

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

**FORM 10-Q**

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

For the quarterly period ended September 30, 2021

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-32401

**MANITEX INTERNATIONAL, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Michigan**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**9725 Industrial Drive, Bridgeview, Illinois**  
(Address of Principal Executive Offices)

**42-1628978**  
(I.R.S. Employer  
Identification Number)

**60455**  
(Zip Code)

**(708) 430-7500**

(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	MNTX	The NASDAQ Stock Market LLC
Preferred Share Purchase Rights	N/A	The NASDAQ Stock Market LLC

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

The number of shares of the registrant's common stock, no par, outstanding at November 5, 2021 was 19,935,341.

## MANITEX INTERNATIONAL, INC. AND SUBSIDIARIES

### GENERAL

This Quarterly Report on Form 10-Q filed by Manitex International, Inc. speaks as of September 30, 2021 unless specifically noted otherwise. Unless otherwise indicated, Manitex International, Inc., together with its consolidated subsidiaries, is hereinafter referred to as “Manitex, Inc” the “Registrant,” “us,” “we,” “our” or the “Company.”

### Forward-Looking Information

Certain information in this Quarterly Report includes forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995). These statements relate to, among other things, the Company’s expectations, beliefs, intentions, future strategies, future events or future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In addition, when included in this Quarterly Report or in documents incorporated herein by reference the words “may,” “expects,” “should,” “intends,” “anticipates,” “believes,” “plans,” “projects,” “estimates” and the negatives thereof and analogous or similar expressions are intended to identify forward-looking statements. However, the absence of these words does not mean that the statement is not forward-looking. We have based these forward-looking statements on current expectations and projections about future events. These statements are not guarantees of future performance. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. Such risks and uncertainties, many of which are beyond our control, include, without limitation, those described below and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, in the section entitled “Item 1A. Risk Factors”:

- a future substantial deterioration in economic conditions, especially in the United States and Europe;
- the continuing impact of the COVID-19 pandemic and related economic conditions, including the Company’s assessment of the vulnerability of our customers and vendors in relation to the economic disruptions associated with the pandemic;
- the reliance of our customers on government spending, fluctuations in activity levels in the construction industry, and capital expenditures in the oil and gas industry;
- our level of indebtedness and our ability to meet financial covenants required by our debt agreements;
- our ability to negotiate extensions of our credit agreements and to obtain additional debt or equity financing when needed;
- the impact that the material weakness in our internal control over financial reporting;
- the cyclical nature of the markets we operate in;
- an increase in interest rates;
- our increasingly international operations expose us to additional risks and challenges associated with conducting business internationally, including currency exchange risks;
- difficulties in implementing new systems, integrating acquired businesses, managing anticipated growth, and responding to technological change;
- the availability of the third-party financing that some of our customers rely on to purchase our products;
- our operations are in a highly competitive industry and the Company is particularly subject to the risks of such competition;
- our dependency upon third-party suppliers makes us vulnerable to supply shortages;
- price increases in materials could reduce our profitability;
- the Company faces product liability claims and other liabilities due to the nature of its business;
- the Company’s success depends upon the continued protections of its trademarks and the Company may be forced to incur substantial costs to maintain, defend, protect and enforce its intellectual property rights;
- the volatility of our stock price;
- our ability to access the capital markets to raise funds and provide liquidity;

- the willingness of our shareholders and directors to approve mergers, acquisitions, and other business transactions;
- compliance with changing laws and regulations;
- certain provisions of the Michigan Business Corporation Act and the Company's Articles of Incorporation, as amended, Amended and Restated Bylaws, and the Company's Preferred Stock Purchase Rights may discourage or prevent a change in control of the Company;
- a substantial portion of our revenues are attributed to a limited number of customers which may decrease or cease purchasing any time;
- a disruption or breach in our information technology systems;
- our reliance on the management and leadership skills of our senior executives;
- the cost of compliance with Section 404 of the Sarbanes-Oxley Act of 2002;
- impairment in the carrying value of goodwill could negatively affect our operating results; and
- other factors.

The risks described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and in this Quarterly Report on Form 10-Q are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results. If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what we projected. We do not undertake, and expressly disclaim, any obligation to update this forward-looking information, except as required under applicable law.

MANITEX INTERNATIONAL, INC.  
FORM 10-Q INDEX

TABLE OF CONTENTS

PART I:	<u>FINANCIAL INFORMATION</u>	4
<b><u>ITEM 1:</u></b>	<b><u>FINANCIAL STATEMENTS (UNAUDITED)</u></b>	4
	<u>Condensed Consolidated Balance Sheets as of September 30, 2021 and December 31, 2020</u>	4
	<u>Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2021 and 2020</u>	5
	<u>Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three and Nine Months Ended September 30, 2021 and 2020</u>	6
	<u>Condensed Consolidated Statement of Shareholders' Equity for the Three and Nine Months Ended September 30, 2021 and 2020</u>	7
	<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2021 and 2020</u>	8
	<u>Notes to Condensed Consolidated Financial Statements</u>	9
<b><u>ITEM 2:</u></b>	<b><u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u></b>	30
<b><u>ITEM 3:</u></b>	<b><u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u></b>	36
<b><u>ITEM 4:</u></b>	<b><u>CONTROLS AND PROCEDURES</u></b>	36
PART II:	<u>OTHER INFORMATION</u>	38
<b><u>ITEM 1:</u></b>	<b><u>LEGAL PROCEEDINGS</u></b>	38
<b><u>ITEM 1A:</u></b>	<b><u>RISK FACTORS</u></b>	38
<b><u>ITEM 2:</u></b>	<b><u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u></b>	38
<b><u>ITEM 3:</u></b>	<b><u>DEFAULTS UPON SENIOR SECURITIES</u></b>	38
<b><u>ITEM 4:</u></b>	<b><u>MINE SAFETY DISCLOSURES</u></b>	38
<b><u>ITEM 5:</u></b>	<b><u>OTHER INFORMATION</u></b>	38
<b><u>ITEM 6:</u></b>	<b><u>EXHIBITS</u></b>	38

**PART 1—FINANCIAL INFORMATION**

**Item 1—Financial Statements**

**MANITEX INTERNATIONAL, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share and per share data)  
(Unaudited)

	September 30, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 17,336	\$ 17,161
Cash – restricted	228	240
Trade receivables (net)	31,831	30,418
Other receivables	192	179
Inventory (net)	64,452	56,055
Prepaid expense and other current assets	2,976	2,218
<b>Total current assets</b>	<b>117,015</b>	<b>106,271</b>
Total fixed assets, net of accumulated depreciation of \$18,499 and \$17,444 at September 30, 2021 and December 31, 2020, respectively	17,026	18,723
Operating lease assets	3,484	4,068
Intangible assets (net)	13,407	15,671
Goodwill	26,476	27,472
Other long-term assets	1,143	1,143
Deferred tax assets	247	247
<b>Total assets</b>	<b>\$ 178,798</b>	<b>\$ 173,595</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 41,666	\$ 32,429
Accrued expenses	8,720	7,909
Related party payables, net	124	52
Notes payable	14,383	16,510
Current portion of finance lease obligations	380	344
Current portion of operating lease obligations	998	1,167
Customer deposits	3,101	2,363
Deferred income liability	—	3,747
<b>Total current liabilities</b>	<b>69,372</b>	<b>64,521</b>
Long-term liabilities		
Revolving term credit facilities, net	12,704	12,606
Notes payable, net	12,684	13,625
Finance lease obligations (net of current portion)	3,931	4,221
Non-current operating lease obligations	2,486	2,901
Deferred gain on sale of property	527	587
Deferred tax liability	1,497	1,333
Other long-term liabilities	4,190	4,892
<b>Total long-term liabilities</b>	<b>38,019</b>	<b>40,165</b>
<b>Total liabilities</b>	<b>107,391</b>	<b>104,686</b>
<b>Commitments and contingencies</b>		
<b>Equity</b>		
Preferred Stock—Authorized 150,000 shares, no shares issued or outstanding at September 30, 2021 and December 31, 2020	—	—
Common Stock—no par value 25,000,000 shares authorized, 19,933,130 and 19,821,090 shares issued and outstanding at September 30, 2021, and December 31, 2020, respectively	132,171	131,455
Paid in capital	3,057	3,025
Retained deficit	(60,371)	(63,863)
Accumulated other comprehensive loss	(3,450)	(1,708)
<b>Total equity</b>	<b>71,407</b>	<b>68,909</b>
<b>Total liabilities and equity</b>	<b>\$ 178,798</b>	<b>\$ 173,595</b>

The accompanying notes are an integral part of these financial statements

**MANITEX INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except for share and per share amounts)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net revenues	\$ 50,935	\$ 36,466	\$ 158,148	\$ 122,314
Cost of sales	42,899	29,807	129,867	99,877
<b>Gross profit</b>	<b>8,036</b>	<b>6,659</b>	<b>28,281</b>	<b>22,437</b>
Operating expenses				
Research and development costs	772	788	2,357	2,246
Selling, general and administrative expenses	7,419	6,462	23,232	21,226
Impairment of intangibles	—	—	—	6,722
<b>Total operating expenses</b>	<b>8,191</b>	<b>7,250</b>	<b>25,589</b>	<b>30,194</b>
<b>Operating income (loss)</b>	<b>(155)</b>	<b>(591)</b>	<b>2,692</b>	<b>(7,757)</b>
Other income (expense)				
Interest expense	(490)	(825)	(1,573)	(2,833)
Interest income	1	6	7	80
Gain on Paycheck Protection Program loan forgiveness	—	—	3,747	—
Gain on extinguishment of debt	—	595	—	595
Foreign currency transaction loss	(121)	(229)	(421)	(671)
Other expense	(102)	(341)	(117)	(497)
<b>Total other income (expense)</b>	<b>(712)</b>	<b>(794)</b>	<b>1,643</b>	<b>(3,326)</b>
<b>Income (loss) before income taxes from continuing operations</b>	<b>(867)</b>	<b>(1,385)</b>	<b>4,335</b>	<b>(11,083)</b>
Income tax expense (benefit) from continuing operations	234	62	843	(191)
<b>Net income (loss) from continuing operations</b>	<b>(1,101)</b>	<b>(1,447)</b>	<b>3,492</b>	<b>(10,892)</b>
Discontinued operations				
Loss from operations of discontinued operations	—	(120)	—	(831)
Income tax expense	—	4	—	1
Loss from discontinued operations	—	(124)	—	(832)
<b>Net income (loss)</b>	<b>(1,101)</b>	<b>(1,571)</b>	<b>3,492</b>	<b>(11,724)</b>
<b>Income (loss) per share</b>				
Basic				
Income (loss) from continuing operations	\$ (0.06)	\$ (0.07)	\$ 0.18	\$ (0.55)
Loss from discontinued operations	—	(0.01)	—	(0.04)
Net income (loss)	\$ (0.06)	\$ (0.08)	\$ 0.18	\$ (0.59)
Diluted				
Income (loss) from continuing operations	\$ (0.06)	\$ (0.07)	\$ 0.17	\$ (0.55)
Loss from discontinued operations	—	(0.01)	—	(0.04)
Net income (loss)	\$ (0.06)	\$ (0.08)	\$ 0.17	\$ (0.59)
<b>Weighted average common shares outstanding</b>				
Basic	19,917,276	19,778,225	19,888,319	19,758,241
Diluted	19,917,276	19,778,225	19,970,681	19,758,241

The accompanying notes are an integral part of these financial statements

**MANITEX INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(In thousands)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss)	\$ (1,101)	\$ (1,571)	\$ 3,492	\$ (11,724)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(766)	1,053	(1,742)	864
Total other comprehensive income (loss)	(766)	1,053	(1,742)	864
Total comprehensive income (loss)	\$ (1,867)	\$ (518)	\$ 1,750	\$ (10,860)

**The accompanying notes are an integral part of these financial statements**

MANITEX INTERNATIONAL, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(In thousands, except share amounts)  
(Unaudited)

