GAAP Measures” below for a discussion of the non-GAAP measure and reconciliation of net income to Adjusted net income and diluted earnings per share to Adjusted diluted earnings per share.

EBITDA AND ADJUSTED EBITDA: EBITDA was $37,279 for year to date 2026 compared to $31,631 for year to date 2025. Adjusted EBITDA was $40,991 and $37,539 for year to date 2026 and 2025, respectively. EBITDA and Adjusted EBITDA are non-GAAP measures. EBITDA consists of income before interest expense, provision for income taxes, and depreciation and amortization. Adjusted EBITDA also excludes stock-based compensation expense, foreign currency gain/loss and certain other items. Refer to information included in “Non-GAAP Measures” below for a discussion of the non-GAAP measure and a reconciliation of net income to EBITDA and Adjusted EBITDA.

Non-GAAP Measures

Organic revenue, EBITDA, Adjusted EBITDA, Adjusted net income and Adjusted diluted earnings per share are provided for information purposes only and are not measures of financial performance under GAAP. Management believes the presentation of these financial measures reflecting non-GAAP adjustments provides important supplemental information to investors and other users of our financial statements in evaluating the operating results of the Company as distinct from results that include items that are not indicative of ongoing operating results. In particular, those charges and credits that are not directly related to operating unit performance, and that are not a helpful measure of the performance of our underlying business particularly in light of their unpredictable nature. These non-GAAP disclosures have limitations as analytical tools, should not be viewed as a substitute for revenue and net income determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies. In addition, the supplemental presentation should not be construed as an inference that the Company's future results will be unaffected by similar adjustments to net income determined in accordance with GAAP. Organic revenue is reported revenues adjusted for the impact of foreign currency and the revenue contribution from acquisitions.

The Company believes that revenue excluding foreign currency exchange impacts is a useful measure in analyzing sales results. The Company excludes the effect of currency translation from revenue for this measure because currency translation is not fully under management's control, is subject to volatility and can obscure underlying business trends. The portion of revenue attributable to currency translation is calculated as the difference between the current period revenue and the current period revenue after applying foreign exchange rates from the prior period.

The Company believes EBITDA is often a useful measure of a Company's operating performance and is a significant basis used by the Company's management to measure the operating performance of the Company's business because EBITDA excludes charges for depreciation, amortization and interest expense that have resulted from our debt financings, acquisitions, as well as our provision for income tax expense. EBITDA is frequently used as one of the bases for comparing businesses in the Company's industry.

The Company also believes that Adjusted EBITDA provides helpful information about the operating performance of its business. Adjusted EBITDA excludes stock-based compensation expense, as well as acquisition and integration-related costs, restructuring and business realignment costs, foreign currency gains/losses on short-term assets and liabilities, and other items that are not indicative of the Company's core operating performance. EBITDA and Adjusted EBITDA do not represent and should not be considered as an alternative to net income, operating income, net cash provided by operating activities or any other measure for determining operating performance or liquidity that is calculated in accordance with GAAP.

Management uses Adjusted net income and Adjusted diluted earnings per share to assess the Company's consolidated financial and operating performance. Adjusted net income and Adjusted diluted earnings per share are provided for informational purposes only and are not a measure of financial performance under GAAP. These measures help management make decisions that are expected to facilitate meeting current financial goals as well as achieving optimal financial performance. Adjusted net income provides management with a measure of financial performance of the Company based on operational factors as it removes the impact of certain non-routine items from the Company's operating results. Adjusted diluted earnings per share provides management with an indication of how Adjusted net income would be reflected on a per share basis for comparison to the GAAP diluted earnings per share measure. Adjusted net income is a key metric used by senior management and the Company's board of directors to review the consolidated financial performance of the business. This measure adjusts net income determined in accordance with GAAP to reflect changes in financial results associated with the highlighted expense and income items.

The Company's calculation of Revenue excluding foreign currency exchange impacts for the three and six months ended June 30, 2026 is as follows:

	Three months ended June 30, 2026	Six months ended June 30, 2026
Revenue as reported	$ 153,770	$ 292,685
Less: Foreign currency impact - (favorable) / unfavorable	(1,255)	(6,341)
Revenue excluding foreign currency exchange impacts	$ 152,515	$ 286,344

The Company’s calculation of organic revenue for the three and six months ended June 30, 2026 is as follows:

	Three months ended June 30, 2026	Six months ended June 30, 2026
Revenue change over prior year	10.2 %	7.5 %
Less: Impact of acquisitions and foreign currency	(0.9)	(2.4)
Organic growth	9.3 %	5.1 %