	Outstanding shares	Common Stock	APIC	Retained Deficit	AOCI (Loss)	Total
<b>Balance at December 31, 2020</b>	<u>19,821,090</u>	<u>\$ 131,455</u>	<u>\$ 3,025</u>	<u>\$ (63,863)</u>	<u>\$ (1,708)</u>	<u>\$68,909</u>
Net loss	—	—	—	(772)	—	(772)
Loss on foreign currency translation	—	—	—	—	(1,198)	(1,198)
Employee incentive plan grant	85,883	584	(584)	—	—	—
Repurchase to satisfy withholding and cancelled	(6,183)	(48)	—	—	—	(48)
Share-based compensation	—	—	299	—	—	299
<b>Balance at March 31, 2021</b>	<u>19,900,790</u>	<u>\$ 131,991</u>	<u>\$ 2,740</u>	<u>\$ (64,635)</u>	<u>\$ (2,906)</u>	<u>\$67,190</u>
Net income	—	—	—	5,365	—	5,365
Gain (loss) on foreign currency translation	—	—	(26)	—	222	196
Employee incentive plan grant	5,940	44	(44)	—	—	—
Share-based compensation	—	—	278	—	—	278
<b>Balance at June 30, 2021</b>	<u>19,906,730</u>	<u>\$ 132,035</u>	<u>\$ 2,948</u>	<u>\$ (59,270)</u>	<u>\$ (2,684)</u>	<u>\$73,029</u>
Net loss	—	—	—	(1,101)	—	(1,101)
Gain (loss) on foreign currency translation	—	—	6	—	(766)	(760)
Employee incentive plan grant	26,400	136	(136)	—	—	—
Share-based compensation	—	—	239	—	—	239
<b>Balance at September 30, 2021</b>	<u>19,933,130</u>	<u>\$ 132,171</u>	<u>\$ 3,057</u>	<u>\$ (60,371)</u>	<u>\$ (3,450)</u>	<u>\$71,407</u>
	Outstanding shares	Common Stock	APIC	Retained Deficit	AOCI (Loss)	Total
<b>Balance at December 31, 2019</b>	<u>19,713,185</u>	<u>\$ 130,710</u>	<u>\$ 2,793</u>	<u>\$ (50,253)</u>	<u>\$ (3,700)</u>	<u>\$79,550</u>
Net loss	—	—	—	(7,476)	—	(7,476)
Loss on foreign currency translation	—	—	—	—	(508)	(508)
Employee incentive plan grant	49,884	352	(352)	—	—	—
Repurchase to satisfy withholding and cancelled	(2,949)	(13)	—	—	—	(13)
Share-based compensation	—	—	222	—	—	222
<b>Balance at March 31, 2020</b>	<u>19,760,120</u>	<u>\$ 131,049</u>	<u>\$ 2,663</u>	<u>\$ (57,729)</u>	<u>\$ (4,208)</u>	<u>\$71,775</u>
Net loss	—	—	—	(2,677)	—	(2,677)
Gain on foreign currency translation	—	—	—	—	319	319
Employee incentive plan grant	7,360	86	(86)	—	—	—
Share-based compensation	—	—	203	—	—	203
<b>Balance at June 30, 2020</b>	<u>19,767,480</u>	<u>\$ 131,135</u>	<u>\$ 2,780</u>	<u>\$ (60,406)</u>	<u>\$ (3,889)</u>	<u>\$69,620</u>
Net loss	—	—	—	(1,571)	—	(1,571)
Gain on foreign currency translation	—	—	—	—	1,053	1,053
Employee incentive plan grant	27,068	142	(143)	—	—	(1)
Repurchase to satisfy withholding and cancelled	(232)	(1)	—	—	—	(1)
Share-based compensation	—	—	233	—	—	233
<b>Balance at September 30, 2020</b>	<u>19,794,316</u>	<u>\$ 131,276</u>	<u>\$ 2,870</u>	<u>\$ (61,977)</u>	<u>\$ (2,836)</u>	<u>\$69,333</u>

The accompanying notes are an integral part of these financial statements



**MANITEX INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	<u>Nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ 3,492	\$ (11,724)
Adjustments to reconcile net income (loss) to cash used for operating activities:		
Depreciation and amortization	3,339	3,190
Gain on sale of discontinued operations	—	(376)
Gain on Paycheck Protection Program loan forgiveness	(3,747)	—
Changes in allowances for doubtful accounts	135	18
Changes in inventory reserves	(1,089)	(578)
Deferred income taxes	223	(21)
Amortization of deferred debt issuance costs	98	161
Amortization of debt discount	111	454
Gain on forward currency contract	(385)	—
Write down of intangibles	—	137
Write down of goodwill	—	6,585
Gain on extinguishment of debt	—	(595)
Share-based compensation	816	657
Adjustment to deferred gain on sales and lease back	(60)	—
Reserves for uncertain tax provisions	—	(131)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,550)	5,775
(Increase) decrease in other receivable	(16)	70
(Increase) decrease in inventory	(8,921)	742
(Increase) decrease in prepaid expenses	(738)	536
(Increase) decrease in other assets	(63)	1
Increase (decrease) in accounts payables and related party payables	10,872	(1,764)
Increase in deferred income	—	3,747
Increase (decrease) in accrued expenses	1,385	(216)
Increase in other current liabilities	871	123
(Decrease) in other long-term liabilities	(515)	(176)
Net cash provided by operating activities	<u>4,258</u>	<u>6,615</u>
<b>Cash flows from investing activities:</b>		
Proceeds from the sale of discontinued operations	—	1,610
Purchase of property and equipment	(666)	(619)
Investment in intangible assets	(51)	—
Net cash (used in) provided for investing activities	<u>(717)</u>	<u>991</u>
<b>Cash flows from financing activities:</b>		
Borrowings on revolving term credit facility	—	8,500
Payments on revolving credit facility	—	(3,500)
Payments on convertible debt	—	(7,000)
Net borrowings on working capital facilities	(1,303)	(136)
New borrowings—other	748	—
Note payments	(1,083)	(5,882)
Shares repurchased for income tax withholding on share-based compensation	(48)	(14)
Payments on capital lease obligations	(254)	(397)
Net cash used in financing activities	<u>(1,940)</u>	<u>(8,429)</u>
Net increase in cash and cash equivalents	1,601	(823)
Effect of exchange rate changes on cash	(1,438)	806
Cash and cash equivalents at the beginning of the year	17,401	23,579
Cash and cash equivalents at end of period	<u>\$ 17,564</u>	<u>\$ 23,562</u>

See Note 1 for supplemental cash flow disclosures

**The accompanying notes are an integral part of these financial statements**

**MANITEX INTERNATIONAL, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(In thousands, except share and per share data)**

**1. Nature of Operations and Basis of Presentation**

The unaudited Condensed Consolidated Balance Sheets at September 30, 2021 and December 31, 2020 and the related Condensed Consolidated Statements of Operations, Condensed Consolidated Statement of Comprehensive Income (Loss), Condensed Consolidated Statements of Shareholders' Equity, and Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2021 and 2020 have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the financial condition, results of operations and cash flows of the Company for the interim periods. Interim results may not be indicative of results to be realized for the entire year. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020. The Condensed Consolidated Balance Sheet as of December 31, 2020 was derived from our audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States ("GAAP").

The Company is a leading provider of engineered lifting solutions. The Company reports in a single business segment and has four operating segments, under which there are five reporting units. The Company has integrated Manitex and Badger Equipment Company ("Badger") reporting units into one operating segment as a substantial portion of the sales from Badger are intercompany sales to Manitex. While the Company continues to report Badger as a separate reporting unit, its results are combined with Manitex and reported at a combined Manitex level. The Company designs, manufactures and distributes a diverse group of products that serve different functions and are used in a variety of industries.

Manitex markets a comprehensive line of boom trucks, truck cranes and sign cranes. Manitex's boom trucks and crane products are primarily used for industrial projects, energy exploration and infrastructure development, including roads, bridges and commercial construction.

Badger is a manufacturer of specialized rough terrain cranes and material handling products. Badger primarily serves the needs of the construction, municipality and railroad industries.

PM Oil and Steel S.p.A. ("PM" or "PM Group"), formerly known as PM Group S.p.A., is a leading Italian manufacturer of truck-mounted hydraulic knuckle boom cranes with a 50-year history of technology and innovation, and a product range spanning more than 50 models. PM is also a manufacturer of truck-mounted aerial platforms with a diverse product line and an international client base. Through its consolidated subsidiaries, PM Group has locations in Modena, Italy; Valencia, Spain; Arad, Romania; Chassieu, France; Buenos Aires, Argentina; Santiago, Chile; Singapore and Querétaro, Mexico.

Manitex Valla S.r.L. ("Valla") produces a full range of precision pick and carry industrial cranes using electric, diesel, and hybrid power options. Its cranes offer wheeled or tracked, and fixed or swing boom configurations, with special applications designed specifically to meet the needs of its customers. These products are sold internationally through dealers and into the rental distribution channel.

Crane and Machinery, Inc. ("C&M") is a distributor of the Company's products as well as other cranes. Crane and Machinery Leasing, Inc. ("C&M Leasing") rents equipment manufactured by the Company as well as a limited amount of equipment manufactured by third parties. Although C&M is a distributor of Terex Corporation's ("Terex") cranes, C&M's primary business is the distribution of products manufactured by the Company.

*COVID-19 Pandemic*

The Company is continuing to closely monitor the impact of the COVID-19 pandemic and is continually assessing its potential effects on our business and our financial performance as well as the businesses of our customers and vendors, including the impact that we may experience if and when the pandemic subsides. The Company's supply chain disruptions and related logistical bottlenecks that have impacted our ability to meet strong industrial demand and have also increased costs related to shipping, warehousing, and working capital management. While the Company is doing everything it can to mitigate these expenses and the associated timing issues, certain segments – such as truck chassis – have been more impacted than others. Where appropriate and feasible, we have implemented pricing adjustments to protect margins and, in tandem, are building inventory to meet our customer requirements. In addition, the Company is actively managing costs and working to further streamline operations where needed. The Company cannot predict the duration or severity of the COVID-19 pandemic, and we cannot reasonably estimate the financial impact that the COVID-19 outbreak will have on our results and significant estimates going forward.

### *Supplemental Cash Flow Information*

Transactions for the periods ended September 30, 2021 and 2020 are as follows:

	<u>Nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Interest received in cash	\$ 7	\$ 80
Interest paid in cash	1,369	3,027
Income tax payments in cash	925	577

### *Discontinued Operations*

On August 21, 2020, the Company entered into an Asset Purchase Agreement to sell Manitex Sabre, Inc. to an affiliate of Super Steel, LLC for cash proceeds of \$1.5 million, subject to certain adjustments based on closing date accounts receivable and inventory. Accordingly, Manitex Sabre, Inc. is reported as a discontinued operation for 2020.

In addition to the cash proceeds from sale of \$1.5 million in cash received, the Company may receive a maximum royalty and earnout payments of approximately \$2.9 million for years 2021 thru 2023 if certain revenue criteria are met. The Company will account for the contingent consideration as a gain in accordance with ASC 450. Under this approach, we will recognize the contingent consideration in earnings after the contingency is resolved. See Note 17 for additional discussion related to the sale of Sabre's business and assets.

## **2. Significant Accounting Policies and New Accounting Pronouncements**

The summary of the Company's significant accounting policies is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

### *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Company considers all short-term securities purchased with maturity dates of three months or less to be cash equivalents. The cash in the Company's U.S. banks (primarily CIBC) is not fully insured by the FDIC due to the statutory limit of \$250.

### **Restricted Cash**

Certain of the Company's lending arrangements require the Company to post collateral or maintain minimum cash balances in escrow. These cash amounts are reported as current assets on the balance sheets based on when the cash will be contractually released. Total restricted cash was \$228 and \$240 at September 30, 2021 and December 31, 2020, respectively.

### **Revenue Recognition**

Revenue is recognized when obligations under the terms of the contract with our customer are satisfied; generally, this occurs with the transfer of control of our equipment, parts or installation services (typically completed within one day), which occurs at a point in time. Equipment can be redirected during the manufacturing phase such that over time revenue recognition is not appropriate. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Our contracts are non-cancellable and returns are only allowed in limited instances. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. The expected costs associated with our base warranties continue to be recognized as expense when the products are sold and do not constitute a separate performance obligation.

For instances where equipment and installation services are sold together, the Company accounts for the equipment and installation services separately. The consideration (including any discounts) is allocated between the equipment and installation services based on their stand-alone selling prices. The stand-alone selling prices are determined based on the prices at which the Company separately sells the equipment.

In some instances, the Company fulfills its obligations and bills the customer for the work performed but does not ship the goods until a later date. These arrangements are considered bill-and-hold transactions. In order to recognize revenue on the bill-and-hold transactions, the Company ensures the customer has requested the arrangement, the product is identified separately as belonging to the customer, the product is ready for shipment to the customer in its current form, and the Company does not have the ability to direct the product to a different customer. A portion of the transaction price is not allocated to the custodial services due to the immaterial value assigned to that performance obligation.

Payment terms offered to customers are defined in contracts and purchase orders and do not include a significant financing component. At times, the Company may offer discounts which are considered variable consideration however, the Company applies the constraint guidance when determining the transaction price to be allocated to the performance obligations.

### **Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are stated at the amounts the Company's customers are invoiced and do not bear interest. The Company has adopted a policy consistent with U.S. GAAP for the periodic review of its accounts receivable to determine whether the establishment of an allowance for doubtful accounts is warranted based on the Company's assessment of the collectability of the accounts. The Company established an allowance for bad debt of \$2.6 million at September 30, 2021 and December 31, 2020. The Company also has in some instances a security interest in its accounts receivable until payment is received.

### **Property, Equipment and Depreciation**

Property and equipment are stated at cost or the fair market value at the date of acquisition for property and equipment acquired in connection with the acquisition of a company. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation of property, and equipment is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the three and nine months ended September 30, 2021 were \$518 and \$1,614, respectively. Depreciation expense for the three and nine months ended September 30, 2020 were \$487 and \$1,500.

### **Other Intangible Assets**

The Company capitalizes certain costs related to patent technology. Additionally, a substantial portion of the purchase price related to the Company's acquisitions has been assigned to patents or unpatented technology, trade name, customer backlog, and customer relationships. Under the guidance, Other Intangible Assets with definite lives are amortized over their estimated useful lives. Intangible assets with indefinite lives are tested annually for impairment. The Company recognized \$0.1 million in impairment related to tradenames during the nine months ended September 30, 2020. No impairment expense was recognized for the three months ended September 30, 2020. No impairment expense was recognized for the three and nine months ended September 30, 2021.

### **Goodwill**

The Company's methodology for allocating the purchase price of acquisitions is based on established valuation techniques that reflect the consideration of a number of factors, including valuations performed by third-party appraisers when appropriate. Goodwill is measured as the excess of the cost of an acquired entity over the fair value assigned to identifiable assets acquired and liabilities assumed.

The Company annually tests goodwill for impairment on the first day of its fiscal fourth quarter, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company also performs an interim review for indicators of impairment each quarter to assess whether an interim impairment review is required for any reporting unit. As part of its interim reviews, management analyzes potential changes in the value of individual reporting units based on each reporting unit's operating results for the period compared to expected results as of the prior year's annual impairment test. In addition, management considers how other key assumptions, including discount rates and expected long-term growth rates, used in the last annual impairment test, could be impacted by changes in market conditions and economic events.

The Company recognized \$6.6 million in impairment related to goodwill during the nine months ended September 30, 2020. No impairment expense was recognized for the three months ended September 30, 2020. No impairment expense was recognized for the three and nine months ended September 30, 2021.

## **Inventory, net**

Inventory consists of stock materials and equipment stated at the lower of cost (first in, first out) or net realizable value. All equipment classified as inventory is available for sale. The Company records excess and obsolete inventory reserves. The estimated reserve is based upon specific identification and/or historical experience of excess or obsolete inventories. Selling, general and administrative expenses are expensed as incurred and are not capitalized as a component of inventory.

## **Accrued Warranties**

Warranty costs are accrued at the time revenue is recognized. The Company's products are typically sold with a warranty covering defects that arise during a fixed period of time. The specific warranty offered is a function of customer expectations and competitive forces.

A liability for estimated warranty claims is accrued at the time of sale. The liability is established using historical warranty claim experience. The current provision may be adjusted to take into account unusual or non-recurring events in the past or anticipated changes in future warranty claims. Adjustments to the initial warranty accrual are recorded if actual claim experience indicates that adjustments are necessary.

As of September 30, 2021 and December 31, 2020, accrued warranties were \$1,421 and \$1,292, respectively.

## **Accounting for Paycheck Protection Program Loan**

During April 2020, the Company entered a loan transaction pursuant to which the Company received proceeds of \$3.7 million under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying companies and is administered by the U.S. Small Business Administration ("SBA").

The PPP loan was evidenced by a promissory note between the Company and CIBC bank. The promissory note had a two-year term, accrued interest at the rate of 1.0% per annum, and was prepayable at any time without payment of any premium. No payments of principal or interest were due during the six-month period beginning on the date of the promissory note. Beginning on the seventh month following the date of the promissory note, we were required to make 18 monthly payments of principal and interest.

Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP, with such forgiveness to be determined, subject to limitations, based on the use of the loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities. However, at least 75 percent of the PPP loan proceeds must be used for eligible payroll costs. The terms of any forgiveness may also be subject to further requirements in any regulation and guidelines the SBA may adopt.

The Company applied for forgiveness on the PPP loan during November 2020. During June 2021, the Company received notice from the CIBC bank that CIBC had received confirmation from the SBA that the application for forgiveness of the PPP loan had been approved. The loan forgiveness request of \$3.7 million was applied to the Company's entire outstanding PPP loan balance from CIBC bank.

The Company recorded the forgiveness as Gain on Paycheck Protection Program loan forgiveness in Other Income (Expense) on the Condensed Consolidated Statement of Operations. The gain on loan forgiveness is not subject to U.S. taxation. This deductible permanent difference is offset by a change in the U.S. valuation allowance and therefore has no impact on the effective tax rate.

## **Foreign Currency Translation and Transactions**

The financial statements of the Company's non-U.S. subsidiaries are translated using the current exchange rate for assets and liabilities and the weighted-average exchange rate for the year for income and expense items. Resulting translation adjustments are recorded to accumulated other comprehensive income (OCI) as a component of shareholders' equity.

The Company converts receivables and payables denominated in other than the Company's functional currency at the exchange rate as of the balance sheet date. The resulting transaction exchange gains or losses, except for certain transaction gains or loss related to intercompany receivable and payables, are included in other income and expense. Transaction gains and losses related to intercompany receivables and payables not anticipated to be settled in the foreseeable future are excluded from the determination of net income and are recorded as a translation adjustment (with consideration to the tax effect) to accumulated other comprehensive income (OCI) as a component of shareholders' equity.

## **Derivatives—Forward Currency Exchange Contracts**

When the Company enters into forward currency exchange contracts it does so such that the exchange gains and losses on the assets and liabilities that are being hedged, which are denominated in a currency other than the reporting units' functional currency, would be

offset by the changes in the market value of the forward currency exchange contracts it holds. The forward currency exchange contracts that the Company has to offset existing assets and liabilities denominated in other than the reporting units' functional currency have been determined not to be considered a hedge. The Company records the forward currency exchange contracts at its market value with any associated gain or loss being recorded in current earnings. Both realized and unrealized gains and losses related to forward currency contracts are included in current earnings and are reflected in the Condensed Consolidated Statements of Operations in the other income (expense) section on the line titled foreign currency transaction loss.

### **Advertising**

Advertising costs are expensed as incurred and were \$213 and \$487 for the three and nine months ended September 30, 2021, respectively. Advertising costs were \$120 and \$354 for the three and nine months ended September 30, 2020, respectively.

### **Retirement Benefit Costs and Termination Benefits**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. Employees in Italy are entitled to *Trattamento di Fine Rapporto* ("TFR"), commonly referred to as an employee leaving indemnity, which represents deferred compensation for employees in the private sector. Under Italian law, an entity is obligated to accrue for TFR on an individual employee basis payable to each individual upon termination of employment (including both voluntary and involuntary dismissal). The expense is recognized in the personnel costs, either in Selling, General, and Administrative expense or Cost of Goods Sold, in the Condensed Consolidated Statements of Operations and the accrual is recorded in other long-term liabilities in the Condensed Consolidated Balance Sheets.

### **Litigation Claims**

In determining whether liabilities should be recorded for pending litigation claims, the Company must assess the allegations and the likelihood that it will successfully defend itself. When the Company believes it is probable that it will not prevail in a particular matter, it will then record an estimate of the amount of liability based, in part, on advice of legal counsel.

### **Income Taxes**

The Company accounts for income taxes under the provisions of ASC 740 "Income Taxes," which requires recognition of income taxes based on amounts payable with respect to the current year and the effects of deferred taxes for the expected future tax consequences of events that have been included in the Company's financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial accounting and tax basis of assets and liabilities, as well as for operating losses and tax credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets when it is more-likely-than-not a tax benefit will not be realized. In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income prior to the expiration of any net operating loss carryforwards. See Note 12, Income Taxes, for further details.

The Jobs Act also establishes Global Intangible Low-Taxed Income ("GILTI") provisions that impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. The Company has elected to recognize GILTI as a period cost as incurred, therefore there are no deferred taxes recognized for basis differences that are expected to impact the amount of the GILTI inclusion upon reversal.

ASC 740 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, as well as guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company records interest and penalties related to income tax matters in the provision for income taxes.

### **Comprehensive Income**

Comprehensive income includes, in addition to net earnings, other items that are reported as direct adjustments to shareholders' equity. Currently, the comprehensive income adjustment required for the Company is a foreign currency translation adjustment, the result of consolidating its foreign subsidiary.

### **Shipping and Handling**

The Company records the amount of shipping and handling costs billed to customers as revenue. The cost incurred for shipping and handling is included in the cost of sales.

### **Debt Issuance Costs**

Debt issuance costs incurred in securing the Company's financing arrangements are capitalized and amortized over the term of the associated debt. Deferred financing costs associated with long-term debt are presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discount. Deferred financing costs associated with revolving lines of credit are included with Revolving term credit facilities on the Company's Condensed Consolidated Balance Sheets.

### **Sale and Leaseback**

In accordance with ASC 842-10 Sales-Leaseback Transactions, the Company has recorded a deferred gain in relationship to the sale and leaseback of one of the Company's operating facilities. As such, the gains have been deferred and are being amortized on a straight-line basis over the life of the lease.

### **Computation of EPS**

Basic Earnings per Share ("EPS") was computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period.

The number of shares related to options, warrants, restricted stock, convertible debt and similar instruments included in diluted EPS is based on the "Treasury Stock Method" prescribed in ASC 260-10, Earnings per Share. This method assumes the theoretical repurchase of shares using proceeds of the respective stock option or warrant exercised, and for restricted stock, the amount of compensation cost attributed to future services which has not yet been recognized, and the amount of current and deferred tax benefit, if any, that would be credited to additional paid in capital upon the vesting of the restricted stock, at a price equal to the issuer's average stock price during the related earnings period. Accordingly, the number of shares includable in the calculation of EPS in respect of the stock options, restricted stock, and similar instruments is dependent on this average stock price and will increase as the average stock price increases.

### **Stock Based Compensation**

In accordance with ASC 718 Compensation-Stock Compensation, share-based payments to employees, including grants of restricted stock units, are measured at fair value as of the date of grant and are expensed in the Condensed Consolidated Statements of Operation over the service period (generally the vesting period).

### **Adoption of Highly Inflationary Accounting in Argentina**

GAAP guidance requires the use of highly inflationary accounting for countries whose cumulative three-year inflation exceeds 100 percent. Under highly inflationary accounting, PM Argentina's functional currency became the Euro (its parent company's reporting currency), and its income statement and balance sheet have been measured in Euros using both current and historical rates of exchange. The effect of changes in exchange rates on peso-denominated monetary assets and liabilities has been reflected in earnings in other (income) and expense, net and was not material. As of September 30, 2021, PM Argentina had an insignificant net peso monetary position. Net sales of PM Argentina were less than 5 percent of our consolidated net sales for the nine months ended September 30, 2021 and year ended December 31, 2020.

### Recently Issued Pronouncements - Not Yet Adopted

In March 2020, the FASB issued guidance under ASC 848, Reference Rate Reform. This guidance provides optional expedients and exceptions to account for debt, leases, contracts, hedging relationships and other transactions that reference LIBOR or another reference rate if certain criteria are met. The guidance is effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. We are currently evaluating the potential effects of the adoption of this guidance on our Consolidated Financial Statements.

In January 2021, the FASB issued ASU 2021-01, which refines the scope of ASC 848 and clarifies some of its guidance as part of the FASB's monitoring of global reference rate reform activities. The ASU permits entities to elect certain optional expedients and exceptions when accounting for derivative contracts and certain hedging relationships affected by changes in the interest rates used for discounting cash flows, for computing variation margin settlements, and for calculating price alignment interest (PAI) in connection with reference rate reform activities under way in global financial markets (the "discounting transition"). We are currently evaluating the potential effects of the adoption of this guidance on our Consolidated Financial Statements.

There have been no other accounting pronouncements issued, but not yet adopted by us, which are expected to have a material impact on our Condensed Consolidated Financial Statements.

### Recently Adopted Accounting Guidance

In December 2019, the FASB issued ASU 2019-12, "Income Taxes Topic 740-Simplifying the Accounting for Income Taxes" ("ASU 2019-12"), which intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application of Topic 740. The effective date for ASU 2019-12 was the first quarter of fiscal year 2021 and the Company adopted this guidance as of January 1, 2021. The adoption of this guidance did not have a significant impact on our operating results.