The Company’s calculation of EBITDA and Adjusted EBITDA for the three and six months ended June 30, 2026 and 2025 is as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net income as reported	$ 10,391	$ 5,617	$ 15,748	$ 9,174
Interest expense	2,523	3,552	5,076	7,187
Provision for income tax	2,628	1,685	4,054	2,588
Depreciation and amortization	6,191	6,401	12,401	12,682
EBITDA	21,733	17,255	37,279	31,631
Stock-based compensation expense	998	835	1,846	1,755
Acquisition and integration-related costs	—	23	—	23
Restructuring and business realignment costs	641	1,122	1,503	2,621
Foreign currency loss (gain)	343	832	363	1,509
Adjusted EBITDA	$ 23,715	$ 20,067	$ 40,991	$ 37,539

The Company’s calculation of Adjusted net income and Adjusted diluted earnings per share for the three and six months ended June 30, 2026 and 2025 is as follows (in thousands except per share amounts):

	For the three months ended June 30,			
	2026	Per diluted share	2025	Per diluted share
Net income as reported	$ 10,391	$ 0.61	$ 5,617	$ 0.34
Non-GAAP adjustments, net of tax (1)				
Amortization of intangible assets – net	2,400	0.14	2,394	0.14
Foreign currency loss – net	263	0.02	637	0.04
Acquisition and integration-related costs – net	—	—	18	—
Restructuring and business realignment costs – net	491	0.03	859	0.05
Non-GAAP adjusted net income and adjusted diluted earnings per share	$ 13,545	$ 0.80	$ 9,525	$ 0.57

(1) Applies a blended federal, state, and foreign tax rate of approximately 23% applicable to the non-GAAP adjustments.

	For the six months ended June 30,			
	2026	Per diluted share	2025	Per diluted share
Net income as reported	$ 15,748	$ 0.93	$ 9,174	$ 0.55
Non-GAAP adjustments, net of tax (1)				
Amortization of intangible assets – net	4,792	0.28	4,763	0.29
Foreign currency loss (gain) – net	278	0.02	1,156	0.07
Acquisition and integration-related costs – net	—	—	18	—
Restructuring and business realignment costs – net	1,151	0.07	2,007	0.12
Non-GAAP adjusted net income and adjusted diluted earnings per share	$ 21,969	$ 1.30	$ 17,118	$ 1.03

(1) Applies a blended federal, state, and foreign tax rate of approximately 23% applicable to the non-GAAP adjustments.

Liquidity and Capital Resources

The Company's liquidity position as measured by cash and cash equivalents increased by $1,383 to a balance of $42,088 at June 30, 2026 from December 31, 2025.

(in thousands):	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	2026 vs. 2025 Variance $
Net cash provided by operating activities	$ 20,127	$ 38,435	$ (18,308)
Net cash used in investing activities	(7,070)	(3,189)	(3,881)
Net cash used in financing activities	(11,102)	(24,286)	13,184
Effect of foreign exchange rates on cash	(572)	2,853	(3,425)
Net increase in cash and cash equivalents	$ 1,383	$ 13,813	$ (12,430)

Of the $42,088 of cash and cash equivalents at June 30, 2026, $35,705 was located at our foreign subsidiaries and may be subject to withholding tax if repatriated back to the U.S. The Company regularly evaluates opportunities to optimize cash available from operations in all geographies.

During the six months ended June 30, 2026, the decrease in cash provided by operating activities is due to a decrease in cash inflows on collections on accounts receivable and payment of inventory, offset in part by higher net income as adjusted by non-cash operating activity items and timing of payments in accounts payable.

The increase in cash used in investing activities in the six months ended June 30, 2026 relates to higher capital expenditures. Cash used in investing activities in the six months ended June 30, 2026 includes $7,070 for purchases of property and equipment compared to $3,189 during the six months ended June 30, 2025. Capital expenditures are expected to be between $12,000 and $15,000 for the full year 2026.

The change in cash used in financing activities during the six months ended June 30, 2026 is primarily due to debt repayments. Net debt payments of $7,227 were made during the six months ended June 30, 2026. As of June 30, 2026, we had $117,962 of obligations under the Revolving Facility, excluding deferred financing costs.

Financial covenants under the 2024 Credit and Note Payable Agreements require the Company to maintain a minimum interest coverage ratio of at least 3.0:1.0 at the end of each fiscal quarter. In addition, the Company's Leverage Ratio at the end of any fiscal quarter shall not be greater than 4.25:1.0 through December 31, 2024 or greater than 3.75 to 1.0 as of the end of any fiscal quarter thereafter; provided that the Company may elect to temporarily increase the Leverage Ratio to by 0.5:1.0 following a material acquisition under the 2024 Credit and Note Payable Agreements. The 2024 Credit and Note Payable Agreements also include covenants and restrictions that limit the Company's ability to incur additional indebtedness, merge, consolidate or sell all or substantially all of its assets and enter into transactions with an affiliate of the Company on other than an arms' length transaction. These covenants, which are described more fully in the 2024 Credit and Note Payable Agreements, to which reference is made for a complete statement of the covenants, were modified as of October 22, 2024, and are subject to certain exceptions. The Company was in compliance with all covenants as of June 30, 2026.