### 3. Revenue Recognition

The following table disaggregates our revenue for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Equipment sales	\$ 43,740	\$ 29,017	\$ 134,172	\$ 100,782
Part sales	6,337	6,747	20,805	19,583
Installation services	858	702	3,171	1,949
Total Revenue	<u>\$ 50,935</u>	<u>\$ 36,466</u>	<u>\$ 158,148</u>	<u>\$ 122,314</u>

The Company attributes revenue to different geographic areas based on where items are shipped to or services are performed. The following table provides detail of revenues by geographic area for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
United States	19,078	\$ 14,754	\$ 60,900	\$ 55,746
Italy	7,984	5,932	24,536	15,713
Canada	5,982	1,976	14,307	5,789
Chile	3,339	1,968	9,677	5,315
United Kingdom	2,633	1,477	6,317	4,281
France	1,763	1,986	8,217	7,079
Other	10,156	8,373	34,194	28,391
Total Revenue	<u>\$ 50,935</u>	<u>\$ 36,466</u>	<u>\$ 158,148</u>	<u>\$ 122,314</u>



## Total Company Revenues by Sources

The sources of the Company's revenues are summarized below for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Boom trucks, knuckle boom & truck cranes	\$ 30,376	\$ 19,325	\$ 92,211	\$ 67,056
Aerial platforms	8,047	4,278	24,091	18,490
Part sales	6,337	6,747	20,805	19,583
Rough terrain cranes	1,586	2,814	5,383	7,976
Other equipment and rentals	3,731	2,600	12,487	7,260
Installation services	858	702	3,171	1,949
Total Revenue	<u>\$ 50,935</u>	<u>\$ 36,466</u>	<u>\$ 158,148</u>	<u>\$ 122,314</u>

## Customer Deposits

At times, the Company may require an upfront deposit related to its contracts. In instances where an upfront deposit has been received by the Company and the revenue recognition criteria have not yet been met, the Company records a contract liability in the form of a customer deposit, which is classified as a short-term liability on the balance sheet. That customer deposit is deferred until the revenue recognition criteria have been met, at which time, the customer deposit is recognized into revenue.

The following table summarizes changes in customer deposits for the nine months ended September 30 as follows:

	September 30, 2021	September 30, 2020
Customer deposits	\$ 2,363	\$ 1,493
Additional customer deposits received where revenue has not yet been recognized	5,004	4,448
Revenue recognized from customer deposits	(4,106)	(4,285)
Effect of change in exchange rates	(160)	13
	<u>\$ 3,101</u>	<u>\$ 1,669</u>

## 4. Fair Value Measurements

The following tables set forth the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2021 and December 31, 2020 by level within the fair value hierarchy. As required by ASC 820-10, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following is summary of items that the Company measures at fair value on a recurring basis:

	Fair Value at September 30, 2021			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Forward currency exchange contracts	\$ —	\$ 118	\$ —	\$ 118
Total current assets at fair value	<u>\$ —</u>	<u>\$ 118</u>	<u>\$ —</u>	<u>\$ 118</u>
<b>Liabilities:</b>				
Valla contingent consideration	\$ —	\$ —	\$ 212	\$ 212
Total recurring liabilities at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 212</u>	<u>\$ 212</u>
<b>Fair Value at December 31, 2020</b>				
<b>Liabilities:</b>				
Valla contingent consideration	\$ —	\$ —	\$ 224	\$ 224
Forward currency exchange contracts	—	267	—	267
Total liabilities at fair value	<u>\$ —</u>	<u>\$ 267</u>	<u>\$ 224</u>	<u>\$ 491</u>

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
	Valla Contingent Consideration
<b>Liabilities:</b>	
Balance at January 1, 2021	\$ 224
Effect of change in exchange rates	(12)
Balance at September 30, 2021	<u>\$ 212</u>

### *Fair Value Measurements*

ASC 820-10 classifies the inputs used to measure fair value into the following hierarchy:

Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 — Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 — Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Fair value of the forward currency contracts is determined on the last day of each reporting period using observable inputs, which are supplied to the Company by the foreign currency trading operation of its bank and are Level 2 items.

## **5. Derivative Financial Instruments**

The Company's risk management objective is to use the most efficient and effective methods available to us to minimize, eliminate, reduce or transfer the risks which are associated with fluctuation of exchange rates between the Euro, Chilean peso and the U.S. dollar.

### *Forward Currency Contracts*

The Company enters into forward currency exchange contracts such that the exchange gains and losses on the assets and liabilities denominated in other than the reporting units' functional currency would be offset by the changes in the market value of the forward currency exchange contracts it holds. The forward currency exchange contracts that the Company has to offset existing assets and liabilities denominated in other than the reporting units' functional currency have been determined not to be considered a hedge under ASC 815-10. The Company records the forward currency exchange contracts at its market value with any associated gain or loss being recorded in current earnings. Both realized and unrealized gains and losses related to forward currency contracts are included in current earnings and are reflected in the Condensed Consolidated Statements of Operations in the other income (expense) section on the line titled foreign currency transaction loss. Items denominated in other than a reporting unit functional currency include certain intercompany receivables due from the Company's Italian subsidiaries and accounts receivable and accounts payable of our Italian subsidiaries and their subsidiaries.

PM Group has an intercompany receivable denominated in Euros from its Chilean subsidiary. At September 30, 2021, the Company had entered into a forward currency exchange contract that matures on October 29, 2021. Under the contract the Company is obligated to sell 2,600,000 Chilean pesos for 2,860 euros. The purpose of the forward contract is to mitigate the income effect related to this intercompany receivable that results with a change in exchange rate between the Euro and the Chilean peso.

The following table provides the location and fair value amounts of derivative instruments that are reported in the Condensed Consolidated Balance Sheet as of September 30, 2021:

#### Total derivatives NOT designated as a hedge instrument

	Balance Sheet Location	Fair Value	
		September 30, 2021	December 31, 2020
<b>Asset Derivatives</b>			
	Prepaid expense and other current assets		
Foreign currency exchange contract		\$ 118	\$ —
<b>Liabilities Derivatives</b>			
Foreign currency exchange contract	Accrued expenses	\$ —	\$ 267

The following tables provide the effect of derivative instruments on the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2021 and 2020:

	Location of gain or (loss) recognized in the Statement of Operations	Gain (loss)		Gain (loss)	
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
<b>Derivatives Not Designated as Hedge Instruments</b>					
Forward currency contracts	Foreign currency transaction gains (losses)	\$ 225	\$ (236)	\$ 226	\$ —
		\$ 225	\$ (236)	\$ 226	\$ —

During the three and nine months ended September 30, 2021 and 2020, there were no forward currency contracts designated as cash flow hedges. As such, all gains and loss related to forward currency contracts during the three and nine months ended September 30, 2021 and 2020 were recorded in current earnings and did not impact other comprehensive income.

#### 6. Inventory, net

The components of inventory are as follows:

	September 30, 2021	December 31, 2020
Raw materials and purchased parts, net	\$ 43,465	\$ 33,172
Work in process, net	4,400	3,845
Finished goods, net	16,587	19,038
Inventory, net	\$ 64,452	\$ 56,055

The Company has established reserves for obsolete and excess inventory of \$7,247 and \$8,451 as of September 30, 2021 and December 31, 2020, respectively.

## 7. Goodwill and Intangible Assets

Intangible assets and accumulated amortization by category as of September 30, 2021 is as follows:

	Weighted Average Amortization Period (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patented and unpatented technology	5	\$ 18,248	\$ (14,933)	\$ 3,315
Customer relationships	4	18,934	(13,371)	5,563
Trade names and trademarks	10	4,829	(2,824)	2,005
Indefinite lived trade names		2,524		2,524
Total intangible assets, net				<u>\$ 13,407</u>

Intangible assets and accumulated amortization by category as of December 31, 2020 is as follows:

	Weighted Average Amortization Period (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patented and unpatented technology	6	\$ 18,643	\$ (14,587)	\$ 4,056
Customer relationships	5	19,552	(12,753)	6,799
Trade names and trademarks	11	4,829	(2,677)	2,152
Indefinite lived trade names		2,664		2,664
Total intangible assets, net				<u>\$ 15,671</u>

Amortization expense for intangible assets was \$568 and \$565, and \$1,725 and \$1,645 for the three and nine months ended September 30, 2021 and 2020, respectively.

Estimated amortization expense for the next five years for the period ending September 30 and subsequent is as follows:

	Amount
2022	\$ 2,267
2023	2,267
2024	2,260
2025	2,220
2026	845
And subsequent	1,024
Total intangibles currently to be amortized	<u>10,883</u>
Intangibles with indefinite lives not amortized	2,524
Total intangible assets	<u>\$ 13,407</u>

Changes in goodwill for the nine months ended September 30, 2021 are as follows:

	Total
Balance January 1, 2021	\$ 27,472
Effect of change in exchange rates	(996)
Balance September 30, 2021	<u>\$ 26,476</u>

The Company performed an impairment assessment as of December 31, 2020. No additional triggers for an interim impairment test have been identified. While there was no additional impairment of goodwill recognized as a result of the 2020 annual impairment test, a reasonably possible unexpected deterioration in financial performance or adverse change in earnings may result in an impairment.

## 8. Accrued Expenses

	September 30, 2021	December 31, 2020
Accrued payroll and employee benefits	\$ 1,914	\$ 2,216
Accrued vacation	1,532	1,398
Accrued warranty	1,421	1,292
Accrued income tax and other taxes	1,358	1,127
Accrued interest	448	244
Accrued expenses—other	2,047	1,632
Total accrued expenses	<u>\$ 8,720</u>	<u>\$ 7,909</u>

## 9. Accrued Warranty

A liability for estimated warranty claims is accrued at the time of sale and the expense is recorded in Statement of Operations in Cost of Sales. The liability is established using historical warranty claim experience. The current provision may be adjusted to take into account unusual or non-recurring events in the past or anticipated changes in future warranty claims. Adjustments to the warranty accrual are recorded if actual claim experience indicates that adjustments are necessary. Warranty reserves are reviewed to ensure critical assumptions are updated for known events that may impact the potential warranty liability.

The following table summarizes the changes in product warranty liability:

	For the nine months ended September 30,	
	2021	2020
Balance January 1,	\$ 1,292	\$ 1,604
Provision for warranties issued during the year	2,505	1,576
Warranty services provided	(2,343)	(1,885)
Changes in estimate	—	59
Foreign currency translation	(33)	11
Balance September 30,	<u>\$ 1,421</u>	<u>\$ 1,365</u>

## 10. Credit Facilities and Debt

### *U.S. Credit Facilities*

At September 30, 2021, the Company and its U.S. subsidiaries have a Loan and Security Agreement, as amended (the “Loan Agreement”) with CIBC Bank USA (“CIBC”). The Loan Agreement provides a revolving credit facility with a maturity date of July 20, 2023. The aggregate amount of the facility is \$30 million.

The maximum borrowing available to the Company under the Loan Agreement is limited to: (1) 85% of eligible receivables; plus (2) 50% of eligible inventory valued at the lower of cost or net realizable value subject to a \$20 million limit; plus (3) 80% of eligible used equipment, as defined, valued at the lower of cost or market subject to a \$2 million limit; plus (4) 50% of eligible Mexico receivables (as defined) valued at the lower of cost or net realizable value subject to a \$0.4 million limit. At September 30, 2021 and December 31, 2020, the maximum the Company could borrow based on available collateral was \$23.5 million and \$21.9 million, respectively. At September 30, 2021, the Company had \$12.8 million in borrowings (less \$0.1 million in debt issuance costs for a net debt of \$12.7 million) with \$10.7 million available to borrow under its revolving credit facility. At December 31, 2020, the Company had \$12.8 million in borrowings (less \$0.2 million in debt issuance costs for a net debt of \$12.6 million) with \$9.1 million available to borrow under its revolving credit facility. The indebtedness under the Loan Agreement is collateralized by substantially all of the Company’s assets, except for certain assets of the Company’s subsidiaries.

The Loan Agreement provides that the Company can opt to pay interest on the revolving credit at either a base rate plus a spread, or a LIBOR rate plus a spread. The base rate and the LIBOR rate are subject to a floor of 0.50%. The LIBOR spread ranges from 1.75% to 2.25% depending on the Adjusted Excess Availability. Funds borrowed under the LIBOR option can be borrowed for periods of one, two, or three months and are limited to four LIBOR contracts outstanding at any time. In addition, a fee of 0.375% is applied for the unused portion of the revolving facility and is payable monthly. In March of 2021, the Company amended the Loan Agreement to include

a Hedging Agreement for interest rate protection with respect to LIBOR Loans. The Company was in compliance with its covenants as of September 30, 2021.

The Loan Agreement has a Letter of Credit facility of \$3 million, which is fully reserved against availability. As of September 30, 2021, the outstanding Letters of Credit were \$0.2 million which is offset against availability under the revolving facility.

#### *Notes Payable—Bank*

At September 30, 2021, the Company has a \$207 term note payable to a bank. The note dated January 6, 2021 had an original principal amount of \$748 and an annual interest rate of 3.49%. Proceeds from the note were used to pay annual premiums for certain insurance policies carried by the Company. The holder of the note has a security interest in the insurance policies it financed and has the right upon default to cancel these policies and receive any unearned premiums. There are three remaining monthly payments of \$69 on this note.

The Company had a note dated November 13, 2020 with an original principal amount of \$289 and an annual interest rate of 5.81%. Proceeds from the note were used to pay annual premiums for certain insurance policies carried by the Company. The holder of the note has a security interest in the insurance policies it financed and has the right upon default to cancel these policies and receive any unearned premiums. As of September 30, 2021, the outstanding principal balance of the note was \$0.

#### *Note Payable—Winona Facility Purchase*

At September 30, 2021 and December 31, 2020, Badger has a balance on a note payable to Avis Industrial Corporation of \$88 and \$180, respectively. Badger is required to make 60 monthly payments of \$10 that began on August 1, 2017. The note dated July 26, 2017, had an original principal amount of \$500 and annual interest rate of 8.00%. The note matures on July 1, 2022 and is guaranteed by the Company.

#### *PM Group Short-Term Working Capital Borrowings*

At September 30, 2021 and December 31, 2020, respectively, PM Group had established demand credit and overdraft facilities with five banks in Italy, one bank in Spain and eleven banks in South America. Under the facilities, as of September 30, 2021 and December 31, 2020 respectively, PM Group can borrow up to €18,838 (\$21,808) and €20,550 (\$25,133) for advances against invoices, letter of credit and bank overdrafts with €4,300 (\$4,978) and €2,000 (\$2,440) available to borrow under these facilities. These facilities are divided into two types: working capital facilities and cash facilities. At September 30, 2021 and December 31, 2020, interest on the Italian working capital facilities is charged at the 3-month Euribor plus 175 or 200 basis points and 3-month Euribor plus 350 basis points, respectively. Interest on the South American facilities is charged at a flat rate of points for advances on invoices ranging from 8% - 55%. During June 2021, the loan agreement was renewed removing the existing expiration date.

At September 30, 2021, the Italian banks had advanced PM Group €9,096 (\$10,531) (less (€135) (\$157) in debt issuance costs for a net debt of (€8,961) (10,374)). There were no advances to PM Group from the Spanish bank, and the South American banks had advanced PM Group €616 (\$713). At December 31, 2020, the Italian banks had advanced PM Group €10,551 (\$12,904). There were no advances to PM Group from the Spanish bank, and the South American banks had advanced PM Group €98 (\$120).

#### *PM Group Term Loans*

At September 30, 2021 and December 31, 2020, PM Group has a €5,752 (\$6,659) and €5,752 (\$7,035) term loan with Davy Global Fund Management, an Irish fund that purchased the debt from BPER, an Italian bank. The term loan is split into a note and a balloon payment and is secured by PM Group's common stock. The term loan is charged interest at a fixed rate of 3.5%. The note is payable in annual installments of principal, €513 for 2021, €531 for 2022, €549 for 2023, €569 for 2024, and €588 for 2025. The balloon payment is payable in a single payment of €3,002 in 2026.

An adjustment in the purchase accounting to value the non-interest-bearing debt at its fair market value was made. At March 6, 2018 it was determined that the fair value of the debt was €480 or \$550 less than the book value. This reduction is not reflected in the above descriptions of PM debt. This discount is being amortized over the life of the debt and being charged to interest expense. As of September 30, 2021 and December 31, 2020, the remaining balance was €29 (\$34) and €114 (\$140), respectively, and has been offset to the debt.

At September 30, 2021 and December 31, 2020, PM Group has unsecured borrowings with an Italian bank (MPS) and an Irish fund (Davy Global Fund Management) totaling €7,225 (\$8,364) and €7,225 (\$8,836), respectively. The borrowings have a fixed rate of interest of 3.5%. Annual payments of €1,445 are payable ending in 2025.

PM Group is subject to certain financial covenants including maintaining (1) Net debt to EBITDA, (2) Net debt to equity, and (3) EBITDA to net financial charges ratios. The covenants are measured on a semi-annual basis as of June 30 and December 31 of each year. The Company was in compliance with the loan covenants at June 30, 2021.

At September 30, 2021 and December 31, 2020, Autogru PM had a term note with an outstanding principal balance of €0 (\$0) and €116 (\$142), respectively. The note was paid off in full in September 2021. The note was charged interest at the 1-month Euribor plus 250 basis points, for an effective rate of 2.50% at September 30, 2021 and December 31, 2020.

Autogru PM had another term note with an outstanding principal balance of €111 (\$129) and €164 (\$201) at September 30, 2021 and December 31, 2020, respectively. The note is divided in three parts: the first part is payable in 60 monthly installments of €1 (\$1) plus interest at the 6-month Euribor plus 275 basis points, for an effective rate of 2.75% at September 30, 2021 and December 31, 2020, maturing in February 2023; the second part is payable in 60 monthly installments of €4 (\$5) plus interest at the 6-month Euribor plus 275 basis points, for an effective rate of 2.75% at September 30, 2021 and December 31, 2020, maturing in April 2023; the third part is payable in 60 monthly installments of €1 (\$1) plus interest at the 6-month Euribor plus 275 basis points, for an effective rate of 2.75% at September 30, 2021 and December 31, 2020, maturing in September 2023.

#### *Valla Short-Term Working Capital Borrowings*

At September 30, 2021 and December 31, 2020, Valla had established demand credit and overdraft facilities with two Italian banks. Under the facilities, Valla can borrow up to approximately €500 (\$579) for advances against orders, invoices and bank overdrafts. Interest on the Italian working capital facilities is charged at a flat percentage rate for advances on invoices and orders ranging from 1.67% - 5.75% at September 30, 2021 and December 31, 2020. At September 30, 2021 and December 31, 2020, the Italian banks had advanced Valla €465 (\$538) and €474 (\$579).

#### *Valla Term Loans*

Valla had a term loan with Carisbo that was payable in quarterly principal installments beginning on October 30, 2017 of €8 (\$10), plus interest at the 3-month Euribor plus 470 basis points, for an effective rate of 4.36% at December 31, 2020. The note matured on January 31, 2021. At September 30, 2021 and December 31, 2020, the outstanding principal balance of the note was €0 (\$0) and €8 (\$10), respectively.

Valla has a term loan with BPER that is payable in monthly principal installments beginning on July 10, 2022 of €0.5 (\$1), plus interest at an effective rate of 1.46% at September 30, 2021 and December 31, 2020. The note matures in December 2025. At September 30, 2021 and December 31, 2020, the outstanding principal balance of the note was €25 (\$29) and €25 (\$31), respectively.

## **11. Leases**

The Company leases certain warehouses, office space, machinery, vehicles, and equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term.

The Company is not aware of any variable lease payments, residual value guarantees, covenants or restrictions imposed by the leases. Most leases include one or more options to renew, with renewal terms that can extend the lease term. The exercise of lease renewal options is at our sole discretion. The depreciable life of assets is limited by the expected lease term for finance leases.

If there was a rate explicit in the lease, this was the discount rate used. For those leases with no explicit or implicit interest rate, an incremental borrowing rate was used. The weighted average remaining useful life for operating and finance leases was 5 and 7 years, respectively. The weighted average discount rate for operating and finance leases was 5.1% and 12.5% respectively.

Leases	Classification	September 30, 2021	December 31, 2020
<b>Assets</b>			
Operating lease assets	Operating lease assets	\$ 3,484	\$ 4,068
Financing lease assets	Fixed assets, net	2,394	2,847
Total leased assets		<u>\$ 5,878</u>	<u>\$ 6,915</u>
<b>Liabilities</b>			
<b>Current</b>			
Operating	Current liabilities	\$ 998	\$ 1,167
Financing	Current liabilities	380	344
<b>Non-current</b>			
Operating	Non-current liabilities	2,486	2,901
Financing	Non-current liabilities	3,931	4,221
Total lease liabilities		<u>\$ 7,795</u>	<u>\$ 8,633</u>

Lease Cost	Classification	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
Operating lease costs	Operating lease assets	\$ 315	\$ 262	\$ 1,017	\$ 793
Finance lease cost					
Amortization of leased assets	Amortization	91	79	273	306
Interest on lease liabilities	Interest expense	136	145	416	444
Lease cost		<u>\$ 542</u>	<u>\$ 486</u>	<u>\$ 1,706</u>	<u>\$ 1,543</u>

Other Information	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 341	\$ 282	\$ 1,099	\$ 794
Operating cash flows from finance leases	\$ 136	\$ 79	\$ 416	\$ 306
Financing cash flows from finance leases	\$ 83	\$ 145	\$ 254	\$ 444



Future principal minimum lease payments period ending September 30 are:

	Operating Leases	Capital Leases
2022	\$ 1,204	\$ 898
2023	925	925
2024	627	952
2025	431	981
2026	391	1,010
And subsequent	446	1,665
Total undiscounted lease payments	4,024	6,431
Less interest	(540)	(2,120)
Total liabilities	\$ 3,484	\$ 4,311
Less current maturities	(998)	(380)
Non-current lease liabilities	\$ 2,486	\$ 3,931

## 12. Income Taxes

On March 27, 2020, the “Coronavirus Aid, Relief and Economic Security (CARES) Act” was enacted. The CARES Act, among other things, includes provisions relating to net operating loss carrybacks, alternative minimum tax credit refunds, a modification to the net interest deduction limitations and a technical correction to tax depreciation methods for qualified improvement property. The CARES Act did not have a material impact on the Company’s consolidated financial statements.

For the three months ended September 30, 2021, the Company recorded an income tax provision of \$234, which includes a discrete income tax expense of \$5. The calculation of the overall income tax provision for the three months ended September 30, 2021 primarily consists of foreign income taxes and a discrete income tax expense primarily for the accrual of interest related to unrecognized tax benefits. No tax benefit was provided on U.S. losses incurred during the quarter. For the three months ended September 30, 2020, the Company recorded an income tax provision of \$62, which includes a discrete income tax benefit of \$38. The calculation of the overall income tax provision for the three months ended September 30, 2020 primarily consists of foreign income taxes and a discrete income tax benefit related to the expiration of the statute of limitations for a foreign jurisdiction partially offset by an accrual of interest related to unrecognized tax benefits.

The effective tax rate for the three months ended September 30, 2021 was an income tax provision of 27.0% on pretax loss of \$867 compared to an income tax provision of 4.5% on a pretax loss of \$1,385 in the comparable prior period. The effective tax rate for the three months ended September 30, 2021 differs from the U.S. statutory rate of 21% primarily due to a valuation allowance in the U.S. and partial valuation allowance in Italy, nondeductible foreign permanent differences, income taxed in foreign jurisdictions at varying tax rates, and an accrual of interest related to unrecognized tax benefits.

For the nine months ended September 30, 2021, the Company recorded an income tax provision of \$843, which includes a discrete income tax benefit of \$481. The calculation of the overall income tax provision for the nine months ended September 30, 2021 primarily consists of foreign income taxes and a discrete income tax benefit related to the expiration of the statute of limitations for various state and foreign jurisdictions. For the nine months ended September 30, 2020, the Company recorded an income tax benefit of \$191, which includes a discrete income tax benefit of \$382. The calculation of the overall income tax benefit for the nine months ended September 30, 2020 primarily consist of foreign income taxes and a discrete income tax benefit related to the expiration of the statute of limitations for various state and foreign jurisdictions, and the settlement of the Romanian tax audit for 2017 and 2018.

The effective tax rate for the nine months ended September 30, 2021 was an income tax provision of 19.5% on pretax income of \$4,335 compared to an income tax benefit of 1.7% on a pretax loss of \$11,083 in the comparable prior period. The effective tax rate for the nine months ended September 30, 2021 differs from the U.S. statutory rate of 21% primarily due to a valuation allowance in the U.S. and partial valuation allowance in Italy, nondeductible foreign permanent differences, income taxed in foreign jurisdictions at varying tax rates, and a decrease in unrecognized tax benefits related to the expiration of the statute of limitations for various state and foreign jurisdictions.

The Company’s total unrecognized tax benefits as of September 30, 2021 and 2020 were approximately \$3.1 million and \$4.0 million, respectively. Included in the unrecognized tax benefits is a liability for the disputed Romania income tax audit assessment for tax years 2012-2016. The Company settled the 2016 audit with the Italian taxing authorities. The impact of the settlement did not have a material impact on the financial statements. Depending on the final resolution of the audit, the uncertain tax position liability could be higher or lower than the amount recorded at September 30, 2021.