As of June 30, 2026, the unused Revolving Facility was $162,038. The amount available to borrow could be limited by our debt and EBITDA levels, which impacts our covenant calculations. The Revolving Facility matures March 1, 2029. The Series A Senior Notes, under the 2024 Note Payable Agreement, are due March 21, 2031.

On October 22, 2024, the Company entered into a Second Amendment to the Third Amended and Restated Credit Agreement and a Second Amendment to the Note Purchase and Private Shelf Agreement (collectively, the "October 2024 Credit and Note Payable Amendments"). These amendments include provisions to increase the maximum Leverage Ratio to 4.5:1.0 for the quarters ending March 31, 2025 and June 30, 2025, 4.0:1.0 for the quarter ending September 30, 2025, and returning to 3.75:1.0 for the quarter ending December 31, 2025 and thereafter. From January 1, 2025 through September 30, 2025, borrowings under the Revolving Facility bore interest at Term SOFR plus a margin of 2.50% and a commitment fee of 0.325% on the unused portion of the Revolving Facility. Also, from October 1, 2024 through September 30, 2025, the Series A Notes bore interest at 6.46%. Subsequently, the Series A Notes have returned to an interest rate of 5.960%.

The Company declared dividends of $0.07 per share during the six months ended June 30, 2026 and $0.06 per share during the six months ended 2025. The Company's working capital, capital expenditure and dividend requirements are expected to be funded from cash provided by operations and amounts available under the Amended Credit Agreement.

We believe our diverse markets, our strong market position in many of our businesses, and the steps we have taken to improve operational efficiency and strengthen our balance sheet, such as retaining cash to support shorter term needs and amending our revolving credit facility leaves us well-positioned to manage our business. We continually assess our liquidity and cash positions taking geopolitical and other market uncertainties into consideration. Based on our analysis, we believe our existing balances of cash, our currently anticipated operating cash flows, and our available financing under agreements in place will be more than sufficient to meet our cash needs arising in the ordinary course of business for the next twelve months.

Item 3. Qualitative and Quantitative Disclosures about Market Risk

Foreign Currency

We have international operations in The Netherlands, Sweden, Germany, China, Portugal, Canada, Czech Republic, Mexico, the United Kingdom, and New Zealand which expose us to foreign currency exchange rate fluctuations due to transactions denominated in Euros, Swedish Krona, Chinese Renminbi, Canadian dollar, Czech Krona, Mexican pesos, British Pound Sterling, and New Zealand dollar, respectively. We continuously evaluate our foreign currency risk, and we take action from time to time in order to best mitigate these risks. A hypothetical 10% change in the value of the U.S. dollar in relation to our most significant foreign currency exposures would have had an impact of approximately $10,476 on our sales for the six months ended June 30, 2026. This amount is not indicative of the hypothetical net earnings impact due to partially offsetting impacts on cost of sales and operating expenses in those currencies. For the six months ended June 30, 2026, we estimate that foreign currency exchange rate fluctuations increased revenues by $1,255.

We translate all assets and liabilities of our foreign operations, where the U.S. dollar is not the functional currency, at the period-end exchange rate and translate sales and expenses at the average exchange rates in effect during the period. The net effect of these translation adjustments is recorded in the condensed consolidated financial statements as comprehensive income. The translation adjustments were a loss of $1,691 and a gain of $11,644 for the three months ended June 30, 2026 and 2025, respectively. The translation adjustments were a loss of $4,517 and a gain of $15,506 for the six months ended June 30, 2026 and 2025, respectively. Translation adjustments are not adjusted for income taxes as they relate to permanent investments in our foreign subsidiaries. A hypothetical 10% change in the value of the U.S. dollar in relation to our most significant foreign currency net assets would have had an impact of approximately $20,355 on our foreign net assets as of June 30, 2026.

We have contracts to hedge our short-term balance sheet exposure, primarily intercompany, that are denominated in currencies (Euro, Mexican Peso, New Zealand Dollar, Chinese Renminbi, Swedish Krona) other than the subsidiary's functional currency and are adjusted to current values using period-end exchange rates. The resulting gains or losses are recorded in other expense, net in the consolidated statements of income and comprehensive income. To minimize foreign currency exposure, the Company had foreign currency contracts with notional amounts of $32,680 at June 30, 2026. The foreign currency contracts are recorded in the condensed consolidated balance sheets at fair value and resulting gains or losses are recorded in other expense, net in the condensed consolidated statements of income and comprehensive income. During the three and six months ended June 30, 2026, we recorded gains of $298 and $666, respectively, on foreign currency contracts which are included in other expense, net and generally offset the gains or losses from the foreign currency adjustments on the intercompany balances that are also included in other expense, net. Net foreign currency transaction gains and losses included in other expense was insignificant for the six months ended June 30, 2026, and amounted to a loss of $1,509 for the six months ended June 30, 2025.