### 13. Net Earnings (Loss) per Common Share

Basic net earnings per share is computed by dividing net income by the weighted average number of common shares outstanding for the period. Details of the calculations are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss) from continuing operations	\$ (1,101)	\$ (1,447)	\$ 3,492	\$ (10,892)
Loss from operations of discontinued operations, net of income taxes	—	(124)	—	(832)
Net income (loss)	<u>\$ (1,101)</u>	<u>\$ (1,571)</u>	<u>\$ 3,492</u>	<u>\$ (11,724)</u>
<b>Income (loss) per share</b>				
<b>Basic</b>				
Income (loss) from continuing operations	\$ (0.06)	\$ (0.07)	\$ 0.18	\$ (0.55)
Loss from discontinued operations	\$ —	\$ (0.01)	\$ —	\$ (0.04)
Net income (loss)	<u>\$ (0.06)</u>	<u>\$ (0.08)</u>	<u>\$ 0.18</u>	<u>\$ (0.59)</u>
<b>Diluted</b>				
Income (loss) from continuing operations	\$ (0.06)	\$ (0.07)	\$ 0.17	\$ (0.55)
Loss from discontinued operations	\$ —	\$ (0.01)	\$ —	\$ (0.04)
Net income (loss)	<u>\$ (0.06)</u>	<u>\$ (0.08)</u>	<u>\$ 0.17</u>	<u>\$ (0.59)</u>
<b>Weighted average common shares outstanding</b>				
<b>Basic</b>				
	<u>19,917,276</u>	<u>19,778,225</u>	<u>19,888,319</u>	<u>19,758,241</u>
<b>Diluted</b>				
Basic	19,917,276	19,778,225	19,888,319	19,758,241
Dilutive effect of restricted stock units and stock options	—	—	82,362	—
Basic and Dilutive	<u>19,917,276</u>	<u>19,778,225</u>	<u>19,970,681</u>	<u>19,758,241</u>

Potential shares of common stock relating to stock options and restricted stock units excluded from the earnings per share calculation because their effect would be anti-dilutive were 274,595 and 1,906,735 for the three months ended September 30, 2021 and September 30, 2020, respectively, and 280,200 and 1,907,484 for the nine months ended September 30, 2021 and September 30, 2020, respectively.

	As of September 30,	
	2021	2020
Unvested restricted stock units	265,125	260,970
Options to purchase common stock	97,437	97,437
Convertible subordinated notes	—	1,549,451
	<u>362,562</u>	<u>1,907,858</u>

## 14. Equity

### Stock Issued to Employees and Directors

The Company issued shares of common stock to employees and Directors as restricted stock units issued under the Company's 2004 Incentive Plan vested. Upon issuance entries were recorded to increase common stock and decrease paid in capital for the amounts shown below. The following is a summary of stock issuances that occurred during the period:

<u>Date of Issue</u>	<u>Employees or Director</u>	<u>Shares Issued</u>	<u>Value of Shares Issued</u>
January 1, 2021	Employee	3,300	\$ 5.16
March 6, 2021	Directors	7,920	7.43
March 6, 2021	Employees	24,923	7.43
March 8, 2021	Directors	12,000	7.73
March 8, 2021	Employee	2,000	7.73
March 13, 2021	Directors	18,060	8.29
March 13, 2021	Employees	17,680	8.29
June 3, 2021	Directors	5,940	7.29
August 14, 2021	Directors	9,900	6.96
September 1, 2021	Employee	16,500	8.22
		<u>118,223</u>	<u>\$ 7.78</u>

### *Stock Repurchase*

The Company purchases shares of Common Stock from certain employees at the closing share price on the date of purchase. The stock is purchased from the employees to satisfy employees' withholding tax obligations related to stock issuances described above. The below table summarizes shares repurchased from employees during the current year through September 30, 2021:

<u>Date of Purchase</u>	<u>Shares Purchased</u>	<u>Closing Price on Date of Purchase</u>
March 6, 2021	2,779	\$ 7.43
March 8, 2021	692	\$ 7.73
March 13, 2021	2,712	\$ 8.29
	<u>6,183</u>	

### *Restricted Stock Awards*

The following table contains information regarding restricted stock units:

	<u>September 30, 2021</u>
Outstanding on January 1, 2021	242,586
Units granted during the period	147,800
Vested and issued	(112,040)
Vested-issued and repurchased for income tax withholding	(6,183)
Forfeited	(7,038)
Outstanding on September 30, 2021	<u>265,125</u>

The value of the restricted stock is being charged to compensation expense over the vesting period. Compensation expense includes expense related to restricted stock units of \$231 and \$215, and \$789 and \$598 for the three and nine months ended September 30, 2021 and 2020, respectively. Additional compensation expense related to restricted stock units will be \$229, \$679, and \$308 for the remainder of 2021, 2022, and 2023, respectively.

### *Stock Options*

On September 1, 2019, 50,000 stock options were granted at \$5.62 per share and vest ratably on each of the first three anniversary dates. Compensation expense related to stock options were \$8 and \$27 for the three and nine months ended September 30, 2021

compared to \$17 and \$59 for the comparable period. Additional compensation expense will be \$4 and \$10 for the remainder of 2021 and 2022, respectively.

## **15. Legal Proceedings and Other Contingencies**

The Company is involved in various legal proceedings, including product liability, employment related issues, and workers' compensation matters which have arisen in the normal course of operations. The Company has product liability insurance with self-insurance retention limits that range from \$50 to \$500.

The Company has been named as a defendant in several multi-defendant asbestos related product liability lawsuits. In certain instances, the Company is indemnified by a former owner of the product line in question. In the remaining cases the plaintiff has, to date, not been able to establish any exposure by the plaintiff to the Company's products. The Company is uninsured with respect to these claims but believes that it will not incur any material liability with respect to these claims.

For claims originated in 2020, the Company changed its insurance coverage for worker's compensation and no longer has a deductible obligation. The Company is fully insured for any amount on any individual claim that exceeds the deductible and for any additional amounts of all claims once the aggregate is reached. The Company currently has several workers' compensation claims related to injuries that occurred after December 31, 2011 and therefore are subject to a deductible. The Company does not believe that the contingencies associated with these workers' compensation claims in aggregate will have a material adverse effect on the Company.

On May 5, 2011, the Company entered into two separate settlement agreements with two plaintiffs. As of September 30, 2021, the Company has a remaining obligation under the agreements to pay the plaintiffs an aggregate of \$950 without interest in 10 annual installments of \$95 on or before May 22 of each year. The Company has recorded a liability for the net present value of the liability. The difference between the net present value and the total payment will be charged to interest expense over the payment period.

When it is probable that a loss has been incurred and possible to make a reasonable estimate of the Company's liability with respect to such matters, a provision is recorded for the amount of such estimate to estimate the amount within the range that is most likely to occur. Certain cases are at a preliminary stage, and it is not possible to estimate the amount or timing of any cost to the Company. However, the Company does not believe that these contingencies, in the aggregate, will have a material adverse effect on the Company.

It is reasonably possible that the estimated reserve for product liability claims may change within the next 12 months. A change in estimate could occur if a case is settled for more or less than anticipated, or if additional information becomes known to the Company.

### *SEC Settlement*

The Company is continuing to work to resolve its two remaining material weaknesses in compliance with the previously-disclosed settlement between the Company and the SEC that was entered into in connection with the Company's restatement of certain prior financial statements.

## **16. Transactions between the Company and Related Parties**

In the course of conducting its business, the Company has entered into certain related party transactions.

C&M conducts business with RAM P&E LLC for the purposes of obtaining parts business as well as buying, selling, and renting equipment. In 2021, \$0.1 million was invoiced by Crane and Machinery, Inc. through government parts contracts awarded to RAM P&E LLC.

C&M is a distributor of Terex rough terrain and truck cranes. As such, C&M purchases cranes and parts from Terex.

PM is a manufacturer of cranes. PM sold cranes, parts, and accessories to Tadano during 2020 and 2021.

As of September 30, 2021 and December 31, 2020, the Company had accounts receivable and payable with related parties as shown below:

		September 30, 2021	December 31, 2020
Accounts Receivable	Tadano	\$ 1	\$ 62
	Terex	1	—
	RAM P&E (2)	11	13
		<u>\$ 13</u>	<u>\$ 75</u>
Accounts Payable	Terex	127	47
	Tadano	10	80
		<u>\$ 137</u>	<u>\$ 127</u>
Net Related Party Accounts Payable		<u>\$ 124</u>	<u>\$ 52</u>

The following is a summary of the amounts attributable to certain related party transactions as described in the footnotes to the table, for the periods indicated:

		Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Rent paid:	Bridgeview Facility (1)	—	\$ 71	—	\$ 207
Sales to:	Terex	\$ 1	\$ 7	\$ 43	\$ 35
	Tadano	13	—	153	612
	RAM P&E (2)	23	—	110	—
Total Sales		<u>\$ 37</u>	<u>\$ 7</u>	<u>\$ 306</u>	<u>\$ 647</u>
Purchases from:	Terex	\$ 122	\$ 94	\$ 355	\$ 374
	Tadano	34	11	130	11
	Total Purchases	<u>\$ 156</u>	<u>\$ 105</u>	<u>\$ 485</u>	<u>\$ 385</u>

(1) The Company leased its 40,000 sq. ft. Bridgeview facility from an entity controlled by Mr. David Langevin, the Company's Executive Chairman and former CEO, through December 31, 2020. Pursuant to the terms of the lease, the Company makes monthly lease payments of \$23. The Company is also responsible for all the associated operating expenses, including insurance, property taxes, and repairs. The entity controlled by Mr. David Langevin sold the building on December 31, 2020 to an unaffiliated third party. The new terms of the building lease are substantially the same in all material respects.

(2) RAM P&E is owned by Mr. David Langevin's daughter.

## Note 17. Discontinued Operations

### Assets and Liabilities Classified as Held for Sale

On August 21, 2020, the Company entered into an Asset Purchase Agreement to sell Manitex Sabre, Inc. to an affiliate of Super Steel, LLC for cash proceeds of \$1.5 million, subject to certain adjustments based on closing date accounts receivable and inventory. Accordingly, Manitex Sabre, Inc. is reported as a discontinued operation for 2020.

In addition to the proceeds from sale of \$1.5 million in cash received, the Company may receive a maximum royalty and earnout payments of approximately \$2.9 million for years 2021 thru 2023 if certain revenue criteria are met. The Company will account for the contingent consideration as a gain in accordance with ASC 450. Under this approach, we will recognize the contingent consideration in earnings after the contingency is resolved.

For the nine months ended September 30, 2020, cash flows provided by operating activities was \$1,649, this consisted of depreciation expense of \$45, no purchases of fixed assets and no amortization expense. Cash flows provided by investing activities consisted of proceeds from sale of assets was \$1,610.

	<b>For the Three Months Ended September 30, 2020</b>	<b>For the Nine Months Ended September 30, 2020</b>
Net revenues	\$ 391	\$ 3,276
Cost of sales	628	3,594
Selling, general and administrative expenses	246	839
Interest expense	14	62
Other income	<u>377</u>	<u>388</u>
Net loss of discontinued operations before income tax	(120)	(831)
Income tax expense related to discontinued operations	4	1
Net loss on discontinued operations	<u>\$ (124)</u>	<u>\$ (832)</u>

## **Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operations**

### **Recent Developments**

#### *Impact of COVID-19*

We are continuing to closely monitor the impact of the COVID-19 pandemic on all aspects of our business, including how it is impacting our customers, employees, supply chain, and distribution network, as well as the demand for our products in the industries and markets that we serve. Our first priority is the health and safety of our employees, customers, and business partners and we believe that we have taken the necessary steps to keep our facilities clean and safe during the COVID-19 pandemic. While COVID-19 has had a material impact on our past financial results, we are unable to predict the ultimate impact that it may have on our business, future results of operations, financial position or cash flows. The extent to which our operations may be impacted by the COVID-19 pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the ultimate severity and duration of the outbreak (including the spread and impact of new COVID-19 variants) and actions by government authorities to contain the outbreak or treat its impact. Furthermore, the impacts of a potential worsening of global economic conditions and the continued disruptions to and volatility in the financial markets remain unknown.

The Company is currently experiencing supply chain disruptions and related logistical bottlenecks that have impacted our ability to meet strong industrial demand and have also, increased costs related to shipping, warehousing, and working capital management. While the Company is doing everything it can to mitigate these expenses and the associated timing issues, certain segments – such as truck chassis – have been more impacted than others. Where appropriate and feasible, we have implemented pricing adjustments to protect margins and, in tandem, are building inventory to meet our customer requirements. In addition, the Company is actively managing costs and working to further streamline operations where needed. Furthermore, the Company has modified its business practices to manage expenses (including practices regarding employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences). We continue to take steps to minimize the negative impact of the COVID-19 pandemic on our business and to protect the safety of our employees and customers.

#### *Business Overview*

The following management’s discussion and analysis of financial condition and results of continuing operations should be read in conjunction with the Company’s financial statements and notes, and other information included elsewhere in this Report.

#### *Backlog*

The Company’s backlog was approximately \$113 million and \$68 million at September 30, 2021 and December 31, 2020, respectively.

## Results of Condensed Consolidated Operations

### MANITEX INTERNATIONAL, INC.

(In thousands)

	Three Months Ended September 30,		\$ Change	% Change
	2021	2020		
Net revenues	\$ 50,935	\$ 36,466	\$ 14,469	39.7%
Cost of sales	42,899	29,807	13,092	43.9
Gross profit	8,036	6,659	1,377	20.7
Operating expenses				
Research and development costs	772	788	(16)	(2.0)
Selling, general and administrative expenses	7,419	6,462	957	14.8
Total operating expenses	8,191	7,250	941	13.0
Operating income (loss)	(155)	(591)	436	(73.8)
Other income (expense)				
Interest expense	(490)	(825)	335	(40.6)
Interest income	1	6	(5)	(83.3)
Gain on extinguishment of debt	—	595	(595)	(100.0)
Foreign currency transaction loss	(121)	(229)	108	(47.2)
Other expense	(102)	(341)	239	(70.1)
Total other income (expense)	(712)	(794)	82	(10.3)
Income (loss) before income taxes from continuing operations	(867)	(1,385)	518	(37.4)
Income tax expense (benefit) from continuing operations	234	62	172	277.4
Net income (loss) from continuing operations	\$ (1,101)	\$ (1,447)	\$ 346	(23.9)%

### Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020

#### Net income (loss) from continuing operations for the three-month periods ended September 30, 2021 and 2020

For the three months ended September 30, 2021, the Company had a net loss of \$1.1 million compared to a net loss of \$1.4 million for the three months ended September 30, 2020.

**Net revenues and gross profit** —For the three months ended September 30, 2021, net revenues and gross profit were \$50.9 million and \$8.0 million, respectively. Gross profit as a percent of revenues was 15.8% for the three months ended September 30, 2021. For the three months ended September 30, 2020, net revenues and gross profit were \$36.5 million and \$6.6 million, respectively. Gross profit as a percent of revenues was 18.3% for the three months ended September 30, 2020.

Net revenues increased \$14.4 million or 39.7% to \$50.9 million for the three months ended September 30, 2021 from \$36.5 million for the comparable period in 2020. The increase in revenues is primarily due to increases in sales of straight mast cranes from the Company's United States subsidiaries and knuckle boom cranes and aerial platforms from the Company's foreign subsidiaries, primarily due to the partial recovery in the global market from the COVID-19 pandemic.

Our gross profit increased \$1.4 million to \$8.0 million for the three months ended September 30, 2021 from \$6.6 million for the comparable period in 2020. The increase in gross profit is attributable to increases in revenues and product mix partially offset by higher material cost due to steel surcharges and higher other material costs. The decrease in gross profit percentage is primarily driven by product mix as lower margin products were sold and higher material cost for the three months ended September 30, 2021.

**Research and development** —Research and development expense was \$0.8 million for the three months ended September 30, 2021 consistent with \$0.8 million for the same period in 2020. The Company's research and development spending reflects our continued commitment to develop and introduce new products that give the Company a competitive advantage.

**Selling, general and administrative expense** —SG&A expense for the three months ended September 30, 2021 was \$7.4 million compared to \$6.5 million for the comparable period in 2020, an increase of \$0.9 million. The increases are primarily related to higher professional fees, advertising expenses, sales commissions, and software implementation upgrades.



**Interest expense** —Interest expense was \$0.5 million for the three months ended September 30, 2021 compared to \$0.8 million for the comparable period in 2020. The decrease in interest expense is due to lower debt driven by the pay-off of the convertible notes in December 2020 and principal payments made on the term debt in 2020.

**Gain on extinguishment of debt** —For the three months ended September 30, 2020, the Company paid off a portion of the PM term and unsecured debt at a 15% discount to its face value which resulted in a gain of \$0.6 million.

**Foreign currency transaction losses** —For the three months ended September 30, 2021, the Company had foreign currency losses of \$0.1 million compared to \$0.2 million for the comparable period in 2020. A substantial portion of the losses relate to changes in the Chilean peso.

**Other expense** —Other expense was \$0.1 million for the three months ended September 30, 2021 compared to (\$0.3) million for the comparable period in 2020. The decrease in other expense is primarily due to a legal settlement in 2020.

**Income tax** — On March 27, 2020, the “Coronavirus Aid, Relief and Economic Security (CARES) Act” was enacted. The CARES Act, among other things, includes provisions relating to net operating loss carrybacks, alternative minimum tax credit refunds, a modification to the net interest deduction limitations and a technical correction to tax depreciation methods for qualified improvement property. The CARES Act did not have a material impact on the Company’s condensed consolidated financial statements.

For the three months ended September 30, 2021, the Company recorded an income tax provision of \$0.2 million, which includes a discrete income tax expense of less than \$0.01 million. The calculation of the overall income tax provision for the three months ended September 30, 2021 primarily consists of foreign income taxes and a discrete income tax expense primarily for the accrual of interest related to unrecognized tax benefits. No tax benefit was provided on U.S. losses incurred during the quarter. For the three months ended September 30, 2020, the Company recorded an income tax provision of \$0.1 million, which includes a discrete income tax benefit of less than \$0.1 million. The calculation of the overall income tax provision for the three months ended September 30, 2020 primarily consists of foreign income taxes and a discrete income tax benefit related to the expiration of the statute of limitations for a foreign jurisdiction partially offset by an accrual of interest related to unrecognized tax benefits.

The effective tax rate for the three months ended September 30, 2021 was an income tax provision of 27.0% on pretax loss of \$0.9 million compared to an income tax provision of 4.5% on a pretax loss of \$1.4 million in the comparable prior period. The effective tax rate for the three months ended September 30, 2021 differs from the U.S. statutory rate of 21% primarily due to the valuation allowance in the U.S. and a partial valuation allowance in Italy, nondeductible permanent differences, income taxed in foreign jurisdictions at varying tax rates and an accrual of interest related to unrecognized tax benefits.

	Nine Months Ended September 30,		\$ Change	% Change
	2021	2020		
Net revenues	\$ 158,148	\$ 122,314	\$ 35,834	29.3%
Cost of sales	129,867	99,877	29,990	30.0
<b>Gross profit</b>	<b>28,281</b>	<b>22,437</b>	<b>5,844</b>	<b>26.0</b>
Operating expenses				
Research and development costs	2,357	2,246	111	4.9
Selling, general and administrative expenses	23,232	21,226	2,006	9.5
Impairment of intangibles	—	6,722	(6,722)	(100.0)
<b>Total operating expenses</b>	<b>25,589</b>	<b>30,194</b>	<b>(4,605)</b>	<b>(15.3)</b>
<b>Operating income (loss)</b>	<b>2,692</b>	<b>(7,757)</b>	<b>10,449</b>	<b>(134.7)</b>
Other income (expense)				
Interest expense	(1,573)	(2,833)	1,260	(44.5)
Interest income	7	80	(73)	(91.3)
Gain on Paycheck Protection Program loan forgiveness	3,747	—	3,747	100.0
Gain on extinguishment of debt	—	595	(595)	(100.0)
Foreign currency transaction loss	(421)	(671)	250	(37.3)
Other expense	(117)	(497)	380	(76.5)
<b>Total other income (expense)</b>	<b>1,643</b>	<b>(3,326)</b>	<b>4,969</b>	<b>(149.4)</b>
<b>Income (loss) before income taxes from continuing operations</b>	<b>4,335</b>	<b>(11,083)</b>	<b>15,418</b>	<b>(139.1)</b>
Income tax expense (benefit) from continuing operations	843	(191)	1,034	(541.4)
<b>Net income (loss) from continuing operations</b>	<b>\$ 3,492</b>	<b>\$ (10,892)</b>	<b>\$ 14,384</b>	<b>(132.1)%</b>

#### Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020

##### Net income (loss) from continuing operations for the nine-month periods ended September 30, 2021 and 2020

For the nine months ended September 30, 2021 the Company had a net income of \$3.5 million compared to a net loss of \$10.9 million for the nine months ended September 30, 2020.

**Net revenues and gross profit** —For the nine months ended September 30, 2021, net revenues and gross profit were \$158.1 million and \$28.3 million, respectively. Gross profit as a percent of revenues was 17.9% for the nine months ended September 30, 2021. For the nine months ended September 30, 2020, net revenues and gross profit were \$122.3 million and \$22.4 million, respectively. Gross profit as a percent of revenues was 18.3% for the nine months ended September 30, 2020.

Net revenues increased \$35.8 million or 29.3% to \$158.1 million for the nine months ended September 30, 2021 from \$122.3 million for the comparable period in 2020. The increase in revenues is primarily due to increases in sales of straight mast cranes from the Company's United States subsidiaries and increases in sales of knuckle boom cranes and aerial platforms from the Company's foreign subsidiaries, primarily due to the partial recovery in the global market from the COVID-19 pandemic and a favorable impact by a stronger Euro, which accounted for approximately \$5.6 million.

Our gross profit increased \$5.8 million to \$28.3 million for the nine months ended September 30, 2021 compared to the prior period in 2020. The increase in gross profit is attributable to increases in revenues and product mix partially offset by higher material cost due to steel surcharges and higher other material costs. The decrease in gross profit percentage is primarily driven by product mix as lower margin products were sold and higher material cost for the nine months ended September 30, 2021.

**Research and development** —Research and development expense was \$2.4 million for the nine months ended September 30, 2021 compared with \$2.2 million for the same period in 2020. The Company's research and development spending reflects our continued commitment to develop and introduce new products that give the Company a competitive advantage.

**Selling, general and administrative expense** —SG&A expense for the nine months ended September 30, 2021 was \$23.2 million compared to \$21.2 million for the comparable period in 2020, an increase of \$2.0 million. The increases are primarily related to higher bonus accrual in 2021, higher stock compensation expense, higher professional fees, higher advertising, higher sales commissions, aided by an unfavorable impact of a stronger euro, which accounted for approximately \$0.7 million offset by trade show expenses that did not recur in 2021.

**Impairment of goodwill and intangibles-** For the nine months ended September 30, 2021, the Company had no impairment of goodwill or intangibles compared to \$6.7 million for the nine months ended September 30, 2020. The impairment in 2020 was driven by the COVID-19 pandemic which caused a decrease in the Company's market capitalization causing a triggering event which resulted in a \$6.6 million goodwill impairment charge and a \$0.1 million tradename impairment charge during 2020.

**Interest expense** —Interest expense was \$1.6 million for the nine months ended September 30, 2021 compared to \$2.8 million for the comparable period in 2020. The decrease in interest expense is due to lower debt driven by the pay-off of the convertible notes in December 2020 and principal payments made on the term debt in 2020.

**Gain on Paycheck Protection Program loan forgiveness** —Gain on loan forgiveness was \$3.7 million for the nine months ended September 30, 2021 due to the loan forgiveness by the SBA. The gain on loan forgiveness is not subject to U.S. taxation. This deductible permanent difference is offset by a change in the U.S. valuation allowance and therefore has no impact on the effective tax rate.

**Gain on extinguishment of debt** —For the nine months ended September 30, 2020, the Company paid off a portion of the PM term and unsecured debt at a 15% discount to its face value which resulted in a gain of \$0.6 million.

**Foreign currency transaction losses** —For the nine months ended September 30, 2021, the Company had foreign currency losses of \$0.4 million compared to \$0.7 million for the comparable period in 2020. A substantial portion of the losses relate to changes in the Argentinian peso and British pound.

**Other expense** —Other expense was \$0.1 million for the nine months ended September 30, 2021 compared to \$0.5 million for the comparable period in 2020. The decrease in other expense is primarily due to a legal settlement in 2020.

**Income tax** — On March 27, 2020, the "Coronavirus Aid, Relief and Economic Security (CARES) Act" was enacted. The CARES Act, among other things, includes provisions relating to net operating loss carrybacks, alternative minimum tax credit refunds, a modification to the net interest deduction limitations and a technical correction to tax depreciation methods for qualified improvement property. The CARES Act did not have a material impact on the Company's condensed consolidated financial statements.

For the nine months ended September 30, 2021, the Company recorded an income tax provision of \$0.9 million, which includes a discrete income tax benefit of \$0.5 million. The calculation of the overall income tax provision for the nine months ended September 30, 2021 primarily consists of foreign income taxes and a discrete income tax benefit related to the expiration of the statute of limitations for various state and foreign jurisdictions. For the nine months ended September 30, 2020, the Company recorded an income tax benefit of \$0.2 million, which includes a discrete income tax benefit of \$0.4 million. The calculation of the overall income tax benefit for the nine months ended September 30, 2020 primarily consist of foreign income taxes and a discrete income tax benefit related to the expiration of the statute of limitations for various state and foreign jurisdictions, and the settlement of the Romanian tax audit for 2017 and 2018.

The effective tax rate for the nine months ended September 30, 2021 was an income tax provision of 19.5% on pretax income of \$4.3 million compared to an income tax benefit of 1.7% on a pretax loss of \$11.1 million in the comparable prior period. The effective tax rate for the nine months ended September 30, 2021 differs from the U.S. statutory rate of 21% primarily due to a valuation allowance in the U.S. and partial valuation allowance in Italy, nondeductible foreign permanent differences, income taxed in foreign jurisdictions at varying tax rates, and a decrease in unrecognized tax benefits related to the expiration of the statute of limitations for various state and foreign jurisdictions, and the tax effects of settling the Romanian tax audit for 2017 and 2018.