Interest Rates

The Series A Notes under our 2024 Note Payable Agreement will bear interest at a fixed rate 5.96% and will mature on March 21, 2031. Interest on the Notes will be payable quarterly on the 21st day of March, June, September and December in each year, commencing on June 21, 2024. As amended on October 22, 2024, the Series A Notes bore interest at 6.46% from October 1, 2024 through September 30, 2025. Interest will be computed on the basis of a 360-day year composed of twelve 30-day months.

Interest rates on our Credit Facility are based on Term SOFR plus a margin of 1.25% to 2.50% (1.625% at June 30, 2026), depending on the Company's ratio of total funded indebtedness to consolidated EBITDA. As amended on October 22, 2024, borrowings under the Credit Facility bore interest at Term SOFR plus a margin of 2.50% from January 1, 2025 through September 30, 2025. We use interest rate derivatives to add stability to interest expense and to manage our exposure to interest rate movements. We primarily use interest rate swaps as part of our interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. In March 2022 the Company entered into an interest rate swap with a notional amount of $40,000 that matures in December 2026. In September 2024, the Company entered into an additional interest rate swap with a notional amount of $50,000 that matures in September 2027.

As of June 30, 2026, we had $117,962 outstanding under the Revolving Facility (excluding deferred financing fees), of which $90,000 is currently being hedged. Refer to Note 9, Debt Obligations, of the notes to consolidated financial statements for additional information about our outstanding debt. A hypothetical one percentage point (100 basis points) change in the Base Rate on the $27,962 of unhedged floating rate debt outstanding at June 30, 2026 would have approximately a $140 impact on our interest expense for the six months ended June 30, 2026.

Item 4. Controls and Procedures

Conclusion regarding the effectiveness of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (principal accounting officer), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of June 30, 2026. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on management's evaluation of our disclosure controls and procedures as of June 30, 2026, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in internal control over financial reporting

During the quarter ended June 30, 2026, there were no changes in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in the Company's Form 10-K for the year ended December 31, 2025, except to the extent factual information disclosed elsewhere in this Form 10-Q relates to such risk factors. For a full discussion of these risk factors, please refer to "Item 1A. Risk Factors" in the 2025 Annual Report and 10-K.

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

Issuer Purchases of Equity Securities

Period	Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
04/01/26 to 04/30/26	43,712	$ 61.82	—	—
05/01/26 to 05/31/26	—	—	—	—
06/01/26 to 06/30/26	—	—	—	—
Total	43,712	$ 61.82	—	—

(1) As permitted under the Company's equity compensation plan, these shares were withheld by the Company to satisfy tax withholding obligations in connection with the vesting of stock. Shares withheld for tax withholding obligations do not affect the total number of shares available for repurchase under any approved common stock repurchase plan. At June 30, 2026 the Company did not have an authorized stock repurchase plan in place.

Item 5. Other Information

None of the Company’s directors or executive officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (each as defined in Item 408(a) of Regulation S-K) during the quarter ended June 30, 2026.

Item 6. Exhibits

(a) Exhibits

31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1 SCH	Inline XBRL Taxonomy Extension Schema Document *(filed herewith)*.
101.2 CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document *(filed herewith)*.
101.3 DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document *(filed herewith)*.
101.4 LAB	Inline XBRL Taxonomy Extension Label Linkbase Document *(filed herewith)*.
101.5 PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document *(filed herewith)*.
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in exhibits 101.) *(filed herewith)*.

Table of Contents

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.

DATE: August 5, 2026

ALLIENT INC.
By: /s/ James A. Michaud
James A. Michaud
Senior Vice President & Chief Financial Officer

CERTIFICATION

I, Richard S. Warzala, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allient Inc. (the “registrant”);

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 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. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s other verifying officer, the auditors and the audit committee of 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 controls over financial reporting.

Date: August 5, 2026

/s/ Richard S. Warzala
Richard S. Warzala
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, James A. Michaud, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allient Inc. (the "registrant");

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 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. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's other certifying officer, the auditors and the audit committee of 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 controls over financial reporting.

Date: August 5, 2026

/s/ James A. Michaud
James A. Michaud
Chief Financial Officer

EXHIBIT 32.1

Certification of Periodic Financial Reports
Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Allient Inc. (the "Company") certifies to his knowledge that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2026 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 that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2026

/s/ Richard S. Warzala
Richard S. Warzala
Chief Executive Officer

EXHIBIT 32.2

Certification of Periodic Financial Reports
Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Allient Inc. (the "Company") certifies to his knowledge that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2026 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 that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2026

/s/ James A. Michaud
James A. Michaud
Chief Financial Officer