## **Liquidity and Capital Resources**

The ultimate duration and severity of the COVID-19 pandemic remains highly uncertain at this time. Accordingly, its impact on the global economy generally and our customers and suppliers specifically, as well as the potential negative financial impact to our results of operations and liquidity position cannot be reasonably estimated at this time, but could be material. In the context of these uncertain conditions, we are actively managing the business to maintain cash flow and ensure that we have sufficient liquidity for a variety of scenarios. We believe that such strategy will allow us to meet our anticipated funding requirements.

Cash, cash equivalents and restricted cash were \$17.6 million and \$17.4 million at September 30, 2021 and December 31, 2020. In addition, the Company has a U.S. revolving credit facility with a maturity date of July 20, 2023. At September 30, 2021, the Company had approximately \$10.7 million available to borrow under its U.S. revolving credit facility.

At September 30, 2021, the PM Group had established working capital facilities with five Italian, one Spanish and eleven South American banks. Under these facilities, the PM Group can borrow \$21.8 million against orders, invoices and letters of credit. At

September 30, 2021, the PM Group had availability under these facilities of \$5.0 million. Future advances are dependent on having available collateral.

If our revenues were to increase significantly in the future, the provision limiting borrowing against accounts receivable and inventory would limit future borrowings. If this were to occur, we would attempt to negotiate higher inventory caps with our banks. There is, however, no assurance that the banks would agree to increase the caps.

The Company expects cash flows from operations and existing availability under the current revolving credit and working capital facilities will be adequate to fund future operations. If in the future, we were to determine that additional funding is necessary, we believe that it would be available. There is, however, no assurance that such financing will be available or, if available, on acceptable terms.

### **Cash flows for the nine-month period ended September 30, 2021 compared to the nine-month period ended September 30, 2020**

**Operating Activities** - For the nine months ended September 30, 2021, cash flow provided by operating activities was \$4.3 million compared to \$6.6 million for the same period in the prior year. Cash provided by working capital was \$0.4 million for the nine months ended September 30, 2021 compared to \$4.8 million for the same period in the prior year. The change in accounts receivable used \$1.6 million in cash for the nine months ended September 30, 2021 compared to \$5.8 million cash provided for the same period in the prior year. Effective accounts payable management generated \$10.9 million in cash for the first nine months of 2021 compared to \$1.8 million used in cash for the same period in the prior year. Inventory represented a cash outflow of \$8.9 million for the first nine months of 2021 compared to \$0.7 million cash inflow for the same period in the prior year. During April 2020, the Company was granted \$3.7 million from a bank under the Paycheck Protection Program. During June 2021, the Company's loan was forgiven for the entire \$3.7 million balance.

**Investing Activities** - Cash used in investing activities was \$0.7 million in the first nine months of 2021, compared to \$1.0 million provided by investing activities in the same period a year ago. Cash used in the nine-month period ended September 30, 2021 was related to cash payments for property and equipment and investment in intangibles. Cash provided by investing activities in the nine-month period ended September 30, 2020 related to proceeds from the sale of Sabre offset by cash payments property and equipment.

**Financing Activities** - Cash used in financing activities was an outflow of \$1.9 million for the nine months ended September 30, 2021 which included a decrease in working capital borrowing of \$1.3 million and repayments of notes of \$1.1 million, and payments on capital lease obligations of \$0.3 million offset by borrowings for insurance agreements of \$0.7 million. Cash used in financing activities was an outflow of \$8.4 million for the nine months ended September 30, 2020, which included repayments of the convertible debt of \$7.0 million, note payments of \$5.9 million, and repayments on the revolving credit facility of \$3.5 million offset borrowings on the revolving credit facility of \$8.5 million.

### **Off-Balance Sheet Arrangements**

CIBC has issued 2 standby letters of credit at September 30, 2021. The first standby letter of credit is \$0.2 million in favor of an insurance carrier to secure obligations which may arise in connection with future deductible payments that may be incurred under the Company's worker's compensation insurance policies. The second standby letter of credit is less than \$0.1 million in favor of a governmental agency to secure obligations which may arise in connection with worker's compensation claims.

### **Related Party Transactions**

See Note 16, Transactions between the Company and Related Parties, in the accompanying Condensed Consolidated Financial Statements for a description of the Company's related party transactions.

### **Critical Accounting Policies**

See Item 7, Management's Discussion and Analysis of Results of Operations and Financial Condition, in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 for a discussion of the Company's critical accounting policies.

### **Impact of Recently Issued Accounting Standards**

See Note 2, in the accompanying Condensed Consolidated Financial Statements for a summary of recently issued accounting standards.

### **Item 3—Quantitative and Qualitative Disclosures about Market Risk**

The Company's market risk disclosures have not materially changed since the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 was filed. The Company's quantitative and qualitative disclosures about market risk are incorporated by reference from Part II, Item 7A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

### **Item 4—Controls and Procedures**

#### *Disclosure Controls and Procedures*

With the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer) and under the supervision of the Audit Committee of the Board of Directors, our management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, as of September 30, 2021. Our management's evaluation has identified certain material weaknesses in its internal control over financial reporting as further described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020. Based on the evaluation of these material weaknesses, our Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were not effective as of September 30, 2021 to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Despite the existence of these material weaknesses, our Chief Executive Officer and Chief Financial Officer have concluded that the condensed consolidated financial statements in this Quarterly Report fairly present, in all material respects, our financial position, results of operations and cash flows as of the dates, and for the periods, presented, in conformity with GAAP.

#### *Internal Control over Financial Reporting*

Our Chief Executive Officer and Chief Financial Officer have determined that there were deficiencies in our internal control over financial reporting that constitute material weaknesses, as defined by SEC regulations, at September 30, 2021, with respect to procedures for:

1. We did not maintain an effective control environment over information technology general controls, based on the criteria established in the COSO framework, to enable identification and mitigation of risks of material accounting errors.
2. The Company historically has acquired a number of non-public companies. In the course of integrating these companies' financial reporting methods and systems with those of the Company, the Company has not effectively designed and implemented effective internal control activities, based on the criteria established in the COSO framework, across the organization in connection with such acquisitions. We have identified deficiencies in the principles associated with the control activities component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to (i) our ability to attract, develop, and retain sufficient personnel to perform control activities, (ii) selecting and developing control activities that contribute to the mitigation of risks and support achievement of objectives, (iii) deploying control activities through consistent policies that establish what is expected and procedures that put policies into action, and (iv) holding individuals accountable for their internal control related responsibilities.

Accordingly, our Chief Executive Officer and Chief Financial Officer have concluded that our internal control over financial reporting and disclosure controls and procedures, as defined by SEC regulations, were not effective at September 30, 2021.

#### **Management's Remediation Activities**

During 2021, management continued to invest significant time and effort to remediate the remaining two material weaknesses identified in 2018. The Company continued to progress on implementing Enterprise Resource Planning ("ERP") software in the Company's U.S. subsidiaries. In Italy, the Company is working towards the implementation of a new ERP system. In addition, the Company continued to progress on the remediation of the remaining control deficiencies, as discussed further below.

Other than the changes disclosed above, there were no changes in internal control over financial reporting (as defined by Rules 13a-15 and 15d-15) that occurred during the nine months ended September 30, 2021, that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

### **Plan for Remediation of the Material Weaknesses in Internal Control Over Financial Reporting**

Management has been actively engaged in the planning for, and implementation of, remediation efforts to address the remaining material weaknesses, as well as other identified areas of risk. These remediation efforts, outlined below, are intended both to address the identified material weaknesses and to enhance the Company's overall financial control environment. Management's ongoing actions and planned actions for fiscal year 2021 to further address these issues include:

- During 2021, the Company continues to work toward completion of the Company's U.S planned ERP implementation and is progressing with the implementation of the ERP software at our remaining United States subsidiaries. In July 2021, one of the U.S subsidiaries implemented the new ERP software;
- During 2021, the Company is progressing with the implementation of a new ERP system in certain international locations, including Italy. The Company has hired a new senior IT employee to manage the implementation of the new system;
- The Company continues to strengthen its control environment to reduce or eliminate our control deficiencies. Considerable progress has been made to implement additional controls to remediate control deficiencies. Certain manual controls have been implemented to address IT control deficiencies until an automated solution can be developed; and
- Executive oversight will continue to be improved through additional reporting requirements, reviews and meetings.

Management continues to execute on the plan that has been provided to the audit committee for the implementation of the foregoing remedial measures (to the extent not already completed) and the audit committee will continue to monitor the anticipated timetable. Management continues to monitor completion of actions as outlined in the plan and have been providing updates to the audit committee on a periodic basis. In addition, under the direction of the audit committee, management will continue to review and make necessary changes to the overall design of the Company's internal control environment, as well as policies and procedures to improve the overall effectiveness of internal control over financial reporting.

Management believes the measures described above will remediate the control deficiencies the Company has identified and strengthen its internal control over financial reporting. Management is committed to continuous improvement of the Company's internal control processes and will continue to diligently review the Company's financial reporting controls and procedures. As management continues to evaluate and work to improve internal control over financial reporting, the Company may determine to take additional measures to address control deficiencies or determine to modify, or in appropriate circumstances not to complete, certain of the remediation measures described above.

## **PART II—OTHER INFORMATION**

### **Item 1—Legal Proceedings**

The information set forth in Note 15 (Legal Proceedings and Other Contingencies) to the accompanying Condensed Consolidated Financial Statements included in Part I. Item 1 “Financial Statements” of this Quarterly Report on Form 10-Q is incorporated herein by reference.

### **Item 1A—Risk Factors**

As of the date of this filing, there have been no material changes from the risk factors disclosed in the Company’s Annual Report on Form 10-K filed for the fiscal year ended December 31, 2020.

### **Item 2—Unregistered Sales of Equity Securities and Use of Proceeds.**

The Company’s credit agreement with CIBC directly restricts the Company’s ability to declare or pay dividends without CIBC’s consent. In addition, pursuant to the Company’s credit agreement with CIBC and other lenders, the Company must maintain as specified in the agreements certain fixed coverage ratios and debt to EBITDA ratios.

#### **ISSUER PURCHASES OF EQUITY SECURITIES**

<b>Period</b>	<b>(a) Total Number of Shares (or Units) Purchased</b>	<b>(b) Average Price Paid per Share (or Unit)</b>	<b>(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs</b>	<b>(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs</b>
July 1—July 31, 2021	—	—	—	—
August 1—August 31, 2021	—	—	—	—
September 1—September 30, 2021	—	—	—	—
	—	—	—	—

### **Item 3—Defaults Upon Senior Securities**

None

### **Item 4—Mine Safety Disclosures**

Not applicable.

### **Item 5—Other Information**

None.

### **Item 6—Exhibits**

See the Exhibit Index set forth below for a list of exhibits included with this Quarterly Report on Form 10-Q.

## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibit Description</u>
31.1*	<u>Certification by the Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification by the Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1**	<u>Certification by the Chief Executive Officer and 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.</u>
101.INS*	Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104	Cover Page Interactive Data File-The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

\* Filed herewith

\*\* Furnished herewith



**SIGNATURES**

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

November 8, 2021

By: \_\_\_\_\_ /s/ STEVE FILIPOV  
**Steve Filipov**  
**Chief Executive Officer and Director**  
**(Principal Executive Officer)**

November 8, 2021

By: \_\_\_\_\_ /s/ JOSEPH DOOLAN  
**Joseph Doolan**  
**Chief Financial Officer**  
**(Principal Financial and Accounting Officer)**

**CERTIFICATIONS**

I, Steve Filipov, certify that:

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

Date: November 8, 2021

By: \_\_\_\_\_ /s/ Steve Filipov  
Name: **Steve Filipov**  
Title: **Chief Executive Officer and Director  
(Principal Executive Officer of Manitex  
International, Inc.)**

**CERTIFICATIONS**

I, Joseph Doolan, certify that:

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

Date: November 8, 2021

By: \_\_\_\_\_ /s/ Joseph Doolan  
Name: **Joseph Doolan**  
Title: **Chief Financial Officer**  
**(Principal Financial and Accounting Officer of Manitex International, Inc.)**

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

Solely for the purpose of complying with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, we, the undersigned Chief Executive Officer and Chief Financial Officer of Manitex International, Inc. (the "Company"), hereby certify that, to the best of our knowledge, the Quarterly Report of the Company on Form 10-Q for the quarter ended September 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: \_\_\_\_\_ /s/ Steve Filipov  
Name: Steve Filipov  
Title: **Chief Executive Officer and Director  
(Principal Executive Officer of Manitex  
International, Inc.)**

Dated: November 8, 2021

By: \_\_\_\_\_ /s/ Joseph Doolan  
Name: Joseph Doolan  
Title: **Chief Financial Officer  
(Principal Financial and Accounting  
Officer of Manitex International, Inc.)**

Dated: November 8, 2021